Telefónica

CONSOLIDATED ANNUAL REPORT

2025

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This version of our report is a free translation of the original, which was prepared in Spanish. All possible care has been taken to ensure that the translation is an accurate representation of the original. However, in all matters of interpretation of information, views or opinions, the original language version of our report takes precedence over this translation.

Independent auditor's report on the consolidated annual accounts

To the shareholders of Telefónica, S.A.:

Report on the consolidated annual accounts

Opinion

We have audited the consolidated annual accounts of Telefónica, S.A. (the Parent company) and its subsidiaries composing the Telefónica Group (the Group), which comprise the statement of financial position as at 31 December 2025, and the income statement, statement of comprehensive income, statement of changes in equity, cash flow statement and related notes, all consolidated, for the year then ended.

In our opinion, the accompanying consolidated annual accounts present fairly, in all material respects, the equity and financial position of the Group as at 31 December 2025, as well as its financial performance and cash flows, all consolidated, for the year then ended, in accordance with International Financial Reporting Standards as adopted by the European Union (IFRS-EU) and other provisions of the financial reporting framework applicable in Spain.

Basis for opinion

We conducted our audit in accordance with legislation governing the audit practice in Spain. Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the consolidated annual accounts* section of our report.

We are independent of the Group in accordance with the ethical requirements, including those relating to independence, that are relevant to our audit of the consolidated annual accounts in Spain, in accordance with legislation governing the audit practice. In this regard, we have not rendered services other than those relating to the audit of the accounts, and situations or circumstances have not arisen that, in accordance with the provisions of the aforementioned legislation, have affected our necessary independence such that it has been compromised.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

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Key audit matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated annual accounts of the current period. These matters were addressed in the context of our audit of the consolidated annual accounts as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key audit matters	How our audit addressed the key audit matters
Goodwill impairment assessment	
As described in notes 3 and 7 to the consolidated annual accounts, the Group's consolidated goodwill balance amount to €15,796 million at 31 December 2025. To assess if there is an impairment in the goodwill, to which the cash-generating units relates, management conducts an impairment test at least annually or more frequently if events or circumstances indicate the carrying value may not be fully recoverable. Management calculates the recoverable amount of each cash-generating units as the higher of fair value less cost to sell and value in use. In determining value in use, the projected cash flows are based on the strategic plans approved by the Board of Directors covering a five-year period. Management´s cash flows projections involved significant judgements when considering significant assumptions such as revenue growth, long-term EBITDA margin, long-term capital expenditure ratio, discount rates and perpetuity growth rates which would be significantly affected by the future trends in the economic, competitive, regulatory and technological environment in each of the countries in which the Group operates. As per the circumstances described in Note 7, an impairment loss of 486 million euros was recognized during the year on the goodwill related to different cash-generating units. We identify this matter as a key audit matter due to the significant judgements made by management when estimating the significant assumptions that supports the recoverable amounts of the cash-generating units which in turn led to a high degree of auditor judgement and audit effort in evaluating these assumptions.	We have performed audit procedures on the process followed by the directors and management to determine the recoverable amount of the cash-generating units, including: • Understanding of the control environment, assessment and testing of the relevant controls over the process for assessing goodwill impairment to determine the recoverable amount of the cash-generating units. • Verification of the consistency of the data used in the calculation of the value in use with respect to the strategic plans approved by the Board of Directors. • Evaluation of the cash flow discount model used, for which we have had the collaboration of our valuation experts. • Analysis of the degree of budget achievement with respect to the strategic plan approved in the previous year, as well as historical achievement. • Assessment of the significant assumptions used to determine the recoverable amount, including testing their reasonableness. We have had the collaboration of our valuation experts in evaluating the discount rates and perpetual growth rates considered by management. • Sensitivity analysis over significant assumptions and disclosures in the consolidated annual accounts in accordance with the applicable regulations. Based on the procedures performed, we consider management's assessment to be reasonable and its conclusions on the valuation of goodwill are consistent with the information contained in the accompanying consolidated annual accounts.

Revenue recognition (unbilled revenue)

The Group revenues come mainly from the sale of products and the provision of various telecommunications services.

Group's revenue recognition relies on its information systems and technological structure, which includes a large number of systems used in the Group Companies' operations. For those revenues which revenue billing cycle does not align with the account closing date, management must use estimates to determine the amount to be recognized for services rendered and not yet billed at the year-end. These estimates are based on data from different sources and revenue streams processed by the information systems, and historical information. The amount of recognized revenue pending billing as of December 31, 2025 amounts to 2,734 million euros.

We identify this matter as a key audit matter due to the complexity of the process used by management for estimating recognized revenue rendered and not yet billed, given the diversity of data sources, revenue streams and the number of systems involved. This in turn led to a high degree of auditor judgement and effort in designing and performing audit procedures.

See notes 3 and 14 to the accompanying consolidated annual accounts.

We have performed audit procedures, assisted by our process and IT system specialists, on the revenue recognition process, including:

- Understanding of the control environment, assessment and testing the relevant controls over the process and the IT general controls over the main systems involved in the process.
- Assessing the reasonableness of the criteria employed by management to estimate revenue rendered and not yet billed and the accuracy and completeness of the data used in the estimation.
- Testing billings completed following the year-end to assess the consistency with the estimates made, using sampling techniques.

Based on the procedures performed, we consider management's estimates to be reasonable as regards the recognition of revenue from sales and provisions of services rendered and not yet billed at the year end.

Tax proceedings in Telefonica Brazil

As described in notes 3, 24 and 25 to the consolidated annual accounts, the Group has recorded liabilities related to income tax and provisions for other taxes contingencies in Telefonica Brazil amounting to 42 million euros and 325 million euros, respectively. The Group recognizes provisions related to litigation for which management considers that the loss is probable and the amount of the loss has been reliably estimated and when it considers that it is not probable that the tax authority will accept the uncertain tax treatment.

The Group discloses in notes 24 and 25 to the consolidated annual accounts, contingencies of Telefonica Brazil when management concludes no loss is probable but it is reasonably possible that a loss may be incurred, or the loss being probable, not can be estimated reliably, and for income tax pending litigations, is probable that the taxation authority will accept the uncertain tax treatment.

We have performed audit procedures assisted by our experts in tax matters over the process followed by the Telefónica Group to identify and assess lawsuits and claims in Telefonica Brazil, including:

- Understanding of the control environment, assessment and testing relevant internal controls related to the identification and recognition.
- Obtaining and evaluating the responses to our letters of audit inquiry with internal and external legal counsels of Telefónica Brazil.
- Evaluating the reasonableness of management's assessment regarding whether an unfavourable outcome is reasonably possible or probable and reasonably estimable.

As of December 31, 2025, the amount of contingent liabilities related to income tax and other taxes amounts to 6,188 million euros and 7,897 million euros, respectively.

We identify this matter as a key audit matter due the significant judgements made by management when assessing the amount and the likelihood of a loss being incurred in Telefonica Brazil. This in turn led to a high degree of auditor judgement and effort in evaluating management´s judgements in the estimation of the loss related to tax contingencies in Telefonica Brazil.

- Evaluation of the adequacy of the contingencies disclosures incorporated in the consolidated annual accounts.

Based on the procedures performed, we consider management's estimates to be reasonable and consistent with the information contained in the accompanying consolidated annual accounts in relation to the tax proceedings in Telefonica Brazil.

Measurement of the investment in VMED O2 UK Ltd

As indicated in notes 2, 3 and 10 of the consolidated annual accounts, as of December 31, 2025, the amount of the equity method investment of VMED O2 UK Ltd (VMO2) amounts to 6,316 million euros.

VMO2's management conducts impairment test for goodwill at least annually or more frequently, if there are certain events or changes indicating the possibility that the carrying amount may not be fully recoverable. The determination of the recoverable amount of the cash-generating unit to which goodwill belongs has been performed by calculating its value in use. This calculation requires a high degree of judgment in estimating key assumptions such as revenue growth, long-term EBITDA margin, long-term investment ratio, discount rate, and perpetuity growth rate.

During the year 2025, an impairment of goodwill in VMO2 amounting to 1,170 million euros was recognized. 50% of this amount (585 million euros) forms part of Group's share in the loss of VMO2 investment accounted for by the equity method for the year 2025. The sensitivity of the impairment of goodwill in VMO2 to variations in key assumptions is detailed in the aforementioned note.

Group's management carried out an additional impairment contrast of the carrying value of its investment as of December 31, 2025, comparing it with the estimate of its value in use. As a result of this analysis, no additional impairment was recorded.

We have performed audit procedures on the process carried out by the management for the valuation of the investment in VMO2, including:

- Understanding of the control environment, assessment and testing of the relevant controls over the valuation of the VMO2 equity method investment.
- Verification of the consistency of the data used in the calculation of the value in use of the joint venture VMO2 and the Group's equity investment with the business plan approved by the board of directors of VMO2, which has been projected and sensitized over a 10-year horizon.
- Evaluation of the discounted cash flow models used, for which we have had the collaboration of our valuation experts.
- Evaluation of the key assumptions used to determine the recoverable value, questioning their reasonableness and consistency with available external information. We have had the collaboration of our valuation experts in evaluating the discount rate and the perpetuity growth rate considered by management.
- Evaluation of the sensitivity analysis performed by management on the key assumptions and the disclosures in the consolidated annual accounts in accordance with the applicable regulations.

We identify this matter as a key audit matter due to the significant judgments made by management in estimating the key assumptions supporting the recoverable amount of the joint venture, as well as Grupo's investment in it. This, in turn, has required a high degree of judgment and effort from the auditor in evaluating these assumptions.

Based on the procedures performed, we consider management's assessment and its conclusions regarding the valuation of the investment in VMO2 are consistent with the information contained in the consolidated annual accounts.

Divestment operations in Latin America

As described in notes 2, 3 and 30 of the consolidated financial statements, the Group has sold its shares in Telefónica Móviles Argentina, Telefónica del Perú, Telefónica Móviles del Uruguay, Otecel and Colombia Telecomunicaciones, among other companies based in Latin America. As of December 31, 2025, Colombia Telecomunicaciones is presented as a disposal group held for sale, whose assets held for sale and associated liabilities amount to €3,046 million and €2,800 million, respectively.

The contribution of these companies to the Group's results and cash flows is presented as discontinued operations in the consolidated income statement and in the consolidated statement of cash flows. Management classifies as discontinued operations the components of the Group disposed of or classified as held for sale that constitute, or are included in an integrated plan to dispose of, a distinct and significant line of business or geographic area in accordance with IFRS 5 - Non-current assets held for sale and discontinued operations.

The loss from discontinued operations recognized in the consolidated income statement, which includes the result of sales transactions completed in 2025 and the recycling to profit or loss of the accumulated translation differences associated with them, amounts to €2,384 million, as detailed in note 30.

This is a key audit matter due to the significant effect of these transactions on the consolidated financial statements, which in turn has required a high effort from the auditor in the analysis of their accounting impacts, as well as their presentation and breakdown.

We have performed audit procedures on management's process for the presentation of disposal groups held for sale and discontinued operations, including:

- Understanding the control environment, analysing and testing the relevant controls related to its recording and presentation.
- Evaluation of the accounting analysis carried out by management for the presentation of disposal groups held for sale and discontinued operations in accordance with applicable regulations.
- Obtaining and evaluating purchase and sale contracts and analysing the associated accounting impacts.
- Evaluation of the presentation and breakdown in the consolidated financial statements in accordance with the applicable regulations.

Based on the procedures carried out, we consider that the assessment made by management is reasonable, and consistent with the information contained in the accompanying consolidated annual accounts.

Other information: Consolidated management report

Other information comprises only the consolidated management report for the 2025 financial year, the formulation of which is the responsibility of the Parent company's directors and does not form an integral part of the consolidated annual accounts.

Our audit opinion on the consolidated annual accounts does not cover the consolidated management report. Our responsibility regarding the consolidated management report, in accordance with legislation governing the audit practice, is to:

a) Verify only that the consolidated statement of non-financial information, certain information included in the Annual Corporate Governance Report and the Annual Report on Directors' Remuneration, as referred to in the Auditing Act, have been provided in the manner required by applicable legislation and, if not, we are obliged to disclose that fact.

b) Evaluate and report on the consistency between the rest of the information included in the consolidated management report and the consolidated annual accounts as a result of our knowledge of the Group obtained during the audit of the aforementioned financial statements, as well as to evaluate and report on whether the content and presentation of this part of the consolidated management report is in accordance with applicable regulations. If, based on the work we have performed, we conclude that material misstatements exist, we are required to report that fact.

On the basis of the work performed, as described above, we have verified that the information mentioned in section a) above has been provided in the manner required by applicable legislation and that the rest of the information contained in the consolidated management report is consistent with that contained in the consolidated annual accounts for the 2025 financial year, and its content and presentation are in accordance with applicable regulations.

Responsibility of the directors and the audit and control committee for the consolidated annual accounts

The Parent company's directors are responsible for the preparation of the accompanying consolidated annual accounts, such that they fairly present the consolidated equity, financial position and financial performance of the Group, in accordance with IFRS-EU and other provisions of the financial reporting framework applicable to the Group in Spain, and for such internal control as the aforementioned directors determine is necessary to enable the preparation of consolidated annual accounts that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated annual accounts, the Parent company's directors are responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the aforementioned directors either intend to liquidate the Group or to cease operations, or have no realistic alternative but to do so.

The Parent company's audit and control committee is responsible for overseeing the process of preparation and presentation of the consolidated annual accounts.

Auditor's responsibilities for the audit of the consolidated annual accounts

Our objectives are to obtain reasonable assurance about whether the consolidated annual accounts as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with legislation governing the audit practice in Spain will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated annual accounts.

As part of an audit in accordance with legislation governing the audit practice in Spain, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated annual accounts, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Parent company's directors.

- Conclude on the appropriateness of the Parent company's directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated annual accounts or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the consolidated annual accounts, including the disclosures, and whether the consolidated annual accounts represent the underlying transactions and events in a manner that achieves fair presentation.

- Plan and perform the group audit to obtain sufficient appropriate audit evidence regarding the financial information of the entities or business units within the Group as a basis for forming an opinion on the consolidated annual accounts. We are responsible for the direction, supervision and review of the audit work performed for purposes of the group audit. We remain solely responsible for our audit opinion.

We communicate with the Parent company's audit and control committee regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the Parent company's audit and control committee with a statement that we have complied with ethical requirements relating to independence and we communicate with the aforementioned those matters that may reasonably be considered to threaten our independence and, where applicable, the safeguards adopted to eliminate or reduce such threat.

From the matters communicated with the Parent company's audit and control committee, we determine those matters that were of most significance in the audit of the consolidated annual accounts of the current period and are therefore the key audit matters.

We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter.

Report on other legal and regulatory requirements

European single electronic format

We have examined the digital files of the European single electronic format (ESEF) of Telefónica, S.A. and its subsidiaries composing the Telefónica Group for the 2025 financial year that comprise an XHTML file which includes the consolidated annual accounts for the financial year and XBRL files with tagging performed by the entity, which will form part of the annual financial report.

The directors of Telefónica, S.A. are responsible for presenting the annual financial report for the 2025 financial year in accordance with the formatting and markup requirements established in the Delegated Regulation (EU) 2019/815 of 17 December 2018 of the European Commission (hereinafter the ESEF Regulation).

Our responsibility is to examine the digital files prepared by the Parent company's directors, in accordance with legislation governing the audit practice in Spain. This legislation requires that we plan and execute our audit procedures in order to verify whether the content of the consolidated annual accounts included in the aforementioned digital files completely agrees with that of the consolidated annual accounts that we have audited, and whether the format and markup of these accounts and of the aforementioned files has been effected, in all material respects, in accordance with the requirements established in the ESEF Regulation.

In our opinion, the digital files examined completely agree with the audited consolidated annual accounts, and these are presented and have been marked up, in all material respects, in accordance with the requirements established in the ESEF Regulation.

Report to the audit and control committee of the Parent company

The opinion expressed in this report is consistent with the content of our additional report to the audit and control committee of the Parent company dated 23 February 2026.

Appointment period

The General Ordinary Shareholders' Meeting held on 10 April 2025 appointed us as auditors of the Group for a period of one year, for the year ended 31 December 2025.

Previously, we were appointed by resolution of the General Ordinary Shareholders' Meeting for a period of three years and we have audited the accounts continuously since the year ended 31 December 2017.

Services provided

Services provided to the Group for services other than the audit of the accounts are disclosed in note 29.e) to the consolidated annual accounts.

PricewaterhouseCoopers Auditores, S.L. (S0242)

Vanesa González Prieto (21500)

24 February 2026

Telefónica

CONSOLIDATED FINANCIAL STATEMENTS

2025

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Telefónica Group

Consolidated statements of financial position at December 31

Millions of euros	Notes	2025	2024
Assets			
A) Non-current assets		**70,012**	**78,133**
Intangible assets	(Note 6)	9,112	9,875
Goodwill	(Note 7)	15,796	16,461
Property, plant and equipment	(Note 8)	18,158	21,439
Rights of use	(Note 9)	7,441	7,907
Investments accounted for by the equity method	(Note 10)	6,753	8,375
Financial assets and other non-current assets	(Note 12)	6,740	7,403
Deferred tax assets	(Note 25)	6,012	6,673
B) Current assets		**22,005**	**22,369**
Inventories	(Note 13)	862	954
Receivables and other current assets	(Note 14)	9,662	10,445
Tax receivables	(Note 25)	867	970
Other current financial assets	(Note 15)	870	1,800
Cash and cash equivalents	(Note 16)	6,564	8,062
Non-current assets and disposal groups held for sale	(Note 30)	3,180	138
Total assets (A+B)		**92,017**	**100,502**

	Notes	2025	2024
Equity and liabilities			
A) Equity		**17,808**	**22,749**
Equity attributable to equity holders of the parent and other holders of equity instruments	(Note 17)	14,258	19,347
Equity attributable to non-controlling interests	(Note 17)	3,550	3,402
B) Non-current liabilities		**49,372**	**52,019**
Non-current financial liabilities	(Note 18)	30,120	33,192
Non-current lease liabilities	(Note 20)	5,644	6,077
Payables and other non-current liabilities	(Note 21)	3,912	3,693
Deferred tax liabilities	(Note 25)	2,518	2,905
Non-current provisions	(Note 24)	7,178	6,152
C) Current liabilities		**24,837**	**25,734**
Current financial liabilities	(Note 18)	4,219	5,590
Current lease liabilities	(Note 20)	1,938	2,226
Payables and other current liabilities	(Note 22)	12,942	14,606
Current tax payables	(Note 25)	950	1,614
Current provisions	(Note 24)	1,899	1,665
Liabilities associated with non-current assets and disposal groups held for sale	(Note 30)	2,889	33
Total equity and liabilities (A+B+C)		**92,017**	**100,502**

The accompanying notes and appendices are an integral part of these consolidated statements of financial position.

Telefónica Group

Consolidated income statements for the years ended December 31

Millions of euros	Notes	2025	2024 (*)
Revenues	(Note 26)	35,120	35,671
Other income	(Note 26)	1,531	1,538
Supplies		(12,152)	(11,953)
Personnel expenses	(Note 26)	(7,548)	(4,852)
Other expenses	(Note 26)	(8,268)	(8,634)
Depreciation and amortization	(Note 26)	(7,364)	(7,613)
Operating income		**1,319**	**4,157**
Share of (loss) income of investments accounted for by the equity method	**(Note 10)**	**(1,020)**	**(32)**
Finance income		902	820
Finance costs		(2,447)	(2,392)
Net exchange differences		(157)	36
Net financial expense	**(Note 19)**	**(1,702)**	**(1,536)**
(Loss) Profit before tax		**(1,403)**	**2,589**
Corporate income tax	(Note 25)	(365)	(617)
(Loss) Profit after tax from continuing operations		**(1,768)**	**1,972**
(Loss) Profit after tax from discontinued operations	**(Note 30)**	**(2,384)**	**(1,763)**
(Loss) Profit for the year		**(4,152)**	**209**
Attributable to equity holders of the parent		(4,318)	(49)
From continuing operations		(2,049)	1,683
From discontinued operations		(2,269)	(1,732)
Attributable to non-controlling interests	(Note 17)	166	258
From continuing operations		281	289
From discontinued operations		(115)	(31)
Basic (loss) earnings per share (euros)	**(Note 26)**	**(0.81)**	**(0.06)**
From continuing operations		(0.41)	0.25
From discontinued operations		(0.40)	(0.31)
Diluted (loss) earnings per share (euros)	**(Note 26)**	**(0.81)**	**(0.06)**
From continuing operations		(0.41)	0.25
From discontinued operations		(0.40)	(0.31)

The accompanying notes and appendices are an integral part of these consolidated income statements.
(*) Revised data to present the results of Telefónica Móviles Argentina, Telefónica del Perú, Otecel, Telefónica Móviles del Uruguay and Colombia Telecomunicaciones, among other companies of smaller scale based in Hispanoamerica, as discontinued operations (see notes 2 and 30).

Telefónica Group

Consolidated statements of comprehensive income for the years ended December 31

Millions of euros	2025	2024
Profit (loss) for the year	**(4,152)**	**209**
Other comprehensive (loss) income	**1,205**	**(1,120)**
(Losses) gains from financial assets measured at fair value through other comprehensive income	(2)	(11)
Income tax impact	—	5
Reclassification of losses (gains) included in the income statement (Note 19)	5	—
Income tax impact	(1)	—
	2	**(6)**
(Losses) Gains on hedges	(674)	953
Income tax impact	168	(253)
Reclassification of losses (gains) losses included in the income statement (Note 19)	1,172	(863)
Income tax impact	(284)	221
	382	**58**
(Losses) Gains on hedges costs	(109)	168
Income tax impact	28	(42)
Reclassification of (gains) losses included in the income statement (Note 19)	(9)	(10)
Income tax impact	2	3
	(88)	**119**
Share of (losses) gains recognized directly in equity of associates and others (Note 10)	(9)	(6)
	(9)	**(6)**
Translation differences (Note 17)	**794**	**(1,465)**
Total other comprehensive (loss) income recognized for the year that may be reclassified subsequently to profit or loss	**1,081**	**(1,300)**
Actuarial gains (losses) and impact of limit on assets for defined benefit pension plans	6	129
Income tax impact	(5)	(38)
	1	**91**
Gains (losses) from financial assets measured at fair value through comprehensive income	233	81
Income tax impact	(2)	(1)
Reclassification to reserve of (gains) losses from financial assets measured at fair value through comprehensive income (Note 12)	(117)	110
	114	**190**
Share of gains (losses) recognized directly in equity of associates (Note 10)	9	(101)
	9	**(101)**
Total other comprehensive income (loss) recognized for the year that will not be reclassified subsequently to profit or loss	**124**	**180**
Total comprehensive (loss) income recognized for the year	**(2,947)**	**(911)**
From continuing operations	(2,031)	126
From discontinued operations	(916)	(1,037)
Attributable to:		
Equity holders of the parent and other holders of equity instruments	(3,252)	(664)
Non-controlling interests	305	(247)
	(2,947)	**(911)**

The accompanying notes and appendices are an integral part of these consolidated statements of comprehensive income.

Telefónica Group

Consolidated statement of changes in equity for the year ended December 31

Millions of euros	Attributable to equity holders of the parent and other holders of equity instruments											Non-controlling interests (Note 17)	Total equity
	Share capital	Share premium	Treasury Shares	Other equity instru-ments	Legal reserve	Retained earnings	Fair value financial assets	Hedges	Equity of associates and others	Translation differences	Total		
Financial position at December 31, 2024	**5,670**	**3,521**	**(106)**	**7,550**	**1,150**	**22,609**	**(117)**	**389**	**(40)**	**(21,279)**	**19,347**	**3,402**	**22,749**
(Loss) profit for the year	—	—	—	—	—	(4,318)	—	—	—	—	(4,318)	166	(4,152)
Other comprehensive income (loss) for the year	—	—	—	—	—	0	116	371	(88)	667	1,066	139	1,205
Total comprehensive income (loss) for the year	**—**	**—**	**—**	**—**	**—**	**(4,318)**	**116**	**371**	**(88)**	**667**	**(3,252)**	**305**	**(2,947)**
Dividends and distribution of profit (Note 17)	—	—	—	—	—	(1,690)	—	—	—	—	(1,690)	(124)	(1,814)
Net movement in treasury shares	—	—	(51)	—	—	(36)	—	—	—	—	(87)	—	(87)
Acquisitions and disposals of non-controlling interests and business combinations (Note 12 and 17i)	—	—	—	—	—	214	—	—	—	—	214	(32)	182
Capital reduction	—	—	—	—	—	—	—	—	—	—	—	—	—
Undated deeply subordinated securities (Note 17)	—	—	—	—	—	(266)	—	—	—	—	(266)	—	(266)
Other movements	—	—	—	—	—	(8)	—	—	—	—	(8)	(1)	(9)
Financial position at December 31, 2025	**5,670**	**3,521**	**(157)**	**7,550**	**1,150**	**16,505**	**(1)**	**760**	**(128)**	**(20,612)**	**14,258**	**3,550**	**17,808**
Financial position at 31 December 2023	**5,750**	**3,751**	**(429)**	**7,550**	**1,059**	**24,895**	**(301)**	**313**	**(50)**	**(20,686)**	**21,852**	**5,244**	**27,096**
Adjustment on initial application of new reporting (Note 17)	—	—	—	—	—	(224)	—	—	—	366	142	—	142
Financial position at January 1, 2024	**5,750**	**3,751**	**(429)**	**7,550**	**1,059**	**24,671**	**(301)**	**313**	**(50)**	**(20,320)**	**21,994**	**5,244**	**27,238**
Profit for the year	—	—	—	—	—	(49)	—	—	—	—	(49)	258	209
Other comprehensive income (loss) for the year	—	—	—	—	—	74	184	76	10	(959)	(615)	(505)	(1,120)
Total comprehensive income (loss) for the year	**—**	**—**	**—**	**—**	**—**	**25**	**184**	**76**	**10**	**(959)**	**(664)**	**(247)**	**(911)**
Dividends and distribution of profit (Note 17)	—	—	—	—	91	(1,784)	—	—	—	—	(1,693)	(145)	(1,838)
Net movement in treasury shares	—	—	13	—	—	(69)	—	—	—	—	(56)	—	(56)
Acquisitions and disposals of non-controlling interests and business combinations (Notes 2 and 17)	—	—	—	—	—	12	—	—	—	—	12	(1,450)	(1,438)
Capital reduction	(80)	(230)	310	—	—	—	—	—	—	—	—	—	—
Undated deeply subordinated securities (Note 17)	—	—	—	—	—	(249)	—	—	—	—	(249)	—	(249)
Other movements	—	—	—	—	—	3	—	—	—	—	3	—	3
Financial position at 31 December 2024	**5,670**	**3,521**	**(106)**	**7,550**	**1,150**	**22,609**	**(117)**	**389**	**(40)**	**(21,279)**	**19,347**	**3,402**	**22,749**

The accompanying notes and appendices are an integral part of these consolidated statements of changes in equity.

Telefónica Group
Consolidated statements of cash flows for the years ended December 31

Millions of euros	2025	2024 (*)
Cash received from operations	42,065	42,459
Cash paid from operations	(30,953)	(31,109)
Net payments of interest and other financial expenses net of dividends received	(1,169)	(817)
Taxes (paid)/proceeds	(402)	(231)
Net cash flow by operating activities from continuing operations (Note 28)	**9,541**	**10,302**
Net cash flow by operating activities from discontinued operations (Note 30)	**181**	**692**
Net cash flow provided by operating activities	**9,722**	**10,994**
(Payments on investments)/proceeds from the sale in property, plant and equipment and intangible assets	(5,055)	(4,851)
Proceeds/(payments) on disposals of companies, net of cash and cash equivalents disposed	2,001	212
Payments on investments in companies, net of cash and cash equivalents acquired	(323)	(189)
Proceeds on financial investments not included under cash equivalents	1,016	1,319
Payments on financial investments not included under cash equivalents	(1,681)	(1,033)
Net proceeds/(payments) for temporary financial investments	(108)	79
Net cash flow used in investing activities from continuing operations (Note 28)	**(4,150)**	**(4,463)**
Net cash flow used in investing activities from discontinued operations (Note 30)	**(440)**	**(760)**
Net cash flow used in investing activities	**(4,590)**	**(5,223)**
Dividends paid	(1,857)	(1,887)
(Payments)/proceeds from share capital (decrease)/increase with minority interest	(183)	(57)
(Payments)/proceeds of treasury shares and other operations with shareholders and with minority interests	(362)	(1,301)
Operations with other equity holders	(359)	(346)
Proceeds on issue of debentures and bonds and other debts	1,889	1,787
Proceeds on loans, borrowings and promissory notes	553	1,117
Repayments of debentures and bonds and other debts	(2,932)	(998)
Repayments of loans, borrowings and promissory notes	(980)	(621)
Lease principal payments	(1,950)	(1,901)
Financed operating payments and investments in property, plant and equipment and intangible assets payments	(144)	(184)
Net cash used in financing activities from continuing operations (Note 28)	**(6,325)**	**(4,391)**
Net cash used in financing activities from discontinued operations (Note 30)	**(87)**	**(281)**
Net cash used in financing activities	**(6,412)**	**(4,672)**
Effect of changes in exchange rates	**(134)**	**(191)**
Cash reclassified to assets held for sale	**(84)**	**3**
Effect of changes in consolidation methods and others	**—**	**—**
Net increase (decrease) in cash and cash equivalents during the year	**(1,498)**	**911**
Cash and cash equivalents at the beginning of the period	**8,062**	**7,151**
Cash and cash equivalents at the end of the period	**6,564**	**8,062**
Reconciliation of cash and cash equivalents with the statements of financial position		
Balance at the beginning of the period	**8,062**	**7,151**
Cash on hand and at banks	6,905	6,265
Other cash equivalents	1,157	886
Balance at the end of the period	**6,564**	**8,062**
Cash on hand and at banks	5,472	6,905
Other cash equivalents	1,092	1,157

The accompanying notes and appendices are an integral part of these consolidated statements of cash flows.
(*) Revised data to present the cash flows of Telefónica Móviles Argentina, Telefónica del Perú, Otecel, Telefónica Móviles del Uruguay and Colombia Telecomunicaciones, among other companies of smaller scale based in Hispanoamerica, as discontinued operations (see notes 2 and 30).

Telefónica, S.A. and subsidiaries composing the Telefónica Group

Notes to the consolidated financial statements (consolidated annual accounts) for the year ended December 31, 2025

Note 1. Background and general information

Telefónica, S.A. and its subsidiaries and investees (hereinafter also referred to as Telefónica, the Company, the Telefónica Group or the Group) make up a telecommunications group that operates mainly in four reference markets: Spain, Brazil, Germany and the United Kingdom. Telefónica offers a wide range of products and services based on state-of-the-art technologies. In addition to communication based on fibre and 5G networks, the Group provides digital services for residential customers (such as entertainment, home connectivity and security) and advanced solutions for businesses and public administrations, including cloud, cybersecurity, IoT, artificial intelligence and professional services. It also provides wholesale services to other operators.

The parent company of the Group is Telefónica, S.A., a public limited company incorporated on April 19, 1924 for an indefinite period. Its registered office is at calle Gran Vía 28, Madrid (Spain).

Appendix I lists the main companies composing the Telefónica Group, their corporate purpose, country, functional currency, share capital, the Group's effective shareholding and their method of consolidation.

As a multinational telecommunications company which operates in regulated markets, the Group is subject to different laws and regulations in each of the jurisdictions in which it operates, pursuant to which permits, concessions or licenses must be obtained in certain circumstances to provide the various services. In addition, certain fixed and wireless telephony services are provided under regulated rate and price systems. Key regulatory issues, and concessions and licenses held by the Telefónica Group are detailed in Appendix VI.

The accompanying consolidated financial statements for the year ended December 31, 2025 were approved by the Company's Board of Directors at its meeting on February 23, 2026 for submission for approval at the General Shareholders' Meeting, which is expected to occur without modification to the consolidated financial statements.

Note 2. Basis of presentation of the consolidated financial statements

The accompanying consolidated financial statements were prepared from the accounting records of Telefónica, S.A. and each of the companies comprising the Telefónica Group, whose separate financial statements were prepared in accordance with the generally accepted accounting principles applicable in the various countries in which they are located, and for the purposes of these consolidated financial statements are presented in accordance with the International Financial Reporting Standards (IFRS) adopted by the European Union. These consolidated financial statements present fairly, in all material respects, the consolidated equity and financial position at December 31, 2025, and of the consolidated results of operations, changes in consolidated equity and the consolidated cash flows obtained and used in the year then ended.

The euro is the Group's reporting currency. The figures in these consolidated financial statements are expressed in million euros, unless indicated otherwise, and may therefore be rounded.

Note 3 contains a detailed description of the most significant accounting policies used to prepare these consolidated financial statements.

Materiality criteria

These consolidated financial statements do not include certain information or disclosures that, not having to be presented due to their qualitative significance, were deemed to be immaterial or of no relevance pursuant to the concepts of materiality or relevance defined in the IFRS conceptual framework, insofar as the Telefónica Group's consolidated financial statements, taken as a whole, are concerned.

Comparative information and main changes in the consolidation scope

For comparative purposes, the accompanying consolidated financial statements for 2025 include the figures for 2024.

The main events and changes in the consolidation scope affecting comparability of the consolidated information (see Appendix I for a detailed description of the consolidation scope and the changes during the year) are as listed below.

Exchange rates evolution

Variation of average exchange rate vs euro	2025 vs 2024
Brazilian real	(7.9%)
Pound sterling	(1.2%)
New peruvian sol	0.9%
Chilean peso	(4.9%)
Colombian peso	(3.7%)
Mexican peso	(9.0%)

Variation of closing exchange rate vs euro	2025 vs 2024
Brazilian real	(0.5%)
Pound sterling	(5.0%)
New peruvian sol	(1.1%)
Argentine peso	(37.5%)
Chilean peso	(2.9%)
Colombian peso	3.8%
Mexican peso	2.1%

In 2024, a negative impact of 2,174 million euros was recorded on Equity attributable to equity holders of the parent company for translation differences of the Brazilian real (227 million euros in 2025), see Note 17.f.

Similarly, a negative impact of 416 million euros was recorded in 2025 due to the depreciation of the pound sterling (compared to a positive impact of 309 million euros in 2024).

Sale of Telefónica Móviles Argentina

On February 24, 2025, TLH Holdco, S.L.U., a wholly-owned subsidiary of Telefónica, sold all the shares it held in Telefónica Móviles Argentina S.A. to Telecom Argentina S.A. The price of the transferred shares amounted to 1,245 million US dollars (approximately 1,189 million euros at the exchange rate on the date of the transaction). The signing and closing of the transaction took place simultaneously.

As a result of the transaction, the Group has recycled the accumulated negative translation differences corresponding to Telefónica Móviles Argentina, amounting to 1,136 million euros, to 2025 results (Note 17.f).

	Million euros
Sale price	1,189
Cash received (Note 25)	1,069
Loan from T.M. Argentina to TLH Holdco assumed by the buyer	120
Obligations and transaction costs	71
Book value of net assets at the date of sale	1,201
Tax effect	(7)
Result of the transaction	**(76)**
Recycling of other comprehensive income	(1,152)
Result of discontinued operations (Note 30)	**(1,228)**

The obligations of the transaction mainly include the temporary transfer of the right to use certain trademarks owned by Telefónica.

In accordance with IFRS 5, the results of Telefónica Móviles Argentina are presented within discontinued operations in these financial statements (see Note 30).

Sale of Telefónica del Perú

On April 13, 2025, Telefónica Hispanoamérica, S.A., a wholly-owned subsidiary of Telefónica ("Telefónica Hispam"), sold all of the shares it held in Telefónica del Perú S.A.A. ("Telefónica del Perú"), representing approximately 99.3% of its share capital, to Integra Tec International Inc. ("Integra").

Additionally, Telefónica Hispam sold to the same acquiring entity the financial loans against Telefónica del Perú arising from the selling agreement dated February 14, 2025. As part of the agreement, both parties agreed to keep the full amount of the undrawn loan at the disposal of Telefónica del Perú. In May 2025, Telefónica completed the disbursements committed on its part (see Note 28).

The transaction was signed and closed simultaneously on the same day. The purchase price for the shares and the loan amounted to 3.7 million Peruvian soles (approximately 900 thousand euros at the exchange rate on the date of the transaction).

As a result of the transaction, the Group has recycled the accumulated negative translation differences corresponding to Telefónica del Perú, amounting to 222 million euros, to 2025 results (Note 17.f).

	Million euros
Sale price	1
Provisions and cost of sale	98
Book value at the date of sale of net assets and loans granted	437
Tax effect	(99)
Result of the transaction	**(436)**
Recycling of other comprehensive income	(236)
Result of discontinued operations (Note 30)	**(672)**

The result of the transaction includes 64 million euros write-off of Telefónica del Perú's commercial balances with the Telefónica Group companies. As explained below, on February 14, 2025 the Board of Directors of Telefónica del Perú resolved to invoke the Ordinary Insolvency Procedure established under the Peruvian regulation.

In accordance with IFRS 5, the results of Telefónica del Perú are presented within discontinued operations in these financial statements (see Note 30).

Sale of Telefónica Móviles de Uruguay

On May 21, 2025, Telefónica Hispam reached an agreement to sell to Millicom Spain, S.L. all of its shares in Telefónica Móviles del Uruguay S.A., representing 100% of its share capital.

The transaction closed on October 7, 2025, after obtaining the necessary regulatory approvals. The transaction amount, after price adjustments, was 431 million dollars (approximately 369 million euros at the exchange rate on the date of the transaction).

As a result of the transaction, the Group has recycled to 2025 the accumulated negative currency translation differences related to Telefónica Móviles del Uruguay, amounting to 145 million euros (Note 17.f).

	Million euros
Sale price	369
Provisions and cost of sale	15
Book value at the date of sale of net assets and loans granted	214
Tax effect	(4)
Result of the transaction	**144**
Recycling of other comprehensive income	(147)
Result of discontinued operations (Note 30)	**(2)**

In accordance with IFRS 5, the results of Telefónica Móviles del Uruguay are presented within discontinued operations in these financial statements (see Note 30).

Sale of Otecel

On June 13, 2025, Telefónica Hispam reached an agreement to sell to Millicom Spain, S.L. all of its shares in Otecel, S.A., representing 100% of its share capital.

The transaction closed on October 30, 2025, after obtaining the necessary regulatory approvals. The transaction value was 380 million U.S. dollars (approximately 328 million euros at the exchange rate on the date of the transaction).

	Million euros
Sale price	328
Provisions and cost of sale	4
Book value at the date of sale of net assets and loans granted	329
Tax effect	(1)
Result of the transaction	**(3)**
Recycling of other comprehensive income	(39)
Result of discontinued operations (Note 30)	**(43)**

In accordance with IFRS 5, Otecel's results are presented within discontinued operations in these financial statements (see Note 30).

Agreement for the sale of Colombia Telecomunicaciones

On March 12, 2025, Telefónica Hispam reached an agreement to sell to Millicom Spain, S.L. all of its shares in Colombia Telecomunicaciones S.A. E.S.P. BIC, representing 67.5% of its share capital (see Note 29.c).

The closing of the transaction was subject to certain closing conditions, including obtaining the relevant regulatory approvals, and agreements with La Nación Ministerio de Hacienda y Crédito Público de la República de Colombia and Empresas Públicas de Medellín E.S.P. On November 13, 2025, the Superintendency of Industry and Commerce approved the business integration requested by Colombia Telecomunicaciones S.A. ESP BIC and Colombia Móvil S.A. ESP. On December 23, Millicom Colombia Holding, S.A.S. requested authorization to launch a tender offer for all the shares held by Telefónica Hispam in Colombia Telecomunicaciones S.A. ESP BIC.

On February 5, 2026, once the corresponding regulatory authorizations were obtained and after the fulfilment of the agreed conditions, the transaction has been completed (see Note 31).

The total price for the shares representing the 67.5% of the share capital of Colombia Telecomunicaciones S.A. E.S.P. BIC amounted to 214 million dollars (approximately 182 million euros at the exchange rate on the date of the transaction).

In accordance with IFRS 5, Colombia Telecomunicaciones has been classified as a disposal group held for sale as of December 31, 2025. Its results are presented within discontinued operations in these consolidated financial statements (see Note 30).

Collective Bargaining Agreement for Affiliated Companies and Collective Redundancy Plan

On December 22, 2025, Telefónica de España, S.A.U., Telefónica Móviles España, S.A.U., Telefónica Soluciones de Informática y Comunicación de España, S.A.U., and Telefónica Audiovisual Digital, S.L.U. (companies of Telefónica Spain), as well as Telefónica Global Solutions, S.L.U., Telefónica Innovación Digital, S.L.U. and Telefónica, S.A. (corporate units), reached several agreements with the most representative trade unions within the framework of collective bargaining.

With regard to collective bargaining agreements, Telefónica Audiovisual Digital agreed to sign its new Collective Bargaining Agreement, while the remaining companies agreed to extend their respective agreements. In all cases, the agreements will remain in force until 31 December 2030.

Furthermore, for the defined perimeter, the execution of exit plans was agreed, which included up to a total maximum of 5,285 employees in Telefónica Spain and 585 employees in the corporate units. As a result of these plans, the Group recognised a provision in 2025 amounting to 2,518 million euros, with a corresponding entry in Personnel Expenses, reflecting the present value of the estimated payment outflows under the plan (see Note 24), of which 2,310 million euros relate to Telefónica Spain and 208 million euros to the corporate units.

ICSID Arbitration Telefónica, S.A. vs. Republic of Colombia

On November 12, 2024 Telefónica obtained a favorable award regarding the investment dispute with the Republic of Colombia submitted to the International Centre for Settlement of Investment Disputes ("ICSID") (see Note 29.a).

The Court stated that the Republic of Colombia failed to comply with its obligation to grant fair and equitable treatment to Telefónica's investments under Article 2(3) of the APPRI, and ordered it to pay the amount of 380 million U.S. dollars (approximately 358 million euros), recorded in Other income (see Note 26), plus compound interest at a rate of 5% per year as compensation for the

damages caused. Accrued interest as of December 31, 2024 amounted to 154 million euros (an additional 24 million euros at December 31, 2025, see Breakdown of financial results in Note 19).

Following the legal analysis carried out in 2024, Telefónica's management considered that the award represented a firm right to collection, and therefore it was recorded in the financial statements as of December 31, 2024. This consideration remains unchanged in 2025.

As indicated in Note 29.a, the enforcement of the award is provisionally suspended until the Tribunal's decision.

As of December 31, 2025, the total amount owed by the Republic of Colombia for this concept amounted to 571 million US dollars (485 million euros). As indicated in Note 29.a, the appeal to annul the award remains unresolved as of December 31, 2025. As a consequence of the delays in the constitution of the Tribunal and the resulting effect on the prolongation of the proceedings before the ICSID Committee, as well as the fact that the hearing on the annulment will take place in June 2026, Management has considered that the most appropriate classification is non-current (see notes 12 and 15).

VMED O2 UK joint venture

On June 1, 2021, the joint venture in the United Kingdom (see Note 10) owned 50% by Telefónica and Liberty Global plc called VMED O2 UK Limited ("VMO2"), was established.

Telefónica received dividends from VMO2 amounting to 189 million pounds sterling (approximately 217 million euros) and 425 million pounds sterling (approximately 512 million euros), in 2025 and 2024, respectively (see Note 28).

The share of (loss) income of VMO2 accounted for by the equity method in the consolidated income statements of the Telefónica Group was a loss of 733 million euros in 2025 (an income of 89 million euros in 2024), which included the effect of the impairment of goodwill recorded by VMO2 in the amount of 1,170 million euros with an impact of 585 million euros on the consolidated income statement of the Telefónica Group (see Note 10).

Impairment of goodwill assigned to the Telefónica Teck UK & Ireland CGU

In 2025 and 2024, impairments of goodwill at the Telefónica Tech UK & Ireland cash-generating unit were recorded in the amounts of 254 million euros and 192 million euros, respectively (see Note 7).

Impairment of goodwill assigned to the Chilean CGU

In 2025 and 2024, impairments of goodwill at the Chilean cash-generating unit were recorded in the amounts of 174 million euros and 397 million euros, respectively (see Note 7).

Public Offers for the Acquisition of Shares of Telefónica Deutschland

On November 7, 2023, Telefónica, through its subsidiary Telefónica Local Services GmbH, launched a partial voluntary public tender offer for shares of Telefónica Deutschland Holding AG ("Telefónica Deutschland"). The Offer acceptance period began on December 5, 2023 and ended on January 17, 2024 (both inclusive).

At the date of the Offer announcement, Telefónica was the owner, directly or indirectly, of 71.81% of the share capital and voting rights of Telefónica Deutschland and, consequently, the Offer was announced on shares representing approximately 28.19% remaining.

The Offer was settled on January 26, 2024 reaching 94.12% of the share capital, including acquisitions through the Offer and acquisitions in the market until that date.

On March 20, 2024, a public tender offer was launched with the aim of acquiring the shares of Telefónica Deutschland that were not directly or indirectly owned by Telefónica at that time. The consideration offered to Telefónica Deutschland shareholders was 2.35 euros in cash per share. The offer closed on April 18, 2024.

Once the tender offer was completed, and also combined with direct purchases on the market, Telefónica held 96.85% of the share capital and voting rights of Telefónica Deutschland.

These purchases made in 2024 resulted in an increase of 28 million euros in the equity attributed to the parent company and a decrease of 1,057 million euros in the equity attributed to minority interests (see Note 17).

Valuation of non-current assets of Telefónica Móviles Argentina, S.A.'s (Telefónica Argentina) in 2024

In 2024, high inflation levels led to a significant increase in the carrying amount of Telefónica Argentina's non-current assets, with the Argentine peso appreciating in real terms by more than 80%. Thus, the inflation adjustment of Telefónica Argentina's intangible assets and tangible fixed assets in 2024 was 1,279 million euros (see Notes 6 and 8).

For this reason, the Group calculated the recoverable amount of these assets as of December 31, 2024. As a result of this analysis, Telefónica's Management estimated that, as of December 31, 2024, the

recoverable value of the assets allocated to the cash-generating unit was less than their carrying amount. The Group recorded an impairment loss on intangible assets and property, plant and equipment, proportional to their net carrying amount, amounting to 436 million euros and 838 million euros, respectively.

The tax effect of the impairment losses recorded was a reduction in deferred tax expense due to the change in temporary differences associated with these assets, amounting to 446 million euros. As explained above, the results of Telefónica Móviles Argentina are presented within discontinued operations in these financial statements (see Note 30).

After recording these impairment adjustments, the carrying amount of Telefónica Argentina's net assets as of December 31, 2024, amounted to 1,175 million euros.

Impairment of Telefónica's assets in 2024 in Peru and Ordinary Insolvency Procedure

In 2024, an impairment loss of the entire remaining goodwill assigned to the cash-generating unit in Perú amounting to 226 million euros was recorded (see Note 7), as well as 34 million euros allocated to the fiber optics business in Peru (see Note 30). Additionally, until the carrying amount and the recoverable amount of the CGU are equal, an impairment loss of intangible assets has been recorded amounting to 54 million euros (see Note 6).

Likewise, in 2024, Telefónica del Perú has reversed deferred tax assets for loss carryforwards amounting to 91 million euros (see Note 25).

As a result of the above, as of December 31, 2024, the carrying amount of Telefónica del Perú's net assets amounts to 124 million euros.

Additionally, following the analysis of the recoverability of the assets of Pangea (the wholesale fiber optic company in Peru) at the end of 2024, an impairment of property, plant and equipment amounting to 108 million euros has been recorded, as well as a reversal of deferred tax assets amounting to 13 million euros (see Note 30).

On February 14, 2025 the Board of Directors of Telefónica del Perú S.A.A. with the aim of achieving an orderly restructuring liabilities of said company, resolved to invoke the Ordinary Insolvency Procedure of Telefónica del Perú, established under the Peruvian regulation. In order to facilitate the invocation, Telefónica Hispanoamérica has granted a credit facility of up to 1,549 million Peruvian soles (approximately 394 million euros), subject to strict conditionality and with a maturity of eighteen months, to meet exclusively operational cash requirements of Telefónica del Perú. The financial situation of Telefónica del Perú has been very negatively affected by tax contingencies that are more than 20 years old, as well as by administrative decisions which have placed the company in a competitive disadvantage within a particularly challenging market environment. In relation to the abovementioned tax contingencies, Telefónica is currently in arbitration before the ICSID (see Note 29.a).

Alternative measures not defined in IFRS

The Management of the Group uses a series of measures in its decision-making, in addition to those expressly defined in the IFRS, because they provide additional information useful to assess the Group's performance, solvency and liquidity. These measures should not be viewed in isolation or as a substitute for the measures presented according to the IFRS.

Below is the definition of the main alternative measures not defined in the IFRS used by the Group, and their reconciliation with the financial statements.

EBITDA, EBITDAaL and OpCFaL

EBITDA is calculated by excluding from the result of the period the income tax, the net financial expense, the result of investments accounted for by the equity method and the depreciation and amortization of the period.

EBITDAaL (EBITDA after Leases) is calculated by deducting from EBITDA the expenses for amortization of the rights of use and the interest on lease liabilities (see Note 20).

EBITDAaL-CapEx ex spectrum (OpCFaL) is defined as EBITDAaL less investment in intangible assets and property, plant and equipment (CapEx), excluding those investments related to spectrum acquisitions.

We believe it is important to consider CapEx excluding spectrum acquisitions, along with EBITDAaL to more comprehensively evaluate the performance of the telecommunications business.

The Group uses these measures internally to evaluate business performance, to establish operational and strategic objectives and in the budgeting process. EBITDA, EBITDAaL and EBITDAaL-CapEx (OpCFaL) are commonly reported and widespread measures among analysts, investors and other stakeholders in the telecommunications sector, although they are not indicators defined in IFRS and may, therefore, not be comparable with other similar indicators used by other companies. These measures should not be considered as substitutes for Operating income.

The following table details the reconciliation between EBITDA, EBITDAaL and EBITDAaL-CapEx ex spectrum with the Telefónica Group's profit for the period 2025 and 2024:

Millions of euros	2025	2024 (*)
Profit for the period	**(4,152)**	**209**
Profit after tax from discontinued operations	(2,384)	(1,763)
Profit after tax from continuing operations	(1,768)	1,972
Corporate income tax	365	617
Profit before taxes	**(1,403)**	**2,589**
Net financial expense	1,702	1,536
Share of income (loss) of investments accounted for the equity method	1,020	32
Operating income	**1,319**	**4,157**
Depreciation and amortization	7,364	7,613
EBITDA	**8,683**	**11,770**
Leases amortization (Note 9)	(2,079)	(2,025)
Financial expenses on lease liabilities (Note 20)	(418)	(423)
Operating income before depreciation and amortization and after leases (EBITDAaL)	**6,186**	**9,322**
Capital expenditures in intangible assets (Note 6)	1,814	1,568
Capital expenditures in property, plant and equipment (Note 8)	2,725	3,137
CapEx	**4,540**	**4,704**
Spectrum acquisitions (Note 6)	(199)	(29)
CapEx excluding spectrum acquisitions	**4,340**	**4,675**
EBITDAaL - CapEx excluding spectrum acquisitions (OpCFaL)	**1,846**	**4,647**

(*) Revised data to present the results of Telefónica Móviles Argentina, Telefónica del Perú, Otecel, Telefónica Móviles del Uruguay and Colombia Telecomunicaciones, among other companies of smaller scale based in Hispanoamerica, as discontinued operations (see notes 2 and 30)..

The following tables present the reconciliation of EBITDA, EBITDAaL and EBITDAaL-CapEx excluding spectrum (OpCFaL) to Operating income for each business segment for the 2025 and 2024:

2025

Millions of euros	Telefónica Spain	Telefónica Germany	Telefónica Brazil	Other companies	Eliminations	Total Group
Operating income	**127**	**368**	**1,704**	**(1,014)**	**135**	**1,319**
Depreciation and amortization	2,090	2,160	2,404	739	(29)	7,364
EBITDA	**2,217**	**2,528**	**4,108**	**(276)**	**105**	**8,683**
Rights of use amortization	(598)	(716)	(590)	(195)	21	(2,079)
Financial expenses for leases	(45)	(71)	(270)	(33)	(32)	(418)
EBITDAaL	**1,574**	**1,740**	**3,248**	**(503)**	**127**	**6,186**
CapEx	**1,522**	**1,144**	**1,478**	**403**	**(8)**	**4,540**
Spectrum acquisitions	—	(180)	—	(19)	—	(199)
CapEx excluding spectrum acquisitions	**1,522**	**964**	**1,478**	**383**	**(8)**	**4,340**
EBITDAaL - CapEx excluding spectrum acquisitions	**51**	**776**	**1,770**	**(886)**	**(368)**	**1,846**

2024 (*)

Millions of euros	Telefónica Spain	Telefónica Germany	Telefónica Brazil	Other companies	Eliminations	Total Group
Operating income	**2,412**	**539**	**1,642**	**(529)**	**94**	**4,157**
Depreciation and amortization	2,202	2,226	2,475	740	(30)	7,613
EBITDA	**4,614**	**2,765**	**4,116**	**211**	**64**	**11,770**
Rights of use amortization	(578)	(688)	(595)	(186)	21	(2,025)
Financial expenses for leases	(51)	(66)	(281)	(27)	(25)	(423)
EBITDAaL	**3,986**	**2,011**	**3,241**	**(2)**	**86**	**9,322**
CapEx	**1,571**	**1,141**	**1,583**	**409**	**—**	**4,704**
Spectrum acquisitions	(25)	—	(4)	(1)	1	(29)
CapEx excluding spectrum acquisitions	**1,546**	**1,141**	**1,579**	**409**	**—**	**4,675**
EBITDAaL - CapEx excluding spectrum acquisitions	**2,440**	**870**	**1,662**	**(411)**	**85**	**4,647**

(*) Revised data to reflect the results of Telefónica Móviles Argentina, Telefónica del Perú, Otecel Telefónica Móviles del Uruguay, Colombia Telecomunicaciones, among other companies based in Latin America as discontinued operations (see Note 30).

Debt indicators

As calculated by us, net financial debt includes:

(A) adding the following liabilities:

i. Current and non-current financial liabilities in our consolidated statement of financial position (which includes the negative mark-to-market value of derivatives),

ii. Other liabilities included in "Payables and other non-current liabilities", "Payables and other current liabilities" (mainly corresponding to payables for deferred payment of radio spectrum that have an explicit financial component and supplier financing for customer financing of terminal sales) and "Current tax payables", and

iii. Financial liabilities included in "Liabilities associated with non-current assets and disposal groups held for sale".

(B) subtracting the following amounts from the resulting amount of the preceding step:

i. "Cash and cash equivalents",

ii. "Other current financial assets" (which include short-term derivatives),

iii. Cash and other current financial assets included in "Non-current assets and disposal groups held for sale",

iv. The positive mark-to-market value of derivatives with a maturity beyond one year,

v. Other interest-bearing assets (included in "Financial assets and other non-current assets", "Receivables and other current assets" and "Tax receivables" in our consolidated statement of financial position). "Financial assets and other non-current assets" includes installments for long-term sales of terminals to customers and other long-term financial assets, and "Receivables and other current assets" includes the customer financing of terminal sales classified as short-term.

vi. Mark-to-market adjustment by cash flow hedging activities related to debt, and

vii. Fair value of derivatives adjustment used for the economic hedging of gross commitments related to employee benefits.

Net financial debt plus leases is calculated by adding lease liabilities calculated under IFRS 16 (including those corresponding to the companies held for sale) to net financial debt and deducting assets from subleases.

Net financial debt plus commitments is calculated by adding gross commitments related to employee benefits and the fair value of the derivatives used for the economic hedging of such commitments to net financial debt, and deducting the value of long-term assets associated with those commitments related to employee benefits and the tax benefits arising from the future payments of those commitments related to employee benefits. Gross commitments related to employee benefits are current and non-current provisions recorded for certain employee benefits such as termination plans, post-employment defined benefit plans and other benefits.

Net financial debt, net financial debt plus leases, net financial debt plus commitments and net financial debt plus leases plus commitments are considered relevant for investors and analysts because they provide an analysis of our solvency using the same measures used by our management. We use them to calculate internally certain solvency and leverage ratios. Nevertheless, none of them as calculated by us should be considered as a substitute for gross financial debt as presented in the consolidated statement of financial position.

The following table presents a reconciliation of net financial debt, net financial debt plus leases, net financial debt plus commitments and net financial debt plus leases plus commitments as of December 31, 2025 and 2024 to the Telefónica Group's gross financial debt as indicated in the consolidated statement of financial position.

Millions of euros	12/31/2025	12/31/2024
Non-current financial liabilities	30,120	33,192
Current financial liabilities	4,219	5,590
Gross financial debt	**34,339**	**38,782**
Cash and cash equivalents	(6,564)	(8,062)
Other current financial assets	(861)	(1,789)
Cash and other current financial assets included in "Non-current assets and disposal groups held for sale" (Note 30)	(96)	(11)
Positive mark-to-market value of long-term derivative instruments (Note 12)	(1,919)	(2,605)
Other liabilities included in "Payables and other non- current liabilities"	2,057	1,818
Other liabilities included in "Payables and other current liabilities" and "Current tax payables"	528	532
Other assets included in "Financial assets and other non-current assets"	(2,061)	(1,093)
Other assets included in "Receivables and other current assets"	(843)	(794)
Financial liabilities included in "Liabilities associated with non-current assets and disposal groups held for sale" (Note 30)	1,508	—
Mark-to-market adjustment by cash flow hedging activities related to debt	832	505
Fair value of derivatives adjustment used for the economic hedging of gross commitments related to employee benefits	(96)	(122)
Net financial debt	**26,824**	**27,161**
Net Lease liabilities	7,920	8,275
Net financial debt plus leases	**34,744**	**35,436**
Gross commitments related to employee benefits and associated economic hedging	6,918	5,215
Value of associated long-term assets	(129)	(120)
Tax benefits	(1,734)	(1,306)
Net commitments related to employee benefits	**5,055**	**3,789**
Net financial debt plus commitments	**31,879**	**30,950**
Net financial debt plus leases plus commitments (*)	**39,799**	**39,225**

(*) Includes assets and liabilities considered to be Net financial debt plus leases plus commitments related to employee benefits for companies classified as held for sale (see Note 30).

Free Cash Flow

The Group's Free Cash Flow is calculated starting from "Net cash flow provided by operating activities" as indicated in the consolidated statement of cash flows (see Note 28); deducting (Payments on investments)/ Proceeds from the sale of investments in property, plant and equipment and intangible assets, net, (excluding spectrum payments), dividends paid to minority shareholders, hybrid instruments coupons payments and lease principal payments.

The dividends received from VMO2 included in the calculation of Telefónica's Free Cash Flow depend on the cash generation of the VMO2 business during each year.The amount included in 2025 and 2024 is detailed below:

Millions of euros	2025	2024
Net cash provided by operating activities	3,254	3,577
Capital expenditures, net	(1,655)	(1,775)
Operating-related vendor financing additions	2,956	3,771
Principal payments on vendor financing	(4,045)	(4,756)
Principal payments on leases	(205)	(232)
Spectrum payments	181	—
Restricted cash	(28)	—
Total (100% VMO2)	**459**	**585**
50%	229	292
VMO2 dividends received by Telefónica Group (Note 28)	**217**	**512**
less 50%	(217)	(292)
less: Impact of exchange rates (*)	—	(6)
Dividends received from VMO2 not included in the calculation of the Telefónica Group's Free Cash Flow	**—**	**214**

(*) Difference between the average exchange rate and the exchange rate of the dividend payment.

Free cash flow is considered a relevant measure for investors and analysts because it provides an analysis of the cash flow available to protect solvency levels and to remunerate the parent company's shareholders. The same measure is used internally by our management. Nevertheless, adjusted free cash flow as calculated by us should not be considered as a substitute for the various flows of cash as presented in the consolidated statements of cash flows.

The following table presents the reconciliation between the Telefónica Group's Net cash flow provided by operating activities as indicated in the consolidated statement of cash flows (see Note 28) and the free cash flow according to the new definition explained above for the periods 2025 and 2024:

Millions of euros	2025	2024 (*)
Net cash flow provided by operating activities from continuing operations (Note 28)	**9,541**	**10,302**
(Payments on investments)/ Proceeds from the sale of property, plant and equipment and intangible assets, net (Note 28)	(5,055)	(4,851)
Except: Spectrum payments (Note 28)	50	—
Dividends paid to minority shareholders (Note 28)	(161)	(167)
Dividends received as a return of contribution	—	(214)
Lease principal payments (notes 21 and 25)	(1,950)	(1,901)
Hybrid instruments coupon payments (Note 28)	(356)	(361)
Free cash flow from continuing operations	**2,069**	**2,809**
Free cash flow from discontinued operations	**(275)**	**(175)**
Free Cash Flow	**1,794**	**2,634**

(*) Revised data to present the cash flows of Telefónica Móviles Argentina, Telefónica del Perú, Otecel, Telefónica Móviles del Uruguay and Colombia Telecomunicaciones, among other companies of smaller scale based in Hispanoamerica, as discontinued operations (see notes 2 and 30)..

Note 3. Accounting policies

As stated in Note 2, the Group's consolidated financial statements have been prepared in accordance with IFRSs and interpretations issued by the International Accounting Standards Board (IASB) and the IFRS Interpretations Committee (IFRIC) as endorsed by the European Commission for use in the European Union (IFRSs - EU).

Accordingly, only the most significant accounting policies used in preparing the accompanying consolidated financial statements, in light of the nature of the Group's activities, are set out below, as well as the accounting policies applied where IFRSs permit a policy choice, and those that are specific to the sector in which the Group operates.

a) Hyperinflationary economies

Venezuela has been considered a hyperinflationary economy since 2009.

Pursuant to the amendments to IAS 21 The Effects of Changes in Foreign Exchange Rates, on lack of foreign currency exchangeability (early adopted in 2024 - see Note 17.g), the Group determines whether the Venezuelan bolivar is exchangeable, and which spot exchange rate to use when exchangeability is absent. Based on its assessment, the Group uses official rates to translate cash and cash equivalents in foreign currency and alternative estimated rates of exchange, based on inflation rates, to translate the remaining inflation-adjusted bolivar-denominated items in the consolidated financial statements.

The estimated exchange rate is calculated considering published inflation rates or, if unavailable, estimated rates. On an annual basis, these rates are 482.3% and 61.5% for 2025 and 2024, respectively.

The estimated exchange rate as of the closing date of each reporting period, amounts to 476.60 digital bolivars per U.S. dollar and 81.85 digital bolivars per U.S. dollar as of December 31, 2025 and 2024, respectively. In turn, the official reference exchange rate at December 31, 2025 was 301.370 VED/USD ((52.027 VED/USD at December 31, 2024).

As of the date of initial application of the amendments, January 1, 2024, the reference exchange rate amounted to 159.45 VED/USD whereas the estimated exchange rate amounted to 50.68 digital bolivars per U.S. dollar.

In 2018 Argentina became a hyperinflationary economy.

In order to restate its financial statements, the Company uses the series of indices defined by resolution JG No. 539/18 issued by the Federación Argentina de Consejos Profesionales de Ciencias Económicas (FACPCE), based on the National Consumer Price Index (IPC) published by the Instituto Nacional de Estadística y Censos (INDEC) of the Argentine Republic and the Wholesale Internal Price Index (IPIM) published by FACPCE.

For the year 2024, the cumulative index at December 31, 2024 amounted to 7,694.0%, while on an annual basis the index for 2024 was 117.8%. The exchange rate used to translate inflation-adjusted items denominated in Argentine pesos was the closing exchange rate as of December 31, 2024 which amounted to 1,073.18 Argentine pesos per euro.

In 2025, the Argentinean subsidiary remained within the scope of consolidation until 24 February, 2025, the date on which its disposal took place (see Note 2).

The Group includes in a single line item ("Translation Differences") all the equity effects derived from hyperinflation. This is as follows: (a) the restatement for inflation of the financial statements of the Group companies operating in hyperinflationary economies, and (b) the effects of translating their respective financial statements into euros using the exchange rate at the end of the period.

b) Translation methodology

The income statements and statements of cash flows of the Telefónica Group's foreign subsidiaries (except Venezuela and Argentina) were translated into euros at the average exchange rates for the year, as a rate that approximates the exchange rates at the dates of the transactions.

c) Goodwill

After initial recognition, goodwill is carried at cost, less any accumulated impairment losses. Goodwill is recognized as an asset denominated in the currency of the company acquired and is tested for impairment annually at the least, or more frequently, if there are certain events or changes indicating the possibility that the carrying amount may not be fully recoverable. The potential impairment loss is determined by assessing the recoverable amount of the cash generating unit (or group of cash generating units) to which the goodwill is allocated from the acquisition date.

d) Intangible assets

Intangible assets are carried at acquisition or production cost, less any accumulated amortization or any accumulated impairment losses.

Intangible assets are amortized on a straight-line basis according to the following:

- Licenses granted to the Telefónica Group by various public authorities to provide telecommunications services and the value allocated to licenses held by certain companies at the time they were included in the Telefónica Group ("Service concession arrangements and licenses") are amortized on a straight-line basis over the duration of related licenses from the moment commercial operation begins.
- The allocation of acquisition costs attributable to customers acquired in business combinations, as well as the acquisition value of these types of assets in a third-party transaction for consideration (Customer base) are amortized on a straight-line basis over the estimated period of the customer relationship. The term length is between three and fourteen years, based on the customer segment (residential, business, etc.) and the business model (prepaid, postpaid, etc.).
- Software is amortized on a straight-line basis over its useful life, generally estimated to be between two and five years.

e) Property, plant and equipment

Property, plant and equipment is carried at cost, net of government grants received, less any accumulated depreciation and any accumulated impairment in value.

Cost includes, among others, direct labor used in installation and the allocable portion of the indirect costs required for the related asset. The latter two items are recorded as revenue under the concept "Own work capitalized" of the line item Other income.

Interest and other financial expenses incurred and directly attributable to the acquisition or construction of qualifying assets are capitalized. Qualifying assets for the Telefónica Group are those assets that require a period of at least 18 months to bring the assets to the condition necessary for their intended use or sale.

The Group's subsidiaries depreciate their property, plant and equipment, from the time they can be placed in service, amortizing the cost of the assets, net of their residual values on a straight-line basis over the assets' estimated useful lives, which are calculated in accordance with technical studies that are revised periodically in light of technological advances and the rate of dismantling, as follows:

	Years of estimated useful life
Buildings	25 – 40
Plant and machinery	4 – 30
Furniture, tools and other items	2 – 10

f) Impairment of non-current assets

All non-current assets, including goodwill and investments in associates and joint ventures, are assessed at each reporting date for indicators of impairment. Whenever such indicators exist, or in the case of assets which are subject to an annual impairment test, the recoverable amount is estimated. An asset's recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future post-tax cash flows deriving from the use of the asset or its cash generating unit, as applicable, are discounted to their present value using a post-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset, provided that the result obtained is the same that would be obtained by discounting pre-tax cash flows at a pre-tax discount rate.

The Group bases the calculation of impairment on the approved business plans of the various cash generating units to which the assets are allocated. The projected cash flows, based on the approved strategic business plans, cover a period of five years. Starting with the sixth year, an expected constant growth rate is applied.

g) Lease agreements

The determination of whether an arrangement is, or contains a lease is based on the substance of the agreement and requires an assessment of whether the fulfillment of the arrangement is dependent on the use of a specific asset and the agreement conveys a right to the use of the asset.

At the inception date of the lease (i.e. the date when the underlying asset is available for use), a lessee recognizes a right of use asset that represents the right to use the underlying asset over the term of the lease, and a lease liability for the present value of the lease payments payable over the lease term – discounted using the incremental borrowing rate at the start date of the lease.

Rights of use assets are measured at cost, less accumulated depreciation and impairment losses, and are adjusted for any remeasurement of lease liabilities. The cost of rights of use assets includes the amount of initial direct costs incurred and lease payments made before the commencement date less incentives received. Right-of-use assets are depreciated on a straight-line basis over the shorter of the estimated useful life of the underlying asset and the lease term.

Lease payments include fixed payments (including in-substance fixed payments) less any lease incentive receivable, variable lease payments that depend on an index or rate, and amounts expected to be paid as residual value guarantees. Similarly, the measurement of the lease liability includes the exercise price of a purchase option, if the lessee is reasonably certain to

exercise that option, and payments of penalties for early termination, if the lease term reflects the lessee exercising such cancellation option. After the commencement date, the amount of the lease liabilities is increased to reflect the accrual of interest and reduced for the payments made. In addition to this, the carrying amount of the lease liability is remeasured in certain cases, such as changes in the lease term, changes in future lease payments resulting from a change in an index or rate used to determine those payments. The amount of such remeasurement is generally recognized against an adjustment to the right-of-use asset.

The Group uses the "low value" asset lease recognition exemption for office equipment and the short-term lease recognition exemption for all leases with a term of 12 months or less. Therefore, lease payments in such cases are recognized as an expense on a straight-line basis over the lease term.

The Group recognizes non-lease components separately from lease components for those classes of assets in which non-lease components are significant with respect to the total value of the arrangement.

The Group determines the lease term as the non-cancellable term of the contract, together with any period covered by an extension (or termination) option whose exercise is discretionary for the Group, if there is reasonable certainty that it will be exercised (or it will not be exercised). In its assessment, the Group considers all available information by asset class in the industry and evaluates all relevant factors (technology, regulation, competition, business model) that create an economic incentive to exercise or not a renewal/cancellation option. Notably, the Group takes into consideration the time horizon of the strategic planning of its operations. After the commencement date, the Group reassesses the lease term if there is a significant event or change in circumstances that is within its control that may affect its ability to exercise (or not to exercise) an option to extend or terminate (for example, a change in business strategy).

Where the Group acts as a lessor, leases are classified between operating and finance leases. Leases in which the lessor retains a significant portion of the risks and rewards of ownership of the leased asset are treated as operating leases. Otherwise, the lease is a finance lease.

h) Investment in associates and joint arrangements

The Group assesses whether it has significant influence not only on the basis of its ownership percentage but also on the existence of qualitative factors such as representation on the board of directors of the investee, its participation in decision-making processes, interchange of managerial personnel and access to technical information.

The Group assesses rights and obligations agreed to by the parties to a joint arrangement and, when relevant, other facts and circumstances in order to determine whether the joint arrangement in which it is involved is a joint venture or a joint operation.

Upon the sale or contribution of a controlled business to an associate or joint venture, the Group measures and recognizes any retained interest at its fair value. Any difference between the carrying amount of the business contributed and the fair value of the retained investment and the consideration received from disposal is recognized in full in profit or loss.

i) Financial assets and liabilities

Financial Assets

All regular way purchases and sales of financial assets are recognized in the statement of financial position on the trade date, i.e. the date that the Company commits to purchase or sell the asset.

The Group applies an impairment model for financial assets based on expected credit losses, using a simplified method for certain short- and long-term assets (commercial receivables, lease receivables and contractual assets).

Under this simplified approach, credit impairment is recognized by reference to expected credit losses over the life of the asset. For this purpose the Group uses matrices based on historical bad debt experience by geographical area on a portfolio segmented by customer category according to credit pattern. The matrix for each category has a defined time horizon divided into intervals in accordance with the collection management policy and is fed with historical data that covers at least 24 collection cycles. This data is updated on a regular basis. Based on the information observable at each close, the Group assesses the need to adjust the rates resulting from these matrices, considering current conditions and future economic forecasts.

Derivative financial instruments and hedge accounting

The accounting treatment of any gain or loss resulting from changes in the fair value of a derivative depends on whether the derivative in question meets all the criteria for hedge accounting and, if appropriate, on the nature of the hedge.

Changes in fair value of derivatives that qualify as fair value hedging instruments are recognized in the income statement, together with changes in the fair value of the hedged asset or liability attributable to the risk being hedged.

Changes in the fair value of derivatives that qualify and have been designated as cash flow hedges, which are highly effective, are recognized in equity. The ineffective portion is recognized immediately in the income statement. Fair value changes recognized in equity arising from hedges that relate to firm commitments or forecast transactions that result in the recognition of non-financial assets or liabilities are included in the initial carrying amount of those assets or liabilities. Otherwise, changes in fair value previously recognized in equity are recognized in the income statement in the period in which the hedged transaction affects profit or loss.

An instrument designated to hedge foreign currency exposure from a net investment in a foreign operation is accounted for in a similar manner to cash flow hedges.

When the Group chooses not to apply hedge accounting criteria, gains or losses resulting from changes in the fair value of derivatives are taken directly to the income statement. In this respect, transactions used to reduce the exchange rate risk of income contributed by foreign subsidiaries are not treated as hedging transactions.

j) Audio-visual rights

Audio-visual rights which will generally be consumed in a period of less than twelve months, as well as own content whose production cycle will in no case exceed thirty-six months, are included in inventories.

The cost of film, documentary, short film and series rights acquired from third parties is charged to the income statement on a straight-line basis from the time of first broadcasting or release until the completion of the rights.

In-house produced programs and series and program titles are charged at the time of their broadcast or up to thirty-six months from the date of release, depending on their nature and broadcasting strategy. The cost of in-house productions that the Group expects to recover through sale to third parties is recognized as an intangible asset.

The cost of broadcasting rights that have expired or whose recovery value is estimated to be lower than the acquisition cost is recognized directly as an expense.

Broadcasting rights to football and motor sports events, including their inherent production costs, are charged to the income statement on a straight-line basis over twelve months from the start of the season, while rights to other premium sports are charged over the period of the competition. All other sports rights are recognized in the income statement upon first broadcast. When these rights are paid for prior to the moment of allocation to the income statement, and the terms and conditions of the agreement involve performance obligations that still have to be fulfilled in the future by both parties (also known as executory contracts), prepaid amounts are recognized as prepayments under "Other current assets".

k) Pensions and other employee obligations

Provisions required to cover the accrued liability for defined benefit pension plans are determined using the projected unit credit actuarial valuation method. The calculation is based on demographic and financial assumptions determined at a country level, and in consideration of the macroeconomic environment. The discount rates are determined based on high quality market yield curves. Plan assets are measured at fair value.

Provisions for post-employment benefits (e.g. early retirement or other) are calculated individually based on the terms agreed with the employees. In some cases, these may require actuarial valuations based on both demographic and financial assumptions.

l) Revenues and expenses

The Telefónica Group revenues are derived principally from providing the following telecommunications services: traffic, connection fees, regular (normally monthly) network usage fees, interconnection, network and equipment leasing, handset sales and other digital services such as Pay TV and value-added services or maintenance. Products and services may be sold separately or bundled in promotional packages.

Revenues from calls carried on Telefónica's networks (traffic) entail an initial call establishment fee plus a variable call rate, based on call length, distance and type of service. Both fixed and wireless traffic is recognized as revenue as service is provided. For prepaid calls, the amount of unused traffic generates deferred revenues presented in Contractual liabilities on the statement of financial position.

Revenues from traffic sales and services at a fixed rate over a specified period of time (flat rate) are recognized on a straight-line basis over the term covered by the rate paid by the customer.

Installation fees are taken to the income statement on a straight-line basis over the related period. Equipment leases and other services are taken to the income statement as they are consumed.

Interconnection revenues from fixed-wireless and wireless-fixed calls and other customer services are recognized in the period in which the calls are made.

Revenues from handset and equipment sales are recognized once the sale is considered complete, i.e., generally when delivered to the end customer.

When the Group is in an intermediary position between a supplier/vendor and an end customer, it must determine if it is supplying the product or service as the principal in the transaction or if it is acting as an agent on behalf of the supplier (manufacturer, wholesaler). The distinction involves identifying who controls the goods or services being provided and who is the primary obligor to satisfy the performance obligations in the arrangement. Control is often evidenced when, in the delivery to the end customer, the Group provides significant integration of the goods and services from a third party vendor into its own goods and services. In addition to this, assessment of the primary obligor includes the analysis of indicators such as: whether the Group's responsibilities require infrastructure and resources with specific functionalities, who acts as the main customer contact, who manages claims and provides support services, and who has discretion setting the final price. This principal/agent assessment affects the timing and amount of revenue recognized in the financial statements, either on a gross basis as the principal or on a net basis as the agent, representing the margin earned by the Group for arranging the transaction between the principal and the customer. This is particularly relevant for the Group in connection with digital services, such as streaming TV content, software licenses and other cloud-based products and services.

For bundled packages that include multiple elements sold in the fixed, wireless, Internet and television businesses it is determined whether it is necessary to identify the separate performance obligations and apply the corresponding revenue recognition policy to each one. Total package revenues are allocated among the identified performance obligations based on their respective standalone selling prices.

As connection or initial activation fees, or upfront non-refundable fees, are not separately identifiable performance obligations in these types of packages, any consideration received from the customer for these items is allocated to the remaining elements.

When the customer has a right of return, the agreed consideration is considered variable. The Group estimates the amount of variable consideration to which it is entitled using the expected value method (probability-weighted possible amounts), considering all historical, current and forecast information that is reasonably available, and only to the extent that it determines that it is highly probable that a significant reversal in the amount of cumulative revenue recognized will not occur.

Expenses relating to customer contracts (mainly, commissions payable to dealers for customer acquisitions) are recognized as an asset to the extent that they are incremental and are expected to be recovered. Subsequently, these costs are amortized over the same term as the revenues associated with such contract are recognized, unless the expected amortization period is one year or less, in which case they are expensed as incurred. For the purposes of allocating to profit or loss the incremental costs of obtaining a contract with indefinite duration, renewal periods are taken into consideration, estimated on the basis of the customer churn rate, unless there are contract renewal costs which are commensurate with those incurred in the initial contract.

As part of our strategy, the Group has increased its use of renewable energy through power purchase agreements (PPAs) to purchase energy from sustainable sources, such as wind and solar. These contracts often have a long term and provide the Group with a mechanism to ensure the supply of green energy at fixed prices. When these arrangements involve physical delivery of electricity and are entered into for the purpose of receiving the energy for the entity's expected purchase, sale or usage requirements (i.e. volume agreed does not exceed actual and expected power needs), the contract is for "own use" and is generally accounted for as power purchases or sales when the underlying transactions take place.

m) Non-current assets held for sale and discontinued operations

The Group classifies non-current assets and disposal groups as held for sale if their carrying amounts will be recovered principally through a sale transaction rather than through continuing use. Non-current assets and disposal groups classified as held for sale are measured at the lower of their carrying amount and fair value less costs to sell and are presented separately in the statement of financial position as "Non-current assets and disposal groups held for sale" and "Liabilities associated with non-current assets and disposal groups held for sale". Once classified as held for sale property, plant and equipment and intangible assets (including right-of-use assets) are no longer depreciated or amortized.

The criteria for held for sale classification is regarded as met only when the Group determines the sale to be highly probable: management is committed to a decision to sell and all actions required to complete the sale indicate that it is unlikely that significant changes to the sale will be made or that the decision will be withdrawn. In addition, the asset or disposal group is available for immediate sale in its present condition (subject only to terms that are usual and customary for such

transactions) and the sale is expected to be completed within one year from the date of the classification.

Components of the Group that have been disposed of or classified as held for sale are presented as discontinued operations when they represent, or are part of an integrated plan to dispose of, a separate major line of business or geographical area of operations. Post-tax results and associated cash flows relating to these operations are presented separately from continuing operations.

n) Use of estimates

The key assumptions concerning the future and other relevant sources of uncertainty in estimates at the reporting date that could have a significant impact on the consolidated financial statements within the next financial year are discussed below.

A significant change in the facts and circumstances on which these estimates and related judgments are based could have a material impact on the Group's results and financial position. Accordingly, sensitivity analysis are disclosed for the most relevant situations (see Notes 7 and 24).

Non-current assets and goodwill

The accounting treatment of investments in non-current assets such as property, plant and equipment, intangible assets and interests in associates and joint ventures, entails the use of estimates to determine the useful life for depreciation and amortization purposes and to assess fair value at their acquisition dates for assets acquired in business combinations.

Determining useful life requires making estimates in connection with future technological developments and alternative uses for assets. There is a significant element of judgment involved in making technological development assumptions, since the timing and scope of future technological advances are difficult to predict.

Also, upon the sale or contribution of a controlled business to an associate or joint venture, the Group measures and recognizes any retained interest at its fair value. The fair value assigned to the retained investment is determined on the basis of its business plan, including significant judgments when considering significant assumptions such as long-term EBITDA margin, long-term capital expenditure ratio, discount rate and perpetuity growth rate which would be significantly affected by the future trends in the economic, competitive, regulatory and technological environment.

The decision to recognize an impairment loss involves developing estimates that include, among others, an analysis of the causes of the potential impairment, as well as its timing and expected amount. Furthermore, additional factors are taken into account, such as the situation of the macroeconomic environment, regulatory and competitive developments, technological obsolescence, the discontinuation of certain services as well as other changes in circumstances, that highlight the need to assess a potential impairment.

The Telefónica Group evaluates its cash-generating units' performance on a regular basis to identify potential impairments of goodwill and other non-current assets. Determining the recoverable amount of the cash-generating units also entails the use of assumptions and estimates and requires a significant element of judgment.

Deferred income taxes

The Group assesses the recoverability of deferred tax assets based on estimates of future earnings, and of all the options available to achieve an outcome, it considers the most efficient one in tax terms within the legal framework the Group is subject to. Such recoverability ultimately depends on the Group's ability to generate taxable earnings over the period for which the deferred tax assets remain deductible. This analysis is based on the estimated schedule for reversing deferred tax liabilities, as well as estimates of taxable earnings, which are sourced from internal projections that are continuously updated to reflect the latest trends.

The recognition of tax assets and liabilities depends on a series of factors, including estimates as to the timing and realization of deferred tax assets and the projected tax payment schedule. Actual Group company income tax receipts and payments could differ from the estimates made by the Group as a result of changes in tax legislation, the outcome of underway tax proceedings or unforeseen future transactions that could affect tax balances.

Provisions

Provisions are recorded when, at the end of the period, we have a present obligation as a result of past events, whose settlement requires an outflow of resources that is considered probable and can be measured reliably. This obligation may be legal or constructive, arising from, but not limited to, regulation, contracts, common practice or public commitments, which have created a valid expectation for third parties that we will assume certain responsibilities. The amount recorded is the best estimation performed by the management in respect of the expenditure that will be required to settle the obligations, considering all the information available at the closing date, including the advice of external experts, such as legal advisors or consultants.

Should we be unable to reliably measure the obligation, no provision would be recorded and information would then be presented in the notes to the Consolidated Financial Statements.

Because of the inherent uncertainties in this estimation, actual expenditures may be different from the originally estimated amount recognized.

Revenue recognition

Bundled offers

Bundled offers that combine different elements are assessed to determine whether it is necessary to separate the different identifiable components and apply the corresponding revenue recognition policy to each element. Total package revenues are allocated among the identified elements based on their respective standalone selling prices.

Determining standalone selling prices for each identified element requires estimates that are complex due to the nature of the business.

A change in estimates of standalone selling prices could affect the apportionment of revenue among the elements and, as a result, the timing of recognition of revenues.

Leases

Accounting for rights and obligations as a lessee under a lease contract requires the use of estimations to determine the lease term in contracts that include extension options or early termination options.

Determining the lease term involves making estimates over the time horizon of the Group's strategic planning process with respect to relevant factors such as expected technological progress, possible regulatory developments, market and competition trends or changes in the business model. The assumptions regarding these variables involve a significant degree of judgment to the extent that the timing and nature of future changes are difficult to anticipate.

Due to the uncertainties inherent to these estimates, changes in the assumptions made in respect of uncertain matters when determining the lease term of a lease contract may have an impact on the amounts of the right of use assets and lease liabilities recognized on the basis of the estimates made by the Group.

o) New IFRS and interpretations of the International Financial Reporting Interpretations Committee (IFRIC)

The accounting policies applied in the preparation of the consolidated financial statements for the year ended December 31, 2025 are consistent with those used in the preparation of the Group's consolidated annual financial statements for the year ended December 31, 2024.

New standards and amendments to standards issued but not effective as of December 31, 2025.

At the date of preparation of the consolidated financial statements, the following new standards and amendments to existing standards had been published, but their application is not mandatory:

Standards and amendments		Mandatory application: annual periods beginning on or after
Amendments to IFRS 9 and IFRS 7	Amendments to the Classification and Measurement of Financial Instruments	January 1, 2026
Amendments to IFRS 9 and IFRS 7	Contracts Referencing Nature-dependent Electricity	January 1, 2026
Annual Improvements to IFRS Accounting Standards—Volume 11		January 1, 2026
Amendments to IAS 21	Translation to a Hyperinflationary Presentation Currency	January 1, 2027
IFRS 18	Presentation and Disclosure in Financial Statements	January 1, 2027
IFRS 19	Subsidiaries without Public Accountability: Disclosures	January 1, 2027

The Group is currently assessing the impact that the adoption of these new pronouncements will have on the consolidated financial statements at the time of initial application. In particular, IFRS 18 will replace IAS 1 Presentation of Financial Statements and introduces, among other changes, new requirements for presentation within the statement of profit or loss, including new totals and subtotals. Furthermore, all income and expenses must be classified into the following categories: operating, investing, financing, income taxes, and discontinued operations, with the first three being new. All entities will be affected by these new requirements. IFRS 18 and all consequential amendments are effective for periods beginning on or after January 1, 2027, with retrospective application required. The Group is currently in the process of assessing the impacts that these new requirements will have on the primary financial statements and notes to the financial statements. The preliminary assessment suggests that adopting IFRS 18 will mainly affect the presentation of items in the income statement, without changing their recognition or measurement criteria.

Note 4. Segment information

Following the latest strategic review announced in November 2025, Telefónica has revised its corporate vision and aims to consolidate its position as a leading European operator worldwide, while maintaining a long-term, leading presence in Brazil.

As part of its exit strategy from Hispanoamerica, in 2025 the Group sold its stakes in Telefónica Móviles Argentina, Telefónica del Perú, Telefónica Móviles del Uruguay, and Otecel, among other companies based in Hispanoamerica (see Note 2). Furthermore, in March 2025 Telefónica reached an agreement to sell all of its shares in Colombia Telecomunicaciones to Millicom Spain, S.L. The closing of this transaction took place on February 5, 2026 (see Note 31). The contribution of these companies to the Group's results and cash flows in 2025 and 2024 is shown as discontinued operations (see Note 30).

In addition, on February 10, 2026, Telefónica transferred the 100% of the share capital of Telefónica Chile (see Note 31). The signing and closing of the transaction took place simultaneously. Following the analysis carried out as of December 31, 2025 in accordance with IFRS 5 (see Note 3.m), Telefónica Chile was not classified as a disposal group held for sale as of that date.

As a result of these transactions and in accordance with IFRS 8, the Group no longer presents "Telefónica Hispam" as a reportable segment in 2025. The companies of Telefónica Hispam that, as of December 31, 2025, were still part of the Telefónica Group and, following the analysis carried out in accordance with IFRS 5, have not been classified as a disposal group held for sale (primarily the Group's operators in Chile, Mexico and Venezuela), are reported within Other Companies. This change has been applied to the 2024 comparative figures. The other segments —Telefónica Spain, Telefónica Brazil, Telefónica Germany and VMO2— continue to be reported without modifications.

Other companies also includes, among others (see Annex I), Telefónica, S.A. and other holding companies, the Be-terna and Telefónica Tech UK & Ireland groups, the Telxius Group and the share of results of investments accounted for by the equity method of the fiber companies in which Telefónica Infra, S.L. holds a stake (see Note 10).

The segments referred to above include, according to their geographical location, the information relating to the range of products and services based on next-generation technologies that Telefónica offers its customers, including communication services based on fiber and 5G networks, digital services for residential customers — such as entertainment, home connectivity and security — and advanced solutions for companies and public administrations, including cloud, cybersecurity, IoT, artificial intelligence and professional services, as well as wholesale services to other operators. Transactions between segments are carried out at market prices.

The Group centrally manages borrowing activities, mainly through Telefónica, S.A. and other companies (see Note 19, Appendix III and Appendix V), so most of the Group's financial assets and liabilities are reported under Other companies. In addition, Telefónica, S.A. is the head of the Telefónica tax group in Spain (see Note 25). Therefore, a significant part of the deferred tax assets and liabilities is included under Other companies. For these reasons, the results of the segments are disclosed through operating income.

Revenues and expenses arising from intra-group invoicing for the use of the trademark and management services were eliminated from the operating results of each Group segment. The results of the holding companies also exclude dividends from Group companies and impairments of investments in Group companies. These adjustments have no impact on the consolidated results. In addition, segment reporting considers the impact of the purchase price allocation to the assets acquired and the liabilities assumed by the companies included in each segment. The assets and liabilities presented in each segment are those managed by the heads of each segment, regardless of their legal structure.

The following table presents income, CapEx information (capital expenditures in intangible assets and property, plant and equipment, see Notes 6 and 8) and acquisitions of rights of use (see Note 9) regarding the Group's operating segments:

2025							
Millions of euros	**Telefónica Spain**	**VMO2**	**Telefónica Germany**	**Telefónica Brazil**	**Other companies**	**Eliminations**	**Total Group**
Revenues	13,012	—	8,172	9,451	6,550	(2,065)	35,120
External revenues	12,720	—	8,141	9,441	4,807	10	35,120
Intersegment revenues	291	—	31	10	1,743	(2,075)	—
Other operating income and expenses[1]	(10,795)	—	(5,644)	(5,343)	(6,825)	2,170	(26,437)
EBITDA	**2,217**	**—**	**2,528**	**4,108**	**(276)**	**105**	**8,683**
Depreciation and amortization	(2,090)	—	(2,160)	(2,404)	(739)	29	(7,364)
Operating income (loss)	**127**	**—**	**368**	**1,704**	**(1,014)**	**135**	**1,319**
Share of (loss) income of investments accounted for by the equity method	**(16)**	**(733)**	**—**	**(3)**	**(269)**	**—**	**(1,020)**
CapEx	**1,522**	**—**	**1,144**	**1,478**	**403**	**(8)**	**4,540**
Acquisitions of rights of use	**721**	**—**	**948**	**587**	**249**	**(13)**	**2,491**

[1] Other operating income and expenses includes "Other income", "Supplies", "Personnel expenses" and "Other expenses".

2024 (*)							
Millions of euros	**Telefónica Spain**	**VMO2**	**Telefónica Germany**	**Telefónica Brazil**	**Other companies**	**Eliminations**	**Total Group**
Revenues	12,791	—	8,492	9,618	6,599	(1,829)	35,671
External revenues	12,510	—	8,463	9,606	5,066	26	35,671
Intersegment revenues	281	—	29	12	1,533	(1,855)	—
Other operating income and expenses[1]	(8,177)	—	(5,727)	(5,502)	(6,388)	1,893	(23,901)
EBITDA	**4,614**	**—**	**2,765**	**4,116**	**211**	**64**	**11,770**
Depreciation and amortization	(2,202)	—	(2,226)	(2,475)	(740)	30	(7,613)
Operating income (loss)	**2,412**	**—**	**539**	**1,642**	**(529)**	**94**	**4,157**
Share of income (loss) of investments accounted for by the equity method	**(20)**	**89**	**—**	**—**	**(101)**	**—**	**(32)**
CapEx	**1,571**	**—**	**1,141**	**1,583**	**409**	**—**	**4,704**
Acquisitions of rights of use	**350**	**—**	**578**	**822**	**186**	**(4)**	**1,932**

[1] Other operating income and expenses includes "Other income", "Supplies", "Personnel expenses" and "Other expenses".

(*) Revised data to reflect the results of Telefónica Móviles Argentina, Telefónica del Perú, Otecel, Telefónica Móviles del Uruguay and Colombia Telecomunicaciones, among other companies based in Latin America as discontinued operations (see Note 30).

The table below shows the income, CapEx and acquisitions of rights of use of VMED O2 UK (VMO2) in 2025 y 2024 (see Note 2). VMO2 is a joint venture 50% owned by Telefónica and Liberty Global and is recorded under the equity method (see Note 10). The tables below show the information of the joint venture at 100% and the reconciliation with the Telefónica Group's share of income (loss) accounted for by the equity method.

VMO2

Millions of euros	2025	2024
Revenues	11,808	12,616
Other operating income and expenses	(7,429)	(8,149)
Impairment losses in goodwill	(1,170)	—
EBITDA	**3,209**	**4,467**
Depreciation and amortization	(3,556)	(3,371)
Operating income (loss)	**(347)**	**1,096**
Share of income of investments accounted for by the equity method	**—**	**4**
Financial income	46	51
Financial expenses	(1,470)	(1,578)
Realised and unrealised gains on derivative instruments, net	(855)	463
Foreign currency transaction losses, net	601	(34)
Net financial result	**(1,678)**	**(1,098)**
Result before taxation	**(2,025)**	**2**
Income tax	159	(22)
Result for the year	**(1,866)**	**(20)**
Attributable to non-controlling interests	**8**	**(19)**
Result for the year attributable to equity holders of the parent (100% VMO2)	**(1,858)**	**(39)**
50% attributable to Telefónica Group	(929)	(20)
Impact on VMO2's assets of the creation of O2 Daisy	195	—
Sale of minority stake in Cornerstone	—	112
Other adjustments	1	(4)
Share of (loss) income of investments accounted for by the equity method	**(733)**	**89**
Capital expenditures (CapEx) (100% VMO2)	**2,439**	**2,580**
Acquisitions of rights of use (100% VMO2)	**169**	**539**

The following table presents main assets and liabilities by segment:

2025							
Millions of euros	**Telefónica Spain**	**VMO2**	**Telefónica Germany**	**Telefónica Brazil**	**Other companies**	**Eliminations**	**Total Group**
Fixed assets	14,647	—	10,326	15,337	2,756	—	43,066
Rights of use	1,622	—	3,250	2,027	590	(48)	7,441
Investments accounted for by the equity method	206	6,316	—	4	228	—	6,753
Financial assets and other non-currents assets	1,380	—	575	1,088	4,520	(823)	6,740
Deferred tax assets	2,789	—	669	239	2,315	—	6,012
Other current financial assets	41	—	98	34	2,157	(1,460)	870
Total allocated assets excluding groups held for sale	**27,938**	**6,316**	**17,457**	**22,592**	**20,995**	**(6,462)**	**88,837**
Non-current financial liabilities	1,054	—	387	504	28,898	(723)	30,120
Non-current lease liabilities	1,204	—	2,467	1,631	350	(9)	5,644
Deferred tax liabilities	76	—	335	758	1,349	—	2,518
Current financial liabilities	760	—	419	45	6,828	(3,833)	4,219
Current lease liabilities	358	—	662	755	201	(39)	1,938
Total allocated liabilities excluding groups held for sale	**17,268**	**—**	**8,883**	**9,230**	**42,404**	**(6,464)**	**71,320**

2024							
Millions of euros	**Telefónica Spain**	**VMO2**	**Telefónica Germany**	**Telefónica Brazil**	**Other companies**	**Eliminations**	**Total Group**
Fixed assets	14,119	—	10,710	15,348	7,598	—	47,775
Rights of use	1,535	—	3,064	2,058	1,307	(56)	7,907
Investments accounted for by the equity method	217	7,641	—	4	512	—	8,375
Financial assets and other non-currents assets	1,126	—	728	1,004	4,917	(372)	7,403
Deferred tax assets	2,507	—	604	278	3,284	—	6,673
Other current financial assets	33	—	107	32	3,853	(2,225)	1,800
Total allocated assets excluding groups held for sale	**25,858**	**7,641**	**17,805**	**22,277**	**32,830**	**(6,047)**	**100,364**
Non-current financial liabilities	507	—	474	362	32,119	(268)	33,192
Non-current lease liabilities	988	—	2,401	1,666	1,050	(29)	6,077
Deferred tax liabilities	86	—	290	798	1,730	—	2,905
Current financial liabilities	612	—	771	270	6,724	(2,787)	5,590
Current lease liabilities	480	—	606	702	472	(34)	2,226
Total allocated liabilities excluding groups held for sale	**15,756**	**—**	**9,373**	**8,743**	**49,855**	**(6,007)**	**77,720**

The detail of assets and liabilities of VMO2 is as follows (amounts corresponding to 100% of the company, see Note 10):

VMO2

Millions of euros	2025	2024
Fixed assets	37,343	40,079
Rights of use	924	1,073
Financial assets and other non-currents assets	949	1,481
Deferred tax assets	558	448
Other current financial assets	357	660
Total assets	**43,663**	**48,247**
Non-current financial liabilities	21,357	21,754
Non-current lease liabilities	805	950
Deferred tax liabilities	2	1
Current financial liabilities	4,192	4,970
Current lease liabilities	201	197
Total liabilities	**31,320**	**32,804**

The composition of segment revenues is as follows:

Millions of euros	2025				2024 (*)			
Country by segments	Fixed	Mobile	Others and elims.	Total	Fixed	Mobile	Others and elims.	Total
Spain [1]				**13,012**				**12,791**
Germany	886	7,233	53	**8,172**	857	7,596	38	**8,492**
Brazil	2,738	6,713	—	**9,451**	2,772	6,846	—	**9,618**
Other and inter-segment eliminations	796	2,074	1,615	**4,485**	889	2,330	1,551	**4,770**
Total Group				**35,120**				**35,671**

(1) The detail of revenues for Telefónica Spain is shown in the table below.

(*) Revised data to reflect the results of Telefónica Móviles Argentina, Telefónica del Perú, Otecel Telefónica Móviles del Uruguay, Colombia Telecomunicaciones, among other companies based in Latin America as discontinued operations (see Note 30).

Given the convergence reached at Telefónica Spain due to the high penetration of convergent offers in Telefónica Spain, the revenue breakdown by fixed and mobile is less relevant in this segment. For this reason, management believes that the revenue breakdown shown below is more meaningful.

Millions of euros Telefónica Spain	2025	2024
Retailers	10,332	10,092
Wholesalers, mobile handsets sales and others	2,680	2,699
Total	**13,012**	**12,791**

Note 5. Business combinations

2025

Acquisition of a Majority Stake in Fibrasil Infraestrutura e Fibra Ótica S.A. ("FiBrasil")

In July 2025 Telefónica Brasil entered into a share purchase agreement with Caisse de dépôt et placement du Québec and Fibre Brasil Participações S.A. (together, "Grupo La Caisse") for the acquisition of all FiBrasil shares issued by Grupo La Caisse, representing 50% of FiBrasil's total share capital, as well as subscription warrants issued by FiBrasil.

FiBrasil was a joint venture, and the Telefónica Group held the remaining 50% of the share capital. The shareholding was accounting for by the equity method (see Note 10). Following the acquisition of the stake that gives the Group control over the company, it has been accounted for as a step acquisition in accordance with IFRS 3. As a result, a gain of 37 million euros (see Note 26) has been recognized in the consolidated income statement, arising from the difference between the fair value of the previously held interest and its carrying amount.

The transaction was subject to the fulfillment of certain customary closing conditions, including prior approval by CADE and ANATEL. On October 14, 2025, ANATEL granted pre-approval for the transaction. On October 23, 2025, CADE approved the transaction without restrictions. After obtaining regulatory approvals and fulfilling all other conditions precedent, the transaction was completed on November 12, 2025.

The acquisition value of the Transaction, adjusted daily using the Interbank Deposit Certificate rate, as stipulated in the agreement, was 858 million reais (equivalent to 140 million euros at the date of the transaction), paid on November 12, 2025 (see Note 28). The subscription warrants previously issued by FiBrasil were cancelled after the closing of the Transaction.

As of the date of preparation of these consolidated financial statements, the allocation of the purchase price is provisional. The following table summarizes the consideration, the fair values of the identifiable assets acquired and the liabilities assumed at the time of acquisition, and the preliminary goodwill:

Million euros	
Consideration	140
fair value of the previously held interest	122
Total	**262**
Other intangible assets	8
Property, plant and equipment	256
Rights of use	27
Other long term assets	2
Deferred tax assets and social security contributions	11
Trade receivables	17
Other current assets	6
Cash and Cash equivalents	13
Debentures	(148)
Leases	(37)
Other liabilities	(20)
Provisions	(4)
Fair value of net assets	**131**
Preliminary Goodwill (Note 7)	**131**

Following the acquisition of control in November 2025, FiBrasil was integrated into the Group's consolidated financial statements. From that date, FiBrasil's contribution to consolidated Revenues amounted to one million euros.

2024

Joint operation in Colombia

On February 26, 2024, Colombia Telecomunicaciones S.A. ESP BIC and Colombia Móvil S.A. ESP signed a binding framework agreement for the implementation of a single mobile access network, through an independent company, Unired Colombia, S.A.S, as well as for sharing the radioelectric spectrum usage permits through a Temporary Union, whose only users would be the two shareholders participating in the aforementioned agreement.

The transaction closed on December 20, 2024, with the first transfer by the Ministry of Information Technology and Communications of the permit for the access, use and exploitation of 20 MHz of radioelectric spectrum for the operation of land mobile radiocommunication services in the national territory granted to Colombia Móvil in favor of the Temporary Union. On this date, Colombia Telecomunicaciones and Colombia Móvil contributed their mobile infrastructure businesses and, in addition to the payment of 25 million dollars (approximately 24 million euros at the closing exchange rate of December 31, 2024) by Colombia Telecomunicaciones as equalization, both shareholders obtained equal participation (50:50) in the joint operation.

The following table summarizes the proportional share of the fair value of the contributions made to the joint operation by each of the parties:

Millions of euros	
Intangible assets	11
Property, plant and equipment	88
Rights of use	22
Trade receivables	43
Total assets	**164**
Lease liabilities	2
Account payables	77
Provisions	1
Total liabilities	**80**

In addition, the goodwill allocated to the transaction amounting to 16 million euros has been written off (see Note 7). The result associated with the transaction recorded in "gains from sale of businesses" has amounted to 47 million euros (Note 26).

As explained in Note 2, Colombia Telecomunicaciones has been classified as a disposal group held for sale as of December 31, 2025, and its results are presented within discontinued operations in these consolidated financial statements.

IPNET Group

On October 1, 2024, Telefônica Cloud e Tecnologia do Brasil S.A., a subsidiary of Telefónica Brasil, completed the acquisition of IPNET Serviços em Nuvem e Desenvolvimento de Sistemas Ltda. and IPNET USA, LLC.

At the date of preparation of the consolidated financial statements for 2024, the allocation of the purchase price was provisional. In 2025, the initial allocation has been reviewed within the twelve-month period from the acquisition date without any significant change in the fair value of the acquired assets and liabilities.

The following table summarizes the consideration, the fair values of the identifiable assets acquired and the liabilities assumed at the time of the acquisition and the final goodwill:

Millions of euros	
Consideration	**37**
Intangible assets	11
Customer relationships	5
Other intangible assets	6
Property, plant and equipment	—
Other long term assets	16
Trade receivables	5
Other current assets	1
Loans	(1)
Trade payables	(5)
Deferred tax liabilities	(2)
Provisions	(16)
Fair value of net assets	**9**
Goodwill	**28**

The total consideration was 224 million reais (equivalent to 37 million euros). At the closing of the transaction a payment was made amounting to 60 million reais (10 million euros, see Note 28). In 2025, a payment of one million euros was made, and the remaining amount is due as of December 31, 2025, in accordance with the contractual clauses.

From the acquisition date, IPNET contributed 11 million euros to 2024 consolidated revenues.

Note 6. Intangible assets

The composition of and movements in net intangible assets in 2025 and 2024 are as follows:

2025

Millions of euros	Balance at 12/31/2024	Additions (*)	Amortization(*)	Transfers and others	Translation differences	Inflation adjustments	Business combinations	Sale of companies	Balance at 12/31/2025
Service concession arrangements and licenses	5,667	41	(658)	(154)	(19)	11	—	(529)	4,360
Software	3,104	451	(1,436)	1,185	(18)	6	7	(89)	3,209
Customer base	151	—	(93)	—	(2)	—	1	—	57
Trademarks	187	—	(31)	—	—	—	1	—	157
Other intangible assets	64	25	(49)	(3)	—	—	484	—	521
Intangible assets in process	702	1,374	—	(1,200)	(2)	—	—	(66)	808
Total intangible assets	**9,875**	**1,890**	**(2,266)**	**(172)**	**(41)**	**17**	**493**	**(683)**	**9,112**

(*) Additions and amortization for the period include those corresponding to Telefónica Móviles Argentina, Telefónica del Perú, Telefónica Móviles del Uruguay and Otecel, among other companies based in Hispam, up to their respective sale dates, as well as those corresponding to companies classified as held for sale (mainly Colombia Telecomunicaciones) until their classification as disposal groups held for sale. Excluding the impact of these companies, additions to intangible assets amounted to 1,814 million euros and amortization amounted to 2,112 million euros (see Note 2).

2024

Millions of euros	Balance at 12/31/2023	First application of IAS 21	Additions (*)	Amortization(*)	Impairments	Transfers and others	Translation differences	Inflation adjustments	Business combinations	Balance at 12/31/2024
Service concession arrangements and licenses	6,886	4	157	(757)	(485)	1	(536)	376	21	5,667
Software	3,089	4	510	(1,410)	(21)	1,139	(222)	29	(14)	3,104
Customer base	386	—	—	(238)	—	—	(1)	(1)	5	151
Trademarks	235	—	—	(32)	—	—	(18)	—	2	187
Other intangible assets	58	—	20	(25)	—	8	(1)	—	4	64
Intangible assets in process	716	—	1,109	—	—	(1,104)	(28)	5	4	702
Total intangible assets	**11,370**	**8**	**1,796**	**(2,462)**	**(506)**	**44**	**(806)**	**409**	**22**	**9,875**

(*) Total additions and amortization of intangible assets in 2024, excluding those corresponding to companies held for sale and to companies sold during the fiscal year 2025, amounted to 1,568 and 2,192 million euros, respectively (see Note 2).

Additions of spectrum from continuing operations in 2025 amounted to 199 million euros (29 million euros in 2024, 157 million euros including discontinued operations.). Of this amount, 180 million euros were classified as "Intangible assets in process" corresponding to spectrum licenses acquired by Telefónica Germany for the renewal of the 800 MHz, 1800 MHz, and 2600 MHz bands for the 2026–2030 period.

"Business combinations" in 2025 includes 481 million euros under "Other intangible assets" corresponding to the recognition of an intangible asset arising from the agreement between the Group and Vodafone Spain to incorporate a joint company, Compañía Mayorista de Fibra (see Note 17). The amount represents a long-term master service agreement for the provision of fiber-to-the-home (FTTH) network access services, with a minimum term of 20 years.

"Sale of companies" in 2025 mainly corresponds to the disposal of intangible assets from Telefónica Móviles Argentina, Telefónica del Perú, Telefónica Móviles del Uruguay and Otecel (see Note 2), which amounted to 253, 273, 89 and 63 million euros, respectively.

"Transfers and others" in 2025 includes the reclassification of intangible assets of Colombia Telecomunicaciones to "Non-current assets and disposal groups held for sale" of the statement of financial position (see Notes 2 and 30), amounted to 551 million euros.

Appendix VI contains the details of the main concessions and licenses which the Group operates.

In 2024, Telefónica Argentina recorded an impairment of service concession arrangements and licenses and software, amounted to 415 million euros and 21 million euros, respectively (see Note 30).

In 2024, Telefónica del Perú recorded an impairment of service concession arrangements and licenses, amounting to 54 million euros (see Note 30).

The cost, accumulated amortization and impairment losses of intangible assets at December 31, 2025 and 2024 are as follows:

Balance at December 31, 2025

Millions of euros	Cost	Accumulated amortization	Impairment losses	Intangible assets
Service concession arrangements and licenses	9,630	(5,269)	—	4,360
Software	17,886	(14,677)	—	3,209
Customer base	1,341	(1,284)	—	57
Trademarks	903	(746)	—	157
Other intangible assets	1,259	(734)	(3)	521
Intangible assets in process	808	—	—	808
Total intangible assets	**31,827**	**(22,712)**	**(3)**	**9,112**

Balance at December 31, 2024

Millions of euros	Cost	Accumulated amortization	Impairment losses	Intangible assets
Service concession arrangements and licenses	15,018	(8,666)	(685)	5,667
Software	18,442	(15,300)	(38)	3,104
Customer base	2,265	(2,114)	—	151
Trademarks	905	(718)	—	187
Other intangible assets	794	(726)	(4)	64
Intangible assets in process	702	—	—	702
Total intangible assets	**38,126**	**(27,524)**	**(727)**	**9,875**

Note 7. Goodwill

Movement in goodwill

The movement in goodwill assigned to each Group segment was as follows:

2025

Millions of euros	Balance at 12/31/2024	Additions	Disposals	Write-offs	Transfers	Exchange rate impact	Balance at 12/31/2025
Telefónica Spain	4,291	—	—	—	30	—	4,321
Telefónica Brazil	6,740	138	—	—	13	(42)	6,849
Telefónica Germany	4,386	—	—	—	10	—	4,396
Others	1,044	—	(103)	(486)	(204)	(21)	230
Total	**16,461**	**138**	**(103)**	**(486)**	**(151)**	**(63)**	**15,796**

2024

Millions of euros	Balance at 31/12/2023	Additions	Disposals	Write-offs	Transfers	Exchange rate impact	Balance at 31/12/2024
Telefónica Spain	4,291	—	—	—	—	—	4,291
Telefónica Brazil	8,076	28	—	—	—	(1,364)	6,740
Telefónica Germany	4,386	—	—	—	—	—	4,386
Others	1,955	—	(16)	(866)	—	(29)	1,044
Total	**18,708**	**28**	**(16)**	**(866)**	**—**	**(1,393)**	**16,461**

Additions in Telefónica Brasil in 2025 mainly include FiBrasil's goodwill amounting to 131 million euros (see Note 5).

The amount of disposals in 2025 mainly corresponds to the goodwill of the cash-generating units of Ecuador and Uruguay amounting to 70 million euros and 22 million euros, respectively (see notes 2 and 30).

In 2024, an impairment of goodwill allocated to the Telefónica Tech UK & Ireland cash-generating unit was recognised in the amount of 192 million euros. The impairment test performed as at December 31, 2024 indicated that reasonably possible changes in the main assumptions could lead to additional impairment of goodwill. In 2025, heightened economic uncertainty in the United Kingdom and reduced access to financing intensified competition and margin pressure in the cyber and cloud business. This, together with sector consolidation and increased costs, resulted in impairment of the remaining goodwill amounting to 254 million euros, recorded under "Other expenses" in the consolidated income statement (see Note 26). The discount rate (WACC) used in estimating the value in use as at 31 December 2025 was 9.4%, 11.4% before taxes (no change from 2024), and the perpetuity growth rate used was 2.5% (reducing by 0.5 p.p. compared to the 2024 test as a result of the contraction in sector expectations).

In 2024, an impairment of goodwill allocated to the Chile cash-generating unit was recognised in the amount of 397 million euros. The impairment test performed as at December 31, 2024 indicated that reasonably possible changes in the main assumptions, particularly the discount rate and the EBITDA margin, could lead to additional impairment of goodwill. In 2025, the decrease in Telefónica Chile's projected cash flows and the increase in the discount rate have led to the impairment of the remaining goodwill amounting to 174 million euros, with a corresponding charge to "Other expenses" (see Note 26). The discount rate (WACC) used in estimating the value in use as at 31 December 2025 was 8.6% (compared to 8.5% in 2024), with the WACC before tax being 10.2% (compared to 10.4% en 2024), and the perpetuity growth rate used in the valuations 2.8%.

Furthermore, in 2025 and 2024, goodwill impairments allocated to the BE-terna cash-generating unit were recognised in the amounts of 58 million euros and 51 million euros, respectively, with a corresponding charge to "Other expenses" in the consolidated income statement (see Note 26).

The amount of transfers in 2025 mainly corresponds to the goodwill of the cash-generating unit in Colombia amounting to 141 million euros, reclassified to "Non-current assets and disposal groups held for sale" (see notes 2 and 30).

In 2024, an impairment loss of the entire remaining goodwill allocated to the cash-generating unit in Perú amounting to 226 million euros was recorded, with a corresponding entry under Other expenses in the consolidated income statement. As explained in Note 2, the results of Telefónica del Perú are presented within discontinued operations (see Note 30). In addition, until the carrying amount and the recoverable amount of the CGU were equal, an impairment loss on intangible assets was recorded amounting to 54 million euros (see Note 6), with a corresponding entry under Other expenses. The discount rate (WACC) used in the estimation of the value in use as of December 31, 2024, was 9.5% (11.6% before taxes) and the perpetuity growth rate used was 2.4%.

Additions in 2024 corresponded to the goodwill related to the acquisition of IPNET (see Note 5).

The amount in disposals in 2024 corresponded to the estimation of goodwill of the cash generating unit Telefónica Colombia allocated to the agreement signed by Colombia Telecomunicaciones S.A. ESP BIC and Colombia Móvil S.A. ESP.

Cash-generating units

In order to test for impairment, goodwill was allocated to the different cash-generating units (CGUs), which are grouped into the following reportable operating segments:

Millions of euros	12/31/2025	12/31/2024
Telefónica Spain	**4,321**	**4,291**
Telefónica Brazil	**6,849**	**6,740**
Telefónica Germany	**4,396**	**4,386**
Other companies	**230**	**1,044**
Colombia	—	136
Ecuador	—	79
Chile	—	179
Uruguay	—	22
Telefónica Tech UK & Ireland	—	268
BE-terna	173	230
Others	57	130
TOTAL	**15,796**	**16,461**

Goodwill is tested for impairment at the end of the year using the business plans of the cash-generating units to which the goodwill is assigned, approved by the Board of Directors of Telefónica.

The business plan covers a five-year period. To determine the terminal value of each CGU, a constant free cash flow growth over time is assumed, applying a terminal growth rate. The model used is similar to the dividend discount model developed by Gordon-Shapiro, internationally recognized for business valuations.

The process of preparing the CGUs' business plans considers the current market condition of each CGU, analyzing the macroeconomic, competitive, regulatory and technological environments, as well as the growth opportunities of the CGUs, and the differentiation capabilities compared to the competition based on market projections. A growth target is therefore defined for each CGU, based on the appropriate allocation of operating resources and the capital investments required to achieve the target. In addition, operating efficiency improvements are defined, in line with the strategic transformation initiatives, in order to increase the forecasted operating cash flow. In this process, the Group considers the compliance with business plans in the past.

Main assumptions used in calculating value in use

CGUs' value in use are calculated based on the approved business plans. Certain variables are then considered, including revenue growth, the long-term EBITDA margin and the long-term Capital Expenditure ratio (expressed as a percentage of revenue), which are considered the key operating variables to measure business performance and to set financial targets. Finally, the discount rates and the perpetuity growth rates are considered.

The main variables considered for the most significant CGUs (T. Brazil, T. Spain and T. Germany) are described below.

Revenues

In terms of revenues, the plan reflects a trend of stability or improvement.

EBITDA margin and long-term Capital Expenditure (CapEx) ratio

The values obtained, as described in the previous paragraphs, are compared with the available data of analysts and competitors in the geographic markets where the Telefónica Group operates.

In Europe, the long-term EBITDA margins two-year estimates of Telefónica Group's analysts are within a range of 35% to 39% for Spain and 29% to 32% for Germany.

In relation to the long-term Capex over revenues ratio, the range estimated by Telefónica Group analysts is between 10% and 12% for Spain, and between 11% and 14% for Germany, incorporating analysts' assessments of investment requirements over a two-year horizon into the valuations applied in the impairment test.

As for the long-term EBITDA margin two-year estimates of Telefónica Group's analysts for the operator in Brazil, it is in a range within 42% to 47%. Regarding investments, the operator will invest in the horizon of the projected plan a percentage that is aligned with the investment needs planned for the development of its business, which is located in a range between 14% and 16%.

Discount rate

The discount rate, applied to discount cash flows, is the weighted average cost of capital (WACC), determined by the weighted average cost of equity and cost of debt according to the finance structure determined for each CGU.

This rate is calculated using the capital asset pricing model (CAPM), which considers the asset's systemic risk, and the impact of those risks not already considered on cash flows, such as country risk, business-specific credit risk, currency risk and price risk specific to the financial asset, constantly monitoring the fluctuations of the financial markets.

The most significant components of WACC are summarized as follows:

- Risk-Free Rate: defined as the interest rate offered by long-term sovereign bonds. The rate is determined using current market data and long-run equilibrium rates estimates (according to standard econometric models, supported by modelling of neutral rates prepared by the central banks themselves) in which the interest rates should be located, thus adjusting the yields, influenced by central banks interventions.
- Political Risk Premium: adds the country's insolvency risk due to political and/or financial events; calculation is based on the quoted prices of credit default swaps for each country or, the EMBI+ index published by JP Morgan based on the information available and the liquidity conditions of these swaps.
- Equity Risk Premium: the return in excess that equity assets are expected to yield over the risk-free rate. This is determined using a combination of historical approaches (ex post) backed by external publications and studies based on historical market returns series, and prospective approaches (ex ante), based on market publications, considering the medium- and long-term profit expectations based on the degree of maturity and development of each country.
- Beta Coefficient: a measure of the volatility, or systematic risk, of an equity asset in comparison to the entire market. It is estimated based on a series of historical share prices of comparable companies listed on the stock exchange, to estimate the correlation between the company shares´ returns and the stock market returns, of the country where the company is listed.

The main underlying data used in these calculations are obtained from independent and renowned external information sources.

The discount rates applied to the cash flow projections in 2025 and 2024 for the main CGUs are as follows:

	2025	
Discount rate in local currency	**Before tax**	**After-tax**
Spain	8.5%	6.5%
Brazil	14.2%	11.6%
Germany	7.8%	5.8%

	2024	
Discount rate in local currency	**Before tax**	**After-tax**
Spain	8.6%	6.6%
Brazil	13.9%	11.5%
Germany	8.0%	5.5%

Perpetuity growth rate

Cash flow projections from the sixth year are calculated using an expected constant growth rate (g), considering the analyst consensus estimates for each business, based on the maturity of the industry and technology, and the degree of development of each country. Each indicator is compared to the forecasted long-term real and nominal GDP growth of each country and growth data from external sources, adjusting any particular case with specific characteristics related to the business evolution.

The perpetuity growth rates applied to the cash flow projections in 2025 and 2024 for the main CGUs are as follows:

Perpetuity growth rate in local currency	**2025**	**2024**
Spain	0.8%	0.8%
Brazil	4.0%	4.0%
Germany	1.0%	1.0%

Perpetuity growth rates for 2025 have remained stable compared to the previous year for the three main CGUs.

Sensitivity to changes in assumptions

The Group performs a sensitivity analysis of the impairment test by considering reasonable changes in the main assumptions used in the test. For the main CGU, the following maximum increases or decreases were assumed, expressed in percentage points:

Changes in key assumptions, In percentage points	Spain	Germany	Brazil
Financial variables			
Discount rate	+/-0.5	+/-0.5	+/-1
Perpetuity growth rates	+/-0.25	+/-0.25	+/-0.5
Long-term operating variables			
EBITDA Margin	+/-1,5	+/-1.5	+/-2
Ratio of CapEx/ Revenues	+/-0,75	+/-0.75	+/-1

The sensitivity analysis revealed that there is still room between the recoverable value and the carrying amount for the main CGUs at December 31, 2025.

Note 8. Property, plant and equipment

The composition and movements in 2025 and 2024 of the items comprising net "Property, plant and equipment" were as follows:

2025

Millions of euros	Balance at 12/31/2024	Additions(*)	Depreciation(*)	Disposals	Transfers and others	Translation differences	Inflation adjustments	Business combinations	Sale of companies	Balance at 12/31/2025
Land and buildings	2,326	37	(191)	(8)	(71)	(45)	15	238	(198)	2,102
Plant and machinery	16,521	975	(3,115)	(14)	1,440	(205)	97	—	(1,331)	14,368
Furniture, tools and other items	605	68	(158)	(3)	15	(6)	2	1	(90)	435
PP&E in progress	1,987	1,808	—	(10)	(2,150)	(58)	31	18	(373)	1,253
Total PP&E	**21,439**	**2,888**	**(3,463)**	**(34)**	**(766)**	**(314)**	**145**	**256**	**(1,992)**	**18,158**

(*) Additions and depreciation for the period include those corresponding to Telefónica Móviles Argentina, Telefónica del Perú, Telefónica Móviles del Uruguay and Otecel, among other companies based in Hispam, up to their respective sale dates, as well as those corresponding to companies classified as held for sale (mainly Colombia Telecomunicaciones) until their classification as disposal groups held for sale. Excluding the impact of these companies, additions to property, plant and equipment amounted to 2,725 million euros and depreciation amounted to 3,173 million euros (see Note 2).

2024

Millions of euros	Balance at 12/31/2023	First application of IAS 21	Additions(1)	Depreciation (1)	Disposals	Impairments	Transfers and others	Translation differences	Inflation adjustments	Business combinations	Balance at 12/31/2024
Land and buildings	2,516	15	22	(209)	(21)	(175)	116	(119)	166	15	2,326
Plant and machinery	17,947	23	1,041	(3,680)	(13)	(642)	2,263	(1,071)	583	70	16,521
Furniture, tools and other items	618	3	81	(213)	(2)	(24)	146	(40)	46	(10)	605
PP&E in progress	1,863	61	2,479	—	(12)	(5)	(2,421)	(108)	117	13	1,987
Total PP&E	**22,944**	**102**	**3,623**	**(4,102)**	**(48)**	**(846)**	**104**	**(1,338)**	**912**	**88**	**21,439**

(*) Total additions and depreciation of property, plant and equipment in 2024, excluding those corresponding to companies held for sale and to companies sold during the fiscal year 2025, amounted to 3,137 and 3,395 million euros, respectively (see Note 2).

Telefónica Spain's investments in property plant and equipment in 2025 and 2024 amounted to 899 and 1,052 million euros, respectively, focused on continuing the deployment of the fiber optic network. In mobile deployment, the development of the 5G network continues.

Telefónica Germany's investments in property, plant and equipment in 2025 and 2024 amounted to 581 and 706 million euros, respectively. Most of the investment has been allocated to expanding the footprint and capacity of the 5G network, as well as strengthening the capacity of the 4G network.

Telefónica Brazil's investments in property, plant and equipment in 2025 and 2024 amounted to 1,016 and 1,085 million euros, respectively. The investment has been mainly allocated to the expansion of the 5G mobile network, to ensure the quality of the 4G mobile network and expand the customer base and network in the fixed fiber business.

"Additions" in 2025 includes government grants relating to property, plant and equipment amounting to 269 million euros (199 million euros in 2024), which are presented as a reduction of the book value of the related assets.

"Business combinations" in 2025 corresponds to the integration of property, plant and equipment of FiBrasil into Telefónica Brasil, amounted to 256 million euros (see Note 5).

"Sale of companies" in 2025 corresponds to the disposal of property, plant and equipment from Telefónica Móviles Argentina, Telefónica del Perú, Telefónica Móviles del Uruguay, Otecel and Pangeaco, S.A.C (see Note 30) with an impact of 706, 871, 81, 185 and 149 million euros, respectively.

"Transfers and others" in 2025 includes the reclassification of property, plant and equipment of Colombia Telecomunicaciones to "Non-current assets and disposal groups held for sale" of the statement of financial position (see Notes 2 and 30), amounted to 795 million euros.

In 2024, an impairment of land and buildings, plant and machinery and furniture, tools and other items corresponding to Telefónica Argentina was recorded, amounting to 175, 642 and 21 million euros, respectively (see Note 30).

"Business combinations" in 2024 included Property, plant and equipment corresponding to the joint operation formed by Colombia Telecomunicaciones S.A. ESP BIC and Colombia Móvil S.A. ESP, amounting to 88 million euros (see Note 5).

"Transfers and others" in 2024 included 118 million euros corresponding to the fiber assets of Telefónica del Perú, S.A.A., which were classified as non-current assets held for sale as of December 31, 2023 and were reclassified as tangible fixed assets as of December 31, 2024.

Telefónica Group companies purchased insurance policies to reasonably cover the possible risks to which their property, plant and equipment used in operations are subject, with suitable limits and coverage. Additionally, as part of its commercial activities and network deployment, the Group maintains several property acquisition commitments. The timing of scheduled payments in this regard is disclosed in Note 26.

The cost, accumulated depreciation and impairment losses of property, plant and equipment at December 31, 2025 and 2024 were as follows:

Balance at December 31, 2025

Millions of euros	Cost	Accumulated depreciation	Impairment losses	PP&E
Land and buildings	6,353	(4,246)	(5)	2,102
Plant and machinery	63,792	(49,411)	(12)	14,368
Furniture, tools and other items	3,836	(3,398)	(3)	435
PP&E in progress	1,269	—	(16)	1,253
Total PP&E	**75,250**	**(57,055)**	**(37)**	**18,158**

Balance at December 31, 2024

Millions of euros	Cost	Accumulated depreciation	Impairment losses	PP&E
Land and buildings	9,424	(6,827)	(271)	2,326
Plant and machinery	90,265	(72,614)	(1,130)	16,521
Furniture, tools and other items	5,334	(4,689)	(40)	605
PP&E in progress	2,005	—	(18)	1,987
Total PP&E	**107,028**	**(84,130)**	**(1,459)**	**21,439**

Note 9. Rights of use

The movement of rights of use in 2025 and 2024 is as follows:

2025

Millions of euros	Balance at 12/31/2024	Additions (*)	Amortization (*)	Disposals	Business combinations	Sale of companies	Transfers and others	Translation differences and inflation adjustments	Balance at 31/12/2025
Rights of use on land and natural properties	815	242	(200)	(14)	—	(254)	(163)	(12)	414
Rights of use on buildings	3,900	1,245	(1,174)	(82)	18	(133)	(79)	(17)	3,678
Rights of use on plant and machinery	2,947	992	(774)	(32)	—	(34)	17	(7)	3,109
Other rights of use	245	140	(75)	(3)	—	(10)	(54)	(3)	240
Total of rights of use	**7,907**	**2,619**	**(2,223)**	**(131)**	**18**	**(431)**	**(279)**	**(39)**	**7,441**

(*) Additions and depreciation for the period include those corresponding to Telefónica Móviles Argentina, Telefónica del Perú, Telefónica Móviles del Uruguay and Otecel, among other companies based in Hispam, up to their respective sale dates, as well as those corresponding to companies classified as held for sale (mainly Colombia Telecomunicaciones) until their classification as disposal groups held for sale. Excluding the impact of these companies, additions to rights of use amounted to 2,491 million euros (see Note 4) and amortization amounted to 2,079 million euros (see Note 2).

2024

Millions of euros	Balance at 12/31/2023	First application of IAS 21	Additions	Amortization	Disposals	Business combinations	Transfers and others	Translation differences and inflation adjustments	Balance at 12/31/2024
Rights of use on land and natural properties	834	—	226	(250)	(13)	5	(16)	29	815
Rights of use on buildings	4,287	—	1,200	(1,151)	(32)	17	(18)	(403)	3,900
Rights of use on plant and machinery	3,080	15	634	(756)	(15)	—	(2)	(9)	2,947
Other rights of use	247	—	82	(78)	(1)	—	1	(6)	245
Total of rights of use	**8,448**	**15**	**2,142**	**(2,235)**	**(61)**	**22**	**(35)**	**(389)**	**7,907**

(*) Total additions and depreciation of right of use in 2024, excluding those corresponding to companies held for sale and to companies sold during the fiscal year 2025, amounted to 1,932 y 2,025 million euros, respectively (see Notes 2 and 4).

"Sale of companies" in 2025 corresponds mainly to the disposal of rights of use from Telefónica Móviles Argentina, Telefónica del Perú, Telefónica Móviles del Uruguay and Otecel (see Note 2), which amounted to 89, 180, 22 and 140 million euros, respectively.

"Transfers and others" in 2025 includes the reclassifications of rights of use of Colombia Telecomunicaciones to "Non-current assets and disposal groups held for sale" in the statement of financial position (see notes 2 and 30), amounting to 281 million euros.

"Business combinations" in 2024 included the network assets corresponding to the joint operation formed by Colombia Telecomunicaciones S.A. ESP BIC and Colombia Móvil S.A. ESP, amounting to 22 million euros (see Note 5).

The effect of the translation into euros of rights of use of the Group's companies in Argentina and Venezuela, together with the effect of the inflation adjustments (see Note 3.a) is shown in the column "Translation differences and Inflation adjustments".

The cost and accumulated depreciation of the rights of use at December 31, 2025 and 2024 are as follows:

Balance at December 31, 2025

Millions of euros	Cost	Accumulated depreciation	Rights of use
Rights of use on land and natural properties	1,358	(944)	414
Rights of use on buildings	9,750	(6,072)	3,678
Rights of use on plant and machinery	6,626	(3,517)	3,109
Other rights of use	527	(287)	240
Total of rights of use	**18,261**	**(10,820)**	**7,441**

Balance at December 31, 2024

Millions of euros	Cost	Accumulated depreciation	Rights of use
Rights of use on land and natural properties	2,173	(1,358)	815
Rights of use on buildings	9,525	(5,625)	3,900
Rights of use on plant and machinery	5,837	(2,890)	2,947
Other rights of use	514	(269)	245
Total of rights of use	**18,049**	**(10,142)**	**7,907**

The detail of expenses related to leases included in Supplies and Other expenses (see Note 3.g) of the consolidated income statement for 2025 and 2024 are as follows:

Millions of euros	2025	2024
Short-term leases included in operating results as supplies	13	12
Variable lease payments not included in the measurement of lease liabilities	10	—
Total expenses as supplies	**23**	**12**
Short-term leases included in external services	48	40
Leases of low-value assets included in external services	2	7
Variable lease payments not included in the measurement of lease liabilities	10	2
Total expenses as external services (Note 26)	**59**	**49**
Total lease expenses	**82**	**61**

Note 10. Associates and joint ventures

The detail of investments accounted for by the equity method and the share of (loss)/income of these investments is the following:

	% Holding	Investments accounted for by the equity method		Share of (loss) income of investments accounted for by the equity method	
Millions of euros		**12/31/2025**	**12/31/2024**	**2025**	**2024 (*)**
VMED O2 UK Limited	50%	6,316	7,641	(733)	89
Movistar Prosegur Alarmas	50%	202	213	(12)	(16)
FiBrasil Infraestructura e Fibra Ótica, S.A.	—	—	80	(5)	(1)
Unsere Grüne Glasfaser (UGG)	50%	—	104	(209)	(77)
Opal Jvco Limited (nexfibre)	25%	80	94	(68)	(2)
Utiq, S.A.	25%	4	3	(3)	(4)
Others		5	8	(4)	(3)
Joint ventures		**6,607**	**8,143**	**(1,034)**	**(14)**
Adquira España, S.A.	44.44%	5	5	—	—
HoldCo Infraco SpA. (Onnet Fibra Chile)	40%	112	119	(2)	(24)
Alamo HoldCo S.L. (Onnet Fibra Colombia)	40%	—	11	—	—
Internet para todos S.A.C.	—	—	57	—	—
Telefónica Factoring España, S.A.	50%	7	8	3	4
Telefónica Factoring do Brasil, Ltda.	50%	1	2	2	2
Telefónica Factoring Peru, S.A.C.	50%	2	3	—	1
Telefónica Factoring Colombia, S.A.	50%	1	1	1	1
Telefónica Factoring Chile, SpA.	50%	—	1	—	—
Telefónica Factoring Ecuador, S.A.	50%	—	—	—	—
Telefónica Renting, S.A.	50%	15	9	10	4
Telefónica Consumer Finance, Establecimiento Financiero de Crédito, S.A.	—	—	14	—	1
Others		3	2	—	(7)
Associates		**146**	**232**	**14**	**(18)**
Total		**6,753**	**8,375**	**(1,020)**	**(32)**

(*) Revised data to reflect the results Telefónica del Perú (holder of 54,67% of Internet para todos S.A.C.) and Colombia Telecomunicaciones (holder of 40% of Álamo Holdco S.L.) as discontinued operations (see Note 30).

The detail of the movement in investments accounted for by the equity method in 2025 and 2024 is as follows:

Investments accounted for by the equity method	Millions of euros
Balance at 12/31/2023	**8,590**
Additions	160
Translation differences and other comprehensive income (loss)	249
(Loss) income	(49)
Dividends	(520)
Transfers and others	(55)
Balance at 12/31/2024	**8,375**
Additions	159
Disposals	(147)
Translation differences and other comprehensive income (loss)	(403)
(Loss) income	(1,020)
Dividends	(231)
Transfers and others	20
Balance at 12/31/2025	**6,753**

Additions for the year ended December 31, 2025 includes the capital increases of 91 million euros in Unsere Grüne Glasfaser (UGG) (91 million euros for the year 2024, see Note 28) and nexfibre amounting to 57 million euros (38 million euros for the year 2024, see Note 28).

Additionally, in "Disposals" for the year 2025, 78 million euros are included corresponding to FiBrasil Infraestructura e Fibra Ótica, S.A., which, after the acquisition by Telefónica Brasil of the remaining 50% of the share capital, has become consolidated by the full consolidation method (see Note 5).

"Disposals" for the year 2025 includes the corresponding for the company Internet para todos S.A.C., (owned by Telefónica del Perú), for an amount of 56 million euros, as well as the disposal from the sale of T. Consumer Finance, Establecimiento Financiero de Crédito, S.A., for an amount of 13 million euros.

"Translation differences and other comprehensive income (loss)" for the year 2025 mainly includes the impact of the pound sterling depreciation associated with the investment in VMO2, amounting to 397 million euros (380 million euros associated with sterling appreciation for the year 2024) and the positive results of the defined benefit pension plan in VMO2 amounting to 9 million euros (101 million euros of negative result for the year 2024).

During the year ended December 31, 2025, dividends amounting to 189 million pounds sterling, equivalent to 217 million euros, were received from VMO2 (425 million pounds sterling, equivalent to 512 million euros during the year 2024, see Note 28). Additionally included dividends amounting to 54 million euros from Nabiax in the year 2024.

In 2024, Nabiax's majority shareholder, Asterion Industrial Partners SGEIC, S.A. (80% stake), reached an agreement with the Aermont Group to sell its shares in Nabiax and, in compliance with the original shareholders' agreement with Telefónica Infra, S.L. (20% stake), notified the transaction and requested its adherence to the sale agreement. Consequently, under "Transfers and others" for 2024, the investment in Nabiax was reclassified as "Non-current assets held for sale" for an amount of 58 million euros (see Notes 28 and 30).

VMED O2 UK

Impairment Analysis as of December 31, 2025

VMO2's management carried out the annual goodwill impairment test at the end of 2025. The future cash flows used in the calculation of the value are based on the three-year business plan and the 2026 budget approved by the Board of Directors of VMO2 and have been projected and sensitized over a 10-year horizon, considering that, in such period the operating variables until the perpetuity parameters are reached. This time horizon was used to adequately reflect projects requiring higher capital investment in their initial stages, such as the fibre upgrade programme and 5G deployment. This approach is consistent with previous years.

As a result of this analysis, VMO2 has recorded an impairment of goodwill amounting to 1.022 million pounds sterling (1,170 million euros), primarily due to the decline in VMO2's projected cash flows as a result of the market environment in the UK and pressures impacting consumer disposable income and spending levels.

Fifty percent of this amount (585 million euros) is reflected in Telefónica's consolidated income statement for the year ended December 31, 2025, as its share in the loss of VMO2 accounted for by the equity method (see table detailing the result from the equity method below).

The CGU that VMO2 uses to evaluate goodwill for impairment is VMO2's sole reportable segment reflecting its mobile, broadband internet, video and fixed-line telephony business delivered across its fixed-line and mobile networks in the United Kingdom.

The initial registration of the constitution of VMO2 was accounted for in accordance with IFRS 3 — Business Combinations, using the acquisition method of accounting as of June 1, 2021. The identifiable net assets of both Virgin Media and O2 were assessed for their

respective fair values and the excess of VMO2's business enterprise value over the fair value of identifiable net assets was allocated to goodwill. As of December 31, 2024, the goodwill reported by VMO2 amounted to 17,750 million pounds sterling, approximately 21,404 million euros as of that date (see detailed table of VMO2's statement of financial position below). In the impairment test carried out as of December 31, 2024, it was revealed that reasonably possible variations in the key assumptions, mainly the discount rate (WACC), could lead to an impairment of goodwill. The determination of value in use inherently has a high component of judgment on the part of management in estimating the key assumptions that support the calculation.

The discount rate applied in the impairment test as of December 31, 2025 was 7.5% after taxes (8.1% pre-tax), compared to 7.7% the previous year (8.3% pre-tax). The terminal growth rate considered continues to be 1%.

The growth projections and operating ratios contemplated in the valuation of VMO2 are aligned with the analyst ranges for comparable companies in the region. In terms of revenue, despite the challenges of the competitive environment, the strategic plan includes a growth trend in long-term projections, in line with the estimated evolution for the sector in the United Kingdom. In relation to EBITDA margins two years ahead, analyst estimates for comparable companies in Europe are in a range of between 34% and 43%, while, regarding long-term investment needs, the capex to revenue ratio is in a range between 12% and 15%.

Regarding the sensitivity of the calculation to reasonably possible variations in key assumptions (impacts on the result attributable to Telefónica):

- An increase of about 50 basis points over the WACC rate used of 7.5% would have a negative impact of 1,360 million euros.
- A decrease of around 25 basis points in the terminal growth rate (1%) would have an impact of about 430 million euros.
- Regarding the operating variables used (which are within the ranges considered in the calculation of the initial fair value, although with a shift with respect to the initial projections), a decrease of 1 percentage point in the EBITDA margin would have an additional impact of 420 million euros, and an increase of 0.5 percentage points in the capex to revenue ratio would have an impact of 210 million euros.

After the accounting record of the income statement and the statement of financial position reported by VMO2 as of December 31, 2025, the carrying value of Telefónica's equity-accounted investment in VMO2 has decreased to 6,316 million euros (7,641 million euros as of December 31, 2024). Telefónica has carried out an additional analysis of the carrying value of its investment as of this date, comparing it with the estimate of its value in use. As a result of this analysis, no need to record any additional impairment was identified. The key assumptions considered in the calculation are the same as those used by VMO2 in determining its value in use, and the sensitivity of the calculation to reasonably possible variations in these assumptions offers similar results.

Acquisition of O2 Daisy

On August 1, 2025, VMO2 entered into an agreement with the Daisy Group to create O2 Daisy Limited (O2 Daisy), a new B2B telecommunications company, created through the joint contribution by both parties of their respective B2B businesses. Following the transaction, VMO2 holds a 70% stake in O2 Daisy, while Daisy Pikco Limited (Daisy Pikco) retains the remaining 30%.

As of the date of preparation of these consolidated financial statements, the purchase price allocation for this business combination is provisional. The following table presents the consideration transferred, the acquisition date provisional fair values of the identifiable assets acquired and liabilities assumed, and the preliminary goodwill (determined on a 100% VMO2 basis):

Millon of euros	
Consideration	**322**
Intangibles assets	347
Fixed assets	18
Other non-current assets	28
Current assets	115
Non-current financial liabilities	968
Other non-current liabilities	155
Current liabilities	87
Fair value of identifiable net assets (liabilities) (100%)	**(702)**
Fair value of net identifiable net assets (liabilities) (70%)	**(491)**
Preliminary Goodwill	**813**

Detail of the main items on the statements of financial position and income statements of VMED O2 UK Limited:

Millions of euros	12/31/2025	12/31/2024
Non current assets	**39,774**	**43,081**
Intangible assets	6,828	7,682
Goodwill	19,967	21,404
Property, plant and equipment	10,548	10,994
Other non current assets	2,431	3,001
Current assets	**3,889**	**5,166**
Inventories	199	245
Current receivables and other current assets	2,676	2,900
Other current financial assets	357	660
Cash and cash equivalents	657	1,361
Total Assets	**43,663**	**48,247**
Non current liabilities	**22,686**	**23,139**
Non current financial liabilities	21,357	21,754
Non current lease liabilities	805	950
Other non current liabilities	524	435
Current liabilities	**8,634**	**9,665**
Current financial liabilities	4,192	4,970
Current lease liabilities	201	197
Other current liabilities	4,241	4,498
Total Liabilities	**31,320**	**32,804**
Equity attributable to non-controlling interests (100% VMO2)	**(168)**	**252**
Equity attributable to equity holders of the parent (100% VMO2)	**12,511**	**15,191**
50% Telefónica Group	6,255	7,596
Acquisition costs	61	61
Other adjustments	—	(16)
Investments accounted for by the equity method	**6,316**	**7,641**

Millions of euros	2025	2024
Revenues	11,808	12,616
Other operating income	527	516
Operating expenses	(7,956)	(8,665)
Impairment losses in goodwill	(1,170)	—
Depreciation and amortization [1]	(3,556)	(3,371)
Operating income (loss)	**(347)**	**1,096**
Share of income (loss) of investments accounted for by the equity method	**—**	**4**
Financial income	46	51
Financial expenses	(1,470)	(1,578)
Realized and unrealized gains on derivative instruments, net [2]	(855)	463
Foreign currency transaction losses, net	601	(34)
Net financial result	**(1,678)**	**(1,098)**
Result before taxation	**(2,025)**	**2**
Income tax	159	(22)
Result for the year	**(1,866)**	**(20)**
Attributable to non-controlling interests	8	(19)
Result for the year attributable to equity holders of the parent (100% VMO2)	**(1,858)**	**(39)**
50% attributable to Telefónica Group	(929)	(20)
Impact on VMO2's assets of the creation of O2 Daisy [3]	195	—
Sale of a minority interest in Cornerstone	—	112
Other adjustments	1	(4)
Share of (loss) income of investments accounted for by the equity method	**(733)**	**89**
Other comprehensive income (100% VMO2)	**(416)**	**(337)**

[1] Includes the amortization of the customer relationships amounting to 1.021 million euros in 2025 (1,012 million euros in 2024).
[2] VMO2 entered into various derivative instruments to manage interest rate exposure and foreign currency exposure. Generally, VMO2 does not apply hedge accounting to its derivative instruments. Accordingly, changes in the fair values of most of its derivatives are recorded in the finance results of its consolidated income statement.
[3] Initial impact on VMO2's equity corresponding to the creation of O2 Daisy in 2025 (VMO2 70%; Daisy Group 30%) to merge the B2B businesses. O2 Daisy's contribution to VMO2's revenues since its inclusion in the consolidation perimeter until December 31, 2025, has been 138 million euros..

Commitments

Millions of euros	2026	2027	2028	2029	2030	Subsequent years	Total
Purchase and other commitments	704	203	114	59	44	73	1,197
Programming commitments	720	601	246	1	—	—	1,568
Network and connectivity commitments	636	77	70	62	56	266	1,167
Services agreements	233	196	173	178	75	—	855
Total commitments VMO2 (100%)	**2,293**	**1,077**	**603**	**300**	**175**	**339**	**4,787**

Purchase and other commitments include unconditional and legally binding obligations related to the purchase of customer premises and other equipment and certain service-related commitments, including call center, information technology and maintenance services.

Programming commitments consist of obligations associated with programming contracts that are enforceable and legally binding that includes minimum fees.

Network and connectivity commitments include service commitments associated with the network extension program in the U.K. and commitments associated with the mobile virtual network operator (MVNO) agreements.

On the date of constitution of the joint venture, Telefónica and Liberty Global entered with VMO2 into certain service agreements included as "Services agreements", either on a transitional or ongoing basis.

Likewise, Telefónica licensed the use of Telefónica and O2 brand rights to VMO2 (see Note 29.c).

The breakdown of balances and transactions related to associates and joint ventures recognized with VMO2 in the consolidated statement of financial position and consolidated income statement is as follows:

Millions of euros	12/31/2025	12/31/2024
Receivables and other assets from associates and joint ventures	60	59
Payables and other liabilities to associates and joint ventures	22	27

Millions of euros	2025	2024
Revenue from operations with associates and joint ventures	172	135
Expenses from operations with associates and joint ventures	49	44

Movistar Prosegur Alarmas

The breakdown of the key financial highlights of Movistar Prosegur Alarmas group and the reconciliation with the carrying amount in the Telefónica Group at December 31, 2025 and 2024 are as follows:

Millions of euros	12/31/2025	12/31/2024
Fixed assets	246	246
Other non-current assets	160	141
Non-current assets	**406**	**387**
Cash and equivalents	—	1
Other current assets	94	102
Current assets	**94**	**103**
Total assets	**500**	**490**
Non-current financial liabilities	(255)	(205)
Other non-current liabilities	(98)	(89)
Non-current liabilities	**(353)**	**(294)**
Current financial liabilities	(80)	(100)
Other current liabilities	(59)	(65)
Current liabilities	**(139)**	**(165)**
Total liabilities	**(492)**	**(459)**
Net assets	**8**	**31**
% Holding	50%	50%
Group's share in equity	**4**	**15**
Goodwill	198	198
Carrying amount in the Telefónica Group	**202**	**213**

Group UGG TopCo GmbH & Co KG and UGG TopCo/HoldCo General Partner GmbH (UGG Group)

Unsere Grüne Glasfaser (UGG), is the joint venture of Telefónica (50%) and Allianz (50%), for the deployment of fiber-to-the-home (FTTH) in rural areas of Germany (see Note 29.c).

On December 4, 2024, UGG acquired Infrafibre Germany (IFG), which owns a fiber network in Germany and additionally two ISP brands, LEONET and Breitbandversorgung Deutschland (BBV).

The summary of the magnitudes of the UGG Group and the reconciliation with its carrying amount in the Telefónica Group at December 31, 2025 and 2024 are shown below:

Millions of euros	12/31/2025	12/31/2024
Fixed assets	1,562	1,344
Other non-current assets	200	194
Non-current assets	**1,762**	**1,538**
Cash and equivalents	146	282
Other current assets	108	63
Current assets	**254**	**345**
Total assets	**2,016**	**1,883**
Non-current financial liabilities	(1,692)	(1,493)
Other non-current liabilities	(93)	(43)
Non-current liabilities	**(1,785)**	**(1,536)**
Current financial liabilities	(65)	(4)
Other current liabilities	(310)	(232)
Current liabilities	**(375)**	**(236)**
Total liabilities	**(2,160)**	**(1,772)**
Net assets	**(144)**	**111**
% Holding	50 %	50 %
Group's share in equity	**(72)**	**55**
Acquisition costs and other adjustments	72	49
Carrying amount in the Telefónica Group	**—**	**104**

Million of euros	31/12/2025	31/12/2024
Revenues	41	13
Other income	59	9
Supplies	(17)	(7)
Personnel expenses	(73)	(36)
Losses from fixed assets and disposal of assets	(65)	—
Other expenses	(245)	(84)
Depreciation and amortization	(54)	(16)
Net financial expense	(67)	(36)
Profit/(loss) before taxes	**(421)**	**(158)**
Income tax	3	4
Profit/(loss) for the year	**(418)**	**(154)**
% Holding	50 %	50 %
Share of (loss) income of investments accounted for by the equity method Telefónica Group	**(209)**	**(77)**

Commitments

The breakdown of purchase and other contractual commitments of the UGG Group at December 31, 2025 is as follows:

Millions of euros	12/31/2025
Less than 1 year	340
1 to 3 years	207
3 to 5 years	5
More than five years	9
Total commitments UGG group (100%)	**561**

Opal Jvco Limited (nexfibre)

Opal Jvco Limited (nexfibre), the joint venture in which Liberty Global and Telefónica have a joint 50% stake and Infravía has the remaining 50% (see Note 29.c), aims to deploy fiber-to-the-home (FTTH) in the UK.

On February 18, 2026, nexfibre reached an agreement to acquire 100% of the share capital of Substantial Topco Limited ("Netomnia"), the second largest full fibre altnet in the United Kingdom (see Note 31).

The summary of the magnitudes of Opal Jvco Limited and the reconciliation with its carrying amount in the Telefónica Group at December 31, 2025 and 2025 are shown below:

Millions of euros	12/31/2025	12/31/2024
Fixed assets	2,061	1,833
Other non-current assets	176	185
Non-current assets	**2,237**	**2,018**
Cash and equivalents	30	37
Other current assets	39	62
Current assets	**69**	**99**
Total assets	**2,306**	**2,117**
Non-current financial liabilities	(1,714)	(1,453)
Other non-current liabilities	(3)	(3)
Non-current liabilities	**(1,717)**	**(1,456)**
Current financial liabilities	(101)	(100)
Other current liabilities	(185)	(199)
Current liabilities	**(286)**	**(299)**
Total liabilities	**(2,003)**	**(1,755)**
Net assets	**303**	**362**
% Holding	25 %	25 %
Group's share in equity	**76**	**90**
Other adjustments	4	4
Carrying amount in the Telefónica Group	**80**	**94**

HoldCo Infraco SpA. (Onnet Fibra Chile)

Holdco Infraco SpA, an associated company of the Telefónica Group through its subsidiary Telefónica Chile. S.A. (40%), provides telecommunications services to wholesalers of fiber optic access to the home (FTTH) and other services based on fiber optic infrastructure, such as network construction, installation and equipment of systems through its subsidiary Infraco SpA.

The summary of the magnitudes of Holdco Infraco Group and the reconciliation with its carrying amount in the Telefónica Group at December 31, 2025 and 2024 are shown below:

Millions of euros	12/31/2025	12/31/2024
Non-current assets	**847**	**893**
Cash and equivalents	5	11
Other current assets	73	63
Current assets	**78**	**74**
Total assets	**925**	**967**
Non-current financial liabilities	(475)	(443)
Other non-current liabilities	(308)	(304)
Non-current liabilities	**(783)**	**(747)**
Current financial liabilities	(14)	(13)
Other current liabilities	(28)	(102)
Current liabilities	**(42)**	**(115)**
Total liabilities	**(825)**	**(862)**
Net assets	**100**	**105**
Purchase price allocation		
Assets	148	159
Liabilities	(40)	(43)
Net assets	**108**	**116**
% Holding	40%	40%
Group's share in equity	**83**	**89**
Other adjustments	29	30
Carrying amount in the Telefónica Group	**112**	**119**

On February 9, 2026, Telefónica Chile transferred to Inversiones Telefónica Internacional Holding SpA the shares it held in Onnet Fibra Chile, representing 40% of its share capital (see Note 31).

Breakdown of balances and transactions with associates and joint ventures

The breakdown of items related to associates and joint ventures recognized in the consolidated statements of financial position and consolidated income statements is as follows:

	12/31/2025			12/31/2024		
Millions of euros	Associates	Joint ventures	Total	Associates	Joint ventures	Total
Credits and other financial assets	137	6	143	244	2	246
Receivables and other assets (Note 14)	103	95	198	87	112	199
Financial liabilities	—	—	—	—	10	10
Non-current lease liabilities	55	5	60	60	9	69
Non-current payables and other liabilities (Note 21)	603	—	603	433	1	434
Long-term contractual liabilities	—	53	53	31	52	83
Current lease liabilities	72	4	76	55	4	59
Current payables and other liabilities (Note 22)	780	28	808	377	50	427
Short-term contractual liabilities	—	6	6	14	6	20

	2025			2024 (*)		
Millions of euros	Associates	Joint ventures	Total	Associates	Joint ventures	Total
Revenue from operations	525	289	814	416	251	667
Expenses from operations	709	115	824	562	136	698
Financial revenues	8	2	10	9	2	11
Financial expenses	57	1	58	37	1	38

(*) Revised data to reflect the results of Telefónica Móviles Argentina, Telefónica del Perú, Otecel Telefónica Móviles del Uruguay and Colombia Telecomunicaciones, among other companies based in Latin America as discontinued operations (see Note 30).

"Credits and other financial assets" at December 31, 2024 included loans granted and long-term trade receivables amounting to 112 million euros and 14 million euros, respectively by Colombia Telecomunicaciones, S.A. ESP BIC to the associate company Álamo Holdco, S.L. and it subsidiary Onnet Fibra Colombia S.A.S. that as of December 31, 2025 have been transferred to "Non-current assets and disposal groups held for sale" (see Note 30).

Additionally, this line includes at December 31, 2025 long-term loans from Telefónica Chile to the associate company HoldCo Infraco, SpA amounting to 122 million euros (118 million euros as of December 31, 2024, see Note 12).

"Non-current payables and other liabilities" and "Current payable and other liabilities" at December 31, 2025 includes 602 million euros and 418 million euros, respectively, of Telefónica España with the associate company Telefónica Renting, S.A. (433 million euros and 217 million euros, respectively, at December 31, 2024).

Additionally, "Current payable and other liabilities" at December 31, 2025 includes 329 million euros from Telefónica España with the associated company Telefónica Factoring España (71 million euros as of December 31, 2024). Telefónica Factoring España, S.A. is a company of the group BBVA (see Note 11).

"Revenue from operations" and "Expenses from operation" in 2025 includes 487 million euros and 608 million euros, respectively, of Telefónica España with this company (373 million euros and 455 million euros for the year 2024).

Additionally "Revenues from operations" in 2025 includes 21 million euros corresponding to the transactions of the Group with the associate company HoldCo Infraco SpA (28 million euros in 2024). "Expenses from operations" in 2025 includes 97 million euros corresponding to the transactions of the Group with the associate company HoldCo Infraco SpA (103 million euros in 2024).

Note 11. Related parties

Transactions with related parties, as established in current legislation and in Telefónica's internal policies, have been conducted in the ordinary course of the Group's business and under market conditions.

Shareholders with representation on the Board of Directors of Telefónica, S.A.

In 2025, the Company's shareholders that have been represented on the Board of Directors of Telefónica, S.A. have been Banco Bilbao Vizcaya Argentaria, S.A. (BBVA), Criteria Caixa, S.A.U., Sociedad Estatal de Participaciones Industriales and Green Bridge Investment Company SCS / STC Group (with representation on the Board since February 26, 2025).

According to information provided by BBVA for the 2025 Annual Corporate Governance Report of Telefónica, S.A. as of December 31, BBVA's stake in the share capital of Telefónica, S.A. was 5.01%. Likewise, and in accordance with the aforementioned information provided by BBVA, the percentage of economic rights attributed to the shares of Telefónica, S.A. that were owned by BBVA as of December 31, 2025, would increase by 0.009% without voting rights of the Company's share capital.

According to the information provided by Sociedad Estatal de Participaciones Industriales (SEPI) for the 2025 Annual Corporate Governance Report of Telefónica, S.A., as of December 31, 2025, the participation of the SEPI in the share capital of Telefónica, S.A. was 10%.

According to information provided by Criteria Caixa, S.A.U. for the 2025 Annual Corporate Governance Report of Telefónica, S.A., as of December 31, 2025, the participation of Criteria Caixa, S.A.U. (CriteriaCaixa) in the share capital of Telefónica, S.A., was 9.99%. Likewise, and without this implying an incremental or additional participation, Fundación Bancaria Caixa d'Estalvis i Pensions de Barcelona, as the sole shareholder of Criteria Caixa, S.A.U., holds the same participation indirectly.

According to information provided by Public Investment Fund for the 2025 Annual Corporate Governance Report of Telefónica, S.A., as of December 31, 2025, the participation of the Green Bridge Investment Company SCS (a company controlled by Saudi Telecom Company and this in turn controlled by Public Investment Fund) in the share capital of Telefónica, S.A. was 9.97%.

Below is a summary of the relevant transactions of the Telefónica Group with the companies of BBVA, CriteriaCaixa, SEPI and Green Bridge Investment Company SCS / STC Group, other than the payment of the dividend corresponding to its participation.

Participated companies

The Telefónica Group and BBVA each hold a 44.44% interest in the joint venture Adquira España, S.A. (see Note 10).

The Telefónica Group has a 50% interest in Telefónica Factoring España and its subsidiaries in Brazil, Peru, Colombia, Chile and Ecuador, accounted for by the equity method (see Note 10), in which BBVA have minority interests.

The accounting balances as of December 31, 2025 and 2024, as well as the accounting reflection of the transactions carried out in 2025 and 2024 of Telefónica Group companies with the aforementioned associates and joint ventures in which BBVA hold interests are shown below:

Millions of euros	12/31/2025	12/31/2024
Short-term credits	14	—
Receivables and other assets	5	5
Payables and other liabilities	344	80

Millions of euros	2025	2024
Revenue from operations	14	13
Expenses from operations	3	2
Financial cost	1	1

Derivatives contracted with BBVA

The net fair value of the outstanding derivatives as of December 31, 2025 contracted with BBVA amount to 66 million euros (net asset position) (106 million euros, as of December 31, 2024 (net asset position)).

The nominal value of these derivatives amounted to 5,943 million euros, (7,702 million euros in 2024). As explained in the 'Derivatives policy' section of Note 19, this volume is so high because derivatives can be applied several times to the same underlying asset for an amount equal to its face value. As of December 31, 2025, the derivatives contracted with BBVA account for approximately 7% of the total amount of outstanding derivatives contracted by the Group with external counterparties (see Note 19).

The Company maintains various derivative financial instruments settled by differences contracted with BBVA (see Note 17).

At December 31, 2025, collateral guarantees on derivatives from BBVA have been received, amounting to 40 million euros (net asset position), 24 million euros (net liability position), at December 31, 2024.

Other operations with BBVA

The impact on the consolidated income statement of the Telefónica Group of the rest of the operations with BBVA in 2025 and 2024 is shown below:

BBVA

Millions of euros	2025	2024
Finance costs	28	33
Receipt of services	4	5
Purchase of goods	—	1
Other expenses	—	—
Total costs	**32**	**39**
Finance income	16	46
Dividends received [1]	32	30
Services rendered	64	88
Sale of goods	23	12
Other income	1	—
Total revenues	**136**	**176**

[1] During 2025 Telefónica sold its 0.77% stake in the share capital of Banco Bilbao Vizcaya Argentaria, S.A. (see Note 12).

The following table shows the balance sheet positions of these operations as of December 31, 2025 and 2024, as well as the current guarantees and other off-balance sheet positions.

BBVA

Millions of euros	December 31, 2025	December 31, 2024
Finance arrangements: loans, capital contributions and others (borrower)	167	173
Finance arrangements: loans and capital contributions (lender)	228	441
Guarantees	128	118

The amounts reported in "Financing arrangements: loans and capital contributions (lender)" as of December 31, 2024, correspond mainly to treasury balances of Group companies in BBVA accounts at the end of each period.

Operations with CriteriaCaixa

In 2025 the Telefónica Group has not carried out significant transactions with CriteriaCaixa or the companies controlled by CriteriaCaixa.

Operations with SEPI

In 2025 the Telefónica Group has not carried out significant transactions with SEPI or the companies controlled by SEPI.

General State Administration

SEPI is an entity that is part of the Spanish State Institutional Public Sector. In the ordinary course of business and under market conditions, the Telefónica Group carries out transactions with entities of the Spanish State Institutional Public Sector. In accordance with the exemption provided for in IAS 24, the balances and transactions with these entities are not detailed, although the significant balances and transactions maintained with them will be disclosed, where applicable, in the notes to the financial statements.

In 2025 the Telefónica Group has not carried out any individually significant transaction with entities belonging to the Spanish State Institutional Public Sector.

Likewise, Appendix VI summarizes the main regulatory aspects that affect the telecommunications sector in Spain.

Operations with Green Bridge Investment Company SCS / STC Group

Since the date on which it became a related party, the Telefónica Group has not carried out any significant transactions with Green Bridge Investment Company SCS or companies controlled by STC Group.

Other significant shareholders

During fiscal year 2025, the significant shareholder of the Company without representation on the Board of Directors of Telefónica, S.A. was BlackRock, Inc. This shareholder is not considered a related party as it do not have representation on the Board of Directors of Telefónica, S.A. nor exert significant influence on the company.

According to the data collected in the communication sent by BlackRock, Inc. to the CNMV, as of July 28, 2025, BlackRock, Inc.'s stake in the share capital of Telefónica, S.A. was 5.01%, including the percentage of voting rights attributed to the shares as well as those generated through financial instruments.

Other related parties

The most significant balances and transactions with associates and joint ventures are detailed in Note 10.

During 2025 and 2024, the Directors and senior executives performed no transactions with Telefónica, S.A. or any Telefónica Group company other than those in the Group's normal trading activity and business. Compensation and other benefits paid to members of the Board of Directors and senior executives are detailed in Note 29.g and Appendix II.

Telefónica contracted a civil liability insurance scheme (D&O) for Directors, managers and staff with similar functions in the Telefónica Group, with standard conditions for these types of insurance and a premium attributable to 2025 of 4,267,172 euros (4,743,348 euros

in 2024). This scheme provides coverage for Telefónica, S.A. and its subsidiaries in certain cases.

Note 12. Financial assets and other non-current assets

The breakdown of financial assets and other non-current assets of the Telefónica Group at December 31, 2025 and December 31, 2024 is as follows:

Millions of euros	12/31/2025	12/31/2024
Non-current financial assets (Note 16)	**5,114**	**5,339**
Investments	186	585
Credits and other financial assets	1,168	602
Deposits and guarantees	876	691
Trade receivables	1,072	945
Receivables for subleases	9	17
Impairment of trade receivables	(116)	(106)
Long-term derivative financial assets (Note 19)	1,919	2,605
Other non-current assets	**1,626**	**2,064**
Contractual assets (Note 23)	305	288
Deferred expenses (Note 23)	893	1,073
Long-term receivables for taxes	133	315
Prepayments	295	388
Total	**6,740**	**7,403**

Non-current financial assets

The movement in investments, other long-term credits, deposits and guarantees, trade receivables, long-term receivables for subleases and impairment of trade receivables in 2025 and 2024, is as follows:

Millions of euros	Invest-ments	Other long-term credits	Deposits and guarantees	Trade receivables	Long-term receivables for subleases	Impairment of trade receivables
Balance at 12/31/2023	**616**	**741**	**966**	**1,049**	**14**	**(125)**
Additions	30	132	11	623	11	(59)
Disposals	(150)	(107)	(18)	(366)	—	34
Translation differences	(4)	(35)	(104)	(41)	(1)	18
Fair value adjustments and financial updates	94	10	23	(16)	—	—
Transfers and other	(1)	(139)	(187)	(304)	(7)	26
Balance at 12/31/2024	**585**	**602**	**691**	**945**	**17**	**(106)**
Additions	34	233	16	744	9	(29)
Disposals	(861)	(11)	(29)	(191)	(1)	6
Translation differences	(3)	(5)	(2)	2	—	(1)
Fair value adjustments and financial updates	425	4	25	2	—	—
Transfers and other	6	345	175	(430)	(16)	14
Balance at 12/31/2025	**186**	**1,168**	**876**	**1,072**	**9**	**(116)**

Investments

"Investments" includes the fair value of investments in companies where Telefónica exercises no significant influence or control and for which there is no specific short-term disposal plan (see Note 3.i).

As of December 31, 2024, the Telefónica Group held a stake in Banco Bilbao Argentaria, S.A. (BBVA) valued at 417 million euros, representing 0.77% of its share capital. This stake was fully sold during 2025. The sale of this investment, together with the settlement of associated derivatives (see Note 19), resulted in a cash inflow of 608 million euros (see Note 28) and the reclassification to reserve of 119 million euros of gains from financial assets measured at fair value through other comprehensive income.

In 2024, Telefónica sold its entire 0.59% stake in the share capital of China Unicom (Hong Kong) Limited, for an aggregate amount of 147 million euros (see Note 28). As a result of the transaction, 110 million euros of losses from financial assets was measured at fair value through comprehensive income were reclassified under retained earnings.

Other long-term credits

This line includes at December 31, 2025, 571 million U.S. dollars (485 million euros) corresponding to the principal and interest of the favorable award regarding the investment dispute with the Republic of Colombia submitted to the ICSID (see notes 2 and 29.a). At December 31, 2025 the credit has been transferred from short-term to long-term (see Note 15). The impact on the consolidated income statement for 2024 amounted to 380 million U.S. dollars (358 million euros) recorded under the heading "Other income" (see Note 26), and under the heading "Financial income," 164 million U.S. dollars (154 million euros, see Note 19). In the 2025 financial year, the impact on the consolidated income statement amounts to 24 million euros under the heading "Financial Income" (see Note 19).

Additionally, this line item includes long-term financial assets of Telefónica Germany amounting to 129 million euros and 120 million euros at December 31, 2025 and 2024, respectively, most of them related to reimbursement rights to cover pension obligations of the company but do not represent "plan assets" in accordance with IAS 19 (see Note 24).

As of December 31, 2025 45 million euros are included, corresponding to the indefinite-term loan granted by Telefónica Chile, S.A. to the associate HoldCo Infraco, SpA for the acquisition of the fiber optic assets owned by Entel (43 million euros at December 31, 2024, see Note 10). Additionally, at December 31, 2025 this line includes 78 million euros corresponding to the subordinated debt granted by Telefónica Chile to the associate company HoldCo Infraco, SpA. generated by the sale of 40% of the fiber optic business (75 million euros as of December 31, 2024, see Note 10).

As of December 31, 2025, the amount of investments in long-term financial instruments to cover the commitments acquired by the Group's insurance companies amounts to 333 million euros, of which 292 million euros are classified in "Credits and other non-current financial assets" and and 41 million euros in "Other current financial assets" (228 million euros at December 31, 2024, classified in "Other current financial assets", see Note 15).

At December 31, 2024 this line included 112 million euros of loans granted by Colombia Telecomunicaciones, S.A. ESP BIC to the associate company Álamo Holdco, S.L. that as of December 31, 2025 have been transferred to "Non-current assets and disposal groups held for sale" (see Note 30).

Additionally at December 31, 2024 included the collection right with a maturity of more than twelve months arising from Telxius with American Tower Corporation in June 2021 as a result of the sale of the telecommunications towers division in Europe (Spain and Germany) amounted to 90 million euros that have been reclassified to short term during the 2025 financial year because they have a maturity of less than twelve months (see Note 15).

The vast majority of long-term credits, recognized at amortized cost (Note 16), are considered to be low credit risk assets, therefore the impairment analysis was carried out on the basis of expected credit losses in the next twelve months.

Deposits and guarantees

Telefónica Brazil has non-current judicial deposits amounting to 442 million euros (see Note 24) at December 31, 2025 (443 million euros at December 31, 2024).

At December 31, 2025, there are deposits related to the collateral guarantees on derivatives (CSA) signed by Telefónica, S.A. and its counterparties for the credit risk management of derivatives amounting to 309 million euros, of which an amount of 228 million euros corresponds to cross currency swap (108 million euros at December 31, 2024, of which an amount of 55 million euros corresponds to cross currency swap).

In relation with collateral contracts, there is an additional guarantee of 60,328 bonds issued by Telefónica Emisiones, S.A.U. deposited in a securities account owned by Telefónica, S.A. with a notional of 51 million euros at December 31, 2025 (59,808 bonds for a nominal amount of 58 million euros at December 31, 2024).

The vast majority of deposits and guarantees recognized at amortized cost (Note 16), are considered to be low credit risk assets, therefore the impairment analysis was carried out on the basis of expected credit losses in the next 12 months.

Trade receivables

At December 31, 2025 this line includes Telefónica Germany trade receivables at fair value through other comprehensive income for an amount of 198 million euros (200 million euros as of December 31, 2024, see Note 16).

Note 13. Inventories

The detail of inventories of the Telefónica Group at December 31, 2025 and December 31, 2024 is as follows:

Millions of euros	12/31/2025	12/31/2024
Audiovisual rights	263	243
Mobile terminals and other equipments	607	681
Other inventories	27	77
Advance payments of broadcast and transmition rights and other contents	3	—
Inventories impairment provision	(38)	(47)
Inventories	**862**	**954**

"Audiovisual rights" mainly includes rights to broadcast films, television series and documentaries (see Note 3.j).

Note 14. Receivables and other current assets

The detail of receivables and other current assets of the Telefónica Group at December 31, 2025 and December 31, 2024 is as follows:

Millions of euros	12/31/2025	12/31/2024
Receivables (Note 16)	**7,187**	**7,564**
Trade receivables	7,902	10,074
Impairment of trade receivables	(1,133)	(3,048)
Receivables from associates and joint ventures (Note 10)	188	163
Other receivables	229	375
Other current assets	**2,475**	**2,881**
Contractual assets (Note 23)	233	229
Capitalized costs (Note 23)	848	1,094
Prepayments	1,288	1,358
Short-term insurance and reinsurance contracts assets	96	164
Short-term insurance and reinsurance contracts assets from associates and joint ventures (Note 10)	10	36
Total	**9,662**	**10,445**

Prepayments at December 31, 2025 includes 588 million euros (599 million euros at December 31, 2024) of advance payments for broadcasting rights for sporting events not yet held. Of this amount, 436 million euros (442 million euros at December 31, 2024) correspond to advance payments under executory contracts related to future sports commitments (see Note 29.c).

The movement in impairment of trade receivables in 2025 and 2024 is as follows:

	Millions of euros
Impairment provision at December 31, 2023	**2,992**
Allowances	613
Transfers	27
Amounts applied	(527)
Translation differences and other	(57)
Impairment provision at December 31, 2024	**3,048**
Allowances	524
Transfers	(154)
Amounts applied	(471)
Sale of companies	(1,772)
Translation differences and other	(42)
Impairment provision at December 31, 2025	**1,133**

Public-sector net trade receivables at December 31, 2025 and 2024 amounted to 446 million euros and 395 million euros, respectively.

The detail of the age of the accounts receivable balances from customers and their corrections for impairment as of December 31, 2025 and 2024 is as follows:

	12/31/2025	
Millions of euros	Trade receivables	Impairment
Unbilled receivables	2,734	(19)
Amount not overdue invoiced	2,419	(84)
Less than 90 days	838	(107)
Between 90 and 180 days	241	(86)
Between 180 and 360 days	785	(287)
More than 360 days	885	(550)
Total	**7,902**	**(1,133)**

	12/31/2024	
Millions of euros	Trade receivables	Impairment
Unbilled receivables	2,844	(17)
Amount not overdue invoiced	2,913	(76)
Less than 90 days	855	(159)
Between 90 and 180 days	322	(133)
Between 180 and 360 days	500	(369)
More than 360 days	2,640	(2,294)
Total	**10,074**	**(3,048)**

Note 15. Other current financial assets

The breakdown of other financial current assets of the Telefónica Group at December 31, 2025 and December 31, 2024 is as follows:

Millions of euros	12/31/2025	12/31/2024
Short-term credits	222	893
Short-term deposits and guarantees	207	139
Short-term derivative financial assets (Note 19)	279	461
Other current financial assets	162	307
Total	**870**	**1,800**

"Short-term credits" included at December 31, 2024, 544 million U.S. dollars (523 million euros at the closing exchange rate) corresponding to the principal and interest of the favorable award regarding the investment dispute with the Republic of Colombia submitted to the ICSID (see Note 2). As indicated in Note 29.a, the appeal to annul the award remains unresolved as of December 31, 2025. As a consequence of the delays in the constitution of the Tribunal and the resulting effect on the prolongation of the proceedings before the ICSID Committee, as well as the fact that the hearing on the annulment will take place in June 2026, Management has considered that the most appropriate classification is non-current. Consequently, the receivable has been reclassified to the heading "Credits and other non-current financial assets" amounting to 571 million U.S. dollars (485 million euros, see Note 12).

Additionally, "Short-term credits" includes the receivable due within twelve months from Telxius, arising in June 2021 from the agreement with American Tower Corporation following the sale of the telecommunications tower division in Europe (Spain and Germany), for an amount of 92 million euros (90 million euros as of December 31, 2024, see Note 28).

"Short-term deposits and guarantees" includes at December 31, 2025, 144 million euros associated with collateral guarantees of Telefónica, S.A., classified as current according to the maturity of the underlying derivative instruments to which they relate (39 million euros at December 31, 2024).

The vast majority of short-term credits and deposits and guarantees recognized at amortized cost and at fair value with changes in "Other comprehensive income" (Note 16) are considered to be low credit risk assets.

As of December 31, 2024, there were investments in financial instruments to cover commitments undertaken by the Group's insurance companies amounting to 228 million euros, recorded in "Other current financial assets". As of December 31, 2025, the amount of these investments totaled 333 million euros, of which 292 million euros were classified in "Credits and other financial assets" (see Note 12) and 41 million euros in "Other current financial assets". These investments have been recorded at their fair value.

Current financial assets that are highly liquid and have maturity periods of three months or less from the date contracted, and present an insignificant risk of value changes, are recorded under "Cash and cash equivalents" on the accompanying consolidated statement of financial position.

Note 16. Breakdown of financial assets

The breakdown of financial assets of the Telefónica Group at December 31, 2025 is as follows:

December 31, 2025

	Fair value through profit or loss		Fair value through other comprehensive income			Measurement hierarchy					
Millions of euros	**Held for trading**	**Fair value option**	**Debt instru-ments**	**Equity instru-ments**	**Hedges**	**Level 1 (Quoted prices)**	**Level 2 (Other directly observable market inputs)**	**Level 3 (Inputs not based on observable market data)**	**Amortized cost**	**Total carrying amount**	**Total fair value**
Non-current financial assets (Note 12)	**492**	**—**	**198**	**139**	**1,796**	**391**	**2,226**	**8**	**2,489**	**5,114**	**5,114**
Investments	47	—	—	139	—	77	109	—	—	186	186
Credits and other financial assets	322	—	—	—	—	314	—	8	846	1,168	1,168
Deposits and guarantees	—	—	—	—	—	—	—	—	876	876	876
Derivative instruments	123	—	—	—	1,796	—	1,919	—	—	1,919	1,919
Trade receivables	—	—	198	—	—	—	198	—	874	1,072	956
Trade receivables for subleases	—	—	—	—	—	—	—	—	9	9	9
Impairment of trade receivables	—	—	—	—	—	—	—	—	(116)	(116)	—
Current financial assets	**171**	**—**	**955**	**—**	**176**	**60**	**1,242**	**—**	**13,319**	**14,621**	**14,621**
Trade receivables (Note 14)	—	—	955	—	—	—	955	—	7,365	8,320	7,187
Impairment of trade receivables (Note 14)	—	—	—	—	—	—	—	—	(1,133)	(1,133)	—
Other current financial assets (Note 15)	171	—	—	—	176	60	287	—	523	870	870
Cash and cash equivalents	—	—	—	—	—	—	—	—	6,564	6,564	6,564
Total	**663**	**—**	**1,153**	**139**	**1,972**	**451**	**3,468**	**8**	**15,808**	**19,735**	**19,735**

The calculation of the fair values of the Telefónica Group's debt instruments required an estimate, for each currency and counterparty, of a credit spread curve using the prices of the Group's bonds and credit derivatives.

The breakdown of financial assets of the Telefónica Group at December 31, 2024 was as follows:

December 31, 2024

	Fair value through profit or loss		Fair value through other comprehensive income			Measurement hierarchy					
Millions of euros	**Held for trading**	**Fair value option**	**Debt instru-ments**	**Equity instru-ments**	**Hedges**	**Level 1 (Quoted prices)**	**Level 2 (Other directly observable market inputs)**	**Level 3 (Inputs not based on observable market data)**	**Amortized cost**	**Total carrying amount**	**Total fair value**
Non-current financial assets (Note 12)	**247**	**—**	**218**	**543**	**2,441**	**523**	**2,912**	**14**	**1,890**	**5,339**	**5,339**
Investments	42	—	—	543	—	478	107	—	—	585	585
Credits and other financial assets	41	—	18	—	—	45	—	14	543	602	602
Deposits and guarantees	—	—	—	—	—	—	—	—	691	691	691
Derivative instruments	164	—	—	—	2,441	—	2,605	—	—	2,605	2,605
Trade receivables	—	—	200	—	—	—	200	—	745	945	839
Trade receivables for subleases	—	—	—	—	—	—	—	—	17	17	17
Impairment of trade receivables	—	—	—	—	—	—	—	—	(106)	(106)	—
Current financial assets	**367**	**—**	**894**	**—**	**371**	**312**	**1,320**	**—**	**15,794**	**17,426**	**17,426**
Trade receivables (Note 14)	—	—	850	—	—	—	850	—	9,762	10,612	7,564
Impairment of trade receivables (Note 14)	—	—	—	—	—	—	—	—	(3,048)	(3,048)	—
Other current financial assets (Note 15)	367	—	44	—	371	312	470	—	1,018	1,800	1,800
Cash and cash equivalents	—	—	—	—	—	—	—	—	8,062	8,062	8,062
Total	**614**	**—**	**1,112**	**543**	**2,812**	**835**	**4,232**	**14**	**17,684**	**22,765**	**22,765**

Note 17. Equity

a) Share capital and share premium

2025

At December 31, 2025, Telefónica, S.A.´s share capital amounted to 5,670,161,554 euros and is divided into 5,670,161,554 common shares, of a single series and with a par value of one euro each, fully paid in. All the shares of the Company have the same characteristics and carry the same rights and obligations.

The shares of Telefónica, S.A. are represented by book entries that are listed on the Spanish Electronic Market (within the selective Ibex 35 index) and on the four Spanish Stock Exchanges (Madrid, Barcelona, Valencia and Bilbao), as well as on the New York Stock Exchange and the Lima Stock Exchange (in those latter two through American Depositary Shares (ADSs), with each ADS representing one share of the Company). In December 2025, Telefónica, S.A. announced its intention to initiate the procedure for the voluntary delisting of its ADSs from the New York Stock Exchange, a process that became effective in January 2026 (see Note 31). The Company also intends to request the voluntary delisting of its ADSs from the Lima Stock Exchange.

2024

At December 31, 2024, Telefónica, S.A.´s share capital amounted to 5,670,161,554 euros and is divided into 5,670,161,554 common shares, of a single series and with a par value of one euro each, fully paid in. All the shares of the Company have the same characteristics and carry the same rights and obligations.

The Board of Directors of Telefónica, S.A. at its meeting held on April 12, 2024, resolved to carry out the implementation of the share capital reduction through the cancellation of own shares approved by the Annual General Shareholders' Meeting held on the same day.

The share capital of Telefónica, S.A. was reduced in the amount of 80,296,591 euros, through the cancellation of 80,296,591 own shares of the Company held as treasury stock, with a nominal value of one euro each. The share capital of the Company resulting from the reduction was set at 5,670,161,554 euros corresponding to 5,670,161,554 shares with a nominal value of one euro each. Related to the capital reduction the share premium was reduced by 230 million euros.

The reduction did not entail the return of contributions to the shareholders since the Company was the owner of the cancelled shares. The reduction was carried out with a charge to unrestricted reserves, through the allocation of a reserve for cancelled share capital in an amount equal to the nominal value of the cancelled shares (i.e. for an amount of 80,296,591 euros). This reserve for cancelled share capital can only be used if the same requirements as those applicable to the reduction of share capital are met. Therefore, in accordance with the Section 335.c) of the Corporate Enterprises Act, the creditors of the Company cannot claim the opposition right disclosed in article 334 of the Corporate Enterprise Act.

On May 13, 2024, the deed relating to the share capital reduction was registered in the Commercial Registry of Madrid.

Authorizations by Shareholders' Meeting

As regards the authorizations conferred in respect of the share capital, the shareholders acting at the Ordinary General Shareholders' Meeting held on April 10, 2025 resolved to delegate to the Board of Directors, as broadly as required by Law, pursuant to the provisions of Section 297.1.b) of the Companies Act, the power to increase the share capital on one or more occasions and at any time, within a period of five year from the date of adoption of such resolution, by the maximum nominal amount of 2.835.080.777 euros, equal to one-half of the share capital of the Company on the date of adoption of the resolution at the General Shareholders' Meeting, issuing and floating the respective new shares for such purpose with or without a premium, the consideration for which will consist of monetary contributions, with express provision for incomplete subscription of the shares to be issued. The Board of Directors was also authorized to exclude pre-emptive rights in whole or in part, as provided in section 506 of the Companies Act. However, the power to exclude pre-emptive rights is limited to 20% of the share capital on the date on which the resolution is adopted. In accordance with the above-mentioned authorization, as of the end of fiscal year 2025, the Board would be authorized to increase the share capital by the maximum nominal amount of 2,835,080,777 euros.

Furthermore, the shareholders acting at the Ordinary General Shareholders' Meeting of Telefónica, S.A. held on April 10, 2025 delegated to the Board of Directors, in accordance with the general rules governing the issuance of debentures and pursuant to the provisions of applicable law and the Company's By-Laws, the power to issue debentures, bonds, notes and other fixed-income securities and hybrid instruments, including preferred shares, which may in all cases be simple, exchangeable and/or convertible and/or grant the holders thereof a share in the earnings of the Company, as well as warrants, with the power to exclude the pre-emptive rights of shareholders. The aforementioned securities may be issued on one or more occasions, within a maximum period of five years as from the date of adoption of the resolution. The securities issued may

be debentures, bonds, notes and other fixed-income securities, or debt instruments of a similar nature, or hybrid instruments in any of the forms admitted by Law (including, among others, preferred interests) both simple and, in the case of debentures, bonds and hybrid instruments, convertible into shares of the Company and/or exchangeable for shares of the Company, of any of the companies of its Group or of any other company and/or giving the holders thereof an interest in the corporate earnings. Such delegation also includes warrants or other similar instruments that may entitle the holders thereof, directly or indirectly, to subscribe for or acquire newly-issued or outstanding shares, payable by physical delivery or through differences. The aggregate amount of the issuance or issuances of instruments that may be approved in reliance on this delegation may not exceed, at any time, 25,000 million euros or the equivalent thereof in another currency. In the case of notes and for purposes of the above-mentioned limits, the outstanding balance of those issued in reliance on the delegation shall be computed. In the case of warrants, and also for the purpose of such limit, the sum of the premiums and exercise prices of each issuance shall be taken into account.
Furthermore, under the aforementioned delegation resolution, the shareholders at the Ordinary General Shareholders' Meeting of Telefónica, S.A. resolved to authorize the Board of Directors to guarantee, in the name of the Company, the issuance of the aforementioned instruments issued by the Companies belonging to its Group of Companies, within a maximum period of five years as from the date of adoption of the resolution.

Furthermore, on March 31, 2023, shareholders voted to authorize the acquisition by the Board of Directors of Telefónica, S.A. treasury shares, up to the limits and pursuant to the terms and conditions established at the Shareholders' Meeting, within a maximum five-year period from that date. However, it specified that in no circumstances could the par value of the shares acquired, added to that of the treasury shares already held by Telefónica, S.A. and by any of its controlled subsidiaries, exceed the maximum legal percentage at any time.

b) Dividends

Dividends distribution in 2025

Approval was given at the General Shareholders' Meeting of April 10, 2025 to pay a dividend in cash charge to unrestricted reserves amounting to 0.30 euros per share payable in two tranches.

On June 19, 2025, 0.15 euros per share was paid, for a total amount of 846 million euros, and on December 18, 2025, a second payment of 0.15 euros amounting to 844 million euros.

Dividends distribution in 2024

Approval was given at the General Shareholders' Meeting of April 12, 2024 to pay a dividend in cash charge to unrestricted reserves amounting to 0.30 euros per share payable in two tranches.

On June 20, 2024,0.15 euros per share was paid, for a total amount of 846 million euros, and on December 19, 2024, a second payment of 0.15 euros amounting to 847 million euros.

Proposed distribution of results of the parent company

Telefónica, S.A. generated 1,060 million euros of losses in 2025.

The Company's Board of Directors will submit the following proposed distribution of 2025 results for approval at the Shareholders' Meeting:

	Millions of euros
Legal reserve	—
Unrestricted reserves	(1,060)
Total	**(1,060)**

c) Other equity instruments

Undated deeply subordinated securities

The characteristic of undated deeply subordinated securities, the detail of the tender offer and the amounts repurchased in the operations and the amount amortized in advance, are the following (million euros):

Issue date	Annual Fix	Variable	Exercisable by issuer	12/31/2024	Tender Offer	Amount repurchased	Redemption	12/31/2025
09/18/2024 (1)	6.750 %	from 09/07/31 rate SWAP + spread incremental	2031	200	—	—	—	200
03/15/2024 (1)	5.752 %	from 04/15/32 rate SWAP + spread incremental	2032	1,100	—	—	—	1,100
9/7/2023 (1)	6.750 %	from 09/07/31 rate SWAP + spread incremental	2031	750	—	—	—	750
2/2/2023 (1)	6.135 %	from 05/03/30 rate SWAP + spread incremental	2030	1,000	—	—	—	1,000
11/23/2022 (1)	7.125 %	from 11/23/28 rate SWAP + spread incremental	2028	750	—	—	—	750
11/24/2021 (2)	2.880 %	from 05/24/28 rate SWAP + spread incremental	2028	750	—	—	—	750
2/12/2021 (2)	2.376 %	from 05/12/29 rate SWAP + spread incremental	2029	1,000	—	—	—	1,000
2/5/2020 (1)	2.502 %	from 05/05/27 rate SWAP + spread incremental	2027	500	—	—	—	500
09/24/2019	2.875 %	from 09/24/27 rate SWAP + spread incremental	2027	500	—	—	—	500
03/22/2018	3.875 %	from 09/22/26 rate SWAP + spread incremental	2026	1,000	—	—	—	1,000
				7,550	**—**	**—**	**—**	**7,550**

(1) Green undated deeply subordinated securities (see Note 29.d)
(2) Sustainable undated deeply subordinated securities (see Note 29.d)

In all issuances of undated deeply subordinated securities (hybrid instruments), the issuer has an option to defer the payment of coupons and holders of such securities cannot call for payment.

As the repayment of principal and the payment of coupons depend solely on Telefónica's decision, these undated deeply subordinated securities are equity instruments and are presented under "Other equity instruments" in the accompanying consolidated statement of changes in equity.

In 2025, the payment of the coupons related to hybrids instruments, in an aggregate amount, net of tax effects, of 266 million euros (249 million euros in 2024), was recorded as "Retained earnings" in the consolidated statements of changes in equity.

d) Legal reserve

According to article 274 of the consolidated text of the Spanish Corporate Enterprises Act, companies must transfer 10% of profit for the year to a legal reserve until this reserve reaches at least 20% of share capital. The legal reserve can be used to increase capital by the amount exceeding 10% of the increased share capital amount. Except for this purpose, until the legal reserve exceeds the limit of 20% of share capital, it can only be used to offset losses, if there are no other reserves

available.The General Shareholders' Meeting held on April 12, 2024, approved the allocation of 91 million euros to legal reserves against the results of the 2023 year. As of December 31, 2025 the legal reserve amounts to 1,150 million euros representing 20.28% of the share capital at the date.

e) Retained earnings

These reserves include undistributed profits of companies constituting the consolidated Group minus interim dividends paid against profit for the year, actuarial gains and losses, the impact of the asset ceiling on defined benefit plans and the payment of coupons related to subordinated securities, if applicable.

These reserves also include revaluation reserves and the reserve for canceled share capital. These reserves are regulated by some restrictions for their distribution.

Revaluation reserves

The balance of Revaluation reserves arose as a result of the revaluation made pursuant to Spanish Royal Decree-Law 7/1996 of June 7, and may be used, free of tax, to offset any losses incurred in the future and to increase capital. It may also be allocated to unrestricted reserves, provided that the capital gain has been realized.

The capital gain will be deemed to have been realized in respect of the portion on which the depreciation was recorded for accounting purposes or when the revalued assets were transferred or recognized. In this respect, 3 million euros were reclassified to "Retained earnings" in 2025 (2 million euros in 2024) corresponding to revaluation reserves subsequently considered to be unrestricted. At December 31, 2025, this reserve amounted to 46 million euros (49 million euros at December 31, 2024).

Reserve for canceled share capital

In accordance with Section 335.c) of the Spanish Corporate Enterprises Act and to render null and void the right of opposition provided for in Section 334 of the same Act, whenever the Company decreases capital, it should record a reserve for canceled share capital for an amount equal to the par value of the canceled shares, which can only be used upon satisfaction of the same requirements as those applicable to the reduction of share capital. No allocation was recorded under this item in 2025 (80 million euros in 2024). The cumulative amount as of December 31, 2025 is 1,059 million euros.

f) Translation differences

The breakdown of the accumulated contribution of translation differences attributable to equity holders of the parent at December 31 is as follows:

Millions of euros	2025	2024
Brazilian real	(16,169)	(15,942)
Pound sterling	(3,326)	(3,276)
Venezuelan bolivar	(690)	(657)
Mexican peso	(364)	(381)
Uruguayan peso	—	(143)
Colombian peso	87	89
Pound sterling	(107)	309
Peruvian sol	1	(212)
Argentine peso	(1)	(1,142)
Other currencies	(43)	76
Total Group	**(20,612)**	**(21,279)**

In 2025, negative conversion differences amounting to 1,476 million euros have been recycled to the income statement, mainly associated with the sales of Telefónica Móviles Argentina (1,136 million euros), Telefónica del Perú (222 million euros) and Telefónica Móviles del Uruguay (145 million euros) (see Note 2),

g) Adjustment on initial application of IAS 21

The early adoption of the amendments to IAS 21 following its approval by the European Union took place in 2024 (see Note 3.a). At the initial application date (January 1, 2024), the affected items were adjusted using appropriate exchange rates, resulting in a negative impact on retained earnings of 224 million euros and a positive impact on translation differences amounting to 366 million, with a net effect on Group equity of 142 million euros.

h) Treasury share instruments

Telefónica, S.A. held the following treasury shares at December 31, 2025 and 2024:

		Euros per share			
	Number of shares	Acquisi-tion price	Trading price	Market value(*)	%
Treasury shares at 12/31/2025	39,762,042	3.96	3.49	139	0.701%
Treasury shares at 12/31/2024	26,874,751	3.97	3.94	106	0.474%

(*) Millions of euros.

The following transactions involving treasury shares were carried out in 2025 y 2024:

	Number of shares
Treasury shares at 12/31/2023	**111,099,480**
Acquisitions	36,525,204
Employee share option plan	(19,909,898)
Capital reduction	(80,296,591)
Sales	(20,543,444)
Treasury shares at 12/31/2024	**26,874,751**
Acquisitions	21,846,574
Employee share option plan	(8,410,468)
Sales	(548,815)
Treasury shares at 12/31/2025	**39,762,042**

There were treasury shares purchases in 2025 amounting to 86 million euros (145 million euros in 2024)

The Company also has different derivative instruments, to be settled by offset, on a nominal value equivalent to 146 million of Telefónica shares, mainly contracted through Banco Bilbao Vizcaya Argentaria, S.A,, recorded in the statement of financial position at December 31, 2025 in accordance with their maturity date and fair value (173 million shares at December 31, 2024).

i) Equity attributable to non-controlling interests

"Equity attributable to non-controlling interests" represents the share of non-controlling interests in the equity and income or loss for the year of fully consolidated Group companies. The movements in this balance for the 2025 and 2024 consolidated statements of financial position are as follows:

Millions of euros	Balance at 12/31/24	Sales of non-controlling interests and inclusion of companies	Acquisitions of non-controlling interests and exclusion of companies	Dividends paid	Profit/ (loss) for the year	Change in translation differences	Other movements	Balance at 12/31/25
Telefônica Brasil, S.A.	2,834	—	(398)	(121)	219	139	(3)	2,670
Telefónica Deutschland Holding, A.G.	224	—	—	—	5	—	(1)	228
Colombia Telecomunicaciones, S.A., ESP BIC	297	—	—	—	(114)	8	2	193
Compañía Mayorista de Fibra, S. L.	—	424	—	—	14	—	(1)	437
Other	47	—	(58)	(3)	42	(20)	14	22
Total	**3,402**	**424**	**(456)**	**(124)**	**166**	**127**	**11**	**3,550**

Millions of euros	Balance at 12/31/23	Sales of non-controlling interests and inclusion of companies	Acquisitions of non-controlling interests and exclusion of companies	Dividends paid	Profit/ (loss) for the year	Change in translation differences	Other movements	Balance at 12/31/24
Telefônica Brasil, S.A.	3,546	—	(346)	(125)	226	(481)	14	2,834
Telefónica Deutschland Holding, A.G.	1,286	—	(1,057)	(17)	10	—	2	224
Colombia Telecomunicaciones, S.A., ESP BIC	362	—	—	—	(25)	(32)	(8)	297
Other	50	—	(47)	(3)	47	7	(7)	47
Total	**5,244**	**—**	**(1,450)**	**(145)**	**258**	**(506)**	**1**	**3,402**

2025

Agreement between Telefónica España Filiales and Vodafone ONO for the Establishment of a Wholesale Fiber Company

On November 7, 2024, Telefónica, through its subsidiary Telefónica España Filiales, S.A.U., and Vodafone ONO, S.A.U. ("Vodafone España"), formalized an agreement to establish a joint company, Compañía Mayorista de Fibra, S.L. The primary corporate purpose of the Company is the wholesale commercialization of a fiber-to-the-home (FTTH) network for the benefit of its shareholders.

The company began operations on March 1, 2025, after obtaining the necessary regulatory approvals and fulfilling the remaining agreed-upon conditions. The share capital is held 63% by the Telefónica Group and 37% by Vodafone España..

The impact of this transaction has been an increase of 52 million euros in the equity attributable to equity holders of the parent company, and an increase of 424 million euros in the equity attributed to non-controlling interests, corresponding to the incorporation of the company for an amount of 542 million euros and the return of share premium for an amount of 118 million euros (see Note 25).

2024

Public Offers for the Acquisition of Shares of Telefónica Deutschland

On November 7, 2023, Telefónica, through its subsidiary Telefónica Local Services GmbH, launched a partial voluntary public offer for the acquisition of shares of Telefónica Deutschland Holding AG. The Offer acceptance period began on December 5, 2023 and ended on January 17, 2024.

On March 20, 2024 a public exclusion offer was launched with the objective of acquiring the shares of Telefónica Deutschland that at that time were not directly or indirectly owned by Telefónica.

The cash outflow in 2024 of the purchases made has amounted to 1,019 million euros (see Note 28).

In 2024 these operations produced an increase of 28 million euros in the equity attributed to the parent company and a decrease of 1,057 million euros in the equity attributed to minority interests (see Note 2).

Note 4 contains the revenues, EBITDA, Operating income, capital expenditure and the main items of the statement of financial position for the main segments of the Telefónica Group with non-controlling interests, namely Telefónica Brazil and Telefónica Germany. The detail of these figures for Colombia Telecomunicaciones is show in Note 30.

The statements of cash flows of these companies are as follows:

Millions of euros

Telefónica Brazil	**2025**	**2024**
Net cash flow provided by operating activities	3,671	3,644
Net cash flow used in investing activities	(1,628)	(1,529)
Net cash flow used in financing activities	(1,865)	(1,557)

Millions of euros

Telefónica Germany	**2025**	**2024**
Net cash flow provided by operating activities	2,290	2,774
Net cash flow used in investing activities	(1,165)	(1,334)
Net cash flow used in financing activities	(1,587)	(1,586)

Note 18. Financial liabilities

The breakdown of financial liabilities at December 31, 2025 and the corresponding maturities schedule is as follows:

Millions of euros

	Current	Non-current						
Maturity	**2026**	**2027**	**2028**	**2029**	**2030**	**Subse-quent years**	**Non-current total**	**Total**
Debentures and bonds	2,376	3,620	2,064	2,293	2,112	15,448	25,537	27,913
Promissory notes & commercial paper	1,256	3	19	10	33	97	162	1,418
Total Issues	**3,632**	**3,623**	**2,083**	**2,303**	**2,145**	**15,545**	**25,699**	**29,331**
Loans and other payables	314	190	252	425	102	1,457	2,426	2,740
Derivative instruments (Note 19)	273	682	234	295	182	602	1,995	2,268
Total	**4,219**	**4,495**	**2,569**	**3,023**	**2,429**	**17,604**	**30,120**	**34,339**

The estimate of future payments for interest on these financial liabilities at December 31, 2025 is as follows: 1,112 million euros in 2026, 1,022 million euros in 2027, 960 million euros in 2028, 887 million euros in 2029, 761 million euros in 2030 and 5,927 million euros after 2030. For floating rate financing, the Group mainly estimates future interest using the forward curve of the various currencies as of December 31, 2025.

Derivative instruments in the table above include the fair value of derivatives classified as financial liabilities, i.e. when they have a negative mark-to-market, yet excluding the fair value of derivatives classified as current financial assets (279 million euros, see Note 15) and non-current financial assets (1,919 million euros, see Note 12).

The heading "Financed operating payments and investments in property, plant and equipment and intangible assets payments", in the "Net cash used in financing activities" flow of the consolidated statement of cash flows (see Note 28) amounted to 144 million euros corresponding mainly to financed spectrum licenses (184 million euros in 2024 corresponding in its totality to financed spectrum licenses).

The composition of the financial liabilities by category at December 31, 2025 and 2024 is as follows:

December 31, 2025

	Fair value through profit or loss			Measurement hierarchy					
Millions of euros	**Held for trading**	**Fair value option**	**Hedges**	**Level 1 (Quoted prices)**	**Level 2 (Other directly observable market inputs)**	**Level 3 (Inputs not based on observable market data)**	**Liabilities at amortized cost**	**Total carrying amount**	**Total fair value**
Issues	—	—	—	—	—	—	29,331	29,331	28,296
Loans and other payables	—	—	—	—	—	—	2,740	2,740	2,778
Derivative instruments	436	—	1,831	—	2,268	—	—	2,268	2,268
Total financial liabilities	**436**	**—**	**1,831**	**—**	**2,268**	**—**	**32,071**	**34,339**	**33,342**

December 31, 2024

Millions of euros	Fair value through profit or loss			Measurement hierarchy					
	Held for trading	Fair value option	Hedges	Level 1 (Quoted prices)	Level 2 (Other directly observable market inputs)	Level 3 (Inputs not based on observable market data)	Liabilities at amortized cost	Total carrying amount	Total fair value
Issues	—	—	—	—	—	—	32,704	32,704	31,638
Loans and other payables	—	—	—	—	—	—	4,014	4,014	4,016
Derivative instruments	471	—	1,593	—	2,064	—	—	2,064	2,064
Total financial liabilities	**471**	**—**	**1,593**	**—**	**2,064**	**—**	**36,718**	**38,782**	**37,718**

The calculation of the fair values of the Telefónica Group's debt instruments required an estimate of the credit spread curve for each currency and corresponding subsidiary using the prices of the Group's bonds and credit derivatives.

At December 31, 2025, some of the financing arranged by Telefónica Group companies (134 million euros in Fibrasil, integrated into the Group's consolidated financial statements in November 2025) which amounted to less than 1% of the Telefónica Groups's gross debt, was subject to compliance with certain financial ratios. To date, these covenants are being met and have no impact on the debt of the Telefónica Group companies. Due to the absence of cross defaults, breach of covenants would not affect the debt at Telefónica, S.A. level.

Some of the financial liabilities of Telefónica Group includes adjustments in the amortized cost at December 31, 2025 and 2024 as a result of fair value interest rate and exchange rate hedges.

Issues, promissory notes, commercial paper, loans and other payables

The movement in issues, promissory notes, commercial paper, loans and other payables in 2025 and 2024 arising from financial activities is as follows:

Millions of euros	Balance at 12/31/2024	Cash used in financing activities		Translation differences and exchange gains and losses	Financial updates	Other movements	Balance at 12/31/2025
		Cash received (*)	Cash paid (*)				
Issues	31,255	1,889	(2,932)	(1,334)	(162)	(803)	27,913
Promissory notes and commercial paper	1,449	46	(77)	(2)	—	2	1,418
Loans and other payables	4,014	714	(946)	(56)	30	(1,016)	2,740

(*) Cash received and cash paid include 239 million euros and 146 million euros, respectively, corresponding to companies that have been discontinued in the cash flow and are included in the net cash flow from discontinued financing activities (see Note 28).

Millions of euros	Balance at 12/31/2023	Cash used in financing activities: Cash received	Cash used in financing activities: Cash paid	Translation differences and exchange gains and losses	Financial updates	Other movements	Balance at 12/31/2024
Issues	30,198	1,787	(1,140)	589	(109)	(70)	31,255
Promissory notes and commercial paper	1,369	478	(409)	1	—	10	1,449
Loans and other payables	3,601	897	(694)	(54)	—	264	4,014

Debentures and bonds

Financial updates of debenture and bond issues include mainly the value adjustment of the basis adjustment bonds due to their fair value hedges, impacted by interest rate movements.

At December 31, 2025, the nominal amount of outstanding debentures and bonds issues including those classified as liabilities and disposal groups held for sale was 28,257 million euros (30,979 million euros at December 31, 2024). Appendix III presents the characteristics of all outstanding debentures and bond issues at the year-end 2025, and the significant issues made during the year.

Telefónica, S.A. has a full and unconditional guarantee on issues made by Telefónica Emisiones, S.A.U., and Telefónica Europe, B.V., both of which are wholly owned finance subsidiaries of Telefónica, S.A. No other subsidiaries of Telefónica, S.A. provide guarantees on these issues.

"Other movements" at December 31, 2025 mainly includes the disposals of Telefónica del Perú bonds and debentures amounting to 589 million euros and the classification to "Liabilities associated with non-current assets and disposal groups held for sale" of Telefónica Colombia bonds and debentures amounting to 468 million euros (see Note 30).

Promissory notes and commercial paper

The main programs for issuance of promissory notes and commercial paper are the following:

- At December 31, 2025, Telefónica Europe, B.V. had a commercial paper issuance program guaranteed by Telefónica, S.A. for up to 5,000 million euros. The outstanding balance of commercial paper issued under this program at December 31, 2025 was 1,188 million euros, issued at an average interest rate of 2.46% for 2025 (1,165 million euros issued in 2024 at an average rate of 3.76%).
- At December 31, 2025, Telefónica, S.A. had a corporate promissory note program for 500 million euros expandable to 2,000 million euros. At December 31, 2025 the outstanding balance was 58 million euros, issued at an average interest rate of 2.54% in 2025 (35 million euros was the outstanding balance at December 31, 2024).

Interest-bearing debt

Other movements in "Loans and other payables" at December 31, 2025 include collections and payments related to collateral liabilities deposit associated with Telefónica, S.A. debt for a net amount of proceeds amounting to 349 million euros (123 million euros for a net amount of payments at December 31, 2024).

Additionally, "Other movements" includes the reclassification to "Liabilities associated with non-current assets and disposal groups held for sale" of the

loans and other debts of Telefónica Colombia amounting to 595 million euros, (see Note 30).

The average interest rate on outstanding loans and other payables at December 31, 2025 was 3.04% (4.71% in 2024). This percentage does not include the impact of hedges arranged by the Group.

The main financing transactions included under "Interest-bearing debt" line outstanding at December 31, 2025 and 2024 and their nominal amounts are provided in Appendix V.

Interest-bearing debt arranged or repaid in 2025 mainly includes the following:

Description	Limit 12/31/2025 (*) (million euros)	Currency	Outstanding balance 12/31/2025 (million euros)	Arrangement date	Maturity date	Drawndown 2025 (million euros)	Repayment 2025 (million euros)
Telefónica, S.A.							
Sustainability syndicated (1)	5,500	EUR	—	03/15/2018	01/13/2030	—	—
Bilateral loan	—	EUR	125	01/15/2025	01/15/2035	125	—
Bilateral loan	—	EUR	100	11/19/2025	11/19/2032	100	—
Telefónica Germany GmbH & Co. OHG							
Sustainability syndicated (2)	—	EUR	—	12/17/2019	01/10/2025	—	—
Telefónica Móviles Chile, S.A.							
Bilateral loan (3)	—	USD	—	08/22/2023	07/07/2025	—	110

(1) On January 13, 2025, Telefónica, S.A. signed an extension with respect to its sustainability-linked syndicated credit facility for up to 5,500 million euros for an additional year (extending the maturity date to January 13, 2030). Additionally, Telefónica signed 2 extension options for P1Y additional year each, permitting Telefónica, S.A.,to extend the maturity date of the credit facility to January 13, 2032.

(2) On January 10, 2025, Telefónica Germany GmbH & Co. OHG completed the early termination of its 750 million euros sustainability-linked syndicated credit facility, originally scheduled to mature in 2026.

(3) On July 7, 2025, Telefónica Móviles Chile, S.A.Telefónica Móviles Chile, S.A. made an early repayment of its bilateral loan for 129 million dollars (approximately 110 million euros) originally scheduled to mature in 2026.

(*) Undrawn limit.

At December 31, 2025, the Telefónica Group presented availabilities of financing from different sources that amounted to approximately 10,007 million euros (11,017 million euros at December 31, 2024), of which 9,667 million euros will mature in more than twelve months. Within these availabilities of financing, 9,706 million euros are included, whose interests are linked to the fulfillment of sustainability objectives. Of these, 4,206 million euros correspond to committed lines and bilateral financing and 5,500 million euros correspond to the sustainable syndicated loan of Telefónica, S.A. (see Note 29.d).

Loans by currency

The breakdown of "Loans and other payables" line by currency at December 31, 2025 and 2024, and the equivalent value of foreign-currency loans in euros, is as follows:

	Outstanding balance (in millions)			
	Local Currency		Euros	
Currency	12/31/2025	12/31/2024	12/31/2025	12/31/2024
Euro	2,387	2,685	2,387	2,685
U.S. dollar	41	393	35	378
Brazilian real	342	306	53	48
Colombian peso	—	1,794,020	—	391
Mexican peso	540	776	26	36
Uruguayan peso	—	2,905	—	63
Chilean Peso	166,085	310,338	156	300
Other currencies			83	113
Total Group			**2,740**	**4,014**

Note 19. Derivative financial instruments and risk management policies

The Telefónica Group is exposed to various financial market risks as a result of: (i) its ordinary business activity, (ii) debt incurred to finance its business, (iii) its investments in companies, and (iv) other financial instruments related to the above commitments.

The main market risks affecting the Group companies are as follows:

- **Exchange rate risk**: arises primarily from: (i) Telefónica's international presence, through its investments and businesses in countries that use currencies other than the euro (primarily in Latin America, but also in the United Kingdom), (ii) debt denominated in currencies other than that of the country where the business is conducted or the home country of the company incurring such debt , and (iii) for those trade receivables or payables in foreign currency related to the company with the transaction registered.
- **Interest rate risk**: arises primarily in connection with changes in interest rates affecting: (i) financial expenses on floating-rate debt (or short-term debt likely to be renewed), (ii) the value of long-term liabilities at fixed interest rates and (iii) financial expenses and principal payments of inflation-linked financial instruments, considering interest rate risk as the impact of changes in inflation rates.
- **Share price risk**: arises primarily from changes in the value of the equity investments (that may be bought, sold or otherwise involved in transactions), from changes in the value of derivatives associated with such investments, from changes in the value of treasury shares and from changes in the value of equity derivatives.
- **Liquidity risk**: arises due to a mismatch between financing needs (including operating and financial expenses, investment, debt redemptions and dividend commitments) and sources of finance (including revenues, divestments, credit lines from financial institutions and capital market transactions). The cost of finance could also be affected by movements in the credit spreads (over benchmark rates) demanded by lenders.
- **Country risk**: refers to the possible decline in the value of assets, cash flows generated or cash flows returned to the parent company as a result of political, economic or social instability in the countries where the Telefónica Group operates, especially in Latin America.
- **Credit risk**: appears when a counterparty fails to meet or delays its payment obligations in accordance with the agreed terms, driving an impairment in an asset due to: (i) solvency issues, or (ii) no intention to pay.

Risk management

The Telefónica Group actively manages these risks through the use of derivatives (primarily on exchange rates, interest rates, credit, share prices and commodities) and by incurring debt in local currencies, where appropriate, with a view to optimize the financial cost and to stabilizing cash flows, the income statement and investments. In this way, it attempts to protect the Telefónica Group's solvency, facilitate financial planning and take advantage of investment opportunities.

The Telefónica Group manages its exchange rate risk and interest rate risk in terms of net financial debt (including leases under IFRS 16) plus commitments as calculated by the Group. The Telefónica Group believes that these parameters are more appropriate to understand its debt position. Net financial debt and net financial debt plus commitments take into account the impact of the Group's cash balance and cash equivalents including derivatives positions with a positive value linked to liabilities. Neither net financial debt nor net financial debt plus commitments as calculated by the Telefónica Group should be considered as a substitute for gross financial debt (the sum of current and non-current interest-bearing debt).

For a more detailed description on reconciliation of net financial debt and net financial debt plus commitments to gross financial debt, see Note 2.

Exchange rate risk

The fundamental objective of the exchange rate risk management policy is that, in event of depreciation in foreign currencies relative to the euro, any potential losses in the value of the EBITDA generated by the businesses in such currencies (caused by depreciation in exchange rates of a foreign currency relative to the euro) are offset (to some extent) by savings from the reduction in the euro value of debt denominated in such currencies. This objective is also reflected on the decrease of the sensitivity to exchange rate variations of the net debt to EBITDA ratio, in order to protect the Group's solvency. The degree of exchange rate hedging varies depending on the type of investment and may easily and actively be adjusted. For transactions of purchase or sale of business in currencies other than euro, additional hedges can be made on the estimated prices of the transactions or on estimated cash flows and EBITDA.

At December 31, 2025, the net financial debt in Latin American currencies was equivalent to approximately 3,540 million euros (5,436 million euros in 2024). However, the Latin American currencies in which this debt is denominated is not distributed in proportion to the EBITDA generated in each currency. The future effectiveness of the strategy described above as an economic hedge of exchange rate risks therefore depends on which currencies depreciate relative to the euro.

Telefónica occasionally takes out dollar-denominated debt to hedge the euro-dollar intermediate component in the relation Euro-Latin American currencies, either in Spain (where such debt is associated with an investment as long as it is considered to be an effective hedge) or in the country itself, where the market for local currency financing or hedges may be inadequate or non-existent. At December 31, 2025, the Telefónica Group's net financial debt denominated in dollars to hedge that component was equivalent to 269 million euros of asset position (1,166 million euros of asset position in 2024).

At December 31, 2025, net financial debt in pounds sterling was equivalent to 287 million euros of asset position (46 million euros at December 31, 2024). As a consequence of setting up in June 2021 of the joint venture VMO2, the previous objective of maintaining debt in pounds sterling in the consolidated balance sheet of the Group of twice EBITDA has been modified, as a result of changing the consolidation method of UK assets (VMO2 is accounted for under the equity method) and incorporating VMO2 to leverage higher than the ratio of twice Debt EBITDA. The synthetic debt target denominated in pounds will be directly related to the flows that are expected to be repatriated from VMO2.

The Telefónica Group also manages exchange rate risk by seeking to reduce the negative impact of any exchange rate exposure on the income statement, as a result of transactions recognized on the statement of financial position sheet and highly probable transactions, regardless of whether there are open positions. Such open position exposure can arise for any of three reasons: (i) a thin market for local derivatives or difficulty in sourcing local currency finance which makes it impossible to arrange a low-cost hedge (as in Venezuela), (ii) financing through intra-group loans, where the accounting treatment of exchange rate risk is different from that for financing through capital contributions, and (iii) as the result of a deliberate policy decision, to avoid the high cost of hedges that are not warranted by expectations or high risk of depreciation.

The main transactions that generate or may generate exchange rate risk (regardless of whether or not they have an impact on the income statement) are, among others, as follows: issues in currencies other than the functional currency of the Group company, highly probable transactions in other currencies, future cash inflows in other currencies, investments and divestments, provisions for collections or payments and collections in foreign currency, the actual value of the investments (subsidiaries) in currencies other than the euro.

In 2025, net foreign exchange results were obtained from the management of the exchange rate (excluding monetary correction) for a total positive net result of 218 million euros (positive net result of 104 million euros in 2024).

The following table illustrates the sensitivity of foreign currency gains and sensitivity losses and of equity to changes in exchange rates, where: a) in calculating the impact on the income statement, the exchange rate position affecting the income statement at the end of 2025 was considered constant during 2026; b) in calculating the impact on equity, only monetary items have been considered, namely debt and derivatives such as hedges of net investment and loans to subsidiaries related to the investment, breakdown of which is considered constant in 2026 and identical to that existing at the end of 2025. In both cases, Latin American currencies are assumed to change their value against the dollar and the rest of the currencies against the euro by 10%.

Millions of euros

Currency	Change	Impact on the consolidated income statement	Impact on consolidated equity
All currencies vs EUR	**10 %**	**(21)**	**(53)**
USD vs EUR	10 %	(2)	(8)
Other currencies vs EUR	10 %	2	—
Latin American currencies vs USD	10 %	(21)	(44)
All currencies vs EUR	**(10%)**	**21**	**53**
USD vs EUR	(10%)	2	8
Other currencies vs EUR	(10%)	(2)	—
Latin American currencies vs USD	(10%)	21	44

The Group's monetary position in Venezuela at December 31, 2025 is a net asset position of 70,510 million Venezuelan digital bolivars equivalent to 126 million euros (10,207 million Venezuelan digital bolivars equivalent to 120 million euros at December 31, 2024). The net monetary position exposure in 2025 has been an asset position, which led to a higher financial expense of 375 million euros due to the effect of the monetary correction for inflation during the year (67 million euros of expense in 2024).

Interest rate risk

The main objective of the interest rate risk management policy is to bring the Company's financing costs in line with the budget for financial expenses for the current year, as well as the current strategic plan. In accordance with this objective, Telefónica decided to actively adjust the exposure of its debt to interest rates, i.e., the amount of debt that would accrue interest at fixed rates and variable rates.

In order to meet this target, Telefónica mainly carried out the following:

a) The interest rate of borrowings tied to a variable interest rate was set.

b) Interest rate fluctuations of debt tied to a variable interest rate were reduced.

c) Fixed rate debt instruments were converted into variable market rate debt instruments.

These transactions may be carried out against an existing underlying asset or those that are highly likely to take place in the future (for example, a highly probable future issue of debt).

The Telefónica Group's financial expenses are exposed to changes in interest rates. In 2025 the Euro, Brazilian Real, British Pound, American Dollar, Chilean peso and Colombian peso were the short-term rates that accounted for most of the exposure. In nominal terms, at December 31, 2025, 57.0% of Telefónica's net financial debt was pegged to fixed interest rates for a period greater than one year, compared to 82.5% in 2024. Of the remaining 43.0% (net debt at floating rates or at fixed rates maturing within one year), no debt had interest rates bounded in a period over one year, the same as on December 31, 2024.

In addition, early retirement and Individual Suspension Plan liabilities (see Note 24) were discounted to present value over the year, based on the curve for instruments with very high credit quality. The variation of interest rates during the year has led to a change in the market value of these liabilities. However, this change was nearly completely offset by a variation in the opposite direction of the market value of the hedges on these positions.

Net financial expenses amounted to 1,702 million euros in 2025, increasing 166 million euros compared to 2024. The higher amount in is mainly due to not repeat in 2025 the positive impact of 154 million euros in interest associated with the favorable award relating to the ICSID arbitration procedure initiated by Telefónica, S.A. in 2018 against the Republic of Colombia.

To illustrate the sensitivity of the Company's net financial expense to fluctuations in short-term interest rates, on one hand a 100 basis point increase in interest rates in all currencies in which Telefónica has financial positions at December 31, 2025, and a 100 basis point decrease in all currencies has been assumed, and on the other hand a constant position equal to the position at year-end has been considered.

To calculate the sensitivity of equity to fluctuations in interest rates, on one hand a 100 basis point increase in interest rates in all currencies and in all periods on the yield curve in which Telefónica has financial positions at December 31, 2025, and a 100 basis point decrease in all currencies and all periods was assumed, and on the other hand only positions with cash flow hedges were considered, which are basically the only positions in which changes in market value due to interest rate fluctuations are recognized in equity.

Millions of euros

Change in basis points (bp)	Impact on consolidated income statement	Impact on consolidated equity
+100bp	(107)	414
-100bp	107	(414)

Share price risk

The Telefónica Group is exposed to changes in the value of equity investments, of derivatives associated with such investments, of share-based payments plans, of treasury shares and of equity derivatives over treasury shares.

According to the share-based payments plans (see Note 27), the shares to be delivered to employees under such plan may be either Telefónica, S.A. treasury shares, acquired by itself or any of its Group companies, or newly issued shares. The possibility of delivering shares to beneficiaries of the plans in the future, implies a risk since there could be an obligation to hand over a maximum number of shares at the end of each phase, whose acquisition (in the event of acquisition in the market) in the future could imply a higher cash outflow than required on the start date of each phase if the share price is above the corresponding price on the phase start date. In the event that new shares are issued for delivery to the beneficiaries of the plan, there would be a dilutive effect for ordinary shareholders of Telefónica as a result of the higher number of shares delivered under such plan outstanding.

In 2021, the General Shareholder's Meeting approved a Long-Term Incentive Plan allocated to Senior Executive Officers of the Telefónica Group consisting of the delivery of shares of Telefónica, S.A. This plan has a total duration of five years and is divided into three mutually exclusive cycles of three years each. Each of the cycles commenced, respectively, in January 2021, 2022 and 2023. The first (2021) of the three cycles matured on December 31, 2023, the second cycle (2022) matured on December 31, 2024 and the third cycle (2023) matured on December 31, 2025 (see Note 27).

The 2022 Shareholder's Meeting approved a Global Employee Incentive Share Purchase Plan for shares of Telefónica, S.A. for the Employees of the Telefónica Group, which delivered shares to its participants in 2024 (see Note 27).

Finally in 2024, the General Shareholder's Meeting approved a Long-Term Incentive Plan allocated to Senior Executive Officers of the Telefónica Group consisting of the delivery of shares of Telefónica, S.A. This plan has a total duration of five years and is divided into 3 mutually exclusive cycles of three years each. The first cycle started on January 1, 2024 (with delivery of the corresponding shares in 2027). The second cycle started on January 1, 2025 (with delivery of the corresponding shares in 2028).

To reduce the risk associated with variations in share price under these plans, Telefónica could acquire instruments that hedge the risk profile of some of these plans.

In addition, the Group may use part of the treasury shares of Telefónica, S.A. held at December 31, 2025 to cover shares deliverable under the outstanding Plans. The net asset value of the treasury shares could increase or decrease depending on variations in Telefónica, S.A.'s share price.

Liquidity risk

The Telefónica Group seeks to match the schedule for its debt maturity payments to its capacity to generate cash flows to meet these maturities, while allowing for some flexibility. In practice, this has been translated into two key principles:

1. The Telefónica Group's average maturity of net financial debt is intended to stay above six years or be restored above that threshold in a reasonable period of time if it eventually falls below it. This principle is considered as a guideline when managing debt and access to credit markets, but not a rigid requirement. When calculating the average maturity for the net financial debt, a portion of the undrawn credit lines can be considered as offsetting the shorter debt maturities, and extension options on some financing facilities may be considered as exercised, for calculation purposes.

2. The Telefónica Group must be able to pay all commitments over the next 12 months without accessing new borrowing or tapping the capital markets (drawing upon firm credit lines arranged with banks), assuming budget projections are met.

At December 31, 2025, the average maturity of net financial debt (26,824 million euros) was 10.86 years (including undrawn committed credit facilities).

At December 31, 2024, financial liabilities (Note 18) and lease liabilities (Note 20) scheduled to mature in 2024 amounted to 4,219 and 1,938 million euros, respectively. These maturities are lower than the amount of funds available, calculated as the sum of: a) cash and cash equivalents and current financial assets; b) annual cash generation projected for 2026, and c) undrawn credit facilities arranged with banks whose original maturity is over one year (an aggregate of 10,634 million euros at December 31, 2024), providing flexibility to the Telefónica Group with regard to accessing capital or

credit markets in the next two years. For a further description of the Telefónica Group's liquidity and capital resources in 2024, see Note 18 and Appendix V.

Country risk

The Telefónica Group managed or mitigated country risk by pursuing two lines of action (in addition to its normal business practices):

1. Partly matching assets to liabilities (those not guaranteed by the Parent company) in the Telefónica Group's Latin American companies such that any potential asset impairment would be accompanied by a reduction in liabilities; and

2. Repatriating funds generated in Latin America that are not required for the pursuit of new, profitable business development opportunities in the region.

Regarding the first point, at December 31, 2025, the Telefónica Group's Latin American companies had net financial debt not guaranteed by the Parent company of 1,936,000,000 million euros, which represents 0.1% of net financial debt of the Group. Nevertheless, in certain countries, such as Venezuela, there is a net cash balance (instead of a net liability balance).

Regarding the net repatriation of funds to Spain, 1,954 million euros from Latin America companies have been received in 2025. This amount includes funds received from divestments and capital operations of 2,135 million euros, dividend collections of 416 million euros and fees for 175 million euros, partially offset by granted loans to subsidiaries in an aggregate amount of 771 million euros.

Credit risk

The Telefónica Group trades in derivatives with creditworthy counterparties. Therefore, Telefónica, S.A. generally trades with credit entities whose "senior debt" ratings are of at least "A-" or in case of Spanish entities in line with the credit rating of the Kingdom of Spain. In Spain, where most of the Group's derivatives portfolio is held, there are netting agreements with financial institutions, with debtor or creditor positions offset in case of bankruptcy, limiting the risk to the net position. In addition, the CDS (Credit Default Swap) of all the counterparties with which Telefónica, S.A. operates is monitored at all times in order to assess the maximum allowable CDS for operating at any given time. Transactions are generally only carried out with counterparties whose CDS is below the threshold.

Net CVA (CVA+DVA) or Credit Valuation Adjustment is the method used to measure credit risk for both counterparties and Telefónica in order to determine the fair value of the derivatives portfolio. This adjustment reflects the probability of default or the deterioration of the credit quality of both Telefónica and its counterparties. The simplified formula to calculate CVA is Expected Exposure times Probability of Default times Loss Given Default (LGD). In order to calculate these variables standard market practices are used.

At the same time, and in order to address the credit risk, Telefónica considers the use of CDS, novations, derivatives with break clauses and signing CSA's under certain conditions.

For other subsidiaries, particularly those in Latin America, assuming a stable sovereign rating provides a ceiling which is below "A", trades are with local financial entities whose rating by local standards is considered to be of high creditworthiness.

Meanwhile, with credit risk arising from cash and cash equivalents, the Telefónica Group places its cash surpluses in high quality money-market assets. These placements are regulated by a general framework, revised annually. Counterparties are chosen according to criteria of liquidity, solvency and diversification based on the conditions of the market and countries where the Group operates. The general framework sets: the maximum amounts to be invested by counterparty based on its rating (long-term debt rating) and the instruments in which the surpluses may be invested (money-market instruments). Additionally, for Treasury surpluses managed at Telefónica S.A, a criteria based on CDS is also considered, similar to that used for the selection of counterparties to operate with derivatives, for the selection of counterparties for the placement of those surpluses.

The Telefónica Group considers customer credit risk management as a key element to achieve its business and customer base growth targets in a sustainable way. This management approach relies on the active evaluation of the risk-reward balance within the commercial operations and on the adequate separation between the risk ownership and risk management functions.

Formal delegation of authority procedures and management practices are implemented in the different Group companies, taking into account benchmark risk management techniques, adapted to the local characteristics of each market. Commercial debtors that may cause a relevant impact on the Telefónica Group consolidated financial statements and increased risk profile products - due to customer target, term, channels or other commercial characteristics - are subject to specific management practices in order to mitigate the exposure to credit risk.

This customer credit risk management model is embedded in the day-to-day operational processes of the different companies, where the credit risk assessment guides both the product and services

available for the different customers and the collection strategy.

The Telefónica Group's maximum exposure to credit risk is initially represented by the carrying amounts of the financial assets and the guarantees given by the Telefónica Group.

Several Telefónica Group companies provide operating guarantees granted by external counterparties, which are offered during their normal commercial activity, in bids for licenses, permits and concessions, and spectrum acquisitions. At December 31, 2025, these guarantees amounted to approximately 7,608 million euros (7,526 million euros at December 31, 2024).

Capital management

Telefónica's corporate finance department takes into consideration several factors for the evaluation of the Telefónica's capital structure, with the aim of maintaining the solvency and creating value to the shareholders.

The corporate finance department estimates the cost of capital on a continuous basis through the monitoring of the financial markets and the application of standard industry approaches for calculating weighted average cost of capital, or WACC, so that it can be applied in the valuation of businesses in course and in the evaluation of investment projects. In addition, Telefónica also uses as reference net financial debt (excluding items of a non-recurring or exceptional nature) that allows for a comfortable investment grade credit rating as assigned by credit rating agencies, aiming at protecting credit solvency and making it compatible with alternative uses of cash flow that could arise at any time.

These general principles are refined by other considerations and the application of specific variables, such as country risk in the broadest sense, or the volatility in cash flows generation that are considered, when evaluating the financial structure of the Telefónica Group and its different areas.

Derivatives policy

At December 31, 2025, the nominal value of outstanding derivatives with external counterparties amounted to 82,824 million euros equivalent, a 2.5% decrease from December 31, 2024 (84,933 million euros equivalent). This figure is inflated by the use in some cases of several levels of derivatives applied to the nominal value of a single underlying liability. For example, a foreign currency loan can be hedged into floating rate, and then each interest rate period can be fixed using a fixed rate hedge, or FRA (Forward Rate Agreement) The high volume is also due to the fact that when a derivative transaction is cancelled, the company may either cancel the derivative or take the opposite position, which cancels out the variability thereof. The second option is usually chosen in order to cut costs. Even using such techniques to reduce the position, it is still necessary to take extreme care in the use of derivatives to avoid potential problems arising through error or a failure to understand the real position and its associated risks.

The main principles in the management of derivatives are detailed below:

1) Derivatives based on a clearly identified hedged items.

Telefónica's derivatives policy emphasizes the following points:

- Acceptable underlyings include assets and liabilities, profits, revenues and cash flows in either a company's functional currency or another currency. These flows can be contractual (debt and interest payments, settlement of foreign currency payables, etc.), reasonably certain or foreseeable (PP&E purchases, future debt issues, commercial paper programs, etc.). The acceptability of an underlying asset in the above cases does not depend on whether it complies with accounting rules requirements for hedge accounting, as is required in the case of certain intra-group transactions, for instance. Parent company investments in subsidiaries with functional currencies other than the euro also qualify as acceptable underlying assets.

- Economic hedges are hedges that have a designated underlying asset and that, under certain circumstances, may offset the changes in the value of the underlying asset. These economic hedges may not always meet the requirements to be treated as hedges for accounting purposes. The decision to arrange these hedges if they do not meet certain requirements will depend on the marginal impact on the income statement and, therefore, on how far this may compromise the goal of having a stable income statement. In any case, the changes are recognized in the income statement.

2) Matching of the hedged item to one side of the derivative.

This matching basically applies to foreign currency debt and derivatives hedging foreign currency payments by Telefónica Group subsidiaries. The aim is to eliminate the risk arising from changes in foreign currency interest rates. Nonetheless, even when the aim is to achieve perfect hedging for all cash flows, the lack of liquidity in certain markets, especially in Latin American currencies, has meant that historically there have been mismatches between the terms of the hedges and those of the debts they are meant to hedge. The Telefónica Group intends to reduce these mismatches, provided that doing so does not involve disproportionate costs. In this regard, if adjustment does prove too costly, the financial timing of

the underlying asset in foreign currency will be modified in order to minimize interest rate risk in foreign currency.

In certain cases, the timing of the underlying as defined for derivative purposes may not be exactly the same as the timing of the contractual underlying.

3) Matching the company contracting the derivative and the company that owns the hedged item.

Generally, the aim is to ensure that the hedging derivative and the hedged asset or liability belong to the same company. Sometimes, however, the holding companies (Telefónica, S.A. and Telefónica Latinoamérica Holding, S.L.) have arranged hedges on behalf of a subsidiary that owns the underlying asset. The main reasons for separating the hedge and the underlying asset were the chance of differences in the legal validity of local and international hedges (as a result of unforeseen legal changes) and the different credit ratings of the counterparties (of the Telefónica Group companies as well as those of the banks).

4) Ability to measure the derivative's fair value using the valuation systems available to the Telefónica Group.

Telefónica uses several tools to evaluate and manage the risk involved in derivatives and debt. Among these tools are the Calypso system, extensively used in various financial institutions, and the specialized libraries in the MBRM financial calculation, both of which are widespread throughout the market and have shown proven reliability. In order to perform these calculations, customary market techniques are used when configuring the calculation methods, and information from money market curves is used on a daily basis as market inputs (swaps, depos, FRA, etc.) for interest rates, official fixings for exchange rates and the interest rates and volatility matrices for interest and exchange rates that are listed in the multi-contributor systems, Reuters and Bloomberg. For those yield curves that are less liquid or whose prices published in Reuters and Bloomberg are considered not to adequately reflect the market situation, these curves will be requested from relevant banks in these markets.

5) Sale of options only when there is an underlying exposure.

Telefónica considers the sale of options when: i) there is an underlying exposure (on the consolidated statement of financial position or associated with a highly probable cash outflow) that would offset the potential loss for the year if the counterparty exercised the option. This exposure does not have to be treated as a purchased option, but rather it can be another type of hedged item (in these cases, hedge accounting does not apply since this hedging instrument does not meet the criteria required by accounting standards to treat the sale of options as hedging instruments), or ii) the option is part of a structure in which another derivative offsets any loss. The sale of options is also permitted in option structures where, at the moment they are taken out, the net premium is either positive or zero.

For instance, it would be possible to sell short-term options on interest rate swaps that entitle the counterparty to receive a certain fixed interest rate, below the level prevailing at the time the option was sold. This would mean that if rates fell and the counterparty exercised its option, the Group would swap part of its debt from floating rate to a lower fixed rate, having received a premium.

6) Hedge accounting.

The main risks that may qualify for hedge accounting are as follows:

- Variations in market interest rates (either money-market rates, credit spreads or both) that affect the value of the underlying asset or the measurement of the cash flows.
- Variations in exchange rates that change the value of the underlying asset in the company's functional currency and affect the measurement of the cash flow in the functional currency.
- Variations in the valuation of any financial asset, particularly shares of companies included in the portfolio of "Equity instruments".
- Variations in the price of commodities related to contracts that the Group has with third parties.

Regarding the underlying:

- Hedges can cover all or part of the value of the underlying.
- The risk to be hedged can be for the whole period of the transaction or for only part of the period.
- The underlying may be a highly probable future transaction, or a contractual underlying (loan, foreign currency payment, investment, financial asset, etc.) or a combination of both that defines an underlying with a longer term.

The main coverage instruments used are:

- Forwards / NDF: they are used mainly for exchange rate hedges related to commercial positions in foreign currency. They can also be used to hedge financing in foreign currency and net investment hedge in foreign currency.
- Exchange Rate Options: in some cases, this type of instruments can be used linked to future CapEx and OpEx operations and investments and divestments in foreign currency.

- Spots: for purchases and sales of currencies that are made same day value or two days' value. Generally used for operational needs or for divestments of operations in foreign currency.
- Currency swaps: this type of transaction is generally executed to hedge bonds issuance or loans issued in foreign currency or net investment hedge.
- Interest Swaps / Interest Rate Options: these instruments are used to manage the interest rate of the debt portfolio. Their use of them is ruled by the Financial Expenses Budget with the objective of its fulfilment. Both the volume to be contracted and the maturity of these products are determined by the underlying assets to be hedged.

  It is possible that in several markets the maturity, as well as the low liquidity, does not allow to contract a "perfect" hedge, but this circumstance will have to be analysed case by case.
- CDS: in order to manage the counterparty credit risk or CVA / DVA, CDS operations can be arranged to mitigate this risk.
- Derivatives of Commodities associated to:
  - Price risk hedge (mainly Electricity) associated with the Group's own contracts.
  - Supporting the business lines that may need it and always hedging the commercial risks of the signed contracts. They would be settled by differences, this is, in a non-deliverable format.
- Equity Derivatives: these are derivatives that address strategic decisions or hedging needs, either to hedge future investments or hedge existing risks. They protect Telefónica from the potential appreciation or depreciation in the price of the shares they hold as underlying.

Between the hedged item and the hedging instrument there is an economic relationship, this is, in general terms they move in opposite directions due to the same risk or risk covered. In other words, there must be an expectation that the value of the hedging instrument and the value of the hedged item will change systematically in opposite directions in response to the movements of one of the following elements:

- the same underlying item; or
- Underlying items that are economically related in such sense that they respond similarly to the risk that is being hedged.

Depending on the complexity of the hedge relationship and the way in which the hedge has been structured, a quantitative or qualitative analysis will have to be performed to demonstrate that there is an economic relationship between the hedged item and the hedging instrument.

This may on occasion mean that the hedging instruments have longer terms than the related contractual underlying. This happens when the Telefónica Group enters into long-term swaps, caps or collars to protect the Group against interest rate increases that may raise the financial expense of its promissory notes, commercial paper and some floating rate loans which mature earlier than their hedges. These floating rate financing programs are highly likely to be renewed and Telefónica commits to this by defining the underlying asset in a more general way as a floating rate financing program whose term coincides with the maturity of the hedge. In those cases in which the underlying assets representing the risk hedged are cancelled or refinanced early, and if there is an open risk with similar characteristics as the underlying asset that was cancelled or refinanced early, either because there is new financing or because there is an underlying asset with similar characteristics and risk profile, the hedge may remain in force with the derivatives assigned thereto and the risk will be subject to the hedge arranged in the aforementioned refinancing. When either of these situations occurs, the effectiveness of the hedge will be reviewed taking into account the new situation.

There can be three types of hedges:

- Fair value hedges.
- Cash flow hedges. Such hedges can be set at any value of the risk to be hedged (interest rates, exchange rates, etc.) or for a defined range (interest rates between 2% and 4%, above 4%, etc.). In this last case, the hedging instrument used is options.
- Hedges of net investment in consolidated foreign subsidiaries. Generally, such hedges are arranged by Telefónica, S.A. and other Telefónica holding companies. Wherever possible, these hedges are implemented through real debt in foreign currency. Often, however, this is not always possible as many Latin American currencies are non-convertible, making it impossible for non-resident companies to issue local currency debt. It may also be that, due to the debt market deepness, the debt in the currency concerned is not enough to accommodate the required hedge, or that an acquisition is made in cash with no need for market financing. In these circumstances derivatives either forwards or cross-currency swaps are mainly used to hedge the net investment.

When using options, forwards or cross-currency swaps as hedging instruments, the exclusion of the time value of the option, the element at maturity of the forward and

the currency spread of the cross-currency swap of the hedging relationship are evaluated on a case by case basis, in order to be treated as hedge costs.

Hedges can comprise a combination of different derivatives.

Management of accounting hedges is not static, and the hedging relationship may change before maturity. The interruption of the hedge accounting is possible within the framework of the management of financial risks and described in the internal document of "financial risks management and hedging strategy under IFRS 9". To gauge the efficiency of transactions defined as accounting hedges, the Group analyses the extent to which the changes in the fair value or in the cash flows attributable to the hedged item would offset the changes in fair value or cash flows attributable to the hedged risk using a linear regression model prospectively. To evaluate the effectiveness of hedges, under IFRS 9, there is no numerical range under which it is accepted that a hedge is effective and hence the hedge accounting standards are applicable. Therefore, Telefónica considers that if there is an economic relationship, not dominated by changes in credit risk and if the appropriate hedging rationale has been designated, the requirements for effectiveness are met. However, at the moment when ineffectiveness arises, Telefónica will evaluate whether there is still an economic relationship or whether the designated hedging rationale is appropriate. The possible sources of ineffectiveness that Telefónica can have when designing a hedging relationship and that will be considered when establishing the hedging rationale are:

- The hedging instrument and the hedged item have different maturity dates, initial dates, contract dates, repricing dates, etc.
- The hedging instrument starts with initial value and a financing effect is produced.
- When the underlying items have different sensitivity and are not homogeneous, for example EURIBOR 3M versus EURIBOR 6M.

The main guiding principles for risk management are laid down by Telefónica's Finance Department and implemented by the company financial officers (who are responsible for balancing the interests of each company and those of the Telefónica Group). The Corporate Finance Department may allow exceptions to this policy where these can be justified, normally when the market is too thin for the volume of transactions required or on clearly limited and small risks. New companies joining the Telefónica Group as a result of mergers or acquisitions may also need time to adapt.

7) Cancellation of derivatives.

When a derivative transaction is cancelled, the Company may:

- Cancel the derivative and pay its market value.
- Take the opposite position which cancels out the variability thereof, if cancellation costs are high or if it is recommended for operating or business reasons.

Breakdown of financial results

The breakdown of the financial results recognized in 2025 and 2024 is as follows:

Millions of euros	2025	2024
Interest income	543	390
Dividends received	32	39
Other financial income	154	265
Subtotal	**729**	**694**
Changes in fair value of asset derivatives at fair value through profit or loss	40	145
Changes in fair value of liability derivatives at fair value through profit or loss	(150)	(88)
Changes in the fair value of debt instruments and other assets at fair value to profit or loss	4	4
Transfer from equity of results of cash flow hedges - future cash flows that are no longer expected to happen	—	—
(Loss)/Gain on fair value hedges	(155)	(226)
Gain/(loss) on adjustment to items hedged by fair value hedges	143	224
Subtotal	**(118)**	**59**
Interest expenses	(1,384)	(1,537)
Financial expenses on lease liabilities (see Note 20)	(418)	(423)
Ineffective portion of cash flow hedges	(1)	(2)
Accretion of provisions and other liabilities	(242)	(238)
Other financial expenses	(111)	(125)
Subtotal	**(2,156)**	**(2,325)**
Net finance costs excluding foreign exchange differences and inflation adjustments	**(1,545)**	**(1,572)**

"Other financial income" in 2025 includes 24 million euros (154 million euros in 2024) relating to the favorable award of Telefónica issued by ICSID against the Republic of Colombia (see notes 2, 15 and 29.a).

"Accretion of provisions and other liabilities" in 2024 included 406 million Brazilian Reais (70 million euros at 2024 average exchange rate) referring to the reversal of the monetary update of the regulatory provisions of Telefónica Brasil reversed after the Concession Migration Agreement signed between Telefónica Brasil and ANATEL (see notes 24.c and 29.a).

"(Loss)/Gain on fair value hedges" includes mainly the impact on income of fair value hedges contracted by Telefónica, S.A., which are similarly reflected under "Gain/(loss) on adjustment to items hedged by fair value hedges" and therefore, have no significant net impact on the consolidated income statement. The movement in both items in 2025 and in 2024 with respect to previous years is the result of the variation of interest rates in the exercise.

Evolution of derivative instruments

The movement of the net position of derivatives during the years ended December 31, 2025 and December 31, 2024 is as follows:

Millions of euros	Movement in 2025	Movement in 2024
Opening balance of assets/ (liabilities)	**1,002**	**399**
Financing payments	140	20
Financing proceeds	(68)	(385)
Interest (proceeds)/payments	(105)	(50)
Other (proceeds)/payments	302	123
Fair value adjustments through other comprehensive income	(1,024)	1,108
Movements with a corresponding entry under the income statement	(297)	(253)
Translation differences	(126)	40
Other movements	106	—
Closing balance of assets/ (liabilities)	**(70)**	**1,002**

The variation in 2025 represents a decrease of 1,072 million euros of assets (increase of 603 million euros of assets in 2024) due to the evolution of exchange rate, mainly due to the depreciation of dollar, netting the opposite effect due to the increase of interest rates of euro. These variations are mostly by a similar impact and in the opposite direction in the hedge accounting of the different issuances and loans in dollar and euro currency of the Telefónica Group.

As of December 31, 2025 the derivatives portfolio amounted to a net negative value of 70 million euros (a net positive value of 1,002 as of December 31, 2024). This amount includes a net negative value of 417 million euros due to hedges (cross currency swaps) to transfer financial debt issued in foreign currency to local currency (a positive value of 914 million euros at December 31, 2024).

The calculation of the fair values of the Telefónica Group's debt instruments required an estimate, for each currency and counterparty, of a credit spread curve using the prices of the Group's bonds and credit derivatives.

The derivatives portfolio was measured through the techniques and models normally used in the market, based on money market curves and volatility prices available in the markets. Additionally, the credit valuation adjustment or net CVA per counterparty (CVA+DVA) is calculated on that measurement as the method used to measure the credit risks of the counterparties and also Telefónica for the purpose of adjusting the fair value valuation of the derivatives. This adjustment reflects the possibility of bankruptcy or credit rating impairment of the counterparty and Telefónica.

Derivatives arranged by the Group at December 31, 2025 are detailed in Appendix IV.

The breakdown of Telefónica's hedges and other derivative instruments at December 31, 2025 and December 31, 2024, their fair value at year-end and the expected maturity schedule is as set forth in the table below:

December 31, 2025

	Notional amount - Maturities (*)					Book value of the derivative and no-derivative instruments (**)				
Millions of euros	**2026**	**2027**	**2028**	**Later**	**Total**	**Non-current asset**	**Current asset**	**Non-current liabilities**	**Current liabilities**	**Total**
Derivative instruments of accounting hedges	**876**	**1,692**	**(73)**	**(1,757)**	**738**	**(1,796)**	**(175)**	**1,740**	**92**	**(139)**
Interest rate risk	**1**	**506**	**(174)**	**(10,793)**	**(10,460)**	**(274)**	**(119)**	**495**	**1**	**103**
Cash flow hedges	—	180	—	3,127	3,307	(79)	—	4	1	(74)
Fair value hedges	1	326	(174)	(13,920)	(13,767)	(195)	(119)	491	—	177
Exchange rate risk	**759**	**714**	**—**	**7,090**	**8,563**	**(1,088)**	**(46)**	**1,044**	**80**	**(10)**
Cash flow hedges	630	714	—	7,090	8,434	(1,087)	(36)	1,044	76	(3)
Fair value hedges	394	—	—	—	394	(1)	—	—	4	3
Net investment in a foreign business hedges	(265)	—	—	—	(265)	—	(10)	—	—	(10)
Interest rate and exchange rate risk	**116**	**472**	**101**	**1,946**	**2,635**	**(434)**	**(10)**	**201**	**11**	**(232)**
Cash flow hedges	13	472	—	1,516	2,001	(369)	(10)	146	7	(226)
Fair value hedges	103	—	101	430	634	(65)	—	55	4	(6)
Undesignated derivatives	**(1,647)**	**(247)**	**(875)**	**(1,375)**	**(4,144)**	**(123)**	**(104)**	**256**	**180**	**209**
Other derivatives of interest rate	(738)	(325)	(875)	(1,375)	(3,313)	(123)	(42)	251	11	97
Other derivatives of exchange rate	(1,506)	—	—	—	(1,506)	—	(62)	—	7	(55)
Other derivatives	597	78	—	—	675	—	—	5	162	167
Total derivative instruments	**(771)**	**1,445**	**(948)**	**(3,132)**	**(3,406)**	**(1,919)**	**(279)**	**1,996**	**272**	**70**
No derivatives instruments of accounting hedges (***)	**—**	**—**	**26**	**—**	**26**	**—**	**—**	**26**	**—**	**26**
Exchange rate risk	**—**	**—**	**26**	**—**	**26**	**—**	**—**	**26**	**—**	**26**
Fair value hedges	—	—	—	—	—	—	—	—	—	—
Net investment in a foreign business hedges	—	—	26	—	26	—	—	26	—	26

(*) For interest rate hedges, the positive amount is in terms of "fixed payment." For foreign currency hedges, a positive amount means payment in functional vs. foreign currency.

(**) Positive amounts indicate payables.

(***) Of the hedging instruments that are not derivatives, 26 million euros correspond to "Loans and other debts"" (see Note 18).

December 31, 2024

	Notional amount - Maturities (*)					Book value of the derivative and no-derivative instruments (**)				
Millions of euros	**2025**	**2026**	**2027**	**Later**	**Total**	**Non-current asset**	**Current asset**	**Non-current liabilities**	**Current liabilities**	**Total**
Derivative instruments of accounting hedges	**(2,724)**	**2,408**	**1,293**	**3,133**	**4,110**	**(2,441)**	**(372)**	**1,526**	**67**	**(1,220)**
Interest rate risk	**(1,624)**	**1**	**1**	**(4,630)**	**(6,252)**	**(322)**	**(131)**	**545**	**20**	**112**
Cash flow hedges	(2,150)	—	—	4,769	2,619	(12)	(22)	129	2	97
Fair value hedges	526	1	1	(9,399)	(8,871)	(310)	(109)	416	18	15
Exchange rate risk	**(2,085)**	**2,331**	**714**	**5,324**	**6,284**	**(1,594)**	**(136)**	**837**	**43**	**(850)**
Cash flow hedges	101	2,344	714	5,324	8,483	(1,594)	(54)	837	1	(810)
Fair value hedges	494	(13)	—	—	481	—	(12)	—	1	(11)
Net investment in a foreign business hedges	(2,680)	—	—	—	(2,680)	—	(70)	—	41	(29)
Interest rate and exchange rate risk	**985**	**76**	**578**	**2,439**	**4,078**	**(525)**	**(105)**	**144**	**4**	**(482)**
Cash flow hedges	985	76	472	1,892	3,425	(400)	(104)	64	—	(440)
Fair value hedges	—	—	106	547	653	(125)	(1)	80	4	(42)
Undesignated derivatives	**(268)**	**(866)**	**(325)**	**(2,150)**	**(3,609)**	**(164)**	**(89)**	**339**	**132**	**218**
Other derivatives of interest rate	(525)	(738)	(325)	(2,150)	(3,738)	(159)	(59)	330	8	120
Other derivatives of exchange rate	(125)	(521)	—	—	(646)	—	(20)	9	9	(2)
Other derivatives	382	393	—	—	775	(5)	(10)	—	115	100
Total derivative instruments	**(2,992)**	**1,542**	**968**	**983**	**501**	**(2,605)**	**(461)**	**1,865**	**199**	**(1,002)**
No derivatives instruments of accounting hedges (***)	**—**	**—**	**—**	**29**	**29**	**—**	**—**	**29**	**—**	**29**
Exchange rate risk	**—**	**—**	**—**	**29**	**29**	**—**	**—**	**29**	**—**	**29**
Fair value hedges	—	—	—	—	—	—	—	—	—	—
Net investment in a foreign business hedges	—	—	—	29	29	—	—	29	—	29

(*) For interest rate hedges, the positive amount is in terms of "fixed payment." For foreign currency hedges, a positive amount means payment in functional vs. foreign currency.
(**) Positive amounts indicate payables.
(***) Of the hedging instruments that are not derivatives, 29 million euros correspond to "Loans and other debts" (see Note 18).

The detail of hedged items by fair value hedges at December 31, 2025 and December 31, 2024 are as follows:

December 31, 2025

	Hedged items carrying amount				Accumulated amount in the hedged item adjusted by fair value hedge (*)				
Millions of euros	**Interest rate risk**	**Exchange rate risk**	**Interest rate and exchange rate risk**	**Total**	**Interest rate risk**	**Exchange rate risk**	**Interest rate and exchange rate risk**	**Total**	**Of which: accumulated amount of any hedge item that have ceased to be adjusted for gains and losses**
Assets	**62**	**30**	**—**	**92**	**18**	**—**	**—**	**18**	**—**
Financial assets and other non-current assets	62	—	—	62	18	—	—	18	—
Receivables and other current assets	—	30	—	30	—	—	—	—	—
Other heading of assets	—	—	—	—	—	—	—	—	—
Liabilities	**13,576**	**432**	**1,336**	**15,344**	**(217)**	**(13)**	**5**	**(225)**	**16**
Non-current financial liabilities	13,359	—	1,314	14,673	(217)	—	5	(212)	28
Payables and other non-current liabilities	—	—	—	—	—	—	—	—	—
Current financial liabilities	217	—	22	239	—	—	—	—	—
Payables and other current liabilities	—	409	—	409	—	(2)	—	(2)	(12)
Other heading of liabilities	—	23	—	23	—	(11)	—	(11)	—

(*) Accumulated amount adjusted by fair value hedge is shown with negative sign when it reduces the value (lowest liability or lowest asset) and viceversa.

December 31, 2024

Millions of euros	Hedged items carrying amount				Accumulated amount in the hedged item adjusted by fair value hedge (*)				
	Interest rate risk	Exchange rate risk	Interest rate and exchange rate risk	Total	Interest rate risk	Exchange rate risk	Interest rate and exchange rate risk	Total	Of which: accumulated amount of any hedge item that have ceased to be adjusted for gains and losses
Assets	**55**	**259**	**—**	**314**	**15**	**1**	**—**	**16**	**—**
Financial assets and other non-current assets	55	13	—	68	15	—	—	15	—
Receivables and other current assets	—	225	—	225	—	1	—	1	—
Other current financial assets	—	—	—	—	—	—	—	—	—
Other heading of assets	—	21	—	21	—	—	—	—	—
Liabilities	**9,195**	**1,314**	**1,594**	**12,103**	**(89)**	**15**	**39**	**(35)**	**37**
Non-current financial liabilities	9,083	548	1,454	11,085	(89)	—	39	(50)	31
Payables and other non-current liabilities	—	50	—	50	—	1	—	1	—
Current financial liabilities	112	11	140	263	—	—	—	—	—
Payables and other current liabilities	—	705	—	705	—	14	—	14	6

(*) Accumulated amount adjusted by fair value hedge is shown with negative sign when it reduces the value (lowest liability or lowest asset) and vice versa.

The evolutions of hedges in equity at December 31, 2025 and December 31, 2024 are as follows:

	Derivative instruments					No derivative instruments			
	Gains (losses) of cash flow hedges								
Millions of euros	Interest rate risk	Exchange rate risk	Exchange rate and interest rate risks	Derivatives - Net investment hedges	Derivatives - Hedges of investments measured at fair value (Note 12)	No Derivatives - Net investment hedges	Total Gross amount	Tax effect	Total hedges in equity
Balance at 12/31/2024	**(53)**	**160**	**171**	**308**	**—**	**(12)**	**574**	**(186)**	**388**
Changes in the fair value registered in equity	38	(551)	(72)	(87)	(237)	2	(907)	167	(740)
Transfer to the initial value of hedged item	3	(1)	—	—	—	—	2	—	2
Transfer to the income statement of the period - the hedged future cash flows are no longer expected to happen	—	—	—	—	—	—	—	—	—
Transfer to the income statement of the period - the hedged item has affected profit or loss	28	810	195	124	—	—	1,157	(283)	874
Total translation differences	(2)	—	—	—	—	—	(2)	—	(2)
Transfers to retained earnings and other movements	—	(12)	—	11	237	—	236	1	237
Balance at 12/31/2025	**14**	**406**	**294**	**356**	**—**	**(10)**	**1,060**	**(301)**	**759**
Amounts remaining in equity for continuing hedges	29	375	357	356	—	(10)	1,107		
Amounts remaining in equity from any hedging relationship for which hedge accounting is no longer applied	(15)	31	(63)	—	—	—	(47)		
Balance at 12/31/2025	**14**	**406**	**294**	**356**	**—**	**(10)**	**1,060**		

The total amount of "Transfer to the income statements of the period - the hedged item has affected profit or loss" with an impact on financial results, reported under "Interest expenses" amounted to +221 million euros (+250 million euros in 2024, see detail of "Net finance costs excluding foreign exchange differences and inflation adjustments" in this Note, and in exchange differences amounted to -1.221 million euros (633 million euros in 2024).

Millions of euros	Derivative instruments				No derivative instruments	Total Gross amount	Tax effect	Total hedges in equity
	Gains (losses) of cash flow hedges			Derivatives - Net investment hedges	No Derivatives - Net investment hedges			
	Interest rate risk	Exchange rate risk	Exchange rate and interest rate risks					
Balance at 12/31/2023	**(56)**	**441**	**176**	**(100)**	**(11)**	**450**	**(137)**	**313**
Changes in the fair value registered in equity	(8)	430	159	382	(1)	962	(252)	710
Transfer to the initial value of hedged item	1	—	2	—	—	3	(1)	2
Transfer to the income statement of the period - the hedged future cash flows are no longer expected to happen	—	—	—	—	—	—	—	—
Transfer to the income statement of the period - the hedged item has affected profit or loss	7	(710)	(166)	—	—	(869)	220	(649)
Total translation differences	3	(1)	—	—	—	2	—	2
Other movements	—	—	—	26	—	26	(16)	10
Balance at 12/31/2024	**(53)**	**160**	**171**	**308**	**(12)**	**574**	**(186)**	**388**
Amounts remaining in equity for continuing hedges	(24)	127	240	308	(12)	639		
Amounts remaining in equity from any hedging relationship for which hedge accounting is no longer applied	(29)	33	(69)	—	—	(65)		
Balance at 12/31/2024	**(53)**	**160**	**171**	**308**	**(12)**	**574**		

The evolution of cost of hedging in equity in 2025 and 2024 are as follows:

	Exchange rate risk			
	Forward element / CBS			
Millions of euros	A time-period related hedge item	Total gross amount	Tax effect	Total cost of hedging in equity
Balance at 12/31/2023	**45**	**45**	**(12)**	**33**
Changes in the fair value registered in equity	168	168	(42)	126
Transfer to the income statement of the period - the hedged item has affected profit or loss	(10)	(10)	3	(7)
Balance at 12/31/2024	**203**	**203**	**(51)**	**152**
Changes in the fair value registered in equity	(109)	(109)	28	(81)
Transfer to the income statement of the period - the hedged item has affected profit or loss	(9)	(9)	2	(7)
Balance at 12/31/2025	**85**	**85**	**(21)**	**64**

The details of the ineffective portion of accounting hedges with impact on the income statement in 2025 and 2024 are as follows:

2025

Millions of euros	Changes in fair value of the hedging instrument	Changes in the fair value of hedges item for the hedged risk	Ineffective portion hedged registered in the income statement
Interest rate risk	**(67)**	**(68)**	**1**
Cash flow hedges	125	125	—
Fair value hedges	(192)	(193)	1
Exchange rate risk	**(794)**	**(790)**	**(4)**
Cash flow hedges	(621)	(617)	(4)
Net investment hedges	(173)	(173)	—
Interest rate and exchange rate risk	**(85)**	**(86)**	**1**
Cash flow hedges	(85)	(86)	1
Total	**(946)**	**(944)**	**(2)**

2024

Millions of euros	Changes in fair value of the hedging instrument	Changes in the fair value of hedges item for the hedged risk	Ineffective portion hedged registered in the income statement
Interest rate risk	**(288)**	**(289)**	**1**
Cash flow hedges	23	23	—
Fair value hedges	(311)	(312)	1
Exchange rate risk	**804**	**804**	**—**
Cash flow hedges	539	540	(1)
Exchange rate risk - fair value hedges	1	—	1
Net investment hedges	264	264	—
Interest rate and exchange rate risk	**179**	**179**	**—**
Cash flow hedges	179	179	—
Total	**695**	**694**	**1**

Note 20. Lease liabilities

The evolution of lease liabilities in 2025 and 2024 were as follows:

Millions of euros	Lease liabilities
Balance at 12/31/2024	**8,303**
Additions	2,549
Principal and interests payments	(2,570)
Principal payments (Note 28)	(1,950)
Interests payments	(418)
Minus: Payments of companies held for sale and sold companies during 2025	(202)
Disposals	(133)
Business combinations	13
Sale of companies	(576)
Accrued interests (*)	490
Translation differences and inflation adjustments	(56)
Transfers and others	(438)
Balance at 12/31/2025	**7,582**

Millions of euros	Lease liabilities
Balance at 12/31/2023	**8,947**
First application of IAS 21	4
Additions	2,082
Principal and interests payments (**)	(2,647)
Principal payments (Note 28)	(2,143)
Interests payments	(504)
Disposals	(70)
Business combinations	2
Accrued interests (*)	512
Translation differences and inflation adjustments	(531)
Transfers and others	4
Balance at 12/31/2024	**8,303**

(*) Accrued interest during the period includes those related to discontinued operations. Excluding the impacts of these companies, financial expenses for lease debt amount to 418 million euros in 2025 and 423 million euros in 2024 (see Note 2).
(**) Principal and interest payments in 2024 included 332 million euros from discontinued operations.

The detail of acquisitions of rights of use by segment is shown in Note 4.

"Additions" includes fixed asset sale and leaseback transactions, which amounted to 11 million euros in 2025. The gains recorded in 2025 and 2024 for sale and leaseback transactions of continuing operations amounted to 47 million euros and 16 million euros, respectively (see Note 26).

"Sale of companies" in 2025 corresponds mainly to the disposal of lease liabilities from Telefónica Móviles Argentina, Telefónica del Perú, Telefónica Móviles del Uruguay and Otecel (see Note 2), which amounted to 80, 249, 40 and 206 million euros, respectively.

"Transfers and others" in 2025 includes the reclassifications of lease liabilities of Colombia Telecomunicaciones to "Liabilities associated with non-current assets and disposal groups held for sale" in the statement of financial position (see notes 2 and 30), amounting to 353 million euros.

There are commitments for leases not started at December 31, 2025 amounting to 2,301 million euros, mainly related to the sites construction agreement between Telefónica Germany GmbH and Telxius Towers Germany GmbH (at December 31, 2024 2,606 million euros).

The maturity schedule of lease liabilities at December 31, 2024 is as follows:

Millions of euros

	Current	Non-Current						
Maturity	**2026**	**2027**	**2028**	**2029**	**2030**	**Subsequent years**	**Non-current total**	**Total**
Lease liabilities	2,094	1,698	1,399	1,095	758	1,791	6,741	8,835

Note 21. Payables and other non-current liabilities

The composition of "Payables and other non-current liabilities" of the Telefónica Group at December 31, 2025 and December 31, 2024 is as follows:

Millions of euros	12/31/2025	12/31/2024
Payables	**1,811**	**1,850**
Debt for spectrum acquisition	950	1,008
Payables to associates and joint ventures (Note 10)	603	433
Trade payables	86	163
Other payables	172	246
Other non-current liabilities	**2,101**	**1,843**
Contractual liabilities (Note 23)	878	813
Deferred revenue	115	91
Non-current tax payables	1,108	938
Long-term insurance and reinsurance contracts liabilities to associates and joint ventures (Note 10)	—	1
Total	**3,912**	**3,693**

"Non-currrent debt for spectrum acquisition" as of December 31, 2025 and December 31, 2024, is detailed below:

Millions of euros	12/31/2025	12/31/2024
Telefónica Spain	58	63
Telefónica Colombia	—	74
Telefónica Brazil	185	177
Telefónica Germany	708	690
Telefónica Uruguay	—	4
Total	**950**	**1,008**

The outstanding liabilities at December 31, 2025 from the acquisition of spectrum licenses by Telefónica Brazil in November 2021 amounted to 1,034 million Brazilian reais (160 million euros), including 965 million Brazilian reais (149 million euros) classified as non-current. At December 31, 2024, outstanding liabilities amounted to 1,005 million Brazilian reais (156 million euros at the 2024 closing exchange rate), including 942 million Brazilian reais (146 million euros at the 2024 closing exchange rate) classified as non-current.

In June 2019, Telefónica Germany acquired a total of 90 MHz of spectrum at a cost of 1,425 million euros. The Company, like the other auction participants, reached an agreement to defer payments in interest-free annual installments until 2030, instead of an upfront one-time payment (see Appendix VI). In 2025 and 2024, payments amounting to 108 million euros have been made each year (see Note 28). The present value of the outstanding debt at December 31, 2025 amounted to 695 million euros (797 million euros at December 31, 2024), of which 554 million euros have a maturity of more than twelve months (690 million euros at December 31, 2024).

In addition, in 2025 Telefónica Germany extended the spectrum licenses for the 800 MHz, 1800 MHz and 2600 MHz bands until 2030 at a cost of 207 million euros. The present value of the outstanding debt at December 31, 2025 amounted to 195 million euros, of which 154 million euros have a maturity of more than twelve months (see Note 6).

Payments for financed licenses from continuing operations for the years 2025 and 2024 amounted to 122 and 172 million euros, respectively (see Note 28).

"Non-current tax payables" mainly includes balances of Telefónica Brasil regarding the rate of the Telecommunications Inspection Fund (Fistel) corresponding to the period 2020-2025 that jointly with the financial interest accrued amounted to 6,148 million Brazilian Reais (950 million euros) at December 31, 2025 (4,714 million Brazilian Reais, 732 million euros at December 31, 2024). Any payment with respect to this liability, according to the decisions of the Federal Regional Court of the First Region, is suspended.

Note 22. Payables and other current liabilities

The breakdown of "Payables and other current liabilities" of the Telefónica Group at December 31, 2025 and December 31, 2024 is as follows:

Millions of euros	12/31/2025	12/31/2024
Payables	**11,177**	**12,640**
Trade payables	6,490	7,783
Payables to suppliers of property, plant and equipment	2,234	2,803
Debt for spectrum acquisition	200	227
Other payables	1,324	1,299
Dividends pending payment	139	121
Payables to associates and joint ventures (Note 10)	790	407
Other current liabilities	**1,765**	**1,966**
Contract liabilities (Note 23)	971	1,064
Deferred revenue	128	113
Advances received	511	533
Short-term insurance and reinsurance contracts liabilities	137	236
Short-term insurance and reinsurance contracts liabilities and other liabilities to associates and joint ventures (Note 10)	18	20
Total	**12,942**	**14,606**

"Current debt for spectrum acquisition" as of December 31, 2025 and December 31, 2024, is detailed below:

Millions of euros	12/31/2025	12/31/2024
Telefónica Germany	183	107
Telefónica Colombia	—	60
Telefónica Brazil	11	10
Telefónica Spain	7	32
Telefónica Ecuador	—	15
Telefónica Uruguay	—	3
Total	**200**	**227**

At December 31, 2025 and December 31, 2024, "Payables for spectrum acquisition", includes the debt maturing within twelve months of the spectrum licenses in Telefónica Brazil acquired in November 2021 and the spectrum licenses in Telefónica Germany acquired in 2019 and 2025 (see Note 21).

The composition of current "Other payables" at December 31, 2025 and December 31, 2024 is as follows:

Millions of euros	12/31/2025	12/31/2024
Accrued employee benefits	512	610
Other non-financial non-trade payables	812	689
Total	**1,324**	**1,299**

Other non-financial non-trade payables mainly comprise liabilities associated with the continuing involvement in portfolio sales made by Telefónica Deutschland, amounting to 496 million euros at December 31, 2025 (481 million euros at December 31, 2024).

Additionally, in 2025, Telefónica Brasil carried out a 40-to-1 reverse stock split followed by a 1-to-80 forward stock split, without changing the company's share capital. The remaining share fractions were consolidated into shares and sold at auction. The auction proceeds were made available to the holders of the share fractions. As of December 31, 2025, 825 million Brazilian reais (approximately 127 million euros at the exchange rate of December 31, 2025) remains available to unidentified shareholders or those with incomplete registration data, classified under Other payables in the table above (see Note 28). The amounts will be held by Telefónica Brasil, within the legal timeframe, for collection by the respective holder upon submission of complete registration information.

Information on average payment period to suppliers. Third additional provision, "Information requirement" of Law 15/2010 of July 5, modified by Law 18/2022, of September 28.

The following information corresponding to the Telefónica Group companies operating in Spain is disclosed:

Number of days	2025	2024
Weighted average maturity period	**48**	**51**
Ratio of payments	49	52
Ratio of outstanding invoices	34	39
Millions of euros		
Total payments	8,946	8,424
Outstanding invoices	1,173	1,221

	2024	2023
Monetary volume of invoices paid within the legal deadline (millions of euros)	7,151	5,406
Percentage of total payments	**80%**	**64%**
Number of invoices paid within the legal deadline	204,612	157,640
Percentage of the total number of invoices paid	**73%**	**58%**

The internal processes and payment term policy of the Telefónica Group's Spanish companies are aligned with the provisions of Law 15/2010 (amended by Law 31/2014) and Royal Decree-Law 4/2013, which establish measures against late payment in commercial transactions. In this regard, the contracting conditions with commercial suppliers include payment periods equal to or less than 60 days, in accordance with the terms agreed between the parties.

For efficiency purposes and in line with general business practices, Telefónica Group companies in Spain have agreed payment schedules with suppliers, whereby most of the payments are made on set days of each month. Invoices falling due between two payment days are settled on the following payment date in the schedule.

Payments to Spanish suppliers in 2025 surpassing the established legal limit were the result of circumstances or incidents beyond the payment policies, mainly the delay in issuing invoices (legal obligation of the supplier), the closing of agreements with suppliers over the delivery of goods or rendering of services, or occasional processing issues.

The average payment period to suppliers of the Telefónica Group's companies in Spain in 2025, calculated in accordance with the only additional provision of the Resolution of the Instituto de Contabilidad y Auditoría de Cuentas (Spanish Accounting and Audit Institute) of January 29, 2016, amounted to 48 days (51 days in 2024).

Note 23. Breakdown of contractual assets and liabilities, and capitalized costs

The movement of contractual assets and capitalized costs in 2025 and 2024 is as follows:

Millions of euros	Balance at 12/31/2024	Additions	Disposals	Transfers	Sale of companies	Balance at 12/31/2025
Long-term contractual assets (Note 12)	**288**	**178**	**(17)**	**(140)**	**(4)**	**305**
Contractual assets	289	178	(18)	(140)	(4)	305
Impairment losses	(1)	—	1	—	—	—
Short-term contractual assets (Note 14)	**229**	**219**	**(327)**	**128**	**(16)**	**233**
Contractual assets	236	221	(329)	128	(17)	239
Impairment losses	(7)	(2)	2	—	1	(6)
Total	**517**	**397**	**(344)**	**(12)**	**(20)**	**538**

Millions of euros	Balance at 12/31/2023	Additions	Disposals	Transfers	Translation differences and hyperinflation adjustments	Balance at 12/31/2024
Long-term contractual assets (Note 12)	**325**	**162**	**(10)**	**(189)**	**—**	**288**
Contractual assets	326	162	(10)	(189)	—	289
Impairment losses	(1)	—	—	—	—	(1)
Short-term contractual assets (Note 14)	**202**	**268**	**(426)**	**189**	**(4)**	**229**
Contractual assets	209	270	(426)	188	(5)	236
Impairment losses	(7)	(2)	—	1	1	(7)
Total	**527**	**430**	**(436)**	**—**	**(4)**	**517**

Once the amounts recognized as contract assets become receivables, which normally occurs when they are invoiced, they are transferred to the "Trade receivables" heading. In this regard, the balance of the contract assets account basically represents amounts not yet due.

The movement of the deferred expenses in 2025 and 2024 is as follows:

Millions of euros	Balance at 12/31/2024	Additions	Disposals	Transfers	Translation differences and inflation adjustments	Sale of companies	Balance at 12/31/2025
Non-current capitalized costs (Note 12)	**1,073**	**856**	**(2)**	**(867)**	**(6)**	**(161)**	**893**
Of obtaining a contract	871	782	(2)	(726)	(4)	(84)	837
Of fulfilling a contract	202	74	—	(141)	(2)	(77)	56
Impairment losses	—	—	—	—	—	—	—
Current capitalized costs (Note 14)	**1,094**	**522**	**(1,203)**	**657**	**(6)**	**(216)**	**848**
Of obtaining a contract	889	481	(1,053)	591	(4)	(127)	777
Of fulfilling a contract	206	41	(150)	66	(2)	(89)	72
Impairment losses	—	—	—	—	—	—	—
Total	**2,167**	**1,378**	**(1,205)**	**(210)**	**(12)**	**(377)**	**1,741**

Millions of euros	Balance at 12/31/2023	Additions	Disposals	Transfers	Translation differences and inflation adjustments	Balance at 12/31/2024
Non-current capitalized costs (Note 12)	**1,001**	**885**	**(5)**	**(764)**	**(44)**	**1,073**
Of obtaining a contract	774	759	(5)	(601)	(56)	871
Of fulfilling a contract	227	126	—	(163)	12	202
Impairment losses	—	—	—	—	—	—
Current capitalized costs (Note 14)	**998**	**671**	**(1,332)**	**761**	**(4)**	**1,094**
Of obtaining a contract	815	573	(1,077)	599	(21)	889
Of fulfilling a contract	183	98	(255)	162	17	205
Impairment losses	—	—	—	—	—	—
Total	**1,999**	**1,556**	**(1,337)**	**(3)**	**(48)**	**2,167**

The movement of contractual liabilities of contracts with customers in 2025 and 2024 is as follows:

Millions of euros	Balance at 12/31/2024	Additions	Disposals (previous years)	Disposals (current year)	Transfers	Translation differences and inflation adjustments	Sale of companies	Balance at 12/31/2025
Long-term contractual liabilities (Note 21)	813	356	(4)	—	(251)	(29)	(7)	878
Short-term contractual liabilities (Note 22)	1,064	4,836	(1,024)	(4,057)	195	(8)	(35)	971
Total	**1,877**	**5,192**	**(1,028)**	**(4,057)**	**(56)**	**(37)**	**(42)**	**1,849**

Millions of euros	Balance at 12/31/2023	Additions	Disposals (previous years)	Disposals (current year)	Transfers	Translation differences and inflation adjustments	Balance at 12/31/2024
Long-term contractual liabilities (Note 21)	778	250	(1)	—	(222)	8	813
Short-term contractual liabilities (Note 22)	1,035	5,624	(969)	(4,809)	220	(37)	1,064
Total	**1,813**	**5,874**	**(970)**	**(4,809)**	**(2)**	**(29)**	**1,877**

The maturity schedule of contractual liabilities at December 31, 2025 is as follows:

Millions of euros	2026	2027	2028	Subsequent years	Total
Contractual liabilities, activation fees	6	3	1	—	10
Contractual liabilities, sales of prepay cards	535	—	—	—	535
Contractual liabilities, services	177	34	11	84	306
Contractual liabilities, sales of handsets	39	9	—	—	48
Contractual liabilities, irrevocable rights to use	73	69	68	506	716
Other contractual liabilities	141	23	19	52	235
Maturity of performance obligations	**971**	**138**	**99**	**642**	**1,849**

Note 24. Provisions

The amounts of provisions in 2025 and 2024 are as follows:

	12/31/2025			12/31/2024		
Millions of euros	**Current**	**Non-current**	**Total**	**Current**	**Non-current**	**Total**
Employee benefits	**1,417**	**5,359**	**6,776**	**1,073**	**4,020**	**5,093**
Termination plans	716	3,215	3,931	357	1,222	1,579
Post-employment defined benefit plans	4	277	281	10	329	339
Other benefits	697	1,867	2,564	706	2,469	3,175
Dismantling of assets	**8**	**352**	**360**	**16**	**519**	**535**
Other provisions	**474**	**1,467**	**1,940**	**576**	**1,613**	**2,189**
Total	**1,899**	**7,178**	**9,077**	**1,665**	**6,152**	**7,817**

In 2025, the Group recorded provisions amounting to 2,910 million euros, of which 2,474 million correspond to Telefónica Spain and 427 million to other companies. Within these amounts, 2,322 million euros in Telefónica Spain and 341 million euros in other companies are mainly related to the year-end recognition of the restructuring plans described below. Additionally, the provision recorded in Telefónica Spain includes 151 million euros corresponding to other transformation plans, whose effect were recorded under the "Other expenses" line of the consolidated income statement (see Note 26).

a) Employee benefits

Termination plans

The movement in provisions for termination plans in 2025 and 2024 is as follows:

Millions of euros	**Total**
Provisions for termination plans at 12/31/2023	**1,743**
Additions	79
Retirements/amount applied	(311)
Translation differences, inflation adjustments and accretion	68
Provisions for termination plans at 12/31/2024	**1,579**
Additions	2,687
Retirements/amount applied	(308)
Translation differences, inflation adjustments and accretion	26
Other	(53)
Provisions for termination plans at 12/31/2025	**3,931**

Telefónica Spain and global business units termination plans

On December 22, 2025, Telefónica de España, S.A.U., Telefónica Móviles España, S.A.U., Telefónica Soluciones de Informática y Comunicación de España, S.A.U., and Telefónica Audiovisual Digital, S.L.U. (companies of Telefónica Spain), as well as Telefónica Global Solutions, S.L.U., Telefónica Innovación Digital, S.L.U. and Telefónica, S.A. (corporate units), reached an agreement with the most representative trade unions for the execution of collective redundancies up to a total of 5,285 employees in Telefónica Spain an 585 in global business units. Mainly employees born in 1971 or earlier, with a seniority of more than 15 years throughout the duration of the collective dismissal procedure, have adhered this agreement (see Note 2).

As a result of these agreements, Telefónica Spain recorded a provision of 2,310 million euros, with a corresponding entry in Personnel Expenses for 2025, using a discount rate of 3.11% for the discounted cash flow calculation, with an average term of 4.32 years.

Furthermore, the global business units have recorded a provision of 208 million euros for this concept at the close of the 2025 financial year, with a corresponding entry in Personnel Expenses.

On December 28, 2023 certain subsidiaries of Telefónica Spain, taking into account the concurrence of productive, organizational and technical causes, reached an agreement with the most representative trade unions for the execution of collective redundancies up to a total of 3,420 employees, to which employees turned 56 years or older during 2024 and with a seniority of more than 15 years were adhered. This agreement was endorsed on January 3, 2024.

This provision stood at 1,131 million euros at December 31, 2025, of which 329 million euros were classified as current (1,248 million euros at December 31, 2024, of which 231 million euros were classified as current).

The discount rate used for this termination plan at December 31, 2025 was 2.96% with an average plan length of 2.54 years.

Post-employment defined benefit plans

The Group has a number of defined benefit plans in the countries where it operates. The following tables present the main data of these plans:

12/31/2025

Millions of euros	Germany	Brazil	Others	Total
Obligation	229	550	39	818
Assets	(108)	(590)	(17)	(715)
Net provision before asset ceiling	121	(40)	22	103
Asset ceiling	—	134	—	134
Total	**121**	**94**	**22**	**237**
Net provision	131	122	28	281
Net assets	10	28	6	44

12/31/2024

Millions of euros	Germany	Brazil	Others	Total
Obligation	226	544	92	862
Assets	(106)	(628)	(17)	(751)
Net provision before asset ceiling	120	(84)	75	111
Asset ceiling	—	173	—	173
Total	**120**	**89**	**75**	**284**
Net provision	130	113	96	339
Net assets	10	24	21	55

The movement in the present value of obligations in 2025 and 2024 is as follows:

Millions of euros	Germany	Brazil	Other	Total
Present value of obligation at 12/31/2023	**236**	**764**	**89**	**1,089**
First application of IAS 21	—	—	6	6
Translation differences	—	(119)	(9)	(128)
Current service cost	11	3	9	23
Interest cost	8	62	19	89
Actuarial losses and gains	(23)	(118)	(10)	(151)
Benefits paid	(6)	(48)	(7)	(61)
Plan curtailments	—	—	(3)	(3)
Other movements	—	—	(2)	(2)
Present value of obligation at 12/31/2024	**226**	**544**	**92**	**862**
Translation differences	—	(3)	(12)	(15)
Current service cost	11	(12)	4	3
Interest cost	8	59	2	69
Actuarial losses and gains	(8)	8	6	6
Benefits paid	(8)	(46)	(1)	(55)
Transfers	—	—	(45)	(45)
Other movements	—	—	(7)	(7)
Present value of obligation at 12/31/2025	**229**	**550**	**39**	**818**

Movements in the fair value of plan assets in 2025 and 2024 are as follows:

Millions of euros	Germany	Brazil	Other	Total
Fair value of plan assets at 12/31/2023	**103**	**777**	**14**	**894**
Translation differences	—	(129)	1	(128)
Interest income	4	63	—	67
Actuarial losses and gains	—	(31)	—	(31)
Company contributions	2	—	—	2
Benefits paid	(3)	(44)	—	(47)
Transfers	(1)	—	1	—
Other movements	1	(8)	1	(6)
Fair value of plan assets at 12/31/2024	**106**	**628**	**17**	**751**
Translation differences	—	(3)	(1)	(4)
Interest income	3	70	—	73
Actuarial losses and gains	—	(49)	—	(49)
Company contributions	2	—	—	2
Benefits paid	(4)	(43)	—	(47)
Transfers	—	—	1	1
Other movements	1	(13)	—	(12)
Fair value of plan assets at 12/31/2025	**108**	**590**	**17**	**715**

Telefónica Brazil post-employment benefit plans

Telefónica Brazil sponsors the following post-employment benefit plans:

Plans	Management entity	Sponsor
Health plans		
Plano de Assistência Médica ao Aposentado y Programa de Coberturas Especiais (PAMA/PCE)	Fundação Sistel de Seguridade Social	Telefônica Brasil, jointly and severally with other companies resulting from the privatization of Telebrás (Telecomunicações Brasileiras, S.A.)
Assistencia médica – Lei 9.656/98	Telefônica Brasil	Telefônica Brasil, Terra Networks, TGLog, TIS, CloudCo Brasil and FiBrasil
Pension plans		
PBS Assistidos (PBS-A)	Fundação Sistel de Seguridade Social	Telefônica Brasil, jointly and severally with other companies resulting from the privatization of Telebrás (Telecomunicações Brasileiras, S.A.)
CTB	Telefônica Brasil	Telefônica Brasil
Telefônica BD	Visão Prev	Telefônica Brasil
Planes VISAO	Visão Prev	Telefônica Brasil, Terra Networks, TGLog, TIS, CloudCo Brasil, CyberCo Brasil and FiBrasil

The main actuarial assumptions used in valuing these plans are as follows:

	12/31/2025	12/31/2024
Discount rate	10.79% - 11.49%	11.07% - 11.67%
Nominal rate of salary increase	4.57% - 6.60%	4.57% - 6.60%
Long term inflation rate	3.50%	3.50%
Growth rate for medical costs	6.61%	6.61%
Mortality tables	AT 2000 M/F	AT 2000 M/F

The discount rate and growth rate for medical costs are considered to be the most significant actuarial assumptions with a reasonable possibility of fluctuations depending on demographic and economic changes and may significantly change the amount of the post-employment benefit obligation. The sensitivity to changes in these assumptions is shown below:

	Present value of the discounted obligation at the current discount rate	Present value of the obligation by increasing the discount rate by 0.5%	Present value of the obligation by reducing the discount rate by 0.5%
Pension plans	307	299	316
Health plans	242	230	256
Total obligation	**549**	**529**	**572**

	Present value of the obligation at the current growth rate for medical costs	Present value of the obligation by increasing the rate by 1%	Present value of the obligation by reducing the rate by 1%
Pension plans	307	307	307
Health plans	242	270	219
Total obligation	**549**	**577**	**526**

Other employee benefits

Telefónica de España, Telefónica Móviles España and Telefónica Soluciones Individual Suspension Plans

In 2015 Telefónica de España, S.A.U., Telefónica Móviles España, S.A.U. and Telefónica Soluciones de Informática y Comunicaciones de España, S.A.U. signed the first Collective Bargaining Agreement of Related Companies (CEV). This agreement considered elements that included a plan of measures for individual suspension of the employment relationship in 2016 and 2017, applying principles of voluntariness, universality, non-discrimination and social responsibility. In December 2016, the Collective Bargaining Agreement of Related Companies was extended until 2018 by virtue of the provisions thereof. In September 2019 Telefónica España signed the second Collective Agreement of Related Companies that includes, among other aspects, an "Individual Suspension Plan" that was completely voluntary for the year 2019, with the same conditions as the previous one. In 2021, Telefónica España signed a Social Pact for Employment supported by the largest trade unions, which contemplated an Individual Suspension Plan of employment, fully voluntary.

These plans are based on mutual agreement between the company and employees and entail the possibility of voluntarily suspending the employment relationship for an initial three-year period, renewable for consecutive three-year periods until the retirement age. Employees who meet the age and seniority requirements may enter the Individual Suspension Plans (PSI) in the periods opened for these purposes.

At the end of each period, the current value of the forecast payment flows to meet the commitments of these programs (applying certain hypotheses regarding estimated number of accessions and future reintegration ratio) is recognized. At 2025 and 2024 year-ends, this figure was calculated using the biometric table PERM2020 published in the resolution of December 17, 2020 combined with the invalidity table published in the ministerial order of 1977 and a high quality credit market based interest rate.

The provision at December 31, 2025 amounted to 2,452 million euros (3,073 million euros at December 31, 2024).

The discount rate used for these provisions at December 31, 2025 was 2.91% with an average plan length of 2.38 years.

Sensitivity of the valuation

The table below shows the sensitivity of the value of termination, post-employment and other obligations, including the Individual Suspension Plans of Telefónica Group companies in Spain to changes in the discount rate:

-100bps		+100 bps	
Impact on value	Impact on income statement	Impact on value	Impact on income statement
(185)	(185)	175	175

A 100 b.p. increase in the discount rate would reduce the value of the liabilities by 175 million euros and have a positive impact on the income statement of 175 million euros before tax. On the other hand, a 100 b.p. decrease in the discount rate would increase the value of the liabilities by 185 million euros and have a negative impact on the income statement of 185 million euros before tax.

The Telefónica Group actively manages this position and has arranged a derivatives portfolio to significantly reduce the impact of changes in the discount rate (see Note 19).

b) Provisions for dismantling of assets

The movement of provision for dismantling of assets in 2025 and 2024 is as follows:

	Millions of euros
Dismantling of assets at December 31, 2023	**522**
Additions	38
Accretion	43
Retirements/amount applied	(48)
Transfers	4
Business combinations	1
Translation differences and other	(25)
Dismantling of assets at December 31, 2024	**535**
Additions	31
Accretion	15
Retirements/amount applied	(128)
Transfers	(22)
Business sale	(59)
Translation differences and other	(12)
Dismantling of assets at December 31, 2025	**360**

The detail by segments of provision for dismantling of assets in 2025 and 2024 is as follows:

Millions of euros	12/31/2025	12/31/2024
Telefónica Spain	10	14
Telefónica Germany	272	360
Telefónica Brazil	63	64
Other companies	15	97
Total	**360**	**535**

c) Other provisions

The movement in "Other provisions" in 2025 and 2024 is as follows:

	Millions of euros
Other provisions at December 31, 2023	**2,574**
Additions and accretion	611
Retirements/amount applied	(702)
Transfers	(60)
Translation differences and other	(234)
Other provisions at December 31, 2024	**2,189**
Additions and accretion	778
Retirements/amount applied	(629)
Business sale	(371)
Transfers	(7)
Translation differences and other	(20)
Other provisions at December 31, 2025	**1,940**

Business sale mainly includes 146 million euros from Telefónica Móviles Argentina and 209 million euros from Telefónica del Perú (see Note 2).

The Group is exposed to risks of claims and litigation, mainly related to tax and regulatory proceedings, and labor and civil claims.

Given the nature of the risks covered by these provisions, no reliable schedule of potential payments, if any, can be determined.

Telefónica Brazil

Telefônica Brasil, S.A. and its subsidiaries are party to administrative and judicial proceedings and labor, tax and civil claims filed in different courts. The Telefónica Group management based on the opinion of its legal counsel, recognized provisions for proceedings for which an unfavorable outcome is considered likely.

The balance of these provisions at December 31, 2025 and December 31, 2024 is shown in the following table:

Millions of euros	12/31/2025	12/31/2024
Tax proceedings	325	314
Regulatory proceedings	166	179
Labor claims	151	145
Civil proceedings	222	219
Amounts to be refunded to customers	—	14
Provision for fines for canceling lease agreements	6	6
Total	**870**	**877**

Additionally, Telefónica Brazil recognized contingent liabilities according to IFRS 3 generated on acquisition of the controlling interest of Vivo Participaçoes in 2011, GVT in 2015, the mobile assets of Oi in 2022 and FiBrasil in 2025 (see Note 5). These contingent liabilities amounted to 183 million euros at December 31, 2025 (167 million euros at December 31, 2024).

The detail of provisions for tax proceedings by nature of risk is as follows:

Millions of euros	12/31/2025	12/31/2024
Federal taxes	129	126
State taxes	77	72
Municipal taxes	21	21
FUST	99	95
Total	**325**	**314**

The breakdown of changes in provisions for tax proceedings in 2025 and 2024 is as follows:

	Millions of euros
Balance at 12/31/2023	**515**
Movements with a corresponding entry under operating income	7
Other additions/reversal	(84)
Write-offs due to payment	(12)
Business combination	9
Monetary updating	(46)
Translation differences	(75)
Balance at 12/31/2024	**314**
Movements with a corresponding entry under operating income	17
Other additions/reversal	(12)
Write-offs due to payment	(10)
Business combination	(5)
Monetary updating	23
Translation differences	(2)
Balance at 12/31/2025	**325**

Group management and legal counsel understand that losses are possible from tax contingencies in federal, state, municipal and other taxes for an aggregated amount of 51,086 million Brazilian reals (7,897 million euros) as of December 31, 2025 (40,850 million Brazilian reals, 6,347 million euros as of December 31, 2024). The possible contingencies from the main income tax proceedings (federal tax) are described in Note 25.

Noteworthy state tax-related contingencies include the "ICMS" tax (see Note 25). Moreover, Telefónica Brazil presently has different open proceedings regarding the Fundo de Universalização de Serviços de Telecomunicações (FUST, refer to Note 29).

With regard to regulatory proceedings, Telefónica Brazil is party to administrative proceedings against Agencia Nacional de Telecomunicações (ANATEL) based on an alleged failure to meet sector regulations and judicial proceedings to contest sanctions applied by ANATEL at the administrative level. Consolidated provisions totaled 1,074 million Brazilian reals (166 million euros) at December 31, 2024 (1,151 million Brazilian reals, 179 million euros at December 31, 2024).

In 2024, Telefónica Brasil and ANATEL signed a self-composition agreement regarding the switched fixed telephone service (STFC) from the concession regime to an authorization regime (see Notes 29.a and Appendix VI). As a consequence of this agreement, regulatory provisions amounted to 792 million Brazilian Reais (137 million euros) were reversed with a corresponding entry

under Other expenses (386 million Brazilian Reais, equivalent to 67 million euros, see note 26) and in financial results (406 million Brazilian Reais, 70 million euros, see note 19).

In addition, Group management and legal counsel understand that losses are possible from regulatory contingencies amounting to 3,238 million Brazilian reals (501 million euros) at December 31, 2025 (3,067 million Brazilian reals, 476 million euros at December 31, 2024).

In addition, Group management and legal counsel understand that losses are possible from civil proceedings, amounting to 281 million euros at December 31, 2025 (311 million euros at December 31, 2024).

In some situations, in connection with a legal requirement or presentation of guarantees, judicial deposits are made to secure the continuance of the claims under discussion. The judicial deposits by nature of risk at December 31, 2025 and December 31, 2024 are as follows:

Millions of euros	12/31/2025	12/31/2024
Tax proceedings	263	264
Labor claims	7	11
Civil proceedings	144	139
Regulatory proceedings	41	51
Garnishments	3	2
Total	**458**	**467**
Current	17	24
Non-current (see Note 12)	442	443

Note 25. Tax matters

Pursuant to a Ministerial Order dated December 27, 1989, Telefónica, S.A. files consolidated tax returns in Spain for certain Group companies. The consolidated tax group comprised 46 companies at December 31, 2025 (47 companies at December 31, 2024).

This tax consolidation regime applies indefinitely providing the companies continue to meet the requirements set down in prevailing legislation, and that application of the regime is not expressly waived.

Group companies which are resident in Spain and which are not part of this consolidation regime and non-resident companies file individual or aggregated tax returns under the tax law applicable in each country.

Deferred taxes movement

The movements in deferred taxes in the Telefónica Group in 2025 and 2024 are as follows:

Millions of euros	Deferred tax assets	Deferred tax liabilities
Balance at December 31 2024	**6,673**	**2,905**
Additions	1,809	867
Disposals	(1,957)	(1,091)
Transfers	(229)	(83)
Translation differences and inflation adjustments	(15)	(78)
Company movements and others	(269)	(2)
Balance at December 31 2025	**6,012**	**2,518**

Millions of euros	Deferred tax assets	Deferred tax liabilities
Balance at December 31, 2023	**6,240**	**2,702**
First application of IAS 21	0	(48)
Additions	1,418	1,028
Disposals	(928)	(811)
Transfers	27	26
Translation differences and inflation adjustments	(89)	(2)
Company movements and others	5	10
Balance at December 31, 2024	**6,673**	**2,905**

The Group assesses the recoverability of deferred tax assets based on the future activities carried out by the different companies, on tax regulations in the different countries in which these companies operate, and on the strategic decisions affecting the companies.

Main changes registered in 2025

In 2025 there were additions of deferred tax assets for 700 million euros as a result of the provisions recognized during the year in relation to the various workforce restructuring plans, other obligations with employees of the companies include in the group in Spain and its financial update (see Note 24). Likewise, disposals of deferred tax assets in 2025 included the impact of the materialization of these provisions and its financial update, amounting to 250 million euros.

256 million euros of deferred tax assets were recorded due to the application of Law 7/2024 of December 20, which, in addition to regulating the Global minimum tax, establishes the extension to 2024 and 2025 of the 50% limitation on the use of individual tax loss carryforwards for the year, which must be reversed in equal parts in each of the ten years following the year in which they are applied. In deferred tax write-offs in 2025, 197 million euros have been recorded due to the reversal of the 50% limitation on the use of individual negative tax bases recorded in previous years.

Deferred tax assets arising from tax loss carryforwards and deductions were recognized in the amounts of 244 and 190 million euros, respectively. Likewise, disposals of deferred tax assets related to tax loss carryforwards and deductions were recorded for 199 and 357 million euros, respectively, with a corresponding entry in deferred tax expense. These transactions were carried out across various companies within the tax group in Spain, as a result of the tax audit procedure corresponding to fiscal years 2018 to 2021. (See *Inspections of the tax group in Spain* later in this note).

Additionally in Spain, disposals of tax credits for loss carryforwards and deductions amounting to 78 and 147 million euros, with a corresponding entry in deferred tax expense, have been recorded as a result of the recoverability analysis at the close of the financial year. Additionally, disposals of tax credits for loss carryforwards amounting to 286 million euros have been derecognized as a result of their use in the 2024 income tax.

Law 7/2024 of December 20 also re-establishes the mandatory reversal regime for losses due to impairment of securities representing capital or equity that were tax-deductible prior to 2013 and that were pending reversal on January 1, 2024 (see section Judgment of the Constitutional Court on Royal Decree Law 3/2016 in this note). The reversal must be carried out, at a minimum, in equal parts in each of the first three fiscal years beginning on or after January 1, 2024. As a result of the closure of the inspection procedure for the fiscal years 2018 to 2021, and the execution of the Judgment in favor of Telefónica of the Contentious-Administrative appeal in the National Court, of May 22, in the part corresponding to RD 3/2016, in relation to the fiscal years 2016 and 2017, a deferred tax liability of 535 million euros has been written off in 2025.

Telefónica Germany recognized tax credits for loss carryforwards generated in previous years amounting to 89 million euros and applied tax loss carryforwards in 2025 amounting to 15 million euro. Furthermore, Telefónica Germany recognized additions of deferred tax liabilities amounting to 44 million euros.

The additions of deferred tax assets included tax credits recognized for 72 million euros by the German company Group 3G UMTS Holding GmbH. Furthermore, this company applied tax loss carryforwards in 2025 amounting to 71 million euros.

Telefónica Brasil recognized additions of deferred tax assets in the amount of 32 million euros, applied tax loss carryforwards amounting to 62 million euros and recognized disposals for temporary differences in the amount of 20 million euros in 2025. Additionally, it recognized additions of deferred tax liabilities amounting to 129 million euros and disposals of deferred tax liabilities amounting to 163 million euros.

Telefónica Chile recognized additions of deferred tax assets in the amount of 37 million euros and tax credits for loss carryforwards with an impact on deferred tax expense, amounting to in the amount of 64 million euros in 2025.

The movements relating to deferred taxes recognized directly in equity in 2025 amounted to 91 million euros of additions (net position of higher deferred tax liabilities) and 87 million euros of disposals (net position of higher deferred tax liabilities).

Likewise, the amount of recognized deferred tax liabilities associated with investments in subsidiaries amounted to 335 million euros as of December 31, 2025. As of December 31, 2025, there are no significant unrecognized deferred tax liabilities associated with investments in subsidiaries.

The amount of the transfers recorded in 2025 corresponds mainly to deferred tax assets and liabilities from Colombia Telecomunicaciones, amounting to 250 and 63 million euros respectively, which have been reclassified to the heading "Non-current assets and disposal groups held for sale" (see Notes 2 and 30).

The main amount recorded in 2025 in "Company movements and others" of deferred tax assets corresponds mainly to the sale of companies in Argentina, Peru, Ecuador and Uruguay for an amount of 290 million euros (see Note 2).

Main changes registered in 2024

In 2024 there were additions of deferred tax assets for 78 million euros as a result of the provisions recognized during the year in relation to the various workforce restructuring plans, other obligations with employees of the companies include in the group in Spain and its financial update (see Note 24). Likewise, disposals of deferred tax assets in 2024 included the impact of the materialization of these provisions and its financial update, amounting to 255 million euros.

218 million euros of deferred tax assets were recorded due to the application of Law 7/2024 of December 20, which, in addition to regulating the Global minimum tax, establishes the extension to 2024 and 2025 of the 50% limitation on the use of individual tax loss carryforwards for the year, which must be reversed in equal parts in each of the ten years following the year in which they are applied.

The abovementioned Law also re-establishes the mandatory reversal regime for impairment losses on securities representing capital or equity that had been tax deductible prior to 2013 and were pending reversal at January 1, 2024 (see section Constitutional Court Ruling on Royal Decree Law 3/2016 in this Note).The reversal must be done, at least, in equal parts in each of the first three years beginning on or after January 1, 2024, which resulted in the recording of a deferred tax liability of 535 million euros for the balance outstanding at the beginning of 2024. The Company took into account in its analysis of recoverability of deferred tax assets at the end of 2024 the amount of impairment losses deducted prior to 2013 that were pending integration, quantifying the effects of their return in the years. As a result, deferred tax assets amounting to 410 million euros have been recorded as additions.

Telefónica Germany recognized tax credits for loss carryforwards generated in previous years amounting to 127 million euros and applied tax loss carryforwards amounting to 60 million euros in 2024. Furthermore, Telefónica Germany recognized additions of deferred tax liabilities amounting to 40 million euros.

The additions of deferred tax assets included tax credits recognized for 106 million euros by the German company Group 3G UMTS Holding GmbH. Furthermore,

this company applied tax loss carryforwards in 2024 amounting to 83 million euros.

Telefónica Brasil recognized additions of deferred tax assets in the amount of 3 million euros, applied tax loss carryforwards amounting to 65 million euros and recognized disposals for temporary differences in the amount of 4 million euros in 2024. Additionally, it recognized additions of liabilities for deferred taxes amounting to 178 million euros and disposals of deferred tax liabilities amounting to 140 million euros.

Telefónica Chile recognized additions of deferred tax assets in the amount of 70 million euros and disposals of deferred tax assets in the amount of 38 million euros in 2024. Additionally, recognized additions of deferred tax liabilities in the amount of 8 million euros and disposals of deferred tax liabilities amounting to 24 million euros.

Telefónica Colombia recognized disposals of deferred tax assets in the amount of 45 million euros in 2024. Additionally, recognized disposals of deferred tax liabilities in the amount of 11 million euros.

Likewise, in 2024, Telefónica del Perú has reversed deferred tax assets for loss carryforwards, amounting to 91 million euros.

Telefónica Argentina recorded disposals in deferred tax liabilities, and additions in deferred tax assets for temporary differences, amounting to 332 million euros and 141 million euros, respectively, mainly corresponding to the tax effect of the impairment loss on intangible assets and property, plant and equipment recorded at the end of 2024.

The movements relating to deferred taxes recognized directly in equity in 2024 amounted to 29 million euros of additions (net position of higher deferred tax liabilities) and 115 million euros of disposals (net position of higher deferred tax liabilities).

Likewise, the amount of recognized deferred tax liabilities associated with investments in subsidiaries amounted to 156 million euros as of December 31, 2024.

The amount of unrecognized deferred tax liabilities associated with investments in subsidiaries amounted to 330 million euros as of December 31, 2024.

Expected realization of deferred tax assets and liabilities

The estimated realization of deferred tax assets and liabilities recognized in the consolidated statement of financial position in 2025 is as follows:

Millions of euros

12/31/2025	Total	Less than 1 year	More than 1 year
Deferred tax assets	6,012	849	5,163
Deferred tax liabilities	2,518	610	1,908

Deferred tax assets

Deferred tax assets in the accompanying consolidated statements of financial position include the tax loss carryforwards, unused tax credits recognized and deductible temporary differences recognized at the end of the reporting period.

Millions of euros	12/31/2025	12/31/2024
Tax credits for loss carryforwards	2,174	2,877
Unused tax deductions	742	1,000
Deferred tax assets for temporary differences	3,096	2,796
Total deferred tax assets	**6,012**	**6,673**

Tax credits for loss carryforwards

The movements in Tax credits for loss carryforwards in the Telefónica Group in 2025 and 2024 are as follows:

Location of the company (Millions of euros)	Balance at 12/31/2024	Additions	Reversals	Translation differences and other	Balance at 12/31/2025
Spain	1,277	244	(574)	(1)	946
Germany	970	89	(170)	—	889
Brazil	267	5	(62)	13	223
Other companies	363	25	(60)	(212)	116
Total tax credits for loss carryforwards	**2,877**	**363**	**(866)**	**(200)**	**2,174**

Location of the company (Millions of euros)	Balance at 12/31/2023	Additions	Reversals	Translation differences and other	Balance at 12/31/2024
Spain	1,110	183	(17)	1	1,277
Germany	879	234	(144)	1	970
Brazil	392	—	(65)	(60)	267
Other companies	422	135	(165)	(29)	363
Total tax credits for loss carryforwards	**2,803**	**552**	**(391)**	**(87)**	**2,877**

The Spanish tax group considers that unused tax loss carryforwards in Spain, taking into account tax litigation in which the Company is a party, amounted to 3,733 million euros at December 31, 2025 (5,426 December 31, 2024):

Millions of euros	Total	Less than 1 year	More than 1 year
Tax loss carryforwards generated in the tax group	**2,145**	—	2,145
Tax loss carryforwards generated before consolidation in the tax group	**1,588**	128	1,460

Total tax credits for loss carryforwards in Spain in the statement of financial position at December 31, 2025 amounted to 946 million euros (1,277 million euros at December 31, 2024). Total unrecognized tax credits for loss carryforwards of the Spanish tax group amounted to 46 million euros (113 million euros at December 31, 2024). These tax credits do not expire.

The Group companies in Germany have recognized 889 million euros of tax credits for loss carryforwards at December 31, 2025 (970 million euros at December 31, 2024). Total unrecognized tax credits for loss carryforwards of these companies amount to 4,161 million euros (5,168 million euros at December 31, 2024). These tax credits do not expire.

The tax credits recorded in the consolidated statement of financial position, relating to Brazilian subsidiaries as of December 31, 2025, amount to 223 million (267 million as of December 31, 2024). Brazil has no unrecorded taxable income credits as of December 31, 2025.

The tax credits recorded in the consolidated statement of financial position, and corresponding to other companies as of December 31, 2025, amount to 116 million (363 million as of December 31, 2024). The total tax credits for taxable income not recorded by these companies amount to 793 million (797 million as of December 31, 2024).

Deductions

The Group has recognized 742 million euros of tax credits from deductions at December 31, 2025, in Spain (1,000 milllon euros in 2024), generated primarily from R+D+i, double taxation, donations to non-profit organizations and film productions. Total unrecognized tax credits from deductions in Spain amounted to 260 at December 31, 2025 (123 million euros as of December 31, 2024)

Temporary differences

The sources of deferred tax assets and liabilities from temporary differences recognized at December 31, 2025 and 2024 are as follows:

Millions of euros	12/31/2025	12/31/2024
Goodwill and intangible assets	532	652
Property, plant and equipment	295	438
Personnel commitments	1,713	1,271
Provisions	954	960
Investments in subsidiaries, associates and other shareholdings	68	37
Inventories and receivables	259	237
Rights of use	5	42
Lease liabilities	999	990
Other concepts	664	668
Total deferred tax assets for temporary differences	**5,489**	**5,295**
Deferred tax assets and liabilities offset	(2,393)	(2,499)
Total deferred tax assets for temporary differences registered in the statement of financial position	**3,096**	**2,796**

Millions of euros	12/31/2025	12/31/2024
Goodwill and intangible assets	1,454	1,549
Property, plant and equipment	777	854
Personnel commitments	—	2
Provisions	20	35
Investments in subsidiaries, associates and other shareholdings	796	1,225
Inventories and receivables	4	—
Rights of use	1,040	997
Lease liabilities	—	2
Other concepts	820	740
Total deferred tax liabilities for temporary differences	**4,911**	**5,404**
Deferred tax assets and liabilities offset	(2,393)	(2,499)
Total deferred tax liabilities for temporary differences registered in the statement of financial position	**2,518**	**2,905**

Deferred tax assets and liabilities are offset if a legally enforceable right exists to offset current tax assets against current tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

The heading "Other concepts" of deferred tax assets for temporary differences include, among others, the effect of the 50% limitation on the use of individual negative tax credits for loss carryforwards for the year of companies under a tax consolidation regime in Spain (see the section Main deferred tax movements recorded in 2025 of this Note). "Other concepts" of deferred tax liabilities for temporary differences include, among others, the difference between the accounting and tax values created by the value of financial derivatives and assets and liabilities related to the recognition of income.

The total amount of unrecognized temporary difference assets, mainly from Pegaso Pcs S.A. de C.V., amounted to 312 million euros at December 31, 2025 (886 million euros at December 31, 2024, which also included Colombia Telecomunicaciones).

Tax payables and receivables

Current tax payables and receivables at December 31, 2025 and 2024 are as follows:

Millions of euros	Balance at 12/31/2025	Balance at 12/31/2024
Tax payables		
Tax withholdings	86	104
Indirect taxes	461	424
Social security	93	112
Current income taxes payable	76	658
Other	234	316
Total	**950**	**1,614**

Millions of euros	Balance at 12/31/2025	Balance at 12/31/2024
Tax receivables		
Indirect taxes	548	461
Current income taxes receivable	222	392
Other	97	117
Total	**867**	**970**

"Current income taxes payable" as of December 31, 2024 included 549 million euros corresponding to Telefónica del Perú's legal proceedings related to corporate income tax.

Reconciliation of book profit before taxes to taxable income

The reconciliation between book profit before tax and the income tax expense from continuing operations for 2025 and 2024 and is as follows:

Millions of euros	2025	2024
Accounting profit before tax	**(1,403)**	**2,589**
Tax expense at prevailing statutory rate	(223)	778
Permanent differences	221	(34)
Changes in deferred tax charge due to changes in tax rates	16	2
(Capitalization)/reversal of tax deduction and tax relief	492	(252)
(Capitalization)/reversal of loss carryforwards	322	(394)
Increase/(decrease) in tax expense arising from temporary differences	(765)	516
Other concepts	302	1
Corporate income tax	**365**	**617**
Breakdown of current/deferred tax expense		
Current tax expense	488	397
Deferred tax expense	(123)	220
Total Corporate income tax	**365**	**617**

2025

Permanent differences for 2025 mainly include 260 million euros resulting from excluding from the reconciliation the share of loss of investments accounted for by the equity method (see Note 10). These results are part of the Accounting profit before tax but have no effect on the consolidated income tax expense.

(Capitalization)/reversal of tax credits for deductions and allowances of 2025 mainly includes the reversal of deferred tax assets for deductions of the Telefónica, S.A. tax group after the recoverability analysis at the close of the year amounting to 147 million euros and the 2018 to 2021 inspection procedure, for an amount of 357 million euros with a counterpart in deferred tax expense (see the section *Main deferred tax movements recorded* in 2025 of this Note).

(Capitalization)/reversal of loss carryforwards in 2025 mainly includes the effect of the reversal of of loss carryforwards generated in previous years of the Telefónica, S.A. tax group after the recoverability analysis at the close of the year amounting to 78 million euros and the 2018 to 2021 inspection procedure, for an amount of 199 millions euros, Group 3G UMTS Holding GmbH for an amount of 65 million euros and Telefónica Chile 64 million euros, partially offset by the activation of tax credits for negative tax bases generated in previous years of Telefónica Germany for an amount of 89 million euros (see the section Main deferred tax movements recorded in 2025 of this note).

The increase/(decrease) in tax expense for temporary differences in 2025 mainly includes the reversal of the deferred tax liability of 535 million euros that was recorded in 2024 (see the section Main deferred tax movements recorded in 2025 in this Note). Also included is the reversal of the deferred tax liability, amounting to 203 million euros, associated with the provision for taxes under Article 12.5 of the Corporate Income Tax Law related to the purchase of Vivo and O2 UK as a result of the tax audit procedure for the years 2018 to 2021. (See *Inspections of the tax group in Spain* later in this Note).

"Other concepts" mainly includes 179 million euros for the movement in the year of deferred tax liabilities associated with investments in subsidiaries (see the section Main deferred tax movements recorded in 2025 of this Note),

the recording of a tax expense of 82 million euros as a result of the inspection procedure corresponding to the years 2018 to 2021.

2024

(Capitalization)/reversal of tax deduction and tax relief in 2024 mainly included the activation of deferred tax assets for deductions within the tax group of Telefónica, S.A. following the recoverability analysis at year-end, amounting to 236 million euros, with a corresponding deferred tax expense (see the section Main changes registered in 2024 above in this note).

(Capitalization)/reversal of loss carryforwards in 2024 mainly included the effect of the activation of tax credits for tax loss carryforwards generated in previous years of Telefónica, S.A.amounting to 174 million euros, Telefónica Germany amounting to 127 million euros and Group 3G UMTS Holding GmbH amounting to 106 million euros (see the section Main changes registered in 2024 above in this note).

The increase/(decrease) in tax expense arising from temporary differences in 2024 mainly included the recognition of the deferred tax liability amounting to 535 million euros, following the reinstatement of the mandatory reversal regime for impairment losses on equity securities that had been tax-deductible prior to 2013 and were still pending reversal as of January 1, 2024 (see the section "Main movements in deferred taxes recognized in 2024" of this note).

Tax deductibility of financial goodwill in Spain

The corporate income tax regulations in Spain introduced Article 12.5, which came into force on January 1, 2002. This article regulated the tax deductibility of the amortization of financial goodwill generated in the acquisition of non-resident companies, which could be amortized for tax purposes over 20 years at a rate of 5% per annum.

Following the introduction of Laws 9/2011 of 19 August 2011 and 16/2013 of 29 October 2013, the amount of tax-deductible goodwill amortisation under Article 12.5 of the Corporate Income Tax Law (LIS) was reduced from 5% to 1% for the 2011–15 fiscal years. This measure was temporary, however, as the 4% not amortised over five years (20% in total) would be recovered by extending the deduction period from 20 to 25 years.

In accordance with this regulation, for tax purposes, the Telefónica Group has been amortising the financial goodwill arising from its direct and indirect investments in O2, BellSouth and Colombia Telecomunicaciones (prior to 21 December 2007) and Vivo (acquired in 2010). The cumulative positive impact on the corresponding corporate income tax settlements from 2004 to 31 December 2025 is 2.526 billion euros.

In relation to this tax incentive, the European Commission opened three cases against the Spanish state, on the basis that this tax benefit could constitute state aid. While the Commission recognised the validity of the incentive for investors in European companies prior to 21 December 2007 and 21 May 2011 in the first and second decisions respectively, the applicability of the principle of legitimate expectations in the use of the incentive for indirect acquisitions was called into question in the third case, which was closed on 15 October 2014, regardless of the acquisition date.

Similarly, the Spanish courts have doubts about classifying the incentive as a deduction and maintaining it in the event of a subsequent transfer.

On 6 October 2021, the Court of Justice of the European Union ruled that the European Commission had correctly classified the Spanish tax regime for the amortisation of goodwill as state aid incompatible with the internal market in relation to the First and Second Decisions.

Regarding the recognition of legitimate expectations under the First and Second Decisions, the Court confirmed their applicability.

The proceedings initiated on the Third Decision were suspended until the First and Second Decisions had been resolved. They resumed on 19 October 2021, and the Court of Justice finally ruled on 26 June 2025. The Court ultimately annulled the Commission's Third Decision (EU) 2015/314, which took effect on the date of publication.

In the opinion of the company and its advisers, the enforcement of this ruling could give Telefónica access to 334 million euros in tax credits for negative tax bases and deductions, among other things.

In compliance with the obligation established in European Commission Decision (EU) 2015/314, the Tax Agency recovered the aid for the amortisation of goodwill for the indirect acquisition of shares in non-resident companies for the years 2005 to 2015, 2016 to 2018 and 2019 to 2020 in March 2019, February 2021 and July 2023, respectively. The outcome of the settlement did not result in any cash outflow for the Group, as the Group's pending tax credits (tax loss carryforwards and deductions) were offset, and the latest judgments were enforced (partial enforcement of the National Court's judgment of 22 May 2025), resulting in the refund of overpaid amounts. All settlements have been appealed by the company in the Spanish courts and are pending judgement in the National Court.

While the company acknowledges the principle of legitimate expectations, the closure of the inspection procedure for the years 2018 to 2021 raises questions about this principle in relation to the amortisation of goodwill for tax purposes following the purchase of VIVO, as well as the amortisation of part of O2 UK's goodwill following the 2021 transaction with VMED O2. Pending a court resolution, the Group has made a provision of 362 million euros for these items as of 31 December 2025 (480 million euros as of 31 December 2024).

Inspections of the tax group in Spain

Once the tax inspections relating to corporate income tax for the years 2014 to 2017 had been completed in 2022 and the settlement agreement had been notified, the Group filed claims for the adjustments with which it did not agree. These were mainly related to 'interest on own capital' from Brazil and its tax treatment in Spain. On 22 May 2025, the Administrative Chamber of the National Court ruled in favour of the company. This ruling has been partially enforced in relation to RD 3/2016 and other minor issues. However, with regard to interest on own capital, the State Attorney's Office has appealed against the ruling and it is currently pending admission to cassation in the Supreme Court.

In July 2023, new inspection proceedings were initiated against several companies belonging to Tax Group 24/90, of which Telefónica, S.A. is the parent company. The review covered corporate income tax for the years 2018 to 2021 and value added tax for the period from May to December 2019, as well as for the years 2020 and 2021.

In October 2025, following the completion of the relevant procedures, the "actas en conformidad" and "actas con acuerdo" were signed. These were mainly related to adjustments in transfer pricing in connection with the Group's financial activities and the consideration of interest on own capital as exempt income. They also related to transfer pricing adjustments connected with the Group's purchasing activities and the tax amortisation of VIVO's and O2 UK's goodwill (see the section entitled 'Tax deductibility of financial goodwill in Spain ' in this note). This resulted in an impact on tax expense of 82 million euros. However, there was no associated cash outflow as the Group has sufficient tax credits to offset the amount of the adjustments.

The inspection procedure concluded in December 2025 with the notification of the settlement agreements. The company has challenged these agreements through economic-administrative channels, and they are still pending resolution at the time of preparing these financial statements.

Constitutional Court Ruling on Royal Decree Law 3/2016

On 18 January 2024, the Constitutional Court (TC) unanimously ruled that certain measures introduced by Royal Decree-Law 3/2016 of 2 December, on Corporate Income Tax, were unconstitutional. These measures included the introduction of stricter limits for offsetting negative tax bases, a new limit on applying double taxation deductions and an obligation to automatically include any shareholding impairments that had been deducted in previous years in the tax base. Following previous rulings by the Constitutional Court, this ruling states that the effects of the declaration of unconstitutionality are limited due to the requirements of the principle of legal certainty.

Telefónica submitted written requests for rectification for the 2016 financial year onwards. These were for the consolidated self-assessments of corporate income tax (form 220) for tax group 24/90, as well as for the individual self-assessments of corporate income tax (form 200) for the group companies affected by the measures. Therefore, it would not be affected by the limitation of the effects of the declaration of unconstitutionality.

In addition, Law 7/2024 of 20 December was published in the Official State Gazette (BOE) on 21 December 2024. In addition to regulating the Supplementary Tax, which guarantees a minimum level of overall taxation for multinational groups (transposing Directive 2022/2523 of the European Council of 15 December 2022), the law introduces other changes to corporate income tax in order to reverse the effects of the partial annulment of the tax measures introduced by Royal Decree-Law 3/2016 of 2 December.

For tax periods beginning on or after 1 January 2024 and not yet ended by the time Law 7/2024 comes into force, the mandatory reversal regime for tax-deductible impairment losses on securities representing capital or equity prior to 2013 has been reinstated.

Consequently, the total amount of impairment losses that were tax deductible prior to 2013 and were still awaiting reversal on 1 January 2024 must be included in the tax base.

The reversal must be carried out in equal parts in each of the first three fiscal years beginning on or after 1 January 2024. It will be permitted to offset positive income derived from this mandatory reversal against tax losses generated in fiscal years prior to 2021 without the 25% and 50% limits mentioned above applying, although the general limit of 70% will apply.

Therefore, the corporate income tax returns of the Tax Group in Spain for the years 2016 to 2021, which were affected by the aforementioned ruling due to the status of the contentious-administrative appeal relating to the 2016–17 corporate income tax before the National Court, and the completion of the inspection procedure for the years 2018 to 2021 (due to be completed in 2025), would likely be modified in the corresponding enforcement agreements closing the inspection procedure in 2025. Consequently, with the support of its external advisors and in accordance with the applicable financial reporting framework, the Company recorded the effects of the unconstitutionality of RD 3/2016 and Law 7/2024 at the end of 2024. The main effects were the reversal of tax-deductible portfolio impairments in tax periods beginning before 1 January 2013 and their inclusion in the tax base in accordance with the provisions of Article 12. The Company took these effects into account in its

analysis of the recoverability of deferred tax assets, as well as in its analysis of the impact of the new Law 7/2024 on the tax base.

Finally, on 22 May 2025, the Tax Agency partially enforced the ruling in favour of Telefónica in the administrative appeal before the National Court, with regard to RD 3/2016. This had no significant impact on the income statement compared to that recorded in the 2024 fiscal year.

As a result of this partial execution, a refund of 39.5 million euros has been made.

Tax litigation in Telefónica Brazil

State taxes

The Telefónica Group is involved in a range of tax litigation in Brazil over direct and indirect taxes (including those relating to GVT). This includes a number of appeals relating to ICMS tax (a tax similar to VAT, levied on telecommunications services). There is a dispute with the Brazilian tax authorities over which services should be subject to this tax.

To date the most significant issues have focused on the requirement to collect ICMS on penalties charged to customers for non-compliance, and complementary or additional services to the basic telecommunications services such as value-added services, modem rental, and the application of this tax on the basic fee (assinatura básica). In the case of the latter (assinatura básica), the Supreme Court has established that the tax is only payable in respect of assessments for periods after October 2016.

All related procedures are being contested in all instances (administrative and court proceedings). The aggregate amount of the relevant proceedings, updated to take into account interest, fines and other items, was approximately 33,477 million Brazilian reais as of December 31, 2025 (5,175 million euros at the exchange rate on that date, see Note 24), 25,760 million Brazilian reais as of December 31, 2024 (approximately 4,002 million euros at the exchange rate on that date). Telefónica Brazil has obtained independent expert reports supporting its position, i.e., that the aforesaid services are not subject to ICMS.

Federal taxes

In addition, there are possible contingencies in relation to federal income taxes for a total amount of 40,029 million Brazilian reais as of December 31, 2025 (6,188 million euros at the exchange rate on that date), compared to 36,723 million Brazilian reais as of December 31, 2024 (approximately 5,706 million euros at the exchange rate on that date), mainly related to the tax amortizations in Brazil in the years between 2011 and 2021 with respect to goodwill originated in the acquisitions of Vivo and GVT and their subsequent mergers with Telefónica Brasil. Telefónica Brasil has challenged the related assessments. These proceedings are at the administrative and judicial stage and no provisions have been made since the potential risk associated with them has been classified as "not probable" and Telefónica Brazil has received independent expert reports that support this view.

There are other probable contingencies in relation to the federal income taxes for the total amount of 269 million Brazilian reais as of December 31, 2025 (approximately 42 million euros at the exchange rate as of December 31, 2024), compared to 216 million Brazilian reais as of December 31, 2024 (approximately 34 million euros at the exchange rate on that date). The Company has recognized a provision for this amount.

Years open for inspection in the Group companies

The years open for review by the tax inspection authorities for the main applicable taxes vary from one consolidated company to another, based on each country's tax legislation, taking into account their respective statute of limitations periods. In Spain, years from 2022 onwards are open to inspection.

In the other countries in which the Telefónica Group has a significant presence, the years open for inspection by the relevant authorities are generally as follows:

- The last eleven years in the United Kingdom.
- The last ten years in Germany.
- The last six years in Venezuela.
- The last five years in Brazil, Mexico, Colombia and the Netherlands.
- The last three years in Chile.

The tax inspection of the open years is not expected to give rise to additional material liabilities for the Group.

Complementary Minimun Tax (Pillar Two)

On 21 December 2024, Law 7/2024 of 20 December was published in the Official State Gazette. This law establishes a complementary tax to ensure a minimum overall level of taxation for multinational and large domestic groups. It also introduces a tax on the interest margin and commissions of certain financial institutions and a tax on liquids for electronic cigarettes and other tobacco-related products. Additionally, it amends other tax regulations (hereinafter referred to as 'Law 7/2024').

Law 7/2024 implements Pillar Two in Spain. With effect for fiscal years beginning on or after 1 January 2024, it establishes a Complementary Tax to ensure that large multinational groups are taxed at a minimum effective rate of 15% wherever they operate. Other jurisdictions in which the Pillar Two rules are already in force include the United Kingdom, Brazil and most European Union member states.

The Telefónica Group, as a large multinational group, is subject to this Complementary Tax.

In this regard, Telefónica, S.A., as the ultimate parent company, and its subsidiaries in jurisdictions where a qualified domestic tax has been approved, have analysed the potential impact of this tax in the 2025 fiscal year. This analysis considers the application of the transitional safe harbours provided for in the fourth transitional provision of Law 7/2024, as well as the full calculation in accordance with Spanish regulations and similar regulations applicable in countries where the group operates and which have approved the minimum domestic tax.

The purpose of these transitional safe harbours is to facilitate adaptation to the Pillar Two regulations by establishing that the complementary tax will be zero when any of the three regulated tests are met.

The supplementary tax expense recorded in the consolidated accounts for the 2025 financial year, relating to jurisdictions that do not comply with the aforementioned safe harbours, is not significant, given that the effective tax rates calculated in accordance with the Pillar Two rules exceed 15% in most of the jurisdictions in which the group operates.

The Group applies the exception to recognise and disclose information on deferred tax assets and liabilities arising from the implementation of Law 7/2024, as provided for in the amendments to IAS 12 issued in May 2023.

Note 26. Revenue and expenses

Revenues

The breakdown of Revenues for the years 2025 and 2024 is as follows:

Millions of euros	2025	2024
Revenues from rendering of services	29,948	30,563
Lease revenues	59	71
Sale of goods	5,113	5,037
Total	**35,120**	**35,671**

"Revenues from sale of goods" mainly include the sale of mobile handsets, also including those corresponding to leases of terminals with a purchase option.

In 2025, "revenues from rendering of services" included 215 million euros corresponding to insurance contracts (212 million euros in 2024).

Other income

The breakdown of "Other income" is as follows:

Millions of euros	2025	2024
Own work capitalized	825	770
Gain on disposal of businesses	133	0
Gain on disposal of property, plant and equipment	177	142
Gain on disposal of intangible assets	9	—
Government grants	43	37
Other operating income	344	589
Total	**1,531**	**1,538**

"Gains on disposal of businesses" in 2025 includes the gain from the sale of Nabiax (95 million euros) and the gain derived from the difference between the fair value of the interest held in Fibrasil (see Note 5) and its carrying amount prior to the acquisition of control of the company (37 million euros).

"Gain on disposal of property, plant and equipment" includes the gains on sale and leaseback transactions of continuing operations, which amounted to 47 million euros, 16 million euros and 381 million euros in 2025 and 2024, respectively (see Note 20).

"Other operating income" in 2024 included the amount corresponding to the favorable award to Telefónica relating to the international arbitration proceeding against the Republic of Colombia, which amounted to approximately 380 million U.S. dollars (approximately 358 million euros, see notes 2, 15 and 29.a).

Other expenses

The breakdown of "Other expenses" is as follows:

Millions of euros	2025	2024
Leases included in "Other expenses" [1]	59	49
Other external services	6,282	6,656
Taxes other than income tax	563	587
Change in trade provisions	508	546
Losses on disposal of fixed assets, losses on operations classified as held for sale and sale of assets	40	37
Goodwill impairment (Note 7)	486	640
Other operating expenses	330	119
Total	**8,268**	**8,634**

[1] According to IFRS 16, only short-term leases and leases involving low-value assets or intangible assets are included (see Note 9).

"Goodwill impairment" in 2025 included the impairment of goodwill allocated to the cash-generating unit Chile (174 million euros), Telefónica Tech UK & Ireland (254 million euros) and the Be-terna Group (58 million euros), (see Note 7).

"Goodwill impairment" in 2024 included the impairment of goodwill allocated to the cash-generating unit Chile (397 million euros), Telefónica Tech UK & Ireland (192 million euros) and the Be-terna Group (51 million euros), (see Note 7).

"Other operating expenses" for 2025 include expenses associated with Telefónica España's transformation plans, such as expenses related to the distribution channel, amounting to 151 million euros..

Other operating expenses for 2025 include expenses associated with the restructuring of Telefónica España's distribution channel amounting to 151 million euros, see (Note 2).

"Other operating expenses" in 2024 included a lower expense of 386 million Brazilian Reais (67 million euros at the 2024 average exchange rate) referring to the reversal of regulatory provisions of Telefónica Brasil after the Concession Migration Agreement signed between Telefónica Brasil and ANATEL (see notes 24.c and 29.a).

Purchases and other contractual commitments

The estimated payment schedule for purchases and other contractual commitments (non-cancelable without penalty cost) is as follows:

Millions of euros	Purchases and other contractual commitments
Less than 1 year	3,600
1 to 3 years	4,538
3 to 5 years	3,968
More than 5 years	2,835
Total	**14,941**

The purchases and other contractual commitments in the table above include 1,234 million euros corresponding to power purchase agreements (PPAs), mainly of Brasil for the period from 2026 to 2039, Telefónica Spain for the period from 2026 to 2031 and Telefónica Germany for the period from 2026 to 2035 and 2040 (see Note 29.d). The Group uses these contracts to purchase energy from renewable sources, such as wind and solar, at generally fixed prices (see Note 3.l).

Commitments for short-term leases and low value leases amounted to 16 million euros as of December 31, 2025. In addition, the Group has lease collection commitments amounting to 5 million euros as of December 31, 2024.

Headcount

The table below presents the breakdown of the Telefónica Group's average number of employees by fully consolidated segment (see Note 4) in 2025 y 2024, together with total headcount at December 31 each year.

	2025		2024	
Segment (Note 4)	**Average**	**Year-end**	**Average**	**Year-end**
Telefónica Spain	18,318	18,396	19,055	18,305
Telefónica Germany	7,789	7,646	7,464	7,589
Telefónica Brazil	34,944	34,824	35,605	35,818
Other companies	26,556	21,789	39,261	39,158
Total	**87,607**	**82,655**	**101,384**	**100,870**
Employees from continuing operations	77,801	77,252	78,483	78,248
Employees from discontinued operations	9,806	5,403	22,901	22,622

The calculation of the average number of employees for 2025 includes Telefónica Móviles Argentina, Telefónica del Perú, Telefonica Uruguay, Otecel and other smaller companies based in Hispanoamerica up to the date of their sale (see notes 2 and 30).

At December 31, 2025, approximately 40.4% of the final headcount were women (approximately 39.5% at December 31, 2024).

At December 31, 2025, the number of employees with disabilities was 2,803 (2,700employees at December 31, 2024), of which 509 employees were in Spain (487 employees in 2024).

Depreciation and amortization

The breakdown of "Depreciation and amortization" on the consolidated income statement is as follows:

Millions of euros	2025	2024
Property, plant and equipment (Note 8)	3,173	3,395
Intangible assets (Note 6)	2,112	2,192
Rights of use (Note 9)	2,079	2,025
Total	**7,364**	**7,613**

Earnings per share

Basic earnings per share amounts are calculated by dividing (a) the profit for the year attributable to equity holders of the parent, adjusted for the net coupon corresponding to the undated deeply subordinated securities (see Note 17.c) by (b) the weighted average number of ordinary shares outstanding during the year.

Diluted earnings per share amounts are calculated by dividing the net profit for the year attributable to ordinary equity holders of the parent, adjusted as described above, by the weighted average number of ordinary shares adjusted as described in the preceding paragraph, plus the weighted average number of ordinary shares that would be issued on the conversion of all the dilutive potential ordinary shares into ordinary shares.

Both basic and diluted earnings per share attributable to equity holders of the parent are calculated based on the following data:

Millions of euros	2025	2024
(Loss) profit attributable to ordinary equity holders of the parent company	(4,318)	(49)
Adjustment for the coupon corresponding to perpetual subordinated obligations	(357)	(359)
Tax effect	92	90
Total (loss) profit attributable to ordinary equity holders of the parent for basic and diluted earnings per share	**(4,583)**	**(318)**

Number of shares (thousands)	2025	2024
Weighted average number of ordinary shares for basic earnings per share (does not include treasury shares)	5,636,688	5,635,695
Telefónica, S.A. plans of rights over shares	15,427	36,574
Weighted average number of ordinary shares outstanding for diluted earnings per share (excluding treasury shares)	5,652,115	5,672,270

The basic and diluted (loss) earnings per share attributable to equity holders of the parent are as follows:

(Loss) earnings per share (euros)	2025	2024
Basic	**(0.81)**	**(0.06)**
From continuing operations	(0.41)	0.25
From discontinued operations	(0.40)	(0.31)
Diluted	**(0.81)**	**(0.06)**
From continuing operations	(0.41)	0.25
From discontinued operations	**(0.40)**	(0.31)

Note 27. Long-term incentive plans based on Telefónica, S.A. shares

Long-term incentive plan based on Telefónica, S.A. shares: Performance Share Plan 2021-2025

At the General Shareholders' Meeting held on April 23, 2021, a long-term incentive plan was approved, consisting of the delivery of shares of Telefónica, S.A. aimed at senior executive officers of the Telefónica Group, including the Executive Directors of Telefónica, S.A. The plan consisted of the delivery to the participants of a certain number of shares of Telefónica, S.A. based on compliance with the objectives established for each of the cycles into which the plan was divided.

The number of shares to be delivered depended (i) 50% on achievement of the total shareholder return ("TSR") objective for shares of Telefónica, S.A. with regard to the TSRs of a comparison group made up of companies of the telecommunication sector, weighted by its relevance for Telefónica, (ii) 40% on the generation of Free Cash Flow of Telefónica Group ("FCF"), and (iii) 10% on CO_2 Emission Neutralization, in line with the goal set by the Company.

The plan has a duration of five years and is divided into three cycles of three years each. Performance assesment is carried out on the basis of the evolution of the share price, as well as the audited results of the Company, prior to their validation by the Nominating, Compensation and Corporate Governance Committee.

- The first cycle commenced on January 1, 2021 and ended on December 31, 2023. The maximum number of shares assigned to this cycle of the plan was 19,425,499 and the outstanding shares at December 31, 2023 were 17,728,523, with the following breakdown:

First cycle	No. of shares assigned	Outstanding shares at 12/31/2023	Unit fair value (euros)
TSR Objective	9,712,749	8,864,262	2.64
FCF Objective	7,770,200	7,091,409	3.15
CO_2 E.N. Objective	1,942,550	1,772,852	3.15

After considering the levels of performance during the measurement period, a weighted achievement coefficient of 89.45% was reached.

- The second cycle commenced on January 1, 2022 and ended on December 31, 2024. The maximum number of shares assigned to this cycle of the plan was 15,069,650 and the outstanding shares at December 31, 2024 were 13,851,509, with the following breakdown:

Second cycle	No. of shares assigned	Outstanding shares at 12/31/2024	Unit fair value (euros)
TSR Objective	7,534,825	6,925,755	2.43
FCF Objective	6,027,860	5,540,604	2.95
CO_2 E.N. Objective	1,506,965	1,385,150	2.95

After considering the levels of performance during the measurement period, a weighted achievement coefficient of 100% was reached

- The third cycle commenced on January 1, 2023 and ended on December 31, 2025. The maximum number of shares assigned to this cycle of the plan was 16,618,564 and the outstanding shares at December 31, 2025 were 9,239,165, with the following breakdown:

Third cycle	No. of shares assigned	Outstanding shares at 31/12/2025	Unit fair value (euros)
TSR Objective	8,309,282	4,619,582	1.77
FCF Objective	6,647,426	3,695,666	2.81
CO_2 E.N. Objective	1,661,856	923,917	2.81

After considering the levels of performance during the measurement period, a weighted achievement coefficient of 50% was reached.

Long-term incentive plan in Telefónica, S.A. shares: Performance Share Plan 2024-2028

The General Shareholders' Meeting of Telefónica, S.A. held on April 12, 2024 approved a long-term incentive plan consisting of the delivery of Telefónica, S.A. shares to executives of the Telefónica Group, including the Executive Directors of Telefónica, S.A. The plan consists of the delivery of a certain number of Telefónica, S.A. shares based on the fulfillment of the objectives established for each of the cycles into which the plan is divided.

The number of shares to be delivered in the two cycles that began in 2024 and 2025 depends on (i) 50% on the total shareholder return ("TSR") objective of Telefónica, S.A. shares being met; with respect to the TSRs of a comparison group of companies in the telecommunications sector weighted according to their relevance to Telefónica, (ii) 40% on the Telefónica

Group's free cash flow generation (the "FCF"), (iii) 5% on the Neutralization of CO_2 Emissions and (iv) 5% on the number of women in executive positions, in line with the objective set by the Company.

The plan has a total duration of five years and is divided into three cycles of three years each. The assessment of the degree of compliance is carried out on the basis of the evolution of the share price, as well as the results audited by the Company's internal and external auditor, prior to their validation by the Nominating, Compensation and Corporate Governance Committee.

The first cycle of the plan began on January 1, 2024 and will end on December 31, 2026. The maximum number of shares assigned in this first cycle was 15,353,759, of which 9,327,976 remained outstanding as of December 31, 2025, with the following breakdown:

First cycle	No. of shares assigned	Outstanding shares at 12/31/2025	Unit fair value (euros)
TSR Objective	7,676,879	4,663,988	2.85
FCF Objective	6,141,504	3,731,192	3.42
CO_2 E.N. Objective	767,688	466,398	3.42
Women in executive positions Objective	767,688	466,398	3.42

The second cycle of the plan began on January 1, 2025 and will end on December 31, 2027. The maximum number of shares assigned in this first cycle was 12,929,951, of which 11,440,097 remained outstanding as of December 31, 2025, with the following breakdown:

First cycle	No. of shares assigned	Outstanding shares at 12/31/2025	Unit fair value (euros)
TSR Objective	6,464,975	5,720,048	2.09
FCF Objective	5,171,980	4,576,039	3.13
CO_2 E.N. Objective	646,498	572,005	3.13
Women in executive positions Objective	646,498	572,005	3.13

Long-term incentive plan based on Telefónica, S.A. shares: Talent for the Future Share Plan 2021-2025 (TFSP)

At its meeting on April 21, 2021, the Telefónica, S.A.'s Board of Directors agreed to launch a new installment of the long-term incentive plan *Talent for the Future Share Plan*.

The term of this plan was also five years and it was divided into three cycles. As in the case of the *Performance Share Plan* 2021-2025 described above, the number of shares delivered depended (i) 50% on achievement of the total shareholder return ("TSR") objective for shares of Telefónica, S.A. with regard to the TSRs of a comparison group made up of companies of the telecommunication sector, weighted by its relevance for Telefónica, (ii) 40% on the generation of Free Cash Flow of Telefónica Group ("FCF"), and (iii) 10% on CO_2 Emission Neutralization, in line with the goal set by the Company.

- The first cycle commenced on January 1, 2021 and ended on December 31, 2023. The maximum number of shares assigned to this cycle of the plan was 1,751,500 and the outstanding shares at December 31, 2023 were 1,557,000, with the following breakdown:

First cycle	No. of shares assigned	Outstanding shares at 12/31/2023	Unit fair value (euros)
TSR Objective	875,750	778,500	2.64
FCF Objective	700,600	622,800	3.15
CO_2 E.N. Objective	175,150	155,700	3.15

After considering the levels of performance during the measurement period, a weighted achievement coefficient of 89.45% was reached.

- The second cycle commenced on January 1, 2022 and ended on December 31, 2024. The maximum number of shares assigned to this cycle of the plan was 1,646,500 and the outstanding shares at December 31, 2024 was 1,458,000, with the following breakdown:

Second cycle	No. of shares assigned	Outstanding shares at 12/31/2024	Unit fair value (euros)
TSR Objective	823,250	729,000	2.43
FCF Objective	658,600	583,200	2.95
CO_2 E.N. Objective	164,650	145,800	2.95

After considering the levels of performance during the measurement period, a weighted achievement coefficient of 100% was reached.

- The third cycle commenced on January 1, 2023 and ended on December 31, 2025. The maximum number of shares assigned to this cycle of the plan was 1,771,500 and the outstanding shares at December 31, 2025 was 1,421,500, with the following breakdown:

Third cycle	No. of shares assigned	Outstanding shares at 12/31/2025	Unit fair value (euros)
TSR Objective	885,750	710,750	1.77
FCF Objective	708,600	568,600	2.81
CO_2 E.N. Objective	177,150	142,150	2.81

After considering the levels of performance during the measurement period, a weighted achievement coefficient of 50% was reached.

Long-term incentive plan in shares of Telefónica, S.A.: Talent for the Future Share Plan 2024-2028 (TFSP)

At its meeting on April 12, 2024, the Telefónica, S.A.'s Board of Directors agreed to launch a new installment of the long-term incentive plan "Talent for the Future Share Plan".

The term of this plan is also five years and it is divided into three cycles. As in the case of the Performance Share Plan 2024-2028 described above, the number of shares to be delivered in the two cycles that began in 2024 and 2025 depends on (i) 50% on the total shareholder return ("TSR") target of Telefónica, S.A. shares being met; with respect to the TSRs of a comparison group of companies in the telecommunications sector weighted according to their relevance to Telefónica, (ii) 40% on the Telefónica group's free cash flow generation (the "FCF"), (iii) 5% on the Neutralization of CO_2 Emissions and (iv) 5% on the number of women in executive positions, in line with the objective set by the Company.

The plan has a duration of five years and is divided into three cycles of three years. The assessment of the degree of compliance is carried out on the basis of the evolution of the share price and on the audited results of the Company (audited both by internal and external audit teams) prior to the approval by the Nominating, Compensation and Corporate Governance Committee.

The first cycle of the plan began on January 1, 2024 and will end on December 31, 2026. The maximum number of shares assigned in this first cycle was 1,530,500 and the outstanding shares at December 31, 2025 was 1,319,500, with the following breakdown:

First cycle	No. of shares assigned	Outstanding shares at 12/31/2025	Unit fair value (euros)
TSR Objective	765,250	659,750	2.85
FCF Objective	612,200	527,800	3.42
CO_2 E.N. Objective	76,525	65,975	3.42
Women in executive positions Objective	76,525	65,975	3.42

The second cycle of the plan began on January 1, 2025 and will end on December 31, 2027. The maximum number of shares assigned in this first cycle was 1,252,000, of which 1,176,500 remained outstanding as of December 31, 2025, with the following breakdown:

First cycle	No. of shares assigned	Outstanding shares at 12/31/2025	Unit fair value (euros)
TSR Objective	626,000	588,250	2.09
FCF Objective	500,800	470,600	3.13
CO_2 E.N. Objective	62,600	58,825	3.13
Women in executive positions Objective	62,600	58,825	3.13

Incentivized purchases of Telefónica, S.A. shares for employees

The Telefónica, S.A. Ordinary General Shareholders' meeting on April 8, 2022 approved a voluntary plan for incentivized purchases of shares of Telefónica, S.A. for the employees of the Group. Under this Plan, employees were offered the option to acquire Telefónica, S.A. shares during a twelve-month period, with the company undertaking to deliver a certain number of free shares to participants, subject to certain requirements.

The maximum amount that each employee could invest was limited to 1,800 euros. The total number of free shares to be delivered for the whole plan could not exceed 0.38% of the share capital of Telefónica, S.A. at the date of approval of the plan at the General Shareholders' Meeting.

The purchase period commenced in October 2022 and ended in September 2023. In March 2024 the vesting period of the plan ended and 10,255,044 shares were delivered to the Group's employees.

Note 28. Cash flow detail

As explained in Note 2, the cash flows of Telefónica Móviles Argentina, Telefónica del Perú, Otecel, Telefónica Móviles del Uruguay, Telefónica Colombia, and other companies based in Latin America are presented as discontinued operations. Details of the cash flows from discontinued operations are shown in Note 30.

Net cash flow provided by operating activities

The detail of net cash flow provided by operating activities is the following:

Millions of euros	2025	2024
Cash received from operations	**42,065**	**42,459**
Cash paid from operations	**(30,953)**	**(31,109)**
Cash paid to suppliers	(26,120)	(26,218)
Cash paid to employees	(3,899)	(3,910)
Payments related to cancellation of commitments	(934)	(981)
Net payments of interest and other financial expenses net of dividends received	**(1,169)**	**(817)**
Net interest and other financial expenses paid	(1,432)	(1,377)
Dividends received	263	560
Taxes (payments)/proceeds	**(402)**	**(231)**
Net cash flow by operating activities from continuing operations	**9,541**	**10,302**
Net cash flow by operating activities from discontinued operations	**181**	**692**
Net cash flow provided by operating activities	**9,722**	**10,994**

Cash received from operations in 2025 include 825 million Brazilian reais (approximately 131 million euros at the average exchange rate) corresponding to the net amount collected by Telefónica Brasil for the share auction, which as of December 31, 2025 is available to unidentified shareholders or with incomplete registration data (see Note 22).

In 2025, dividends amounting to 189 million pounds were received from VMED O2 UK Limited (see Note 10) equivalent to 217 million euros (425 million pounds, equivalent to 512 million euros in 2024).

In December 2024, after the execution of a credit assignment agreement signed with a financial institution, the collection of 211 million euros was made corresponding to the right to collect that was maintained with the Spanish Public Treasury corresponding to the settlement of the corporate tax of the 2023 financial year.

Net cash flow used in investing activities

The following is a detail of the items comprising the net cash flow used in investing activities.

Millions of euros	2025	2024
Proceeds from the sale in property, plant and equipment and intangible assets	391	217
Payments on investments in property, plant and equipment and intangible assets	(5,446)	(5,068)
(Payments on investments)/proceeds from the sale in property, plant and equipment and intangible assets	**(5,055)**	**(4,851)**

Payments for non-financed spectrum in 2025 amounted to 50 million euros, mainly due to the payment of 30 million euros for Telefónica Móviles España and 19 million euros for Telefónica Venezolana.

Millions of euros	2025	2024
Sale of Telefónica Móviles Argentina (Note 2)	890	—
Sale of Telefónica del Perú (Note 2)	(323)	—
Sale of stake in Nabiax (Note 29)	153	—
Sale of Otecel (Note 2)	303	—
Sale of Telefónica Móviles del Uruguay (Note 2)	320	—
Sale of China Unicom shares (Note 12)	—	147
Sale of stake in BBVA (Note 12)	608	—
Sale of telecommunications towers divisions	88	48
Others	(37)	17
Proceeds/(payments) on disposals of companies, net of cash and cash equivalents disposed	**2,001**	**212**
Capital increase of UGG TopCo (Note 10)	(91)	(91)
Capital increase of nexfibre (Note 10)	(57)	(38)
IPNET acquisition (Note 5)	—	(10)
Acquisition of 50% stake in Fibrasil (Note 5 and 10)	(140)	—
Others	(35)	(50)
Payments on investments in companies, net of cash and cash equivalents acquired	**(323)**	**(189)**

Millions of euros	2025	2024
Collateral guarantees on derivatives	848	1,292
Legal deposits	24	10
Others	145	17
Proceeds on financial investments not included under cash equivalents	**1,016**	**1,319**
Collateral guarantees on derivatives	(1,483)	(987)
Others	(198)	(46)
Payments on financial investments not included under cash equivalents	**(1,681)**	**(1,033)**
Net proceeds/(payments) for temporary financial investments	**(108)**	**79**

Net proceeds/(payments) for temporary financial investments mainly includes placements of treasury surpluses not included in cash equivalents.

Net cash flow used in financing activities

The following is a detail of the items comprising the net cash flow used in financing activities.

Millions of euros	2025	2024
Dividends paid to the shareholders of Telefónica, S.A. (**)	(1,697)	(1,720)
Payments to non-controlling interests of Telefônica Brasil, S.A.	(100)	(113)
Payments to non-controlling interests of Telefónica Deutschland Holding, A.G.	—	(17)
Others	(60)	(37)
Dividends paid (see Note 17)	**(1,857)**	**(1,887)**
Return of the share premium of Compañía Mayorista de Fibra (see Note 17)	(118)	—
Share capital decrease Telefónica Brasil	(66)	(57)
Others	1	—
(Payments)/proceeds from share capital decrease/increase with minority interests	**(183)**	**(57)**
Own shares purchase of Telefónica Brasil	(277)	(224)
Shares purchase of Telefónica Deutschland (Note 2 and 17.i)	—	(1,019)
Transactions carried out by Telefónica, S.A. (see Note 17)	(83)	(58)
Others	(2)	—
(Payments)/proceeds of treasury shares and other operations with shareholders and with minority interests	**(362)**	**(1,301)**
Issuance of undated deeply subordinated securities (Note 17.c)	—	1,300
Acquisition and payment of undated deeply subordinated securities (Note 17.c)	—	(1,300)
Payment of the coupon related to the issuances of undated deeply subordinated securities issued (see Note 17.c)	(359)	(346)
Operations with other equity holders	**(359)**	**(346)**

(**) This amount differs from that indicated in Note 17 because of withholding taxes deducted in the payment to certain major shareholders in accordance with current legislation.

Millions of euros	2025	2024
Issued under the EMTN program of Telefónica Emisiones, S.A.U. (see Appendix III)	1,889	1,787
Proceeds on issue of debentures and bonds, and other debts	**1,889**	**1,787**
Disposal bilateral loans of Telefónica, S.A. (see Note 18)	225	390
Disposal syndicated arrangement Bluevia Fibra S.L. (see Note 18)	77	75
Issuance of settlements for hedging derivatives	33	380
New promissory note debt (see Note 18)	46	192
Others	173	80
Proceeds on loans, borrowings and promissory notes (see Appendix V)	**553**	**1,117**
Repayments of debentures and bonds, and other debts	**(2,932)**	**(998)**
Syndicated amortization by Telefónica, S.A.	(81)	(140)
Syndicated amortization by Telefónica Germany	(108)	(150)
Amortization of financing of Telefónica Chile (**)	(241)	(10)
Amortization of financing of Telxius	(75)	—
Syndicated amortization of Bluevia Fibra S.L.	(70)	—
Amortization of promissory notes	(54)	(127)
Others	(351)	(194)
Repayments of loans, borrowings and promissory notes	**(980)**	**(621)**
Lease principal payments (Note 20)	**(1,950)**	**(1,901)**
Financed spectrum licenses payments (Note 21)	(101)	(151)
Payments for investments in spectrum use licenses financed without explicit interest (Notes 2 and 21)	(21)	(21)
Other financed operational payments (Note 18)	(22)	(12)
Financed operating payments and investments in property, plant and equipment and intangible assets payments (Note 18)	**(144)**	**(184)**

(**) Data converted at the exchange rate at the end of each of the corresponding periods. The impact of the exchange rate with respect to the date of the transaction is included in the "Others" line within the same sub-heading.

Note 29. Other information

a) Litigation and arbitration

Telefónica and its Group companies are party to several legal proceedings which are currently in progress in the courts of law and the arbitration bodies of the various countries in which we are present.

Based on the advice of our legal counsel it is reasonable to assume that these legal proceedings will not materially affect the financial condition or solvency of the Telefónica Group.

The contingencies arising from the litigation and commitments described below were evaluated (see Note 3.n) when the consolidated financial statements for the year ended December 31, 2025 were prepared. The provisions recorded in respect of the commitments taken as a whole are not material.

The following unresolved legal proceedings or those underway in 2025 are highlighted (see Note 25 for details of tax-related cases):

Appeal against the Decision by Agencia Nacional de Telecomunicações ("ANATEL") regarding the inclusion of interconnection and network usage revenues in the Fundo de Universalização de Serviços de Telecomunicações ("FUST")

Vivo Group operators (currently Telefônica Brasil, S.A.), together with other cellular operators, appealed ANATEL's Decision of December 16, 2005, to include interconnection and network usage revenues and expenses in the calculation of the amounts payable into the FUST (Fundo de Universalização de Serviços de Telecomunicações) –a fund which pays for the obligations to provide Universal Service– with retroactive application from 2000. On March 13, 2006, Brasilia Federal Regional Court of the 1st Region granted a precautionary measure which stopped the application of ANATEL's decision. On March 6, 2007, a ruling in favor of the wireless operators was issued, stating that it was not appropriate to include the revenues received by transfer from other operators in the taxable income for the FUST's calculation and rejecting the retroactive application of ANATEL's decision. Against this Decision, ANATEL filed the corresponding appeal before the Brasilia Federal Regional Court of the 1st Region, which was dismissed. On January 26, 2016, ANATEL an appeal to overturn this Decision with Brasilia Federal Regional Court of the 1st Region, which was also dismissed. On May 10, 2017, ANATEL appealed to the higher courts on the merits of the case.

At the same time, Telefônica Brasil and Telefónica Empresas, S.A., together with other wireline operators through ABRAFIX (Associação Brasileira de Concessionárias de Serviço Telefonico Fixo Comutado) appealed ANATEL's Decision of December 16, 2005, also obtaining the precautionary measures requested. On June 21, 2007, Brasilia Federal Regional Court of the 1st Region ruled that it was not appropriate to include the interconnection and network usage revenues in the FUST's taxable income and rejected the retroactive application of ANATEL's Decision. ANATEL filed an appeal to overturn this ruling on April 29, 2008, before Brasilia Federal Regional Court of the 1st Region, which was dismissed on May 10, 2016. ANATEL filed an appeal against this dismissal.

The fixed operators filed an appeal to clarify that revenues obtained through interconnection and dedicated line operation should not be included in the calculation of the amounts payable to the FUST. In addition, the court was also requested to rule on two grounds which had not been analyzed in the initial Decision: (i) that the FUST has become obsolete, among other reasons, by the advance of mobile telephony; and (ii) that amounts collected are not applied to the purpose for which the FUST was created, since only a very low percentage of the revenues collected by the FUST is used to finance fixed telephony. Although the petition for clarification was dismissed on August 23, 2016, the court noted that the FUST should not be funded with revenues from interconnection and dedicated line operation. ABRAFIX appealed to the higher courts on these two elements that had not been analyzed. ANATEL appealed all the holdings of the ruling to the higher courts.

The amount of the claim is quantified at 1% of the interconnection revenues.

Decision by the High Court regarding the acquisition by Telefónica of shares in Český Telecom by way of a tender offer

Venten Management Limited ("Venten") and Lexburg Enterprises Limited ("Lexburg") were non-controlling shareholders of Český Telecom. In September 2005, both companies sold their shares to Telefónica in a mandatory tender offer. Subsequently, Venten and Lexburg, in 2006 and 2009, respectively, filed actions against Telefónica claiming a higher price than the price for which they sold their shares in the mandatory tender offer.

On August 5, 2016, the hearing before the High Court in Prague took place in order to decide the appeal against the second decision of the Municipal Court, which had been favorable to Telefónica's position (as was also the case with the first decision of the Municipal Court). At the end of the hearing, the High Court announced the second appellate decision by which it reversed the second decision of the Municipal Court and ordered Telefónica to pay 644 million Czech korunas (approximately 23 million euros) to Venten and 227 million Czech korunas (approximately 8 million euros) to Lexburg, in each case plus interest.

On December 28, 2016, the decision was notified to Telefónica, wich filed an extraordinary appeal, requesting the suspension of the effects of the decision.

In March 2017, Telefónica was notified of the decision of the Supreme Court, which ordered the suspension of the effects of the unfavorable decision to Telefónica issued by the High Court.

Venten and Lexburg filed with the Supreme Court a motion to partially abolish the suspension of enforceability of the Decision of the High Court in Prague. On January 17, 2018, Telefónica filed its response seeking dismissal of such motion for lack of legal basis.

On February 14, 2019, notification was given to Telefónica of the resolution of the Supreme Court which, based on the extraordinary appeal filed by Telefónica, abolished the decision of the High Court in Prague dated August 5, 2016 and remanded the case back to the High Court.

In December 2021, the High Court of Prague confirmed its appointment of an expert in order to produce a new expert report to assess the reliability of market-based price criteria used in the mandatory tender offer and further technical issues discussed in this litigation, including a new discounted cashflow valuation of the shares of Český Telecom in 2005.

After receiving the expert report, Telefónica challenged its findings on April 30, 2023. Hearings with respect to this challenge were held in the High Court of Prague in November and December 2023.

On February 20, 2025 a hearing of closing arguments was held before the High Court of Prague.

On May 14, 2025, the judgment was notified, upholding the plaintiffs' claim and ordering Telefónica to pay 2,381 million Czech korunas (approximately 96 million euros based on the exchange rate of such date).

On May 30, 2025, an extraordinary appeal was filed before the Supreme Court against the aforementioned judgment, also requesting its suspension.

On October 21, 2025, the Supreme Court ruled to grant the suspension of the judgment of the High Court of Prague appealed by Telefónica.

As of December 31, 2025, the amount under litigation was 2,438 million Czech korunas (approximately 101 million euros based on the exchange rate of such date).

Appeal against the resolution of ANATEL to sanction Telefônica Brasil for breaches of the Fixed Telephony Regulation

In May 2018, Telefônica Brasil filed a judicial action for annulment against a resolution issued by ANATEL (the National Telecommunications Agency of Brazil) in March 2018 concluding the administrative process for determination of non-compliance with obligations (Processo Administrativo para Apuração de Descumprimento de Obrigações or "PADO") investigating alleged infractions of the Fixed Telephony Regulation by Telefônica Brasil.

This PADO investigation had been suspended during the negotiations of the conduct adjustment term (Termo de Ajustamento de Conduta or "TAC") between Telefônica Brasil and ANATEL relating to this and certain other PADO investigations. Since the negotiations concluded without agreement, the suspended PADO sanctioning procedures were reactivated and finalized.

In its resolution of March 2018, ANATEL considered that Telefônica Brasil committed several infractions, specifically those related to the inadequate notice of suspension of services to defaulting users, the terms of reactivation of services after payment of outstanding amounts by defaulting users and the disagreement with the terms of refunds claimed by users of the services.

The fine imposed by ANATEL and appealed by Telefônica Brasil is approximately 211 million Brazilian reals (approximately 33 million euros based on the exchange rate as of December 31, 2024), which amounted to approximately 663 million Brazilian reals after currency value updates and accrued interest as of December 31, 2024 (approximately 103 million euros based on the exchange rate as of December 31, 2024).

Telefônica Brasil appealed the fine imposed by ANATEL based, fundamentally, on the following arguments: (i) ANATEL should have considered a smaller universe of users to determine the fine and (ii) the calculation of the fine is disproportionate and based on insufficient grounds.

In December 2024, Telefônica Brasil, ANATEL, the Brazilian Federal Court of Accounts and the Brazilian Ministry of Communications signed an agreement on the terms and conditions for the adaptation of the switched fixed telephone service concession contracts to an authorization instrument (the Self-Composition Agreement). Once the Self-Composition Agreement is

validated by the relevant court, the matter would be closed without payment of a fine by Telefônica Brasil.

The Agreement was judicially ratified in November 2025, thereby bringing the litigation to a definitive close.

ICSID Arbitration Telefónica, S.A. vs. Republic of Colombia

In the local arbitration brought by Colombia against Colombia Telecomunicaciones, on July 25, 2017, the local arbitration tribunal ordered Colombia Telecomunicaciones to pay 470 million euros as economic compensation for the reversion of assets related to voice services in relation to the concession granted between 1994 and 2013.

On August 29, 2017, Colombia Telecomunicaciones's share capital was increased in order to make the payment ordered by the local arbitral award; Telefónica, S.A. contributed and disbursed an amount equivalent to 67.5% of the award's amount (317 million euros) and the Colombian Government contributed an amount equivalent to the remaining 32.5% (153 million euros).

On February 1, 2018, Telefónica, S.A. filed a Request for Arbitration against Colombia at the International Centre for Settlement of Investment Disputes ("ICSID"), which was formally registered on February 20, 2018.

The ICSID tribunal was constituted on February 26, 2019.

Colombia filed Preliminary Objections on Jurisdiction on August 5, 2019. Telefónica, S.A. responded to Colombia's objections in its Claimant's Memorial on September 23, 2019, in which it also requested that Colombia pay compensation for damages caused to Telefónica, S.A.

On October 23, 2019, Colombia submitted its Complementary Objections on Jurisdiction as well as a request for Bifurcation, to which Telefónica, S.A. responded on November 29, 2019.

On January 24, 2020, the tribunal dismissed the request for Bifurcation presented by Colombia, ordering the continuation of the proceeding.

On July 3, 2020, Colombia filed its reply to the claim filed by Telefónica before the ICSID.

On November 2, 2020, Telefónica presented its response to Colombia's reply.

After the hearing held in April 2021, on July 27, 2021 the hearing of closing arguments was held.

On November 12, 2024, the tribunal issued an arbitration award favorable to the interests of Telefónica, determining that Colombia failed to comply with its obligation to grant fair and equitable treatment to Telefónica's investments under the applicable investment treaty and ordering Colombia to pay the amount of 380 million U.S. dollars (approximately 358 million euros at the exchange rate of November 12, 2024) plus compound interest at a rate of 5% per year as compensation for the damages caused (i.e., the entire principal amount and interest sought by Telefónica in the dispute). In addition, the tribunal ordered Colombia to pay Telefónica's attorneys' fees with respect to the arbitration proceedings, together with the corresponding interest.

On November 27, 2024, the Republic of Colombia filed a request with the ICSID to annul and suspend the award. According to ICSID procedures, the request for a stay of enforcement in the annulment proceeding provisionally suspends the enforcement of the award until the new tribunal decides on the request.

On March 14, 2025, the tribunal that will rule on the annulment and suspension applications was constituted.

After the approval of the procedural calendar, on June 5, 2025, the Republic of Colombia submitted the Memorial requesting the suspension of enforcement.

On August 7, 2025, Telefónica, S.A. filed its reply to the Memorial requesting the suspension of enforcement. On the same date, the Republic of Colombia submitted its Memorial on Annulment.

On November 6, 2025, Telefónica, S.A. filed its reply to the Memorial on Annulment of the Republic of Colombia.

On December 10, 2025, the ad hoc Committee held a videoconference hearing on the suspension of the enforcement of the award.

On January 9, 2026, the ad hoc Committee issued a decision on the suspension of the award, the annulment resolution remains pending.

Telefónica's lawsuit against Millicom International Cellular for default in the sale of Telefónica de Costa Rica

Telefónica, S.A. (Telefónica) and Millicom International Cellular, S.A. (Millicom) reached an agreement on February 20, 2019 for the purchase and sale of the entire capital stock of Telefónica de Costa Rica TC, S.A.

In March 2020, Telefónica informed Millicom that, once the pertinent regulatory authorizations had been obtained and all the other conditions established in the aforementioned agreement for the execution of the sale had been completed, the execution of the contract and the closing of the transaction should be in April 2020.

Millicom expressed its refusal to proceed with the closing, arguing that the competent Costa Rican administrative authorities had not issued the appropriate authorization.

On May 25, 2020, Telefónica filed a lawsuit against Millicom before the New York Supreme Court, considering that Millicom had breached the terms and conditions established in the sale contract, demanding compliance with the provisions of the aforementioned agreement, and compensation for all damages that this unjustified breach could cause to Telefónica.

On June 29, 2020, Millicom filed a Motion to Dismiss, to which Telefónica replied on July 8, 2020.

On August 3, 2020, Telefónica submitted an amendment to the lawsuit, removing the requirement to comply with the provisions of the sale and purchase contract and requesting only compensation for all damages that the unjustified breach of said agreement could cause to Telefónica.

On January 5, 2021, the Motion to Dismiss filed by Millicom in June 2020 was dismissed by the New York Supreme Court.

On February 24, 2023, both parties filed a "motion for summary judgment" once the discovery period had ended.

On February 13, 2024, the New York Supreme Court issued a decision granting Telefónica's motion for partial summary judgment, concluding that Telefónica is entitled to compensatory damages and prejudgment interest (approximately 140 million U.S. dollars) from Millicom.

On August 5, 2024, Millicom filed its appellate brief with the Appellate Division of the New York Supreme Court, and Telefónica filed its response on September 4, 2024.

On December 17, 2024, the Appellate Division issued a decision and order upholding Telefónica's entitlement to summary judgment, but decided that the Supreme Court had calculated the prejudgment interest incorrectly and reduced the amount to be awarded to Telefónica accordingly.

On January 21, 2025, Telefónica filed an appeal against the decision of the Appellate Division of the New York Supreme Court.

On May 22, 2025, the Court of Appeal ruled on the appeals filed by Millicom and Telefónica, completely dismissing Millicom's appeal and partially upholding Telefónica's appeal. In this favorable context for Telefónica, on July 4, 2025, the parties reached an agreement to settle the dispute.

The proceeding was terminated by a settlement signed by the parties.

ICSID Arbitration Telefónica, S.A. vs. Republic of Peru

On February 5, 2021, Telefónica filed a request for arbitration against the Republic of Peru at the ICSID, which was formally registered on March 12, 2021.

Telefónica bases its claims on the Agreement for the Promotion and Reciprocal Protection of Investments between the Kingdom of Spain and the Republic of Peru ("APRPI") signed on November 17, 1994. Telefónica argues that the Peruvian tax administration (called Superintendencia Nacional de Aduanas y de Administración Tributaria, known as "SUNAT") and other state bodies have failed to comply with the obligations established in the APRPI, including by adopting arbitrary and discriminatory actions.

It is requested that the defendant be ordered to fully compensate Telefónica for all damages suffered.

Once the Tribunal was constituted, on February 9, 2023, Telefónica filed a request for urgent injunctive relief together with a request for injunctive relief, requesting the suspension of the administrative litigation (*acción contencioso-administrativa or ACA*) related to the income tax for the years 1998, 2000 and 2001, as well as the extension of the deadline for submission by Telefónica of the memorial or claim. Following response of Peru, on February 16, 2023, the Tribunal ruled to dismiss Telefónica's request for urgent injunctive relief, to establish the procedural calendar to process the request for injunctive relief and to grant Telefónica two additional weeks to file the memorial or claim.

On March 2, 2023, Telefónica filed a memorial on the merits. On that date, the Republic of Peru filed observations on the claimant's request for provisional measures submitted by Telefónica on February 9, 2023.

On March 24, 2023, the Tribunal held a hearing on the claimant's request for provisional measures.

On May 11, 2023, the Tribunal issued Procedural Order No. 5 concerning the defendant's request to address the objections to jurisdiction as a preliminary question. As a result, the objections to jurisdiction were joined to the merits of the dispute.

On September 18, 2023, the defendant filed a counter-memorial on the merits and a memorial on jurisdiction.

On December 22, 2023, the Tribunal issued Procedural Order No. 6 concerning production of documents.

On March 29, 2024, Telefónica filed a reply on the merits, and on June 28, 2024, the Republic of Peru filed a rejoinder on the merits and a reply on jurisdiction.

On July 16, 2024, following the resignation of the arbitrator appointed by Peru, the Acting Secretary-

General notified the parties of the vacancy on the Tribunal and the proceeding was temporarily suspended pursuant to ICSID Arbitration Rule 10 (2).

On August 12, 2024, the proceedings resumed under ICSID Arbitration Rule 12, following the appointment of the new arbitrator by the Republic of Peru.

On August 20, 2024, the defendant filed a submission on quantum.

The final hearing was held in the last weeks of February 2025.

After the final hearing held, on March 18, 2025, Telefónica filed a request for urgent injunctive relief together with a request for injunctive relief.

On March 24 and April 30, 2025, the Tribunal issued respective decisions regarding the requested for injunctive relief.

On December 15, 2025, Telefónica submitted its post-hearing brief following the hearing held in February 2025.

On December 16, 2025, the Republic of Peru submitted its post-hearing brief regarding the aforementioned hearing.

Appeal against the ANATEL resolution on the calculation of amounts for the renewal of radio frequencies in Brazil associated with the provision of the personal mobile services (filed in 2013)

In 2013, Telefônica Brasil filed a lawsuit against the resolution of ANATEL which sets forth the calculation of the amount to be paid by Telefônica Brasil for the renewal of radio frequencies associated with the provision of personal mobile services, which has been granted to Telefônica Brasil for a period of fifteen years.

According to ANATEL the renewals, which must be carried out every two years, should be accompanied by a payment equivalent to 2% of all income derived from the provision of personal mobile services, while Telefônica Brasil believes that the calculation must be made with respect to the income derived from voice services only, which would exclude data services and interconnection revenues.

In February 2020, Telefônica Brasil filed an appeal before the Regional Federal Court of Brasilia after obtaining an unfavorable ruling in the Court of First Instance, which considered that the criteria defended by ANATEL was the one to be followed.

In May 2025, the Federal Regional Court of Brasília admitted Telefónica's appeal and overturned the unfavorable judgment, fully upholding Telefónica's claim.

The appeals filed by ANATEL against that decision were dismissed. Telefónica is awaiting the decision to become final in order to proceed with the closure of the matter.

As of December 31, 2025, the amount under litigation was 990 million Brazilian reals (153 million euros based on the exchange rate of such date), resulting from the method of calculation of ANATEL that has been appealed.

Appeal against the ANATEL resolution on the calculation of amounts for the renewal of radio frequencies in Brazil associated with the provision of the personal mobile services (filed in 2015)

In 2015, Telefônica Brasil filed a lawsuit against the resolution of ANATEL which sets forth the calculation of the amount to be paid by Telefônica Brasil for the renewal of radio frequencies associated with the provision of personal mobile services, which has been granted to Telefónica Brasil for a period of fifteen years.

According to ANATEL the renewals, which must be carried out every two years, should be accompanied by a payment equivalent to 2% of all income derived from the provision of personal mobile services, while Telefônica Brasil believes that the calculation must be made with respect to the income derived from voice services only, which would exclude data services and interconnection revenues.

In August 2016, Telefônica Brasil filed an appeal before the Regional Federal Court of Brasilia after obtaining an unfavorable ruling in the Court of First Instance, which considered that the criteria defended by ANATEL was the one to be followed. The parties are currently waiting for a judgment on the appeal.

As of December 31, 2025, the amount under litigation was 249 million Brazilian reais (38 million euros based on the exchange rate of such date), resulting from the method of calculation of ANATEL that has been appealed.

UK High Court claim by Phones 4 U Limited against various mobile network operators and other companies, among others, Telefónica, S.A., Telefonica O2 Holdings Limited and Telefonica UK Limited

In late 2018, Phones 4U Limited (in administration) ("P4U") commenced a claim in the English High Court in London against various mobile network operators: Everything Everywhere, Deutsche Telekom, Orange, Vodafone, Telefónica, S.A., Telefonica O2 Holdings Limited and Telefonica UK Limited (together the "Defendants").

P4U carried on a business of selling mobile phones and connections to the public, such connections being

supplied by mobile network operators including the Defendants. In 2013 and 2014, the Defendants declined to extend and / or terminated their contracts to supply connections to P4U.

P4U went into administration in September 2014.

P4U alleges that the Defendants ceased to supply connections because they had colluded between themselves in contravention of the United Kingdom and the European Union competition laws and asserts that it has a basis to claim damages for breach of competition law by all the Defendants. The Defendants deny all P4U's allegations.

The claim commenced on December 18, 2018 by P4U. The Defendants filed their initial defenses in the course of April and May 2019, with P4U filing replies on October 18, 2019. The first case management conference took place on March 2, 2020.

The trial was held between May and July 2022. On November 10, 2023 the court issued a judgment, concluding that none of the Defendants was in breach of either UK or EU competition law.

On April 10, 2024, P4U filed an appeal, and the Defendants filed a response on June 28, 2024.

After the appeal hearing held from May 19 to 23, 2025, on July 11, 2025 the Court of Appeal completely dismissed P4U's appeal.

With this ruling, the matter has been brought to a close.

b) Other proceeding

In October 2024, Telefónica Venezolana, C.A., Telefónica, S.A. and the United States Department of Justice ("DOJ") entered into a Deferred Prosecution Agreement ("DPA") in connection with a single charge for violation of the provisions of the FCPA, which resulted in the payment of a monetary penalty of 85 million U.S. dollars (approximately 81 million euros at the date of payment).

The terms of the DPA include, among others, requirements relating to a corporate compliance plan and annual reports regarding such plan throughout the duration of the DPA. Accordingly, in October 2025, Telefónica submitted to the DOJ the annual report corresponding to the first year of work.

The DOJ has agreed that if all the obligations under the DPA are fully complied with, then DOJ will seek dismissal with prejudice of the charge described above after the DPA concludes.

c) Commitments

Agreement for the sale of the shares of Telefónica Gestión de Servicios Compartidos España, S.A.U., Telefónica Gestión de Servicios Compartidos Argentina, S.A. and T-Gestiona Servicios Contables y Capital Humano, S.A.C.

On March 1, 2016, a share purchase agreement between, on one hand, Telefónica, S.A., Telefónica Servicios Globales, S.L.U. and Telefónica Gestión de Servicios Compartidos Perú, S.A.C. (as sellers), and, on the other hand, IBM Global Services España, S.A., IBM del Perú, S.A.C., IBM Canada Limited and IBM Americas Holding, LLC (as purchasers) for the sale of the companies Telefónica Gestión de Servicios Compartidos España, S.A.U., Telefónica Gestión de Servicios Compartidos Argentina, S.A. and T-Gestiona Servicios Contables y Capital Humano, S.A.C., for a total price of approximately 22 million euros, was ratified before Notary Public. This share purchase agreement was subscribed on December 31, 2015.

Following the aforementioned share purchase agreement and in connection with the latter transaction, also, on December 31, 2015, Telefónica subscribed a master services agreement with IBM for the outsourcing of economic-financial and HR activities and functions to be provided to the Telefónica Group for an initial duration of ten years and a total amount of approximately 450 million euros. Most of the Telefónica Group's subsidiary companies adhered to that master services agreement.

The master service agreement has been amended on several occasions (on March 31, 2021, March 31, 2022, July 29, 2022 and August 31, 2023). The most relevant changes have affected the scope of services and extended the term of the agreement.

On June 28, 2024, an additional amendment to the master service agreement was signed. As a result of the various amendments, the term of the master service agreement may be extended up to 2031 for adhering companies in Latin America or up to 2034 for adhering companies in Spain.

Commitments derived from the agreements reached for the acquisition of football (soccer) related rights between Telefónica (through its affiliate Telefónica Audiovisual Digital, S.L.U.) and LaLiga, UEFA and RFEF/ RTVE

On December 13, 2021, Telefónica was provisionally awarded the exclusive broadcasting rights of 5 matches per matchday of the Spanish First Division Football League National Championship ("LaLiga"), for pay television in the residential market, in Spain. Telefónica

received the first pick on 18 matchdays of each season and second pick on 17 matchdays, including the second match of the season between Real Madrid and Barcelona (Option D bis, Lot D.1 bis).

Likewise, Telefónica was awarded the exclusive broadcasting rights of three matchdays, which contain 10 matches each matchday, including matches of Real Madrid C.F., F.C. Barcelona and Club Atlético de Madrid against the six first classified of the previous season; and Valencia C.F., Athletic Club de Bilbao or Real Betis Balompié, if they were not among the aforementioned first classified (Option D bis, Lot D.3 bis).

The award initially included all seasons between the cycle 2022/2023 and 2026/2027 although the 2025/2026 and 2026/2027 seasons were subject to the CNMC lifting or modifying a resolution that limited the maximum duration of the contracts signed by Telefónica for the acquisition of sports rights (Expte. VC/0612/14).

The award was made at a price of 520 million euros for each of the seasons.

The award was subject to the execution of an agreement between Telefónica and LaLiga with the remaining terms and requirements established in the LaLiga tender, which agreement was signed on January 19, 2022. This agreement was modified to adjust its duration to the CNMC Competition Directorate's interpretation of the maximum length of contracts for the acquisition of exclusive sports rights (three years from signature) within the above referenced procedure (Expte. VC/0612/14). In this regard, LaLiga issued on December 29, 2023, a new tender regarding those same packages for seasons 2024/2025 (from January 20, 2025) and 2025/2026 and 2026/2027.

On January 19, 2024, Telefónica Audiovisual Digital, S.L.U. was awarded exclusive broadcasting rights for five matches per matchday of the Spanish First Division Football League National Championship for pay television in the residential market in Spain. Telefónica Audiovisual will have first pick on 18 matchdays and second pick on 17 matchdays (or the applicable portion for the 2024/2025 season), including the second match of the season between Real Madrid and Barcelona. In addition, it has been awarded exclusive broadcasting rights of one matchday for the 2024/2025 season and three matchdays in the remaining seasons. The award covers the 2024/2025 season, beginning January 20, 2025, as well as the 2025/2026 and 2026/2027 seasons. The price has been set at 250 million euros for the 2024/2025 season and 520 million euros for each of the 2025/2026 and 2026/2027 seasons. The corresponding agreement between Telefónica Audiovisual Digital, S.L.U. and LaLiga was signed on June 2, 2024.

On November 28, 2025, Telefónica was provisionally awarded exclusive broadcasting rights of five (5) matches per matchday of "LaLiga", for pay television in the residential market, in Spain. Telefónica will have the 1st pick in 19 matchdays of each season, including "El Clásico" of the second round (Option D, Package D.1).

The award includes 2027/2028, 2028/2029, 2029/2030, 2030/2031 and 2031/32 seasons.

The award was made at a total amount of 2.635,85 million euros at an average price of 527,17 million euros for each of the seasons, and is subject to the execution of an agreement between Telefónica and LaLiga.

On March 28, 2022, Telefónica entered into an agreement with the company DAZN for the distribution of the so-called DAZN LaLiga Package. Such package includes the remaining five football matches per match-weekend of the Spanish First Division Football League National Championship, in 35 out of 38 match-weekends for exploitation on pay television for residential subscribers in Spain (Option D bis, Package D.2 bis).

This is a non-exclusive agreement for five seasons, from 2022/2023 to 2026/2027. The agreed value amounts to 280 million euros for each of the seasons. Telefónica is negotiating a similar agreement for cycle 2027/2028 to 3031/32 with DAZN so their customers may access 100% of LaLiga matches.

In addition, on July 29, 2022, Telefónica signed a new contract with LaLiga for the non-exclusive broadcasting of the channel that broadcasts matches of the Second Division of National Football Championship League for seasons 2022/2023, 2023/2024 and 2024/2025, with Telefónica's unilateral option to extend for two additional seasons, with a variable cost that amounts to approximately 16 million euros per season. On February 28, 2024, Telefónica exercised an option to extend, and the agreement was extended for seasons 2025/2026 and 2026/2027.

Similarly, on August 4, 2022, a contract was formalized with LaLiga for the non-exclusive broadcast of the LaLiga TV Bar Channel for non-residential subscribers for the 2022/2023 season with a minimum guarantee of 29 million euros, being the final price variable. Likewise, the contract for the 2023/2024 season was signed on July 30, 2023, with a minimum guaranteed consideration of approximately 29 million euros. The contract for the 2024/2025 season was signed on July 28, 2024, with a similar minimum guaranteed consideration of 29.7 million euros. The contract for the 2025/2026 season was signed on July 21, 2025, with the same minimum guaranteed consideration as in the previous season.

On November 2, 2022, Telefónica was also awarded by Real Federación Española de fútbol (RFEF) exclusive pay television rights of Copa del Rey Competiton and Supercopa de España for seasons 2022/2023, 2023/2024 and 2024/2025. Copa del Rey has been

extended to 2025/2026 and 2026/2027 seasons through an agreement with RTVE which is pending of execution. Supercopa de España has also been renewed for seasons 2025/2026, 2026/2027 and 2027/2028 through an agreement with RFEF which is also pending.

On June 13, 2023, Telefónica submitted its offer for the acquisition of the audiovisual rights of the UEFA Champions League and UEFA Europa League, as well as the UEFA Europa Conference League and the UEFA Youth League ("UEFA Competitions") for the 2024/2025, 2025/2026 and 2026/2027 seasons, upon expiration of the previous contract.

UEFA awarded Telefónica on August 1, 2023, with exclusive media rights in Spain of UEFA Competitions for residential subscribers during seasons 2024/2025, 2025/2026 and 2026/2027. The corresponding agreements were signed on November 3, 2023.

The total award price for all competitions covered by these agreements with UEFA amounted to 960 million euros (i.e. 320 million euros for each of the seasons 2024/2025, 2025/2026 and 2026/2027).

On November 20, 2025, Telefónica was awarded exclusive media rights of UEFA Champions League and UEFA Europa League, as well as UEFA Youth League, UEFA Europa Conference League and UEFA Super Cup, for the next cycle that includes seasons 2027/2028, 2028/2029, 2029/2030 and 2030/2031.

This is a provisional award, subject to the negotiation and subsequent signing of a contract with UEFA that is expected to be formalised in the coming days.

The total price of the award amounts to 1,464 million euros at a rate of 366 million euros for each of the seasons 2027/2028, 2028/2029, 2029/2030 and 2030/2031

Wholesale Access Services Agreement with AT&T Mexico

On November 21, 2019, Pegaso PCS, S.A. de C.V. ("Telefónica México") and AT&T Comunicaciones Digitales, S. de R.L. de C.V. ("AT&T Mexico") entered into a Wholesale Access Services Agreement ("Wholesale Agreement"), under which AT&T Mexico agreed to provide wholesale wireless access to Telefónica México on 3G, 4G and any other future technology available in Mexico.

The Wholesale Agreement has a minimum duration of eight years, renewable for additional consecutive periods of three years. Such Wholesale Agreement establishes a gradual migration of Telefónica México's traffic to AT&T Mexico's access network over the first three years of the agreement.

As set forth in the Wholesale Agreement such migration was completed during the first half of 2022. As a result, Telefónica México's wireless access infrastructure was turned off and Telefónica México no longer uses the licensed spectrum that it used in the past to operate its network.

On April 24, 2024, Telefónica México and AT&T Mexico entered into an Amended and Restated Wholesale Access Services Agreement ("Amended Wholesale Agreement"). Under the Amended Wholesale Agreement, the term of the Wholesale Agreement was extended and AT&T Mexico agreed to continue providing wholesale wireless access to Telefónica México with respect to 3G, 4G, 5G and any other future technology available in Mexico.

The Amended Wholesale Agreement has a minimum duration of three years, expiring on November 20, 2027, and may be renewed for additional consecutive periods of three years.

Contracts for the provision of IT services with Nabiax

In 2019 Telefónica, S.A. signed an agreement for the sale of a portfolio of eleven data center businesses located in seven jurisdictions to a company (hereinafter "Nabiax") controlled by Asterion Industrial Partners SGEIC, S.A.

At the same time as this sale, agreements were entered into with Nabiax to provide housing services to the Telefónica Group, allowing Telefónica to continue providing housing services to its customers, in accordance with its previous commitments. Such service provision agreements have an initial term of ten years and include minimum consumption commitments in terms of capacity. These commitments are consistent with the Group's expected consumption volumes, while prices are subject to review mechanisms based on inflation and market reality.

On May 7, 2021, Asterion Industrial Partners SGEIC, S.A. ("Asterion") and Telefónica Infra (T. Infra), the infrastructure unit of the Telefónica Group, reached an agreement for the contribution to Nabiax of four additional data centers owned by the Telefónica Group (two of them located in Spain and two in Chile). In exchange for the contribution of these four data centers, T. Infra received a 20% equity stake in Nabiax. Once the relevant authorizations and other conditions precedent to the contribution of the two data centers located in Spain were obtained, the partial closing of the transaction took place as of July 21, 2021, whereby Telefónica Group contributed those data centers to Nabiax, with T. Infra receiving in exchange a 13.94% stake in Nabiax at this stage. The agreement was complemented by the signing of a contract for the provision to Telefónica of housing services from those two data centers under terms and conditions equivalent

to those established in the transaction executed in 2019, for an initial period of ten years.

Once the conditions related to the contribution of the two data centers located in Chile were fulfilled, on May 24, 2022, the complete closing of the transaction took place, and T. Infra reached a 20% stake in Nabiax (see Note 10). The agreement was complemented by the signing of a contract for the provision to Telefónica of housing services from those two data centers under terms and conditions equivalent to those established in the transaction executed in 2019, for an initial period ending in 2031.

On June 13, 2023, the data centers owned by Nabiax located in the Americas were sold to the investment fund Actis. T. Infra owns a 20% stake in Nabiax. After this transaction, Nabiax only owns data centers in Spain.

The data centers sold to Actis continue to provide housing services to the Telefónica Group under the terms of the contracts signed in 2019, as Telefónica, S.A. waived its right to terminate the housing services contracts upon the sale of the data centers.

On June 10, 2024, Telefónica de España, S.A.U. and Nabiax's subsidiary Digital DHF Iberia S.L signed an addendum to the agreement for the provision of housing services in Spain to, among other things, extend the validity of the agreement until July 2034, but only with respect to a data center in Alcalá de Henares.

In June 2024, Asterion began a process to sell its 80% stake in Nabiax. In accordance with the rights held by Asterion under the Nabiax Shareholders Agreement, Asterion negotiated the conditions of the sale and also exercised its drag-along right over the 20% stake in Nabiax owned by T. Infra. On November 7, 2024, a purchase and sale agreement for 100% of the share capital of Nabiax was signed with the investment fund Aermont Capital. Once the required regulatory approval was obtained, Telefónica Infra transferred its 20% stake in Nabiax on March 27, 2025.

Nabiax continues to provide housing services to the Telefónica Group under the terms of the contracts signed in 2019.

50:50 joint venture with Liberty Global for the combination of both groups' businesses in the United Kingdom

On May 7, 2020, Telefónica agreed to enter into a joint venture with Liberty Global plc ("Liberty Global") pursuant to a contribution agreement (as amended from time to time, the "Contribution Agreement") between Telefónica, Telefonica O2 Holdings Limited, Liberty Global, Liberty Global Europe 2 Limited and a newly formed entity of which, after closing, each of Telefónica and Liberty Global would hold 50% of its share capital named VMED O2 UK Limited.

After having obtained the clearance from the Competition and Market Authority (the antitrust authority in the UK in charge) and having fulfilled all the other pre-closing conditions included in the Contribution Agreement, the transaction was completed on June 1, 2021. From such date, Telefónica and Liberty Global each hold an equal number of shares in VMED O2 UK Limited, after contributing to VMED O2 UK Limited: (i) Telefónica, its O2 mobile business in the United Kingdom and (ii) Liberty Global, its Virgin Media business in the United Kingdom.

The corporate governance of VMED O2 UK Limited is regulated by a shareholders' agreement, which was entered into by the parties to the Contribution Agreement on June 1, 2021 and was amended on November 15, 2023 and August 1, 2025 (as amended from time to time, (the "Shareholders' Agreement")).

On the date of closing of the transaction, Telefónica, Liberty Global, and certain companies belonging to each shareholder's corporate group entered into certain services, reverse services, licensing and data protection agreements with VMED O2 UK Limited and certain entities belonging to the VMED O2 UK Limited group. In particular, Telefónica and Liberty Global agreed that each shareholder's group would provide certain services, either on a transitional or ongoing basis, to VMED O2 UK Limited and its group. Finally, VMED O2 UK Limited and its group would also provide certain services to specific companies belonging to the corporate group of each of its shareholders.

Pursuant to the terms of the above referred services agreements, the transitional services that are to be provided by the Telefónica Group to VMED O2 UK Limited would be provided for terms initially ranging from 7 to 24 months (subsequently extended in some cases to terms up to 40 months) while the ongoing services that are to be provided by the Telefónica Group to VMED O2 UK Limited would be provided for periods of two to six years, depending on the service. The services provided by the Telefónica Group to VMED O2 UK Limited, under the agreements as amended, consist primarily of technology and telecommunication services that will be used by or will otherwise benefit VMED O2 UK Limited. In addition to providing VMED O2 UK Limited with such services, the mobile operators of the Telefónica Group and VMED O2 UK Limited will maintain their roaming commercial relationships in order to reciprocally provide roaming services for their respective customers.

Likewise, as of closing of the transaction Telefónica granted certain trademark license agreements to VMED O2 UK Limited (the "VMED O2 UK Limited Trademark Licenses"). Pursuant to the VMED O2 UK Limited

Trademark Licenses, Telefónica Group licensed the use of Telefónica and O2 brand rights to VMED O2 UK Limited.

Investment Agreement with Allianz and Telefónica Germany

On October 29, 2020, Telefónica Infra Germany GmbH ("TEF Infra Germany", a subsidiary indirectly wholly-owned by Telefónica through Telefónica Infra, S.L.U.) entered into an investment agreement (and related contracts, including a partners' agreement which sets forth the principles of corporate governance of the joint venture) with several entities belonging to the Allianz Group ("Allianz") and Telefónica Germany 1. Beteiligungsgesellschaft mbH (a subsidiary wholly-owned by Telefónica Germany GmbH & Co. OHG) ("TEF Germany") for the creation of a joint venture to deploy Fiber-to-the-Home (FTTH) in Germany, pursuant to which TEF Infra Germany and TEF Germany conditionally agreed to invest up to 500 million euros equity in total (400 million euros by TEF Infra Germany and 100 million euros by TEF Germany) and Allianz conditionally agreed to invest up to 1,000 million euros through different sources of funding over a six year period.

The closing of the transaction and the acquisition of the joint control took place on December 18, 2020. The registration of Allianz and TEF Germany as limited partners of the joint venture (UGG TopCo GmbH & Co. KG) in the German commercial registry occurred on January 21, 2021. After the closing of the transaction, the Allianz Group and the Telefónica Group each holds 50% in the joint venture under a co-control governance model. Telefónica Group's ownership is held through TEF Infra Germany holding 40% and TEF Germany holding a 10% stake.

New long-term master services agreement in the United Kingdom

On January 7, 2021, each of Telefónica U.K. and Vodafone U.K. entered into new Master Services Agreements with Cornerstone Telecommunications Infrastructure Limited ("CTIL"), their passive tower network infrastructure partnership which was initially 50:50 jointly owned and operated by the two operators. The new agreements came into effect on January 1, 2021, with initial terms of 8 years, with three additional 8-year renewal periods.

CTIL was formed in 2012 through the consolidation of both Telefónica U.K. and Vodafone U.K.'s existing basic network infrastructure, including towers and masts, which were transferred to the joint operation. CTIL currently operates 14,200 macro sites with a 2.0x tenancy ratio (including active sharing) and 1,400 micro sites. CTIL also provides management services for the anchor tenants for a further 5,100 third party sites where their active equipment is deployed. Telefónica's stake in CTIL is currently held through VMED O2 UK Limited (see Note 10), the joint venture between Telefónica and Liberty Global plc in the United Kingdom, which on November 15, 2023 transferred an indirect 16.67% minority stake in CTIL to the UK-based infrastructure fund GLIL Infrastructure LLP, and on November 27, 2024 further transferred an additional indirect 8.33% minority stake in CTIL to Equitix Investment Management Limited.

The new agreements do not materially impact existing network agreements and will continue to allow CTIL to primarily serve its shareholders as well as some third parties.

Agreement reached between Telefónica España Filiales, S.A.U. (Telefónica España Filiales), T. Infra, Vauban and Crédit Agricole Assurances for the establishment of Bluevia Fibra

On July 25, 2022, Telefónica España Filiales S.A.U, Telefónica Infra S.L.U. (T. Infra) and the consortium formed by Vauban Infrastructure Partners ("Vauban") and Crédit Agricole Assurances ("CAA") reached an agreement for the establishment of a company, Bluevia Fibra, S.L. ("Bluevia"), whose corporate purpose is the deployment and commercialization of a fiber-to-the-home (FTTH) network mainly in rural areas in Spain.

Once the relevant regulatory authorizations were obtained, the closing of the transaction took place on December 20, 2022.

After closing, the Telefónica Group holds 55% of the capital of Bluevia (30% through Telefónica España Filiales and 25% through T. Infra), with Vauban/CAA holding the remaining 45%.

At closing, Bluevia purchased from Telefónica España 3.9 million already passed real estate units, and agreed to deploy 1.1 million additional units over the following two years after closing, reaching a total footprint of 5 million passed real estate units. The 3.9 million already passed real estate units acquired by Bluevia at closing represented 14% of Telefónica's FTTH network in Spain, with Telefónica España retaining ownership of the remainder of the network. In addition, as part of the transaction, the Telefónica Group entered into a series of service provision agreements with Bluevia which entail the mutual provision and receipt of services by/to Telefónica Group and Bluevia. As part of the transaction Telefónica Group contributed equity funds to Bluevia in the amount of approximately 1,247 million euros and the Vauban/CAA consortium acquired 45% of Bluevia from Telefónica España for 1,021 million euros in cash (see Note 2).

Agreement reached by T. Infra, Liberty Global and InfraVia for the establishment of a fiber-to-the-home (FTTH) joint venture in the United Kingdom

On July 29, 2022, T. Infra, Liberty Global plc ("Liberty Global") and InfraVia Capital Partners ("InfraVia") reached an agreement for the establishment of a joint venture, Opal JVco Limited "nexfibre", for the deployment of fiber-to-the-home (FTTH) to 5 million homes in the United Kingdom not reached by VMED O2 UK Limited's (VMO2) network, with potential for expansion to an additional 2 million homes. The fiber network will offer wholesale FTTH access to telecommunications service providers, with VMO2 acting as the lead customer, as well as providing a range of technical services.

Once the relevant regulatory authorizations were obtained and the other conditions were fulfilled, the closing of the transaction took place on December 15, 2022.

After closing, Liberty Global and T. Infra participate by halves in a joint vehicle that holds a 50% interest in nexfibre, with InfraVia owning the remaining 50%.

The business plan for the initial rollout to 5 million homes envisages an investment of approximately 4,500 million pounds sterling (approximately 5,426 million euros at the exchange rate at December 31, 2024). The three partners have funded their pro-rata share of equity funding for the construction, totaling up to 1,400 million pounds sterling (approximately 1,688 million euros at the exchange rate at December 31, 2024). In addition, nexfibre has entered into a facilities agreement with a consortium of banks for an amount of up to 3,300 million pounds sterling (approximately 3,979 million euros at the exchange rate at December 31, 2024).

As part of the transaction, InfraVia has made and will continue to make certain payments to Liberty Global and T. Infra, a portion of which will be linked to the progress of the construction of the network.

In support of its obligations to nexfibre, VMO2 continues to extend network build contracts with various providers.

Agreements between Telefónica de España, S.A.U. ("TdE"), Telefónica Móviles España, S.A.U. ("TME") and Telefónica Soluciones de Informática y Comunicaciones de España, S.A.U. ("TSOL" and jointly with TdE and TME the "Telefónica España Companies") with Capgemini España, S.L., Inetum España, S.A., Indra Soluciones Tecnologías de la Información S.L.U. and UTE "Indra Soluciones Tecnologías de la Información S.L.U., Inetum España S.A., Unión Temporal de Empresas Ley 18/1982 de 26 de mayo"

In March 2024, the Telefónica España Companies entered into separate contracts with each of (i) Capgemini España, S.L., (ii) Inetum España, S.A., (iii) Indra Soluciones Tecnologías de la Información S.L.U. and (iv) UTE "Indra Soluciones Tecnologías de la información S.L.U., Inetum España S.A., Unión Temporal de Empresas Ley 18/1982 de 26 de mayo" for the provision to the Telefónica España Companies of an IT transformation service (development, maintenance and operation of applications, and infrastructure engineering services, maintenance, and IT operations infrastructure), for aggregate consideration of 582 million euros. The counterparties' obligations to Telefónica consist of application and infrastructure development and maintenance, as well as application and infrastructure operation regarding the IT transformation service.

The agreements each have a duration of 7 years and will be automatically extended up to a maximum of 2 additional years, absent prior notice by any of the parties).

Agreement reached by Telefónica España Filiales, Telefónica Infra and Vodafone ONO with AXA REIM for the sale of a stake of "Compañía Mayorista de Fibra, S.L. (Fiberpass)

On November 7, 2024, Telefónica España Filiales, S.A.U. (Telefónica España Filiales) and Telefónica Infra S.A.U. (Telefónica Infra) reached an agreement with Vodafone ONO, S.A.U. (Vodafone España) to incorporate a joint company, whose main activity is the commercialization of a fiber to the home (FTTH) network for its shareholders, Telefónica España Filiales and Vodafone España, so that they can in turn provide retail and wholesale broadband access services.

As part of the transaction, the agreements executed were the following: i) an investment agreement and transfer agreements, all of them already signed on November 7, 2024, and ii) a shareholders agreement, master service agreements, systems, monitoring and maintenance services agreement, and a corporate service agreement which regulates certain services of a diverse nature, all of which will be entered into on the closing date.

Once the corresponding regulatory authorizations had been obtained and after the fulfilment of the remaining agreed conditions, on February 28, 2025, the transaction was completed, and the joint company's resulting share capital (Compañía Mayorista de Fibra, S.L., "Fiberpass") was divided between Telefónica Group (63%) and Vodafone España (37%). Telefónica Group's 63% stake is held through Telefónica España Filiales (38%) and Telefónica Infra (25%).

On November 24, 2025, Telefónica España Filiales, Telefónica Infra, and Vodafone España reached an agreement with an investment vehicle of Axa Real Estate Investment Managers SGP ("AXA REIM") called Porites Bidco, S.À R.L. ("BidCo"), whereby BidCo will acquire a 40% stake in Fiberpass (acquiring the 32% of Fiberpass to Vodafone España and a 8% of that company to Telefónica España Filiales).

Once the transaction is completed, FiberPass's share capital will be divided among Telefónica Group (55%), Vodafone España (5%) and AXA REIM (40%), The Telefónica Group 55% stake is structured between Telefónica España Filiales (30%) and Telefónica Infra (25%) with Telefónica retaining control of Fiberpass.

The closing of the transaction is subject to certain closing conditions, including obtaining the relevant regulatory approvals.

Agreement reached by Telefónica Hispanoamérica and Millicom for the sale of their stake in Colombia Telecomunicaciones.

On March 12, 2025, Telefónica Hispanoamérica, S.A., a wholly owned subsidiary of Telefónica, S.A., reached an agreement to sell to Millicom Spain, S.L. all of the shares it holds in Colombia Telecomunicaciones S.A. E.S.P. BIC, representing 67.5% of its share capital, for an amount of 400 million U.S. dollars (approximately 341 million euros based on the exchange rate as of June 30, 2025), with the corresponding price being subject to the usual price adjustments for this type of transactions.

The closing of the transaction was subject to certain closing conditions, including obtaining the relevant regulatory approvals, and agreements with La Nación Ministerio de Hacienda y Crédito Público de la República de Colombia and Empresas Públicas de Medellín E.S.P.

On November 13, 2025, the Superintendence of Industry and Commerce approved, with certain conditions, the corporate integration requested by Colombia Telecomunicaciones S.A. ESP BIC and Colombia Móvil S.A. ESP.

On December 23, Millicom Colombia Holding, S.A.S. requested authorization to launch a tender offer for the shares representing 68.35% of the share capital of Colombia Telecomunicaciones S.A. ESP BIC, which included all the shares held by Telefónica Hispam in that company.

On February 5, 2026, Telefónica, S.A. once the corresponding regulatory authorizations were obtained and after the fulfilment of the agreed conditions, Telefónica Hispanoamérica, S.A., transferred to Millicom Colombia Holdings SAS, the total stake it held in the share capital of Colombia Telecomunicaciones S.A. E.S.P. BIC, within the framework of the aforementioned tender offer, representing 67.5% of its share capital for an amount of USD 214 million (approximately EUR 182 million at the exchange rate of such date) (see Note 31).

d) Environmental and climate change matters

Environmental management of the Group

Commitment to protect the environment is part of the Company's general strategy and is the responsibility of the Board of Directors. The performance in this area is regularly supervised by the Sustainability and Regulation Committee as well as by the Global Sustainability (ESG) Office in coordination with the global areas responsible for executing this strategy alongside the business units.

The Group has a Global Environment and Energy Policy, and externally certified environmental management systems in accordance with ISO 14001 in the Group operators. The environment is a cross-cutting issue throughout the Company, involving both operational and management areas as well as business and innovation areas.

The Telefónica Group has contracted, both locally and globally, several insurance programs in order to mitigate the possible occurrence of an incident stemming from the risks of environmental liability and/or natural disasters.

Carbon reduction targets are part of the variable remuneration of the Company employees, including the Executive Committee. In addition, the cycles of Telefónica, S.A.'s long-term share-based incentive plans initiated until December 31, 2025 (see Note 27) have included CO2 Emission Neutralization targets.

Climate change and energy

In managing climate change, Telefónica identifies adaptation and mitigation measures and new opportunities for growth and development. To analyze climate risks, the guidelines established in the Corporate Sustainability Reporting Directive (CSRD) are followed. In this way, the risks (physical and transition) and potentially material climate opportunities for the Company have been identified, considering various scenarios and time horizons.

Telefónica integrates the risks and opportunities identified in its business model through the Climate Action Plan, which defines the roadmap to achieve net-zero emissions by 2040.

For Telefónica, it is a priority to keep energy consumption stable despite the sharp increase in the digitalization of society and, therefore, in data traffic transmitted through the networks. The Group's Energy Efficiency Plan therefore includes initiatives such as network modernization, with investments in fiber optics (more efficient) that replace the copper network, or 5G.

The Company's decarbonization requires not only maximum efficiency in the use of energy, but also that it comes from renewable sources. Telefónica's Renewable Energy Plan contemplates different solutions such as self-generation, the purchase of renewable electricity with a guarantee of origin and long-term power purchase agreements (PPAs, see Note 26). This plan prioritizes renewable electricity sources, and defines the strategy for reducing operating costs and exposure to fluctuations in electricity prices. Currently, most of the electricity consumption in Telefónica's facilities comes from renewable sources.

Financing linked to sustainability criteria

Telefónica's Sustainable Financing Framework is aligned with the International Capital Markets Association (ICMA) Green, Social and Sustainable Bond Principles, as well as the Green Lending Principles and the Social Loans of the LMA (Loan Market Association), the APLMA (Asian Pacific Loan Market Association) and the LSTA (Loan Syndications and Trading Association), and it is linked to the United Nations Sustainable Development Goals.

In addition to senior *green* bonds and hybrid instruments, the Group uses other sustainable banking financing tools, such as loans and credits linked to sustainability objectives, such as emissions reduction or gender equality. The Group's main syndicated loan is also linked to the performance of sustainability indicators.

In terms of bank financing, Telefónica has an undrawn syndicated loan linked to sustainability indicators, amounting to 5,500 million euros (see Note 18 and Annex V). The first extension option was exercised on January 13, 2026, subject to the consent of all creditors, with the new maturity date being January 13, 2031 (see Note 31).

In addition, the Group has committed lines and bilateral financing with numerous financial entities, reaching a total volume of 4,206 million euros at the end of 2025, the interest applied to which is also linked to the fulfilment of sustainability objectives (see Note 18).

Overall, as at December 31, 2025, the Group's sustainable financing amounts to 20,490 million euros broken down as follows:

Millions of euros	
Financial liabilities	**4,524**
Senior sustainable bond of Telefónica Emisiones 2022 (Appendix III)	1,000
Senior green bond of Telefónica Emisiones 2023 (Appendix III)	850
Senior sustainable bond of Telefónica Emisiones 2024 (Appendix III)	1,000
Senior sustainable bond of Telefónica Emisiones 2024 (Appendix III)	750
Sustainability linked bonds of Telefónica Brazil (Appendix III)	309
Sustainability linked facilities of Telefónica, S.A.	615
Undated deeply subordinated securities (hybrid instruments) (Note 17.c)	**6,050**
Undrawn facilities at December 31, 2025 (Note 18)	**9,706**
Sustainability linked facility of Telefónica, S.A.	5,500
Sustainability linked bilateral facilities	4,206
Total financing linked to continued operations	**20,280**
Sustainability linked facilities of Colombia Telecomunicaciones	210
Total financing linked to discontinued operations	**210**
Total financing linked to sustainability criteria	**20,490**

Additionally, in January 2026 Telefónica carried out two issues of undated deeply subordinated securities, for an aggregate amount of 1,750 million euros and intended to be issued as green bonds, and a bond issue for an amount of 1,000 million euros whose funds will be allocated towards eligible investments in accordance with the Sustainable Financing Framework of 2023 (see Note 31).

e) Auditors' fees

The services provided to the auditors comply with the independence requirements established by Spanish Law 22/2015 of 20 July on Auditing of Accounts, as well as with the rules of the Securities and Exchange Commission (SEC) and the Public Company Accounting Oversight Board (PCAOB), both of the United States of America.

The expenses accrued by the Group, in respect of the fees for services rendered to the various member firms of the PwC international network, to which PricewaterhouseCoopers Auditores, S.L. ("PwC Auditores, S.L."), the statutory auditor of Telefónica, S.A., belongs, amounted to 22.34 million euros and 22.11 million euros in the financial years 2025 and 2024, respectively.

The detail of these amounts is as follows:

	2025		
Millions of euros	**PwC Auditores, S.L.**	**Other companies PwC network**	**Total**
Audit services	9.08	11.51	20.59
Audit-related services	1.56	0.19	1.75
Total	**10.64**	**11.70**	**22.34**

	2024		
Millions of euros	**PwC Auditores, S.L.**	**Other companies PwC network**	**Total**
Audit services	8.47	11.91	20.38
Audit-related services	1.33	0.40	1.73
Total	**9.80**	**12.31**	**22.11**

"Audit services" include the audit fees corresponding to the audit of the individual and consolidated financial statements of Telefónica, S.A. and other companies forming part of the Group, as well as the review of interim financial statements. These fees also include the audit of the effectiveness of internal control over financial reporting in accordance with Section 404 of the Sarbanes-Oxley Act of 2002 until the date of suspension of the reporting obligations (see Note 31) and the work performed in connection with the integrated audit prepared for the purposes of the registration of Form 20-F with the U.S. Securities and Exchange Commission, for those Group companies subject to such requirements. They also include work derived from the fulfilment of legal or regulatory requirements which, due to their nature, must be performed by the statutory auditor.

The main items included in "Audit-related services" primarily include the verification of the Consolidated Non-Financial Information Statement and Sustainability Information, the work related to the review of financial information required by regulatory authorities, the issuance of agreed-upon procedures reports on financial information, the issuance of comfort letters, the review of allocation and impact reports relating to sustainable finance instruments, the European special report on the review of the Financial Condition and Solvency under the Solvency II regulatory framework, and the reasonable assurance report on the Internal Control over Financial Reporting (ICFR) system.

During 2025, the principal auditor did not provide any services other than those mentioned above. In 2024, such services amounted to 0.004 million euros.

PwC Auditores, S.L., has provided the following services to the Group during the financial years 2025 and 2024: the individual and consolidated financial statements audit, the limited review of interim financial statements, the audit of the effectiveness of internal control over financial reporting in accordance with Section 404 of the Sarbanes-Oxley Act of 2002, up to the date of suspension of the related reporting obligations (see Note 31), the verification of the Consolidated Non-Financial Information Statement and Sustainability Information, the issuance of comfort letters, the issuance of agreed-upon procedures reports on financial information, the review of allocation and impact reports relating to sustainable finance instruments, the European special report on the review of the Financial Condition and Solvency under the Solvency II regulatory framework, and the reasonable assurance report on the Internal Control over Financial Reporting (ICFR) system.

The expenses accrued to other audit firms, which are not part of the international PwC network and which have provided audit services to the companies included in the consolidation of the Group for the year 2025 have amounted to a total of 1.17 million euros (1.61 million euros in 2024), the details of the audit services correspond to 0.72 million euros 1.01 million euros in 2024).

f) Trade and other guarantees

The Company is required to issue trade guarantees and deposits for concession and spectrum tender bids (see Note 19) and in the ordinary course of its business. No significant additional liabilities in the accompanying consolidated financial statements are expected to arise from guarantees and deposits issued.

g) Directors' and Senior Executives' compensation and other benefits

The compensation of the members of Telefónica's Board of Directors is governed by article 35 of the Company's By-Laws, which provides that the annual amount of the compensation to be paid thereby to all of the Directors in their capacity as such, i.e., as members of the Board of Directors and for the performance of the duty of supervision and collective decision-making inherent in such body, shall be fixed by the shareholders at the General Shareholders' Meeting. The Board of Directors shall determine the exact amount to be paid within such limit and the distribution thereof among the Directors, taking into account the duties and responsibilities assigned to each Director, their membership on Committees within the Board of Directors and other objective circumstances that it deems relevant. Furthermore, Executive Directors shall receive such compensation as the Board determines for the performance of executive duties delegated or entrusted to them by the Board of Directors. Such compensation shall conform to the Director compensation policy approved by the shareholders at the General Shareholders' Meeting.

In accordance with the foregoing, the shareholders, acting at the Ordinary General Shareholders' Meeting held on April 11, 2003, set at 6 million euros the maximum amount of annual gross compensation to be received by the Board of Directors as a fixed allotment and as attendance fees for attending the meetings of the Advisory or Control Committees of the Board of Directors. Thus, as regards fiscal year 2025, the total amount of compensation accrued by the Directors of Telefónica, in their capacity as such, was 2,699,067 euros for the fixed allocation and for attendance fees.

The compensation of the Directors of Telefónica in their capacity as members of the Board of Directors, of the Executive Commission and/or of the Advisory or Control Committees, consists of a fixed amount payable monthly, and of attendance fees for attending the meetings of the Advisory or Control Committees.

The amounts established in fiscal year 2025 as fixed amounts for belonging to the Board of Directors, the Executive Commission and the Advisory or Control Committees of Telefónica, and the attendance fees for attending meetings of the Advisory or Control Committees of the Board of Directors, are indicated below:

Compensation of the Board of Directors and of the Committees thereof

Amounts in euros

Position	Board of Directors	Executive Commission	Advisory or Control Committees (*)
Chairman	240,000	80,000	22,400
Vice chairman	200,000	80,000	—
Proprietary Member	120,000	80,000	11,200
Independent Member	120,000	80,000	11,200
Other external	120,000	80,000	11,200

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

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

The Executive Directors do not receive the remuneration that may correspond to them for their status as members of the Board of Directors (remuneration in their capacity as such) or for their membership in the Executive Commission, or for their membership in the administrative bodies or collegiate bodies of subsidiaries and investees of Telefónica.

The fixed remuneration established for the Executive Chairman, Mr. Marc Thomas Murtra Millar, for his executive roles is 1,923,100, amount that remains unchanged since 2016 for the Executive Chairman role.

On the other hand, the fixed remuneration established for the Chief Operating Officer (C.O.O.) Mr. Emilio Gayo Rodríguez, is 1,450,000 euros, amount that is 9.375% lower compared to the former Chief Operating Officer.

Individualized description

Appendix II provides an individual breakdown by item of the compensation and benefits that the members of the Board of Directors of the Company have accrued and/or received from Telefónica, S.A., and from other companies of the Telefónica Group during fiscal year 2025. Likewise, the compensation and benefits accrued and/or received, during such year, by the members of the Company's Senior Management are broken down.

Note 30. Non-current assets and disposal groups classified as held for sale and discontinued operations

Sale of Telefónica Móviles Argentina

On February 24, 2025, TLH Holdco, S.L.U., a wholly-owned subsidiary of Telefónica, sold all of the shares it held in Telefónica Móviles Argentina S.A. to Telecom Argentina S.A. (see note 2).

In 2024 an impairment loss on intangible assets and property, plant and equipment were recorded, proportional to their net carrying amount, amounting to 436 million euros and 838 million euros, respectively (see Notes 6 and 8).

The tax effect of the impairment losses recognized in 2024 was a lower deferred tax expense due to the variation in temporary differences associated with these assets, amounting to 446 million euros .

Sale of Telefónica del Perú and other companies based in Peru

On April 13, 2025, Telefónica Hispanoamérica, S.A., a wholly-owned subsidiary of Telefónica, sold all of the shares it held in Telefónica del Perú S.A.A., representing approximately 99.3% of its share capital, to Integra Tec International Inc. (see Note 2).

During December 2025, agreements were signed for the sale of Media Networks Latin America, S.A.C., Consorcio Media Networks Perú, GOL TV Perú IEAE, Pangeaco, S.A.C., Telefónica Ingeniería de Seguridad Perú, S.A.C., and Telefónica Cybersecurity Tech Perú S.A.C., all based in Peru.

The results of these companies are presented within discontinued operations in these financial statements.

The closing of the sale transactions for Media Networks Latin America, S.A.C., Consorcio Media Networks Perú, GOL TV Perú IEAE, Pangeaco, S.A.C., and Telefónica Ingeniería de Seguridad Perú, S.A.C. occurred in December 2025.

In 2024, an impairment loss of property, plant and equipment assets amounting to 108 million euros was recorded, as well as a reversal of deferred tax assets amounting to 13 million euros, following the analysis of the recoverability of Pangea's assets at the end of 2024, which were classified as Non-current assets and disposal groups classified as held for sale.

Additionally, an impairment loss of 34 million euros was recognized in 2024, corresponding to the goodwill allocated to Pangea's fiber optic business.

In 2024, an impairment loss of 226 million euros was recognized for the remaining goodwill allocated to the cash-generating unit in Perú (see Note 7). Additionally, an impairment loss of 54 million euros was recognized for intangible assets to equal the carrying amount and recoverable amount of the cash-generating unit (see Note 6).

Sale of Telefónica Móviles del Uruguay

On May 21, 2025, Telefónica Hispanoamérica, S.A. reached an agreement to sell to Millicom Spain, S.L. all of its shares in Telefónica Móviles del Uruguay S.A., representing 100% of its share capital. The transaction closed on October 7, 2025, after obtaining the necessary regulatory approvals (see note 2).

Sale of Otecel (Telefónica Ecuador)

On June 13, 2025, Telefónica Hispanoamérica, S.A., a wholly-owned subsidiary of Telefónica, S.A., reached an agreement to sell all of its shares in Otecel, S.A., representing 100% of its share capital, to Millicom Spain, S.L.. The transaction closed on October 30, 2025, after obtaining the necessary regulatory approvals (see Note 2).

Agreement for the sale of Colombia Telecomunicaciones

On March 12, 2025, Telefónica Hispam reached an agreement to sell to Millicom Spain, S.L. all of its shares in Colombia Telecomunicaciones S.A. E.S.P. BIC, representing 67.5% of its share capital (see Note 2).

The closing of the transaction was subject to certain closing conditions, including obtaining the relevant regulatory approvals, and agreements with La Nación Ministerio de Hacienda y Crédito Público de la República de Colombia and Empresas Públicas de Medellín E.S.P. On November 13, 2025, the Superintendency of Industry and Commerce approved the business integration requested by Colombia Telecomunicaciones S.A. ESP BIC and Colombia Móvil S.A. ESP. On December 23, Millicom Colombia Holding, S.A.S. requested authorization to launch a tender offer for all the shares held by Telefónica Hispam in Colombia Telecomunicaciones S.A. ESP BIC.

On February 5, 2026, once the corresponding regulatory authorizations have been obtained and after the fulfilment of the agreed conditions, the transaction has been completed (see Note 31).

Investment in Nabiax

On November 8, 2024, Nabiax's majority shareholder, Asterion (80% stake), reached an agreement with the Aermont Group to sell its shares in Nabiax. In compliance with the provisions of the original shareholders' agreement between Asterion and Telefónica Infra, S.L. (which owns the remaining 20%), Asterion has notified this transaction to Telefónica Infra, S.L. and has required it to adhere to the aforementioned sale agreement (see note 10). Once the required regulatory approval was obtained, on March 27, 2025 Telefónica Infra transferred its 20% stake in Nabiax (see Notes 26 and 29).

Non-current assets and disposal groups held for sale

The breakdown of non-current assets and disposal groups held for sale and liabilities associated at December 31, 2025 and December 31, 2024 is as follows:

Millions of euros	31/12/2025	31/12/2024
Colombia Telecomunicaciones assets [1]	3,046	—
Intangible assets (Note 6)	551	—
Goodwill (Note 7)	141	—
Property, plant and equipment (Note 8)	795	—
Right of use (Note 9)	281	—
Other non-current assets	727	—
Receivables	188	—
Other current assets	362	—
Fiber optic assets in Peru	—	77
Investment in Nabiax	—	58
Other assets	134	3
Non-current assets and disposal groups classified as held for sale	**3,180**	**138**
Liabilities associated with assets in Colombia Telecomunicaciones	2,800	—
Non-current financial liabilities	800	—
Non-current lease liabilities (Note 20)	254	—
Other non-current liabilities	632	—
Current financial liabilities	369	—
Accounts payable	582	—
Current lease liabilities (Note 20)	99	—
Other current liabilities	64	—
Liabilities associated with Fiber optic assets in Peru	—	33
Other liabilities	89	—
Liabilities associated with non-current assets held for sale	**2,889**	**33**

[1] Telefónica's stake in Colombia Telecomunicaciones as of December 31, 2025 was 67.5% (see Note 17.i).

Discontinued operations

The following table shows a detail of the results of discontinued operations:

	January - December 2025						
Millions of euros	**T. Móviles Argentina**	**T. Perú and other companies based in Peru**	**T. Uruguay**	**T. Ecuador**	**Colombia Telecomu-nicaciones**	**Other companies**	**Total**
Revenues	372	428	153	318	1,316	8	2,596
Other income	3	10	5	6	40	—	63
Supplies	(69)	(124)	(33)	(64)	(475)	(60)	(826)
Personnel expenses	(92)	(70)	(25)	(37)	(113)	(34)	(370)
Other expenses	(157)	(266)	(35)	(129)	(465)	57	(995)
EBITDA	**58**	**(21)**	**65**	**93**	**302**	**(30)**	**467**
Depreciation and amortization	(43)	(115)	(17)	(53)	(323)	(4)	(554)
Operating income	**16**	**(136)**	**48**	**40**	**(21)**	**(33)**	**(86)**
Share of income (loss) of investment accounted for by the equity method	—	(1)	—	—	1	—	—
Net financial expense	4	(44)	(6)	(7)	(266)	1	(318)
Profit before tax	**19**	**(180)**	**41**	**33**	**(286)**	**(33)**	**(405)**
Corporate income tax	(8)	30	(9)	(3)	(65)	—	(55)
Profit for the year	**11**	**(150)**	**32**	**30**	**(350)**	**(33)**	**(459)**
Result of the transaction and recycling of other comprehensive income (see Note 2)	(1,228)	(660)	(2)	(43)	10	(2)	(1,924)
Profit after tax from discontinued operations	**(1,217)**	**(809)**	**30**	**(12)**	**(340)**	**(35)**	**(2,384)**
Attributable to equity holders of the Parent	(1,217)	(809)	30	(12)	(227)	(34)	(2,269)
Attributable to non-controlling interests	—	—	—	—	(114)	(1)	(115)

Note: The consolidated income statement of the Telefónica Group includes the results of: Telefónica Móviles Argentina until February 24, 2025, Telefónica del Perú until April 13, 2025, Telefónica Uruguay until October 7, 2025 and Otecel until October 30, 2025 (see Note 2).

Millions of euros	T. Móviles Argentina	T. Perú and other companies based in Peru	T. Uruguay	T. Ecuador	Colombia Telecomu-nicaciones	Other companies	Total
	January - December 2024						
Revenues	2,151	1,426	214	437	1,404	13	5,644
Other income	18	36	15	4	81	—	153
Supplies	(400)	(408)	(45)	(81)	(510)	20	(1,424)
Personnel expenses	(575)	(200)	(34)	(45)	(145)	(32)	(1,030)
Other expenses	(2,152)	(1,138)	(47)	(144)	(443)	5	(3,920)
EBITDA	**(957)**	**(284)**	**102**	**169**	**387**	**6**	**(577)**
Depreciation and amortization	(398)	(408)	(37)	(104)	(235)	(3)	(1,186)
Operating income	**(1,356)**	**(693)**	**65**	**65**	**153**	**4**	**(1,762)**
Share of income (loss) of investment accounted for by the equity method	—	—	—	—	(17)	—	(17)
Net financial expense	65	(120)	(13)	(26)	(157)	(1)	(253)
Profit before tax	**(1,291)**	**(813)**	**51**	**39**	**(22)**	**3**	**(2,033)**
Corporate income tax	453	(126)	(2)	(17)	(39)	1	270
Profit after tax from discontinued operations	**(837)**	**(939)**	**49**	**22**	**(61)**	**4**	**(1,763)**
Attributable to equity holders of the Parent	(837)	(933)	49	22	(36)	4	(1,732)
Attributable to non-controlling interests	—	(6)	—	—	(25)	—	(31)

The detail of the cash flow from discontinued operations is as follows:

Millions of euros	Net cash flow by operating activities from discontinued operations	Net cash flow used in investing activities from discontinued operations	Net cash used in financing activities from discontinued operations	Net cash flow from discontinued operations
	January - December 2025			
T.Móviles Argentina	45	(29)	(6)	**9**
T. Perú and other companies based in Peru	(108)	(106)	(30)	**(245)**
T. Uruguay	51	(14)	(7)	**30**
T. Ecuador	95	(113)	(62)	**(80)**
Colombia Telecomunicaciones	92	(175)	19	**(64)**
Other companies	6	(2)	(1)	**3**
Total	**181**	**(440)**	**(87)**	**(347)**

	January - December 2024			
Millions of euros	**Net cash flow by operating activities from discontinued operations**	**Net cash flow used in investing activities from discontinued operations**	**Net cash used in financing activities from discontinued operations**	**Net cash flow from discontinued operations**
T.Móviles Argentina	470	(312)	(63)	**95**
T. Perú and other companies based in Peru	(186)	(246)	(137)	**(570)**
T. Uruguay	70	(27)	(85)	**(43)**
T. Ecuador	135	(79)	61	**118**
Colombia Telecomunicaciones	210	(93)	(57)	**61**
Other companies	(6)	(3)	(1)	**(10)**
Total	**692**	**(760)**	**(281)**	**(349)**

Note 31. Events after the reporting period

The following events regarding the Telefónica Group took place between December 31, 2025 and the date of authorization for issue of the accompanying consolidated financial statements:

- On January 12, 2026, Telefónica Europe B.V. carried out the following transaction related to its capital structure:
  - a tender offer for its outstanding (i) EUR 1,000,000,000 Undated 8.5 Year Non-Call Deeply Subordinated Guaranteed Fixed Rate Reset (the "2026 Notes"); (ii) EUR 500,000,000 Undated 7.25 Year Non-Call Deeply Subordinated Guaranteed Fixed Rate Reset Securities (the "2027 Notes"); and (iii) EUR 750,000,000 Undated 6 Year Non-Call Deeply Subordinated Guaranteed Fixed Rate Reset Securities (the "2028 Notes"), all of them irrevocably guaranteed by Telefónica, S.A. Telefónica Europe, B.V. accepted the purchase in cash of the 2026 Notes and 2028 Notes for an aggregate principal amount of 885 million euros, 653 million euros, respectively. Telefónica Europe, B.V. did not accept for purchase validly tendered 2027 Notes. The tender offer settled on January 22, 2026.
- On January 12, 2026, Telefónica Emisiones, S.A.U., closed the pricing and the terms and conditions of an issuance of (i) undated deeply subordinated guaranteed fixed rate reset securities, with the subordinated guarantee of Telefónica, S.A., for an aggregate nominal amount of 900 million euros and intended to be issued as green bonds; and (ii) undated deeply subordinated guaranteed fixed rate reset securities, with the subordinated guarantee of Telefónica, S.A., for an aggregate nominal amount of EUR 850 million euros and intended to be issued as green bonds. The settlement took place on January 19, 2026.
- On January 13, 2026, in accordance with the terms of Telefónica, S.A.'s sustainability-linked syndicated credit facility, for up to 5,500 million euros, as amended on January 13, 2025, the first extension option was exercised, subject to the consent of all creditors. The new maturity date is January 13, 2031.
- On January 20, 2026, Telefónica, S.A. announced that, following the announcement of its intention to delist its American Depositary Shares and certain series of debt securities from the New York Stock Exchange, Telefónica and two wholly-owned subsidiaries of Telefónica —Telefónica Emisiones, S.A.U. and Telefónica Europe, B.V.—, was voluntarily filing Forms 15F with the Securities and Exchange Commission ("SEC") to suspend immediately their reporting obligations under the U.S. Securities Exchange Act of 1934, as amended. The deregistration and termination of such reporting obligations is expected to become effective 90 days after the filing of the Forms 15F, unless objected to by the SEC.
- On January 26, 2026, Telefónica, S.A., through its subsidiary Telefónica Emisiones, S.A.U., has launched under the EMTN Programme a new issuance of notes guaranteed by Telefónica, S.A. in an aggregate principal amount of 1,000 million euros, due on May 2, 2033, pays an annual coupon of 3.707% and was issued at par. The settlement of the transaction took place on February 2, 2026. An amount equivalent to the net proceeds will be allocated towards eligible investments in accordance with Telefónica's 2023 Sustainable Financing Framework.
- On February 2, 2026, Telefónica Emisiones S.A.U. redeemed GBP 500 million (approximately 577 million euros) of its notes issued on February 2, 2006. These notes were guaranteed by Telefónica, S.A.
- On February 3, 2026, Telefónica, S.A. through its subsidiary Telefónica Emisiones, S.A.U., launched under its EMTN Programme an issuance of notes guaranteed by Telefónica, S.A. in a principal amount of 170 million Swiss francs (equivalent to 183 million euros). This issue, due on February 3, 2034, pays an annual coupon of 1.5075% and was issued at par.
- On February 5, 2026, Telefónica, S.A. informed, once the corresponding regulatory authorizations had been obtained and after the fulfilment of the agreed conditions, Telefónica Hispanoamérica, S.A., transferred to Millicom Colombia Holdings SAS, the total stake it holds in the share capital of Colombia Telecomunicaciones S.A. E.S.P. BIC, representing 67.5% of its share capital for an amount of 214 million US dollars (approximately 182 million euros at the exchange rate of such date). This transaction is part of the Telefónica Group's asset portfolio management policy and is aligned with its strategy of exit from Hispanoamerica. In accordance with IFRS 5, Colombia Telecomunicaciones has been classified as a disposal group held for sale as of December 31, 2025 (see Note 30).
- On February 10, 2026, Inversiones Telefónica Internacional Holding SpA, a wholly owned subsidiary of Telefónica transferred to NJJ Holding SAS and Millicom Spain S.L., the 100% of the share capital of Telefónica Móviles Chile S.A. ("Telefónica Chile"). The signing and closing of the transaction took place simultaneously.

The transaction amount included: (i) a cash payment of 50 million US dollars (approximately 42 million euros at the exchange rate of such date) paid at closing; (ii) a deferred payment of 340 million US dollars (approximately 286 million euros) which will be settled based on the financial results of Telefónica Chile; and (iii) an additional payment of 150 million US dollars (approximately 126 million euros) subject to the potential occurrence of certain events in the Chilean telecommunications market. The agreed price includes the customary adjustments applicable to this type of transaction.

This transaction is part of the Telefónica Group's asset portfolio management policy and is aligned with its strategy of exit from Hispanoamerica. Following the analysis carried out as of December 31, 2025 in accordance with IFRS 5 (see Note 3.m), Telefónica Chile was not classified as a disposal group held for sale as of that date.

Prior to the closing of the transaction, on February 9, 2026, Telefónica Chile transferred to Inversiones Telefónica Internacional Holding SpA the shares it held in Onnet Fibra Chile (see Note 10), representing 40% of its share capital.

The net carrying amount of the assets and liabilities related to Telefónica Chile included in the Group's consolidated financial statements as of December 31, 2025, amounts to 488 million euros.

Telefónica Chile's contribution to consolidated Revenues in 2025 was 1,439 million euros (1,569 million euros in 2024), while its contribution to consolidated operating profit in 2025 was a loss of 226 million euros (411 million euros in 2024).

- On February 18, 2026, Telefónica Infra, S.L.U. ("Telefónica Infra") together with Liberty Global Europe 2 Limited ("Liberty Global") and InfraVia Capital Partners ("InfraVia"), through their fibre-to-the-home (FTTH) joint venture ("nexfibre"), reached an agreement to acquire 100% of the share capital of Substantial Topco Limited ("Netomnia"), the second largest full fibre altnet in the United Kingdom.

  The amount of the transaction (firm value) was 2,000 million pounds sterling (approximately 2,294 million euros at the current exchange rate). Telefonica and Liberty Global will jointly contribute 150 million pounds sterling to fund the transaction and Infravia with GBP 850 million pounds. The corresponding price is subject to the usual price adjustments for this type of transaction.

  As part of the transaction, VMO2 will (i) acquire Netomnia's retail customers and the "YouFibre" and "Brsk" brands, (ii) enter into an extended wholesale agreement with nexfibre, (iii) receive cash proceeds in consideration for its wholesale commitment, and (iv) obtain 30% equity stake in the holding company through which Telefónica Infra and Liberty Global currently invest in nexfibre. At Completion, Telefónica Infra, Liberty Global and VMO2 will, in aggregate, hold 50% of nexfibre, and InfraVia will hold the remaining 50%.

  Closing of the transaction is subject to obtaining the corresponding regulatory authorizations.

  This transaction is part of Telefónica's strategy in the United Kingdom, which includes, among other objectives, the development of a financially sustainable and strengthened network, fibre expansion and value creation through VMO2 and nexfibre.

Note 32. Additional note for English translation

These consolidated financial statements were originally prepared in Spanish. In the event of a discrepancy, the Spanish-language version prevails.

Appendix I: Scope of consolidation

The main companies of the Telefónica Group

The table below lists the main companies comprising the Telefónica Group at December 31, 2025 and the main investments consolidated using the equity method.

Included for each company are the company name, corporate purpose, country, functional currency, share capital (in millions of functional currency units), the Telefónica Group's effective shareholding and the company or companies through which the Group holds a stake.

Parent Company

Telefónica, S.A.

Name and corporate purpose	Country	Currency	Capital	%Telefónica Group	Holding Company
Telefónica Spain					
Telefónica de España, S.A.U. Telecommunications service provider	Spain	EUR	1,024	100%	Telefónica, S.A.
Telefónica Móviles España, S.A.U. Wireless communications services provider	Spain	EUR	209	100%	Telefónica, S.A.
Teleinformática y Comunicaciones, S.A.U. (Telyco) Promotion, marketing and distribution of telephone and telematic equipment and services	Spain	EUR	8	100%	Telefónica España Filiales, S.A.U.
Telefónica Soluciones de Informática y Com. de España S.A.U. Telecommunications systems, networks and infrastructure engineering	Spain	EUR	2	100%	Telefónica de España, S.A.U.
Telefónica Soluciones de Outsourcing, S.A.U. Promotion and networks management	Spain	EUR	1	100%	Telefónica España Filiales, S.A.U.
Telefónica Servicios Integrales de Distribución S.A.U. Logistic service provider	Spain	EUR	2	100%	Telefónica de España, S.A.U.
Telefónica España Filiales, S.A.U. Organization and operation of multimedia service-related business	Spain	EUR	226	100%	Telefónica, S.A.
Telefónica Servicios Audiovisuales, S.A.U. Provision of all type of audiovisual telecommunications services	Spain	EUR	6	100%	Telefónica España Filiales, S.A.U.
Telefónica Broadcast Services, S.L.U. DSNG-based transmission and operation services	Spain	EUR	—	100%	Telefónica España Filiales, S.A.U.
Telefónica Audiovisual Digital, S.L.U. Provision of all type of audiovisual telecommunications services	Spain	EUR	46	100%	Telefónica España Filiales, S.A.U.
Telefónica Global Technology, S.A.U. Global management and operation of IT systems	Spain	EUR	16	100%	Telefónica España Filiales, S.A.U.
Telefónica Educación Digital, S.L.U. Vertical e-learning portal	Spain	EUR	1	100%	Telefónica España Filiales, S.A.U.
Bluevia Fibra, S.L. Operations and exploitation of FTTH network and other connectivity services.	Spain	EUR	68	55%	Telefónica España Filiales, S.A.U. (30%) Telefónica Infra, S.L.U. (25%)
Solar360 Soluciones de Instalacion y Mantenimiento S.L. Marketing and management in the installation, sale and maintenance of photovoltaic equipment	Spain	EUR	—	51%	Telefónica de España, S.A.U.

Name and corporate purpose	Country	Currency	Capital	%Telefónica Group	Holding Company
Telefónica Spain (cont.)					
Telefónica Ingeniería de Seguridad, S.A.U. Security services and systems	Spain	EUR	5	100%	Telefónica España Filiales, S.A.U.
Compañía Mayorista de Fibra S.L. Provision of telecommunications services through FTTH network operation	Spain	EUR	162	63%	Telefónica España Filiales, S.A.U. (38%) Telefónica Infra, S.L.U. (25%)
Telefónica Germany					
Telefónica Deutschland Holding A.G Holding company	Germany	EUR	2,975	96.85%	Telefónica Germany Holdings Limited (69.22%) Telefónica Local Services GmbH (27.63%)
Telefónica Germany GmbH & Co. OHG Wireless communications services operator	Germany	EUR	51	96.85%	Telefónica Deutschland Holding A.G (96.84%) T. Germany Management, GmbH (0.01%)
E-Plus Service GmbH Wireless communications services operator	Germany	EUR	—	96.85%	Telefónica Germany GmbH & Co. OHG
Telefónica Germany Business Sales GmbH Technological and consulting services in Big Data provider	Germany	EUR	—	96.85%	Telefónica Germany GmbH & Co. OHG
O2 Telefónica Deutschland Finanzierungs GmbH Integrated cash management, consulting and financial support for Group companies	Germany	EUR	—	96.85%	Telefónica Germany GmbH & Co. OHG
Telefónica Germany 1. Beteiligungsgesellschaft mbH Holding company	Germany	EUR	5	96.85%	Telefónica Germany GmbH & Co. OHG
Ortel Mobile GmbH Provision of international mobile communications services	Germany	EUR	—	96.85%	Telefónica Germany GmbH & Co. OHG
Telefónica Germany Retail GmbH Office machinery, computers, peripheral equipment and software	Germany	EUR	—	96.85%	Telefónica Germany GmbH & Co. OHG
AY YILDIZ Communications GmbH Telecommunications service provider	Germany	EUR	—	96.85%	Telefónica Germany GmbH & Co. OHG
TCHIBO Mobilfunk GmbH & Co. Marketing and sales of mobile services	Germany	EUR	7	48.42%	Telefónica Germany GmbH & Co. OHG
Telefónica Brazil					
Telefônica Brasil, S.A. Wireline telephony operator	Brazil	BRL	60,071	77.87%	Telefónica Latinoamérica Holding, S.L.U. (37.74%) Telefónica, S.A. (39.32%) Telefónica Chile, S.A. (0.06%)
Terra Networks Brasil, Ltda. ISP and portal	Brazil	BRL	590	77.87%	Telefônica Brasil, S.A.
Telefônica Infraestrutura e Segurança Ltda. Security services and systems	Brazil	BRL	665	77.87%	Terra Networks Brasil, Ltda.
Vivo ventures fundo de investimento em participacoes multiestrategia. Investment funds	Brazil	BRL	238	78.31%	Telefônica Brasil, S.A. (76.31%) Telefonica Open Innovation S.L.U. (2.00%)
Vale Saúde, Administradora de Cartões Ltda. Provision of health services	Brazil	BRL	7	77.87%	POP Internet Ltda.

Name and corporate purpose	Country	Currency	Capital	%Telefónica Group	Holding Company
Telefónica Brazil (cont.)					
Telefônica Cloud e Tecnologia do Brasil S.A. Cybersecurity, electronic information security and IT consultancy	Brazil	BRL	213	88.93%	Telefônica Brasil, S.A. (38.94%) Telefónica Cybersecurity & Cloud Tech S.L. (9.34%) Telefónica IoT & Big Data Tech, S.A. (40.65%)
IPNET USA, LLC Software and systems resale, professional services and project management	USA	USD	1	88.93%	Telefônica Cloud e Tecnologia do Brasil S.A.
FiBrasil Infraestrutura e Fibra Ótica S.A. Fibre wholesale supplier	Brazil	BRL	189	83.40%	Telefônica Brasil, S.A. (58.41%) Telefónica Infra S.L.U. (24.99%)
Samauma Brands Comércio, Importação e Exportação de Eletro-Eletrônicos Ltda Purchase, sale, import and export	Brazil	BRL	31	77.87%	Terra Networks Brasil, Ltda.
Telefônica Cibersegurança e Tecnología do Brasil Ltda Cybersecurity, electronic information security and IT consulting	Brazil	BRL	—	100%	Telefônica Infraestrutura e Segurança Ltda.
Other companies					
Telefónica Hispanoamérica, S.A.U. Sociedad holding	Spain	EUR	109	100%	Telefónica, S.A.
TLH Holdco, S.L.U. Sociedad holding	Spain	EUR	87	100%	Telefónica, S.A.
Telefónica Venezolana, C.A. Wireless communications operator	Venezuela	VED	11,092	100%	Telefónica Hispanoamérica, S.A.U. (97.13%) Comtel Comunicaciones Telefónicas, S.A. (2.87%)
Pegaso Pcs S.A. de C.V. Communications services operator	Mexico	MXN	3,241	100%	Telefónica Hispanoamérica, S.A.U. (99.98%) Celular de Telefonía S.A. de CV. (0.02%)
Celular de Telefonía S.A. de CV. Consulting services	Mexico	MXN	2,650	100%	Pegaso Pcs S.A. de CV. (67.65%) Telefónica Hispanoamérica, S.A. (32.35%)
Terra Networks México, S.A. de C.V. ISP, portal and real-time financial information services	Mexico	MXN	305	100%	Telefónica Hispanoamérica, S.A.U.
Fisatel México, S.A. de C.V. SOFOM E.N.R. Integrated cash mangement, consulting and financial support for Group companies	Mexico	MXN	1,805	100%	Telefónica Hispanoamérica, S.A.U. (99.99%) Pegaso Pcs S.A. de CV. (0.01%)
Telefónica Móviles Chile, S.A. Wireless communications services operator	Chile	CLP	1,631,069	100%	Inversiones Telefónica Internacional Holding SpA. (99.14%) Telefónica Hispanoamérica, S.A.U. (0.86%)
Telefónica Chile, S.A. Local and international long distance telephony services provider	Chile	CLP	874,773	99.39%	Telefónica Móviles Chile, S.A.
Telefónica Chile Holdings, S.L.U. Holding Company	Spain	EUR	—	100%	Telefónica Hispanoamérica, S.A.U.

Name and corporate purpose	Country	Currency	Capital	%Telefónica Group	Holding Company
Other companies (cont.)					
Telefónica Empresas Chile S.A. Provision of voice and data telephone communications services	Chile	CLP	243,756	99.39%	Telefónica Chile, S.A.
Telefónica Chile Servicios Corporativos Limitada HUB service provider	Chile	CLP	3	99.69%	Telefónica Chile, S.A. (49.40%) Telefónica Empresas Chile S.A. (1.29%) Telefónica Móviles Chile, S.A. (49%)
Inversiones Telefónica Internacional Holding, SpA. Holding Company	Chile	CLP	511	100%	Telefónica Chile Holdings S.L.
Telefónica Infra, S.L.U. Holding company	Spain	EUR	12	100%	Telefónica , S.A.
Telefónica Infra Germany GmbH Broadband telecommunications operator	Germany	EUR	—	100%	Telefónica Infra, S.L.U.
Telefónica O2 Holdings Ltd. Holding company	United Kingdom	GBP	9	100%	Telefónica, S.A. (99.99%) Telefónica Capital S.A.U. (0.01%)
MmO2 Ltd. Holding company	United Kingdom	GBP	—	100%	Telefónica O2 Holding Ltd.
Telefónica Germany Holdings Ltd. Holding company	United Kingdom	EUR	3,463	100%	O2 (Europe) Ltd.
O2 (Europe) Ltd. Holding company	United Kingdom	EUR	6,895	100%	Telefónica, S.A.
Telefónica International Holding, B.V Holding company	Netherlands	EUR	—	100%	Telefónica Latinoamérica Holding, S.L.
Telefónica Latinoamérica Holding, S.L.U. Holding company	Spain	EUR	291	100%	Telefónica, S.A.
Telefónica Global Solutions, S.L.U. International service provider	Spain	EUR	1	100%	Telefónica, S.A
Telefonica Global Solutions USA, Inc. Provision of telecommunications services	USA	USD	202	100%	Telefónica Global Solutions, S.L.U.
Telefónica Global Solutions Germany GmbH. International service provider	Germany	EUR	—	100%	Telefónica Global Solutions, S.L.U.
Telefónica Global Solutions México, S.A. de C.V. Carrying out research activities and projects in the field of telecommunications	Mexico	MXN	67	100%	Telefónica Global Solutions, S.L.U.
Telefónica Innovación Digital, S.L.U. Carrying out research activities and services in the field of telecommunications. Holding company	Spain	EUR	28	100%	Telefónica, S.A
Telefónica Digital Ltd. Developer Telco Services	United Kingdom	GBP	15	100%	Telefónica, S.A
Telefonica Open Innovation S.L.U. Talent identification and development in ICT.	Spain	EUR	2	100%	Telefónica Innovación Digital, S.L.U.
Wayra Chile Tecnología e Innovación SpA Technological innovation based business project development	Chile	CLP	29,899	100%	Telefonica Open Innovation S.L.U.
Wayra Brasil Desenvolvedora e Apoiadora de Projetos Ltda Technological innovation based business project development	Brazil	BRL	52	100%	Telefonica Open Innovation S.L.U. (99.99%) Telefónica Innovación Digital, S.L.U. (0.01%)

Name and corporate purpose	Country	Currency	Capital	%Telefónica Group	Holding Company
Other companies (cont.)					
WY Telecom, S.A. de C.V. Talent identification and development in ICT	Mexico	MXN	134	100%	Telefonica Open Innovation S.L.U. (99.99%) Telefónica Innovación Digital, S.L.U. (0.01%)
Wayra Argentina, S.A. Talent identification and development in ICT	Argentina	ARS	9,973	100%	Telefonica Open Innovation S.L.U. (95%) Telefónica, S.A. (5%)
Wayra Colombia, S.A.S. Technological innovation based business project development	Colombia	COP	2,304	100%	Telefonica Open Innovation S.L.U.
Proyecto Wayra, C.A. Commercial, industrial and mercantile activities	Venezuela	VED	76	100%	Telefónica Venezolana, C.A.
Wayra UK Ltd. Technological innovation based business project development	United Kingdom	GBP	—	100%	Telefonica Open Innovation S.L.U.
Telfisa Global, B.V. Integrated cash management, consulting and financial support for Group companies	Netherlands	EUR	—	100%	Telefónica, S.A.
Telefónica Global Activities Holding, B.V. Holding Company	Netherlands	EUR	—	100%	Telfisa Global, B.V.
Telefónica Global Services, GmbH Purchasing services	Germany	EUR	—	100%	Group 3G UMTS Holding, GmbH
Telefónica Global Roaming, GmbH Optimization of network traffic	Germany	EUR	—	100%	Telefónica Global Services, GmbH
Group 3G UMTS Holding GmbH Holding Company	Germany	EUR	250	100%	Telefónica Global Activities Holdings, B.V
QUAM GmbH. IT facilities management activities	Germany	EUR	250	100%	Group 3G UMTS Holding GmbH
Telefónica Compras Electrónicas, S.L.U. Development and provision of information Society services	Spain	EUR	—	100%	Telefónica Global Services, GmbH
Telefonica Iot & Big Data Tech S.A.U. Provision of telemarketing services	Spain	EUR	1	100%	Telefónica Tech S.L.U.
Geprom Software Engineering S.L.U. Technical engineering services and other consultancy activities	Spain	EUR	—	100%	Telefonica Iot & Big Data Tech S.A.U.
Geprom Software Engineering S.A. de C.V. Technical engineering services and other consultancy activities	Mexico	MXN	—	100%	Geprom Software Engineering S.L.(99%) Telefonica Iot & Big Data Tech S.A. (1%)
TIS Hispanoamérica, S.L.U. Security services and systems	Spain	EUR	2	100%	Telefónica, S.A.
Telefónica Capital, S.A.U. Finance company	Spain	EUR	7	100%	Telefónica, S.A.
Lotca Servicios Integrales, S.L.U. Aircraft ownership and operation	Spain	EUR	18	100%	Telefónica, S.A.
Fonditel Pensiones, Entidad Gestora de Fondos de Pensiones, S.A Administration of pension funds	Spain	EUR	16	70%	Telefónica Capital, S.A.U.
Fonditel Gestión, Soc. Gestora de Instituciones de Inversión Colectiva, S.A.U. Administration and representation of collective investment schemes	Spain	EUR	2	100%	Telefónica Capital, S.A.U.
Telefónica Luxembourg Holding, S.à.r.L. Holding company	Luxembourg	EUR	3	100%	Telefónica, S.A.

Name and corporate purpose	Country	Currency	Capital	%Telefónica Group	Holding Company
Other companies (cont.)					
Nova Casiopea RE S.A. Reinsurance	Luxembourg	EUR	5	100%	Telefónica Luxembourg Holding, S.à.r.L.
Telefónica Seguros y Reaseguros Compañía Aseguradora, S.A.U. Conducting direct insurance business	Spain	EUR	24	100%	Telefónica Luxembourg Holding, S.à.r.L.
Telefónica Finanzas, S.A.U. Integrated cash management, consulting and financial support for Group companies	Spain	EUR	3	100%	Telefónica, S.A.
Telefónica Correduría de Seguros y Reaseguros Compañía de Mediación, S.A. Distribution, promotion or preparation of insurance contracts	Spain	EUR	—	100%	Telefónica Finanzas, S.A.U. (TELFISA) (83.33%) Telefónica, S.A. (16.67%)
Telefónica Europe, B.V. Fund raising in capital markets	Netherlands	EUR	—	100%	Telefónica, S.A.
Telefónica Participaciones, S.A.U. Financial debt instrument issuer	Spain	EUR	—	100%	Telefónica, S.A.
Telefónica Emisiones, S.A.U. Financial debt instrument issuer	Spain	EUR	—	100%	Telefónica, S.A.
Aliança Atlântica Holding B.V. Holding company	Netherlands	EUR	40	88.94%	Telefónica, S.A. (50%) Telefônica Brasil, S.A. (38.94%)
Telefónica Serviços Empresariais do BRASIL, Ltda. Management and administrative services rendered	Brazil	BRL	63	100%	Telefónica Servicios Globales, S.L.U.
Telefónica Gestión Integral de Edificios y Servicios S.L.U. Management and administrative services rendered	Spain	EUR	—	100%	Telefónica Servicios Globales, S.L.U.
O2 Worldwide Limited Wireless telecommunications activities	United Kingdom	GBP	—	100%	Telefónica, S.A.
Telefónica Servicios Globales, S.L.U. Holding company	Spain	EUR	1	100%	Telefónica, S.A.
Telefónica Holding Atticus, B.V. Holding company	Netherlands	EUR	—	100%	Telefónica Latinoamérica Holding, S.L.U.
Telefónica Soluciones de Criptografía, S.A.U. Engineering, research and development	Spain	EUR	1	100%	Telefónica, S.A.
Cryptography & Security Systems S.L.U. Software programming activities	Spain	EUR	—	100%	Telefónica Soluciones de Criptografía, S.A.U.
Telefónica Centroamérica Inversiones ,S.L. Communications services provider	Spain	EUR	—	60%	Telefónica, S.A.
Telefónica Tech S.L.U. Holding company	Spain	EUR	67	100%	Telefónica, S.A.
Telefónica Cybersecurity & Cloud Tech S.L.U. Cybersecurity, electronic information security and IT consultancy	Spain	EUR	34	100%	Telefónica Tech S.L.U.
Telefónica Tech Inc. Cybersecurity, electronic information security and IT consulting	USA	USD	7	100%	Telefónica Cybersecurity & Cloud Tech S.L.U.
Audertis Audit Services S.L.U. Provision of audit services in the areas of security, privacy and data protection	Spain	EUR	—	100%	Telefónica Cybersecurity & Cloud Tech S.L.U.
Govertis Advisory Services S.L.U. Cybersecurity, electronic information security and IT consulting	Spain	EUR	—	100%	Telefónica Cybersecurity & Cloud Tech S.L.U.
Telefónica Cybersecurity & Cloud Tech Deutschland GmbH Cybersecurity, electronic information security and IT consulting	Germany	EUR	—	100%	Telefónica Cybersecurity & Cloud Tech S.L.U.

Name and corporate purpose	Country	Currency	Capital	%Telefónica Group	Holding Company
Other companies (cont.)					
Acens Technologies, S.L.U. Holding housing and telecommunications solutions Service provider	Spain	EUR	2	100%	Telefónica Cybersecurity & Cloud Tech S.L.U.
Altostratus Solutions, S.L.U. Provision of IT services	Spain	EUR	—	100%	Telefónica Cybersecurity & Cloud Tech S.L.U.
Telefónica Thanos México S.A. de C.V. Communications services provider	Mexico	MXN	—	100%	Telefónica Cybersecurity & Cloud Tech S.L.U. (99%) Telefónica Tech S.L.U. (1%)
Telefónica Thanos Perú S.A.C Communications services provider	Peru	PEN	—	100%	Telefónica Cybersecurity & Cloud Tech S.L.U. (99.9%) Telefónica Tech S.L.U. (0.1%)
Telefónica Tech UK & Ireland, Limited Holding company	United Kingdom	GBP	17	100%	Telefónica Cybersecurity & Cloud Tech S.L.U.
Telefónica Tech UK TOG Limited Headquarters activities	United Kingdom	GBP	—	100%	Telefónica Tech UK & Ireland, Limited
Telefónica Tech UK Managed Services Limited Information technology, management and IT services consultancy	United Kingdom	GBP	—	100%	Telefónica Tech UK Limited
Telefónica Tech UK Limited Information technology, management and IT services consultancy	United Kingdom	GBP	22	100%	Telefónica Tech UK & Ireland, Limited
Telefónica Tech Northern Ireland Holdings Limited Other computer service activities	United Kingdom	GBP	—	100%	Telefónica Tech UK & Ireland, Limited
Telefónica Tech Northern Ireland Limited Other computer service activities	United Kingdom	GBP	—	100%	Telefónica Tech UK & Ireland, Limited
Telefónica Tech Ireland Limited Provision of IT services	Ireland	EUR	—	100%	Telefónica Tech UK & Ireland, Limited
Perpetual Topco Limited Holding company	United Kingdom	GBP	4	100%	Telefónica Tech UK & Ireland Limited
Perpetual Midco Limited Holding company	United Kingdom	GBP	4	100%	Perpetual Topco Limited
Perpetual Bidco Limited Holding company	United Kingdom	GBP	3	100%	Perpetual Midco Limited
Incremental Group Holdings Limited Holding company	United Kingdom	GBP	1	100%	Perpetual Bidco Limited
Redspire Limited Software development and information technology consultancy activities	United Kingdom	GBP	—	100%	Incremental Group Holdings Limited
Telefónica Tech UK Business Applications Limited Information technology consultancy activities and other services	United Kingdom	GBP	—	100%	Incremental Group Holdings Limited
Adatis Group Limited Holding company	United Kingdom	GBP	—	100%	Incremental Group Holdings Limited
Telefónica Tech UK Data & AI Limited Information technology consultancy activities	United Kingdom	GBP	—	100%	Adatis Group Limited
Telefónica Tech Bulgaria Limited Information technology consultancy activities	Bulgaria	BGN	—	100%	Telefónica Tech UK Data & AI Limited
Telefónica Tech India Private Limited Information technology consultancy activities	India	INR	—	100%	Telefónica Tech UK & Ireland, Limited (99%) Telefónica Tech UK Limited (1%)

Name and corporate purpose	Country	Currency	Capital	%Telefónica Group	Holding Company
Other companies (cont.)					
Telefónica Tech UK Data & AI MS Limited Information technology consultancy activities	United Kingdom	GBP	—	100%	Adatis Group Limited
BE-terna Enhancement GmbH Holding company and provision of marketing, consultancy, implementation and commercialisation services for software and IT technologies	Germany	EUR	—	100%	Telefónica Cybersecurity & Cloud Tech S.L.U.
BE-terna AB (Sweden) Technology services	Sweden	SEK	—	100%	BE-terna Enhancement GmbH
BE-terna Automation AG Technology services	Switzerland	CHF	—	100%	BE-terna Enhancement GmbH
BE-terna ApS Computer programming activities	Denmark	DKK	1	100%	BE-terna Enhancement GmbH
BE-terna GmbH (Leipzig) Software production, electronic data processing, consultancy, services and project management	Germany	EUR	—	100%	BE-terna Enhancement GmbH
BE-terna Austria GmbH Holding company	Austria	EUR	—	100%	BE-terna Enhancement GmbH
BE-terna GmbH (Innsbruck) Services in automatic data processing and information technology	Austria	EUR	—	100%	BE-terna Austria GmbH
BE-terna Solutions GmbH Sales, implementation and maintenance of international ERP products	Germany	EUR	—	100%	BE-terna GmbH (Innsbruck)
BE-terna AG (Switzerland) Service provision, analysis and optimisation of business processes, selection of business software and implementation of ERP solutions	Switzerland	CHF	—	100%	BE-terna GmbH (Innsbruck)
BE-terna SRL Services in automatic data processing and information technology	Italy	EUR	—	100%	BE-terna GmbH (Innsbruck)
BE-terna Adriatic d.o.o Holding company	Slovenia	EUR	—	100%	BE-terna Austria GmbH
BE-terna d.o.o. (Serbia) Technology services	Serbia	RSD	13	100%	BE-terna Adriatic d.o.o
BE-terna d.o.o (Slovenia) Technology services	Slovenia	EUR	—	100%	BE-terna Adriatic d.o.o
BE-terna d.o.o (Croatia) Technology services	Croatia	EUR	—	100%	BE-terna Adriatic d.o.o
Telxius Telecom, S.A. Telecommunications service provider	Spain	EUR	260	70%	Telefónica, S.A.
Telxius Cable América, S.A. Provision of high bandwidth communications services	Uruguay	USD	291	70%	Telxius Telecom, S.A.
Telxius Cable España, S.L.U. Establishment and operation of any kind of communications infrastructure and/or network	Spain	EUR	5	70%	Telxius Telecom, S.A.
Telxius Cable República Dominicana, S.A.S. Telecommunications service provider	Dominican Republic	USD	6	70%	Telxius Cable América, S.A. (69.30%) Telxius Cable España, S.L.U. (0.70%)
Telxius Cable Argentina, S.A. Operation and deployment of telecommunications infraestructure	Argentina	USD	78	70%	Telxius Cable América, S.A. (66.50%) Telxius Cable España, S.L.U. (3.50%)
Telxius Cable Panamá, S.A. Installation and operation of telecommunications networks for wholesalers	Panama	USD	10	70%	Telxius Cable América, S.A.

Name and corporate purpose	Country	Currency	Capital	%Telefónica Group	Holding Company
Other companies (cont.)					
Telxius Cable Puerto Rico, Inc. High capacity optical fibre network communications services	Puerto Rico	USD	14	70%	Telxius Cable América, S.A.
Telxius Cable USA, Inc. High bandwidth communications services	USA	USD	58	70%	Telxius Telecom, S.A.
Telxius Cable Ecuador, S.A. Sale of usage of data transmission capacity via an underwater optical fibre network	Ecuador	USD	5	70%	Telxius Cable América, S.A.
Telxius Cable Chile, S.A. Involvement in businesses related to public or private telecommunications services	Chile	USD	26	70%	Telxius Cable América, S.A.
Telxius Cable Guatemala, S.A. Installation and operation of telecommunications networks for wholesalers	Guatemala	USD	20	70%	Telxius Cable América, S.A.
Telxius Cable Perú, S.A.C. Involvement in the operation and deployment of international telecommunications services via underwater cables and others means	Peru	USD	20	70%	Telxius Cable América, S.A.
Telxius Cable Colombia, S.A. Supply of data transmission capacity via underwater cable system	Colombia	USD	4	70%	Telxius Cable América, S.A. (66.49%) Telxius Cable Chile, S.A. (1.17%) Telxius Cable Perú, S.A.C. (1.17%) Telxius Cable Guatemala, S.A. (1.16%) Telxius Cable Argentina, S.A. (0.01%)
Telxius Cable Brasil Participaçoes, Ltda. Holding company	Brazil	USD	62	70%	Telxius Cable América, S.A.
Telxius Cable Brasil, Ltda. Operation and deployment of telecommunications infrastructures	Brazil	USD	74	70%	Telxius Cable Brasil Participaçoes, Ltda.
Telxius Cable Bolivia, S.A. Establishment and operation of any kind of communications infrastructure and/or network	Bolivia	USD	1	70%	Telxius Cable América, S.A. (68.9%) Telxius Cable España, S.L.U. (0.55%) Telxius Cable Argentina, S.A. (0.55%)
Telxius México, S.R.L. DE C.V Establishment and operation of any kind of communications infrastructure and/or network	Mexico	USD	—	70%	Telxius Cable América, S.A. (69.98%) Telxius Cable España, S.L.U. (0.02%)
Telefónica Local Services GmbH Holding company	Germany	EUR	—	100%	Telefónica, S.A.
Other companies in discontinuation					
Colombia Telecomunicaciones S.A. ESP BIC Communications services operator	Colombia	COP	3,410	67.5%	Telefónica Hispanoamérica, S.A.U.
Operaciones Tecnológicas y Comerciales S.A.S Communications services operator	Colombia	COP	3,330	67.5%	Colombia Telecomunicaciones S.A. ESP BIC
Unired Colombia S.A.S Service provider related to telecommunications	Colombia	COP	12,826	33.75%	Colombia Telecomunicaciones S.A. ESP BIC
Telefónica Cybersecurity & Cloud Tech Chile SpA. Cybersecurity, electronic information security and IT consulting	Chile	CLP	15,540	100%	Telefónica Cybersecurity & Cloud Tech S.L.U.
Telefonica Tech Colombia, SAS Cybersecurity, electronic information security and IT consulting	Colombia	COP	406	100%	Telefónica Cybersecurity & Cloud Tech S.L.U.

Name and corporate purpose	Country	Currency	Capital	%Telefónica Group	Holding Company
Other companies in discontinuation (cont.)					
Telefonica Cybersecurity Tech Mexico, S.A de C.V. Cybersecurity, electronic information security and IT consulting	Mexico	MXN	230	100%	Telefónica Cybersecurity & Cloud Tech S.L.U. (60.47%) Telefonica Iot & Big Data Tech S.A. (39.53%)
Telefónica Tech Perú S.A.C. Cybersecurity, electronic information security and IT consulting	Peru	PEN	30	100%	Telefónica Tech S.L.U. (98.83%) Telefonica Iot & Big Data Tech S.A. (1.17%)
Companies accounted for using the equity method					
VMED O2 UK Limited Integrated provider of fixed and mobile services	United Kingdom	GBP	—	50%	Telefónica O2 Holdings Limited
VivaE Educação Digital S.A. Training for professional and management development	Brazil	BRL	—	38.94%	Vivo ventures fundo de investimento em participacoes multiestrategia.
Gud Comercializadora de Energia S.A. Energy trading company	Brazil	BRL	42	38.94%	Telefônica Brasil, S.A.
HoldCo InfraCo SpA Investment in money and/or securities	Chile	CLP	135,534	39.76%	Telefónica Chile, S.A.
Infraco SpA. Operation of physical fibre optic infrastructure	Chile	CLP	135,534	39.76%	HoldCo InfraCo SpA
Telefónica Factoring España, S.A. Factoring services provider	Spain	EUR	5	50%	Telefónica, S.A.
Telefónica Factoring Do Brasil, Ltda. Factoring services provider	Brazil	BRL	5	50%	Telefónica, S.A. (40%) Telefónica Factoring España, S.A. (10%)
Telefónica Factoring Perú, S.A.C. Factoring services provider	Peru	PEN	6	50%	Telefónica, S.A. (40.50%) Telefónica Factoring España, S.A. (9.50%)
Telefónica Factoring Colombia, S.A. Factoring services provider	Colombia	COP	4,000	50%	Telefónica, S.A. (40.50%) Telefónica Factoring España, S.A. (9.50%)
Telefónica Factoring Chile, SpA. Factoring services provider	Chile	CLP	547	50%	Telefónica Factoring España, S.A.
Movistar Consumer Finance Colombia SAS. Specialised credit institution	Colombia	COP	6,000	50%	Telefónica Innovación Digital, S.L.U.
Movistar Prosegur Alarmas, S.L. Private security services	Spain	EUR	—	50%	Telefónica España Filiales, S.A.U.
Prosegur Soluciones S.A.U. Private security services	Spain	EUR	—	50%	Movistar Prosegur Alarmas, S.L.
Buendía Estudios, S.L. Service provision related to film and video production activities	Spain	EUR	—	50%	Telefónica Audiovisual Digital, S.L.U.
Buendía Estudios Uno, S.L.U. Service provision related to film and video production activities	Spain	EUR	—	50%	Buendía Estudios, S.L.
Buendía Estudios Dos, S.L.U. Service provision related to film and video production activities	Spain	EUR	—	50%	Buendía Estudios, S.L.
Buendía Estudios Canarias, S.L.U Service provision related to film and video production activities	Spain	EUR	—	50%	Buendía Estudios, S.L.
Buendía Estudios Bizkaia, S.L.U. Service provision related to film and video production activities	Spain	EUR	—	50%	Buendía Estudios, S.L.

Name and corporate purpose	Country	Currency	Capital	%Telefónica Group	Holding Company
Companies accounted for using the equity method (cont.)					
Solar360 de Repsol y Movistar S.L. Development and marketing of photovoltaic self-consumption products and/or services	Spain	EUR	—	50%	Telefónica de España, S.A.U.
UGG TopCo/HoldCo General Partner GmbH. Holding company	Germany	EUR	—	49.68%	Telefónica Infra Germany GmbH. (40%) Telefónica Germany 1. Beteiligungsgesellschaft mbH. (9.68%)
UGG TopCo GmbH & Co KG Holding company	Germany	EUR	—	49.68%	Telefónica Infra Germany GmbH. (40%) Telefónica Germany 1. Beteiligungsgesellschaft mbH. (9.68%)
UGG HoldCo GmbH& Co KG Holding company	Germany	EUR	—	49.68%	UGG TopCo GmbH & Co KG
UGG General Partner GmbH Holding company	Germany	EUR	—	49.68%	UGG HoldCo GmbH& Co KG
Unsere Grüne Glasfaser GmbH & Co KG Broadband telecommunications operator	Germany	EUR	—	49.68%	UGG HoldCo GmbH& Co KG
Infrafibre Germany GmbH B2B technology industry	Germany	EUR	2	49.68%	Unsere Grüne Glasfaser GmbH & Co KG
Telefónica Renting, S.A. Purchase, sale and leasing of all kinds of movable property and provision of services ancillary to the leasing thereof	Spain	EUR	1	50%	Telefónica, S.A.
Opal Holdco Limited Holding company	United Kingdom	GBP	3	49.91%	Telefónica Infra, S.L.U.
Opal Jvco Limited Holding company	United Kingdom	GBP	6	24.96%	Opal Holdco Limited
Utiq, S.A. Technology solutions for digital advertising	Belgium	EUR	37	25%	Telefónica Innovación Digital, S.L.U.
Bicna SPV 2024 S.L. Intermediation activities in transactions involving securities and other assets.	Spain	EUR	—	20%	Telefónica Infra, S.L.
Companies accounted for using the equity method in discontinuation					
Alamo Holdco S.L. Holding company	Spain	EUR	—	27%	Colombia Telecomunicaciones S.A. ESP BIC
ONNET Fibra Colombia S.A.S. Fibre wholesale supplier	Colombia	COP	56,307	27%	Alamo Holdco S.L.

Main changes in the scope of consolidation for the year 2025

Acquisition of new companies

Companies/Segment/Subsidiaries	Country	Date of inclusion	% Acquisition
Telefónica Brazil			
Samauma Brands Comércio, Importação e Exportação de Eletro-Eletrônicos Ltda Purchase, sale, import and export	Brazil	03/31/2025	77.87%
FiBrasil Infraestrutura e Fibra Ótica S.A. Fibre wholesale supplier	Brazil	11/30/2025	38.90%
Companies accounted for using the equity method			
Bicna SPV 2024 S.L. Intermediation activities in transactions involving securities and other assets.	Spain	03/31/2025	20%

Incorporation of companies

Companies/Segment/Subsidiaries	Country	Date of incorporation	% Acquisition
Other companies			
Telefónica Thanos México S.A. de C.V. Provision of IT services	Mexico	11/30/2025	100%
Telefónica Thanos Perú S.A.C Communications services provider	Peru	11/30/2025	100%

Merged companies

Companies/Segment/Subsidiaries	Country	Date	Surviving company
Telefónica Brasil			
IPNET Serviços em Nuvem e Desenvolvimento de Sistemas Ltda Software and systems resale, professional services and project management	Brazil	11/30/2025	Telefônica Cloud e Tecnologia do Brasil S.A.
Other companies			
BE-terna Business Solutions GmbH Software development and consulting, distribution of corresponding products, systems and processes	Germany	04/30/2025	BE-terna Solutions GmbH
BE-terna Germany GmbH Holding company	Germany	06/30/2025	BE-terna GmbH (Leipzig)
Pipol A/S Conduct business with international implementation of business-oriented software solutions	Denmark	09/30/2025	BE-terna ApS

Liquidated companies

Companies/Segment/Subsidiaries	Country	Deconsolidation date	% Shareholding
Other companies			
Telefónica Tech Ocean Limited Holding company	United Kingdom	02/28/2025	100%
Terra Networks Argentina, S.A.	Argentina	02/28/2025	100%
Telefónica Tech UK Holdings Limited Holding company	United Kingdom	07/31/2025	100%
Telefónica Tech Communication & Collaboration Limited Other computer service activities	United Kingdom	09/30/2025	100%
Wayra Perú Aceleradora de Proyectos, S.A.C. Technological innovation based business project development	Peru	11/30/2025	100%
BE-terna B.V. (Netherlands) Technology services	Netherlands	11/30/2025	100%
Companies accounted for using the equity method			
Telefónica Factoring Mexico, S.A. de C.V. SOFOM ENR Factoring services provider	Mexico	04/30/2025	50%

Divestment companies

Companies/Segment/Subsidiaries	Country	Deconsolidation date	% Sold
Other companies			
Telefónica Móviles Argentina, S.A. Telecommunications service provider	Argentina	02/28/2025	100%
Telefónica del Perú, S.A.A. Local, domestic and international long distance telephone service provider	Peru	04/30/2025	99.32%
Telefónica Móviles del Uruguay, S.A. Wireless communications and services operator	Uruguay	10/31/2025	100%
Otecel, S.A. Wireless communications services provider	Ecuador	10/31/2025	100%
Media Networks Latin America, S.A.C Telecommunications research activities and proyects	Peru	12/31/2025	100%
Pangeaco, S.A.C Fibre rollout and capacity service provision	Peru	12/31/2025	100%
BE-terna A/S (Norway) Computer programming activities	Norway	07/31/2025	100%
Companies accounted for using the equity method			
Daytona Midco S.L. Securities transactions	Spain	03/31/2025	20%
Digital Data Centre BidCo, SLU. Management and administration of equity securities	Spain	03/31/2025	20%
Internet para todos S.A.C Telecommunications service provider	Peru	04/30/2025	54.30%
Telefónica Consumer Finance, Establecimiento Financiero de Crédito, S.A. Specialised credit institution	Spain	04/30/2025	50%

Appendix II: Board and Senior Management Compensation

TELEFÓNICA, S.A.

(Amounts in euros)

Directors	Salary[1]	Fixed remunera -tion[2]	Allowances [3]	Short-term variable remuneration[4]	Remuneration for belonging to the Board Committees[5]	Other items[6]	Total
Mr. Marc Thomas Murtra Millar [7]	1,834,870	—	—	3,292,857	—	6,037	5,133,764
Mr. Isidro Fainé Casas	—	200,000	—	—	80,000	—	280,000
Mr. José María Abril Pérez	—	200,000	9,000	—	91,200	—	300,200
Mr. Carlos Ocaña Orbis	—	186,667	19,000	—	100,533	—	306,200
Mr. Emilio Gayo Rodríguez[8]	1,189,530	—	—	1,983,726	—	14,660	3,187,916
Mr. Olayan M. Alwetaid[9]	—	100,000	—	—	—	—	100,000
Ms. María Luisa García Blanco	—	120,000	25,000	—	101,200	—	246,200
Mr. Peter Löscher[10]	—	193,333	23,000	—	113,600	—	329,933
Ms. Anna Martínez Balañá[9]	—	50,000	—	—	—	—	50,000
Mr. César Mascaraque Alonso[9]	—	20,000	—	—	7,600	—	27,600
Ms. Mónica Rey Amado[9]	—	50,000	3,000	—	4,667	—	57,667
Mr. Alejandro Reynal Ample	—	120,000	—	—	933	—	120,933
Ms. Ana María Sala Andrés[9]	—	100,000	10,000	—	15,867	—	125,867
Ms. Claudia Sender Ramírez	—	120,000	—	—	80,000	—	200,000
Ms. Solange Sobral Targa	—	120,000	9,000	—	11,200	—	140,200

[1]Salary: Regarding Mr. Marc Thomas Murtra Millar and Mr Emilio Gayo Rodríguez, the amount includes the non-variable remuneration earned from their executive functions.
[2]Fixed remuneration: Amount of the compensation in cash, with a pre-established payment periodicity, whether or not it can be consolidated over time, earned by the member for his/her position on the Board, regardless of the effective attendance of the member to board meetings.
[3] Allowances: Total amount of allowances for attending Advisory or Steering Committee meetings.
[4]Short-term variable remuneration (bonuses): Variable amount linked to the performance or achievement of a series of individual or group objectives (quantitative or qualitative) within a period of time equal to or less than a year, corresponding to the year 2025 and to be paid in the year 2026. In reference to the bonus corresponding to 2024, which was paid in 2025, former Executive Chairman Mr. José María Álvarez-Pallete López received 3,513,504 euros and former Chief Operating Officer Mr. Ángel Vilá Boix received 2,436,000 euros.
[5]Remuneration for belonging to the Board Committees: Amount of items other than allowances, which the directors are beneficiaries through their position on the Executive Commission and the Advisory or Steering Committees, regardless of the effective attendance of the board member such Committee meetings.
[6]Other concepts: This includes, among others, the amounts received as remuneration in kind (general medical and dental coverage and vehicle insurance), paid by Telefónica, S.A.
[7]Mr. Marc Thomas Murtra Millar was appointed Executive Director and Executive Chairman of the Board of Directors of Telefónica, S.A. on January 18, 2025, thus reflecting the remuneration received since that date.
[8] Mr. Emilio Gayo Rodríguez was appointed Executive Director and Chief Operating Officer of the Board of Directors of Telefónica, S.A. on March 6, 2025, thus reflecting the remuneration received since that date.
[9] The remuneration received by the Director is reported from the date of their appointment. Specifically, Mr. Olayan M. Alwetaid and Ms. Ana María Sala Andrés as from February 26, 2025; Ms. Anna Martínez Balañá and Ms. Mónica Rey Amado as from July 29, 2025; and Mr. César Mascaraque Alonso as from October 22, 2025.
[10] The additional remuneration of the Lead Independent Director, Mr. Peter Löscher, which began to apply in February 2025, is hereby noted.

The remuneration accrued and/or received in 2025 by the Directors who ceased during that year is presented below. Specifically, Mr. José María Álvarez-Pallete López on January 18, 2025; Mr. Ángel Vilá Boix on March 6, 2025; Mr. Francisco José Riberas Mera on February 26, 2025; Ms. Verónica Pascual Boé and Ms. María Rotondo Urcola on July 29, 2025; and Mr. Francisco Javier de Paz Mancho on October 22, 2025:

(Amounts in euros)

Directors	Salary[1]	Fixed remuneration[2]	Allowances[3]	Short-term variable remuneration[4]	Remuneration for belonging to the Board Committees[5]	Other items[6]	Total
Mr. José María Álvarez-Pallete López[7]	93,420	—	—	—	—	531	93,951
Mr. Ángel Vilá Boix[7]	291,733	—	—	—	—	5,456	297,189
Mr. Francisco Javier de Paz Mancho	—	100,000	18,000	—	94,667	—	212,667
Ms Verónica Pascual Boé	—	70,000	8,000	—	6,533	—	84,533
Mr. Francisco José Riberas Mera	—	20,000	—	—	—	—	20,000
Ms. María Rotondo Urcola	—	70,000	14,000	—	13,067		97,067

1 to 6: Definition of these concepts are those included in the previous table.
[7] The remuneration received by Mr. José María Álvarez-Pallete López, former Executive Chairman, and by Mr. Ángel Vilá Boix, former Chief Operating Officer, is reported up to the date of their respective terminations (January 18, 2025 and March 6, 2025). Additionally, Mr. José María Álvarez-Pallete López received, in January 2025, a severance payment of 23,526 thousand euros as financial compensation for his termination, following the Company's unilateral decision, in accordance with the terms of his contract. Likewise, Mr. Ángel Vilá Boix received, in March 2025, a severance payment of 17,378 thousand euros as financial compensation for his termination, following the Company's unilateral decision, in accordance with the terms of his contract.

The following table breaks down the amounts accrued and/or received from other companies of the Telefónica Group other than Telefónica, S.A. individually, by the Board Members of the Company, by the performance of executive functions or by their membership to the Board of Directors or Collegiate Bodies of such companies:

OTHER COMPANIES OF THE TELEFÓNICA GROUP

(Amounts in euros)

Directors	Salary[1]	Fixed remuneration[2]	Allowances[3]	Short-term variable remuneration[4]	Remuneration for belonging to the Board Committees[5]	Other items[6]	Total
Mr. Marc Thomas Murtra Millar	—	—	—	—	—	—	—
Mr. Isidro Fainé Casas	—	—	—	—	—	—	—
Mr. José María Abril Pérez	—	—	—	—	—	—	—
Mr. Carlos Ocaña Orbis	—	—	—	—	—	—	—
Mr. Emilio Gayo Rodríguez	—	—	—	—	—	—	—
Mr. Olayan M. Alwetaid	—	—	—	—	—	—	—
Ms. María Luisa García Blanco	—	—	—	—	—	87,500	87,500
Mr. Peter Löscher	—	133,000	—	—	—	—	133,000
Ms. Anna Martínez Balañá	—	—	—	—	—	—	—
Mr. César Mascaraque Alonso[7]	—	15,938	—	—	—	—	15,938
Ms. Mónica Rey Amado	—	—	—	—	—	—	—
Mr. Alejandro Reynal Ample	—	—	—	—	—	—	—
Ms. Ana María Sala Andrés	—	—	—	—	—	—	—
Ms. Claudia Sender Ramírez	—	—	—	—	—	132,500	132,500
Ms. Solange Sobral Targa	—	81,870	—	—	—	—	81,870

1. Salary: Amount of non-variable remuneration earned by the Director from other companies of the Telefónica Group for his/her executive functions.
2. Fixed remuneration: Amount of the compensation in cash, with a pre-established payment periodicity, subject to consolidation over time or not, earned by the member for his/her position on the boards of other companies of the Telefónica Group.
3. Allowances: Total amount of the allowances for attending the board meetings of other companies of the Telefónica Group.
4. Variable short-term remuneration (bonuses): Variable amount linked to the performance or achievement of a series of individual or group objectives (quantitative or qualitative) within a period of time equal to or less than a year, corresponding to the year 2025 and to be paid in the year 2026 by other companies of the Telefónica Group.
5. Remuneration for belonging to the Board Committees of other companies of the Telefónica Group: Amount of items other than allowances, which the directors are beneficiaries through their position on the Advisory or Steering Committees of other companies of the Telefónica Group, regardless of the effective attendance of the board member such Committee meetings.
6. Other concepts: This includes, among others, the amounts received as remuneration in kind (general medical and dental coverage and vehicle insurance), paid by other companies of the Telefónica Group. Also included are the amounts received for membership of the Advisory Boards of Telefónica España, Telefónica Hispanoamérica, Telefónica Tech and Telefónica Ingeniería de Seguridad.
7. The remuneration received by Director Mr. César Mascaraque Alonso in other Telefónica Group companies, different from Telefónica, S.A., is reported from the date of his appointment (22 October 2025).

Payment received and/or accrued in 2025 by Directors who ceased during this year with respect to the other companies of the Telefónica Group in 2025 is detailed below. Specifically, Mr. José María Álvarez-Pallete López on January 18, 2025; Mr. Ángel Vilá Boix on March 6, 2025; Mr. Francisco José Riberas Mera on February 26, 2025; Ms. Verónica Pascual Boé and Ms. María Rotondo Urcola on July 29, 2025; and Mr. Francisco Javier de Paz Mancho on October 22, 2025:

(Amounts in euros)

Directors	Salary[1]	Fixed remune-ration[2]	Allowances [3]	Short-term variable remuneration [4]	Remuneration for belonging to the Board Committees[5]	Other items[6]	Total
Mr. José María Álvarez-Pallete López	—	—	—	—	—	—	—
Mr. Ángel Vilá Boix	—	—	—	—	—	—	—
Mr. Francisco Javier de Paz Mancho	—	219,526	—	—	—	129,167	348,693
Ms Verónica Pascual Boé	—	53,590	—	—	—	37,397	90,987
Mr. Francisco José Riberas Mera	—	—	—	—	—	—	—
Ms. María Rotondo Urcola	—	—	—	—	—	—	—

1 to 6: Definitions of these concepts are those included in the previous table.

Additionally, the Executive Board Members have a series of Assistance Services, which are detailed below.

LONG-TERM SAVINGS SCHEMES

The long-term saving system applicable to Executive Directors replicates that applicable to Telefónica's employees and Senior Managers. It consists of contributions (i) to a pension plan or a similar instrument and to a collective life insurance policy in a unit-link modality (to channel any excess contribution over the financial and tax limits applicable to pension plans), as well as (ii) to Telefónica's Executive Long-term Savings Plan, implemented through a collective life insurance policy in the unit-link modality.

In the case of the Executive Chairman, given that he did not have an employment relationship prior to his appointment as Executive Chairman, contributions are implemented through a savings insurance policy that covers the same contingencies as the Pension Plan and the unit-link insurance policies applicable to Telefónica's employees and Senior Managers.

Below are the contributions made by the Company to long-term savings systems during fiscal year 2025:

(Amounts in euros)

Directors	Contributions for fiscal year 2025
Mr. Marc Thomas Murtra Millar[1]	645,003
Mr. Emilio Gayo Rodríguez[2]	419,443

Mr. Marc Thomas Murtra Millar was appointed Executive Director and Executive Chairman of the Board of Directors of Telefónica, S.A. on January 18, 2025.

[2] Mr. Emilio Gayo Rodríguez was appointed Executive Director and Chief Operating Officer of the Board of Directors of Telefónica, S.A. on March 6, 2025.

Executive Directors that ceased in 2025:

(Amounts in euros)

Directors	Contributions for fiscal year 2025
Mr. José María Álvarez-Pallete López[1]	32,697
Mr. Ángel Vilá Boix [2]	102,106

[1]Mr.José María Álvarez-Pallete López ceased as Executive Chairman and Director of the Company on January 18, 2025.
[2] Mr. Ángel Vilá Boix ceased as Chief operating Officer on March 6, 2025.

The breakdown of long-term savings systems includes contributions to Pension Plan, the Savings Insurance Policy, the Unit Link Insurance, and the Executive Long-Term Savings Plan, as set out below:

(Amounts in euros)

Directors	Contribution to Executive Long-term Savings Plan[1]	Contributions to Savings Insurance Policy / Unit link Insurance - Pension Plan Surplus[2]
Mr. Marc Thomas Murtra Millar[3]	562,250	82,753
Mr. Emilio Gayo Rodríguez[4]	359,966	59,477

[1] Contributions to the Executive Long-term Savings Plan established in 2006, financed exclusively by the Company, to complement the current Pension Plan, which involves defined contributions equivalent to a certain percentage of the fixed remuneration of the Director, depending on the professional levels in the organization of the Telefónica Group.
[2] In the case of the Chief Operating Officer: Contributions to Unit link Insurance - Pension Plan Surplus: In 2015 and 2021, applicable law reduced the financial and tax limits of the contributions to Pension Plans; for this reason, in order to compensate for the difference in favor of the Beneficiaries, a Unit-link type group insurance policy was arranged to channel such differences that occur during each fiscal year.
This Unit-link insurance - Pension Plan Surplus is arranged with the entity Occident GCO, S.A.U. de Seguros y Reaseguros, and covers the same contingencies as those of the "Pension Plan" and the same exceptional liquidity events in case of serious illness or long-term unemployment.
In the case of the Executive Chairman: contributions to the savings insurance policy that replicates the main features of the Pension Plan and the collective life insurance policy under a unit-link modality applicable to Telefónica employees.
[3] Mr. Marc Thomas Murtra Millar was appointed Executive Director and Executive Chairman of the Board of Directors of Telefónica, S.A. on January 18, 2025.
[4] Mr. Emilio Gayo Rodríguez was appointed Executive Director and Chief Operating Officer of the Board of Directors of Telefónica, S.A. on March 6, 2025.

Executive Directors that ceased in 2025:

(Amounts in euros)

Directors	Pension Plans[1]	Executive Long-term Savings Plan[2]	Unit link Insurance - Pension Plan Surplus[1]
Mr. José María Álvarez-Pallete López[3]	6,418	26,279	—
Mr. Ángel Vilá Boix [4]	6,721	88,949	6,436

[1] Contributions made to the Pension Fund Fonditel B, Pension Fund and, additionally, in the case of Mr. Ángel Vilá Boix, to the Unit-link Insurance – Pension Plan Surplus, related to the Pension Plan arranged with Occident GCO, S.A.U. de Seguros y Reaseguros.
[2] Contributions to the Pension Plan and to the Executive Long-term Savings Plan established in 2006, financed exclusively by the Company, to complement the existing Pension Plan. This plan consists of defined contributions equivalent to a specific percentage of the Executive's fixed remuneration, depending on the professional level within the Telefónica Group's organisational structure.
[3] Mr. José María Álvarez-Pallete López ceased to serve as Executive Chairman and Director of the Company on 18 January 2025.
[4] Mr. Ángel Vilá Boix ceased to serve as Chief Executive Officer of the Company on 6 March 2025.

Furthermore, and in relation to the Executive Long-term Savings Plan, and as reflected in the 2025 Annual Director Remuneration Report, until March 31, 2023, Telefónica's Directors' Remuneration Policies established only the incompatibility between the recognition of economic rights derived from this Plan and compensation for termination of an employment relationship, as reported in the successive previous Directors' Remuneration Reports. As of March 31, 2023, the date on which the previous Directors' Remuneration Policy was approved by the General Shareholders' Meeting, said incompatibility was extended to any termination compensation, whether from an employment or contractual relationship.

However, although the Company understood that said modification introduced by the Directors' Remuneration Policy approved on March 31, 2023 was applicable to previous services agreements (by application of Article 529 novodecies.5 of the Spanish Companies Act), on the occasion of the termination of the former Executive Chairman and the former Chief Operating Officer (C.O.O.), in January and March 2025 respectively, the discrepancy that arose between the parties in this regard was resolved through an alternative dispute resolution mechanism (independent expert opinion) which, based on general principles of contracts, ruled in favor of the aforementioned executives and the maintenance of their economic rights derived from the Plan.

The amount of the mathematical provision corresponding to the former Executive Directors as of the date of their respective terminations was as follows:

- Mr. José María Álvarez-Pallete López: 13,086 thousand euros.
- Mr. Ángel Vilá Boix: 9,699 thousand euros

Payment of the aforementioned amounts will not take place until one of the contingencies covered by the Plan occurs (retirement, early retirement, permanent disability in the degrees of total or absolute disability or severe disability, and death).

LIFE INSURANCE PREMIUMS

The 2025 amounts for life insurance premiums were as follows:

(Amounts in euros)

Directors	Life insurance premiums
Mr. Marc Thomas Murtra Millar[1]	42,001
Mr. Emilio Gayo Rodríguez[2]	51,058

[1] Mr. Marc Thomas Murtra Millar was appointed Executive Director and Executive Chairman of the Board of Directors of Telefónica, S.A. on January 18, 2025.
[2] Mr. Emilio Gayo Rodríguez was appointed Executive Director and Chief Operating Officer of the Board of Directors of Telefónica, S.A. on March 6, 2025.

Executive Directors that ceased in 2025:

(Amounts in euros)

Directors	Life insurance premiums
Mr. José María Álvarez-Pallete López[1]	1,520
Mr. Ángel Vilá Boix [2]	4,614

[1] Mr.José María Álvarez-Pallete López ceased as Executive Chairman and Director of the Company on January 18, 2025.
[2] Mr. Ángel Vilá Boix ceased as Chief operating Officer on March 6, 2025.

REMUNERATION PLANS BASED ON SHARES

As regards to remuneration plans based on shares (in which former Executive Directors Mr. José María Álvarez Pallete-López and Mr. Ángel Vilá Boix participated, and in which current Executive Directors Mr. Marc Thomas Murtra Millar and Mr. Emilio Gayo Rodríguez participate), the following long-term variable remuneration plans were in existence during the year 2025:

The so-called Performance Share Plan ("PSP"), made up of: the Long-Term Incentive Plan 2021-2025 (with Third cycle (2023-2025) active) approved by the General Shareholders' Meeting held on April 23, 2021, and the Long-Term Incentive Plan 2024-2028 (with First cycle (2024-2026) and Second cycle (2025-2027) active), approved by the General Shareholders' Meeting held on April 12, 2024.

The Third cycle (2023-2025) of the Long-Term Incentive Plan 2021-2025 started on January 1, 2023 and ended on December 31, 2025.

In this cycle, a maximum of 2,257,000 shares were allocated to the Executive Directors on January 1, 2023, with a unit fair value of 2.8104 euros per share for FCF ("Free Cash Flow"), 1.7780 euros for TSR ("Total Shareholder Return") and 2.8104 euros for the CO2 Emission Neutralization and Reduction target.

Taking into account the Relative TSR, Free Cash Flow and CO2 Neutralization results, the weighted payout ratio increased to 50%. Thus, at the end of the Plan's cycle, the Chief Operating Officer (COO) Mr. Emilio Gayo Rodríguez is entitled to receive 158,000 gross shares.

In the case of the former Executive Directors Mr. José María Álvarez-Pallete López and Mr. Ángel Vilá Boix, due to their termination as Executive Chairman and Chief Operating Officer (C.O.O.), respectively, they did not receive the delivery of shares corresponding to this, but they received the equivalent amount in cash based on the length of time they had been with the Company. Mr. José María Álvarez-Pallete López received 2,857 thousand euros (corresponding to the value of 725,570 shares at a price of 3.94 euros per share) and Mr. Ángel Vilá Boix received 2,408 thousand euros (corresponding to the value of 559,780 shares at a price of 4.30 euros per share.

Similarly, during the 2025 financial year, the First cycle (2024-2026) and Second cycle (2025-2027) of the Long-Term Incentive Plan 2024-2028 were in force, starting on January 1, 2024 and January 1, 2025 respectively and ending on December 31, 2026 and December 31, 2027 respectively.

In relation to the First cycle (2024-2026) and Second cycle (2025-2027) of the Long-Term Incentive Plan 2024-2028, the number of Telefónica, S.A. shares that could be delivered to the participants, within the established maximum, is conditioned and determined by the compliance with the established objectives: 50% on the compliance with the Total Shareholder Return (TSR) objective of Telefónica, S.A. shares, 40% on the Telefónica Group's Free Cash Flow (FCF), 5% on the Neutralization and Reduction of CO2 Emissions and 5% of the target for the number of Women in Executive Positions.

To determine compliance with the TSR target and calculate the specific number of shares to be delivered for this concept, the performance of the TSR on Telefónica, S.A.'s shares will be measured during the measurement period of each three-year cycle, in relation to the TSRs experienced by certain companies in the telecommunications sector, weighted according to their relevance to Telefónica, S.A., which for purposes of the Plan will constitute a comparison group (hereinafter the "Comparison Group"). The companies included in the Comparison Group are listed below: América Móvil, BT Group, Deutsche Telekom, Orange, Telecom Italia, Vodafone Group, Proximus, Koninklijke KPN, Millicom, Swisscom, Telenor, TeliaSonera, TIM Brasil, and Liberty Global.

With regard to complying with the TSR objective, the number of shares to be delivered associated with meeting this objective will range from 15% of the number of theoretical shares assigned, assuming that the TSR performance of Telefónica, S.A. shares is at least the median of the comparison group, to 50% if the performance is in the third quartile or above in the comparison group, with the percentage calculated by

linear interpolation for cases falling between the median and third quartile.

In order to determine the compliance with the FCF objective and calculate the specific number of shares to be delivered for this concept, the FCF level generated by the Telefónica Group during each year will be measured and compared to the value set in the budgets approved by the Board of Directors for each financial year.

With regard to the FCF, for each of the cycles in force during the financial year 2025, the Board of Directors, at the proposal of the Nominating, Compensation and Corporate Governance Committee, determined a scale of achievement that includes a minimum threshold of 90% compliance, below which no incentive is paid and compliance with which will entail the delivery of 20% of the theoretical shares assigned, and a maximum level of 100% compliance, which will entail the delivery of 40% of the theoretical shares assigned.

In the case of the First cycle (2024-2026) and Second cycle (2025-2027) of the 2024-2028 Long-Term Incentive Plan, includes a potential upside in case of over achievement that may end in a payout of 60% at the end of the cycle.

In order to determine compliance with the CO2 Emission Neutralization and Reduction target and to calculate the specific number of shares to be delivered for this item, the level of CO2 Emissions Neutralization achieved at the end of the cycle will be measured, with the incentive being paid upon reaching a certain level of scope 1 + 2.

The level of direct and indirect CO2 emissions from our daily activity shall be calculated according to the following:

CO2 Emission = Activity Data x Emission Factor, where:

- Activity: Amount of energy, fuel, gas, etc. consumed by the Company.

- Emission Factor: Amount of CO2 emitted to the atmosphere by the consumption of each unit of activity.

The emission factor provided by official sources (European Union, Ministries, CNMC, International Energy Agency, etc.) is used for electricity and the GHG Protocol emission factors are used for fuels.

At the beginning of the Third cycle (2023-2025) of the Long-Term Incentive Plan 2021-2025 and First cycle (2024-2026) and Second cycle (2025-2027) of the Long-Term Incentive Plan 2024-2028, the Board of Directors of Telefónica, S.A., at the proposal of the Nominating, Compensation and Corporate Governance Committee, determined a scale of achievement that includes a minimum threshold of 90% compliance, below which no incentive is paid and compliance with which will entail the delivery of 5% of the theoretical shares assigned, and a maximum level of 100% compliance, which will entail the delivery of 10% of the theoretical shares assigned. In addition, a minimum level of emission reductions of Scope 1 + 2 will need to be achieved for the incentive to be paid.

In the case of Women in Executive Positions target for the Long-Term Incentive Plan 2024-2028, the proportion of Women executives over the total executive population will be measured at the end of the period on December 31, 2026 and December 31, 2027, respectively.

In any case, 100% of the shares delivered under the Plan to the Executive Directors and other Participants as determined by the Board of Directors shall be subject to a two-year holding period.

In addition, in accordance with the provisions of the Remuneration Policy for Directors of Telefónica, S.A., the Executive Directors must maintain (directly or indirectly) a number of shares (including those delivered as remuneration) equivalent to two years of their Gross Fixed Remuneration, as long as they continue to belong to the Board of Directors and perform executive functions. Until such time as this requirement is met, the holding period for any shares delivered under the Plan to Executive Directors will be three years.

The maximum number of allocated shares to be delivered in the event of maximum compliance with the TSR (Total Shareholder Return), FCF (Free Cash Flow), CO2 Emission Neutralization Reduction and Women in Executive Positions targets of the active plans, as applicable, is shown below.

PSP 2024-2028 - First cycle / 2024-2026

Current Directors	Maximum number of shares (*)
Mr. Marc Thomas Murtra Millar	—
Mr. Emilio Gayo Rodríguez	326,000

(*) Maximum possible number of shares to be received in case of maximum completion of TSR, FCF and Neutralization of CO2 Emissions target.

In any case, it is noted that no shares have been delivered to the Chief Operating Officer (COO) Mr. Emilio Gayo Rodríguez under the First cycle (2024-2026) of the Long-Term Incentive Plan 2024-2028 and that the above table only reflects the number of shares potentially deliverable, without in any way implying that all or part of the shares will actually be delivered.

In the case of Mr. José María Álvarez-Pallete López and Mr. Ángel Vilá Boix, due to their resignation as Executive Chairman and Chief Executive Officer, respectively, they did not receive the delivery of shares corresponding to this, but they received the equivalent amount in cash based on the length of time they had been with the Company. Mr. José María Álvarez-Pallete López 1,023 thousand euros (corresponding to the value of 259,959

shares at a price of 3.94 euros per share) and Mr. Ángel Vilá Boix 872 thousand euros (corresponding to the value of 202,782 shares at a price of 4.30 euros per share).

PSP 2024-2028 - Second cycle / 2025-2027

Current Directors	Maximum number of shares (*)
Mr. Marc Thomas Murtra Millar	916,000
Mr. Emilio Gayo Rodríguez	622,000

(*) Maximum possible number of shares to be received in case of maximum completion of TSR, FCF and Neutralization of CO2 Emissions target.

In any case, it is noted that no shares have been delivered to the Executive Chairman, Mr. Marc Thomas Murtra Millar, or to the Chief Operating Officer (C.O.O), Mr. Emilio Gayo Rodríguez under the Second cycle (2025-2027) of the 2024-2028 Long-Term Incentive Plan, and that the above table only reflects the number of shares potentially deliverable, without in any way implying that all or part of the shares will actually be delivered.

In addition, it should be noted that the external Directors of the Company do not receive and did not receive remuneration during the year 2025 in concept of pensions or life insurance, nor do they participate in compensation plans referenced to the value of the share price.

Furthermore, the Company does not grant nor has granted during the year 2025, an advance, loan or credit in favor of its Board Members or its Senior Management, complying with the requirements of the Sarbanes-Oxley Act published in the United States, which was applicable to Telefónica in 2025 as a listed company in this market.

Remuneration of the Company's Senior Management

As for the Directors who made up the Senior Management[1] of the company in the year 2025, excluding those who form an integral part of the Board of Directors, have accrued a total amount of 20,018,852 euros during the 2025 fiscal year. This amount includes the sums paid as severance compensation for the termination of members of Senior Management in 2025 (12,329,834 euros)

In addition, and in terms of long-term savings systems, the contributions made by the Telefónica Group during the year 2025 to the Social Security Plan described in the "Income and expenditure" note with regard to these Directors increased to 1,039,383 euros; the contributions corresponding to the Pension Plan increased to 33,607 euros; the contributions to the Seguro Unit link-Excess Pension Fund increased to 120,723 euros.

Furthermore, the amount related to the remuneration in kind (which includes the fees for life insurance and other insurance, such as the general medical and dental coverage, and vehicle insurance) was 135,733 euros.

On the other hand, regarding share-based remuneration plans, during the year 2025, there were in force the following long-term variable remuneration plans:

The so-called "Performance Share Plan" ("PSP"), made up of: the Long-Term Incentive Plan 2021-2025 (with Third cycle (2023-2025) active) approved by the General Shareholders' Meeting held on April 23, 2021, and the Long-Term Incentive Plan 2024-2028 (with First cycle (2024-2026) and Second cycle (2025-2027) active), approved by the General Shareholders' Meeting held on April 12, 2024.

The target measurement period of the Third cycle (2023-2025) of the Long-Term Incentive Plan 2021-2025 started on January 1, 2023 and ended on December 31, 2025. The maximum number of shares allocated to be delivered in the event of maximum compliance with the TSR ("Total Shareholder Return"), FCF ("Free Cash Flow") and CO2 Emission Neutralization and Reduction targets set for the this cycle for all the Company's Senior Executives was 733,204.

Taking into account the Relative TSR, Free Cash Flow and CO2 Neutralization results, the weighted payout ratio increased to 50%. Thus, at the end of the first cycle of the Plan, the Company's Senior Executives are entitled to receive 366,602 gross shares.

The target measurement period for the First cycle (2024-2026) and the Second cycle (2025-2027) of the Long-Term Incentive Plan 2024-2028 started on January 1, 2024 and January 1, 2025 respectively, and will end on December 31, 2026 and December 31, 2027 respectively. The maximum number of shares allocated to be delivered in the event of maximum compliance with the TSR (Total Shareholder Return), FCF (Free Cash Flow), CO2 Emission Neutralization and Reduction and Women in Executive Positions targets set for both cycles, as applicable, for all the Company's Senior Executives is 693,727 in the First cycle (2024-2026) and 770,823 in the Second cycle (2025-2027) of the Long-Term Incentive Plan 2024-2028.

(1) For these purposes, Senior Management is understood to be those persons who perform, de jure or de facto, senior management functions reporting directly to the Board of Directors or Executive Committees or Managing Directors of the Company, including, in all cases, the person responsible for Internal Audit.

Appendix III: Debentures and bonds

The detail and key features of outstanding debentures and bonds at December 31, 2025 are as follows (in millions of euros):

			Maturity (nominal)						
Debentures and bonds	**Currency**	**% Interest rate**	**2026**	**2027**	**2028**	**2029**	**2030**	**Subsequent years**	**Total**
T. EUROPE BV SEP_00 BOND GLOBAL D	USD	8.250%	—	—	—	—	1,043	—	1,043
TEBV FEB_03 EMTN FIXED TRANCHE B	EUR	5.875%	—	—	—	—	—	500	500
Telefónica Europe, B.V.			**—**	**—**	**—**	**—**	**1,043**	**500**	**1,543**
EMTN 02 GBP	GBP	5.375%	573	—	—	—	—	—	573
TELEF. EMISIONES APRIL 2016	EUR	1.460%	1,279	—	—	—	—	—	1,279
TELEF. EMISIONES JANUARY 2018	EUR	1.447%	—	1,000	—	—	—	—	1,000
TELEF. EMISIONES MARCH 2017	USD	4.103%	—	1,063	—	—	—	—	1,063
TELEF. EMISIONES MAY 2020	EUR	1.201%	—	1,250	—	—	—	—	1,250
TELEF. EMISIONES JANUARY 2017	EUR	2.318%	—	—	500	—	—	—	500
TELEF. EMISIONES SEPTEMBER 2017	EUR	1.715%	—	—	1,250	—	—	—	1,250
TELEF. EMISIONES MARCH 2017	EUR	2.318%	—	—	200	—	—	—	200
TELEF. EMISIONES MARCH 2019	EUR	1.788%	—	—	—	1,000	—	—	1,000
EMTN GBP 10/08/2029 400 GBP	GBP	5.445%	—	—	—	458	—	—	458
TELEF. EMISIONES OCTOBER 2014	EUR	2.932%	—	—	—	800	—	—	800
TELEF. EMISIONES FEBRUARY 2020	EUR	0.664%	—	—	—	—	1,000	—	1,000
TELEF. EMISIONES MAY 2022 (2)	EUR	2.592%	—	—	—	—	—	1,000	1,000
TELEF. EMISIONES OCTOBER 2016	EUR	1.930%	—	—	—	—	—	750	750
TELEF. EMISIONES MAY 2020	EUR	1.807%	—	—	—	—	—	750	750
TELEF. EMISIONES JUNE 06 TRANCHE D	USD	7.045%	—	—	—	—	—	1,701	1,701
TELEF. EMISIONES APRIL 2017	USD	4.900%	—	—	—	—	—	170	170
TELEF. EMISIONES MARCH 2018	USD	4.665%	—	—	—	—	—	426	426
TELEF. EMISIONES JULY 2019	EUR	1.957%	—	—	—	—	—	500	500
TELEF. EMISIONES JULY 2020	EUR	1.864%	—	—	—	—	—	500	500
TELEF. EMISIONES APRIL 2022	EUR	1.864%	—	—	—	—	—	100	100
TELEF. EMISIONES MARCH 2017	USD	5.213%	—	—	—	—	—	1,701	1,701
TELEF. EMISIONES APRIL 2017	USD	5.213%	—	—	—	—	—	425	425
TELEF. EMISIONES MARCH 2018	USD	4.895%	—	—	—	—	—	1,063	1,063
TELEF. EMISIONES MARCH 2019	USD	5.520%	—	—	—	—	—	1,063	1,063
TELEF. EMISIONES DECEMBER 2016	EUR	4.000%	—	—	—	—	—	150	150
TELEF. EMISIONES NOVEMBER 2023 (1)	EUR	4.183%	—	—	—	—	—	850	850
TELEF. EMISIONES JANUARY 2024 (1)	EUR	3.698%	—	—	—	—	—	1,000	1,000
TELEF. EMISIONES JANUARY 2024 (2)	EUR	4.055%	—	—	—	—	—	750	750
TELEF. EMISIONES JANUARY 2025	EUR	3.724%	—	—	—	—	—	1,000	1,000
TELEF. EMISIONES JUNE 2025	EUR	3.941%	—	—	—	—	—	750	750
TELEF. EMISIONES JULY 2025	CHF	1.328%	—	—	—	—	—	140	140
Telefónica Emisiones, S.A.U.			**1,852**	**3,313**	**1,950**	**2,258**	**1,000**	**14,789**	**25,162**

Foreign operators

Debentures and bonds	Currency	% Interest rate	Maturity 2026	2027	2028	2029	2030	Subsequent years	Total
Bond Q	CLP	3.600 %	74	—	—	—	—	—	74
Bond 144 A	USD	3.537 %	—	—	—	—	—	425	425
Bond Serie T	UFC	4.200 %	—	—	112	—	—	—	112
Bond Serie X	UFC	3.950 %	—	—	—	37	—	—	37
Telefónica Móviles Chile, S.A.			**74**	**—**	**112**	**37**	**—**	**425**	**649**
Debentures	BRL	CDI + 1.35%	—	309	—	—	—	—	309
Debentures	BRL	IPCA + 7.36%	—	—	—	—	27	107	134
Telefônica Brasil, S.A.			**—**	**309**	**—**	**—**	**27**	**107**	**443**
Total outstanding debentures and bonds fro other operators			**74**	**309**	**112**	**37**	**27**	**532**	**1,091**
Total outstanding debentures and bonds			**1,926**	**3,622**	**2,062**	**2,295**	**2,070**	**15,821**	**27,797**
BOND R144-A	USD	4.950 %	—	—	—	—	425	—	425
BOND C10	COP	IPC + 3.39%	—	—	—	35	—	—	**35**
Colombia Telecomunicaciones, S.A, ESP			—	—	—	35	425	—	**460**
Bonds and debentures of disposal companies and groups held for sale			**—**	**—**	**—**	**35**	**425**	**—**	**460**

(1) Debentures and green bonds (See Note 29.d)
(2) Debentures and sustainable bonds (See Note 29.d)

The main debentures and bonds issued by the Group in 2025 are as follows:

Item	Date	Maturity Date	Nominal (millions) Currency	Euros	Currency of issuance	Coupon
Telefónica Emisiones, S.A.U.						
EMTN Bond	01/23/2025	01/23/2034	1,000	1,000	EUR	3.724 %
EMTN Bond	06/25/2025	06/25/2035	750	750	EUR	3.941 %
EMTN Bond	07/08/2025	07/08/2032	130	140	CHF	1.328 %

Appendix IV: Financial instruments

The detail of the net financial debt arranged by the Group (notional amount) by currency and interest rates at December 31, 2025 is as follows:

								Fair value		
Millions of euros	**2026**	**2027**	**2028**	**2029**	**2030**	**Subsequent years**	**Notional**	**Underlying debt (*)**	**Associated derivatives**	**Total**
Euro	**(3,420)**	**3,190**	**2,114**	**2,614**	**2,196**	**16,829**	**23,523**	**14,609**	**9,335**	**23,944**
Floating rate	(435)	(117)	255	734	600	10,389	11,426	1,591	13,341	14,932
Spread %	0.89	(0.10)	0.67	0.26	0.10	0.09	0.14	—	—	—
Fixed rate	(2,985)	3,307	1,859	1,880	1,596	6,440	12,097	13,018	(4,006)	9,012
Interest rate %	2.12	0.98	1.79	2.22	0.24	2.25	1.77	—	—	—
Rate cap	—	—	—	—	—	—	—	—	—	—
Other european currencies										
Instruments in CZK	**(97)**	**—**	**—**	**—**	**—**	**—**	**(97)**	**—**	**(96)**	**(96)**
Floating rate	—	—	—	—	—	—	—	—	—	—
Spread %	—	—	—	—	—	—	—	—	—	—
Fixed rate	(97)	—	—	—	—	—	(97)	—	(96)	(96)
Interest rate %	3.12	—	—	—	—	—	3.12	—	—	—
Rate cap	—	—	—	—	—	—	—	—	—	—
Instruments in GBP	**(247)**	**(24)**	**(11)**	**(2)**	**(2)**	**(5)**	**(291)**	**631**	**(918)**	**(287)**
Floating rate	—	—	—	—	—	—	—	—	(1)	(1)
Spread %	—	—	—	—	—	—	—	—	—	—
Fixed rate	(247)	(24)	(11)	(2)	(2)	(5)	(291)	631	(917)	(286)
Interest rate %	3.73	4.10	2.92	4.43	4.31	3.96	3.74	—	—	—
Rate cap	—	—	—	—	—	—	—	—	—	—
Instruments in CHF	**(3)**	**—**	**—**	**—**	**—**	**—**	**(3)**	**140**	**(148)**	**(8)**
Floating rate	—	—	—	—	—	—	—	—	—	—
Spread %	—	—	—	—	—	—	—	—	—	—
Fixed rate	(3)	—	—	—	—	—	(3)	140	(148)	(8)
Interest rate %	—	—	—	—	—	—	—	—	—	—
Rate cap	—	—	—	—	—	—	—	—	—	—
America										
Instruments in USD	**197**	**(489)**	**26**	**—**	**—**	**(1)**	**(267)**	**9,640**	**(9,909)**	**(269)**
Floating rate	393	—	26	—	—	—	419	243	227	470
Spread %	2.23	—	1.00	—	—	—	2.16	—	—	—
Fixed rate	(196)	(489)	—	—	—	(1)	(686)	9,397	(10,136)	(739)
Interest rate %	2.93	3.03	—	—	—	5.66	3.00	—	—	—
Rate cap	—	—	—	—	—	—	—	—	—	—

Millions of euros	2026	2027	2028	2029	2030	Subsequent years	Notional	Fair value		
								Underlying debt(*)	Associated derivatives	Total
Instruments in ARS	**(4)**	**—**	**—**	**—**	**—**	**—**	**(4)**	**(4)**	**—**	**(4)**
Floating rate	—	—	—	—	—	—	—	—	—	—
Spread %	—	—	—	—	—	—	—	—	—	—
Fixed rate	(4)	—	—	—	—	—	(4)	(4)	—	(4)
Interest rate %	22.39	—	—	—	—	—	22.39	—	—	—
Rate cap	—	—	—	—	—	—	—	—	—	—
Instruments in BRL	**(293)**	**1,133**	**21**	**39**	**35**	**179**	**1,114**	**733**	**866**	**1,599**
Floating rate	(1,066)	1,130	21	39	35	179	338	739	95	834
Spread %	0.87	0.35	—	—	5.70	4.39	0.93	—	—	—
Fixed rate	773	3	—	—	—	—	776	(6)	771	765
Interest rate %	11.62	11.63	—	—	—	—	11.62	—	—	—
Rate cap	—	—	—	—	—	—	—	—	—	—
Instruments in CLP	**123**	**94**	**156**	**36**	**—**	**394**	**802**	**(161)**	**991**	**830**
Floating rate	37	94	156	36	—	248	570	140	450	590
Spread %	0.95	2.73	1.78	2.13	—	(0.52)	0.91	—	—	—
Fixed rate	86	—	—	—	—	146	232	(301)	541	240
Interest rate %	4.28	—	—	—	—	4.13	4.19	—	—	—
Rate cap	—	—	—	—	—	—	—	—	—	—
Instruments in UFC	**—**	**—**	**—**	**—**	**—**	**—**	**—**	**156**	**(162)**	**(6)**
Floating rate	—	—	—	—	—	—	—	156	(162)	(6)
Spread %	—	—	—	—	—	—	—	—	—	—
Fixed rate	—	—	—	—	—	—	—	—	—	—
Interest rate %	—	—	—	—	—	—	—	—	—	—
Rate cap	—	—	—	—	—	—	—	—	—	—
Instruments in PEN	**(13)**	**—**	**—**	**—**	**—**	**—**	**(13)**	**(7)**	**1**	**(6)**
Floating rate	—	—	—	—	—	—	—	—	—	—
Spread %	—	—	—	—	—	—	—	—	—	—
Fixed rate	(13)	—	—	—	—	—	(13)	(7)	1	(6)
Interest rate %	4.80	—	—	—	—	—	4.80	—	—	—
Rate cap	—	—	—	—	—	—	—	—	—	—
Instruments in COP	**479**	**163**	**149**	**74**	**446**	**202**	**1,513**	**1,560**	**3**	**1,563**
Floating rate	147	158	149	39	446	202	1,141	630	—	630
Spread %	3.22	2.99	1.63	2.98	0.31	—	1.26	—	—	—
Fixed rate	332	5	—	35	—	—	372	930	3	933
Interest rate %	9.41	9.94	—	8.09	—	—	9.30	—	—	—
Rate cap	—	—	—	—	—	—	—	—	—	—

Millions of euros	2026	2027	2028	2029	2030	Subsequent years	Notional	Fair value		
								Underlying debt(*)	Associated derivatives	TOTAL
Instruments in VEB	**(136)**	**—**	**—**	**—**	**—**	**—**	**(136)**	**(136)**	**—**	**(136)**
Floating rate	—	—	—	—	—	—	—	—	—	—
Spread %	—	—	—	—	—	—	—	—	—	—
Fixed rate	(136)	—	—	—	—	—	(136)	(136)	—	(136)
Interest rate %	—	—	—	—	—	—	—	—	—	—
Rate cap	—	—	—	—	—	—	—	—	—	—
Instruments in MXN	**(307)**	**—**	**—**	**—**	**—**	**—**	**(307)**	**(407)**	**107**	**(300)**
Floating rate	(8)	—	—	—	—	—	(8)	(8)	—	(8)
Spread %	0.38	—	—	—	—	—	0.38	—	—	—
Fixed rate	(299)	—	—	—	—	—	(299)	(399)	107	(292)
Interest rate %	7.71	—	—	—	—	—	7.69	—	—	—
Rate cap	—	—	—	—	—	—	—	—	—	—
TOTAL							**25,834**	**26,754**	**70**	**26,824**
Floating rate							**13,886**	**3,491**	**13,950**	**17,441**
Fixed rate							**11,948**	**23,263**	**(13,880)**	**9,383**

(*) Includes all net financial debt adjustments

The table below shows the sensitivity to interest rates originated by our position on interest rate swaps categorized into instruments entered into for trading purposes and instruments entered into for purposes other than trading at December 31, 2025:

Interest rate swaps

Millions of euros	Maturity							
Non trading accountant purposes	**2026**	**2027**	**2028**	**2029**	**2030**	**Subsequent years**	**Total**	**Fair value**
EUR								**99**
Fixed to floating	**—**	**—**	**—**	**—**	**—**	**—**	**—**	**198**
Receiving leg	(680)	—	—	—	(700)	(2,383)	(3,763)	(7,145)
Average Interest Rate %	1.30	—	—	—	(0.02)	2.41	1.76	
Paying leg	680	—	—	—	700	2,383	3,763	7,343
Average Spread %	—	—	—	—	—	—	—	
Floating to fixed	**—**	**—**	**—**	**—**	**—**	**—**	**—**	**(67)**
Receiving leg	(16)	(65)	—	—	(700)	(2,383)	(3,164)	(4,009)
Average Spread %	—	—	—	—	—	—	—	
Paying leg	16	65	—	—	700	2,383	3,164	3,942
Average Interest Rate %	0.49	2.17	—	—	0.20	2.59	2.04	
Floating to floating	**—**	**—**	**—**	**—**	**—**	**—**	**—**	**(32)**
Receiving leg	(10,173)	—	—	—	—	—	(10,173)	(10,213)
Average Spread %	—	—	—	—	—	—	—	
Paying leg	10,173	—	—	—	—	—	10,173	10,181
Average Spread %	0.13	—	—	—	—	—	0.13	

Interest rate swaps

Millions of euros	Maturity							
Trading accountant purposes	**2026**	**2027**	**2028**	**2029**	**2030**	**Subsequent years**	**Total**	**Fair value**
EUR								**(1,240)**
Fixed to floating	**—**	**—**	**—**	**—**	**—**	**—**	**—**	**33**
Receiving leg	—	(100)	(175)	—	(500)	(9,600)	(10,375)	(10,360)
Average Interest Rate %	—	0.76	0.69	—	3.15	2.66	2.64	
Paying leg	—	100	175	—	500	9,600	10,375	10,393
Average Spread %	—	—	—	—	—	—	—	
Floating to fixed	**—**	**—**	**—**	**—**	**—**	**—**	**—**	**(1,273)**
Receiving leg	—	(1,366)	—	—	(1,086)	(7,368)	(9,820)	(9,816)
Average Spread %	—	—	—	—	—	0.04	0.03	
Paying leg	—	1,366	—	—	1,086	7,368	9,820	8,543
Average Interest Rate %	—	0.92	—	—	0.93	1.85	1.62	
USD								**884**
Fixed to floating	**—**	**—**	**—**	**—**	**—**	**—**	**—**	**884**
Receiving leg	(3,411)	(3,955)	—	—	(595)	(6,550)	(14,511)	(7,697)
Average Interest Rate %	2.79	1.59	—	—	1.02	3.40	2.66	
Paying leg	3,411	3,955	—	—	595	6,550	14,511	8,581
Average Spread %	2.78	0.97	—	—	—	—	0.92	

Millions of euros	Maturity							
Trading accountant purposes	2026	2027	2028	2029	2030	Subsequent years	Total	Fair value
GBP								**5**
Fixed to floating	**—**	**—**	**—**	**—**	**—**	**—**	**—**	**5**
Receiving leg	—	—	—	(458)	—	—	(458)	(455)
Average Interest Rate %	—	—	—	3.42	—	—	3.42	
Paying leg	—	—	—	458	—	—	458	460
Average Spread %	—	—	—	—	—	—	—	
CLP								**(4)**
Floating to fixed	**—**	**—**	**—**	**—**	**—**	**—**	**—**	**(4)**
Receiving leg	—	—	—	—	—	(146)	(146)	(143)
Average Spread %	—	—	—	—	—	(0.57)	(0.57)	
Paying leg	—	—	—	—	—	146	146	139
Average Interest Rate %	—	—	—	—	—	4.13	4.13	
COP								**(7)**
Floating to fixed	—	—	—	—	—	—	—	(7)
Receiving leg	—	—	—	(35)	—	—	(35)	(36)
Average Spread %	—	—	—	3.39	—	—	3.39	
Paying leg	—	—	—	35	—	—	35	29
Average Interest Rate %	—	—	—	8.09	—	—	8.09	

Exchange rate options	Maturities					
Millions of euros	2026	2027	2028	2029	2030	Subsequent years
Put Currencies (EURBRL, BRLEUR)						
Notional amount of options bought	—	—	—	—	—	—
Strike	—	—	—	—	—	—
Notional amount of options sold	188	—	—	—	—	—
Strike	6.46 %	—	—	—	—	—
Call Currencies (EURBRL, BRLEUR)						
Notional amount of options bought	188	—	—	—	—	—
Strike	6.46 %	—	—	—	—	—
Notional amount of options sold	—	—	—	—	—	—
Strike	—	—	—	—	—	—

Cash flows receivable or payable on derivative financial instruments to be settled via the swap of nominals, categorized by currency of collection/payment, along with contractual maturities are as follows:

Millions of euros		2026	2027	2028	2029	2030	Subsequent years	Total
Currency swaps								
Receive	BRL	24	—	—	—	—	—	24
Pay	BRL	(100)	(7)	—	—	—	—	(107)
Receive	CLP	—	—	—	—	—	—	—
Pay	CLP	—	—	(155)	(36)	—	(394)	(585)
Receive	COP	—	—	—	—	—	—	—
Pay	COP	(64)	—	—	—	(427)	—	(491)
Receive	EUR	2,047	2,549	58	—	—	—	4,654
Pay	EUR	(2,356)	(3,728)	—	(448)	(1,086)	(7,072)	(14,690)
Receive	GBP	573	—	—	458	—	—	1,031
Pay	GBP	—	—	—	—	—	—	—
Receive	JPY	—	—	—	—	—	81	81
Pay	JPY	—	—	—	—	—	—	—
Receive	UFC	—	—	112	37	—	—	149
Pay	UFC	—	—	—	—	—	—	—
Receive	USD	1,851	3,359	—	—	1,468	6,975	13,653
Pay	USD	(1,966)	(2,296)	—	—	—	—	(4,262)
Receive	CHF	—	—	—	—	—	140	140
Pay	CHF	—	—	—	—	—	—	—
TOTAL		**9**	**(123)**	**15**	**11**	**(45)**	**(270)**	**(403)**

The largest volume of cash flows collected in this table falls into the following currency pairs. The average exchange rates to which the settlements have been closed are: EUR/GBP (0.83), EUR/USD ((1.12) and USD/COP (3,750.14).

Millions of euros		2026	2027	2028	2029	2030	Subsequent years	Total
Forwards								
Receive	BRL	4	—	—	—	—	—	4
Pay	BRL	(785)	—	—	—	—	—	(785)
Receive	CLP	19	—	—	—	—	—	19
Pay	CLP	(374)	—	—	—	—	—	(374)
Receive	COP	60	—	—	—	—	—	60
Pay	COP	(443)	(5)	—	—	—	—	(448)
Receive	CZK	97	—	—	—	—	—	97
Pay	CZK	—	—	—	—	—	—	—
Receive	EUR	2,300	—	—	—	—	—	2,300
Pay	EUR	(610)	—	—	—	—	—	(610)
Receive	GBP	44	—	—	—	—	—	44
Pay	GBP	(219)	—	—	—	—	—	(219)
Receive	MXN	3	—	—	—	—	—	3
Pay	MXN	(111)	—	—	—	—	—	(111)
Receive	PEN	—	—	—	—	—	—	—
Pay	PEN	(1)	—	—	—	—	—	(1)
Receive	USD	1,033	4	—	—	—	—	1,037
Pay	USD	(1,037)	—	—	—	—	—	(1,037)
TOTAL		**(20)**	**(1)**	**—**	**—**	**—**	**—**	**(21)**

The largest volume of cash flows collected in this table falls into the following currency pairs. The average exchange rates to which the settlements have been closed are: EUR/GBP (0.88), EUR/USD (1.16), USD/COP (4,159.40) and EUR/BRL (6.39).

Appendix V: Interest-bearing debt

The main financing transactions at December 31, 2025 and 2024 and their nominal amounts are as follows:

Descriptive name summary	Current limit (millions)	Currency	Outstanding principal balance (millions of euros) 12/31/2025	12/31/2024	Arrangement date	Maturity date
Telefónica, S.A						
Structured Financing (*)	10	USD	9	59	12/11/2015	03/11/2026
Structured Financing (*)	7	EUR	7	42	12/11/2015	03/11/2026
Sustainable syndicated (1)	5,500	EUR	—	—	03/15/2018	01/13/2030
Bilateral loan	—	EUR	150	150	09/26/2022	12/15/2032
Bilateral loan	—	EUR	125	125	12/23/2022	06/15/2033
Bilateral loan	—	EUR	150	150	02/14/2023	09/29/2033
Bilateral loan	—	EUR	150	150	03/27/2024	07/31/2034
Bilateral loan	—	EUR	140	140	09/10/2024	31/10/2031
Bilateral loan	—	EUR	100	100	21/11/2024	16/12/2031
Bilateral loan	—	EUR	125	—	15/01/2025	15/01/2035
Bilateral loan	—	EUR	100	—	19/11/2025	19/11/2032
Telefónica Germany GmbH & Co. OHG						
EIB Financing	—	EUR	—	33	06/13/2016	02/21/2025
Sustainable syndicated (2)	—	EUR	—	—	12/17/2019	01/10/2025
EIB Financing (Tranche 1)	—	EUR	200	250	12/18/2019	06/18/2029
EIB Financing (Tranche 2)	—	EUR	100	125	01/14/2020	07/14/2029
Bluevia Fibra S.L.U.						
Syndicated	360	EUR	332	325	11/16/2022	12/20/2029
Telxius Telecom, S.A.						
Syndicated	145	EUR	100	100	12/01/2023	12/04/2029
Telefónica Móviles Chile, S.A.						
Bilateral loan (3)	—	USD	—	125	08/22/2023	07/07/2025

(1) On January 13, 2025, Telefónica, S.A. signed an extension with respect to its sustainability-linked syndicated credit facility for up to 5,500 million euros for an additional year (extending the maturity date to January 13, 2030). Additionally, Telefónica signed 2 extension options for P1Y additional year each, permitting Telefónica, S.A.,to extend the maturity date of the credit facility to January 13, 2032.

(2) On January 10, 2025, Telefónica Germany GmbH & Co. OHG completed the early termination of its 750 million euros sustainability-linked syndicated credit facility, originally scheduled to mature in 2026.

(3) On July 7, 2025, Telefónica Móviles Chile, S.A.Telefónica Móviles Chile, S.A. made an early repayment of its bilateral loan for 129 million dollars (approximately 110 million euros) originally scheduled to mature in 2026.

(*) Facility with amortization schedule, showing in the column "Current limit" the undrawn amount.

Appendix VI: Key regulatory issues and concessions and licenses held by the Telefónica Group

Regulations

As a digital telecommunications operator, the Telefónica Group is subject to sector-specific telecommunications regulations, general competition law and a variety of other regulations, including privacy and security, which can have a direct and material effect on the Group's business areas. The extent to which telecommunications regulations apply to the Telefónica Group depends largely on the nature of its activities in a particular country, with traditional fixed telephony services and fixed broadband usually subject to stricter regulations.

In order to provide services and operate its networks and to use spectrum, the Telefónica Group must obtain general authorizations, concessions and/or licenses from the pertinent authorities in each country in which the Group operates (hereinafter referred to as national regulatory authorities or NRAs). The Group is also required to obtain radio frequency licenses for its mobile operations.

This section describes the legislative framework and the recent legislative key developments in the most relevant countries and regions in which the Group has significant interests. Many of the legislative changes and the adoption of regulatory measures by sector-specific regulators which are described in this section are in the process of being adopted and, therefore, have not yet concluded.

Electronic Communication Regulation in the European Union

By Directive (EU) 2018/1972, of December 11, 2018, the European Code of Electronic Communications (EECC in its acronym in English) was approved by the European Parliament and the Council.

The Code includes measures to stimulate investment on very high capacity network (VHCN), modernization of the provisions of the Universal Service and certain changes in the regulation of services with the aim of balancing the supply conditions (Level Playing Field) between telecom operators and OTTs. In addition, some improvements are included for the coordination of spectrum management processes throughout the EU as well as a harmonization of licenses duration up to at least 20 years.

The Commission has reviewed the operation of this Directive through 2025 and aiming to send a report to the European Parliament and the Council as part of the wider regulatory initiative of Digital Networks Act (DNA) by Q1 2026.

In accordance with the provisions of the EECC, the Relevant Market Recommendation (RMR) adopted in December 2020, identifies the relevant markets within the electronic communication sector that are susceptible of ex ante regulation by the NRAs. The NRAs should assess the competitive conditions of these markets and where appropriate, designate operators as having significant market power (SMP) and impose obligations. The markets susceptible to ex ante regulation were reduced from 4 to 2: wholesale local access provided at a fixed location market (m1) and wholesale dedicated capacity market (m2). Nevertheless, NRAs are still able to analyze any other market that according to national circumstances might deemed to be uncompetitive. During 2026, the EC might review the list of relevant markets from 2020 and decide whether the current approach is fit for purpose considering the current competitive market conditions at EU level and the need to foster investments in VHCN.

In relation to the maximum cap at European level for both fixed and mobile termination rates (FTRs/MTRs), since the adoption of a Delegated Act, by the EC, on December 18, 2020, the maximum rates applicable since January 1, 2024 are 0.2 euro cents per minute for mobile termination and to 0.07 euro cents per minute in the case of fixed rates.

The Commission, in consultation with BEREC, will review the Delegated Act through 2026 and review whether EU – wide tariffs are still necessary. If EU – wide tariffs are no longer necessary, NRAs will be able to carry out their own market analysis.

Additionally, the European Council has approved the Recovery and Resilience Mechanism (RRM), with European funds of 750 billion euros until 2025 as a central pillar of the European Digital Transformation (at least 20% of funds devoted to digitalization) initiatives which can receive support to advance connectivity and the digitalization of society.

Telecom Single Market

EU Regulation 2015/2120 of the EP and of the Council of November 25, 2015, lays down measures basically concerning open Internet access (Net Neutrality) and roaming on public mobile communications networks within the Union.

- **Roaming:** On April 13, 2022, the new Regulation on international roaming in the European Union was published in the Official Journal of the EU and being directly binding for Member States as it entered into force on July 1, 2022. From this date the new regulation maintains "Roaming like at Home" and includes a price cap glide path for maximum wholesale rates for voice, data and SMS. This reviewed regulation also includes new provisions on transparency and Quality of services. This regulation is set to expire in 2032, though it is foreseen interim reviews every 2-3 years with the purpose of assessing market evolution. On the June 25, 2025, the EC published the report on the Review of the Roaming Market concluding that the current framework has strengthened competition at the wholesale level and remains fit for purpose. Next interim review report is expected by June 2027.

- **Net Neutrality:** Under the principle of network neutrality applicable to Internet access services area, network operators are not permitted to establish technical or commercial restrictions regarding the devices that can be connected or the services, or applications and contents that can be accessed or distributed through the Internet by the end user. It also refers to the non-discriminatory behavior (e.g. non-anticompetitive) to be adopted by operators regarding the different types of Internet traffic circulating through their networks.

BEREC has updated the Guidelines on the Implementation of the Open Internet Regulation. Reviewed guidelines prohibit non application agnostic price differentiation, resulting in near prohibition of zero rating and sponsored data commercial practices. Telefonica does not expect a commercial impact in current portfolio of services.

On April 30, 2023, the EC submitted a report assessing the regulatory implementation of the OIR to the European Parliament and to the Council thereon. The EC concluded the principle based Open Internet Regulation remains relevant and fit for purpose, proposing to keep OIR unchanged. The EC shall deliver a new assessment report in four years' time, by April 30, 2027, including, needed be, appropriate proposals to amend the Regulation.

Digital Single Market

Among the most relevant regulatory initiatives we can find the following:

- **Content Package:**

  - On November 28, 2018, the **audiovisual Directive (AVMS)** was published in the Official Journal of the European Union. The text came into force on December 19, and had to be transposed into national law in the EU member States by September 19, 2020. Among the main novelties of the regulation, it includes greater protection of children, limits on advertising and boost to European production. Rules will apply to television channel and also to video-on-demand platforms and distribution of videos, as well as to live broadcasts on these platforms. In particular video sharing platforms will be obliged to reserve at least 30% of European production in their video catalogs on demand. In addition, Member States may impose financing obligations to providers of VOD services established in another Member State but offering services in their countries.

    A call for evidence was launched in November 2025, to feed into a new evaluation of the Audiovisual Media Services Directive (AVMSD) planned for 2026.

  - The **Geo-Blocking Regulation** forbids any unjustified geographically-based restrictions which undermine online shopping and cross-border sales. Audiovisual services are excluded from the scope of the Regulation and territorial licenses and legitimate geo-blocking practices are considered justified protection tools for the European audiovisual industry. On December 13, 2023, European Parliament adopted a Resolution on the implementation of the 2018 Geo-blocking Regulation in the Digital Single Market, maintaining that the eventual inclusion of audiovisual services in the scope of the Geo-blocking Regulation would result in a significant loss of revenue, putting investment in new content at risk, while eroding contractual freedom and reducing cultural diversity in content production, distribution, promotion and exhibition. The European Commission launched a call for evidence until March 11, 2025, and a public consultation until January 5, 2026, to assess the application of the Regulation and its overall impact on the Internal Market. The Second Implementation Report is planned for the 2Q 2026.

  - European Commission issued a **Recommendation on combating online piracy of live content on May 4, 2023**. On April 30, 2025, the EC published a call for evidence on the effects of the Recommendation. It also sought views on the potential impact of the DSA and on whether the Recommendation continues to meet its initial objectives. Following this call for evidence, in November 2025, the EC adopted a Communication concluding that it will consider further the contribution of different online intermediaries to the fight against online piracy and will also explore whether new measures are needed to ensure more consistent use of dynamic injunctions across Member States and a more systematic cross-border cooperation.

- **Regulations on the Digital Services and the Digital Markets:**

The Digital Services Act 2022/2065 of October 19, 2022 and the Digital Markets Act 2022/1925 of September 14, 2022 were adopted and published in the Official Journal of the EU.

In relation to the new **Digital Services** regulation, obligations will apply throughout the EU to all digital services that connect consumers to goods, services or content, such as:

- Rules on the removal of illegal goods, services or content online.
- Safeguards for users whose contents have been removed by error by the platforms.
- Obligation for the platforms to adopt measures to avoid the abuse of their systems.
- Transparency measures with a wide scope.
- New powers to control the operation of the platforms.
- New rules on the traceability of companies in online markets.
- Cooperation process between authorities to ensure compliance and adoption of measures.

In February 2024, the obligations established for intermediary providers came into force.

In November 2024, the European Commission adopted an implementing act setting out the rules and templates for transparency reporting to ensure that all relevant providers provide clear and comparable information on their content moderation practices. Providers had to begin collecting data from July 2025, with the first harmonized reports to be published in 2026.

On 14 July 2025, the EC published its guidelines on the protection of minors to ensure a safe online experience for children and young people. And, in November 2025, the EC launched a consultation on the notification process under Article 18, in areas that warrant further clarification, including the criminal offences considered in scope of the article.

For its part, the **Digital Markets** regulation, is in force since May 2, 2023, and its main goal is preventing the so called "gatekeepers" from imposing unfair conditions on end users and at ensuring the openness of important digital services, its main provisions are:

- It will only apply to the main platform providers more prone to incur in unfair practices and ensuring contestability in a set of core platform services.
- It establishes quantitative thresholds for the designation of "gate keepers".
- It requires "gate keepers" to take action in a proactive manner.
- The regulation foresees mechanisms for the Commission to designate new "gatekeepers" below the thresholds; to add new services and obligations; and to impose structural or behavioral remedies for systematic non-compliance through a market investigation.
- The EC can impose fines of up to 10%of the company's total worldwide annual turnover or 20% in the event of repeated infringements.
- By May 2026, the Commission is required to conduct a review on the impact and effectiveness of the implementation of DMA and its readiness to face emerging challenges.

Artificial Intelligence Act.

Regulation (EU) 2024/1689 on AI entered into force on August 1, 2024, and will be fully applicable two years later, with some exceptions: prohibitions will enter into force after six months, governance rules and obligations for general purpose AI models will apply after twelve months, and rules for AI systems- embedded in regulated products- will apply after 36 months. To ease the transition to the new regulatory framework, the Commission has launched the AI Pact, a voluntary initiative that aims to support future implementation and invites developers to comply with the key obligations of the AI Act in advance. Telefónica has signed the European Pact.

The AI regulation is based on a risk-based approach. The higher the risk of the AI system, the stricter the obligations. There are even use cases that are directly prohibited. For systems that are classified as high-risk and predefined as such in the Law, some obligations are stablished called the "minimum requirements" that have to be complied before putting the system into the market and once the system is being commercialized. For other AI systems, which are not classified as high risk, voluntary measures apply. Different types of actors are distinguished in the value chain: AI system suppliers, importers/distributors and system users, each with different responsibilities. The most onerous obligations are imposed on the IA providers.

Providers of generative AI must maintain the technical documentation of the model, provide information to other providers who integrate the model, respect EU copyright law and publish a detailed summary of the content used for training, and cooperate with the Commission and national authorities. Providers of models with systemic risk are also required to conduct assessments according to standardized protocols, assess and mitigate systemic risk at EU level, maintain

serious incident reports, conduct adversarial testing and ensure an adequate level of cyber protection. The development of codes of conduct at EU level is encouraged and facilitated to contribute to the proper implementation of the regulation.

In September 2024, Telefónica signed the AI Pact, committing to start applying the principles of the AI Act ahead of its entry into application, namely 3 core actions: (1) having an AI governance strategy to foster AI uptake, (2) mapping high-risk AI systems and (3) promoting AI literacy and awareness among employees.

In February 2025, the EC adopted Guidelines on prohibited AI practices and on AI systems definitions. On April 9, the EC adopted the AI Continent Action Plan and in July 2025, EC published Guidelines for providers of GPAI. In addition, in July 2025, the EC received the GPAI Code of Practice and presented the template for GPAI model providers to summarize the data used to train their model.

The Commission presented on 19 November 2025 a Digital Omnibus on AI, in the form of a draft regulation, proposing amendments to the AI Act. The proposed amendments include tying the application of the rules for high-risk AI systems to the availability of technical standards, common specifications or Commission guidance. The AI Office must confirm this by a formal decision. In their absence, application of those rules may be postponed by up to 16 months.

Data Protection

The General Data Protection Regulation (GDPR) of April 27, 2016, Regulation (EU) 2016/679 introduced administrative fines of up to 4% of an undertaking's annual global turnover of the preceding financial year for breaching the new data protection rules.

The new GDPR Procedural Rules Regulation (EU) 2025/2518 of 26 November 2025 lays down additional procedural rules on the enforcement of Regulation (EU) 2016/679, in order to improve cooperation between national Data Protection Authorities when they enforce the GDPR in order to speed up the process of handling cross-border data protection complaints. The Regulation will apply from 2nd April 2027.

Within the Simplification objective, European Commission has proposed Simplification of GDPR as part of its commitment to reduce regulatory and administrative burden for EU business.

- In May 2025, European Commission issued a first Proposal for simplifying GDPR's record-keeping obligations for organizations below 750 employees.
- In November 2025, European Commission issued the Digital Omnibus with broader GDPR simplification measures, including targeted amendments to the GDPR with a view to clarify and simplify certain rules (eg.: notion of personal data, recognition of legitimate interest as a legal ground for AI training, special categories of data...).

The objective is to help boosting innovation and support compliance by organisations, while keeping intact core GDPR principles and high level of personal data protection.

On January 10, 2017, the EC put forward its Proposal for a Regulation on ePrivacy, to replace the current Directive 2002/58/EC on privacy in the electronic communications sector and complement the GDPR. After lengthy and unsuccessful negotiations, in February 2025 European Commission announced it would withdraw the proposed Regulation. On 6th October 2025, the formal withdrawal was confirmed in EU Official Journal.

Regarding International Transfers of Data, on 19th December 2025, European Commission renewed the two 2021 Adequacy Decisions for the free flow of personal data with UK. Both Decisions ensure that personal data can continue flowing freely and safely between the European Economic Area (EEA) and UK, as the renewed UK Data Protection legal framework remains essentially equivalent to EU standards. The Adequacy Decisions are subject to a sunset clause of six years, running until 27 December 2031, with the possibility to be renewed.

The first EU/Brazil Adequacy Decision will follow beginning 2026.

Radio spectrum policy

The European Electronic Communications Code grants the Radio Spectrum Committee (RSC) the powers to harmonize the use of spectrum bands, for the provision of electronic communications services and lays down the rules governing the process through which Member States authorize those bands to specific users. It also mandates Member States to allow the use of sufficiently large blocks of the 3400-3800 MHz band, and at least 1 GHz in the 24,25-27,5 GHz band, in order to facilitate the roll-out of 5G.

Assignment processes have been completed across our European footprint in the 3400-3800 MHz band, with Telefónica securing at least 70 MHz in each market (see table at the end for details).

Regarding the 24,25-27,5 GHz band, it is available in Germany through local licenses awarded on a first-come-first-served basis. In Spain, a competitive tender took place in December 2022 and Telefónica secured a national license of 1 GHz.

Once the harmonization and assignment of the priority bands for 5G (700 MHz, 3500 MHz and 26 GHz) has been nearly completed, the European institutions are beginning the process to identify new bands that in a 2025-2030 horizon may be available for the provision of wireless broadband services. Among the most relevant bands for Telefónica are the 470-694 MHz and the 6425-7125 MHz bands, which have been regionally identified at the ITU world conference in 2023, and the 3800-4200 MHz band. As part of that process the RSC approved in December 2024 a mandate to the CEPT with a view to the harmonization of the 6425-7125 MHz band. The CEPT response is expected to be finalized in July 2027. In parallel, the RSPG approved in November 2025 an opinion on the long-term use of the 6 GHz band in Europe, in which it proposes the allocation of at least 540 MHz to mobile broadband services.

Furthermore, regarding the 3800-4200 MHz band, on 5 December 2025 the RSC published the Harmonisation Decision for the band for local low and mid-power networks.

EU competition law

European competition provisions have the force of law in the Member States and, therefore, are applicable to our operations in those States.

The Treaty on the Functioning of the European Union (TFEU) prohibits "concerted practices" and any agreement between companies that may affect trade between Member States and that restricts or has the objective of restricting competition in domestic market. The Treaty also prohibits any abuse of dominant position within the European Union or any considerable part thereof that may affect trade between Member States.

The EU Merger Regulation requires that all mergers, acquisitions and joint ventures involving companies that meet certain turnover thresholds are subject to review by the EC rather than the national competition authorities. In accordance with the EU Merger Regulation, market concentrations that significantly impede effective competition in the market will be prohibited. The European Commission has the authority to apply the EU framework for the defense of the competition.

There are similar competition rules in the legislation of each Member State. Those responsible for ensuring compliance are the national competition authorities.

In addition, in 2023 the EU introduced the Foreign Subsidies Regulation which establishes a notification-based procedure to investigate concentrations and public procurement procedures of very high monetary value involving financial contributions granted by non-EU governments to EU and non-EU companies.

Spain

General regulatory framework

The legal framework for the regulation of the telecommunications sector in Spain is governed by the General Telecommunications Law (11/2022) of June 28, transposing the implementation of the "EECC" into national law.

The Delegated Act, approved by the European Commission in December 2020, sets the maximum applicable rates for mobile termination at 0.2 euro cents per minute as of January 1, 2024, and for fixed termination at 0.07 euro cents per minute as of July 1, 2021.

The Market and Competition National Commission, or CNMC, created by the Law 3/2013, assumed in 2013 its role as telecommunications and audiovisual service regulator in Spain. This organism is also the competition authority in Spain and the national regulatory authority for transport, postal services and energy.

The main licenses and concessions held by Telefónica in Spain are listed at the end of this Appendix VI under the title "Main concessions and licenses held by the Telefónica Group".

Market analysis

The following are the most relevant markets in which Telefónica is deemed to have Significant Market Power (SMP).

Fixed markets

Wholesale fixed access and call origination market

On January 17, 2017, the CNMC approved the definition and the analysis of the market for access and call origination on fixed networks. Considering that Telefónica has SMP, the CNMC imposed specific obligations to Telefónica regarding the provision of origination services, preselection and wholesale access service to the telephone line on a cost-oriented bases, and regarding the implementation of an accounting system. Telefónica was imposed, among others, the obligation of no discrimination, transparency and separation of accounts. In July 2024, the CNMC approved the deregulation of this market.

Wholesale market for call termination on fixed networks

Last May 2025, the CNMC submitted for public consultation its proposed market analysis by which the market for call termination on fixed networks is deregulated. The final resolution was approved on December 11, 2025, and proceeds to eliminate the existing obligations (without prejudice to the maximum price limits established by the European Commission),

opening a transitional period of 6 months from the date of publication in the National Official Journal.

Wholesale (physical) to network infrastructure access and wholesale broadband access

On October 7, 2021, CNMC has completed the latest broadband market analysis (1/2020, 3b/2014 markets). The most remarkable aspects stated by CNMC are:

- To expand the competitive area in new generation networks, from 66 to 696 municipalities, which represent the 70.5% where the Spanish population lives. In these areas the obligation to offer a wholesale broadband access service (NEBA) will not be imposed on Telefónica's fiber network.
- In the remaining municipalities, CNMC requires Telefónica to provide other operators with a virtual disaggregated access service (local NEBA) and a wholesale broadband access service (NEBA) on its fiber network.
- Throughout the whole territory, CNMC decided to maintain the obligation by which Telefónica must provide wholesale access service to its civil infrastructure (ducts, conduits and poles).
- In September 2024, the CNMC proposed a modification of the economic replicability methodology for Telefónica's retail broadband offers. The introduced modifications aim to simplify the methodology, defining a higher level of grouping in the flagship products when determining replicability, and removing restrictions when configuring promotional actions, as well as the obligations of prior notification for the launch of new products and promotions.
- The final resolution was approved on February 4, 2025, following its publication in the National Official Journal .
- On December 20, 2024, the CNMC published a public consultation with the market analysis 1/2020 and 3b/2014, proposing the deregulation of Telefónica's fiber network access obligations, as well as associated obligations such as economic replicability. The public consultation period extended until the end of February 2025.
- In June 2025, the CNMC sent to the European Commission its proposed market analysis 1/2020 and 3b/2014, which proposed the deregulation of Telefónica's fiber network access obligations, as well as associated obligations such as economic replicability. The final resolution took place on July 29, 2025, establishing the deregulation of access to Telefónica's fiber network and the elimination of associated obligations, setting a transitional period of 6 months starting from the date of publication in the National Official Journal (August 13, 2025).
- In December 2024, the CNMC published a public consultation with the definition and analysis of a new relevant market for access to physical infrastructures, maintaining the existing obligations of regulated access to Telefónica's civil infrastructures with cost-oriented prices and under conditions of transparency and non-discrimination existing within the scope of market 1/2020.
- Subsequently, in March 2025, Telefónica submitted to the CNMC a proposal of commitments to maintain procedures, deadlines, quotas, and information in exchange for replacing the obligation of cost-oriented prices with reasonable market prices. The CNMC has submitted the commitments to public consultation, and it is expected that their validation will take place in the first quarter of 2026. The final resolution of the market analysis is foreseeably expected at the end of the first half of 2026.

High-quality wholesale access market in a fixed location

On March 29, 2022, the CNMC approved the definition and analysis of the market for high quality wholesale access provided at a fixed location considering that Telefónica has SMP and imposed obligations regarding access to terminal leased lines, business bitstream access, access to civil works infrastructure and economic replicability. It also imposed, among others, the obligation of non-discrimination, transparency and separation of accounts.

Wholesale access to submarine cable infrastructure

In July 2024, the final resolution of the CNMC's market analysis proposal to deregulate wholesale access to Telefónica de España's submarine cable infrastructure was approved. As a result, Telefónica de España will no longer be considered as an SMP operator with respect to its submarine trunk routes and all current obligations were lifted within 6 months of such approval.

Universal service obligations

On February 6, 2023, the Minister for Economic Affairs and Digital Transformation issued the Ministerial Order designating Telefónica de España, S.A.U. as the operator responsible for the provision of the services included in Article 37.1 of the General Telecommunications Law: adequate broadband internet access service at a fixed location with a minimum download speed of 10 Mbps as well as voice communications services at a fixed location. The territorial scope of the designation is the entire national territory and the designation is made for a period beginning at zero hours on February 10, 2023 and ending at zero hours on January 1, 2025.

In December 2024, the Secretary of State for Telecommunications submitted to public consultation the tender specifications for the designation of the operator responsible for providing the services included in the universal service, as well as the possible expression of interest of operators to participate in such a tender.

On January 29, 2025, the Ministerial Order was approved by which Telefónica de España is designated as the operator responsible for the provision of the above services until December 31, 2026.

In November 2025, the Secretariat of State for Telecommunications and Digital Infrastructures launched a public consultation on the review of the regulatory framework applicable to the Universal Service, as a first step towards determining the regime applicable to the Universal Service obligation as of January 1, 2027.

Spectrum

On February 22, 2021, Telefónica España acquired a 10 MHz block in the 3.4-3.8 GHz band for 21 million euros. With this spectrum acquisition, Telefónica completes 100 MHz which corresponds to the maximum carrier width in the 5G standard. In order for all the operators to have contiguous frequency blocks and ensure a more efficient use of the spectrum to deploy 5G technology and associated services, the Ministry of Economic Affairs and Digital Transformation adopted a resolution for the reorganization of the 3.4-3.8 GHz band. Regarding the 700 MHz band, Telefónica España acquired 2x10 MHz for 310 million euros in the spectrum auction which took place in July 2021.

Additionally, Telefónica has already extended its administrative concessions in the 3.4-3.6 GHz band (2x20 MHz) and the 2.1 GHz band (2x5 MHz+ 5 MHz) until 2030.

Telefónica awarded with 5 blocks of 200 MHz for an amount of 20 million euros in the auction of the 26 GHz band that took place on the December 21, 2022 The licences were formalized in May 2023.

Pursuant to the provisions of the Second Transitory Provision of the General Telecommunications Law, Telefónica Móviles España has requested the extension of the spectrum concessions to a total term of 40 years. The Ministry of Economic Affairs and Digital Transformation submitted for public consultation a draft Ministerial Order modifying the duration of the concessions.

On June 2024, the Ministerial Order was finally approved.

Telefónica Móviles España acquired 20 MHz in the 3500 MHz band in the secondary spectrum market after the approval of Orange and MásMóvil merger process. Approval of the transfer by the Secretary of State for Telecommunications will be effective as of January 1, 2025.

In addition, Telefónica Móviles España and DIGI have agreed to mutualize their spectrum in the 3500 MHz band, giving both operators the right to use 140 MHz of contiguous spectrum. The mutualization agreement between the two operators was approved by the Secretary of State for Telecommunications in December 2024.

5G cybersecurity

Royal Decree-Law 6/2023, of December 19, which approves urgent measures for the execution of the Recovery, Transformation and Resilience Plan, includes in its fifth final provision the modification of Royal Decree-Law 7/2022, of March 29, on requirements to guarantee the security of fifth generation (5G) electronic communications networks and services

The main amendments refer to:

- The need to request authorization for installation and modifications to the 5G access network in areas identified as "critical".
- The obligation to have two suppliers as part of the supply chain diversification strategy is limited exclusively to the radio access network. In any case, the Administration reserves the right to modify the diversification strategy of the operators for security reasons.
- Certain elements, functions and systems of both the core of the network and the control and management systems and support services may be located outside the national territory, provided that the Ministry of Digital Transformation can exercise its powers of inspection and sanctioning regime so that it can carry out a comprehensive verification of the functioning, operability and conditions of use of such critical elements of a 5G network and, if necessary, adopt precautionary or definitive measures on them.

In addition, on December 21, 2023 the Secretary of State for Telecommunications and Digital Infrastructures submitted for public consultation the draft Royal Decree approving the 5G National Security Scheme (ENS5G), which includes the risk analysis and mitigation strategies. The approval of the ENS5G Royal Decree came into force on May 1, 2024.

Since October 1, 2025, the new procedure for commissioning 5G nodes came into force in compliance with the provisions of Royal Decree-Law 6/2023.

Contribution to RTVE funding

In August 2009, the Radio and Television Corporation Finance Law (Ley de Financiación de la Corporación de Radio y Television Española) was approved establishing that: (i) telecommunication operators which operate nationwide or at least in more than one region, have to pay a fixed annual contribution of 0.9% of the invoiced operating income of the year (excluding the revenues of the wholesale reference market), and (ii) the concessionaire companies and providers of TV services which operate nationwide or at least in more than one region have to pay an annual fixed contribution to the RTVE funding as follows: (a) 3% on the gross revenue of the year for open concessionaire companies or TV services providers; and (b) 1.5% on the gross revenue of the year for concessionaire companies to provide Pay TV services.

Contributions made to the funding of RTVE were appealed by Telefónica España and Telefónica Móviles España. The proceedings are currently on hold waiting for the ruling on (i) a prejudicial question submitted by the National High Court to the Court of Justice of the European Union; and (ii) also on an unconstitutionality question submitted to the Spanish Constitutional Court regarding compliance of the underlying law with the European legislation and the Spanish Constitution.

The Audiovisual Communications General Law includes a provision to withdraw the 0.9% of the invoiced operating income contribution to RTVE funding which entered in force by January 1, 2023.

In November 2025, the Ministry for Digital Transformation and Public Service submitted to public consultation a draft Royal Decree that raises from 80% to 99% the percentage of the proceeds from the fee on the reservation of the radio spectrum domain allocated to financing RTVE.

Acquisition of Distribuidora de Televisión Digital, S.A. (DTS)

The Resolution of the CNMC of April 22, 2015 authorized the acquisition of the exclusive control of DTS (Distribuidor Oficial de Televisión, S.A.) by Telefónica de Contenidos, S.A.U. As a result of such authorization, the new entity assumed a set of commitments for a five-year period, which briefly are: i) the obligation to make available a wholesale offer of channels with premium content, that allows the replicability of Telefónica retail Pay TV offer; ii) the prohibition of including a period of permanence clause in contracts for Pay TV packages; iii) the prohibition of attract DTS customers for a period of two months; iv) the obligation to keep at least three international routes uncongested with three Internet Connectivity Providers; and v) the prohibition of formalizing exclusive contracts exceeding three years with content providers.

In July 2020, the CNMC agreed to extend for three years most of the commitments to which the authorization of the concentration between Telefónica and DTS was subordinated in 2015.

Telefónica Spain appealed the CNMC's extension decision and although the Sixth Section of the Administrative Chamber of the National Court of Appeals issued a dismissal decision, Telefónica Spain has appealed this decision in cassation before the Supreme Court. This cassation appeal (nº 3655/2023) was admitted for processing on July 13, 2023, and is pending to be scheduled for voting and ruling.

In May 2023, having elapsed such extension of three additional years, the commitments to which the authorization of the merger between Telefónica Spain and DTS was subordinated in 2015 have definitively expired.

Germany

General regulatory framework

The European Union legislative framework was implemented in Germany at the end of June 2004, by the approval of Telecommunications Act (Telekommunikationsgesetz). The Telecommunications Act has been repeatedly amended over the last years, most recently through the transposition of the European Code of Electronic Communications (EECC) into German law with effect from December 1, 2021. The national regulatory authority responsible for regulation of electronic communication networks and services is the Bundesnetzagentur, or BNetzA.

The main licenses and concessions held by Telefónica in Germany are listed at the end of this Appendix VI under the title “Main concessions and licenses held by the Telefónica Group”.

Spectrum

In March 2025, the BNetzA made its final decision in the procedure for the provision of frequencies in the 800 MHz, 1,800 MHz and 2,600 MHz ranges, which partially expired at the end of 2025. The decision provides for the existing frequency usage rights in the above mentioned frequency ranges, to be extended upon request for a transitional period of five years. The extension of the usage rights is accompanied by obligations for the further deployment of mobile networks, particularly in rural areas and along transport routes. There is also a requirement to negotiate with mobile virtual network operators ("MVNOs") on the purchase of wholesale mobile services as well as an obligation to negotiate national roaming and a co-operative and shared frequency usage below 1 GHz with 1&1 Mobilfunk GmbH

("1&1"). Finally, an obligation is imposed to extend the existing 2,600 MHz spectrum lease arrangements between Telefónica Deutschland Group and 1&1 during the extension period. As part of a second set of actions, a larger procedural framework is expected to be established for utilization from 2031 onwards, including with respect to rights of use and new frequency ranges that expire in 2033 or become newly available for mobile communications in the coming years. A decision on this set of actions is planned for 2028.

In June 2025, the BNetzA has extended Telefónica Deutschland Group's frequency usage rights in the above mentioned frequency ranges as requested. In December 2025, Telefónica Deutschland Group and 1&1 extended its existing 2,600 MHz spectrum lease arrangement until end of 2030 .

Regarding the coverage requirements resulting from the 2019 frequency auction, in December 2025 BNetzA discontinued the fine procedure that has been opened with regard to a few sites where the BNetzA assumed that the Telefónica Deutschland Group was responsible for the delay; a fine has not been set.

Regarding the coverage requirements resulting from the 2019 frequency auction, the Telefónica Deutschland Group, the Deutsche Telekom Group and the Vodafone Group in July 2021 entered into a cooperation for the joint construction of additional radio towers and masts, as well as their technical support and use. The cooperation is designed to meet coverage obligations, especially for transport routes and in rural areas, where frequency holders are allowed to enter into cooperation agreements to fulfil these obligations.

In November 2021, the Telefónica Deutschland Group concluded an agreement with the Deutsche Telekom Group on active shared network usage at "grey spots", which are areas in which only one mobile network operator offers mobile network access to its customers. A similar agreement with the Vodafone Group has been concluded on January 25, 2022. In both cooperation agreements, live operations were launched in the third quarter of 2022 with reciprocal access to the first mobile network sites.

On August 26, 2024, the Cologne Administrative Court ruled that the BNetzA decision of November 26, 2018, was unlawful due to concerns of bias and influence by a federal ministry; this decision was on the allocation and auction rules for the auction conducted in 2019 of the frequencies in the 2 GHz and 3.6 GHz ranges. The BNetzA was obliged by the court to issue a new decision.

An appeal by the BNetzA to the Federal Administrative Court of Germany was not successful. Therefore, the BNetzA in December 2025 re-launched the 5G spectrum award proceedings with an initial public hearing on spectrum regulation aspects until 12 January 2026. The current frequency assignments will remain valid until they are either amended or revoked and re-issued under a new decision by the BNetzA. The grounds for the judgement would allow the BNetzA to reissue the previous decision with a new statement of reasons.

Accordingly, in its hearing, the BNetzA is considering the option of a new decision without repeating the auction, if the changes in the new decision are not significant.

Market reviews

The EU Commission's delegated act on termination rates entered into force on July 1, 2021 and the approved charges have been amended accordingly:

Mobile termination rates (MTR)

Due to the delegated act a charge of 0.20 euro cents per minute applies from January 1, 2024. This charge applies to all German providers of these services.

Fixed termination rates (FTR)

FTRs have been subject to a charge of 0.07 euro cents per minute since July 1, 2021. This charge applies to all German providers of these services.

United Kingdom

General legislative framework

The EU Regulatory Framework was implemented in the United Kingdom by the Communications Act in 2003. The Office of Communications, or Ofcom, is designated as the NRA responsible for the regulation of electronic communications networks and services. Under the terms of the Withdrawal Agreement, the UK implemented the 2020 Electronic Communications and Wireless Telegraphy Regulation (Amendment) (European Electronic Communications Code and EU Exit) which made amendments to the Communications Act, with effect from December 21, 2020, in order to transpose the EECC into UK law.

The main licenses and concessions held by Telefónica in the United Kingdom are listed at the end of this Appendix VI under the title "Main concessions and licenses held by the Telefónica Group". These licenses are part now of the joint venture with Liberty Global plc (VMED O2 UK Limited) (see Note 2).

Wholesale price regulation

Mobile termination rates (MTR)

Following a market review, mobile termination rates for all mobile providers, including the four national mobile communications operators are subject to controls based on the pure long-run incremental cost approach ("pure LRIC"). In its 2021-2026 price control decisions, Ofcom set a charge control, with the prevailing rate as of April 1, 2025 set at 0.487ppm.

However, termination rates for calls originating outside the UK must be no more than the reciprocal termination rate charged by the relevant international telecoms provider for a call originating in the UK, or the MCT provider's domestic rate (mobile call termination provider), whichever is the higher.

In the Summer of 2025 Ofcom began consulting on the regime from April 2026. A final decision is awaited in Q1 2026.

Fixed termination rates (FTR)

VMO2's current FTR is 0.0356ppm from April 1, 2025.

The review of fixed is also ongoing and a decision will be made in Q1 2026.

Spectrum

On spectrum, following an auction in October 2025 VMO2 acquired 800MHz in the 26GHz band and 1000MHz in the 40GHz band. Each licence is for a 15-year duration.

Spectrum Annual License Fees (ALFs). Ofcom consulted on revised ALFs for the 900MHz, 1800MHz and 2100MHz band. In its decision, Ofcom determined that, VMO2's ALFs for these bands would be reduced by 15 million pounds sterling per annum in 2024 prices.

Brazil

General legislative framework

The delivery of telecommunications services in Brazil is subject to regulation under the regulatory framework provided in the General Telecommunications Law enacted in July 1997. The National Agency for Telecommunications (Agência Nacional de Telecomunicações or ANATEL), is the principal regulatory authority for the Brazilian telecommunications sector. On October 4, 2019, Law 13.879/2019 was published, introducing significant changes to the telecommunications framework.

Brazilian competition regulation is based on Law No. 12529 of November 30, 2011. The Administrative Council for Economic Defense, or CADE, is the agency in charge of enforcing the competition rules. The antitrust law establishes a pre-merger notification regime for concentration transactions, with turnover thresholds (one participant with gross revenue of 750 million Brazilian reals in Brazil and other participant with gross revenue of 75 million Brazilian reals in Brazil) and maximum time length for merger review procedure (240 days, extendable to 330 days).On October 18, 2016, CADE issued the Resolution No 17, which changed the rules concerning the mandatory notification of the so called 'associative agreements'. The new regulation tends to reduce notifications of associative agreements that do not raise antitrust concerns.

Licenses

The main licenses and concessions of spectrum held by Telefónica in Brazil are listed at the end of this Appendix VI.

Telefônica Brasil currently offers telecommunications services throughout the national territory, which include local, international, and long-distance STFC, personal mobile service (PMS), and multimedia communication services (which include the provision of fixed broadband connection) and pay television services, all under the private regime.

On December 16, 2024, Telefônica Brasil, ANATEL, the TCU and the Brazilian Ministry of Communications signed an agreement on the terms and conditions for the adaptation of the STFC concession contracts to an authorization instrument (the Self-Composition Agreement).

The Self-Composition Agreement includes several key conditions: (i) Telefônica Brasil is required to make specific investments on terms established under the agreement; (ii) Telefônica Brasil must maintain the provision of fixed-line telephone services in certain locations without adequate competition within the concession area until December 31, 2028; (iii) all pending administrative and judicial proceedings related to the concession at ANATEL or in the courts must be resolved, and Telefônica Brasil must withdraw any cases filed against the regulator; and (iv) Telefônica Brasil must commit to fulfilling public interest pledges for up to ten years as part of the adaptation process.

On April 11, 2025, Telefônica Brasil signed with ANATEL the unified contract that compiles all previous licenses into a single title, thus completing the migration to the authorization regime.

On June 17, 2020, the Decree that regulates Law 13,879/2019 was published. The Decree 10,402/2020 allows the renewal of existing licenses. Previously, only a single license renewal was allowed for the same period. Currently, the successive renewals will be made in a competitive process at market price. The renewal

amount can be converted, totally or partially, into investment commitments.

Regarding the extension of the 850 MHz band authorizations, if the legal and regulatory requirements are met, ANATEL agreed to extend the current authorizations for the use of radio frequencies in Bands A and B, proposing their approval, on a primary basis, until November 29, 2028. However, specific conditions for renewal, including those related to the economic valuation criteria and obligations, were challenged by the affected service providers (including Telefônica Brasil).

After ANATEL dismissed the appeals filed by the providers, ANATEL referred the case to the federal court of accounts of Brazil ("TCU"), and in September 2022, TCU decided that the possibility of successive extensions brought by Law 13.879/19 should be considered as an exception, applicable only when certain requirements are met (art. 167 of Law 13.879/19 and article 12 of decree 10.402/20). Telefônica Brasil appealed that decision, defending the successive extension of licenses as a rule and not as an exception, in accordance to Law 13.879/19.

In addition, on December 8, 2022, ANATEL revoked Telefônica Brasil´s 450 MHz spectrum authorization (451 - 458 MHz and 461 - 468 MHz) covering the states of Alagoas, Ceará, Minas Gerais, Paraíba, Pernambuco Piauí, Rio Grande do Norte, Sergipe and part of São Paulo. The decision was motivated by the fact that Telefônica Brasil could not provide evidence of service activation in the 450 MHz band as a result of the unavailability of 450 MHz devices ecosystem and of the waiver clause contained in the tender notice, interpreted by ANATEL as meaning that the waiver would operate automatically in case of non-activation of the frequency within the contractual term. Previously, on September 2022, ANATEL revoked authorizations held by other providers.

In 2022, Telefônica Brasil acquired part of the mobile assets of "Oi", which resulted in additional spectrum authorizations in 900, 1800, and 2100 MHz. These assets were grouped into a Special Purpose Entity called "Garliava RJ Infraestructura e Redes de Telecomunicações S.A.", which was fully incorporated into the company in 2023.

In April 2023, ANATEL determined that the authorizations of the Telefônica Brasil, in the 900 MHz band should not be extended (with the exception of the region of Minas Gerais and authorizations acquired from "Oi"), alleging that the efficient use of this spectrum had not been properly demonstrated, since the low capacity associated with this band (2.5 + 2.5 MHz) imposes limitations on its effective use. The non-renewal of these 900 MHz licenses, however, does not affect the services currently provided by the company. Also in April 2023, ANATEL decided to renew the 1,800 MHz licenses of the Telefônica Brasil until 2032.

In August 2023, ANATEL also renewed the 900 MHz and 1800 MHz Telefônica Brasil licenses in part of the state of Minas Gerais (PGO sector 2) until 2032. The 900 MHz and 1800 MHz Telefônica Brasil licenses in the rest of the State of Minas Gerais (PGO sector 3), were already renewed by ANATEL in April 2020 and expire in 2035.

In addition, in the same month, ANATEL decided to renew the 2100 MHz Telefônica Brasil licenses until April 2038. This is the first extension foreseen in the contract and bidding process that originated these authorizations. TCU's technical area did not identify any evidence of irrational or inappropriate use of the bands that would ultimately justify refusing to extend the terms of these authorizations. On the other hand, it noted the need to adjust Article 31 of Resolution 757/2022 in order to maintain in the new proposed maximum validity periods. However, the final position of the TCU is still awaited.

In November 2021, ANATEL held the greatest spectrum auction in its history, with 700 MHz, 2.3 GHz, 3.5 GHz and 26 GHz lots. On that occasion, Telefônica Brasil acquired 3.5 GHz and 26 GHz national licenses (100 MHz and 600 MHz bandwidths, respectively). The company also won regional 2.3 GHz licenses, with 50 MHz bandwidth in Southeast Region (except Sao Paulo state and PGO Sector 3) and 40 MHz bandwidth in Sao Paulo state, North and Midwest Regions (except PGO Sectors 22 and 25). These licenses guarantee the necessary spectrum to provide 5G services and are valid for 20 years, renewable under existing legal conditions at the end of this time.

Interconnection, tariffs and prices

Interconnection among public networks is mandatory in Brazil. Generally, parties can freely negotiate the terms and conditions about technical points, economic discounts and rights/obligations, of the interconnection agreements. Interconnection rates for fixed network operators identified as operators with significant market power (SMP) (Resolution No. 588/2012) are defined by ANATEL; the interconnection rates for the use of mobile operators' networks (Resolution No. 438/2006), may be agreed between the parties. However, if the parties fail to reach a consensus, particularly regarding charges to fixed operators (Resolution No. 576/2011), ANATEL imposes the rates to be used. The mobile termination market is based on the model of incremental costs and, pursuant to applicable laws, variations in VU-M must be reflected in VC1 (retail price paid by users for local fixed-mobile calls). Regarding VC2 and VC3 (retail price paid by users for national long distance fixed-mobile calls), variations in VU-M no longer need to impact these values, as is still the case of VC1. In March 2020, ANATEL

approved Resolution No. 724, which established the Standard for the implementation and monitoring of tariff freedom in the Fixed Telephone Service (STFC) for use by the general public, in the National Long-Distance mode. Since then, the company has been free to determine domestic long-distance fees according to the market.

Further, ANATEL's Resolution No. 694 of July 17, 2018, changed article 41 of the Appendix II of the General Plan of Competition Goals (PGMC), and established the Bill and Keep between SMP and the non-SMP operators as 50/50%, from February 24, 2018. Accordingly, the VU-M values (in Brazilian reals) for 2025 applicable to Telefónica Brasil are the following: (i) Region I: 0,01503; (ii) Region 2: 0,01650; and (iii) Region 3: 0,01779, nevertheless Telefônica Brasil can reach an agreement for higher values with other operators.

Nevertheless, the new PGMC was approved in September 2025 through RES n.º 783/2025, significantly reducing the number of relevant markets subject to ex ante regulation by ANATEL. However, 'bill and keep' for Mobile Interconnection continues as the rule for operators with SMP.

Currently, Telefônica Brasil is considered an operator with SMP in the following relevant markets: (i) Passive Infrastructure of Ducts, Subducts, Handholes, and Underground Boxes; (ii) Interconnection for Telephone Traffic on Fixed Networks; (iii) Interconnection for Telephone Traffic on Mobile Networks; and (iv) National Roaming.

Regulation on Universal Service

Telefônica Brasil ceased to be a Concessionaire as of April 11, 2025, and therefore, the universalization obligations under the PGMU no longer apply to it.

Mexico

General regulatory framework

In Mexico, telecommunication services are governed by the Political Constitution of the United Mexican States, the Law on Telecommunications and Broadcasting (LMTR), the Federal Economic Competition Law, as well as regulatory provisions issued by the competent authorities. This framework establishes the basis for the provision of services, the allocation and use of scarce resources, network interconnection, and the protection of users' rights.

On December 20, 2024, a constitutional reform was published that reconfigured the institutional architecture of the sector, including the extinction of the Federal Telecommunications Institute. As of this reform, the regulation of telecommunications and broadcasting falls under the Digital Transformation and Telecommunications Agency (ATDT), through the Telecommunications Regulatory Commission (CRT), while the powers regarding economic competition are exercised by the National Antitrust Commission (CNA). Additionally, the Consumer Protection Office (PROFECO) assumes specific powers regarding accessibility and mobile service quality.

The Telecommunications Regulatory Commission performs functions of regulation, supervision, and promotion of the sector, including the application of asymmetric measures aimed at preventing anti-competitive practices and ensuring effective access conditions to markets. Among these, the Interconnection Framework Agreement and the Reference Offers for Wholesale Services remain in force, including those applicable to Mobile Virtual Network Operators (MVNOs), the Visiting User Service, and Local Loop Unbundling. Telefónica México has been using some of these for several years.

Although the regulatory provisions issued previously continue to apply as long as they are not modified or replaced by the new authority, the constitutional reform and the entry into force of the LMTR represent a significant structural change, with regulatory and operational impacts for sector participants, including new compliance obligations such as mobile line identification, which involves capturing, validating, and safeguarding user identification data, as well as adjustments to internal processes, systems, and coordination schemes with authorities.

Legislation on enforced disappearance and the search for persons reinforces the obligations of telecommunications operators to cooperate with the competent authorities, including requirements for location and geolocation, as well as the identification and management of equipment and identifiers (IMEI) when these are detected operating illegally. Likewise, the applicable framework includes measures for signal blocking in penitentiary centers, with technical and operational implications for concessionaires.

During 2025, the Digital Transformation and Telecommunications Agency made progress in consolidating the institutional framework on cybersecurity, including the issuance of the General Cybersecurity Policy for the Federal Public Administration, aimed at risk management, incident prevention, and operational continuity. Complementarily, the federal legislative plan incorporates initiatives on cybersecurity and artificial intelligence, anticipating cross-cutting obligations in technological governance, risk management, and compliance.

Licenses

Pegaso PCS, S.A. de C.V. (Pegaso PCS) has a Single Concession which allows to provide any telecommunication services technically feasible.

Wholesale Agreement.

Telefónica México has extended until 2030 the term of the "Wholesale Access Services Agreement" signed in 2019, through which AT&T México provides Telefónica with access to its 3G, 4G, and 5G networks. Since 2020, customer traffic has been routed through this network. Telefónica México maintains independent operation of other essential elements of its network, including the transport and its core.

Prices and tariffs

Tariffs charged to customers are not regulated. They are set by companies and must be registered with the IFT, in order to be enforced.

Interconnection

The applicable interconnection rates were determined by the NRA and are binding for the concessionaires. In this regard, the interconnection rates applicable from January 1 to December 31, 2025, both for concessionaires other than the Preponderant Economic Agent and for said agent, are as follows:

For concessionaires other than the Preponderant Economic Agent, the applicable rates in 2025 are:

(i) 0.042221 Mexican pesos per minute for termination services of the Local Service to mobile users under the "Calling Party Pays" modality;

(ii) 0.009272 Mexican pesos per message for termination services of short messages (SMS) to mobile users;

(iii) 0.003343 Mexican pesos per minute for termination services of the Local Service to fixed users; and

(iv) 0.012760 Mexican pesos per message for termination services of short messages (SMS) to fixed users.

For the Preponderant Economic Agent, the applicable rates for the same period are:

(i) 0.012255 Mexican pesos per minute for termination services of the Local Service to mobile users under the "Calling Party Pays" modality;

(ii) 0.002858 Mexican pesos per minute for termination services of the Local Service to fixed users;

(iii) 0.004083 Mexican pesos per message for termination services of short messages (SMS) to mobile users;

(iv) 0.002046 Mexican pesos per minute for transit services on mobile networks; and

(v) 0.002092 Mexican pesos per minute for transit services on fixed networks.

As a result of the change in regulatory authority and in accordance with the mandate contained in the Law on Telecommunications and Broadcasting, these same rates will continue to apply during 2026.

Foreign ownership/restrictions on transfer of ownership

Since the amendments to the Constitution published in June 2013 foreign investment (FDI) up to one hundred percent in telecommunications is allowed.

Chile

General regulatory framework

The General Telecommunications Law No. 18168 of 1982, as amended, establishes the legal framework for the provision of telecommunications services in Chile. The main regulatory authority in Chile is SUBTEL (the Under-Secretary of Telecommunications).

The principal regulation concerning competition in Chile is Decree No. 211 of 1973, whose current text was established in Law Decree No. 1 of 2005 (Ministerio of Economía, Fomento y Reconstrucción). The Competition Court follows and determines infringements of competition law. On August 30, 2016, Law N°. 20.945 was published in the Official Gazette, which modifies, among other aspects, the monetary penalties (increasing them) applicable in matters of competition, which may reach up to 30% of the offender's sales corresponding to the product or service line associated with the infringement during the period for which it was extended, or up to twice the economic profit reached by the infringement.

Other relevant laws that have an impact on the operation are Law No. 20,808, which protects the free choice of users in cable, Internet or telephony services, Law No. 21,046 that establishes the obligation of a guaranteed minimum speed of Internet access; Law No. 21,245, that establishes the obligation to provide the Automatic National Roaming service in certain areas; Law No. 19.496 on consumer rights protection; Law No. 19,628 on the protection of personal data, and Law No. 21,542 which allows the protection of critical infrastructure by the Army in case of serious or imminent danger, and Law No. 21,678, which declares Internet as a Public Service.

Licenses

The main licenses and concessions to use spectrum are shown in the table at the end of this Annex.

Additionally, Telefónica Chile holds licenses for local public telephony services, public Voice Over Internet services, international long distance concessions, and concessions to install and exploit the national fiber optic network and satellite mobile telephony. The 2.6 GHz and 700 MHz concessions require Telefónica Móviles Chile to provide a wholesale service to MVNOs, for which it has had to publish a complete Facilities Offer (including prices), available on non-discriminatory terms. This same obligation extends to the new 5G technology operational since 2022.

On December 5, 2019, the TDLC notified resolution 59 through which it modified the 60 MHz spectrum cap, establishing percentage caps by macro-bands. Appeals against this resolution were filed by some operators and Conadecus (National Corporation of Consumers and Users of Chile), which were partially accepted by the Supreme Court on July 13, 2020, in the sense of: i) maintaining the percentage caps set by the TDLC, with the exception of the low macro-band (up to 1 GHz) which went from 32% to 30%, and ii) establishing certain complementary measures for Mobile Network Operators such as, mandatory and temporary national roaming; permanently maintaining an updated facilities offer and resale plans for MVNOs, among others.

On February 16, 2021, the auction for the 3.5GHz band, initiated in 2020, was completed and Telefónica Móviles Chile was awarded 50MHz. On October 2, 2021, the decree granting the concession to Telefónica Móviles Chile in the 3.35-3.40 GHz band was published in the Chilean National Official Journal. From that date, the terms conferred started as follows: (i) 30 years period of the concession and (ii) implementation of the terms for the start of service of the 5G project (12 months for stage 1, 24 months for stage 2, and 36 months for stage 3). Telefónica Móviles Chile completed the deployment of all base stations corresponding to phase 1, 2 and 3 of the 5G project.

In October 2023, SUBTEL called for a second 5G tender to award 50 MHz in the 3,400 - 3,600 MHz band. The award was made at the end of June 2024, in favor of Claro de Chile SpA.

Prices and tariffs

Public telecommunication services prices and prices for intermediate telecommunication services are freely established by operators, unless there is an express resolution by Chile's Competition Court on existing conditions in the market confirming that there is not enough competition. Additionally, maximum prices for interconnection services (access charges for network use, mainly) are subject to tariff regulation for all operators, being set by stipulated procedures.

In June 2023, SUBTEL requested the Tribunal de Defensa de la Libre Competencia to review the services subject to tariff regulation. On July 30, 2025, the Competition Defense Court (TDLC) issued Report No. 37/2025, through which it updated Report No. 2/2009 that had established the list of services subject to tariff regulation.

Regarding the services offered to end users, which were regulated under the ruling issued by the TDLC in 2009, only the Local Segment service remains subject to tariff regulation. Likewise, some facilities offered to carriers under the Multi-Carrier System will also maintain the same rates that were set in the last tariff-setting process.

On the other hand, interconnection services that are regulated by law remain subject to regulation. The Ministries set maximum rates based on a model of a theoretically efficient company.

Maximum interconnection tariffs for telephony services are set every five years jointly by the Ministry of Transport and Telecommunications and the Ministry of Economy.

Interconnection

Interconnection is obligatory for all license holders with the same type of public telecommunications services and between telephony public services and intermediate services that provide international long distance services. Every five years, SUBTEL sets the applicable tariffs for services provided through the interconnected networks.

The new decree setting mobile termination rates, and imposing its application retroactively from January 27, 2024, was finally published on March 28, 2025, more than a year after its entry into force.

On the other hand, fixed termination rates will be determined through a new tariff-setting process initiated under the new Law No. 21,637, with only the issuance of the new tariff decree pending. Until then, the same rates in force since 2019 continue to apply.

As of February 2025, changes to the portability process came into effect, extending the minimum period for a new portability from 60 to 120 days and requiring payment of the last issued invoice. From that same month, the requirement for biometric authentication for contracting telecommunications services also came into effect.

During 2025, other regulations were enacted and are being implemented, including: 1) obligation to use the

prefixes 600 and 809 to identify commercial and advertising calls; 2) creation of a prepaid user registry to enable user identification; 3) submission to SUBTEL of annual plans for the removal of unused cables, which must begin execution during 2026.

Venezuela

General regulatory framework

Between September 17 and 21, the third edition of FITELVEN was held, highlighting the sector's progress, and Conatel made important announcements, including:

- Most relevant sector figures:
  - 338% increase in fiber optic deployment.
  - 288% migration to FTTH.
  - 92.2% growth in 4G deployment.
  - Telecommunications contribute 7.13% to GDP.
- During this presentation, the new National Telecommunications Plan 25–31 was published with 4 fundamental pillars:
  - Wired Infrastructure: massive FTTH expansion.
  - Wireless Infrastructure: expansion of 4G and preparation for 5G.
  - Sustainable Digital Transformation: promotion of AI and smart cities.
  - Citizen Participation: strengthening the government-people relationship.

Licenses

During 2025, Conatel was executing the goals established in the National Telecommunications Plan 2023–2025, carrying out two Public Spectrum Offers in January and August of this year, in addition to publishing Administrative Provision No. 096 related to the implementation of IPv6 in the country.

Regarding the first Public Offer carried out in January 2025, one portion per band was offered, which were 3500 MHz, 2600 MHz, 1900 MHz, 900 MHz, and 700 MHz, with the participation of operators Telefónica Venezolana, Digitel, CANTV, and Movilnet. Finally, the process concluded with the award to Telefónica Venezolana of 40 MHz in the 2600 MHz band for an amount of 37 million US dollars for the deployment of 4G and 5G technologies through DSS. Likewise, Digitel was awarded 50 MHz of AB in the 3500 MHz band for an amount of 86.9 million US dollars to deploy 5G technology. The remaining bands offered in this process were left without bidders.

In June 2025, Administrative Provision No. 096 was published in Official Gazette No. 43,150, setting out the Measures for the Implementation of the IPv6 Protocol in Venezuela, as well as the goals that operators using the mentioned protocol must meet.

During the second Public Offer carried out in September 2025, two portions of spectrum in the 3500 MHz band, one portion in the 2600 MHz band, and one portion in the AWS band were offered, with the participation of operators CANTV, Movilnet, Telefónica Venezolana, and Simple TV. The process resulted in the award to Movilnet of 100 MHz (50 + 50) in the 3500 MHz band for an amount of 86.9 million US dollars for each portion, totaling 173.8 million US dollars for the entire spectrum for the deployment of 5G technology. Likewise, CANTV was awarded 40 MHz of AB in the 2600 MHz band for an amount of 36.1 million US dollars. The AWS band offered in this process remained without bidders.

Prices and tariffs

In 2025, the pricing dynamics for telecommunications services in Venezuela operate under a scheme of monthly adjustments anchored to the official dollar rate on the first day of the month for indexed plans, which creates mismatches due to exchange rate volatility, as operators must maintain fixed prices throughout the month even when costs rise rapidly. In the case of plans in local currency, adjustments have been recurrent but proportionally lower than the pace of inflation.

Main concessions and licenses held by the Telefónica Group

The following tables list the concessions and licenses as of December 31, 2025 to use spectrum for mobile services and selected other applications in each country.

EUROPE	Frequency	Bandwidth (MHz)	Year of Exp. Date
Spain	700 MHz	20	2041 [1]
	800 MHz	20	2041 [2]
	900 MHz	29.6	2040 [2]
	1800 MHz	40	2038 [2]
	2100 MHz	29.6	2040 [2]
	2600 MHz	40	2040 [2]
	2600 MHz	20 [3]	2040 [2]
	2600 MHz (TDD)	10 [4]	2040 [2]
	3.5 GHz (TDD)	40	2040 [2]
	3.5 GHz (TDD)	10	2048 [2]
	3.5 GHz (TDD)	50	2048 [2]
	3,5 GHz (TDD)	20	2040 [2]
	26 GHz	1,000	2043 [1]
United Kingdom [5]	700 MHz	20	Indefinite
	800 MHz	20	Indefinite
	900 MHz	34.8	Indefinite
	1400 MHz	20	Indefinite [6]
	1800 MHz	11.6	Indefinite
	1900 MHz (TDD)	5	2029 [7]
	2100 MHz	20	Indefinite
	2100MHz	18.8	Indefinite [8]
	2300 MHz (TDD)	40	Indefinite
	2600 MHz (TDD)	25	Indefinite
	2600 MHz (TDD)	25	Indefinite [9]
	3.5 GHz (TDD)	40	Indefinite
	3.5 GHz (TDD)	40	Indefinite
	3,5 GHz (TDD)	20	Indefinite [10]
	26 GHz (TDD)	800	2040
	40 GHz (TDD)	1,000	2040
Germany	700 MHz	20	2033
	800 MHz	20	2030 [11]
	900 MHz	20	2033
	1800 MHz	20	2033
	1800 MHz	20	2030 [11]
	1900 MHz (TDD)	5	2025
	2100 MHz (TDD)	14.2	2025
	2100 MHz	10	2040
	2100 MHz	30	2025
	2600 MHz	60	2030 [11]
	2600 MHz (TDD)	20	2025
	3.5 GHz (TDD)	70	2040

[1] Initial term can be extended for 20 additional years.
[2] License extended 10 additional years by Ministerial Order of 20th June 2024.
[3] Regional licenses in Madrid and Melilla.
[4] National license excluding 2 regions (Madrid and Melilla).
[5] These licenses are part of the joint venture with Liberty Global plc (VMED O2 UK Limited).
[6] Concurrent total transfer to Vodafone Limited and Telefonica UK Limited from 1/08/2025 to 30/9/2027. Outright total transfer from 30/09/2027.
[7] It will expire in April 2029 after the 2024 announcement. This band has not been implemented for mobile use and will be allocated to other applications in accordance with ECC Decision (20)02.
[8] Phased concurrent total transfer, with license blocks relocated between Vodafone Limited and Telefonica UK Limited from 1/08/2025 to 30/9/2031. Outright total transfer from 30/09/2031.
[9] Concurrent total transfer to Vodafone limited and Telefonica UK limited from 1/08/25 to 30/0926. Outright total transfer from 30/09/2026.
[10] Outright total transfer from 1/01/2026.
[11] Licenses extended until the end of 2030.

BRAZIL [1]	Frequency	Bandwidth (MHz)	Year of Exp. Date
	700 MHz	20	2029
	850 MHz	25 [2]	2028 [3]
	900 MHz	5-10 [4]	2031-2035 [5]
	1800 MHz	20-80 [6]	2031-2035 [5]
	2100 MHz	30-60 [6]	2038
	2300 MHz (TDD)	40-50 [7]	2041
	2500 MHz	40 [8]	2027-2031 [9]
	3.5 GHz (TDD)	100	2041
	26 GHz	600	2041

[1] Telefônica Brasil uses high and low frequency spectrum in all regions of Brazil.
[2] States of AC, AM, AP, BA, DF, ES, GO, MA, MG, MS, MT, PA, PR, RJ, RO, RR, RS, SC, SE, SP and TO - except for sectors PGO 3, 22, 25, 30 and 33
[3] Current licenses expire in 2028. ANATEL decided to limit their renewal until 2028, due to a future mandatory refarming process.
[4] 10 MHz in the State of MG; 5 MHz in the States of AM, RR, AP, PA, MA, BA, SE and SP - except for municipalities with CN 11.
[5] Regional licenses: expiration and renewal dates depend on the region.
[6] Bandwidth varies by region.
[7] 50 MHz in the southeastern region of Brazil (except the state of SP and Sector 3 of PGO); 40 MHz in the state of SP (except Sector 33 of PGO), and in the northern and central-western regions of Brazil (except Sectors 22 and 25 of PGO).
[8] 40 MHz is the most common bandwidth but may increase up to 60 MHz in some regions.
[9] The initial term of Band X will expire in 2027 and Band P in 2031.

HISPANOAMÉRICA	Frequency	Bandwidth (MHz)	Year of Exp. Date
Chile	700 MHz	20	2045
	850 MHz	25	Indefinite
	1900 MHz	20	2032 [1]
	2600 MHz	40	2043
	2600 MHz (TDD)	12	2038 [2]
	3.5 GHz (TDD)	50	2051
Venezuela	850 MHz	25	2027 [3]
	1900 MHz	50	2027 [3]
	1700 MHz/2100 MHz	20	2027 [3]
	2600 MHz	40	2029
	2600 MHz	40	2040
	3.5 GHz	50	2026 [4]

[1] 10MHz sold in 2021 as a result of the 'Subtel' (Chilean National Regulator) proposal to comply with the High Court resolution (June 2018) that mandates operators to return certain amount of spectrum they acquired in the 700MHz auction in 2014.
[2] Only in Metropolitan Region.
[6] Renewed for 5 years.
[7] Available for Fixed Wireless Access licenses.

Telefónica seeks to use its spectrum in the most efficient way, implementing 5G and LTE-Advanced where possible.

Besides the spectrum assets included in the above tables, Telefónica owns other assets of spectrum used for other services in higher frequency ranges (above 6 GHz), including access transport.

ANNEX 1

BRAZIL'S SPECTRUM PORTFOLIO: MEANING OF THE STATES, REGIONS AND SECTORS ACRONYMS

Acronym	State
AC	Acre
AL	Alagoas
AP	Amapá
AM	Amazonas
BA	Bahia
CE	Ceara
DF	Distrito Federal
ES	Espírito Santo
GO	Goiás
MA	Maranhão
MT	Mato Grosso
MS	Mato Grosso do Sul
MG	Minas Gerais
PA	Pará
PB	Paraíba
PR	Paraná
PE	Pernambuco
PI	Piauí
RJ	Rio de Janeiro
RN	Rio Grande do Norte
RS	Rio Grande do Sul
RO	Rondônia
RR	Roraima
SC	Santa Catarina
SP	São Paulo
SE	Sergipe
TO	Tocantins

Regions	States & towns included in the regions
1	SP (City)
2	SP (Interior)
2'	SP - towns of sector 33 of the GPLG
3	RJ and ES
4	MG
4'	MG - towns of sector 3 of the GPLG
5	PR and SC
5'	PR - towns of sector 20 of the GPLG
6	RS
6'	RS - towns of sector 30 of the GPLG
7	AC, DF, GO, MS, MT, RO and TO
7'	GO - towns of sector 25 of the GPLG
7''	MS - towns of sector 22 of the GPLG
8	AM, AP, MA, PA and RR
9	BA and SE
10	AL, CE, PB, PE, PI and RN

Sectors	GPLG - general plan of the licenses granted (geographic areas that correspond to the sectors)
1	RJ
2	MG - except towns included in sector 3
3	MG - towns of Araporã, Araújo, Campina Verde, Campo Florido, Campos Altos, Canápolis, Capinópolis, Carmo do Paranaíba, Carneirinhos, Centralina, Comendador Gomes, Conceição das Alagoas, Córrego Danta, Cruzeiro da Fortaleza, Delta, Frutal, Gurinhatã, Ibiraci, Igaratinga, Iguatama, Indianópolis, Ipiaçú, Itapagipe, Ituiutaba, Iturama, Lagamar, Lagoa Formosa, Lagoa Grande, Limeira D'Oeste, Luz, Maravilhas, Moema, Monte Alegre de Minas, Monte Santo de Minas, Nova Ponte, Nova Serrana, Papagaios, Pará de Minas, Patos de Minas, Pedrinópolis, Pequi, Perdigão, Pirajuba, Pitangui, Planura, Prata, Presidente Olegário, Rio Paranaíba, Santa Juliana, Santa Vitória, São Francisco de Sales, São José da Varginha, Tupaciguara, Uberaba, Uberlândia, União de Minas and Vazante
4	ES
5	BA
6	SE
7	AL
8	PE
9	PB
10	RN
11	CE
12	PI
13	MA
14	PA
15	AP
16	AM
17	RR
18	SC
19	PR - except towns included of sector 20
20	PR - towns of Londrina and Tamarana
21	MS - except the town integrating of sector 22
22	MS - town of Paranaíba
23	MT
24	TO and GO - except towns included in sector 25
25	GO - towns of Buriti Alegre, Cachoeira Dourada, Inaciolândia, Itumbiara, Paranaiguara and São Simão
26	DF
27	RO
28	AC
29	RS
30	RS - towns of Pelotas, Capão do Leão, Morro Redondo and Turuçu
31	SP - except the towns included in sector 33
33	SP - towns of Altinópolis, Aramina, Batatais, Brodosqui, Buritizal, Cajuru, Cássia dos Coqueiros, Colômbia, Franca, Guaíra, Guará, Ipuã, Ituverava, Jardinópolis, Miguelópolis, Morro Agudo, Nuporanga, Orlândia, Ribeirão Corrente, Sales de Oliveira, Santa Cruz da Esperança, Santo Antônio da Alegria and São Joaquim da Barra

Telefónica

CONSOLIDATED MANAGEMENT REPORT

2025

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Chairman's Letter

Just over a year ago, I took on the role of Chairman of Telefónica with the responsibility of positioning the company as the best gateway for citizens to access digital technologies and contributing to the technological, economic and social development of Spain and Europe.

My goal was and remains clear: to achieve profitable scale, focusing on value creation in our four core markets - Spain, Germany, the United Kingdom and Brazil - while accelerating our exit from Hispam. We are firmly on that path and are making steady progress with determination and effectiveness.

The solid operating results achieved in 2025, despite the sacrifices we have made and reflected in this Annual Report, are based on rigorous execution and the high quality of our operations. We have met our full-year guidance and are delivering growth in revenue, adjusted EBITDA and adjusted OpCFaL, while continuing to strengthen our balance sheet and our asset portfolio.

As set out in our strategic plan, our shareholder remuneration policy is an integral part of the company's capital allocation framework. This ensures dividend payments remain sustainable and aligned with our continuous investment in transformation and growth, while preserving the financial discipline required to maintain our investment-grade rating.

In addition, we continue to strengthen our leadership positions in Spain and Brazil and maintain strong commercial momentum in Germany and the United Kingdom, our other two core markets. True to our purpose of delivering the best possible service to our customers, we continue to make progress in deploying the most advanced connectivity. Our 5G coverage now reaches 95% of the population in Spain, 99% in Germany, 67% in Brazil and 87% in the UK.

The world is undergoing an unprecedented transformation, driven by rapid technological change, which is reshaping the way we live and work. In this context, Telefónica is firmly committed to becoming the best gateway for citizens to access digital technologies.

With this responsibility on the horizon, we presented the company's new Strategic Plan at our Capital Markets Day on 4 November. 'Transform & Grow' is our roadmap for the 2026-2030 period, a plan based on organic growth with specific commitments that I am fully confident we will deliver.

Over the next few years, our efforts will focus on transforming the company to enhance innovation and strengthen competitiveness. To remain competitive, Telefónica must anticipate market demands, apply disciplined capital allocation — rigorously determining where to invest and where to divest — and direct resources towards fibre, data, cybersecurity or artificial intelligence. We will continue to offer the best and most comprehensive range of services, because this is the only way to achieve sustainable growth. We will uphold rigorous management standards and strict financial discipline that complies with financial guidance. The share price will be the result of Telefónica's modernisation and strengthened competitiveness. Additionally, we will continue to fulfil our institutional role in Spain as a driver of our economy, with European and global ambition, while contributing to the strengthening of Europe's technological sovereignty. Strong companies are essential to ensuring strategic autonomy, investment capacity and control of critical infrastructure – and Telefónica is called upon to play that role.

As we drive our company's growth, we remain firmly committed to our social responsibilities and reaffirm our adherence to the principles of the UN Global Compact and the Sustainable Development Goals.

Some difficult decisions have had to be made, but our transformation and growth plan is now firmly underway. This progress has been made possible thanks to the hard work and enthusiasm of all Telefónica employees, and I would like to acknowledge their commitment and dedication. I also wish to thank our customers, suppliers and shareholders for their continued trust.

On behalf of the entire Board of Directors of Telefónica, thank you.

Marc Murtra
Chairman & CEO of Telefónica, S.A.

1. Telefónica in 2025

Telefónica in 2025

1.1. Context

1.2. Strategy

1.3. Share price performance

1.4. Business overview

1.1. Context

In 2025, Telefonica's environment was characterised by growing geopolitical complexity, an accelerated pace of technological transformation and an evolving European telecommunications market. This context combines significant challenges with relevant opportunities to strengthen competitiveness, boost innovation and contribute to the development of a more resilient and autonomous digital ecosystem in Europe.

1.Political and macroeconomic context:

The global macroeconomic environment of 2025 is marked by greater geopolitical polarisation and the advancement of strategic autonomy as a priority on the European agenda. The reconfiguration of alliances, competition for critical technologies, and the rearrangement of supply chains continue to exert a significant influence on economic stability and businesses operations.

Technological disruption continues to advance at even greater pace. Artificial intelligence, automation and new digital models are transforming business processes and generating new opportunities for value creation. This accelerated pace requires organizations to be highly adaptable and continuously develop new digital capabilities.

In macroeconomic terms, the environment continues to present great uncertainty and volatility. New tariff barriers, risks associated with monetary and fiscal policies, currency volatility and challenges associated with the energy transition determine an uncertain scenario for the future. These factors will continue to condition the development of the Telco and Tech sector in the coming years.

2. Context for the telecommunications industry:

The European telecoms market continues to show moderate growth, with forecasts of around 1.5% per year for the period 2023–2028, below expected inflation levels. This development highlights the uniqueness of the European market, which is characterised by high fragmentation: around 40 operators maintain their own networks, in contrast to more concentrated markets in the United States and China.

Consumer preferences are evolving towards a greater demand for quality, digital experience and service reliability, attributes that already prevail over price for most users. This environment encourages operators to double-down on digitization, automation and continuous improvement of customer service.

The cycle of infrastructure divestments has slowed significantly in recent years, reflecting a more restrictive financial environment. In parallel, the increase in cybersecurity threats and the expansion of regulatory requirements reinforce the role of the sector in the protection of critical infrastructures. In this area, an opportunity of between 10,000 and 22,000 million euros per year in cybersecurity services is estimated by 2035.

3. Technology context:

The global technology landscape is dominated by large companies with leading positions at key segments of the digital economy. These companies, mainly American and Chinese, concentrate a capacity for investment and technological development which Europe has been unable to match so far, generating relevant dependencies on critical technologies.

According to the Draghi report, Europe will require more than 750,000 million euros in additional investment until 2030 to close the accumulated technological gap. Despite this situation, digital services maintain solid growth, with rates above 10% per year driven by the adoption of artificial intelligence, cloud services, advanced automation and cybersecurity solutions.

The increase in cyberattacks targeting critical infrastructure reinforces the need to strengthen technological resilience and move towards European capabilities in areas such as cybersecurity and the

sovereign cloud. This development underlines the essential role of telecom operators in protecting the continent's strategic digital services.

4. European context: strategic autonomy and potential sector consolidation

Europe is at a turning point to strengthen its strategic autonomy and promote an environment that encourages investment in critical infrastructure and technologies. The fragmentation of the European Telco market has led to smaller-scale operators and less efficient networks, limiting the ability to compete vis-a-vis other large developed markets.

The differences in investment are evident: while operators in the United States and China are allocating between 6,700 and 11,300 million euros per year to CapEx, the average per European operator is around 700 million. As a result, technology deployment is progressing at different paces: China reaches 77% availability of 5G Standalone and the United States 24%, compared to an estimated 2% in Europe.

Recent reports, such as those by Mario Draghi and Enrico Letta, highlight the need for larger-scale European operators and have generated a broad consensus on the importance of consolidation to strengthen the continent's competitiveness and technological autonomy. Its potential development could be accompanied by a regulatory framework more aligned with the sector's investment, efficiency and sustainability objectives.

In this context, consolidation in national markets represents an opportunity to improve operational efficiency, increase investment capacity and contribute to closing the technological gap with other large blocs. Various sector analyses estimate that its unlocking could generate between 18,000 and 22,000 million euros in synergies, with benefits for customers, operators and for the European digital ecosystem as a whole.

5. Implications for Telefónica

The evolution of the environment determines several strategic implications for Telefónica that should guide the Group's priorities in terms of investment, capabilities and operating model:

- European consolidation is increasingly likely, although its timing remains uncertain, and could lead to more efficient and larger-scale scenarios in key markets.
- Europe will increase investment to regain technological sovereignty, creating opportunities to strengthen Telefónica's role in critical technologies and advanced digital services.
- Customer experience will continue to be a major differentiating factor, which requires developing new digital models, more personalization and operational excellence.
- Leading operators should maintain end-to-end industrial control over essential infrastructure, ensuring security, resilience and technological evolution.
- Artificial intelligence will transform processes and networks across the board, driving improvements in efficiency, automation and quality of service in across Groups' areas.

1.2. Strategy

Telefónica Capital Markets' Day 2025

Telefónica has carried out an in-depth strategic reflection to define its roadmap for the future. This analysis has involved all levels of the organization, reviewing the role of the company in an increasingly digital, demanding and connected world.

The result of this process was presented at Capital Markets Day 2025 (November 4, 2025), giving rise to the new Strategic plan Transform & Grow, which represents a renewed vision to build a simpler, more efficient, technological and human Telefónica, ready to lead the digitalization of Europe and Brazil.

This plan is fully aligned with Telefónica's mission – to offer the best digital experience to our customers – and with its vision to become a world-class European telco with profitable scale, recognized for offering the best digital experience to its customers and its leadership in innovation and sustainability.

"Transform & Grow" is, therefore, the practical expression of that mission and vision: a roadmap that connects Telefónica's purpose with the opportunities of the digital future. Transform & Grow is a growth plan that is committed to the efficiency and simplification of the group and its operations, structured around six strategic pillars.

Telefonica's six strategic pillars

Telefónica's Strategic Plan, "Transform & Grow", is based on six fundamental pillars that define our vision for the future. Through them, we seek to consolidate Telefónica as a more digital, agile, efficient and sustainable company, capable of leading the technological and social transformation in its reference markets (including Spain, Germany, the United Kingdom and Brazil).

1 DELIVER BEST-IN-CLASS CUSTOMER EXPERIENCE	2 EXPAND B2C OFFERING	3 SCALE B2B
4 EVOLVE TECHNOLOGICAL CAPABILITIES		
5 SIMPLIFY TELEFÓNICA'S OPERATING MODEL		
6 DEVELOP TALENT		

1. **Deliver best-in-class customer experience**, improving network performance and customer support across all channels. Excellence in service and customer experience is considered critical, and the company plans to invest significantly in Artificial Intelligence to enhance it.

2. **Expand the offer for residential (B2C) customers**, reinforcing convergence in Spain and Brazil while accelerating in the United Kingdom and Germany, and boosting ecosystem services to improve the value proposition, increasing B2C revenues and presence at homes. Telefónica will accelerate convergence and digital ecosystem, two key factors for growth.

3. **Scale the corporate and public administration business (B2B)**, modernizing communication services in Spain and Brazil, addressing segment opportunities in the United Kingdom and Germany, and accelerating the growth of digital services by leveraging Telefónica Tech and the Global Units, as well as our local relationships with companies and marketing channels.

4. **Evolve technological capabilities**, investing in fixed and mobile networks, upgrading IT systems, and focusing innovation on technologies with the potential to improve Telefonica product portfolio, performance and the value proposition for customers.

5. **Simplify the operating model**. Telefónica will evolve towards a simplified group operating model, with greater autonomy for the operating businesses.

6. **Develop talent**, attracting and retaining the best professionals in all markets, and strengthening a culture focused on impact and execution.

A commitment to European strategic autonomy

Telefonica's Strategic Plan does not include consolidation opportunities, but it does ensure that Telefónica will be prepared for the potential opportunities that arise over the Plan's horizon.

Telefónica remains committed to the technological development of the sector and European strategic autonomy, while stressing that lack of consolidation of the European telecommunications market has resulted in inefficient investment, compared to the United States and China, and a growing technological dependence in critical areas.

Through these six pillars, Telefónica reaffirms its commitment to society, innovation and sustainability. "Transform & Grow" is not just a strategic plan: it is the natural evolution of a company that continues to transform itself to continue leading.

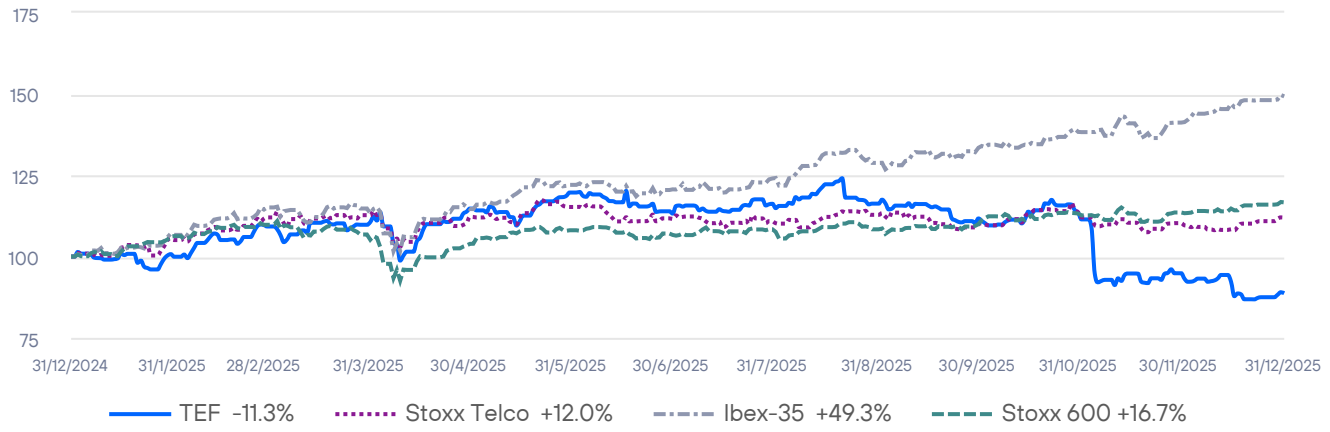
For Telefónica, the goal is clear: to offer the best service, promote responsible digitalization and generate value for customers, employees, shareholders and communities.

1.3. Share price performance

1.3.1. Share price performance

Telefónica on the stock Exchange, 2025

(TEF & IBEX-35 & Stoxx Europe Telco & Stoxx 600 Europe)



Share figures

Close (€)	3.49
52-week maximum	4.9
52-week minimum	3.37
Total average daily volume (mill. shares)	35
Number of shares (million)	5,670
Market capitalization (million €)	19,806

Remuneration / Total shareholder return

2025: 0.3€/share in cash

- → 0.15€/share December 2025
- → 0.15€/share June 2026
- → Paid in cash in 2025
  - → 0.15€/share June
  - → 0.15€/share December

2025 TSR: -4.4%

Analysts' recommendations[1]	
Buy	21%
Hold	51%
Sell	28%

Target price[1]

4.05€/ share

Stock exchange listings
Madrid
Nueva York (ADR)[3]
Lima (ADS)

Credit ratings	
Moody's	Baa3
fitch	BBB
S&P	BBB-

~950,000 shareholders

Investor category	% of share capital
Domestic institutional	31%
Foreign institutional	41%
Retail	28%

Significant shareholdings[2]	
SEPI	10%
Criteria Caixa	9.99%
PIF	9.97%
BBVA	5.01%
Blackrock	5.01%

[1] Bloomberg; 31/12/2025

[2] See detailed information in section 4.2.2. Significant Shareholders of the Consolidated Management Report

[3] On Jan-26 the Company was delisted from the NYSE

In 2025, global equity markets posted positive returns for the third consecutive year (MSCI World ACWI index +20.6%, in euros +6.3%) in a context marked by the US government's trade war and the strength of artificial intelligence. Trump's proposed trade war caused sharp market declines in the first half of 2025, a situation that did not reverse until the first trade agreements with its main economic partners, including the European Union and China, were finalized. AI captured all the attention during the second half of the year, driving Wall Street to new all-time highs (S&P 500 +16.4%) thanks to the strong performance of technology companies (Nasdaq 100 +20.2%).

European indexes also recorded widespread gains (Stoxx 600, +16.7%, Euro Stoxx-50 +18.3%), with the banking sector leading the way, after appreciating 67%. The Ibex-35 (+49.3%) is the best performing index on the continent, after achieving its best performance since 1993, also driven largely by banks. It has thus surpassed the historic highs set in 2007, with a cumulative return of +110% over the last three years. The other major indices: MIB +31.5%; DAX +23%; FTSE 100 +21.5%; and CAC 40 +10.4%.

Asian markets have joined the global stock market rally and achieved their best performance since 2017 (MSCI Asia Pacific +25.3%), driven by markets with significant exposure to technology and AI, including South Korea (Kospi +75.6%) Hong Kong (Hang Seng +28%), Japan (Nikkei +26.2%), and Taiwan (TWSE +25.7%).

On the other hand, 2025 has also been marked by the rise of precious metals such as gold (+65%) and silver (+148%), with the highest gains since 1979.

The European telecommunications sector appreciated by 12%, below the Stoxx 600's +16.7%, ranking as the eighth best sector in the region. In the first quarter of 2025, there was a significant rotation into telecoms from sectors most affected by trade tariffs, showing a high relative correlation with other defensive sectors. Despite improved fundamentals, increased cash flow as fiber deployment slows, and growing prospects for consolidation, the sector's performance weakened in the second half of the year as markets recovered and investment flows shifted to cyclical companies.

The outlook for the telecommunications sector for 2026 remains positive. The market considers the sector to be defensive and gives it good credentials: solid and consistent execution, cost control, lower investment levels, positive impact of artificial intelligence, healthier balance sheets, and growing cash flows. However, consolidation continues to be seen as a key factor in the sector's future. 2026 should be the year in which mergers and acquisitions take place in France, Spain, Germany, Italy, and the Nordic countries.

The year 2025 has been a turning point for Telefónica, marked by the presentation of its new five-year strategic plan, Transform & Grow, during its Capital Markets Day in November. This new plan will drive growth and long-term value creation, and strengthen leadership in Spain, Brazil, Germany, and the United Kingdom, while being structured around six strategic pillars: delivering the best in-class customer experience, expanding the B2C offering, scaling the B2B and public administration business, evolving its technological capabilities, simplifying the operating model, and developing talent. The market reacted negatively to the plan, with lower-than-expected free cash flow and a reduction in the dividend for 2026, along with low operating growth and the absence of announcements on mergers and acquisitions. However, the market applauded the credibility of the objectives presented, the efficiency measures, the higher quality of free cash flow, the

improvement in dividend sustainability, and the complete exit from Hispam.

Telefónica ended 2025 with a market capitalization of €19.806 billion and a share price of €3.49, representing a fall of 11.3% over the year and a total shareholder return including dividends of -4.4%, below that achieved by the sector.

Regarding the dividend payment, €0.30 per share in cash was paid during 2025 (€0.15 in June and €0.15 in December), bringing the dividend yield for 2025 to 7.6%.

The dividend policy for 2025 is €0.30 per share in cash (€0.15 per share paid in December 2025 and €0.15 per share to be paid in June 2026). In 2026, a dividend of €0.15 per share in cash will be paid in June 2027. The remuneration target for 2027 and 2028 will be based on a range of 40-60% of the base free cash flow for dividends, payable in June of the following year. These latest targets were announced in the new Transform & Grow Strategic Plan.

1.4. Business overview

1.4.1. Highlights

In 2025 Telefonica Spain and Telefonica Brazil expanded their leading positions and Telefonica maintained strong momentum in its four core markets, by expanding fibre, 5G coverage and improving customer lifetime value.

Telefónica has proven a disciplined execution, reliable growth and focus in its core markets. This performance lies the foundation for the starting year 2026 of our industrial and strategic plan presented last November 2025 "Transform & Grow".

Telefonica grew its customer base on the strength of its offerings and network leadership, expanding its state-of-the-art networks, and improving efficiency with simplification, leaner operations leveraging AI and decommissioning, among others.

Telefónica's **total accesses** were 326.1 million as of December 31, 2025, increasing by 2.1% year-on-year, as the worse performance in contract accesses (Telefónica Germany) as well as in prepaid (Telefónica Brazil and Telefónica Mexico) are highly offset by the increase in IoT accesses in Telefónica Spain due to the incorporation of new lines and the contract accesses in Telefónica Brazil.

The table below shows the evolution of accesses over the past two years as of December 31 of such years:

Accesses [1]

Thousands of accesses	2024	2025	% Var. 25/24
Fixed telephony accesses[2]	20,274	18,833	(7.1%)
Broadband	22,832	23,613	3.4%
UBB	21,859	22,797	4.3%
FTTH	13,987	15,042	7.5%
Mobile accesses	244,322	249,362	2.1%
Prepay	87,758	81,288	(7.4%)
Contract	115,494	108,655	(5.9%)
IoT	41,070	59,420	44.7%
Pay TV	7,917	7,809	(1.4%)
Retail Accesses	**295,396**	**299,664**	**1.4%**
Wholesale Accesses	**23,897**	**26,457**	**10.7%**
Fixed wholesale accesses	3,411	3,724	9.2%
FTTH wholesale accesses	3,347	3,724	11.2%
Mobile wholesale accesses	20,486	22,733	11.0%
Total Accesses	**319,293**	**326,121**	**2.1%**

[1] Includes 100% of the accesses of VMO2. Telefónica's actual percentage ownership of VMO2 is 50%. 2024 figures have been revised to present the results of Telefónica Móviles Argentina, Telefónica del Perú, Otecel, Telefónica Móviles del Uruguay and Colombia Telecomunicaciones, as discontinued operations (see the breakdown by segment in Notes 2 and 30).
[2] Includes fixed wireless and VoIP accesses.

The table below shows the evolution of accesses by segment:

ACCESSES	YoY variation	% Over Total Accesses 2024	2025
Telefónica Spain	37.9%	13.1%	17.7%
VMO2	0.3%	18.2%	17.8%
Telefónica Germany	(19.8%)	15.6%	12.2%
Telefónica Brazil	0.6%	36.4%	35.8%
Telefónica Hispam	(4.6%)	13.2%	12.3%
Other	16.1%	3.7%	4.2%

Mobile accesses totaled 249.4 million as of December 31, 2025, up 2.1% compared to December 31, 2024, mainly as a result of the worse performance in mobile contract accesses in Telefónica Germany, the prepaid accesses in Telefónica Brazil and Telefónica Mexico, highly offset by the increase in IoT accesses in Telefónica Spain due to the incorporation of new lines and the contract accesses in Telefónica Brazil. Postpaid accesses represented 57.2% of the Group's total mobile accesses excluding IoT (+0.4 p.p. year-on-year).

The Group's strategy is based on attracting valuable customers in the markets in which it operates.

Fixed broadband accesses stood at 23.6 million at December 31, 2025, up 3.4% year-on-year. Retail fiber (FTTH) accesses stood at 15.0 million at December 31, 2025, growing by 7.5% compared to December 31, 2024.

Pay TV accesses totaled 7.8 million as of December 31, 2025, down 1.4% year-on-year.

The tables below show the evolution of Telefónica's estimated access market share for mobile and fixed broadband for the past two years.

Competitive Position Evolution

Telefónica	Mobile Market Share[1] 2024	2025
Spain	27.5%	36.8%
United Kingdom[2]	23.9%	25.0%
Germany	31.4%	26.4%
Brazil	38.8%	38.1%
Chile	20.5%	19.2%
Venezuela	54.3%	55.4%
México	18.9%	16.6%

(1) Internal estimates in both years.
(2) Refers to VMO2 market share as of September 2024 and September 2025 respectively.

Telefónica	FBB Market Share[1] 2024	2025
Spain	32.1%	30.8%
Brazil	14.1%	14.9%
Chile	29.2%	28.4%

(1) Internal estimates in both years.

1.4.2. 2025/2024 Consolidated results

This section discusses changes in the Group's consolidated income statements for the years ended December 31, 2025 and 2024.

Consolidated Results	Year ended December 31		Variation	
	2024 (*)	2025	2025 vs 2024	
Millions of euros	**Total**	**Total**	**Total**	**%**
Revenues	35,671	35,120	(551)	(1.5%)
Other income	1,538	1,531	(7)	(0.5%)
Supplies	(11,953)	(12,152)	(199)	1.7%
Personnel expenses	(4,852)	(7,548)	(2,696)	55.6%
Other expenses	(8,634)	(8,268)	366	(4.2%)
Earnings before interest, taxes, depreciation and amortization (EBITDA)	**11,770**	**8,683**	**(3,087)**	**(26.2%)**
Depreciation and amortization	(7,613)	(7,364)	249	(3.3%)
Amortization of rights of use	(2,025)	(2,079)	(54)	2.6%
Amortization of intangible assets, depreciation of property, plant and equipment	(5,588)	(5,285)	303	(5.4%)
Operating income	**4,157**	**1,319**	**(2,838)**	**(68.3%)**
Share of (loss) income of investments accounted for by the equity method	(32)	(1,020)	(988)	n.m.
Net financial expense	(1,536)	(1,702)	(166)	10.8%
(Loss) Profit before tax	**2,589**	**(1,403)**	**(3,992)**	**c.s.**
Corporate income tax	(617)	(365)	252	(40.9%)
(Loss) Profit after tax from continuing operations	**1,972**	**(1,768)**	**(3,740)**	**c.s.**
(Loss) Profit after tax from discontinued operations	(1,763)	(2,384)	(621)	35.2%
(Loss) Profit for the year	**209**	**(4,152)**	**(4,361)**	**c.s.**
Attributable to equity holders of the parent	(49)	(4,318)	(4,269)	n.m.
Attributable to non-controlling interests	258	166	(92)	(35.5%)

c.s.: change of sign. n.m.: not meaningful.
(*) Revised data to present the results of Telefónica Móviles Argentina, Telefónica del Perú, Otecel, Telefónica Móviles del Uruguay and Colombia Telecomunicaciones, among other companies of smaller scale based in Hispanoamerica, as discontinued operations.

The following table details the reconciliation between EBITDA, EBITDAaL and EBITDAaL-CapEx ex spectrum, with the Operating Result of the Telefónica Group for the years 2025 and 2024.

Millions of euros	2025	2024 (*)
(Loss) Profit for the period	**(4,152)**	**209**
(Loss) Profit for the period from discontinued operations	(2,384)	(1,763)
(Loss) Profit for the period from continued operation	(1,768)	1972
Corporate income tax	365	617
(Loss) Profit before taxes	**(1,403)**	**2,589**
Net financial expense	1,702	1,536
Share of income (loss) of investments accounted for the equity method	1,020	32
Operating income	**1,319**	**4,157**
Depreciation and amortization	7,364	7,613
EBITDA	**8,683**	**11,770**
Leases amortization (Note 9)	(2,079)	(2,025)
Financial expenses on lease liabilities (Note 20)	(418)	(423)
Operating income before depreciation and amortization and after leases (EBITDAaL)	**6,186**	**9,322**
Capital expenditures in intangible assets (Note 6)	1,814	1,568
Capital expenditures in property, plant and equipment (Note 8)	2,725	3,137
CapEx	**4,540**	**4,704**
Spectrum acquisitions (Note 6)	(199)	**(29)**
CapEx excluding spectrum acquisitions	**4,340**	**4,675**
EBITDAaL - CapEx excluding spectrum acquisitions (OpCFaL)	**1,846**	**4,647**

(*) Revised data to present the results of Telefónica Móviles Argentina, Telefónica del Perú, Otecel, Telefónica Móviles del Uruguay and Colombia Telecomunicaciones, among other companies of smaller scale based in Hispanoamerica, as discontinued operations.

1.4.3. Analysis of results

Revenues in 2025 totaled 35,120 million euros,down 1.5% year-on-year compared to 2024, negatively affected by the depreciation of various Latin American currencies (in particular the Brazilian real) against the euro. Excluding this effect, revenues would increase (+1.5% y-o-y), thanks to the good performance in service revenues, mainly B2B revenues) in Telefónica Spain and Telefónica Brazil.

Other income mainly includes work on fixed assets and gains on disposal of assets. In 2025, other income amounted to 1,531 million, in line compared to 2024. (-0,5%). In 2025, was accounted capital gain related with the sale of 20% stake in Nabiax (data center business) with an impact of 95 million million euros and the favorable resolution of Telefónica's lawsuit against Millicom (65 million euros). And 2024, was affected mainly by the award received by Telefónica in ICSID arbitration proceedings against the Republic of Colombia, with an impact of 380 million U.S. dollars (approximately 358 million euros).

- **Supplies** amounted to 12,152 million euros in 2025, up 1.7% year-on-year, mainly as a result of higher costs in Telefónica Spain due to higher costs, attributable to the increase in costs to support the increased digital services -related activity (due to the higher demand for digitalization projects by B2B customers),

- **Personnel expenses** amounted to 7,548 million euros in 2025, in comparison to 4,852 million euros in 2024, affected by the higher restructuring costs in 2025 resulting in a provision of 2,757 million euros.

  The average headcount was 87,607 employees in 2025, down 13.6% compared to 2024.

- **Other expenses** amounted to 8,268 million euros in 2025, down 4.2% year-on-year due to the lower impact impairment of goodwill in 2025 (Telefónica Tech and Telefónica Chile, 312 million euros and 174 million euros respectively) compared to 2024 (Telefónica Chile 397 million euros, Telefónica Tech UK & Ireland 192 million euros and Grupo Be-terna 51 million euros).

As a result of foregoing EBITDA totaled 8,683 million in 2025, down compared to the 2024 figure of 11,770 million euros. 2025 is negatively affected mainly by extraordinary effects such as restructuring plan in 2025, amounting to 2,910 million euros associated with the company's strategic transformation plan and the depreciation of Latin American currencies (particularly the Brazilian Real) against the euro, despite the positive effect of the accounted capital gain related with the sale of 20% stake in Nabiax (data center business) with an impact of 95 million million euros, the favorable resolution of Telefónica's lawsuit against Millicom (65 million euros) and the lower impact of impairment of goodwill in 2025 compared to 2024. Excluding these effects, EBITDA would increase 2.0% thanks to the positive revenue performance mentioned above.

Depreciation and amortization amounted to 7,364 million euros in 2025, decreased 3.3% compared to 2024 (7,613 million euros). Mainly due to the exchange rate effect in Brazil and fully depreciated assets in Spain and Germany.

Operating income totaled 1,319 million euros compared to 4,157 million euros in 2024. The year-on-year decrease is due mainly to the extraordinary effects mentioned above such as restructuring plan and impairment in 2025, and additionally the impact of the depreciation of Latin American currencies against the euro (particularly the Brazilian Real). However, excluding these effects, operating income would increase thanks to strong revenue performance.

The **share of (loss) income of investments accounted for by the equity method** in 2025 was a loss of 1,020 million euros, compared to a loss of 32 million euros in 2024 mainly due to the lower results of VMO2, which were adversely affected by a goodwill impairment amounting to 1,170 million euros (585 million euros is reflected in the consolidated income statement of the Telefónica Group).

Net financial expense amounted to 1,702 million euros in 2025, increasing by 166 million euros compared to 2024. The higher figure is mainly explained by the absence in 2025 of the positive impact of 154 million euros in interest associated with the favorable ICSID arbitration award in the proceeding initiated by Telefónica, S.A. in 2018 against the Republic of Colombia.

Corporate income tax amounted to 365 million euros in 2025, compared to 617 million euros in 2024. The difference is mainly due to the tax effect of restructuring costs in Spain, partially offset by the revaluation of deferred tax assets in Germany.

(Loss) Profit attributable to non-controlling interests in 2025 amounted to 166 million euros compared to 258 million euros in 2024, mainly related to the results of Brazil.

(Loss) Profit after tax from continuing operations in 2025 was a loss of 1,768 million euros (a profit of 1,972 million euros in the same period of 2024).

(Loss) Profit after tax from discontinued operations in 2025 amounted to a loss of 2,384 million euros mainly reflecting the impact of the recycling to profit and loss of the foreign exchange translation differences of the companies sold in the period, amounting to 1,476 million euros, as well as the loss on the sale of Telefónica del Perú and the profit on the sale of Telefónica Móviles del Uruguay.

As a result, **loss for the year attributable to equity holders of the parent** in 2025 amounted to a loss of 4,318 million euros compared to a loss of 49 million in 2024.

Basic earnings per share were negative 0.81 euros in 2025. Basic earnings per share from continuing operations were negative 0.41 euros in 2025 (positive 0.25 euros in the same period of 2024), while basic earnings per share from discontinued operations were negative 0.40 euros in 2025 (negative 0.31 euros in the same period of 2024).

EBITDAaL in 2025 totaled 6,186 million euros, down 33.6% year-on-year, due to the lower EBITDA , and higher costs associated with operating leases in 2025.

CapEx totaled 4,540 million euros in 2025, down 3.5% year-on-year . Excluding spectrum purchases (199 million euros in 2025 compared to 29 million euros in 2024), CapEx would decrease by 7.2% y-o-y.

EBITDAaL-CapEx ex spectrum (OpCFaL) stood at 1,846 million euros in 2025, down compared to 2024 (4,647 million euros), backed by the EBITDAaL decrease explained above not offset by CapEx ex spectrum reduction.

1.4.4. 2025/2024 Segment results

TELEFÓNICA SPAIN

The table below shows the evolution of accesses in Telefónica Spain over the past two years as of December 31 of such years:

ACCESSES

Thousands of accesses	2024	2025	% Var 25/24
Fixed telephony accesses[1]	7,775	7,732	(0.6%)
Broadband	6,020	6,162	2.3%
FTTH	5,615	5,806	3.4%
Mobile accesses	21,054	36,209	72.0%
Prepay	493	452	(8.3%)
Contract	15,543	15,975	2.8%
IoT	5,018	19,782	294.2%
Pay TV	3,521	3,799	7.9%
Retail Accesses	**38,370**	**53,902**	**40.5%**
Wholesale Accesses	**3,410**	**3,724**	**9.2%**
FTTH Wholesale Accesses	3,347	3,724	11.2%
Total Accesses	**41,780**	**57,625**	**37.9%**

[1] Includes "fixed wireless" and Voice over IP accesses.

During 2025, Telefónica Spain accelerated the year-on-year growth achieved in 2024, underpinned by exceptional commercial activity and positive net additions across its main services, such as the Convergent offer with net adds of 56 thousand customers, mobile contract with net adds of 0.4 million accesses, broadband with net adds of 0.1 million accesses, and Pay TV with net adds of 0.3 million accesses, alongside a fourfold increase in IoT lines driven by the incorporation of new connections.

With regard to the main commercial updates, it is worth highlighting the launch of "Movistar por ti", a new customer service model offering personalized resolutions in a single call with a single interlocutor, simplifying processes by reducing paperwork, speeding up resolution, and providing continuous customer support. Furthermore, Movistar customer loyalty is rewarded with enhanced features such as on/off fiber for second residences, MultiSIM service, higher fiber speed, more mobile data volume, the possibility of contract Movistar Plus+ at a better price in stand-alone products and greater fraud protection.

In July 2025, Telefónica launched eSim FLAG, a new prepaid international connectivity service available in 170 countries across the five continents for users of any origin, which allows them to pay only for the days they need the service.

Additionally, Telefónica Spain launched 10 Gbps fibre, becoming the first commercial brand in the Spanish telecommunications market to offer all its customers the latest advances in Artificial Intelligence, enabling them to enjoy Perplexity Pro for 12 months for free.

Telefónica Spain is also the first operator to complete the nationwide rollout of Voice over 5G VoNR (Voice over New Radio), enabling all voice calls to be carried over 5G Standalone (5GSA), leveraging coverage that already reaches 95% of the population. This technology delivers superior voice quality and supports simultaneous calls and data-intensive services.

Regarding devices, Movistar Swap was launched, an innovative proposition that allows miMovistar convergent customers to upgrade their device to the latest model available at the time of purchase from month 24 onwards. This ensures customers remain up to date and have access to the latest models at no additional cost, providing a simple and convenient upgrade experience tailored to their needs.

As for O2, it continues to evolve its portfolio with new tariffs that include more TV options and enhanced communication capabilities.

In the Business segment, Telefónica Spain has introduced "Respaldo Empresa", a new tariff that strengthens connectivity in adverse circumstances, such as temporary outages or interference. This service is specifically designed for business customers who do not have mobile lines with Movistar or who share phone lines with other operators, providing them with a Movistar eSIM line as a backup when their primary telecommunications provider has limited coverage, thereby ensuring an alternative to remain connected.

In 2025, 5G coverage of the population of Spain reaches 95%, which improves user experience and allows enterprises to implement advanced mobile connectivity services.

Additionally, to highlight that **Movistar Prosegur Alarmas**, the joint venture of Prosegur and Telefónica Spain, reached 615 thousand customers as of December 31, 2025, up by 11.8% y-o-y.

Telefónica Spain had 57.6 million **accesses** as of December 31, 2025, an increase of 37.9% compared to December 31, 2024, driven by the incorporation of new IoT lines.

The **convergent offer** (residential and SMEs) had a customer base of 4.6 million customers as of December 31, 2025, an increase of 1.2% y-o-y.

Retail fixed accesses totaled 7.7 million and decreased 0.6% as compared to December 31, 2024, with a net loss of 43.0 thousand accesses in 2025.

Retail fixed broadband accesses reached 6.2 million in December 2025 (an increase of 2.3% as compared to December 31, 2024), with net adds of 141.3 thousand accesses as of December 31, 2025. At December 31, 2025, fiber deployment reached 31.3 million premises, 486 thousand more than at December 31, 2024.

Total retail mobile accesses stood at 36.2 million as of December 31, 2025, an increase of 72.0% as compared to December 31, 2024 mainly as a result of an increase in the IoT accesses base (multiplied by four y-o-y), together with increases in mobile contract accesses (up 2.8% y-o-y).

Pay TV accesses reached 3.8 million at December 31, 2025, increasing 7.9% year-on-year.

Wholesale accesses stood at at 3.7 million at December 31, 2025, up 9.2% year-on-year.

The table below shows Telefónica Spain's results over the past two years:

Millions of euros

TELEFÓNICA SPAIN	2024	2025	% Var 25/24
Revenues	12,791	13,012	1.7%
Mobile handset revenues	532	631	18.7%
Revenues ex-mobile handset mobile	**12,259**	**12,380**	**1.0%**
Retail	10,092	10,332	2.4%
Wholesale and Other	2,167	2,049	(5.5%)
Other income	477	586	22.7%
Supplies	(5,313)	(5,635)	6.1%
Personnel expenses	(1,717)	(3,990)	132.3%
Other expenses	(1,624)	(1,756)	8.1%
EBITDA	**4,614**	**2,217**	**(52.0%)**
Depreciation and amortization	(2,202)	(2,090)	(5.1%)
Operating income	**2,412**	**127**	**(94.7%)**
Depreciation and amortization of rights of use	(578)	(598)	3.5%
Lease interest expenses	(51)	(45)	(10.8%)
EBITDAaL	**3,986**	**1,574**	**(60.5%)**

Analysis of results

Revenues in 2025 amounted to 13,012 million euros, growing 1.7% y-o-y. This trend was supported by the good revenue evolution in handset sales and retail revenues..

The evolution of revenues excluding mobile handset sales is described below:

- **Retail revenues** totaled (10,332 million euros in 2025) increased by 2.4% year-on-year, driven by the repositioning of tariffs of Movistar's brand in mid January 2025, the higher customer base and digital services and the digital ecosystem revenue growth.
- **Wholesale and other revenues** (2,049 million euros in 2025) decreased by 5.5% year-on-year, mainly due to the impact of new wholesale agreements signed in 2024, which assure revenues, predictability and sustainability for the long term by extending the length of the partnerships. In addition, the international fixed traffic decline is a drag for wholesale revenue. Additionally, Other revenues evolution is impacted by the non-linearity of this type of revenues..

The evolution of expenses is explained below:

- **Supplies** amounted to 5,635 million euros in 2025, up 6.1% year-on-year compared to 2024, mainly attributable to the increase in costs to support the increased digital services -related activity (due to the higher demand for digitalization projects by B2B customers).
- **Personnel expenses** amounted to 3,990 million euros in 2025 (1,717 million euros in 2024). The year-on-year evolution was mainly attributable to the Restructuring Plan adopted by Telefónica Spain in 2025 (which resulted in a provision of 2,322 million euros before taxes in 2025). Excluding provision impact, personnel expenses decreased by 1.4% compared to 2024.
- **Other expenses** amounted to 1,756 million euros in 2025, up 8.1% year-on-year compared to 2024, mainly as a result of other expenses for other transformation plans (channels, etc).

EBITDA reached 2,217 million euros in 2025, a year-on-year decrease of 52.0%. This decrease was mainly attributable to the impact of the Restructuring Plan adopted by Telefónica Spain in 2025; as well as other transformation plans. Excluding those impacts, EBITDA would increase 1,1% y-o-y, driven by higher revenues, as well as higher efficiencies derived from network transformation and hyper-automation, among others.

Depreciation and amortization amounted to 2,090 million euros in 2025, decreasing by 5.1%, mainly due to the effect of fully amortized assets in 2024.

Operating income amounted to 127 million euros in 2025 (2,412 in 2024), mainly impacted by the Restructuring Plan adopted by Telefónica Spain in 2025.

VMO2

In accordance with applicable accounting standards, Telefónica's share in the results of VMO2, our 50:50 joint venture with Liberty Global Plc in the United Kingdom, is presented in a single line of the income statement, "Share of (loss) income of investments accounted for by the equity method". However, the VMO2 segment information included in this section is presented using management criteria and shows 100% of VMO2's results; Telefónica's actual percentage ownership of VMO2 is 50%.

More than four years after the formation of VMO2, the company continues to integrate and innovate while investing heavily to expand and upgrade its fiber and 5G networks to provide the highest quality connectivity to more regions of the country.

VMO2's gigabit fixed network footprint reached 18.8 million premises at the end of 2025, delivering 0.5 million homes serviceable in the year underpinned by the expansion of the FTTH network of nexfibre, the FTTH joint venture formed by Telefónica Infra, Liberty Global and InfraVia.

The upgrade of VMO2's fixed network to fiber continued at pace across the year 2025, with a total fiber footprint of 8.3 million premises passed by year end 2025, when including the nexfibre footprint.

In its mobile business, significant progress was also made in the evolution of the company's mobile network towards 5G, with UK outdoor population coverage standing at 87% at the end of 2025, an increase of 12 percentage points in the year.

On 1st of August 2025 and after regulatory approval, VMO2 and Daisy Group created a new joint B2B telecommunications entity, O2 Daisy Limited. VMO2 holds a 70% controlling interest in O2 Daisy, while Daisy Pikco Limited retains the remaining 30% Non-Controlling Interest.

The following table shows the evolution of accesses in VMO2 in 2025 compared to 2024:

ACCESSES (1)

Thousands of accesses	2024	2025	% Var 25/24
Fixed telephony accesses(1)	3,505	2,950	(15.8%)
Broadband	5,745	5,693	(0.9) %
UBB	5,739	5,688	(0.9) %
Mobile accesses	35,653	36,309	1.8 %
Prepay	7,370	6,832	(7.3) %
Contract	15,836	15,598	(1.5) %
IoT	12,447	13,879	11.5 %
Pay TV	3,016	2,763	(8.4) %
Retail Accesses	**47,918**	**47,715**	**(0.4)%**
Wholesale Accesses	**10,048**	**10,431**	**3.8 %**
Total Accesses	**57,966**	**58,145**	**0.3%**

(1) Includes 100% of the accesses of VMO2. Telefónica's actual percentage ownership of VMO2 is 50%.

The **total accesses base** grew 0.3% year-on-year and stood at 58.1 million as of December 31, 2025, mainly driven by the increase in mobile accesses in both retail and wholesale, partially offset by reduction in fixed accesses.

The **contract mobile customer base** decreased 1.5% year-on-year to 15.6 million accesses, with a net loss of 238 thousand accesses mainly driven by a competitive market in the consumer segment from MVNOs coupled with higher churn from October 2025 price rise announcement, partially offset by the additions of Daisy Group accesses.

The **prepay mobile customer base** decreased 7.3% year-on-year to 6.8 million accesses, with a net loss of 538 thousand accesses in 2025 on the back of the competitive dynamics and the migrations from flanker brand Giffgaff to postpaid products.

IoT mobile customer base grew 11.5% year-on-year and reached 13.9 million accesses underpinned by the continued roll-out of the United Kingdom's Smart Metering Implementation Programme. The Smart Metering Implementation Programme (SMIP) is an energy-industry led program which aims to roll-out approximately 53 million smart electricity and gas meters

to domestic properties and non-domestic sites in the United Kingdom.

The fixed broadband base decreased 0.9% year-on-year to 5.7 million accesses, with a net loss of 52 thousand accesses in 2025, as a result of a more aggressive competition.

The table below shows the evolution of VMO2's results over the past two years:

Millions of euros

VMO2	2024	2025	% Reported YoY
Revenues	12,616	11,808	(6.4%)
Mobile Business	**6,718**	**6,516**	**(3.0%)**
Handset revenues	1,521	1,375	(9.6%)
Fixed Business	**4,550**	**4,569**	**0.4%**
Other	**1,348**	**724**	**(46.3%)**
Other income	517	527	2.0%
Supplies	(4,354)	(3,679)	(15.5%)
Personnel expenses	(1,295)	(1,481)	14.4%
Other expenses	(3,017)	(2,796)	(7.3%)
Impairment losses in goodwill	—	(1,170)	c.s.
EBITDA	**4,467**	**3,209**	**(28.2)%**
Depreciation and amortization	(3,371)	(3,556)	5.5%
Operating income	**1,096**	**(347)**	**c.s.**
Share of income (loss) of investments accounted for by the equity method	4	—	(92.5%)
Net financial income	51	46	(9.2%)
Net financial expenses	(1,578)	(1,470)	50.1%
Realized and unrealized gains on derivate instruments, net[(1)]	463	(855)	c.s.
Foreign currency transaction losses, net	(34)	601	c.s.
Net financial result	**(1,098)**	**(1,678)**	**(7.1%)**
Result before taxation	**2**	**(2,025)**	**c.s.**
Taxes	(22)	159	n.m
Result for the period	**(20)**	**(1,866)**	**n.m.**
Attributable to non-controlling interests	(19)	8	c.s.
Result for the period attributable to equity holders of the parent (100% VMO2)	**(39)**	**(1,858)**	**n.m.**

EBITDA	**4,467**	**3,209**	**(28.2)%**
Amortization of rights of use	(220)	(213)	(3.1%)
Lease interest expenses	(53)	(62)	16.8%
EBITDAaL	**4,194**	**2,934**	**(30.0%)**

c.s.: change of sign; n.m.: not meaningful

(1) VMO2 entered into various derivative instruments to manage interest rate exposure and foreign currency exposure. Generally, VMO2 does not apply hedge accounting to its derivative instruments. Accordingly, changes in the fair values of most of its derivatives are recorded in the finance results of its consolidated income statement.

Analysis of results

In 2025, **revenues** amounted to 11,808 million euros, declining 6.4%, mainly due to the decline in nexfibre revenues, lower handset sales and the depreciation of the pound sterling partially offset by higher revenues in B2B due to the integration of Daisy.

- Mobile **business revenues** amounted to 6,516 million euros in 2025, declining by 3% year-on-year, mainly as a result of the decrease in handset revenues as customers held on to their devices for a longer period and the depreciation of the pound sterling.
- **Fixed business revenues** amounted to 4,569 million euros in 2025, increasing by 0.4% year-on-year, mainly driven by the increasing in B2B fixed revenues as a result of Daisy integration, partially offset by the reduction in the customer base and the depreciation of the pound sterling,
- **Other revenues** amounted to 724 million euros in 2025, declining 46.3% year-on-year, mainly driven by reduced Nexfibre construction revenues due to lower volumes.

The evolution of expenses is explained below:

- **Supplies** amounted to 3,679 million euros in 2025, down 15.5% year-on-year, mainly due to lower costs related to Nexfibre construction volumes and lower handset sales.
- **Personnel expenses** amounted to 1,481 million euros in 2025, up 14.4% year-on-year primarily driven by incremental costs due to Daisy, annual salary uplifts and increased headcount.
- **Other expenses** amounted to 3,966 million euros in 2025, up 31.4% year-on-year mainly due to lower network and IT service costs, lower sales commissions and other commercial costs.
- Furthermore, VMO2, registered an impairment of goodwill amounting to 1,170 million euros in 2025.

EBITDA reached 3,209 million euros in 2025, decreasing 28.2% year-on-year mainly due to the impairment of goodwill (1,170 million euros), restructuring costs and the exchange rate effect, Excluding these impacts, EBITDA decreased by 1.9% year-on-year, as a result of lower revenues flow, partially offset by cost savings.

Depreciation and amortization amounted to 3,556 million euros in 2025, increasing by 5.5% year-on-year due to acquisitions during 2025, increases in radio asset's depreciation from interfacing activities and the depreciation of the pound sterling.

Operating Loss amounted to 347 million euros in 2025, compared to an Operating Income of 1,096 million euros in 2024, due to the impairment loss on goodwill.

TELEFÓNICA GERMANY

The table below shows the evolution of accesses in Telefónica Germany over the past two years as of December 31 of such years:

ACCESSES

Thousands of accesses	2024	2025	% Var 25/24
Fixed telephony accesses[1]	2,292	2,286	(0.3%)
Broadband	2,375	2,367	(0.4%)
UBB	2,092	2,116	1.2%
FTTH	51	85	68.8%
Mobile accesses	44,990	35,166	(21.8%)
Prepay	14,874	14,218	(4.4%)
Contract	27,889	17,979	(35.5%)
IoT	2,227	2,969	33.3%
Total Accesses	**49,657**	**39,819**	**(19.8%)**

[1] Includes "fixed wireless" and Voice over IP accesses.

In 2025, Telefónica Germany continues with robust commercial traction and low churn in a dynamic but rational market.

Telefónica Germany's key milestones in 2025 were as follows:

- Sustained mobile postpaid market share gains driven by O2 brand in a competitive market.
- Good momentum also in partner business with major customer gains in 2025. IoT net adds doubling y-o-y in 2025.
- Revenue and EBITDA decline, reflecting the 1&1 customer migration which has been successfully completed by year-end 2025.
- Connect magazine network test marks a milestone in O2 company's history: O2 network was rated 'very good' for the six consecutive time and made a quantum leap forward to achieve 2nd place for the first time.
- 5G network coverage target achieved: 99% population coverage means quasi nationwide coverage.

Telefónica Germany maintained robust commercial in a dynamic and increasingly saturated yet overall sound market, with somewhat higher promotional activity across mobile segments.

The **total access base** decreased 19,8% year-on-year and stood at 39.8 million at December, 2025, mainly driven by a 21.8% decrease in the mobile accesses base, which reached 35.2 million.

Mobile postpaid accesses base reached 18.0 million customers in 2025, decreasing 35.5% year-on-year. In 2024 there were a model change related to the launch of the fourth mobile network, and since January 2024, 1&1 customers have begun to migrate from Telefónica Germany network to 1&1's own network. Considering this model change and excluding the customers affected for the model change (customers of 1&1, Drillisch and customers under the National Roaming agreement between Telefónica Germany and 1&1), postpaid accesses amount to 18.0 million and the net gain reached 697 thousand customers in 2025 reflecting the underlying operational performance of the business which is driven by the good performance of the O2 brand buoyed by attractive promotions and planned growth initiatives. O2 contract churn rate remained low and stable at 1.1% despite a highly competitive market thanks to both the strong appeal of the brand and continuous improvement of the network and service quality.

The **prepay mobile customer base** decreased 4.4% year-on-year to 14.2 million accesses reflecting a net loss of 655 thousand in 2025 due to the German market trend of prepaid to postpaid migration.

The **broadband accesses** reached 2.4 million accesses (decreasing 0.4%y-o-y), with a net loss of 8.7 thousand accesses in 2025, mainly driven by lower legacy DSL accesses, while demand for high cable and fiber accesses remaining high.

The table below shows the evolution of Telefónica Germany's results over the past two years:

Millions of euros

TELEFÓNICA GERMANY	2024	2025	%Reported YoY
Revenues	8,492	8,172	(3.8%)
Mobile Business	**7,596**	**7,233**	**(4.8%)**
Handset revenues	1,785	1,750	(1.9%)
Fixed Business	**857**	**886**	**3.3%**
Other income	192	222	15.8%
Supplies	(2,588)	(2,584)	(0.2%)
Personnel expenses	(700)	(718)	2.5%
Other expenses	(2,631)	(2,564)	(2.5%)
EBITDA	**2,765**	**2,528**	**(8.6%)**
Depreciation and amortization	(2,226)	(2,160)	(3.0%)
OPERATING INCOME	**539**	**368**	**(31.7%)**
Depreciation and amortization of rights of use	(688)	(716)	4.2%
Lease interest expenses	(66)	(71)	7.0%
EBITDAaL	**2,011**	**1,740**	**(13.5%)**

Analysis of results

Total **revenues** were 8.172 million euros in 2025, with a year-on-year decrease of 3.8%, driven by the decrease in the mobile business.

- **Mobile business revenues** totaled 7.233 million euros decreasing 4.8% y-o-y. Mobile service revenues totalled 5.483 million euros decreasing 5.7% due to the change of the 1&1 business model although partially offset by the good performance of O2 own brand revenues,
- **Handset revenues** amounted to 1,750 million euros, decreasing 1.9% y-o-y in line with market trend.
- **Fixed business revenues** were 886 million euros, increasing 3.3% y-o-y due to the increasing demand of fiber and cable technologies.

TELEFÓNICA GERMANY	2024	2025	% Var 25/24
ARPU (EUR)	**10.4**	**10.9**	**4.6%**
Prepay	7.6	7.6	(0.7%)
Contract[1]	12.2	13.6	11.2%
Data ARPU (EUR)	**7.0**	**6.9**	**(0.8%)**

[1] Excludes IoT.

The evolution of expenses is explained below:

- **Supplies** amounted to 2,584 million euros in 2025, decreasing 0.2% year-on-year, reflecting higher Fixed Broad Band direct cost on the back of higher revenues.
- **Personnel expenses** amounted to 718 million euros in 2025, increasing 2.5% year-on-year, mainly reflecting higher base salaries on the back of the general pay rise in combination with a slightly higher y-o-y FTE-base driven by in sourcing of key capabilities to support transformation and growth ambitions.
- **Other expenses** amounted to 2,564 million euros in 2025, decreasing 2.5% year-on-year as a result of higher technical costs.

EBITDA totaled 2,528 million euros in 2025, decreasing by 8.6% year-on-year impacted by restructuring costs. Excluding this impact, EBITDA decreased by 8.2% year-on-year, as a result of the now completed migration of 1&1 customers that continues to pressure and the lower gross margin, not offset the growth and efficiency measures carried out by the operator.

Depreciation and amortization amounted to 2,160 million euros in 2025, decreasing by 3.0% year-on-year, mainly due to a lower depreciable base of intangible assets as a result of fully amortized assets.

Operating Income stood at 368 million euros in 2025, decreasing 31,7% year-on-year due to lower revenues, that do not offset the reduction in depreciation and amortization.

TELEFÓNICA BRAZIL

The table below shows the evolution of accesses of Telefónica Brazil over the past two years as of December 31 of such years:

ACCESSES

Thousands of accesses	2024	2025	% Var 25/24
Fixed telephony accesses[1]	5,746	5,050	(12.1%)
Broadband	7,274	7,996	9.9%
UBB	7,049	7,828	11.1%
FTTH	6,958	7,792	12.0%
Mobile accesses	102,310	103,017	0.7%
Prepay	35,816	32,200	(10.1%)
Contract	49,077	51,887	5.7%
IoT	17,417	18,930	8.7%
Pay TV	785	733	(6.6%)
Total Accesses	**116,164**	**116,840**	**0.6%**

[1] Includes "fixed wireless" and Voice over IP accesses.

In 2025, Telefónica Brazil maintained its leadership in the mobile segment, which in a more consolidated market environment, is positioned with a market share of 38.1%, standing at +5.0 p.p. on the second competitor (data from the last official publication by ANATEL, December 31, 2025). Telefónica Brazil's strategy remains focused on strengthening the high-value customer base, reaching a contract excluding IoT market share of 42.4%, as of December 31, 2025 (source: ANATEL).

In the fixed business, Telefónica Brazil continued with the implementation of strategic technologies, focusing on the deployment of fiber, focusing its commercial offer on Vivo Total, giving continuity to the totalization of clients with which the company achieves low churn rates.

On the other hand, Telefónica Brazil continued to advance in the development of an ecosystem with relevant partners in order to promote its consolidation as a digital services hub. To this end, Telefónica Brazil offers a broad portfolio of services, highlighting these described below:

- Video and OTT: Telefónica Brazil includes OTT services in its Vivo Total packages that increase customer lifetime value. Additionally, the plans include a free year of Amazon Prime membership.
- Health & Wellness: Vale Saúde is a monthly subscription service that provides discounts for online or in-person medical care, exams and medication
- Education: Viva E is an education and employment platform that combines online courses and job offers. The joint venture created by Telefónica Brazil and Ânima Educação offers more than 400 hours of educational content.
- Vivo Ventures, Telefónica Brazil's corporate venture capital fund for strategic investments, made the following investments in 2025: in Omni Saúde, a startup that democratizes conscious access to medicines in Brazil, in Openlayer, a startup that uses AI to automatize and improve the quality control process of machine learning models, and in Asaas, a financial solutions platform for SMEs.
- Fintech: Vivo Pay is Telefónica Brazil's 100% digital platform that consolidates Vivo's financial solutions, including personal loans, insurance, unemployment benefit advances and instant payment solutions, among others. Since September 2024, it operates as a direct credit company (Vivo Pay Sociedade de Crédito S.A.).
- Home Security: Casa Inteligente offers home automation solutions to make homes more secure, connected and comfortable.
- Energy: GUD Energía is a joint venture created in 2024 to capture the opportunities generated by the opening of the free market with a focus on the sale of personalized renewable energy solutions throughout Brazil, helping consumers to cut their energy bills.
- Smart devices and accessories: In March 2025, Telefónica Brazil acquired i2GO, one of the country's leading technology accessory brands. This transaction

strengthens Vivo's presence in the smart device market, complementing its own brand Ovvi.

Total accesses stood at 116.8 million as of December 31, 2025, increasing 0.6% year-on-year mainly due to the growth in contract thanks to Telefónica Brazil's totalization strategy and the growth in FTTH, which offset the decrease in prepaid mobile accesses that migrate to control postpaid, the decline in the fixed voice business due to the continuous migration from fixed to mobile, the contraction of the lower-value fixed broadband customer base, and the loss of DTH customers as a result of the company's strategic decision to discontinue legacy technologies.

Contract mobile accesses grew by 5.7% year-on-year and reached 51.9 million with net adds of 2.8 million new accesses in 2025, with churn at very low levels (1.1%), driven by the totalization strategy and by the launch of new attractive bundles (packaged offers with more than one service) in control postpaid (postpaid accesses with usage limits, requiring customers to purchase "top-ups" if they exceed these limits).

Prepaid mobile accesses decreased by 10.1% year-on-year and reached 32.2 million customers with a net loss of 3.6 million accesses during 2025. The lower customer base has been mainly a consequence of the market retraction and of the strategy of migrating prepaid customers to control postpaid (postpaid accesses with usage limits, requiring customers to purchase "top-ups" if they exceed these limits) and focusing more on encouraging the consumption of top-ups.

Traditional voice accesses decreased by 12.1% year-on-year in 2025 due to fixed-mobile substitution, reaching 5.0 million accesses.

Broadband accesses grew by 9.9% year-on-year and reached 8.0 million with net adds of 722 thousand new accesses in 2025. Telefónica Brazil maintained its strategic focus on the deployment of fiber, reaching 7.8 million homes connected with FTTH as of 2025, growing 12.0% year-on-year, which managed to offset the decrease in other accesses of legacy broadband services (xDSL). Telefónica Brazil reached 31.9 million real estate units passed with FTTx access and 31.0 million with FTTH access.

Pay TV accesses reached 733 thousand as of December 31, 2025, decreasing by 6.6% year-on-year, mainly as a result of the strategic decision to discontinue the DTH service.

The table below shows the evolution of Telefónica Brazil's results over the past two years:

Millions of euros

TELEFÓNICA BRAZIL	2024	2025	%Reported YoY
Revenues	9,618	9,451	(1.7%)
Mobile Business	**6,846**	**6,713**	**(1.9%)**
Handset revenues	642	626	(2.6%)
Fixed Business	**2,772**	**2,738**	**(1.2%)**
Other income	317	367	16.0%
Supplies	(2,234)	(2,245)	0.5%
Personnel expenses	(1,218)	(1,182)	(2.9%)
Other expenses	(2,367)	(2,283)	(3.5%)
EBITDA	**4,116**	**4,108**	**(0.2%)**
Depreciation and amortization	(2,475)	(2,404)	(2.8%)
Operating income	**1,642**	**1,704**	**3.8%**
Depreciation and amortization of rights of use	(595)	(590)	(0.7%)
Lease interest expenses	(281)	(270)	(3.8%)
EBITDAaL	**3,241**	**3,248**	**0.2%**

Analysis of results

In 2025, **revenues** amounted to 9,451 million euros and decreased by 1.7%, due to the depreciation of the Brazilian real, despite the growth in service revenues, mainly leveraged by mobile business, by businesses associated with new technologies (FTTH and Digital Services),

- **Mobile business revenues** totaled 6,713 million euros in 2025, decreasing 1.9%, mainly as a result of the depreciation of the Brazilian real, despite the positive evolution of the contract segment, due to the larger customer base, tariffs adjustments and digital services revenue evolution.
- **Fixed business revenues** amounted to 2,738 million euros in 2025, decreasing 1.2%, mainly explained by the depreciation of the Brazilian real, despite higher FTTH revenues, in line with the strategic focus on such services, as well as the higher digital revenues.

Mobile ARPU decreased 4.4% year-on-year, mainly due to the depreciation of the Brazilian real, despite the price increases carried out and the good evolution of the postpaid business, which was helped by the totalization strategy.

TELEFÓNICA BRAZIL	2024	2025	% Reported YoY	%Local Currency YoY
ARPU (EUR)	**4.8**	**4.6**	**(4.4%)**	**3.8%**
Prepay	2.2	2.0	(8.4%)	(0.5%)
Contract [1]	8.3	7.8	(6.0%)	2.0%
Data ARPU (EUR)	**4.0**	**3.8**	**(3.5%)**	**4.8%**

[1] Excludes IoT.

The evolution of expenses is explained below:

- **Supplies** amounted to 2,245 million euros in 2025, increasing 0.5% year-on-year affected by the depreciation of the Brazilian real and higher equipment purchases and handset costs, due to increased commercial activity,
- **Personnel expenses** amounted to 1,182 million euros in 2025, decreasing 2.9% year-on-year compared to 2024, as a result of the depreciation of the Brazilian real, which offset the salary increases implemented during the year.
- **Other expenses** amounted to 2,283 million euros in 2025, decreasing 3.5% year-on-year, impacted by the depreciation of the Brazilian real, tax recoveries and savings in maintenance and advertising costs.

EBITDA stood at 4,108 million euros in 2025, down 0.2% y-o-y. Excluding the impact of the exchange rate, EBITDA would grow by 8.4% thanks to the positive evolution of service revenues as a result of increased commercial activity.

Depreciation and amortization amounted to 2,404 million euros in 2025, decreasing 2.8% year-on-year, mainly due to the effect of the exchange rate.

Operating income stood at 1,704 million euros in 2025, increasing by 3.8%, mainly due to lower depreciation and amortization.

OTHER BUSINESS LINES

Following the latest strategic review announced in November 2025, Telefónica has revised its corporate vision and aims to consolidate its position as a leading European operator worldwide, while maintaining a long-term, leading presence in Brazil.

As part of its exit strategy from Hispanoamerica, in 2025 the Group sold its stakes in Telefónica Móviles Argentina, Telefónica del Perú, Telefónica Móviles del Uruguay, and Otecel, among other companies based in Hispanoamerica Furthermore, in March 2025 Telefónica reached an agreement to sell all of its shares in Colombia Telecomunicaciones to Millicom Spain, S.L. The closing of this transaction took place on February 5, 2026. The contribution of these companies to the Group's results and cash flows in 2025 and 2024 is shown as discontinued operations.

In addition, on February 10, 2026, Telefónica transferred the 100% of the share capital of Telefónica Chile. The signing and closing of the transaction took place simultaneously. Following the analysis carried out as of December 31, 2025 in accordance with IFRS 5, Telefónica Chile was not classified as a disposal group held for sale as of that date.

As a result of these transactions, the Group eliminated the "Telefónica Hispam" reportable segment in 2025. The companies of Telefónica Hispam that, as of December 31, 2025, were still part of the Telefónica Group and, have not been classified as a disposal group held for sale (primarily the Group's operators in Chile, Mexico, and Venezuela), are reported within Other Companies. This change has been applied to the 2024 comparative figures. The other segments —Telefónica Spain, Telefónica Brazil, Telefónica Germany and VMO2 — continue to be reported without modifications.

Other companies also include, among others, Telefónica, S.A. and other holding companies, the Be-terna and Telefónica Tech UK & Ireland groups, the Telxius Group and the share of results of investments accounted for by the equity method of the fiber companies in which Telefónica Infra, S.L. holds a stake.

TELEFÓNICA CHILE

Telefónica Chile's **total accesses** reached 8.3 million as of December 31, 2025 (-12.0% year-on-year), as a result of lower accesses in mobile, FTTH, and IPTV.

Mobile accesses totaled 5.9 million customers, decreasing by 13.5% year-on-year, mainly due to fewer prepaid customers.

- **Contract** accesses amounted to 3.9 million customers, remaining stable compared to 2024.
- **Prepaid** accesses declined by 42.4% year-on-year, resulting in a net loss of 865 thousand accesses as of December 31, 2025.

Traditional fixed-line accesses stood at 0.4 million as of December 31, 2025 (-18.9% year-on-year), reflecting the continued erosion of this business in Telefónica Chile.

Broadband access reached 1.4 million customers as of December 31, 2025, a year-on-year decrease of 1.2%. Fixed broadband penetration as a percentage of traditional broadband access reached 307.2% (up 55.2 p.p. year-on-year). Deployment of Telefónica Chile's focus on Ultra Broadband (UBB), reached 1.4 million customers and 4.6 million premises passed. UBB penetration as a percentage of fixed broadband access reached 99.4% (up 0.8 p.p. year-on-year).

Pay TV accesses reached 0.5 million by December 31, 2025, a year-on-year decrease of 13.6%, representing a net loss of 80,9 thousand accesses. This evolution is explained by the decline in the number of DTH accesses(-2 thousand accesses), and to a lesser extent by the smaller IPTV base, which reaches 0.5 million accesses, due to the disincentive to sell accesses with a decoder included, in order to promote OTT solutions.

Analysis of results

In 2025, **revenues** totaled 1,1449 million euros, an 8.1% year-on-year decrease explained by the impact of foreign exchange rates, lower broadband and new services revenues, increased market competition, lower Pay-TV revenues due to the decline in DTH and lower voice and data revenues, affected by the lower sales of copper services and lower revenues from mobile handset sales, and lower B2C prepaid revenues.

EBITDA amounted to 102 million euros in 2025, compared to the negative EBITDA of 83 million euros in 2024, impacted by the impairment of goodwill effects in 2024 and 2025, the restructuring plan carried out by the company, and foreign exchange effects. Excluding these impacts, EBITDA decreased by 7.8%, affected by the revenue performance mentioned above, partially offset by cost efficiencies, mainly in network and systems expenses.

Depreciation and amortization amounted to 330 million euros in 2025, increasing 0.8% year-on-year, mainly due to a higher depreciable base of tangible fixed assets and rights of use.

The **Operating Loss** stood at 228 million euros in 2025, compared with the Operating Loss of 410 million euros in 2024. This year-on-year improvement is mainly due to the higher recognition of asset impairments in 2024 described above.

TELEFÓNICA MEXICO

Telefónica México's **total accesses** reached 21.7 million as of December 31, 2025 (-7.0% year-on-year).

Mobile accesses totaled 21.4 million customers, decreasing by 7.0% year-on-year, mainly due to fewer prepaid customers.

- **Contract** accesses grew by 3.6% year-on-year, reflecting the focus on high-value postpaid customers.
- **Prepaid** accesses fell by 8.3% year-on-year, resulting in a net loss of 1.6 million accesses.

Analysis of results

Mobile business revenues amounted to 1,127 million euros in 2025, decreasing by 12.4% year-on-year, negatively impacted by the foreign exchange rate effect combined with lower mobile handset revenues, lower B2C prepaid revenues, and lower B2B revenues. This decline was partially offset by higher B2C postpaid revenues.

EBITDA reached 128 million euros in 2025, representing a 13.8% increase. Excluding the impact of foreign exchange rates, EBITDA grew by 21.2%, driven by higher B2C postpaid revenues and cost efficiencies.

Depreciation and amortization amounted to 89 million euros in 2025, decreasing 14.1% year-on-year, mainly due to the effect of the exchange rate.

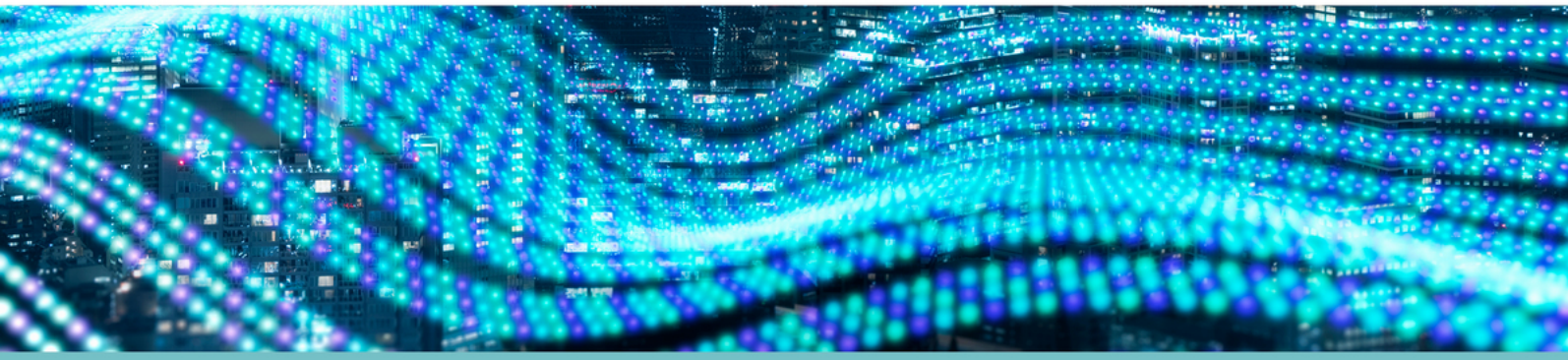
Operating Income reached 40 million euros in 2025, compared to the Operating Income of 10 million euros in 2024. This year-on-year improvement is primarily due to the cost savings described above.

TELXIUS

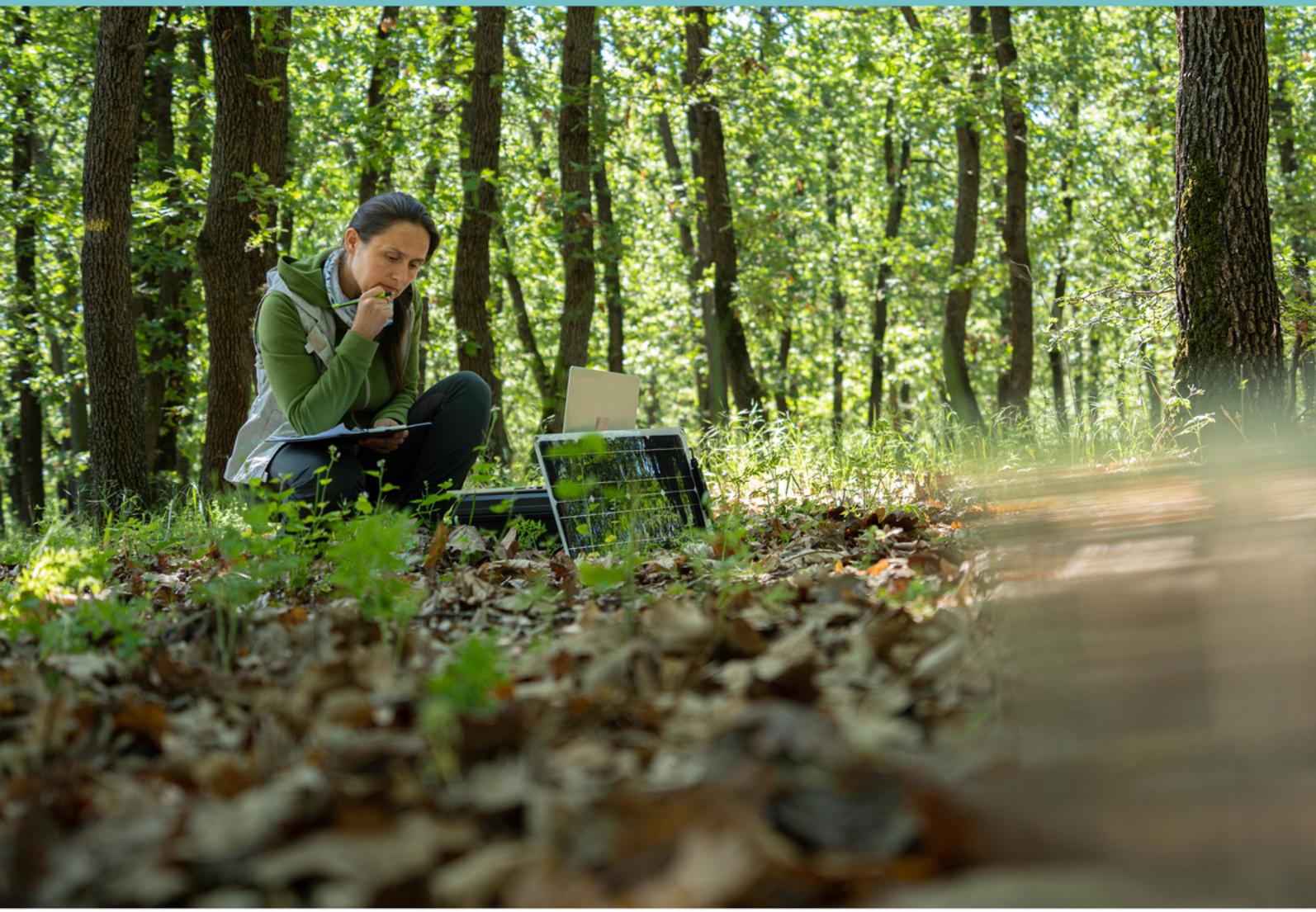
During 2025, Telxius— the Group's global telecommunications infrastructure subsidiary—secured contractual commitments exceeding 600 million USD. This performance was underpinned by the renewal of long-term agreements with Telefónica's operating companies, the sustained and robust demand from hyperscalers, and the continued expansion of colocation services, which provide high-availability, fully managed housing solutions for operators, carriers, and other strategic customers.

Traffic continued to grow at a double-digit pace in 2025 (+13% year-on-year). This strong performance, together with the ongoing execution of the company's cost-containment and transformation plan—aimed at delivering structural reductions in the cost base—enabled Telefónica Infra to maintain a solid level of profitability.

From a commercial perspective, Telxius broadened its Landing Services portfolio to accelerate the rollout of submarine cables across Europe and the Americas, providing fully personalised end-to-end support. The Company is also partnering with Google on the deployment of SOL, the new transatlantic submarine cable system connecting the United States and Spain, for which Telxius is delivering the required infrastructure for the cable landing in Santander (Spain).



2. Sustainability Report 2025



Sustainability Report

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2.4. Governance

2.5. Due diligence

2.6. Datapoints that derive from other EU legislation

2.7. Disclosure requirements addressed

Environmental information

2.8. European Taxonomy for sustainable activities

2.9. ESRS E1 - Climate change

2.10. ESRS E5 - Circular Economy

Social information

2.11. ESRS S1 - Own workforce

2.12. ESRS S2 - Workers in the value chain

2.13. ESRS S4 - Consumers and end-users

Governance information

2.14. ESRS G1 - Business conduct

Sustainability notes

2.15. Policies

2.16. Information required on non-material topics

2.17. Compliance table of Spanish Law 11/2018

General information

BP-1, BP-2

2.1. Basis for preparation

BP-1_01

Consolidated Statement of Non-Financial Information and Sustainability Information

Directive 2014/95/EU on non-financial and diversity information (the Non-Financial Reporting Directive, or NFRD) introduced the requirement to prepare a Non-Financial Information Statement (NFIS) in the Management Report. The NFRD was transposed into Spanish law through Law 11/2018 of 28 December, which established a greater scope than the NFRD.

Directive (EU) 2022/2464 on corporate sustainability reporting (the Corporate Sustainability Reporting Directive, or CSRD) replaces the NFRD, expanding its content and setting mandatory reporting standards: the European Sustainability Reporting Standards (ESRS). As stipulated in the CSRD itself, its transposition into the legal systems of each Member State should have been completed by 6 July 2024. However, as was the case when the 2024 Management Report was being prepared, the draft law transposing the CSRD in Spain was still pending parliamentary approval at the time of writing this Report. Therefore, Law 11/2018 has remained in force in Spain for the 2025 financial year. While the reporting requirements of the ESRS are more stringent than those of Law 11/2018, the latter requires the inclusion of certain breakdowns not covered by the ESRS, mainly in reference to to tax information and specific employment indicators. In turn, the ESRS establish certain transitional provisions.

Furthermore, in December 2025, the European Financial Reporting Advisory Group (EFRAG) issued its technical advice on the draft simplified ESRS within the framework of the European Commission's Omnibus 2025 initiative. These simplified ESRS are not yet applicable to 2025 sustainability reports.

In light of the above, Telefónica has voluntarily prepared this Consolidated Statement of Non-Financial Information and Sustainability Information (hereinafter, the Sustainability Report) for 2025 in compliance with both the CSRD and the ESRS, as well as Law 11/2018, as it did in 2024, so that the information is as comparable as possible with that published by other entities in the European Union.

The aim of the Sustainability Report is to provide a comprehensive overview of the significant environmental, social and governance aspects of the companies that comprise the Telefónica Group (hereinafter, Telefónica, the Company or the Group, interchangeably). To enable the Sustainability Report to be easily read and understood, it has been structured according to the order of the ESRS. The code provided by the EFRAG implementation guide IG3: List of ESRS Datapoints is indicated for each of the disclosure requirements and datapoints addressed.

ESRS 1 (sections 10.1 to 10.4) establishes a transitional regime. In this Sustainability Report, the Company has applied the following transitional provisions, provided they do not come into conflict with the requirements of Law 11/2018:

- 10.1 related to entity-specific information.
- 10.2 related to value chain information.
- 10.4 related to disclosure requirements that are phased-in.

BP-2_16, BP-2_17

Section 2.17. Information required by Spanish Law 11/2018, outlines the sections of this Report that address the contents of the aforementioned Law and breaks down the quantitative requirements not covered by the CSRD and the ESRS. The following reporting frameworks have been considered in the preparation of this additional information: CSRD - ESRS and the Global Reporting Initiative (GRI) Guide.

BP-1_02

Scope of consolidation

The Group is made up of Telefónica, S.A. (the parent company) and its controlled subsidiaries. This Report

uses the same scope of consolidation as the Financial Statements. Appendix I to the 2025 'Consolidated Financial Statements' provides a list of the main companies that comprise the Telefónica Group, along with their principal business activities, country of origin and percentage of effective ownership. The same Appendix also indicates the main changes in the scope of consolidation with respect to the comparative period.

Following the latest strategic review, which was presented in November 2025 (see section 2.2. Strategy and Business Model), Telefónica has revised its corporate vision and aims to consolidate its position as a world-class European operator, while maintaining a long-term, leading presence in Brazil. As part of its exit strategy from Hispanoamerica, in fiscal year 2025 the Group sold its stakes in Telefónica Móviles Argentina, Telefónica del Perú, Telefónica Móviles del Uruguay and Otecel, among other companies based in Hispanoamerica, and reached an agreement to sell all of its shares in Colombia Telecomunicaciones. In accordance with the provisions of International Financial Reporting Standard 5 — IFRS 5 —, the contribution of these companies to the Group's consolidated results and cash flows in 2025 and 2024 is shown as discontinued operations (see Notes 2 and 30 to the 2025 'Consolidated Financial Statements').

In addition, on February 10, 2026, Telefónica transferred 100% of the share capital of Telefónica Chile (see Note 31 to the 'Consolidated Financial Statements'). The signing and closing of the transaction took place simultaneously. Following the analysis carried out as of December 31, 2025 in accordance with IFRS 5 (see Note 3.m to the 'Consolidated Financial Statements'), Telefónica Chile was not classified as a disposal group held for sale as of that date.

In accordance with the applicable regulations, joint ventures (including VMED O2 UK) and associates over which the Group exercises significant influence (accounted for using the equity method in the 'Consolidated Financial Statements') are not included within the reporting scope of the Sustainability Report. Nevertheless, they have been considered, where relevant, within the Group's value chain and in the quantification of scope 3 emissions (under the category of Investments, see Section 2.9.4.3. GHG emissions). The main joint ventures and associates are disclosed in Note 10 to the 2025 'Consolidated Financial Statements'.

BP-1_03

In accordance with the provisions of Law 11/2018, the subsidiary companies of Telefónica, S.A. in Spain (see Appendix I of the 'Consolidated Financial Statements') are exempt from the obligation to prepare a Non-Financial Information Statement, as the information relating to those companies is included in this consolidated Sustainability Report.

BP-1_04

Scope of information regarding the value chain

For the purposes of this Report, and in accordance with ESRS 1 and Implementation Guide IG2 (published by EFRAG), the Company has defined its value chain as comprising upstream phases, own operations and downstream phases. A detailed description of the value chain is provided in section 2.2.3. How Telefónica creates value.

With regard to the disclosure requirements related to the value chain, the Company has applied the transitional provision 10.2 of ESRS 1, specifically in relation to the disclosure of parameters or metrics associated with upstream and downstream phases.

BP-1_05

Option to omit specific and sensitive information, and information relating to intellectual property, technical know-how and innovation outputs

In accordance with Section 7.7. of ESRS 1, Telefónica has, in certain cases, opted to omit specific and sensitive information, as well as information related to the Company's intellectual property, technical know-how and/or innovation outputs.

BP-2_01, BP-2_02

Time horizons

This Report uses the time horizons defined in section 6.4. of ESRS 1. In cases where different time horizons have been used — such as in ESRS E1 - Climate Change — the corresponding definitions have been included within the relevant chapter.

BP-2_03, BP-2_04, BP-2_05, BP-2_06

Value chain estimation

Information relating to scope 3 emissions is detailed in section 2.9.4.3. GHG emissions.

BP-2_07, BP-2_08, BP-2_09

Sources of estimation and outcome uncertainty

The calculation of greenhouse gas (GHG) emissions in Telefónica's value chain is subject to a certain degree of estimation uncertainty, which in this case arises from a combination of model uncertainty and parameter uncertainty.

The emissions factors used to prepare Telefónica's GHG inventory are taken from official sources and are specific to each emission source category; therefore, the uncertainty associated with these factors is low. Parameter uncertainty derives from a reliance on activity data external to the Company, for which no single or official sources or common methodologies exist. These

include the carbon footprint of key suppliers, kilometres travelled by employees for business purposes, the GHG emissions or energy consumption of investee companies, the power ratings of equipment installed in customers' properties, and the emissions associated with the use and manufacturing of mobile devices purchased and sold by Telefónica.

The data provided by suppliers regarding the emissions of their organisations, the power ratings of their routers or set-top boxes and the emissions associated with their mobile devices are deemed reliable, with preference given to publicly available information that has been validated by an independent third party. Nevertheless, even with such validations in place, third-parties source their data from their own internal systems, and Telefónica does not have access to all supporting evidence held by these organisations.

With regard to model uncertainty, when primary data are not available, emissions from suppliers or equipment (routers, set-top boxes and mobile devices) are estimated based on supplier data or equipment models for which data are available. In 2025, 62% of scope 3 emissions were calculated using primary data (61% in 2024). The inclusion of new scope 3 categories as a result of the significance analysis exercise or screening (see section 2.9.4.3. GHG emissions) carried out in 2025 has led to an increase in the number of data and sources of information to be considered for the calculation of emissions and, therefore, the recalculation of this percentage for 2024.

SBM-1, SBM-2

2.2. Strategy and business model

2.2.1. The Company

SBM-1_01, SBM-1_02

Corporate profile

Following the latest strategic review, Telefónica has revised its corporate vision to focus on becoming a world-class European Telco with profitable scale, dedicated to generating sustainable value across key markets. This vision comprises three key elements:

- World-class goals: the Company's ambition to achieve performance and efficiency standards comparable to those of the world leaders in the sector.
- European operator: this expresses the origin and responsibility of the Company, as well as its commitment to Europe's competitiveness and strategic autonomy. In addition, a position of leadership and enduring interest in Brazil is maintained.
- Profitable scale: Telefónica's strategic and operational decisions will be geared towards creating shareholder value.

The Telefónica Group operates in four main markets (all in the top 12 largest economies in the world, including Spain, Germany, the United Kingdom and Brazil), which represent a substantial opportunity. Together, these markets have a population of more than 400 million people. In total, they give Telefónica access to a telecommunications market valued at approximately 170 billion euros.

In these markets, Telefónica operates under various brands. These include Movistar, Vivo, O2, Telefónica Empresas/Tech (which target the corporate segment) and Virgin Media/O2 in the UK (through the joint venture with Liberty Global called VMED O2 UK).

Across its local operations, Telefónica serves a broad group of customers in the following segments:

- Residential (individuals and households).
- Corporate (SMEs, Companies, Multinationals, Public Administrations).
- Wholesale and other partners.

Telefónica offers a wide range of products and services based on state-of-the-art technologies. In addition to communication based on fibre and 5G networks, the Group provides digital services for residential customers – such as entertainment, home connectivity and security – and advanced solutions for businesses and public administrations, including cloud, cybersecurity, IoT, artificial intelligence and professional services. It also provides wholesale services to other operators and collaborates in various sectoral initiatives.

Main indicators

SBM-1_03

Number of employees by geographical area

Geography	2024	2025
Germany	8,793	8,817
Brazil	36,200	34,905
Spain	25,086	25,516
Rest	30,791	13,417
Group Total	**100,870**	**82,655**
Workforce for ongoing operations	78,248	77,252
Workforce for discontinued operations	22,622	5,403

SBM-1_06

In 2025 and 2024, the revenues from the continuing operations of the Telefónica Group reached 35,120 million euros and 35,671 million euros, respectively. In accordance with IFRS 5, 2024 revenues have been revised to present the results of Telefónica Móviles Argentina, Telefónica del Perú, Otecel, Telefónica

Móviles del Uruguay and Colombia Telecomunicaciones, among other companies of smaller scale based in Hispanoamerica, as discontinued operations (see the breakdown by segment in Note 4 to the 2025 'Consolidated Financial Statements').

2.2.2. Strategy

SBM-1_23

Mission and sustainability strategy

Telefónica's mission is to offer the best digital experience to all its customers, providing connectivity and advanced services tailored to their needs.

The Company is therefore committed to technological innovation and service excellence as key pillars to strengthen trust and support the digital development of individuals, businesses and public administrations.

In line with this mission, Telefónica incorporates the main sustainability aspects into its strategy, designing action plans to address the impacts, risks and opportunities identified through its double materiality process. These commitments are reflected in the Sustainability Plan (formerly known as the Responsible Business Plan), which constitutes the Company's sustainability strategy and is based on the following initiatives:

Transform the customer relationship

Telefónica is committed to delivering the best digital experience to its customers while driving sustainable growth.

To this end, it applies global customer-responsibility principles aimed at building distinctive experiences grounded in sustainable communication.

It also promotes digital inclusion in vulnerable environments by fostering accessibility and the responsible use of technology, and strengthens digital protection through cybersecurity services and data-protection measures to ensure safe and resilient environments.

In addition, the Company seeks to expand its range of products and services by capitalising on the opportunities offered by an ESG perspective. Among other measures, this approach includes the promotion of Eco Smart products, the encouragement of responsible design practices and the advancement of digital inclusion through the development of accessible solutions with a positive social impact. Through these initiatives, Telefónica aims not only to differentiate itself in the market but also to build stronger, more sustainable and longer-lasting relationships with its customers.

Transform the operating model

To generate greater returns on its investments and enhance its resilience, the Group is committed to decarbonising its operations and reducing energy consumption, by prioritising renewable sources and energy-efficiency practices.

In addition, it aims to promote circularity across its processes in order to explore new business models (such as the reuse of customer equipment or mobile devices) and drive efficiencies.

Likewise, the Company is working to integrate sustainability criteria into its financing activities, which is reflected mainly in the use of financial instruments that are linked to sustainability criteria (see Note 29.d to the 2025 'Consolidated Financial Statements').

Transform and commit to long-term value

With the aim of making sustainability a driver of value creation for Telefónica, the Company adopts management commitments that enable it, among other things, to position itself as a leader in key ESG ratings. To achieve this, Telefónica emphasizes the importance of promoting excellence in governance and transparency in reporting, supported by a strong ESG culture.

The Company also works to deliver various solutions and projects in this area, including the implementation of comprehensive due-diligence processes that foster sustainable management across its value chain, and a commitment to human talent through practices that prioritise employee well-being, enhance skills and promote diversity.

SBM-1_21, SBM-1_22

Telefónica's Sustainability Plan includes measures, monitoring indicators and targets for all its pillars. This Plan and the objectives it defines are corporate in scope, and therefore impact breakdowns of groups of products and services, customer categories, geographical areas and stakeholders of the Company.

The action plans or strategic measures, as well as specific targets, are described, together with their specific characteristics, in each of the chapters of this Report pertaining to each topic.

2.2.3. How Telefónica creates value

Telefónica has updated its mission as a telecommunications company: to 'Deliver the best digital experience to our customers'. This mission focuses on the customer as the central axis of the entire Company and on their expectations for a distinctive digital experience, from basic communication services to connectivity and beyond.

Telefónica operates an integrated telecommunications model across its main markets. The Company invests directly in the deployment and operation of networks and develops a wide range of connectivity-based products for end customers.

This business model allows Telefónica to position itself as a fully-rounded provider of telecommunications services, with an offer that is tailored to the changing needs of its customers and the technological demands of the market.

Business model

SBM-1_25

Network deployment, operation and maintenance

Strategically, Telefónica believes that telecommunications companies must maintain ownership over their essential and distinguishing assets.

As an integrated operator (with its own network), Telefónica invests in deployment and operates a telecommunications network that includes fixed and mobile network infrastructure, providing wide coverage and quality connectivity for residential and corporate customers. The Company deploys state-of-the-art technology, such as fibre optic networks and high-speed connections, to ensure access to ultra-broadband and meet the growing data demands of its customers.

To provide its service, the Company also invests in the acquisition of spectrum licences that allow it to operate its mobile networks on different frequencies. This includes complying with regulatory obligations to ensure the quality and continuity of services.

With the move towards virtualised, software-defined networks (SDN) and the opening up of APIs, Telefónica can quickly adapt to customer needs and enable personalised services. This facilitates integration of third-party services and increases operational flexibility.

Internally, *softwarisation* and the use of advanced artificial intelligence techniques allow automation of the main network processes to progress, increasing the degree of autonomy.

In this new network environment, operators become coordinators of numerous layers and services. Telefónica not only provides connectivity, but also integrates various services through centralised network management. This allows for real-time configuration and optimisation of network usage and, consequently, its energy consumption.

In certain market environments, the Company makes use of infrastructure sharing models with other operators, especially in areas of lower population density, thereby maximising capital efficiency and reducing environmental impact. Telefónica also explores innovative investment models, such as joint ventures or partnerships with infrastructure funds, to finance network deployment.

Development and bundling of products and services for customers

In most markets, Telefónica presents a convergent offer that combines fixed and mobile connectivity services, TV and digital services, designing packages that increase value for customers. In addition to offering fixed and mobile telephony, the Company provides high-speed Internet and quality mobile data services tailored to different needs (businesses, homes, etc).

Telefónica offers subscription television through IPTV and OTT services (on its own or third-party platforms), which allows access to content via both traditional devices and streaming. Local operators acquire broadcasting rights, develop their own content in some markets and collaborate with other content producers to offer exclusivity and additional value in their TV offerings.

In addition to connectivity, Telefónica develops its own digital products and collaborates with partners to offer third-party services in areas such as security, entertainment, education and energy.

In the corporate sphere, Telefónica offers integrated connectivity packages, cloud services and professional services supported by a network of alliances with leading technology companies.

Given its position in the sector's value chain and the needs for European strategic autonomy, there are opportunities for Telefónica to expand its participation in the cybersecurity, sovereign cloud and Artificial Intelligence sectors.

Finally, Telefónica has a wholesale offering that is mainly aimed at other operators, both in compliance with the regulations in force in each market and through commercial agreements.

Relationship with end customers and other stakeholders

Telefónica maintains a direct relationship with its end customers across all relevant touchpoints throughout the customer journey in order to ensure quality of service and increase satisfaction, measured in terms of Net Promoter Score or NPS. The NPS calculation procedure is detailed in:

2.13.3. Action plans, metrics and targets: C) Access to products and services - Satisfaction of consumers and users

To do this, Telefónica offers a range of different sales and after-sales service channels, including physical stores, the Internet and mobile applications, ensuring access and convenience for the end customer.

The Company uses data analytics and artificial intelligence to understand its customers' behaviour and segment them, enabling personalised offers that improve retention and satisfaction. Telefónica implements customer data protection and privacy measures through advanced cybersecurity tools and protection policies that comply with international standards. Regarding the use of artificial intelligence tools, Telefónica has made public its position on the need for an ethical use of technology, with the dual objective of mitigating risks, which builds trust, and promoting innovation.

Telefónica ensures accessibility for all potential customer segments through brands and offers that are adapted to the markets in which it operates. To this end, it expands the coverage of its networks and facilitates access to services for groups with diverse abilities, promoting their access to digitalisation.

The Company provides its connectivity and digital service customers with the most appropriate hardware devices for each service. At the end of the life cycle of these products, it rolls out initiatives for the reuse, recycling and safe removal of network or customer equipment.

SBM-1_26, SBM-1_27

Benefits for main stakeholders

In the performance of its activity, Telefónica generates value for its various stakeholders:

- For its customers, Telefónica provides state-of-the-art telecommunications services that are reliable, secure and adapted to the diverse consumption profiles of individuals, households and companies.
- For its employees, the Company maintains conditions that respect current legislation, a safe work environment and attractive compensation in the various markets in which it operates. Telefónica promotes the personal development and training of its employees within an environment that values a culture of diversity, collaboration and respect.
- Regarding its supply chain, Telefónica fosters an ecosystem of trust, collaboration and co-responsibility, ensuring compliance with its commercial obligations and promoting technological innovation throughout the value chain.
- For its investors, Telefónica focuses on achieving reliable, predictable and transparent financial results, maintaining its commitment to long-term sustainable shareholder remuneration.
- Within the current European context, Telefónica is a key player when it comes to promoting the continent's strategic autonomy, investing in communication infrastructure, technology and supporting innovation.
- Finally, the Company drives growth for the communities in which it operates, creating job opportunities and contributing to economic development and the sustainability of public institutions via taxes. As a communications service provider, it plays a key role in reducing the digital divide and bringing new technologies closer to society.

SBM-1_28

Value chain

Telefónica's value chain encompasses all the activities, resources and relationships involved throughout the life cycles of its production and services, from conception to delivery, use and end of life. It is made up of:

- Own operations.
- Supply, marketing and distribution channels, such as the supply of materials and services and the sale and delivery of products and services.
- The financial, geographical, geopolitical and regulatory environments in which the Company operates.

In practice, the value chain has been divided into:

- Upstream: activities, resources and commercial relationships (direct and indirect) that provide products or services used for the development and production of Telefónica's own activities, products or services.
- Own operations: activities of the companies that make up the Telefónica Group's scope of consolidation.
- Downstream: activities, resources and commercial relationships (direct and indirect) that are necessary for the marketing, use and end of life of Telefónica's products and services.

The following infographic illustrates the key stages, activities and actors that comprise Telefónica's value chain:

Details of the value chain

Actors: Suppliers

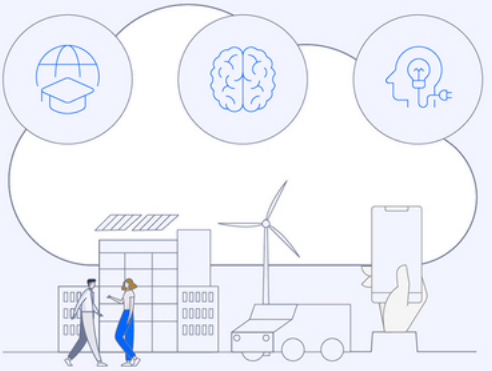
UPSTREAM

1

EXTRACTION, MANUFACTURING AND ASSEMBLY (TIER N)
- Raw material extraction
- Manufacturing and assembly of goods

PROCUREMENT (TIER 1)
- Assets for business development
- Services and works
- Rentals and infrastructure sharing
- Supplies

2



Actors: Employees

OWN OPERATIONS

3

RESEARCH AND DEVELOPMENT
- Development of new technologies

5

SUPPORT ACTIVITIES
- Management support activities

4

OPERATIONS
- Installation of customer and network infrastructure
- Network management, systems and cloud
- Production of audiovisual services

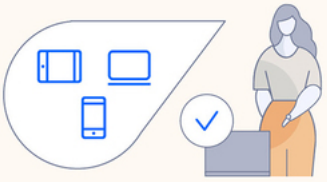
PRODUCTS AND SERVICES
- Communication services
- Sale and installation of devices
- Audiovisual services
- Digital and cloud services
- Other products & services

6

Actors: Suppliers, customers & waste managers

DOWNSTREAM

7



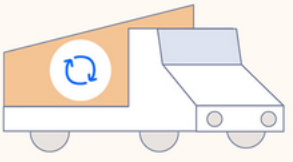
MARKETING
- Assisted-service channels
- Non-assisted channels
- Logistics and distribution
- Marketing and communication

8

USE
- Use of products and services

9

AFTER-SALES
- Customer service (in-person and remote)
- Technical support and repairs
- Reverse logistics
- Customer and internal waste management



Value chain activities

Upstream

1. Extraction, manufacturing and assembly (Tier N)
   - 1.1. Raw material extraction: obtaining the natural resources needed to manufacture equipment and components.
   - 1.2. Manufacturing and assembly of goods: production and assembly of electronic equipment, software and technological components.
2. Procurement (Tier 1)
   - 2.1. Assets for business development: includes the acquisition of the physical and digital equipment necessary to develop the Telefónica Group's business.
   - 2.2. Services and works: purchase of goods, services, works and licences necessary for operations.
   - 2.3. Rentals and infrastructure sharing: access to infrastructure through leases or usage agreements.
   - 2.4. Supplies: contracting and provision of basic services, such as energy suppliers.

Own operations

3. Research and development
   - 3.1. Development of new technologies: creation and improvement of the Group's technologies and services.
4. Operations
   - 4.1. Infrastructure installation: design, deployment, maintenance and dismantling of networks and equipment.
   - 4.2. Network, systems and cloud management: operation and continuity of networks, systems and cloud environments.
   - 4.3. Production of audiovisual services: creation and post-production of audiovisual content.
5. Support activities
   - 5.1. Management support activities (finance, human resources, logistics, marketing, administration).
6. Products and services
   - 6.1. Communication services, sale and installation of devices, audiovisual services, digital and cloud services, and other products and services offered by the Telefónica Group.

Downstream

7. Marketing
   - 7.1. Assisted-service channels: sales and customer service via physical, telephone and digital channels.
   - 7.2. Non-assisted channels: sales and customer service via online channels, websites and mobile applications.
   - 7.3. Logistics and distribution: storage and transport of equipment to points of sale or customers.
   - 7.4. Marketing and communication: commercial promotion, advertising, events and brand management.
8. Use of products and services
   - 8.1. Use of products and services: effective use of services and devices by the customer.
9. After-sales
   - 9.1. Customer service: incident, complaint and query management.
   - 9.2. Technical support and repairs: remote or on-site technical assistance for customers.
   - 9.3. Reverse logistics: collection and return of equipment from the customer.
   - 9.4. Customer and internal waste management: final treatment of own and customer waste.

Value chain actors

Telefónica's value chain includes actors (individuals or entities) involved in its own operations, as well as upstream and downstream, grouped into suppliers, employees, customers, waste managers and other business relationships:

- Suppliers: entities or individuals that provide products or services to the Company. They may perform activities upstream and downstream. Some examples are listed below:
  - Capital providers.
  - Goods providers.
  - Service providers.
  - Other telecommunications operators.
  - Contractors.
  - Other professional and technical services.

Additionally, suppliers at later levels (Tier N) with whom the Telefónica Group does not have a direct contractual relationship are also considered upstream actors of the value chain. For example, suppliers that extract raw materials, manufacture products or manage waste.

- Employees: workers who have an employment relationship with Telefónica. They participate in all activities related to the Company's own operations.
- Customers: companies, organisations or individuals that purchase the Company's products or services under a contractual relationship. They participate once the product or service has left the organisation and are essential for distribution, use and after-sales service activities, which are in the downstream phase of the value chain. Some examples are listed bellow:
  - Corporate and institutional customers (B2B): other telecommunications operators (may be located in earlier or later stages), retailers, other distributors (wholesale resellers), companies and public administrations, small and medium enterprises (SMEs) and self-employed workers.
  - Residential customers (B2C): households and individuals (natural persons) who, as consumers and end-users, contract and use connectivity and communications services for personal or household use.
- Waste managers: actors with no direct relationship to the Group who receive and manage the products sold by Telefónica at the end of their useful life, whether for recovery or disposal.
- Other commercial relationships: these include associates, joint ventures and other investments. They may form part of the upstream and downstream activities of Telefónica's value chain, for example as suppliers or customers. When these associates or joint ventures do not form part of the value chain as suppliers or customers, they are treated as investments.

Finally, the main distribution channels that form part of the value chain have also been considered, as their purpose is to connect the Company's operations with consumers and end-users.

In the products and services marketing stage, the following channels must be highlighted: stores, telephone customer services and digital platforms, as well as the distribution and logistics services needed to deliver the products and services. The after-sales stage contains the various customer service channels (in-person and remote), as well as technical support and the repair service.

2.2.4. Stakeholder management and relations

SBM-2_01, SBM-2_05

Telefónica manages its relationship with its interested parties and users of information (stakeholders) with the aim of generating mutual value, creating links that allow the Company's expectations to be aligned with those of its interest groups. This approach enables the building of trusting relationships, the identification of significant topics and the anticipation of sustainability trends, promoting the long-term durability of the Company.

SBM-2_04

Stakeholder management and relations strategy

The Company has a process for identifying and prioritising stakeholders throughout the value chain, using a methodology based on the influence and interest model.

As a result of this process, the following stakeholder groups have been identified:

Stakeholders	Definition
Analysts and investors	Shareholders, other investors and analysts who assess Telefónica's performance from different angles. Includes: individual shareholders, significant holdings and institutional investors (including those focused on ESG).
Competitors	Companies that offer products and services similar or related to Telefónica's. Includes: direct competitors, indirect competitors and new entrants.
Customers	Natural or legal persons who, by signing a contract with Telefónica, acquire the right to use its products and services. Includes: B2B customers and B2C customers.
Employees	Workers who have an employment relationship with Telefónica. Includes: professionals, executives and worker representatives.
Employees in the value chain	Staff who work for a direct or indirect Telefónica supplier company. Includes: employees of direct risk suppliers, employees of indirect risk suppliers and employees of risk-free direct and indirect suppliers.

Stakeholders	Definition
Government entities and regulators	Organisations responsible for corporate regulatory oversight in the area of telecommunications. Includes: national agencies, regional agencies, multilateral agencies, sectoral regulators, international and regional bodies, sectoral and business organisations, local and regional governments.
Asset managers and credit institutions	Financial institutions that provide capital or financing to Telefónica. Includes: credit institutions and lenders.
Environment	A silent stakeholder group consisting of ecosystems and natural resources (energy, water, minerals, etc.) on which Telefónica's activities may have an impact.
Suppliers	Entities or individuals that provide a product or service to the Company. Includes: direct risk suppliers, indirect risk suppliers and risk-free suppliers.
Insurance	Entities that protect the assets, income statement and balance sheet of the Company, and cover liability towards third parties and entities that protect Telefónica employees. Includes: financial insurance, life and health insurance, infrastructure insurance and liability insurance.
Society	Social groups influenced by Telefónica's activities. Includes: NGOs, academic and research institutions, the media, vulnerable groups, local communities, indigenous communities and the rest of society.

SBM-2_03

Telefónica establishes different forms of dialogue and engagement with its stakeholders. Although the Company collaborates with all groups, it designs different types of interaction based on each group's expectations and needs:

- For the primary groups (high influence and high interest), continuous and bidirectional communication is implemented, fostering their active participation and gathering their expectations in order to integrate them into strategic decisions and the definition of sustainability policies.
- For latent groups (high influence and low interest), timely strategic communication is maintained, promoting their awareness of relevant issues that may impact their interests without requiring their constant participation.
- For informed groups (low influence and high interest), regular communication is maintained through various channels and forms of interaction, so that they can understand how the Company's decisions may affect their interests.
- For monitored groups (low influence and low interest), communication is carried out on a timely basis, sufficient to keep them informed of those aspects they consider relevant to their decision-making.

Channels and forms of engagement with all stakeholders:

The Company uses the following general and specific channels and forms of engaging with its stakeholders:

- Consolidated Management Report.
- Results presentations.
- Responsible Business Queries Channel.
- Whistleblowing Channel.
- Prospectuses, mainly those that comply with legal requirements in some of the markets in which the Company's shares are traded.
- The policies of the Group, made publicly available on the Telefónica website.
- Publications and content on the global and local websites of Telefónica and its associated brands.
- Publications and content on social media: Facebook, Instagram, LinkedIn, TikTok, X, Twitch and YouTube.

SBM-2_02

Specific channels and forms of engagement with primary stakeholders

Specific channels and forms of engagement	Analysts and investors	Customers	Employees	Governmental entities and regulators	Asset managers and credit institutions	Environment	Suppliers	Society
Boards, committees, commissions or meetings Formal spaces in which representatives of different areas or stakeholders meet to discuss specific topics and make decisions	x	x	x	x	x	x	x	
Mailbox for stakeholder queries and services Space enabled for stakeholders to ask questions or express doubts about specific issues	x	x	x				x	
Formal surveys or consultations Structured tools used to gather opinions or specific data from stakeholders through previously defined questions	x	x	x	x			x	x
Newsletters Regular publications that inform stakeholders about news, progress or important issues	x	x	x	x		x	x	x
Specific social networks Digital platforms used to interact with stakeholders, share updates and receive comments			x	x				
Specific microsites or APPs Digital tools devoted to providing specific information or services to certain stakeholders, facilitating their engagement	x	x	x		x		x	x
Specific working groups Specific teams put together to work on particular projects or initiatives			x	x	x	x		x
Forums, seminars and conferences Events organised to foster discussion and the exchange of ideas about topics of common interest	x	x	x	x		x		x
Real-time technical support Service devoted to resolving technical issues or providing immediate assistance to users through online chat services, calls or other support platforms		x						
Analysis of studies and research Compilation and analysis of indirect information about the needs and expectations of silent stakeholders, allowing an understanding of behaviours and preferences without the need for direct interaction						x		

This classification includes both assisted-service channels and those which are unassisted or self-managed. In addition, each of the material standards details the communication channels applicable to each case.

This breakdown of the channels and forms of engagement allows the Company to identify which are best placed for identifying stakeholder expectations.

S1.SBM-2, S2.SBM-2, S4.SBM-2

Furthermore, to mitigate negative impacts — both actual and potential — related to human rights, all stakeholders, and in particular employees, value chain workers and customers, have access to the Whistleblowing Channel and the Responsible Business Queries Channel, as explained in phase 6 of Due diligence:

Phase 6. Remediation of adverse impacts

In 2025 Telefónica conducted an analysis of the channels and forms of engagement established for its main stakeholders in order to incorporate their expectations regarding the sustainability matters that may affect them.

MDR-T_11, SBM-2_06, MDR-P_05 SBM-2_07, SBM-2_08, SBM-2_09

Understanding the expectations and needs of stakeholders allows the Company to adapt its business model in order to strengthen key relationships and competitiveness in the market. These expectations and needs are also reflected in the Company's strategy, which incorporates the main sustainability aspects derived from the results of the double materiality process. Stakeholders are considered in each phase of this process as explained in the section:

2.3.1. Double materiality process

Therefore, any change in stakeholder expectations is reflected in Telefónica's strategy through existing action plans to manage the material impacts, risks and opportunities (IROs) identified.

Efforts to understand and manage stakeholder expectations also serve as a source of information when it comes to establishing, modifying and updating policies and procedures on issues that directly affect them and when it comes to setting targets to promote positive impacts, take advantage of opportunities and mitigate negative impacts or avoid risks.

This methodology allows management and strategic decisions to be aligned with the needs and expectations of primary stakeholders, such as employees, value chain workers and customers.

SBM-2_10, SBM-2_11

In 2026, as part of the continuous improvement process, listening and dialogue methodologies will be reviewed and adapted, if necessary, to promote the integration of stakeholder expectations into Telefónica's strategy and decision-making.

SBM-2_12

Furthermore, and in accordance with the provisions of the Regulations of the Board of Directors of Telefónica, S.A., one of the duties of the Sustainability and Regulation Committee is to manage stakeholders, specifically:

- To promote a proactive relationship strategy with stakeholders, with the purpose of defining the material issues affecting the Company from impact, risk and opportunity perspectives.
- To ensure that the corporate culture is aligned with the Company's purpose and values and to act transparently towards stakeholders.

In addition, the Global Sustainability (ESG) Department is the area responsible for annually reporting stakeholder opinions and interests regarding the Company's strategy and business model to the Sustainability and Regulation Committee.

Additionally, the Chair of the Sustainability and Regulation Committee reports the main matters dealt with at its respective sessions (including stakeholder interests and opinions) to the meetings of the Board of Directors, ensuring that the most significant sustainability matters are taken into consideration in the deliberations of the Board of Directors.

IRO-1, SBM-3

2.3. Materiality

2.3.1. Double materiality process

In 2025 Telefónica updated its double materiality process to reflect changes in the value chain, stakeholder expectations and the evolution of impacts, risks and opportunities during the reporting period.

SBM-3_03, IRO-1_13

This process helps to integrate material sustainability matters into Telefónica's strategy and decision-making, and ensures that Company policies, action plans, metrics and targets are aligned with its critical issues.

The double materiality process determines which sustainability standards and issues (topics, subtopics and sub-subtopics) are material for Telefónica and must be considered in the Sustainability Report.

SBM-3_11, IRO-1_15

This process is reviewed annually. The changes made to the IROs as a result of the 2025 review are limited and non-structural, with the topics identified in 2024 remaining unchanged. The variations are concentrated in the sub-subtopics of the standards S1 (Own workforce), S2 (Workers in the value chain) and S4 (Consumers and end-users), and can chiefly be explained by:

- Updates to the value chain scope based on changes to the scope of consolidation in 2025.
- A review of scales of impact in accordance with stakeholder perceptions.
- Adjustments to the impact materiality threshold.

The process comprises four stages: context analysis, identification and assessment of impacts, risks and opportunities (IROs), consolidation of the assessments and results, and, lastly, validation of the double materiality process.

2.3.1.1. Context analysis

The context analysis allows Telefónica to determine which topics must be taken into account when identifying and assessing impacts, risks and opportunities.

Updating the double materiality process starts with the list of topics, subtopics and sub-subtopics (sustainability issues) included in AR 16 of ESRS 1, together with those considered in the previous exercise. This forms the basis for an analysis of the sustainability environment — both internal and external — that may influence the organisation, which determines the issues to be included in the update of the IROs.

Details of the sources and stakeholders considered at this stage are explained below:

Internal sources

- Telefónica's value chain: activities, resources and relationships involved in the Company's business model and the external context in which it operates. It includes the products and services offered, geographies and analysis of the actors and the nature of the Group's commercial relationships throughout the value chain. In 2025 it was updated based on the Company's scope of consolidation. The process is detailed in the following section:
  2.2.3. How Telefónica creates value
- Telefónica's Materiality 2024.
- Telefónica's human rights and environmental due diligence process.
- Assessment of nature-related dependencies, impacts, risks and opportunities.
- Telefónica's business model and strategy.

- Risk management model based on the COSO ERM (Enterprise Risk Management) 2017 framework and Telefónica's risk map.
- Other environmental reports.

External sources

- Sustainability regulatory context: analysis of international and local standards in environmental, social and corporate governance matters.
- Industry peers: review of the materiality matrices of comparable companies in Telefónica's sector.
- Analysts and investors: expectations of the Company's investors and sustainability rating analysts such as MSCI, S&P and Sustainalytics.
- Sectoral reports: global, specific and emerging sustainability trends, challenges and risks.
- Sector standards: industry materiality according to SASB.

Stakeholders

The expectations of Telefónica's primary stakeholders are analysed through an examination of the various types of channels and forms of engagement in order to identify the priority issues and their degree of involvement in the double materiality process. The process of identifying, prioritising and engaging with stakeholders is outlined in the following section:

2.2.4. Stakeholder management and relations

In addition, consultations held with the different stakeholder groups (such as NGOs, public institutions, business partners and sector associations) as part of the due diligence process are included in the analysis. Interviews are also conducted with both internal and external stakeholders in order to assess the adverse impacts of Telefónica's activity on the environment and human rights throughout its value chain.

Among the topics addressed were those related to Digital inclusion, the Responsible use of new technologies, Child protection, Freedom of expression and Information, Privacy, Cybersecurity, Working conditions, Health and safety, Diversity and non-discrimination, Climate change, Circular economy, Biodiversity and Water resources.

The context analysis results in the determination and selection of the topics to consider when identifying and assessing IROs.

IRO-1_01, IRO-1_14

2.3.1.2. Identification and assessment of impacts, risks and opportunities

IRO-1_02

Identification of impacts

The positive and negative impacts represent the effect that Telefónica could have on the environment and people as a result of its strategy, business model or value chain.

The update takes the list of the impacts (both material and non-material) identified the previous year as a reference, and then follows the process below:

- Revision and update of existing impacts, based on an assessment of human rights and environmental impacts, an analysis of the due diligence process and the Socio-economic Contribution Report.
- Identification of new impacts relevant to the current financial year.
- Elimination of impacts not applicable in this review.
- Update of the assessments associated with each impact.
- Final validation of the revised information.

For the identification of impacts, the following is considered:

IRO-1_03, IRO-1_04, IRO-1_05

- Whether these impacts occur as part of the Company's own operations or as a result of its business relationships. To determine this, account is taken of the activities within the value chain that generate impacts, the actors involved and the specific geographies for impacts with a local scope.
- Stakeholders who may be affected by these impacts.

IRO-1_14

The positive impacts are updated according to Telefónica's latest Socio-economic Contribution Report. This report quantifies Telefónica's contribution to society and the environment, and is based on an assessment of the economic, social and environmental impact of the Group's activities and operations.

The monetary value of the impacts is measured and quantified using guidance from the following organisations:

- The Harvard Business School (HBS).
- The Value Balancing Alliance (VBA).

- The World Business Council for Sustainable Development (WBCSD).
- The Capitals Coalition.

The Capitals Coalition, in collaboration with the VBA and the WBCSD, has published a report titled General Guidance on Applying the Natural Capital Management Accounting Methodology, which outlines the impact measurement process.

Impact assessment

IRO-1_06

Once the positive and negative impacts have been identified, the assessments are updated according to the following variables:

Potential positive impacts	If there is an economic valuation: • MAGNITUDE (Economic valuation + Scope + Scale) • PROBABILITY (Likelihood of impact x Time horizon) If there is no economic valuation: • MAGNITUDE (Scope + Scale) • PROBABILITY (Likelihood of impact x Time horizon)
Actual positive impacts	If there is an economic valuation: • MAGNITUDE (Economic valuation + Scope + Scale) If there is no economic valuation: • MAGNITUDE (Scope + Scale)

Potential negative impacts	• SEVERITY (Scope + Scale + Remediability), • PROBABILITY (Likelihood of impact x Time horizon) In the event that the impact affects human rights, a greater weight is assigned to the severity so that it prevails over probability
Actual negative impacts	• SEVERITY (Scope + Scale + Remediability)

Definition of the variables considered in the assessment

The magnitude comprises the scale, scope and, where applicable, economic valuation. The probability is calculated by measuring the likelihood of impact multiplied by the time horizon of the potential impact.

- Scale: measures the size of the impact based on the level of importance that each affected stakeholder assigns to it. The scale is derived from the consultations and studies carried out through the various engagement channels established by the Company to gather their views. Perceptions are collected on the basis of the gross impact, capturing the importance attributed by stakeholders without taking into account any mitigation or remediation measures implemented by the Company, in order to avoid induced bias and preserve the independence of their assessments.
- Economic valuation: for positive impacts only. This corresponds to the economic impact on the people and resources affected.
- Scope: extent of the impact (global, regional, national, local or specific).
- Irremediable character: for negative impacts only. This assesses the degree of difficulty involved in counteracting or correcting the damage caused. To take a preventive approach to assessing highly severe negative impacts, irremediable character is given less weight than scale and scope, prioritising the prevention of highly severe and far-reaching impacts over ease of post-mitigation.
- Impact probability: likelihood of the impact occurring. Qualitative information is used to assess and justify this variable.
- Time horizon: when the impact is most likely to materialise (short-, medium- and long-term).

IRO-1_07, IRO-1_08

Identification of risks and opportunities

The risks and opportunities stem from external sustainability events or conditions that could cause a negative effect, for risks, or a positive effect, for opportunities, for Telefónica's economic value.

As with impacts, identification includes the value chain activities in which they are generated or could be generated, as well as the actors that may be involved in the risks and opportunities.

Risks

IRO-1_10

Given the nature of the business and its sustainability context, Telefónica is exposed to various types of ESG (environmental, social and governance) risks. The risk management process takes the Company's strategy and targets as a reference point for identifying the main risks that could affect their achievement. The process includes sustainability-linked risks and aims to analyse, control and prevent potential business repercussions.

ESG risks are part of Telefónica's Enterprise Risk Management (ERM) model, just like all other financial, business, operational, legal and compliance risks. They are also identified, assessed and managed as part of the Telefónica Group's overall risk management process.

The identification of risks within the double materiality process has been updated taking into account those derived from a negative impact, those with dependence on human or environmental resources and reputational risks.

IRO-1_14
Telefónica's Global Risk Management Model (ERM) is the main source of information.

IRO-1_12
Based on the risk management exercise, which the Company performs regularly, an analysis of the risks reported by the Group's companies and their relationship with the topics of the European Sustainability Reporting Standards (ESRS) is carried out. The results are shared with the global management areas, which use them to support the identification and assessment of risks within the double materiality process.

Therefore, the identification and assessment of risks associated with negative impacts on society and the environment are based on the available information from the Company risk map.

IRO-1_07
Opportunities
To identify opportunities, the Group connects each of the associated topics of the standards to its Strategic Plan, allowing it to define rationales and performance indicators with different opportunity scenarios.

Assessment of risks and opportunities
The risk assessment takes into account the parameters used in Telefónica's global risk process.

The opportunity assessment uses a proprietary methodology developed by Telefónica's strategy team. Under this methodology, a benchmark monetary performance indicator is defined and different scenarios are proposed to estimate the economic value of the opportunity. Various Telefónica reports such as the Climate Action Plan (CAP), the Strategic Plan and Telefónica's sustainable financing information are used as sources for the assessment (see Note 29. Other information - d) Environmental and climate change matters). For further information about these plans see the following sections:

2.2.2. Strategy
2.9.2. Strategy - Climate Action Plan (CAP)

IRO-1_09
The metrics used in the assessment followed the below framework:

Financial materiality	**Risks**	POTENTIAL MAGNITUDE x PROBABILITY (Likelihood of occurrence x Time horizon) When the risk is reputational: CURRENT REPUTATIONAL MAGNITUDE x PROBABILITY (Likelihood of occurrence x Time horizon)
	Opportunities	POTENTIAL MAGNITUDE x PROBABILITY (Likelihood of occurrence x Time horizon)

Definition of the variables considered in the assessment
- Potential magnitude: the potential impact the risk could have in financial terms. For risks, the parameters recorded in the ERM were used, while for opportunities, a benchmark performance indicator is chosen to calculate the magnitude of the opportunity for different scenarios.
- Reputational magnitude: considered for risks only. This is assessed on a scale of 1 to 5 depending on the level of exposure to the identified risk. The level of exposure is a combination of the sustainability risk together with the risk/country exposure and the Company's sector.
- Probability of the risk or opportunity: likelihood of the risk or opportunity occurring, assessed using qualitative information.
- Time horizon: when the risk is most likely to materialise (short-, medium- and long-term).

IRO-2_13
2.3.1.3. Consolidation and results of the double materiality process

Following the update of the IROs linked to the topics, subtopics and sub-subtopics that are potentially material for Telefónica, all the identifications and assessments are consolidated to facilitate a joint analysis of the data obtained. This approach allows for a comprehensive overview of all the IROs to avoid inconsistencies between the data. This allows the Company to ensure that no significant information is omitted.

Furthermore, the assessments are standardised in order to:

- Ensure data comparability.
- Avoid underestimating negative impacts or risks and overvaluing positive impacts or opportunities.

Lastly, after analysis and standardisation, the threshold for impact and financial materiality is determined. For impact materiality, priorities have been set based on the principles of precaution, responsibility and human rights. For the financial materiality risks and opportunities, the threshold has been set at 2 on a scale of 1 to 5.

Following this process, the topical standards (ESRS) and material sustainability matters for the Group are detailed below:

Topical ESRS and material sustainability matters for Telefónica

ESRS E1 - Climate change

- **Climate change adaptation**
- **Climate change mitigation**
- **Energy**

ESRS E5 - Resource use and circular economy

- **Resource inputs, including resource use**
- **Resource outflows related to products and services**
- **Waste**

ESRS S1 – Own workforce

- **Working conditions**
  - Secure employment
  - Working time
  - Adequate wages
  - Social dialogue
  - Work-life balance
  - Health and safety
- **Equal treatment and opportunities for all**
  - Training and skills development
  - Gender equality and equal pay for work of equal value
  - Diversity
- **Other work-related rights**
  - Privacy

ESRS S2 – Workers in the value chain

- **Working conditions**
  - Secure employment
  - Working time
  - Adequate wages
  - Freedom of association
  - Collective bargaining
  - Health and safety
- **Other work-related rights**
  - Child labour
  - Forced labour
  - Privacy

ESRS S4 – Consumers and end-users

- **Impacts related to information for consumers or end-users**
  - Privacy
- **Personal safety of consumers and/or end-users**
  - Protection of children
- **Social inclusion of consumers or end-users**
  - Access to products and services

ESRS G1 – Business conduct

- **Corporate culture**
- **Management of relationships with suppliers**
- **Corruption and bribery**
  - Prevention and detection, including training
  - Incidents
- **Network and data security**[1]
  - Cybersecurity
  - Operational security

SBM-3_12, SBM-3_03

The IROs that are material for the Company, as well as their current and anticipated effects, are listed in each of the material standards. Information is included about where they occur within the value chain, the specific activities and the time horizon of the impacts. These standards also specify how the Company has responded to these IROs through action plans, objectives and associated metrics. A specific subtopic has been identified: 'Network and data security', included in chapter G1 - Business conduct.

SBM-3_10

Resilience of the business model

Telefónica operates in a rapidly changing social, political, economic and business environment. It must constantly adapt to technological and regulatory changes as well as evolving customer preferences. To this end, Telefónica annually reviews its business strategy and updates it, normally, in the medium term. This period can change depending on different circumstances in Telefónica's context. The Group has mechanisms to:

- Maintain the necessary flexibility to address potential strategic risks that cannot be directly controlled (e.g. the macroeconomic or geopolitical environment).
- Identify, control and mitigate operational and business risks, ensuring the resilience of its business model (e.g. cybersecurity or regulatory, technological or competitive environments).
- Capitalise on the new business opportunities arising from changes in demand and technological advances (e.g. the development of new services or business models).

Within this volatile and changing environment, Telefónica has a comprehensive risk management model based on

[1] Topic included by Telefónica.

the COSO ERM framework that covers strategic and operational risks. The risk management process involves the entire Company, with the Audit and Control Committee responsible for overseeing the risk model. For further information about the tasks of the administrative, management and supervisory bodies, see:

2.4.1. The role of the administrative, management and supervisory bodies - Operation of the administrative, management and supervisory bodies

2.3.2. Linking material impacts with the strategy and business model

SBM-3_05

The impacts are identified and assessed based on their connection with Telefónica's strategy and business model, details of which are provided in the section:

2.2. Strategy and business model

This relationship helps to understand how material impacts influence the Company's operations, value proposition and ability to achieve strategic targets.

The IRO tables for material standards detail the impacts associated with the business model (network deployment, operation and maintenance; development and bundling of products and services; relationship with customers and other stakeholders) and strategy (transform the customer relationship; transform the operating model; transform and commit to long-term value). Below is a description of how these impacts are connected:

	Business model	Strategy
Climate change	Network deployment, operation and maintenance: Telefónica's business model is built on providing continuous connectivity through networks and infrastructure that consume energy.	Transform the customer relationship: The Company develops products and services that help reduce its customers' emissions. Transform the operating model: The Group prioritises renewable energy sources and implements energy efficiency initiatives.
Circular economy	No material impacts linked to the business model have been identified.	Transform the operating model: The Group promotes circularity to optimise the use of resources and its environmental impact.
Own workforce	Network deployment, operation and maintenance; Development and bundling of products and services; Relationship with customers and other stakeholders: The Company must adapt to changing environments and requires a large in-house workforce with diverse backgrounds, training and experience, who need to work in stable and safe environments.	Transform and commit to long-term value: The Group develops practices that prioritise employee well-being, enhance their capabilities and skills and promote diversity, work-life balance and social dialogue.
Workers in the value chain	Network deployment, operation and maintenance; Development and bundling of products and services; Relationship with customers and other stakeholders: Telefónica's activity requires a global network of suppliers and franchisees, each with its own workforce, operating under different regulatory frameworks.	No material impacts linked to the strategy have been identified.
Consumers and end-users	Network deployment, operation and maintenance; Development and bundling of products and services: Telefónica's network and infrastructure deployment and product and service portfolio aim to meet the needs of the majority of the population. To this end, it offers accessible, affordable connectivity services to promote digital inclusion. Relationship with customers and other stakeholders: Telefónica develops long-term relationships with customers and users based on trust, with a special emphasis on privacy, data protection and the responsible use of digital content.	Transform the customer relationship: Telefónica is strengthening customer data protection with value-added security services. It also supports the entrepreneurial ecosystem by investing in innovation and business incubators. Transform the operating model: The Group promotes innovative solutions that improve productivity and efficiency, while also fostering socio-economic growth.
Business conduct	Network deployment, operation and maintenance; Development and bundling of products and services; Relationship with customers and other stakeholders: The Group's business model requires high security standards, which are integrated from the design stage of networks and services. Its dependence on a global network of suppliers makes it necessary to implement sustainability criteria.	Transform and commit to long-term value: The Group promotes corporate culture initiatives to avoid unethical practices that may affect stakeholders and potential negative impacts on its supplier network.

2.3.3. Current financial effects of material risks and opportunities

SBM-3_08

The current significant financial effects of the material risks and opportunities for the Company that were recorded in 2025 are detailed in each of the corresponding standards, in the sections detailing the action plans.

- Climate change: financial effects of climate risks and opportunities. See section:
  2.9.3.2. Action plans
- Circular economy: financial effects of circular economy risks and opportunities. See section:
  2.10.1.2. Action Plans
- Consumers and end-users: section A) Privacy - Metrics and financial effects and section C) Access to products and services - Resources and financial effects related to the deployment of connectivity. See section:
  2.13.3. Action plans, metrics and targets

2.3.4. Decision-making process and internal control

IRO-1_11

Decision-making in the materiality process is based on a governance model that enables strategic oversight and coordinated operational management. The Sustainability and Regulation Committee monitors impacts, risks and opportunities (IROs) and validates the related strategy and policies. The Sustainability area coordinates the process, consolidates information, defines thresholds and presents results. Meanwhile, the sustainability management areas contribute their technical knowledge in order to identify, evaluate and manage IROs, ensuring data quality and consistency. This collaborative framework allows for informed, consistent decisions that are aligned with the Telefónica Group's sustainability commitments.

Telefónica reinforces its Internal Control System for Sustainability Reporting (ICSR) in accordance with the international internal control standards established by COSO (the Committee of Sponsoring Organizations of the Treadway Commission), see section:
2.4.4. Internal control over sustainability reporting

2.3.5. Disclosure requirements covered in this Report

IRO-2_01, IRO-2_02

The disclosure requirements covered in the Sustainability Report, determined as a result of the double materiality process, as well as the datapoints in other EU legislation, are set out in:
2.6. Datapoints that derive from other EU legislation
2.7. Disclosure requirements addressed

2.4. Governance

Telefónica has a Corporate Governance System that sets out the processes, controls and governance procedures for managing and monitoring sustainability matters. In this regard, the Company has a code of ethics and conduct called the Responsible Business Principles, which constitute, as a whole, its sustainability policy and serve as the basis for acting and making decisions with integrity, commitment and transparency (see section 2.14.3. Corporate culture).

In relation to sustainability matters, Telefónica aspires to play a major role in the communities in which it is present, internalising the impacts of its activities on society and the environment in its strategy and the way it operates. Its aim is to provide the best digital experience to its customers, offering connectivity and advanced services tailored to their needs; this entails helping to generate a positive impact through its products and services and taking great care to minimise any negative impact that its activities may cause. Ultimately, it is about being an ethical and responsible company, whose strategy and governance reflect that goal.

Sustainability management at the Company is a cross-cutting exercise, in which the main administrative, management and supervisory bodies, and the areas involved in sustainability (local and corporate) at the Telefónica Group are joint participants.

GOV-1

2.4.1. The role of the administrative, management and supervisory bodies

Composition of the Board of Directors and its Committees

At 31 December 2025, the Board of Directors of Telefónica, S.A. was made up of 15 Directors (14 at 31 December 2024).

At that date the Board of Directors had an Executive Commission and three advisory or supervisory Committees: the Audit and Control Committee, the Nominating, Compensation and Corporate Governance Committee and the Sustainability and Regulation Committee.

The composition of the Board of Directors of Telefónica, S.A. was as follows:

Board of Directors

Name	Post	Type
Mr. Marc Thomas Murtra Millar	Chairman	Executive
Mr. Isidro Fainé Casas	Vice-Chairman	Proprietary
Mr. José María Abril Pérez	Vice-Chairman	Proprietary
Mr. Carlos Ocaña Orbis	Vice-Chairman	Proprietary
Mr. Emilio Gayo Rodríguez	Chief Operating Officer (C.O.O.)	Executive
Mr. Peter Löscher	Member	Lead Independent
Mr. Olayan M. Alwetaid	Member	Proprietary
Ms. María Luisa García Blanco	Member	Independent
Ms. Anna Martínez Balañá	Member	Independent
Mr. César Mascaraque Alonso	Member	Independent
Ms. Mónica Rey Amado	Member	Independent
Mr. Alejandro Reynal Ample	Member	Independent
Ms. Ana María Sala Andrés	Member	Independent
Ms. Claudia Sender Ramírez	Member	Independent
Ms. Solange Sobral Targa	Member	Independent

GOV-1_01, GOV-1_02, GOV-1_07

At 31 December 2025, the composition of the Board of Directors, by category, was as follows:

Composition of the Board by category

	N.		%	
	2024	2025	2024	2025
Executive Directors	2	2	14%	13%
Non-executive Directors	12	13	86%	87%
Proprietary Directors	3	4	21%	27%
Independent Directors	8	9	57%	60%
Other external Directors	1	0	7%	0

GOV-1_03

Telefónica's employees do not currently have a representative on the administrative, management and supervisory bodies of the Company.

The composition of the Committees of the Board of Directors of Telefónica, S.A, at 31 December 2025, is shown below:

Executive Commission

Name	Post
Mr. Marc Thomas Murtra Millar	Chairman
Mr. Isidro Fainé Casas	Vice-Chairman
Mr. José María Abril Pérez	Vice-Chairman
Mr. Carlos Ocaña Orbis	Vice-Chairman
Mr. Emilio Gayo Rodríguez	Chief Operating Officer (C.O.O.)
Mr. Peter Löscher	Member
Ms. María Luisa García Blanco	Member
Mr. César Mascarque Alonso	Member
Ms. Claudia Sender Ramírez	Member

Audit and Control Committee

Name	Post
Ms. María Luisa García Blanco	Chairman
Mr. Peter Löscher	Member
Mr. Carlos Ocaña Orbis	Member
Mr. Alejandro Reynal Ample	Member

Nominating, Compensation and Corporate Governance Committee

Name	Post
Mr. Peter Löscher	Chairman
Ms. María Luisa García Blanco	Member
Mr. César Mascaraque Alonso	Member
Mr. Carlos Ocaña Orbis	Member
Ms. Ana María Sala Andrés	Member

Sustainability and Regulation Committee

Name	Post
Ms. Ana María Sala Andrés	Chairman
Mr. José María Abril Pérez	Member
Ms. Mónica Rey Amado	Member
Ms. Solange Sobral Targa	Member

Diversity of Telefónica's Board of Directors

GOV-1_05, GOV-1_06

The Board of Directors is characterised by the diverse composition of its Board members in terms of gender, age, nationality, international experience, expertise and professional skills.

The diversity of the members of the Board of Directors and the Committees in terms of gender, age range and nationality is shown below:

Diversity in terms of gender

	Gender				Gender diversity ratio*	
	Men (%)		Women (%)			
	2024	2025	2024	2025	2024	2025
Board of Directors	64%	60%	36%	40%	0.56	0.67
Executive Commission	88%	78%	13%	22%	0.14	0.28
Audit and Control Committee	50%	75%	50%	25%	1.00	0.33
Nominating, Compensation and Corporate Governance Committee	50%	60%	50%	40%	1.00	0.67
Sustainability and Regulation Committee	40%	25%	60%	75%	1.50	3.00

*The total average gender diversity of the Board of Directors is calculated as an average proportion of the number of women who are members of the Board compared to the number of men.

Diversity in terms of age range

	Over 50 (%)		30 to 50 (%)		Under 30 (%)	
	2024	2025	2024	2025	2024	2025
Board of Directors	79%	80%	21%	20%	—	—
Executive Commission	75%	89%	25%	11%	—	—
Audit and Control Committee	75%	75%	25%	25%	—	—
Nominating, Compensation and Corporate Governance Committee	75%	80%	25%	20%	—	—
Sustainability and Regulation Committee	100%	100%	—	—	—	—

Diversity in terms of nationality

	Spanish (%)		Brazilian (%)		Austrian (%)		Saudi (%)	
	2024	2025	2024	2025	2024	2025	2024	2025
Board of Directors	79%	73%	14%	13%	7%	7%	–	7%
Executive Commission	75%	78%	13%	11%	13%	11%	–	–
Audit and Control Committee	75%	75%	–	–	25%	25%	–	–
Nominating, Compensation and Corporate Governance Committee	75%	80%	–	–	25%	20%	–	–
Sustainability and Regulation Committee	80%	75%	20%	25%	–	–	–	–

GOV-1_04

Furthermore, the members of the Board of Directors of Telefónica, S.A., collectively possess knowledge and professional experience in various subjects, areas and sectors related to the Telefónica Group. Likewise, the Board Members collectively possess international experience in the countries and regions in which Telefónica is present.

Operation of the administrative, management and supervisory bodies

The Board of Directors of Telefónica, S.A. is the highest management and representative body of the Company. It is therefore authorised to carry out, within the scope of the corporate purpose established in the Company's By-Laws, any acts or legal transactions of administration and disposition of property, upon any legal title, except for those acts or transactions which are reserved by law or by the By-Laws to the exclusive competence of the General Shareholders' Meeting.

The Board of Directors is basically configured as a supervising and controlling body, with the day-to-day management of the Company's affairs being entrusted to the management decision-making bodies and the management team.

Both the By-Laws and the Regulations of the Board provide for the existence of an Executive Committee of the Board of Directors with general decision-making powers and, therefore, with an express delegation of all powers of the Board of Directors (other than those that may not be delegated under the law or the By-Laws), as well as for the existence of an Audit and Control Committee and a Nominating, Compensation and Corporate Governance Committee.

In addition, the Regulations of the Board empower the Board of Directors to establish one or more advisory or monitoring Committees, in addition to those mentioned above, entrusted with the examination and permanent monitoring of any area that is particularly relevant to the proper governance of the Company or to the specific review of some aspect or issue for which the significance or degree of importance makes this appropriate, as is the case of the Sustainability and Regulation Committee.

These Committees report to the Board of Directors regarding the conclusions reached on the issues or matters that they have been entrusted to review.

GOV-1_08, GOV-1_09

In accordance with Article 5 of the Regulations of the Board of Directors, the Board of Directors is the body responsible for determining the general policies and strategies of the Company.

The Board of Directors is responsible, in particular and among other issues, for approving the Strategic Plan and management goals, determining the Risk Management Policy, which includes tax risks, and supervising the internal reporting and control policies.

It is also the body that approves the Group's Responsible Business Principles and is informed of the implementation of the Sustainability Plan, which make

up, respectively, the ethical framework and the roadmap for sustainability, as stated earlier. It is also responsible for approving all the relevant policies and regulations on this subject. See section:

2.15. Policies

The Sustainability and Regulation Committee conducts monitoring, among other aspects, of the implementation of the Sustainability Plan at its monthly meetings. Additionally, it performs permanent monitoring of the main sustainability matters: it receives reports on the double materiality results and the impacts, risks and opportunities identified, and it supervises the strategies, policies and impact analyses linked to the responsible business strategy, both from a business perspective and from the perspective of the impact on society, and in particular human rights and the environment, as well as the legal modifications, recommendations and best business practices.

Also, the two other Committees that serve as instruments of the Board also play a significant role in terms of sustainability, in the following respects:

- The Audit and Control Committee supervises and assesses the process of preparing, submitting and ensuring the integrity of financial and sustainability information, and supervises the effectiveness of the internal control and risk management, which includes management of sustainability risks.
- The Nominating, Compensation and Corporate Governance Committee supervises the variable remuneration systems of the Directors and senior executive officers, which comprise, among other aspects, targets linked to sustainability.

The functions of the Sustainability and Regulation Committee therefore include:

- Reporting to the Audit and Control Committee on sustainability risks and the process of preparing, presenting and ensuring the integrity of sustainability information.
- Informing the Nominating, Compensation and Corporate Governance Committee about the sustainability-related indicators of the Directors' and senior executive officers' variable remuneration systems, in order to facilitate their greater contribution to the Company's sustainability strategy and long-term interests.

Additionally, the Regulations of the Board of Directors of the Company stipulate that the primary function of the Audit and Control Committee is to support the Board of Directors in its supervisory duties, which include the following sustainability-related powers and duties:

- Supervise the efficiency of the systems for the control and management of financial and non-financial risks relating to the Company and the Group, including operational, technological, legal, social, environmental, political, reputational and corruption-related risks.
- Supervise the risk control and management unit, which shall perform the following duties:
  - Ensure the successful operation of the risk control and management systems, and particularly ensure that all material risks affecting the Company are properly identified, managed and quantified.
  - Actively participate in preparing the risk strategy and in important decisions regarding the management thereof.
  - Endeavour to ensure that the risk control and management systems successfully mitigate risks within the framework of the policy determined by the Board of Directors.

GOV-1_10, GOV-1_11, GOV-1_12, GOV-1_13

At management level, and as an antechamber to the Board of Directors and its Committees, Telefónica has an Executive Committee which periodically brings together the key individuals responsible for the management of the Company.

This Committee was made up of the Executive Chairman, the Chief Operating Officer, the main individuals responsible for the corporate areas of Corporate Affairs and Sustainability, Finance, Strategy, People, Technology and General Secretariat, as well as the principal figures responsible for the local business units.

Its multi-disciplinary composition makes it possible to address the various issues with a cross-cutting and business-based vision. As regards sustainability, these issues include: the monitoring of the Climate Action Plan as a core component of the Sustainability Plan in climate-related matters, as well as the review of key sustainability indicators.

Additionally, the Internal Audit area carries out the following control functions, reporting directly to the Audit and Control Committee:

- Prepare and communicate to the Audit and Control Committee the Internal Audit plan related to sustainability issues concerning the reporting aspects of sustainability information.
- Establish and maintain a program of systematic audits of source data and the sustainability reporting process, in accordance with the audit plan.
- Review the conceptual definition and implementation of internal control structures for sustainability information, in accordance with the audit plan and applicable standards.

- Promote the internal control culture with the management areas responsible for the key data required for reporting sustainability information.
- Prepare communications and presentations for the Audit and Control Committee.

Telefónica's Compliance Department is the area responsible for regularly reporting, through the Chief Compliance Officer, to the Company's Board of Directors and Audit and Control Committee on the main aspects of the Telefónica Group's compliance program. See section:

2.14.4. Compliance

GOV-1_14

As previously mentioned, the Board of Directors is responsible for approving both the Group's Responsible Business Principles and Sustainability Plan.

In addition, the Committees of the Board of Directors support the Board in its task of supervising sustainability management.

In this respect, the Board of Directors and its Committees regularly assess the Group's performance in sustainability-related areas. This is done, on the one hand, through the Sustainability and Regulation Committee's supervision of the implementation of the Sustainability Plan at its monthly meetings, and on the other, through regular participation in the sessions of the areas of the Company that manage sustainability, which are those that take on the implementation of the targets of the Sustainability Plan and generate and manage quantitative or qualitative indicators of this type, as they fall under their responsibility.

Lastly, and given the importance of this issue for the Group, some of the most significant targets of the Sustainability Plan form part of the objectives set to determine the variable remuneration of its employees (see below 2.4.3. Integration of sustainability-related performance into incentive systems).

The expertise and skills of the administrative, management and supervisory bodies on sustainability matters and access to such expertise and skills

GOV-1_15, GOV-1_16

Telefónica S.A. has a Diversity Policy in relation to the Telefónica, S.A. Board of Directors and the selection of Directors, which ensures that these procedures are based on prior analysis of the competencies required by the Board of Directors and favour diversity in terms of knowledge (which includes sustainability), training, professional experience, age and gender, and that candidates are free of any implicit bias entailing any kind of discrimination.

This is all to ensure that the composition of the Board of Directors is appropriate, diverse and balanced overall, so that it i) enriches analysis and debate, ii) contributes diverse perspectives and positions, iii) favours decision-making that takes into account the nature and complexity of the business, as well as the social and environmental context, iv) enjoys the greatest independence, and v) makes it possible to meet the legal requirements and good governance recommendations in relation to the composition and suitability requirements that the members of the various internal supervisory Committees of the Board of Directors must satisfy.

Furthermore, the Director candidate selection process begins with prior analysis of the competencies required by the Board of Directors. This analysis is conducted by the Company's Board of Directors, with advice and following a report or proposal, where appropriate, from the Nominating, Compensation and Corporate Governance Committee.

The Board of Directors and the Nominating, Compensation and Corporate Governance Committee, within the scope of their respective powers, ensure that the candidates chosen are persons of recognised calibre, qualifications and experience, who are willing to devote the necessary time and effort to their duties, and must take extreme care in the selection of the persons to be appointed as independent Director.

In relation to this, all the candidates for Director shall be professionals of integrity, whose conduct and professional career is aligned with Telefónica's Responsible Business Principles.

Candidates for the post of Director with training and professional experience in telecommunications, technology, consumer insights, sustainability, marketing, accounting, auditing and risk management are taken particularly into account. International experience and team leadership in multinationals is also valued.

Additionally, and in order to comply with the recommendation in the Good Governance Code of Listed Companies and also with the *Comisión Nacional del Mercado de Valores* (CNMV) Technical Guide on Nomination and Appointment Committees and the Technical Guide on Audit Committees at Public-Interest Entities, Telefónica offers all the members of the Board of Directors continuous training and refresher programs on those aspects that are particularly important to the performance of their duties.

Specifically, in recent years, training and information sessions have been imparted to the members of the Board of Directors and the Board Committees by external consultants and internal teams, with a particular focus on areas related to sustainability, including diversity and inclusion, the European taxonomy, climate change, ESG-related regulatory aspects and

benchmarks, cybersecurity and technological risks, artificial intelligence and the Telefónica Group's risk management model.

The Company also has a process in place for the onboarding of new Directors, who are provided with an induction pack containing relevant information about the Company, in order to offer the necessary support to new members of the Board of Directors or its Committees. This enables them to quickly gain a thorough understanding of the Company and its Group, so that they can actively perform their duties as soon as they are appointed. Each year, the Directors also receive the Company's Code of Ethics (Responsible Business Principles).

GOV-1_17

In short, the current structure and composition of the Company's Board of Directors and its Committees maintains an appropriate balance of, inter alia, skills, knowledge and experience in sustainability.

In this regard, it should be noted that the current skills and knowledge possessed overall by the Company's Board of Directors contribute to a multi-faceted vision. This makes it possible to facilitate the identification of impacts, risks and opportunities and, as a result, the achievement of the corporate targets.

GOV-2

2.4.2. Information provided to the Company's administrative, management and supervisory bodies addressing sustainability matters

GOV-2_01

With regard to sustainability matters, the Global Sustainability (ESG) Office is the area responsible for reporting on a monthly basis to the Sustainability and Regulation Committee and, when appropriate, to the Audit and Control Committee and the Company's Board of Directors. It is also the area responsible for monitoring and coordinating sustainability matters, which include, inter alia, the sustainability strategy (Sustainability Plan, which details actions, monitoring metrics and objectives), double materiality process, sustainable governance and culture, the environment, human rights, due diligence in the value chain, customer responsibility and sustainable interaction with other stakeholders such as analysts or investors.

In addition, other areas of the Company manage or support functions related to sustainability and can also report, together with the Global Sustainability (ESG) Office, to the Sustainability and Regulation Committee. These areas include, at least, those under Finance and Corporate Development, General Secretary and Regulation, Strategy and Control, People, and Technology and Information.

GOV-2_02, GOV-2_03

The way that the Board of Directors and the Board Committees consider impacts, risks and opportunities is essential in order to supervise the Company's strategy.

In this respect, the Sustainability and Regulation Committee, as an informational and advisory Committee of the Board of Directors, supervises and reviews the strategies and policies of the Company's Sustainability Plan, which includes environmental and social subjects, ensuring that they meet stakeholder expectations and deliver on value creation, and proposes to the Board of Directors that they be updated and modified where necessary.

Likewise, the Sustainability and Regulation Committee supervises the impact analyses linked to the Responsible Business strategy and reputation. This Committee also analyses, promotes and supervises the Telefónica Group's sustainability targets, action plans and practices, including aspects such as ethical behaviour, human rights, the environment and climate change, responsible management of the supply chain, digital trust and the responsible use of technology, talent and diversity, responsibility towards customers, ethical and sustainable products and services, and inclusive connectivity, as well as other issues identified as risks or opportunities in terms of sustainability.

Additionally, the Sustainability and Regulation Committee reports to the Audit and Control Committee on sustainability risks, among other duties.

Over the course of the meetings held in 2025, the Sustainability and Regulation Committee assessed, among other aspects, the major sustainability matters, including the implementation of the Sustainability Plan.

During this period, the Company identified the list of impacts, risks and opportunities of the Telefónica Group, described in the section:

2.3. Materiality

In this respect, in 2025 the Sustainability and Regulation Committee analysed the double materiality process conducted internally, which was also reported to the Audit and Control Committee, enabling it to identify which standards and sustainability matters (topics, subtopics and sub-subtopics) are material for Telefónica and which must be taken into account in sustainability information reporting. Additionally, the aforementioned Committees were informed in detail of the list of topics, subtopics and sub-subtopics that were examined to identify and assess the impacts, risks and opportunities for the Telefónica Group.

The structure and composition of the Committees are key pillars of the Company's governance model. In particular, the distinctive characteristics of the members

who make up the Audit and Control Committee and the Sustainability and Regulation Committee provide a competitive advantage in terms of specialisation, functional independence and the quality of internal oversight of matters under review. Accordingly, issues addressed by each Committee are reported at the Board meetings from complementary yet independent perspectives, thereby enriching strategic debate and enabling a more comprehensive view of the associated risks, impacts and opportunities.

GOV-3

2.4.3. Integration of sustainability-related performance into incentive schemes

GOV-3_01, GOV-3_04, E1.GOV-3_01

The variable remuneration design is established within the framework of the Telefónica, S.A. Directors' Remuneration Policy. This design seeks to incentivise the achievement of the Company's objectives.

Short-term variable remuneration applies to most employees, with certain exceptions depending on the application of the collective agreement or eligibility, and has a weighting of 20% linked to ESG targets, all of which are predetermined, specific and quantifiable, and are strictly set and evaluated by the Nominating, Compensation and Good Governance Committee, which also monitors them to ensure their alignment with Telefónica's corporate interests.

GOV-3_02

The metrics linked to Short-term Variable Remuneration are outlined below:

Metrics	Weighting (%)	Payout levels (% of target)			% of maximum weighted payment
		Minimum	Target	Maximum	
Financial targets (80%)					
Free Cash Flow	30%	50%	100%	140%	42.00%
EBITDA	25%	50%	100%	125%	31.25%
Operating revenues	25%	50%	100%	125%	31.25%
ESG targets (20%)					
NPS	10%	50%	100%	125%	12.50%
Gender equality - % women in executive positions	5%	50%	100%	125%	6.25%
Climate Change - Reduction of GHG Emissions (scopes 1 & 2)	5%	50%	100%	125%	6.25%
	100%				**129.50%**

In turn, the Telefónica Group has a long-term incentive scheme aimed solely at all Group executives and a select group of pre-executives, which seeks to foster their commitment and strategy by linking remuneration to the creation of shareholder value and the sustainable achievement of strategic targets, in line with best practices in remuneration.

The Long-Term Incentive Plan, approved by the General Shareholders' Meeting in 2024 (See Note 27 to the 'Consolidated Financial Statements'), has a total duration of five years and is divided into three independent cycles, each with a duration of three years (first cycle 2024-2026, second cycle 2025-2027 and third cycle 2026-2028).

The metrics linked to Long-term Variable Remuneration in the two cycles that began in 2024 and 2025 are detailed below:

Metrics	Weighting (%)	Company results	Incentive to be accrued (%)
Relative TSR	50%	75th percentile or higher	100%
		Median	30%
		Below the median	–
Free Cash Flow	40%	115% achievement	150%
		100% achievement	100%
		92% achievement	50%
		Below 92% achievement	–

Metrics	Weighting (%)	Company results	Incentive to be accrued (%)
Neutralisation/Offsetting of GHG Emissions (scopes 1 and 2)	5%	100% achievement	100%
		90% achievement	50%
		Below 90% achievement	–
Gender equality - women in executive positions	5%	100% achievement	100%
		90% achievement	50%
		Below 90% achievement	–

GOV-3_03, GOV-3_05, E1.GOV-3_02, E1.GOV-3_03

Short-term Variable Remuneration is 20% made up of metrics linked to sustainability targets, which are explained below:

- Customer trust - 10%:
  NPS is the metric used to measure customer satisfaction and experience and the likelihood that they would recommend products and services. See:
  2.13.3. Action plans, metrics and targets: C) Access to products and services - Satisfaction of consumers and users
- Climate change – 5%:
  Greenhouse Gas (GHG) emissions is the metric used to measure environmental impact. It is measured through direct and indirect CO_2 emissions from Telefónica's daily activity. See:
  2.9.4.3. GHG Emissions
- Gender equality – 5%:
  The percentage of women executives at the Telefónica Group is the metric used to measure the target related to gender equality. It is measured based on the total number of Telefónica Group executives in the workforce at the end of December. Executives are defined according to the criteria and processes determined by the People area, subject to prior validation by the Nominating, Compensation and Corporate Governance Committee. See:
  2.11.3.1. Targets related to the management of material IROs - Equal treatment and opportunities for all

Long-term Variable Remuneration is 10% made up of metrics linked to sustainability targets, which are explained below:

- Climate change – 5%:
  Following the same line as in the short term. Achievement is linked to the fulfilment of the intermediate objective whereby Telefónica undertakes to offset/neutralise all of its operational emissions (scope 1 and 2) in its main markets from 2025 onwards. In order for this part of the incentive to be paid, it will also be necessary to achieve a minimum level of reduction of these emissions, in accordance with intermediate targets (2026, 2027 and 2028) established towards the 2030 ambition. In defining the metric, neutralisation or offsetting is understood to mean the acquisition of carbon credits intended to absorb or reduce CO_2 emissions present in the atmosphere. This is all aimed at achieving net-zero emissions by 2040 and supporting activities that mitigate climate change in an amount equivalent to the scope 1 + 2 emissions of its main markets from 2025 onwards. See:
  2.9.4.3. GHG Emissions
- Gender equality – 5%:
  This is measured based on the total number of Telefónica Group executives in the workforce at the end of December, maintaining the same criteria and processes used for Short-term Variable Remuneration.

GOV-3_06

The design of the variable remuneration as well as the setting of the targets, their assessment, auditing and payment, are subject to a strict governance system.

The Board of Directors approves the design, target amounts, degree of achievement of the targets and amounts of the incentive to be accrued, where appropriate, for Short-term Variable Remuneration and Long-term Variable Remuneration, based on a proposal from the Nominating, Compensation and Corporate Governance Committee.

The Nominating, Compensation and Corporate Governance Committee proposes the targets to the Board of Directors at the start of each measurement period and assesses the achievement of the targets after the measurement period has ended. In view of the fact that the accrual of variable remuneration is subject to sufficient verification that the established targets have been effectively fulfilled, as established in recommendation 59 of the Good Governance Code, the assessment is performed on the basis of the results audited by the external auditor and the internal auditor at the Company.

GOV-5

2.4.4. Internal control over sustainability reporting

GOV-5_01

The Telefónica Group has an internal control model defined in accordance with the Internal Control - Integrated Framework of the Committee of Sponsoring Organizations of the Treadway Commission (COSO). The Group's adoption of this framework guarantees the recognition and validity of the Internal Control System

before third parties, such as external verifiers or supervisory bodies.

In line with the applicable corporate governance frameworks, internal control covers both financial and non-financial aspects, including operational, technological, legal, social, environmental, reputational and regulatory compliance aspects.

In accordance with the COSO integrated framework, the fundamental components of the Internal Control System for Sustainability Reporting (ICSR) are: control environment, risk assessment, control activities, information and communication, and monitoring activities.

GOV-5_02, GOV-5_03

Telefónica has a Risk Management Model, based on the 2017 COSO ERM framework guidance (Enterprise Risk Management—Integrating with Strategy and Performance), which is implemented consistently throughout the Group's main operations.

As part of this Model, since 2019, the Company has been assessing, managing and controlling the risk of 'Compliance with ESG reporting requirements', defined as the risk of non-compliance with the expectations of analysts, investors, customers, regulators or other stakeholders.

Furthermore, and in accordance with the requirements established by the CSRD, during the 2025 fiscal year the Telefónica Group developed a risk map specifically related to the disclosure of sustainability information. As a result of this analysis, the following risks have been identified:

- Lack of compliance with ESG requirements.
- Failures to identify material issues.
- Incomplete, inaccurate or unreliable sustainability reporting.
- Sustainability reporting fraud.
- Information security incidents in the context of ESG reporting.
- Leakage of confidential information associated with the sustainability report.

To mitigate these sustainability reporting risks, Telefónica relies on four fundamental elements:

1. Internal regulatory framework, which governs the processes, responsibilities and controls applicable to the generation and disclosure of information. This framework includes, at least:

- A Group Internal Control Policy, which defines the principles and criteria of the Corporate Internal Control Model, applicable to all Group entities.
- Corporate Regulations on the Reporting, Communication and Control of Financial and Sustainability Information, which establish the phases of the reporting process and the areas involved in its preparation.
- Regulations on Communication and Information to the Markets, which govern the procedures for the publication and communication of sustainability information.
- Annual Sustainability Reporting Instructions, which determine, among other things, the process, scope, timeline and responsibilities for the Annual Report.
- Sustainability Reporting Manual, which sets out the criteria applicable to the collection, calculation, consolidation and presentation of sustainability information.

2. ESG certification model, which ensures accountability in the reporting process, whereby top-level managers validate the information within their area of responsibility.

3. IT tools for sustainability reporting, which enable the automation and traceability of reporting processes, incorporating access controls, integrity, change management, continuity and information security.

4. Documentation and digitisation of risks and controls for key processes: the Company is progressively developing risk and control matrices for sustainability reporting, thereby strengthening the efficiency, consistency and traceability of the Internal Control System for Sustainability Reporting (ICSR).

GOV-5_04, GOV-5_05

In accordance with the Internal Control Policy and the Regulations on the Recording, Reporting and Control of Financial and Sustainability Information, the management areas are responsible for the internal control structures associated with the information they generate.

In addition, the Internal Audit area assesses and supervises internal control over sustainability reporting in accordance with the Telefónica Group's Internal Audit Plan submitted to the Audit and Control Committee. The conclusions of these assessments are communicated to the management areas responsible for the processes.

These conclusions are documented in reports that include:

- Identification of relevant findings.
- Recommendations for improving internal control.
- Remediation plans.

The conclusions are escalated to the Board of Directors through the Audit and Control Committee as the body ultimately responsible for the reported information.

GOV-4

2.5. Due diligence

GOV-4_01

Telefónica has a due diligence process in place to identify, prevent and remedy —potential or actual— adverse impacts on people and the environment throughout the value chain. This process is based on the UN Guiding Principles on Business and Human Rights and the OECD Guidelines for Multinational Enterprises, as well as other international agreements and regulations on human rights.

In line with Directive (EU) 2024/1760 on corporate sustainability due diligence, the six key elements (phases) of the due diligence process are as follows, with the involvement of affected parties (right holders) being a cross-cutting element:

1. Integrate due diligence into policies and governance and management systems.
2. Identify and assess adverse impacts.
3. Prevent, mitigate and neutralise adverse impacts.
4. Monitor and assess the effectiveness of measures.
5. Communicate.
6. Remedy.

1. Integration of due diligence into policies and governance and management systems

Telefónica's commitment to human rights and the environment is articulated through a due diligence process that covers the value chain.

The Global Human Rights Policy is the starting point of this process. Approved by the Board of Directors and applicable to all Telefónica companies, it is based on the UN Guiding Principles on Business and Human Rights and the OECD Guidelines for Multinational Enterprises, as well as other international human rights conventions and commitments.

This policy sets out basic principles regarding its stakeholders: customers, employees, suppliers and business partners in the value chain, the environment and society as a whole.

In 2025 Telefónica updated this policy to align it with, inter alia, the latest European sustainability directives (CSRD and CSDDD). The revision strengthens Telefónica's commitments to human rights and the environment, and consolidates a new approach to managing impacts, risks and opportunities (IROs), which is applied throughout the value chain.

In addition, the Supply Chain Sustainability Policy has been updated, strengthening Telefónica's due diligence framework and consolidating responsible management in line with regulatory requirements, stakeholder expectations and international best practices.

Telefónica's governance system ensures the oversight and effective integration of human rights and environmental due diligence:

- Board of Directors: takes cognizance of the Company's sustainability strategy through the Sustainability and Regulation Committee. In 2025 the Committee oversaw the implementation of the Sustainability Plan, which includes the strategic vision for sustainability, targets and action plans, as well as the main indicators linked to due diligence processes regarding human rights and the environment.
- Audit and Control Committee: oversees the risk management model for human rights-related issues , the effectiveness of internal controls and the integrity of related information.
- Global Sustainability Department (ESG): develops, coordinates and monitors the due diligence indicators and targets included in the Sustainability Plan.
- Management Areas: collaborate on the implementation of the due diligence process according to the responsibilities of their respective departments.

- Local teams: contribute to monitoring, target setting and continuous improvement at local level.

2. Identification and assessment of actual and potential adverse impacts

From a management perspective, Telefónica's due diligence is translated into a process to identify and prioritise the adverse impacts of Company activities on human rights and the environment.

To this end, Telefónica carries out an annual impact assessment on its value chain as part of the double materiality process. This process, which draws on stakeholder perspectives and applies severity and likelihood criteria in order to identify and prioritise the most relevant impacts, is described in section:

2.3.1. Double materiality process

Additional *ad-hoc* impact assessments are conducted whenever the aforementioned impact assessment identifies specific concerns, be it on a topic or geographical level.

3. Prevention, mitigation and neutralisation of adverse impacts

After identifying and prioritising adverse impacts, Telefónica establishes action plans and implements management measures to prevent and mitigate the most significant adverse impacts on human rights and the environment.

Among the main initiatives are:

- Due diligence in the supply chain: the supplier management process enables the identification and management of potential adverse impacts in the supply chain. This process is described in detail in the following section of ESRS G1 – Business Conduct:

  2.14.5. Suppliers

- Mandatory training on human rights: all employees complete the Responsible Business Principles course. This training is explained in the following section:

  2.14.3.3. Training

- Responsibility by Design: Telefónica's product managers conduct an assessment of new products and services. This is done during the design phase with an online tool to identify potential regulatory non-compliance and promote excellence through best practices. The assessment takes into account impacts on the environment, accessibility, digital rights and other relevant areas.

In this way, Telefónica ensures that each prioritised impact is addressed through concrete actions.

4. Monitoring and assessment of the effectiveness of the adopted measures

Telefónica works to ensure the effectiveness of the measures adopted to prevent, mitigate and remedy human rights and environmental impacts.

To this end, indicators are defined, monitored and included in the Sustainability Plan. The implementation of indicators is reported annually to the Board of Directors through the Sustainability and Regulation Committee.

5. Communication and accessibility of information

Telefónica presents the information about the due diligence process in this Report and publishes updated data on human rights and environmental management on the corporate website.

6. Remediation of adverse impacts

Telefónica provides its stakeholders with various communication and remedy mechanisms, among which the Responsible Business Queries Channel and Whistleblowing Channel stand out.

These channels allow stakeholders to inform the Company of any issue related to actual or potential adverse impacts on human rights and the environment that may occur both in Telefónica's own operations and throughout the value chain.

The Responsible Business Queries Channel and the Whistleblowing Channel are detailed in:

2.14.3.2. Responsible Business Queries Channel and Whistleblowing Channel

Below is a table with cross-references to other sections of this Sustainability Report, which provide additional information on key elements of the human rights and environmental due diligence process.

Due Diligence core elements	Location in the Sustainability Report
1. Integration of due diligence into policies and governance and management systems.	2.9. ESRS E1 - Climate change:2.9.3.1. Policies 2.10. ESRS E5 - Circular Economy: 2.10.1.1. Policies 2.11. ESRS S1 - Own workforce: 2.11.2.1. Policies 2.12. ESRS S2 - Workers in the value chain:2.12.2.1. Policies 2.13. ESRS S4 - Consumers and end-users: 2.13.2.1. Policies 2.14. ESRS G1 - Business conduct: 2.14.3.1. Policies, 2.14.4.1. Prevention and detection of corruption or bribery, 2.14.5.1. Responsible management and 2.14.6.3. Policies 2.15. Policies
2. Identification and assessment of actual and potential adverse impacts.	2.3. Materiality 2.9. ESRS E1 - Climate change: 2.9.3. Impacts, risks and opportunities 2.10. ESRS E5 - Circular Economy: 2.10.1. Impacts, risks and opportunities 2.11. ESRS S1 - Own workforce: 2.11.2. Impacts, risks and opportunities 2.12. ESRS S2 - Workers in the value chain: 2.12.2. Impacts, risks and opportunities 2.13. ESRS S4 - Consumers and end-users 2.13.2. Impacts, risks and opportunities 2.14. ESRS G1 - Business conduct: 2.14.2. Impacts, risks and opportunities
3. Prevention, mitigation and neutralisation of adverse impacts.	2.9. ESRS E1 - Climate change 2.9.3.2. Action plans 2.10. ESRS E5 - Circular Economy 2.10.1.2. Action plans 2.11. ESRS S1 - Own workforce: 2.11.2.2. Engagement with employees and their representatives and 2.11.2.4. Action plans 2.12. ESRS S2 - Workers in the value chain: 2.12.2.2. Action plans and 2.12.2.4. Engagement with workers in the value chain 2.13. ESRS S4 - Consumers and end-users:2.13.2.2. Engagement with consumers and end-users and 2.13.3. Action plans, metrics and targets 2.14. ESRS G1 - Business conduct2.14.4.1. Prevention and detection of corruption or bribery and 2.14.5.1. Responsible management
4. Monitoring and assessment of the effectiveness of the adopted measures.	2.9. ESRS E1 - Climate change: 2.9.4.1. Targets related to the management of material IROs 2.10. ESRS E5 - Circular Economy: 2.10.2.1. Targets related to the management of material IROs and 2.10.2.3. Waste 2.11. ESRS S1 - Own workforce: 2.11.3.1. Targets related to the management of material IROs 2.12. ESRS S2 - Workers in the value chain: 2.12.2.2. Action plans ; 2.12.2.4. Engagement with workers in the value chain and 2.12.3.1. Targets related to the management of material IROs 2.13. ESRS S4 - Consumers and end-users: 2.13.3. Action plans, metrics and targets 2.14. ESRS G1 - Business conduct: 2.14.4.1. Prevention and detection of corruption or bribery, 2.14.5.1. Responsible management and 2.14.6.5. Metrics and targets
5. Communication and accessibility of information.	2.5. Due diligence
6. Remediation of adverse impacts.	2.11. ESRS S1 - Own workforce: 2.11.2.3. Remediation processes and engagement channels with employees 2.12. ESRS S2 - Workers in the value chain: 2.12.2.3. Remediation processes and engagement channels with workers in the value chain 2.13. ESRS S4 - Consumers and end-users: 2.13.2.3. Remediation processes and engagement channels with consumers and end-users 2.14. ESRS G1 - Business conduct: 2.14.3.2. Responsible Business Queries Channel and Whistleblowing Channel 2.14.4.1. Prevention and detection of corruption or bribery; and 2.14.5.1. Responsible management

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2.6. Datapoints that derive from other EU legislation

As set out in paragraph 56 of ESRS 2 (including Appendix B), below is a list of all datapoints that are derived from other EU legislation, and where they can be found in this Sustainability Report.

Disclosure requirement and related datapoint	Location in the Sustainability Report
ESRS 2 GOV-1 Board's gender diversity, paragraph 21 (d)	2.4.1. The role of the administrative, management and supervisory bodies
ESRS 2 GOV-1 Percentage of board members who are independent, paragraph 21 (e)	
ESRS 2 GOV-4 Statement on due diligence, paragraph 30	2.5. Due diligence
ESRS E1-1 Transition plan to reach climate neutrality by 2050, paragraph 14	2.9.2. Strategy
ESRS E1-1 Undertakings excluded from Paris-aligned benchmarks, paragraph 16 (g)	
ESRS E1-4 GHG emissions reduction targets, paragraph 34	2.9.4.1. Targets related to the management of material IROs
ESRS E1-5 Energy consumption and mix, paragraph 37	2.9.4.2. Energy
ESRS E1-6 Gross scope 1, 2, 3 and total GHG emissions, paragraph 44	2.9.4.3. GHG emissions
ESRS E1-6 Gross GHG emissions intensity, paragraphs 53 to 55	
ESRS E1-7 GHG removals and carbon credits, paragraph 56	2.9.4.3. GHG emissions: Carbon credits
ESRS E1-9 Exposure of the benchmark portfolio to climate-related physical risks, paragraph 66	The Company is relying on transitional provision 10.4 of ESRS 1: List of Disclosure Requirements that are phased-in
ESRS E1-9 Disaggregation of monetary amounts by acute and chronic physical risk, paragraph 66 (a) ESRS E1-9 Location of significant assets at material physical risk, paragraph 66 (c).	
ESRS E1-9 Breakdown of the carrying value of its real estate assets by energy-efficiency classes, paragraph 67 (c).	
ESRS E1-9 Degree of exposure of the portfolio to climate-related opportunities, paragraph 69	

Disclosure requirement and related datapoint	Location in the Sustainability Report
ESRS E5-5 Non-recycled waste, paragraph 37 (d)	2.10.2.3. Waste
ESRS E5-5 Hazardous waste and radioactive waste, paragraph 39	
ESRS S1-1 Human rights policy commitments, paragraph 20	2.11.2.1. Policies
ESRS S1-1 Due diligence policies on issues addressed by the core International Labour Organization conventions 1 to 8, paragraph 21	
ESRS S1-1 Processes and measures for preventing trafficking in human beings, paragraph 22	
ESRS S1-1 Workplace accident prevention policy or management system, paragraph 23	
ESRS S1-3 Grievance/complaints handling mechanisms, paragraph 32 (c)	2.11.2.3. Remediation processes and engagement channels with employees
ESRS S1-14 Number of fatalities and number and rate of work-related accidents, paragraph 88 (b) and (c)	2.11.3.6. Health and safety metrics
ESRS S1-14 Number of days lost to injuries, accidents, fatalities or illness, paragraph 88 (e)	The Company is relying on transitional provision 10.4 of ESRS 1: List of Disclosure Requirements that are phased-in
ESRS S1-16 Unadjusted gender pay gap, paragraph 97 (a)	2.11.3.7. Remuneration metrics (pay gap and total remuneration)
ESRS S1-16 Excessive CEO pay ratio, paragraph 97 (b)	
ESRS S1-17 Incidents of discrimination, paragraph 103 (a)	2.11.3.8. Incidents, complaints and severe human rights impacts
ESRS S1-17 Non-respect of UNGPs on Business and Human Rights and OECD guidelines, paragraph 104 (a)	
ESRS 2- SBM3 – S2: Significant risk of child labour or forced labour in the value chain, paragraph 11 (b)	2.12.1. Strategy
ESRS S2-1 Human rights policy commitments, paragraph 17	2.12.2.1. Policies
ESRS S2-1 Policies related to workers in the value chain, paragraph 18	
ESRS S2-1 Non-respect of UNGPs on Business and Human Rights principles and OECD guidelines, paragraph 19	
ESRS S2-1 Due diligence policies on issues addressed by the core International Labour Organization conventions 1 to 8, paragraph 19	
ESRS S2-4 Human rights issues and incidents connected to its upstream and downstream value chain, paragraph 36	2.12.2.2. Action plans
ESRS S4-1 Policies related to consumers and end-users, paragraph 16	2.13.2.1. Policies
ESRS S4-1 Non-respect of UNGPs on Business and Human Rights and OECD guidelines, paragraph 17	
ESRS S4-4 Human rights issues and incidents, paragraph 35	2.13.3. Action plans, metrics and targets
ESRS G1-4 Fines for violation of anti-corruption and anti-bribery laws, paragraph 24 (a)	2.14.4.1. Prevention and detection of corruption or bribery
ESRS G1-4 Standards of anti-corruption and anti-bribery, paragraph 24 (b)	

Non-material disclosure requirements

The result of the double materiality process determined that the following disclosure requirements common to other EU legislations are not material for Telefónica:

SBM-1_09
ESRS 2 SBM-1: Involvement in activities related to fossil fuels, paragraph 40 (d) i

SBM-1_15, SBM-1_16
ESRS 2 SBM-1: Involvement in activities related to chemical production, paragraph 40 (d) ii

SBM-1_17, SBM-1_18
ESRS 2 SBM-1: Involvement in activities related to controversial weapons, paragraph 40 (d) iii

SBM-1_19, SBM-1_20
ESRS 2 SBM-1: Involvement in activities related to cultivation and production of tobacco, paragraph 40 (d) iv

E1-5_03
ESRS E1-5: Energy consumption and mix, paragraph 37 (b)

E1-5_18, E1-5_20, E1-5_21
ESRS E1-5: Energy consumption from fossil sources disaggregated by source (only high climate-impact sectors), paragraph 38

E1-5_10, E1-5_11,E1-5_12, E1-5_13, E1-5_19
ESRS E1-5: Energy intensity associated with activities in high climate-impact sectors, paragraphs 40 to 43

E1-7_01
ESRS E1-7: GHG removals and carbon credits, paragraph 56 (a)

E2-4_02, E2-4_03, E2-4_04
ESRS E2-4: Amount of each pollutant listed in Annex II of the E-PRTR Regulation (European Pollutant Release and Transfer Register) emitted into the air, water and soil, paragraph 28

E3.MDR-P_01-06
ESRS E3-1: Water and marine resources, paragraph 9

E3-1_07
ESRS E3-1: Dedicated policy, paragraph 13

E3-1_09
ESRS E3-1: Sustainable oceans and seas, paragraph 14

E3-4_03
ESRS E3-4: Total water recycled and reused, paragraph 28 (c)

E3-4_08
ESRS E3-4: Total water consumption in m^3 per net revenue in own operations, paragraph 29

E4.SBM-3_02, E4.SBM-3_05, E4.SBM-3_06
ESRS 2- IRO 1 - E4, paragraph 16 (a) i, (b) and (c)

E4-2_18
ESRS E4-2: Sustainable land / agriculture practices or policies, paragraph 24 (b)

E4-2_19
ESRS E4-2: Sustainable oceans / seas practices or policies, paragraph 24 (c)

E4-2_20
ESRS E4-2: Policies to address deforestation, paragraph 24 (d)

E5-5_16
ESRS E5-5: Hazardous waste and radioactive waste, paragraph 39, in particular the total amount of radioactive waste.

S1.SBM-3_07, S1.SBM-3_08
ESRS 2 - SBM3 - S1: Risk of incidents of forced labour paragraph 14 (f)

S1.SBM-3_09, S1.SBM-3_10
ESRS 2 - SBM3 - S1: Risk of incidents of child labour paragraph 14 (g)

S3-1_02, S3-1_03, S3-1_04, S3-1_05
ESRS S3-1: Human rights policy commitments, paragraph 16

S3-1_06, S3-1_07
ESRS S3-1: Non-respect of UNGPs on Business and Human Rights, ILO principles or OECD guidelines, paragraph 17

S3-4_11
ESRS S3-4: Human rights issues and incidents, paragraph 36

G1-1_03
ESRS G1-1: United Nations Convention against Corruption, paragraph 10 (b)

G1-1_06
ESRS G1-1: Protection of whistleblowers, paragraph 10 (d)

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2.7. Disclosure requirements addressed

In accordance with paragraph 56 of ESRS 2, the following is a list of the disclosure requirements met in preparing the Sustainability Report.

ESRS	Code	Disclosure requirement	Location in the Sustainability Report
ESRS 2	BP-1	General basis for preparation of sustainability statements	2.1. Basis for preparation
ESRS 2	BP-2	Disclosures in relation to specific circumstances	
ESRS 2	SBM-1	Strategy, business model and value chain	2.2. Strategy and business model
ESRS 2	SBM-2	Interests and views of stakeholders	2.2.4. Stakeholder management and relations
ESRS 2	SBM-3	Material impacts, risks and opportunities and their interaction with the strategy and business model	2.3. Materiality
ESRS 2	IRO-1	Description of the processes to identify and assess material impacts, risks and opportunities	2.3. Materiality
ESRS 2	IRO-2	Disclosure requirements in ESRS covered by the undertaking's sustainability statement	2.3.1.3. Consolidation and results of the double materiality process 2.6. Datapoints that derive from other EU legislation 2.7. Disclosure requirements addressed
ESRS 2	GOV-1	The role of the administrative, management and supervisory bodies	2.4.1. The role of the administrative, management and supervisory bodies
ESRS 2	GOV-2	Information provided to and sustainability matters addressed by the undertaking's administrative, management and supervisory bodies	2.4.2. Information provided to the Company's administrative, management and supervisory bodies addressing sustainability matters
ESRS 2	GOV-3	Integration of sustainability-related performance in incentive schemes	2.4.3. Integration of sustainability-related performance into incentive schemes
ESRS 2	GOV-4	Statement on due diligence	2.5. Due diligence
ESRS 2	GOV-5	Risk management and internal controls over sustainability reporting	2.4.4. Internal control over sustainability reporting
E1	E1.GOV-3	Integration of sustainability-related performance in incentive schemes	2.4.3. Integration of sustainability-related performance into incentive schemes
E1	E1-1	Transition plan for climate change mitigation	2.9.2. Strategy

ESRS	Code	Disclosure requirement	Location in the Sustainability Report
E1	E1.SBM-3	Material impacts, risks and opportunities and their interaction with the strategy and business model	2.9.3. Impacts, risks and opportunities
E1	E1.IRO-1	Description of the processes to identify and assess material climate-related impacts, risks and opportunities	
E1	E1-2	Policies related to climate change mitigation and adaptation	2.9.3.1. Policies
E1	E1-3	Actions and resources in relation to climate change policies	2.9.3.2. Action plans
E1	E1-4	Targets related to climate change mitigation and adaptation	2.9.3.2. Action plans 2.9.4.1. Targets related to the management of material IROs 2.9.4.3. GHG emissions
E1	E1-5	Energy consumption and mix	2.9.4.2. Energy
E1	E1-6	Gross Scopes 1, 2, 3 and total GHG emissions	2.9.4.1. Targets related to the management of material IROs 2.9.4.2. Energy 2.9.4.3. GHG emissions
E1	E1-7	GHG removals and GHG mitigation projects financed through carbon credits	2.9.4.3. GHG emissions
E1	E1-8	Internal carbon pricing	2.9.4.4. Internal carbon pricing
E5	E5.IRO-1	Description of the processes to identify and assess material resource use and circular economy-related impacts, risks and opportunities	2.10.1. Impacts, risks and opportunities
E5	E5-1	Policies related to resource use and circular economy	2.10.1.1. Policies
E5	E5-2	Actions and resources related to resource use and circular economy	2.10.1.2. Action plans
E5	E5-3	Targets related to resource use and circular economy	2.10.2.1. Targets related to the management of material IROs
E5	E5-4	Resource inflows	2.10.2.2. Products and materials
E5	E5-5	Resource outflows	2.10.2.3. Waste
S1	S1.SBM-2	Interests and views of stakeholders	2.2.4. Stakeholder management and relations
S1	S1.SBM-3	Material impacts, risks and opportunities and their interaction with the strategy and business model	2.11.1. Strategy 2.11.2. Impacts, risks and opportunities
S1	S1-1	Policies related to own workforce	2.11.2.1. Policies
S1	S1-2	Processes for engaging with own workers and workers' representatives about impacts	2.11.2.2. Engagement with employees and their representatives
S1	S1-3	Processes to remediate negative impacts and channels for own workers to raise concerns	2.11.2.3. Remediation processes and engagement channels with employees
S1	S1-4	Taking action on material impacts on own workforce, and approaches to mitigating material risks and pursuing material opportunities related to own workforce, and effectiveness of those actions	2.11.2.4. Action plans
S1	S1-5	Targets related to managing material negative impacts, advancing positive impacts, and managing material risks and opportunities	2.11.3.1. Targets related to the management of material IROs
S1	S1-6	Characteristics of the undertaking's employees	2.11.3.2. Characteristics of the Company's employees
S1	S1-8	Collective bargaining coverage and social dialogue	2.11.3.3. Social dialogue
S1	S1-9	Diversity metrics	2.11.3.4. Diversity metrics
S1	S1-10	Adequate wages	2.11.3.5. Adequate wages
S1	S1-14	Health and safety metrics	2.11.3.6. Health and safety metrics
S1	S1-16	Compensation metrics (pay gap and total compensation)	2.11.3.7. Remuneration metrics (pay gap and total remuneration)
S1	S1-17	Incidents, complaints and severe human rights impacts	.2.11.3.8. Incidents, complaints and severe human rights impacts
S2	S2.SBM-2	Interests and views of stakeholders	2.2.4. Stakeholder management and relations

ESRS	Code	Disclosure requirement	Location in the Sustainability Report
S2	S2.SBM-3	Material impacts, risks and opportunities and their interaction with the strategy and business model	2.12.1. Strategy
S2	S2-1	Policies related to workers in the value chain	2.12.2.1. Policies 2.12.2.2. Action plans
S2	S2-2	Processes for engaging with workers in the value chain about impacts	2.12.2.4. Engagement with workers in the value chain
S2	S2-3	Processes to remediate negative impacts and channels for workers in the value chain to raise concerns	2.12.2.3. Remediation processes and engagement channels with workers in the value chain
S2	S2-4	Taking action on material impacts on workers in the value chain, and approaches to managing material risks and pursuing material opportunities related to workers in the value chain, and the effectiveness of those actions	2.12.2.1. Policies 2.12.2.2. Action plans
S2	S2-5	Targets related to managing material negative impacts, advancing positive impacts, and managing material risks and opportunities	2.12.3.1. Targets related to the management of material IROs
S4	S4.SBM-2	Interests and views of stakeholders	2.2.4. Stakeholder management and relations
S4	S4.SBM-3	Material impacts, risks and opportunities and their interaction with the strategy and business model	2.13.1. Strategy 2.13.2. Impacts, risks and opportunities
S4	S4-1	Policies related to consumers and end-users	2.13.2.1. Policies 2.13.2.2. Engagement with consumers and end-users
S4	S4-2	Processes for engaging with consumers and end-users about impacts	2.13.2.2. Engagement with consumers and end-users
S4	S4-3	Processes to remedy negative impacts and channels for consumers and end-users to raise concerns	2.13.2.3. Remediation processes and engagement channels with consumers and end-users
S4	S4-4	Taking action on material impacts on consumers and end-users, and approaches to managing material risks and pursuing material opportunities related to consumers and end- users, and the effectiveness of those actions	2.13.3. Action plans, metrics and targets
S4	S4-5	Targets related to managing material negative impacts, advancing positive impacts, and managing material risks and opportunities	
G1	G1.GOV-1	The role of the administrative, supervisory and management bodies	2.14.1. Governance
G1	G1.IRO-1	Description of the processes to identify and assess material impacts, risks and opportunities	2.14.2. Impacts, risks and opportunities
G1	G1-1	Corporate culture and business conduct policies and corporate culture	2.14.3. Corporate culture 2.14.4.1. Prevention and detection of corruption or bribery
G1	G1-2	Management of relationships with suppliers	2.14.5. Suppliers
G1	G1-3	Prevention and detection of corruption and bribery	2.14.3.2. Responsible Business Queries Channel and Whistleblowing Channel 2.14.4.1. Prevention and detection of corruption or bribery
G1	G1-4	Confirmed incidents of corruption or bribery	2.14.4.1. Prevention and detection of corruption or bribery

Entity-specific metrics

To facilitate their identification and understanding, the entity-specific metrics used by the Group and their location in this Sustainability Report are detailed below.

ESRS	Code	Metric	Location in the Sustainability Report
E1	E1-3	Renewable electricity use in own facilities (%)	2.9.4.1. Targets related to the management of material IROs
E1	E1-3	Total energy consumption (MWh) / Traffic (PetaByte)	2.9.3.2. Action plans: 2. Energy efficiency projects 2.9.4.1. Targets related to the management of material IROs
E1	E1-3	Number of suppliers Priority group 1: ICT sector suppliers participating in the Carbon Reduction Programme (CRP) (units)	2.9.3.2. Action plans: 3. Supplier engagement
E1	E1-3	Number of suppliers Priority group 2: suppliers required to commit to science-based emissions reduction targets and validate them through the Science Based Target Initiative (SBTi) (units)	
E1	E1-3	Emissions from suppliers Priority group 2: supply chain emissions (scope 3) attributed to suppliers required to commit to science-based emissions reduction targets and validate them through the SBTi (%)	
E1	E1-3	Number of suppliers Priority group 3: suppliers invited to participate in the CDP Supply Chain Programme (units)	
E1	E1-3	Emissions from suppliers Priority group 3: supply chain emissions (scope 3) attributed to suppliers invited to the CDP Supply Chain Programme (%)	
E1	E1-3	Number of suppliers invited to participate in the Supplier Engagement Programme at JAC level (units)	
E1	E1-3	Percentage of the B2B solutions portfolios verified as Eco Smart (%)	2.9.3.2. Action plans: 7. Products aimed at decarbonising the economy
E1	E1-3	Emissions of CO_2e avoided by customers through the use of Eco Smart and connectivity products and services (tCO_2e)	
E5	E5-5	Non-hazardous waste (t)	2.10.2.3. Waste
E5	E5-5	Recycled waste (t)	
E5	E5-5	Reused equipment (t)	
E5	E5-5	Number of mobile devices reused (units)	2.10.1.2. Action plans: 2. Reuse mobile devices
E5	E5-5	Number of refurbished/reused customer fixed equipment - CPE (Units)	2.10.1.2. Action plans: 1. Reuse customer-premises equipment (routers and set-top boxes)
E5	E5-5	Percentage of reused customer fixed equipment - CPE (%)	
E5	E5-5	Percentage of recycled waste (%)	2.10.1.2. Action plans: 4. Recycle 100% of waste when reuse is not possible,
S1	S1-4	Employee Net Promoter Score (eNPS) (points)	2.11.3.1. Targets related to the management of material IROs
S1	S1-9	Representation of women in executive positions (%)	
S1	S1-16	Ratio between the Executive Chairman's (CEO's) total annual remuneration and the median total annual remuneration of all employees, taking into account differences in purchasing power across the countries in which Telefónica operates (ratio)	2.11.3.7. Remuneration metrics (pay gap and total remuneration)
S4	S4-2	Group NPS (points)	2.13.3. Action plans, metrics and targets: C) Access to products and services
S4	S4-2	B2B NPS (points)	
S4	S4-2	B2C NPS (points)	
S4	S4-4	Total number of open procedures for privacy/data protection issues with a sanction or customer complaint (units)	2.13.3. Action plans, metrics and targets: A) Privacy
S4	S4-4	Total number of confirmed fines for privacy/data protection issues (units)	
S4	S4-4	Total number of confirmed fines for privacy/data protection issues (€)	

S4	S4-4	Financial Resources allocated to Universal Service Funds (€)	2.13.3. Action plans, metrics and targets C)Access to products and services
S4	S4-4	Number of startups invested in by Wayra through direct investment and funds (units)	
S4	S4-4	Number of startups directly invested in by Wayra (units)	
S4	S4-4	Number of startups invested in by Wayra through funds (units)	
S4	S4-4	Rural mobile broadband coverage (%)	
S4	S4-4	4G coverage (%)	
S4	S4-4	5G coverage (%)	
S4	S4-4	Number of premises with fibre-to-the-home [FTTH] connections (units)	
G1	G1-1	Number of employees trained in Responsible Business and Human Rights through the Responsible Business Principles course in the reporting year (units)	2.14.3.3. Training: Responsible Business Principles training
G1	G1-2	Number of suppliers awarded contracts under Telefónica's Purchasing Model (MCT) (units)	2.14.5.1. Responsible management
G1	G1-2	Number of suppliers classified as potentially high risk from a sustainability perspective (units)	2.14.5.1. Responsible management: Supply chain management 2.12.2.2. Action plans: 1. Contractual clauses
G1	G1-2	Number of suppliers classified as potentially high risk that have been externally assessed on sustainability aspects (units)	
G1	G1-2	Number of audits of key suppliers (units)	
G1	G1-2	Number of suppliers blocked due to integrity/international sanctions or sustainability risks or non-compliance (units)	
G1	-	Number of material cybersecurity incidents (units)	2.14.6.5. Metrics and targets: Number of material cybersecurity incidents

Environmental information

2.8. European Taxonomy for sustainable activities

2.8.1. Regulatory requirements

As part of the Action Plan on Financing Sustainable Growth and the European Union's Green Deal, the Taxonomy Regulation (EU) 2020/852 lays the foundation for a classification system that allows an economic activity to be recognised as sustainable. It aims to redirect capital flows to achieve a more competitive, circular and climate-neutral economy by 2050.

According to the Regulation, Telefónica must disclose key performance indicators (KPIs) that reflect the eligible and aligned proportion of turnover, capital expenditure (CapEx) and operating expenditure (OpEx), as applicable, associated with sustainable economic activities.

The process applied to calculate the indicators is detailed below, along with key aspects relating to accounting policy, compliance with Regulation (EU) 2020/852 and its complementary Delegated Regulations, and the relevant annexes. In addition, the necessary contextual information is provided to facilitate a proper understanding of the results.

In January 2026, a new Delegated Regulation (Omnibus) was approved and entered into force, aimed at simplifying the content and presentation of Taxonomy-related information. Telefónica has adapted its reporting process to align with the new criteria set out in the Regulation.

Delegated Regulation 2026/73 (Omnibus)

In line with the principle of proportionality, this Regulation aims to simplify and streamline the application of the Taxonomy by reducing its technical and operational complexity, thereby facilitating analysis and reporting by companies.

For Telefónica, this approach enables analysis and reporting efforts to be focused on activities that are significant from a financial and environmental perspective. This ensures that the criteria and objectives pursued by the Taxonomy Regulation are applied rigorously and efficiently.

Accordingly, Telefónica has analysed all its activities, taking into account the materiality thresholds set by the Regulation, to define the scope of eligible activities.

2.8.2. Identified activities

Eligible economic activities in the EU Taxonomy

Telefónica has identified the following products and services associated with economic activities as eligible, in accordance with the Taxonomy, for the climate change mitigation (CCM) and transition to a circular economy (CE) environmental objectives.

Activity	EU objective	Description	Eligibility (€M) Turnover	CapEx
8.1. Data processing, hosting and related activities	CCM	Cloud services available to users, facilitating storage in data centres.	939	21
8.2. Data-driven solutions for GHG emissions reductions	CCM	Digital solutions designed to provide data and analysis that reduce customers' GHG emissions, such as solutions for teleworking, smart mobility or e-health solutions. Investments in energy efficiency solutions on Telefónica's telecommunications network are also considered.	743	26
7.6. Installation, maintenance and repair of renewable energy technologies	CCM	Energy self-consumption solutions through the installation and maintenance of photovoltaic solar panels in homes, communities and businesses.	19	—
5.5. Product-as-a-service and other circular use- and result-oriented service models	CE	Equipment necessary for the provision of connectivity and television services to customers, whether individuals or businesses. This activity also includes initiatives that promote efficiency and resource optimisation, such as the sharing of certain infrastructure elements among agents involved in the provision of connectivity services, with a focus on greater intensity of asset use, optimising their utilisation and reducing the need for new infrastructure investments. For further information on network infrastructure sharing, see section: 2.10.1.2. Action plans	1,789	1,891

Non-material economic activities

In compliance with Delegated Regulation (EU) 2026/73, which aims to simplify the content and presentation of Taxonomy-related information, Telefónica has identified certain activities that, while covered by the applicable delegated regulations, do not form part of its business model or do not represent significant investments for the Company.

Not assessed activities considered non-material for any of the indicators are:

- Turnover: activities relating to the maintenance and repair of customer equipment (CE 5.1.) and the sale of second-hand mobile handsets (CE 5.4.)
- Investments in fixed assets (CapEx): real estate activities (CCM 7.7.) and fleet management (CCM 6.5.).
- Operating expenses (OpEx): activities associated with the maintenance and repair of customer equipment (CE 5.1.) and digital solutions aimed at reducing customers' GHG emissions (CCM 8.2.).

2.8.3. Calculation methodology

2.8.3.1. General considerations

Scope of the report

The Regulation applies to all companies within Telefónica's scope of consolidation (see 'Scope of Consolidation' in section 2.1. Basis for preparation).

As part of its exit strategy from Hispanoamerica, in fiscal year 2025 the Group sold its stakes in Telefónica Móviles Argentina, Telefónica del Perú, Telefónica Móviles del Uruguay and Otecel, among other companies headquartered in Hispanoamerica, and reached an agreement for the sale of all its shares in Colombia Telecomunicaciones, which was completed on February 5, 2026. The contribution of these companies to the Group's consolidated results and cash flows for 2025 and 2024 is shown as discontinued operations in the 2025 'Consolidated Financial Statements' (see Notes 2 and 30 to the 'Consolidated Financial Statements'). The Regulation stipulates that the Taxonomy indicators (Turnover, CapEx and OpEx) must be calculated from the Group's consolidated figures; therefore, discontinued operations are not included in either the numerator or the denominator.

Transactions between Group companies were analysed for the purposes of identifying and tracing the information. However, these transactions are not included in the calculation as they were eliminated in the consolidation process.

Accounting policy

Due care was taken throughout the process to avoid double counting:

- Reconciliation with accounting information, which ensures that eliminations and adjustments made during the consolidation process are accounted for.
- Use of consistent information sources, which prevents the same item being considered in two different KPIs or twice in the same KPI.
- Verification of data integrity and accuracy.

Comparison of information

The figures shown below are in accordance with the amendments introduced by Delegated Regulation 2026/73 (Omnibus). Therefore, the 2024 data are not directly comparable with the 2025 data, since the key performance indicators for 2024 are presented in accordance with the regulations in force at the time.

The proportion of eligible activities in 2025 would be comparable to approximately 10.1% of turnover and 27.6% of Capex in 2024, instead of 6.2% and 9.6% respectively.

To correctly interpret the variability of the figures between the two financial years, the following must be considered:

- Changes in the scope of the Group, primarily the divestments in Hispanoamerica mentioned above:
  - Turnover: impact of +0.1 p.p.
  - Capex: impact of +3.7 p.p.
- Activities identified as non-material have been excluded from eligibility and reclassified as having no significant relative importance:
  - Turnover: impact of -0.1 p.p.
  - Capex: impact of -0.9 p.p.
- Expansion of the scope of circular economy activity 5.5, related to the increased use of network infrastructure:
  - Turnover: approximate impact of +3.9 p.p.
  - Capex: approximate impact of +15.2 p.p.

2.8.3.2. Calculation of KPIs

Turnover

The denominator of this indicator corresponds to the Group's consolidated revenues of continuing operations, which in 2025 and 2024 amounted to 35,120 and 35,671 million euros, respectively (see Note 26 to the 'Consolidated Financial Statements').

Capital expenditure (CapEx)

The CapEx indicator referred to in the Taxonomy Regulation is defined in broader terms than the traditional concept associated with investments in fixed assets.

The denominator includes additions to property, plant and equipment and intangible assets (equivalent to CapEx, as defined in the financial information reported by the Group). It also considers additions to rights of use recorded in accordance with IFRS 16, as well as additions to property, plant and equipment, intangible assets or rights of use resulting from business combinations.

The breakdown of the calculation for the 2025 and 2024 financial years is as follows:

	Financial Statements Reference	2024*	2025
Additions to tangible and intangible fixed assets	Note 2	4,704	4,540
Additions of rights of use	Note 9	1,932	2,491
Additions due to business combinations	Note 6,8,9	11	767
Total CapEx associated with the Taxonomy		**6,647**	**7,798**

*Revised data to exclude the CapEx of Telefónica Móviles Argentina, Telefónica del Perú, Telefónica Móviles del Uruguay. Otecel and Colombia Telecomunicaciones, among other companies of smaller scale based in Hispanoamerica, due to their classification as discontinued operations.

Operating expenditure (OpEx)

In terms of operating expenses, the volume of Telefónica's eligible economic activities do not reach the established materiality threshold as per Delegated Regulation 2026/73. Consequently, these activities are classified as non-material activities and are not detailed in this Report.

2.8.3.3. Key performance indicators

Proportion of turnover, CapEx, OpEx from products or services associated with Taxonomy-eligible or Taxonomy-aligned economic activities – disclosure covering year 2025 (summary KPIs)

Financial year (N)	2025														
KPI	Total	Propotion of Taxonomy eligible activities	Taxonomy aligned activities	Proportion of Taxonomy aligned activities	Breakdown by environmental objectives of Taxonomy aligned activities						Proportion of enabling activities	Proportion of transitional activities	Not assessed activities considered non-material	Taxonomy aligned activities in previous financial year (N-1)	Proportion of Taxonomy aligned activities in previous financial year (N-1)
					Climate Change Mitigation	Climate Change Adaptation	Water	Circular Economy	Pollution	Biodiversity					
Text	€M	%	€M	%	%	%	%	%	%	%	%	%	%	€M	%
Turnover	35,120	10.0	2,397	6.9	2.2	-	-	4.7	-	-	2.2	-	0.1	1,266	3.1
CapEx	7,798	24.8	581	7.4	0.3	-	-	7.1	-	-	0.3	-	0.9	575	7.4
OpEx	1,872	-	-	-	-	-	-	-	-	-	-	-	1.4	0	0.01

Proportion of turnover from products or services associated with Taxonomy-eligible or Taxonomy-aligned economic activities – disclosure covering year 2025 (activity breakdown)

Reported KPI	Turnover												
Financial year (N)	2025												
Economic Activities	Code	Taxonomy eligible KPI (Proportion of Taxonomy eligible Turnover)	Taxonomy aligned KPI (monetary value of Turnover)	Taxonomy aligned KPI (Proportion of Taxonomy aligned Turnover)	Breakdown by environmental objectives of Taxonomy aligned activities						Enabling activity	Transitional activity	Proportion of Taxonomy aligned in Taxonomy eligible
					Climate Change Mitigation	Climate Change Adaptation	Water	Circular Economy	Pollution	Biodiversity			
Text		%	*€M*	%	%	%	%	%	%	%	*('E' where applicable)*	*('T' where applicable)*	%
Product-as-a-service and other circular use- and result-oriented service models	CE 5.5	5.1	1,635	4.7	-	-	-	4.7	-	-	-	-	92.3
Installation, maintenance and repair of renewable energy technologies	CCM 7.6	0.1	19	0.1	0.1	-	-	-	-	-	E	-	100.0
Data processing, hosting and related activities	CCM 8.1	2.7	-	-	-	-	-	-	-	-	-	-	-
Data-driven solutions for GHG emissions reductions	CCM 8.2	2.1	743	2.1	2.1	-	-	-	-	-	E	-	100.0
Sum of alignment per objective					2.2	-	-	4.7	-	-			
Total KPI		10.0	2,397	6.9							2.2	-	68.5

Proportion of CapEx from products or services associated with Taxonomy-eligible or Taxonomy-aligned economic activities – disclosure covering year 2025 (activity breakdown)

Reported KPI	CapEx												
Financial year (N)	2025												
Economic Activities	Code	Taxonomy eligible KPI (Proportion of Taxonomy eligible CapEx)	Taxonomy aligned KPI (monetary value of CapEx)	Taxonomy aligned KPI (Proportion of Taxonomy aligned CapEx)	Breakdown by environmental objectives of Taxonomy aligned activities						Enabling activity	Transitional activity	Proportion of Taxonomy aligned in Taxonomy eligible
					Climate Change Mitigation	Climate Change Adaptation	Water	Circular Economy	Pollution	Biodiversity			
Text		%	€M	%	%	%	%	%	%	%	('E' where applicable)	('T' where applicable)	%
Product-as-a-service and other circular use- and result-oriented service models	CE 5.5	24.2	555	7.1	-	-	-	7.1	-	-	-	-	29.3
Data processing, hosting and related activities	CCM 8.1	0.3	-	-	-	-	-	-	-	-	-	-	-
Data-driven solutions for GHG emissions reductions	CCM 8.2	0.3	26	0.3	0.3	-	-	-	-	-	E	-	100.0
Sum of alignment per objective					0.3	-	-	7.1	-	-			
Total KPI		24.8	581	7.4							0.3	-	29.8

2.8.4. Compliance with the technical screening criteria

For each activity identified as eligible, an assessment must be carried out to verify compliance with both the substantial contribution and do no significant harm criteria. In addition, the Group's compliance with the social minimum safeguards must be verified.

The main actions carried out by Telefónica to assess the alignment of the activities identified as eligible are detailed below.

The Company is analysing methodologies to assess and determine the alignment of the rest of the activities.

2.8.4.1. Substantial contribution to climate change mitigation

Activity 8.2. Data-driven solutions for Greenhouse Gas (GHG) emissions reductions

In order to address the technical criteria, the services were grouped into solutions such as teleworking, smart mobility solutions and e-health solutions, among other solutions.

The substantial contribution of data-driven solutions depends on the fulfilment of two technical screening criteria.

First, the ICT solutions must predominantly be used to provide data and analytics that enable reductions in GHG emissions. In this regard, there are numerous sectoral studies and methodologies that assess, identify and, in some cases, quantify the climate impacts and emissions reductions associated with the use of digital solutions (e.g. GSMA's The Abatement Effect and the GeSI Mobile Carbon Impact).

In addition, Telefónica carries out projects and methodologies to evaluate the impact of its solutions, such as life cycle assessments of some solutions, calculating emissions avoided based on internationally recognised standards or the application of the Eco Smart seal to identify products and services with potential environmental benefits.

The substantial contribution of energy efficiency and virtualisation solutions applied to the telecommunications network has also been analysed and demonstrated.

The second technical criterion, which is related to life cycle analysis, is not considered applicable to the categories of solutions described above, as there are no alternative solutions on the market.

Activity 7.6. Installation, maintenance and repair of renewable energy technologies

This activity involves the installation of solar panels in homes and businesses and is consistent with the individual measures that have been determined to ensure a substantial contribution to climate change mitigation.

2.8.4.2. Substantial contribution to the transition to a circular economy

Activity 5.5. Product-as-a-service and other circular models

For the substantial contribution analysis, Telefónica considered both B2C equipment (necessary for providing connectivity and television services) and the sharing of certain network infrastructure elements between different agents in the value chain.

From a contractual perspective, it has been verified that ownership of the assets remains with the renting company, that a payment is made for access to the service and that the conditions facilitate temporary transfer and return at the end of the contract. For infrastructure, the contracts defining access and shared use have been assessed, confirming according to reference sector reports, that this model enhances usage intensity and optimises asset utilisation.

Regarding the equipment used to provide connectivity and television services to customers, another technical aspect for evaluating and determining compliance with this technical criterion relates to the composition and design of the packaging for the devices. In this regard, Telefónica has analysed the technical specifications of the packaging used as part of the service provision so as to evaluate aspects related to the use of recycled materials and the sustainable management of raw materials utilised, as well as the design for reuse of the packaging.

Only the proportional share of KPIs that meets the aforementioned points is taken into account.

2.8.4.3. Do No Significant Harm to other activities

Climate change mitigation

The analysis has shown that the activity is carried out based on a strategy of accounting for and reducing GHG emissions in the context of Telefónica's corporate decarbonisation targets.

Climate change adaptation

Telefónica's climate risk analysis takes into account activities contributing to the circular economy objective,

which are those related to the use of network infrastructure and the logistics of equipment leased to customers and businesses (5.5.). Regarding the activity of solar panel installation (7.6.), no material physical climate risks have been identified.

To this end, Telefónica assessed the physical risk of climate change using the most up-to-date climate projections (AR6), covering both SSP1-2.6 (global temperature increase by the end of the century of no more than 2°C) and SSP5-8.5 (global temperature increase by the end of the century of around 5°C) climate scenarios and time horizons up to 2030, 2040 and 2050.

Accordingly, Telefónica prepares its adaptation plan with the aim of further strengthening adaptation to the effects of climate change and reducing exposure to the identified physical risks. For further information about Telefónica's climate risk analysis, see section:

2.9.3 Impacts, risks and opportunities

Sustainable use and protection of water and marine resources

Telefónica's water consumption mainly comes from sanitary use and to a lesser extent from cooling. The cooling systems are designed to operate without generating any significant environmental impact. Therefore, there are no discharges into freshwater or marine waterways that could cause significant harm.

Transition to a circular economy

With regard to end-of-life waste management for electrical and electronic equipment, Telefónica maintains contractual agreements for its collection and verifies that the waste management company is duly authorised and exercises appropriate control over the waste. In addition, the appropriate documentation is in place to ensure compliance with the directives applicable to the equipment purchased that forms part of the Company's operations.

Pollution prevention and control

Telefónica has assessed the following aspects through confirmation by its suppliers of the Company's environmental declarations:

- In line with the provisions of the REACH Regulation, the supplier declares that the products it supplies to Telefónica do not exceed 0.1% by weight of the substances described. Otherwise, there is no alternative with a complete absence of any of these substances. Furthermore, the absence of products with added mercury has been verified.
- In line with the provisions of the RoHS Directive, the supplier declares that the products it supplies to Telefónica do not exceed the limits established in Annex II.

2.8.4.4. Social minimum safeguards

For an economic activity to qualify as environmentally sustainable, it must be carried out in accordance with the OECD Guidelines for Multinational Enterprises and the UN Guiding Principles on Business and Human Rights. The assessment of Telefónica's compliance also takes into account the Platform on Sustainable Finance's Report on Minimum Safeguards published in October 2022.

Telefónica respects and promotes human rights throughout its value chain. For this reason, it has a due diligence system in place that includes policies, regular adverse impact assessment procedures, management measures to prevent and mitigate identified potential impacts, monitoring and communication procedures, and complaint and remedy mechanisms. It also has policies and procedures in place regarding, inter alia, competition, anti-corruption, responsible business, conflicts of interest and fiscal responsibility, in order to reinforce the Group's commitment to social rights and sustainable growth (see section 2.5. Due diligence).

2.5. Due diligence

2.8.5. Other information related to the Taxonomy

2.8.5.1. Telecommunications networks in the Taxonomy

The application of the Taxonomy regulatory framework has generated uncertainty and interpretation doubts in the market. In 2025 Telefónica continued working together with the sector to ensure that the European Commission (EC) incorporates a telecommunications networks activity into the EU Taxonomy.

In January 2026, the Code of Conduct (CoC) for the sustainability of telecommunications networks was published. This CoC is expected to serve as a reference for future initiatives, either as a technical screening criterion for a specific telecommunications networks activity within the Taxonomy, in the 'Europe's Digital Decade' strategic programme, or in standardisation processes.

2.9. ESRS E1 - Climate change

E1.GOV-3

2.9.1. Governance

Telefónica integrates climate change issues into its organisational culture through several lines of action: allocating responsibilities within its governance structure, developing policies and processes and aligning climate targets with employees' variable incentives.

The energy and climate change strategy forms part of the Company's Sustainability Plan, which is approved by the Board of Directors. The Sustainability and Regulation Committee, together with the Audit and Control Committee and the Nominating, Compensation and Corporate Governance Committee, oversee its implementation, the associated risks and the monitoring of targets, in accordance with the responsibilities set out in their respective regulations.

Climate-related considerations in the Group's pay scheme and variable remuneration system are explained in section:

2.4.3. Integration of sustainability-related performance into incentive schemes

E1-1

2.9.2. Strategy

E1-1_01

Telefónica's Climate Action Plan (CAP) defines the Company's transition plan for climate change mitigation and adaptation, sets out its energy and climate change strategy and shows how this is integrated across the business.

The Company's strategy and business model are aligned with scientific climate recommendations and with the sectoral decarbonisation pathways set out in the European Climate Law, ensuring their compatibility with the transition to a low-carbon economy and with the 1.5°C scenario of the Paris Agreement[1].

E1-1_14

The CAP is approved on an annual basis by the Board of Directors, following analysis by the Sustainability and Regulation Committee. Telefónica's Energy and Climate Change Office, together with the various areas of the Group involved in developing actions to achieve GHG emissions reduction targets, keeps the Plan up to date.

E1-1_02

Integrated into Telefónica's governance model, the CAP covers both current and historical emissions, as well as emissions reduction targets. Telefónica's ambition is to achieve net-zero emissions by 2040 globally for scopes 1, 2 and 3, thereby including emissions associated with its value chain. Achieving net-zero carbon emissions by 2040 means reducing scope 1, 2 and 3 emissions by at least 90% compared to the base year, and neutralising the remainder through high-quality carbon credits and, where possible, nature-based solutions.

In addition to the long-term goal, Telefónica's decarbonisation plan considers medium-term targets, which are described in more detail in the section:

2.9.4. Metrics and targets

These targets are validated by the Science-Based Targets initiative (SBTi)[2]. Their compatibility with the 1.5°C limit is described in the section on Science-based Targets.

[1] The Paris Agreement aims to keep the global average temperature increase to well below 2°C and preferably to 1.5°C compared to pre-industrial levels.

[2] For target validation, the Science-Based Targets initiative (SBTi) requires companies' targets to be science-based, or in other words, consistent with the level of decarbonisation required to keep the global temperature increase to 1.5°C. To that end, it defines the overall emissions reduction that a company must achieve to align with net-zero at global level. Specifically, on the cross-sectoral pathway, science-based long-term targets are equivalent to an absolute reduction of at least 90% of a company's total GHG emissions (Scopes 1, 2 and 3) compared to the base year.

Decarbonisation levers and adaptation and mitigation actions

E1-1_03

The CAP is Telefónica's roadmap to achieving net-zero emissions by 2040. It starts with the identification of risks and opportunities linked to climate change and defines the main decarbonisation levers, as well as the mitigation and adaptation actions necessary to meet the Company's climate targets.

One of the aims of the CAP is to optimise Telefónica's internal processes to reduce operational emissions (scopes 1 and 2). To this end, the Company has an Energy Efficiency Plan, which is at reducing energy consumption, and a Renewable Energy Plan, which promotes the use of renewable energies over fossil fuels.

For value chain emissions (scope 3), the CAP defines and fosters cooperative action with suppliers. Furthermore, it integrates circularity criteria, such as the refurbishment and reuse of CPEs (Customer Premises Equipment) and the consideration of environmental criteria during procurement processes throughout the Company. These lengthen the useful life of equipment and avoid emissions associated with extracting the materials needed to manufacture new devices.

Information on decarbonisation levers, which set out Telefónica's adaptation and mitigation measures, see the section:

2.9.3.2. Action plans

In addition to the decarbonisation levers, the CAP includes commercial actions, which describe how Telefónica helps its B2B and B2C customers avoid generating green house gas (GHG) emissions, through connectivity and the use of digital solutions.

It also incorporates economic considerations, which include the sustainable finance model and the internalisation of carbon pricing as levers for decision-making.

E1-1_15

In addition to defining emissions reduction targets, the Telefónica Group's climate strategy establishes specific indicators that track performance against targets and show what the Group is doing to meet them within the timeframe set.

In addition, if any of the initial targets have already been reached, Telefónica considers modifying or redefining some of the associated targets.

E1-1_07

Both the assets of the Telefónica Group and the products it sells are mainly powered by electricity. Given that the Company and the electricity generation systems in the countries in which it operates are transitioning to renewable electricity sources, it is estimated that the locked-in emissions from these key Telefónica assets and products are not significant and will not prevent achievement of the net zero emissions target in 2040.

E1-1_12

Telefónica is not subject to the exclusions applicable in the EU Paris-aligned benchmarks.

E1.IRO-1, E1.SBM-3

2.9.3. Impacts, risks and opportunities

Impact on climate change

E1.IRO-1_01

Telefónica recognises and analyses its impact on climate change through the annual quantification of the greenhouse gas (GHG) emissions generated both in its operations (scope 1 and 2 emissions) and in its value chain (scope 3 emissions). The GHG inventory is monitored and verified annually by a third party. This process aims to contribute to the accurate and transparent reporting of emissions, following the international best practices of the GHG Protocol and the new Corporate Sustainability Reporting Directive (CSRD) requirements. The Group's emissions are detailed in the following section:

2.9.4.3. GHG emissions

The material impacts that Telefónica has identified in ESRS E1 - Climate change as a result of the double materiality process are the following:

Subtopic: Climate change adaptation

Type of IRO	Description	
SBM-3_04, SBM-3_06		SBM-3_01, SBM-3_03, SBM-3_05, SBM-3_07
Actual negative impact	Interruption of customer services as a result of events related to climate change Linkage: Business model Origin in the value chain: Own operations (R&D, products and services)	

Subtopic: **Climate change mitigation**

Type of IRO SBM-3_04, SBM-3_06	Description SBM-3_01, SBM-3_03, SBM-3_05, SBM-3_07
Actual negative impact	Contribution to climate change through greenhouse gas emissions (scopes 1 and 2) Linkage: Business model Origin in the value chain: Own operations (all activities)
	Contribution to climate change through indirect greenhouse gas emissions (scope 3) Linkage: Business model Origin in the value chain: Upstream (all activities); downstream (all activities)
Actual positive impact	Avoided scopes 1 and 2 GHG emissions due to the shift to renewable energy sources and the implementation of energy efficiency measures Linkage: Strategy Origin in the value chain: Own operations (operations)
	Helping customers to decarbonise through the Company's products and services, enabling the avoidance of greenhouse gas emissions Linkage: Strategy Origin in the value chain: Own operations (R&D, products and services); downstream (use)
	Contribution to climate change mitigation through investment in emissions offset projects Linkage: Strategy Origin in the value chain: Own operations (support activities)

Subtopic: **Energy**

Type of IRO SBM-3_04, SBM-3_06	Description SBM-3_01, SBM-3_03, SBM-3_05, SBM-3_07
Actual negative impact	Environmental impact associated with the generation of electricity consumed by the Telefónica Group Linkage: Strategy Origin in the value chain: Upstream (procurement); own operations (all activities); downstream (use)
Actual positive impact	Reducing energy consumption through the implementation of energy efficiency measures Linkage: Strategy Origin in the value chain: Own operations (operations)

Risks and Opportunities

E1.SBM-3_01, E1.SBM-3_03

In 2024 Telefónica updated its climate risk and opportunity assessment to analyse the resilience of its strategy and business model. This analysis was based on climate scenarios, which are projections of possible futures used to assess how different variables (for example, rising temperatures or increased rainfall) could affect the Company's operations and/or assets.

The analysis identified potentially material risks and opportunities for the Company and established adaptation and mitigation measures.

Scope of the resilience analysis

The scope of the analysis focused on the main economic activities of the Group, specifically on telecommunications services, television and radio broadcasting programs, data processing and hosting, and IT consulting and installations.

With regard to the assets included, base stations, data distribution centres, data centres, main landing stations and warehouses were considered, as they are key to the Company's activity and are more exposed to the effects of climate change. Linear infrastructures, both terrestrial and submarine, and assets such as shops, offices or workshops, were not included.

In line with the Strategic Plan, the analysis covered the activities and assets of the Company's main markets: Spain, Brazil and Germany.

Supply chain components and customer operations were not included in the scenario analysis, as this is limited to the Group's main activities and its own assets for which direct adaptation and mitigation measures can be implemented. Once the results of the scenario analysis were incorporated into the 2025 double materiality process, the scope was broadened to identify the stages of Telefónica's value chain in which climate-related risks and opportunities originate.

E1.SBM-3_04, E1.IRO-1_04, E1.IRO-1_11

Phases of the resilience analysis

In the first phase, sessions were held with internal teams and specialist consultants to identify the physical hazards and transition events to which the Group is potentially exposed, considering the Company's geography, sector, track record and specific characteristics. To that end, the European Taxonomy list, the CSRD and the recommendations of the Task Force on Climate-related Financial Disclosures (TCFD) were used as references. This process allowed the analysis to focus on Telefónica's specific context and to rule out certain hazards (for example, permafrost, changes in wind patterns or rainfall) for the subsequent climate scenario exercise.

Once the risks and opportunities to which Telefónica is exposed had been identified through the scenario analysis, an Adaptation Plan was developed with the aim of reducing the potential adverse effects of the risks and maximising the opportunities. The results were subsequently integrated into the Company's double materiality process.

Resilience analysis methodology

E1.SBM-3_05, E1.IRO-1_03, E1.IRO-1_05, E1.IRO-1_08, E1.IRO-1_09, E1.IRO-1_10, E1.IRO-1_15

Time horizons used

In line with Telefónica's strategic targets, the climate risk analysis considered three time horizons: 2030, 2040 and 2050.

These horizons make it possible to tackle both immediate needs and long-term challenges and opportunities, integrating the results into strategic planning:

- Short term (2025-2030): aligns with the Company's emissions reduction targets for scopes 1, 2 and 3 approved by the Science Based Targets initiative (SBTi).
- Medium term (2030-2040): a period in which physical risks begin to intensify, especially acute climate events (storms or floods), while transition risks (technological and regulatory changes) also intensify.
- Long term (2040-2050): as Telefónica's main infrastructures have a long useful life, this time horizon is crucial for planning their adaptation to the projected risks beyond current commitments.

The impact of each risk and opportunity has been analysed across the three time horizons to understand their evolution over time.

E1.IRO-1_02, E1.IRO-1_06, E1.IRO-1_07, E1.IRO-1_17, E1.IRO-1_18

Scenario analysis for the assessment of physical risks

To estimate the range of impacts derived from physical risks affecting Telefónica's assets included in the scope of the Resilience Analysis, two opposing climate scenarios were selected that consider socio-economic projections and representative CO_2 concentration trajectories (SSP - Shared Socioeconomic Pathway and RCP - Representative Concentration Pathway), defined by the IPCC[3] in its latest report (AR6):

- SSP1-2.6: considered 'optimistic' in the analysis. It describes a future in which policies prioritise human well-being, the development of clean technologies and the preservation of the natural environment. In line with these assumptions, a temperature increase of between 1.5°C and 2°C above pre-industrial levels is projected for 2100.
- SSP5-8.5: considered 'pessimistic'. It describes a future in which policies focus on the free market and the intensive use of fossil fuels persists. In line with these assumptions, temperature and GHG emissions are projected to continue to increase, leading to a temperature increase of 5.5°C above pre-industrial levels by 2100.

For the physical risk analysis, geolocation data for the assets were used and integrated with climate projection models obtained from the European climate observation program Copernicus Climate Change Service (C3S) and NASA. These systems provide advanced, high-resolution data on climate variables, such as the monthly average of the daily mean temperature or the number of days per month with a maximum temperature above 40°C.

The probability and duration of climate hazards were determined based on projections of variables extracted from Copernicus and NASA models for each climate scenario. The magnitude of damage was calculated by combining these Copernicus climate variables (for example consecutive dry days per year, daily fire weather index) with damage curves or the Company's internal projections (for example, electricity consumption by country). Damage curves are graphical or mathematical representations that describe the percentage of damage or economic loss based on the severity of a climate hazard. They were drawn from CLIMADA[4], a well-known database for assessing climate-related risks.

To assess the physical risks to which Telefónica's assets are exposed, probability, magnitude and duration were combined with specific information such as the

[3] The IPCC (Intergovernmental Panel on Climate Change) is the United Nations body responsible for assessing scientific knowledge on climate change and its impacts.
[4] CLIMADA is an interdisciplinary model for assessing climate risks, combining climate modelling, economics, engineering and social sciences. It is developed by ETH Zurich, C2SM, Swiss Re and other research institutions.

geolocation of the assets, their economic value and other relevant variables, such as energy prices or energy consumption of each asset type.

Based on the consequences associated with physical risks, three main categories of impact were defined:

- Energy consequences: linked to the increase in energy consumption and the variability in electricity prices as a result of the physical risks.
- Failure/destruction of assets consequences: related to the deterioration, loss in value or total destruction of the assets.
- Loss of income consequences: referring to loss of revenues due to the interruption of the services offered by the affected assets.

E1.IRO-1_12, E1.IRO-1_13, E1.IRO-1_19, E1.IRO-1_20

Scenario analysis for the assessment of transition risks and opportunities

For transition risks, the Net-Zero 2050 scenario from the Network for Greening the Financial System (NGFS) was used, consistent with the Paris Agreement and a future in which global temperature rise is limited to 1.5°C.

The probability and magnitude of transition events were determined from socio-economic variables extracted from the NGFS scenario or from quantitative projections developed by Telefónica (for example, savings from renewable energy purchase agreements or trends in the percentage of sustainable debt) based on primary data and internal commitments. In relation to the duration of the events, the period 2024-2050 was taken into consideration, a period in which the global climate commitments aimed at achieving net-zero emissions are expected to be fulfilled.

To assess the transition risks to which the Group's main activities are exposed, variables from the NGFS scenario at country level were used, such as the price of carbon, electricity or fossil fuels. These variables, together with Telefónica's projections, made it possible to assess the transition risks related to increased operating costs due to carbon taxes, changes in the price of carbon credits and energy consumption. For other transition events, internal projections based on primary data and internal commitments were used, such as savings from Power Purchase Agreements (PPAs) or an increase in sustainable debt.

The analysis considered a series of hypotheses regarding the evolution of emissions, macroeconomic trends, energy consumption and technological deployment:

- Emissions: global CO_2 emissions reach or approach zero in 2050. Countries with a political commitment to a net-zero target defined before the end of March 2024 meet this target before or after 2050. This is made possible by the implementation of stricter policies in the short term.
- Macroeconomic trends: one of the main assumptions regarding socio-economic drivers is the harmonised evolution of the global population and economy through increased GDP and lower inflation levels. Business opportunities are expected to emerge in green sectors or products and services that facilitate the decarbonisation of customers, companies or individuals.
- Consumption and the energy mix: greater process efficiency that will enable lower energy intensity. Consumption of and investment in renewable energies are expected to increase in order to reduce dependence on fossil fuels.
- Technological deployment: rapid advances in technological innovation driven by the need for adaptation and the harnessing of opportunities arising from the transition to a low-carbon scenario.

E1.SBM-3_01, E1.SBM-3_06, E1.IRO-1_14

Results of the resilience analysis

As part of the telecommunications sector, Telefónica does not have assets or activities identified as incompatible with the transition to a carbon-neutral economy. The European telecommunications sector contributes to tackling climate change through the decarbonisation of its operations, the deployment of more efficient networks and the development of smart solutions to reduce environmental impact in other sectors. However, the analysis carried out makes it possible to identify actions that will ensure better adaptation to a low-carbon future.

The resilience analysis concluded that the opportunities associated with the transition to a low-carbon scenario outweigh the potential risks of climate change. Although no physical or transition risk is material on an individual basis, when considered together they do exceed the materiality threshold established by Telefónica.

The material risks and opportunities that Telefónica has identified under ESRS E1 - Climate change as a result of the double materiality process are as follows:

Subtopic: **Climate change adaptation**

Type of IRO	Description	SBM-3_02, SBM-3_03
Risk	Damage to infrastructure and loss of income, resulting from extreme weather events such as floods, fires and landslides (acute physical risk: extreme weather events)	
	Origin in the value chain: Own operations (operations, products and services)	
	Increased energy consumption and electricity prices due to temperature variability, heat waves and drought (chronic and acute physical risks)	
	Origin in the value chain: Own operations (operations, products and services)	

Subtopic: **Climate change mitigation**

Type of IRO	Description	SBM-3_02, SBM-3_03
Risk	Increased costs associated with the rise in carbon credit prices to offset scope 3 emissions (market transition risk)	
	Origin in the value chain: Upstream (all activities); downstream (all activities)	
Opportunity	Possibility of access to sustainable sources of financing due to the reduction of carbon emissions	
	Origin in the value chain: Own operations (support activities)	
	Turnover growth linked to the development of digital products and services that decarbonise other sectors of the economy	
	Origin in the value chain: Own operations (R&D, products and services); downstream (use)	

Subtopic: **Energy**

Type of IRO	Description	SBM-3_02, SBM-3_03
Risk	Increase in operating costs due to rising electricity prices (market transition risk)	
	Origin in the value chain: Upstream (procurement); own operations (all activities); downstream (use)	
Opportunity	Reduced grid energy costs thanks to the Renewable Energy Plan including PPAs (Power Purchase Agreements)	
	Origin in the value chain: Upstream (procurement); own operations (operations, support activities)	

Limitations of the resilience analysis

All the climate scenarios used in the analysis present uncertainties arising from political, technological and social factors such as fulfilment of international and national climate commitments. In addition, the resolution of available climate projections could lead to an underestimation or overestimation of the hazards assessed. Telefónica periodically reviews its risk analysis in order to address these uncertainties.

It is also important to mention that Telefónica's Adaptation Plan is mainly designed and structured at organisational level and by asset type, determining the actions based on the general characteristics of assets and infrastructures. The actions included in the plan, such as consumption of renewable energy and energy efficiency projects, are carried out in all the countries in which Telefónica operates, in order for the assets at risk to be taken into account in the Company's strategy, investment decisions and current mitigation activities.

Although this approach makes it possible to establish initial strategic measures, it introduces an element of uncertainty into the resilience analysis, as the measures in the plan are not specific to each asset exposed to a particular risk. However, this approach allows actions to be prioritised and strategic decisions to be made in the initial stages. Telefónica anticipates evolving towards a more granular analysis that makes it possible to reduce these uncertainties in the future, strengthening the effectiveness of its adaptation and mitigation actions.

E1.SBM-3_07, E1-1_13

Climate change adaptation and mitigation

Telefónica integrates the risks and opportunities identified into its business model through the CAP, which is included in the Company's strategy and financial planning. This is achieved through the diversification of products and services, sustainable financing models and mitigation and adaptation actions, such as renewable energy consumption and energy efficiency.

Adaptation and mitigation measures, as well as sustainable finance models, are explained in the following section:

2.9.3.2. Action plans

E1-2, MDR-P

2.9.3.1. Policies

E1.MDR-P_01-06

The responsibilities associated with the process of implementing the policies and their content can be found in the Sustainability Notes section:

2.15. Policies

E1-2_01

The Global Environmental and Energy Policy and the Global Supply Chain Sustainability Policy address climate change issues (mitigation, adaptation and energy efficiency) on a cross-cutting basis.

Global Environmental and Energy Policy

This policy establishes the guidelines that steer the Company, globally and locally, to support and improve its environmental and energy performance. It includes aspects related to climate change mitigation and adaptation, such as a commitment to efficient energy consumption and the reduction of GHG emissions, defining a common framework for moving towards net-zero emissions by 2040, including in Telefónica's value chain.

Its main targets relate to legal compliance in environmental matters, reducing environmental impact, collaborating with suppliers to reduce their carbon emissions, managing impacts, risks and opportunities deriving from climate change, and fostering the development of digital solutions to tackle environmental challenges.

With the firm intention of accelerating towards being a decarbonised Company, by decoupling data traffic from GHG emissions, and in accordance with this Policy, all Telefónica Group companies must:

- Define GHG emissions reduction targets for scopes 1, 2 and 3 for the short, medium and long term that are science based and externally validated.
- Continue consuming 100% renewable electricity in own operations (assets under operational control) in order to minimise the Company's carbon footprint.
- Reduce the use of fossil fuels in own operations, promoting the adoption of cleaner and alternative forms of energy.
- Incorporate innovative measures that will progressively lead Telefónica towards a net-zero emissions scenario.
- Offset/neutralise residual emissions in accordance with Company requirements.
- Minimise the impact of refrigerant gases.
- Promote energy efficiency measures, in both the design and the operation of facilities and infrastructures.

Global Supply Chain Sustainability Policy and Supplier Code of Conduct

Through its Global Supply Chain Sustainability Policy, Telefónica applies a robust due diligence process to identify, prevent and address adverse impacts.

The Supplier Code of Conduct is a tool for implementing these commitments, establishing the minimum sustainability criteria related to measures to mitigate the impact on climate change and energy efficiency, which must be met by suppliers.

It sets out the following criteria:

- Climate change: suppliers must minimise their environmental impact in their value chain, set GHG emissions reduction targets (preferably science-based), promote energy efficiency and the use of renewables and provide Telefónica with climate information when requested.
- Refrigerant gases: the suppliers shall not supply equipment containing ozone-depleting GHGs (such as CFC or HCFC), nor shall they refuel with these gases, unless expressly authorised to do so by Telefónica..

Supplier management is explained in 'Step 1. Minimum standards required' in the section:

2.14.5.1. Responsible management - Step 1. Minimum standards required

E1-3, E1-4, MDR-A

2.9.3.2. Action plans

Decarbonisation levers

E1-4_23

To meet its GHG emissions reduction targets, Telefónica has defined a set of decarbonisation levers. These are classified according to their impact on operational emissions (scopes 1 and 2) and indirect value chain emissions (scope 3):

- Energy consumption: this lever consolidates the emissions reductions achieved and projected by actions 1. Renewable Energy Plan and 2. Energy efficiency projects, described in 'Adaptation and mitigation actions' section below.
- Supplier engagement.
- Circular economy of equipment and others.

E1-3_01, E1-3_03, E1-3_04

The following table shows the cumulative reductions, relative to the base year, achieved in 2024 and 2025 through the implementation of these levers, as well as the reductions expected to be achieved in 2030:

	Scope	Base year*	2024	2025	2030**
GHG emissions (tCO_2e)	**1+2+3**	**5,704,973**	**2,926,275**	**2,929,541**	**1,442,392**
Reductions	1+2+3	N/A	-2,411,645	-2,378,331	-2,581,307
Energy consumption	1+2+3	N/A	-1,454,529	-1,514,783	-1,112,136
Supplier engagement	3	N/A	-935,808	-828,093	-1,290,654
Circular economy of equipments and others	3	N/A	-21,309	-35,455	-178,517

*Base year: 2015 for scopes 1 and 2 emissions and 2016 for scope 3 emissions.
**In line with the Company's Strategic Plan, only the projected GHG emissions reductions in 2030 for the main markets are reported.

The 2030 emissions projections were aligned with the new Strategic Plan and take into account the renewable energy targets, fuel reduction in operations and fleet, reduction of fluorinated gas leaks, the emissions reduction targets for the main suppliers, changes in the energy mix and changes in the composition of the fuels used for mobility, in accordance with existing policies and forecasts.

Due to the uncertainty associated with internal and external factors beyond 2030, there is no quantification of the emissions reductions expected for 2040 beyond the achievement of the net-zero target, which implies reducing emissions by 90% compared to the base year.

E1-4_24

To define the decarbonisation levers, a scenario compatible with limiting global warming to 1.5°C above pre-industrial levels was considered. This scenario assumes the achievement of net-zero emissions by 2040 through a significant increase in consumption of renewable energy, accompanied by improvements in the Group's technologies and infrastructures designed to increase energy efficiency. It also includes greater climate action in the value chain, promoting the circular economy and setting emissions reduction targets for the main suppliers.

E1.MDR-A_01-12

Adaptation and mitigation actions

The main climate change adaptation and mitigation actions Telefónica is working on are set out below. These initiatives are developed on an ongoing basis, given their strategic nature for the Company.

The definition and implementation of these measures contribute directly to meeting the targets set out in Telefónica's Global Environmental and Energy Policy, as well as those set out in the Supply Chain Policy, particularly with regard to environmental risk management, achieving the Company's net-zero carbon emissions target by 2040 and promoting digital solutions to help Telefónica's customers address the major environmental challenges affecting society as a whole.

1. Renewable Energy Plan

Through its Renewable Energy Plan, Telefónica is reducing its scope 2 and category 3 of scope 3 emissions (emissions associated with the fossil energy life cycle).

The consumption of renewable energy contributes to mitigating the potential climate-related transition risks associated with the increase in costs derived from carbon and electricity prices, and the uncertainty about carbon credit prices.

This measure also promotes adaptation to physical climate-related risks such as drought and precipitation variability. By increasing the self-generation of photovoltaic renewable energy, the Company is reducing its dependence on other sources such as hydroelectric power, which is more exposed to prolonged droughts. Through the Renewable Energy Plan, the Company not only promotes adaptation and mitigation of the potential impacts of climate change, but also considers renewable energy as a market opportunity to reduce operating costs and strengthen the Company's competitiveness.

The Renewable Energy Plan is applicable to all Telefónica's own operations. The consumption is based on three groups of activities:

1. Self-generation of renewable energy: Telefónica has renewable energy self-generation systems (solar and/or biomethanol) in base stations and buildings, which enable it to improve its autonomy, reduce its dependence on the electricity distribution network and dispense or reduce the use of fossil fuel generators in isolated base stations (off-grid).
2. Purchase of renewable electricity with a guarantee of origin: certificates that guarantee the traceability of renewable energy from its place of production to each point of consumption.
3. Long-term Power Purchase Agreements (PPAs): these contracts are designed to guarantee a supply of renewable electricity at a fixed or predictable price, so, in addition to supplying zero emissions electricity, they offer an opportunity for savings by reducing exposure to volatility in electricity market prices. Furthermore, they also contribute to promoting the construction of renewable energy parks in the countries in which Telefónica operates.

In 2025 renewable energy consumption reached 93% of total electricity consumption in own facilities (92% in 2024).

2. Energy efficiency projects

This initiative contributes to reducing scope 1 and 2 emissions and category 3 of scope 3 emissions — emissions associated with the fossil energy life cycle—, thereby mitigating the effects of climate change and moving the Company closer to its decarbonisation target.

Energy efficiency projects in operations optimise electricity consumption, which reduces exposure to energy price volatility, avoids additional costs due to carbon regulations and reduces the need to purchase carbon credits. This helps mitigate climate transition risks, reduce operating costs and maintain competitiveness in the face of rising energy costs.

At the same time, they serve as a measure for adaptation to extreme weather events such as heatwaves and cold waves. Through implementing more efficient processes and equipment, the Company is adapting air conditioning to extreme temperatures, ensuring an optimal environment in which the infrastructure is operative and workers can perform their jobs in a safe setting.

The following actions, included in the Energy Efficiency Plan, reduce energy consumption:

- Network transformation: Telefónica is making progress with the modernisation of its mobile network, progressively switching off older technologies such as 2G and 3G, optimising 4G and consolidating 5G. In the fixed network, replacing copper with fibre optics improves capacity and service quality. The virtualisation of environments also contributes to optimising resources and energy consumption. By doing this, Telefónica seeks to reduce its energy consumption per unit of traffic (MWh/Petabyte) while deploying the network of the future.
- Compacting of technical rooms: redistribution of loads and reconfiguration of the network are promoted to switch off equipment with low occupancy, reduce energy consumption, increase the operational density of spaces and achieve maximum performance. With less equipment and higher utilisation, the Company achieves a more sustainable and efficient infrastructure, ready to support the demands of next-generation networks.
- Power Saving Features (PSF): implementing smart systems that optimise energy consumption during low-traffic hours makes it possible to reduce energy consumption without affecting service quality. These features are particularly useful both for legacy networks with low traffic density and for next-generation networks designed to support much higher volumes. This delivers a more efficient and sustainable operation, adapted to current and future needs.
- Modernisation of equipment: replacement of electrical infrastructure (rectifiers, power plants, external cabinets and UPS) and air-conditioning systems (chillers and air-treatment units) with more efficient equipment, incorporating technological innovations that optimise energy consumption and replace cooling systems with equipment that uses gases with lower global warming potential (GWP).
- Replacement and/or reduction of fossil fuel consumption in operations: for critical sites without access to the grid or during power cuts, lithium batteries are introduced, increasing autonomy and reducing the need to start generators, reducing emissions and costs. When their use is unavoidable, biofuels and additives are used to reduce environmental impact, delivering cleaner and more efficient operations.
- Sustainable mobility: the transition to hybrid and electric vehicles is promoted, reducing fossil fuel consumption and CO_2 emissions. In parallel, the use of biofuels such as ethanol in combustion vehicles is promoted, ensuring a gradual transition towards more efficient and responsible mobility.
- Complementary actions: replacement of lighting with LED technology and installation of presence sensors to optimise the energy consumption of lighting systems, replacement of diesel with natural gas or propane in boilers used to heat offices, smart energy meters, leak control and replacement of refrigerant gases, among others.

As a result of these initiatives, energy consumption per unit of traffic in 2025 was 29 MWh/Petabyte, compared to 38 MWh/PetaByte in 2024. This ratio has improved by 92% compared to 2015, attributable to the efforts to improve the energy efficiency of the network, which have allowed for a reduction in energy consumption while the amount of data traffic managed by the networks grows.

This energy intensity metric (MWh/PetaByte) is the ratio of total energy consumption (fuel consumption in operations and vehicle fleet and electricity consumption), divided by the volume of data traffic in PetaBytes. The traffic used is the annual volume of data traffic (mobile and fixed) carried on Telefónica's data access networks. It is aggregated both in the downstream direction (network-customer) and in the upstream direction (customer-network). The units in which it is expressed are PetaBytes (10^15 Bytes).

3. Supplier engagement

Scope 3 emissions represent the largest share of Telefónica's carbon footprint, and more than half derive

from its supply chain. Therefore, in 2025 supplier engagement initiatives in collaboration with the Company's main suppliers in this area continued.

As a starting point, and to establish minimum requirements applicable to the suppliers within Telefónica's Procurement Model (MCT for it's acronym in Spanish), acceptance of the Supplier Code of Conduct is required, which includes, among other things, requirements on calculating and reducing emissions.

In addition, specific work is carried out based on each supplier's contribution to Telefónica's emissions footprint. To that end, suppliers are categorised and grouped into three priority levels:

- Priority group 1: comprises 56 key suppliers in terms of ICT sector emissions (44 in 2024).
- Priority group 2: comprises 79 suppliers (82 in 2024) that make up 55%[5] of Telefónica's supply chain emissions (79% in 2024).
- Priority group 3: comprises 141 suppliers (188 in 2024) that make up 62%[6] of Telefónica's supply chain emissions (88% en 2024).

Suppliers within Priority Group 3 were invited to provide information on their climate strategy, targets and actions through CDP Supply Chain. The information collected was analysed through the Company's Supplier Engagement Program (SEP), which assessed these suppliers' climate maturity and identified areas for improvement, which were addressed through a pledges model and training webinars.

Telefónica launched the SEP in 2022, and in 2024 it was scaled up to sector level through the combined efforts of the Joint Alliance for CSR (JAC) sector initiative. With this expansion, the program includes more than 700 suppliers (900 in 2024). By 2025, most had already made measurable progress in their climate maturity.

In addition, since 2022, Telefónica has required suppliers in Priority Group 2 to set science-based emissions reduction targets and have them validated by the Science-Based Targets initiative, a commitment that is monitored periodically.

Suppliers that, due to their contribution to GHG emissions in the ICT sector, are also part of Priority Group 1 were invited to participate in the collaborative initiative called the Carbon Reduction Program (CRP). CRP is a program managed through the JAC sector initiative, which seeks to drive emissions reductions at product level. Suppliers identify the most carbon-intensive products and through a Life Cycle Assessment (LCA) they determine which stages offer the greatest potential for reducing emissions. As a result, reduction plans are agreed with suppliers specific to these products.

In 2023, the CRP initiative was promoted by the Company with the support of another three telecommunications operators. Following its proven success, in 2025 it included more than a dozen operators.

4. Circular economy for equipment

Telefónica promotes the refurbishment and reuse of customer-premises equipment (CPE), such as routers and set-top boxes, mobile telephones and electronic operations equipment, through different initiatives.

Integrating circularity criteria into Telefónica's business models contributes to achieving net-zero carbon emissions at the Company, as the reuse of equipment lengthens its lifespan and avoids the emissions associated with extracting the materials needed to manufacture the devices, which would be necessary if the current equipment was not reused. It also reduces the emissions associated with the equipment's manufacturing process, which are greater than the emissions generated by refurbishment.

These initiatives help to decrease scope 3 emissions, mainly in categories 1 and 2. These are the emissions generated by manufacturing the products and capital goods that Telefónica acquires. Decreasing them therefore mitigates the effects of climate change and brings the Company closer to achieving its decarbonisation target.

Detailed information on the actions established to promote the circular economy can be found in the following section of ESRS E5 - Circular Economy:
2.10.1.2. Action plans

5. Business Continuity Plans

Telefónica has a global crisis and business continuity system to prevent, respond to and mitigate service disruption due to climatic events such as floods, fires and landslides. This ensures that, should such events occur, their duration and cost are minimised.

The Global Business Continuity Regulation sets out preventive risk management and ensures maximum resilience of the Company's operations in the event of

[5] This percentage is the sum of the total emissions attributed to suppliers from whom Telefónica has required science-based emissions reduction commitments and validation of these through the SBTi initiative, divided by total emissions in Telefónica's scope 3 categories 1 and 2 in 2025. Due to methodological changes introduced in 2025 for the recalculation of scope 3 emissions, this value is not comparable with the percentage reported in 2024.
[6] This percentage is the sum of the total emissions attributed to suppliers that Telefónica invites to complete the CDP Supply Chain questionnaire, divided by total emissions in Telefónica's scope 3 categories 1 and 2 in 2025. Due to methodological changes introduced in 2025 for the recalculation of scope 3 emissions, this value is not comparable with the percentage reported in 2024.

possible disruptions, including extreme weather events. It stipulates the development of continuity plans to restore essential activities that have been interrupted.

There is a Local Crisis Committee, one per business unit, and another at global level. They are activated in the event of high-impact disruptive events and involve the relevant areas for each type of crisis.

Crisis management is structured into four phases:

- **Alert phase**: initial assessment of the incident, escalation and activation of the Committee.
- **Evaluation phase**: diagnosis of the situation.
- **Development phase:** decision-making for managing the situation and activation of plans.
- **Closure phase:** crisis resolution, identification of lessons learned and improvement of action plans.

During the summer of 2025, Spain suffered one of the worst wildfire seasons in decades. These episodes were compounded by prolonged heatwaves, persistent droughts and accumulation of dry vegetation, factors which, according to scientific evidence, are exacerbated by climate change. Recent studies warn that, if structural measures are not adopted, the frequency and severity of these fires will increase significantly in the coming years, becoming a growing risk to safety, ecosystems and the continuity of business operations.

In response, Telefónica launched an extraordinary operation to restore connectivity in the 236 towns affected in eight provinces. The Company mobilised more than 200 specialised technicians and deployed additional resources such as mobile units, generators and satellite solutions to ensure critical connectivity in hospitals and emergency centres. Damaged infrastructure was also replaced by installing hundreds of kilometres of fibre-optic cable, and the Company worked closely with public authorities and the security forces to ensure safety and speed up service recovery. Thanks to these measures, connectivity was maintained at critical moments and service was restored in record time, strengthening response capacity to extreme weather events.

6. Insurance Programs and Coverage for climate-related events

The Corporate Risk and Insurance Department has an insurance program to protect the network's property and assets. This program is defined through risk modelling of the Company's locations, using historical information on extreme weather events and different computer modelling systems (RMS, EQCat or KatRisk).

This process determines the probabilities of possible losses and potential impacts for different scenarios and return periods.

Analysing this data is essential for managing risk and setting the limits and retentions of the Telefónica Group's various insurance programs.

7. Products aimed at decarbonising the economy

In 2025 Telefónica continued strengthening its portfolio of digital products and services, which help decarbonise other sectors of the economy by fostering the digital and green transitions. These initiatives not only constitute one of the Company's main strategies for mitigating climate change beyond its value chain, but also represent a strategic opportunity for the Group. They provide Telefónica with access to a growing market, where demand is increasing for technological solutions capable of decarbonising customers' production processes, helping them to address greater regulatory pressure and increasing environmental awareness.

The Exponential Roadmap initiative[7] indicates that digital technologies could reduce GHG emissions by 15% in the industrial sector by 2030, and by up to 35% if people's habits change to become more digital and sustainable. This underscores the role of digitalisation in the transition to a low-carbon economy and strengthens the Company's commitment to solutions that benefit both the environment and its customers' competitiveness.

Development of Eco Smart services

Telefónica develops services based on connectivity, Internet of Things (IoT), cloud computing, big data and 5G. These solutions not only have the potential to generate operational and cost-savings , but also environmental benefits. To identify them, the Company uses the Eco Smart seal, which has four icons representing energy savings, reduction of water consumption, reduction of CO_2e emissions and promotion of the circular economy.

In 2025 the Group continued developing green digital solutions and identifying them through the deployment of the Eco Smart seal.

As a result of the verification process of the B2B solutions portfolios, 57% of the services that Telefónica offers have been verified as Eco Smart due to their potential to generate environmental benefits and contribute to mitigating the impact of customers on the planet[8].

[7] Source: Exponential Roadmap Scaling 36 solutions to halve emissions by 2030 Report.

[8] This indicator is calculated by dividing the total number of B2B solutions verified as Eco Smart by AENOR by the total number of B2B solutions in the Company's portfolio. AENOR assesses the products and services portfolio based on the ISO/IEC17029:2019 standard Conformity assessment – General principles and requirements for validation and verification bodies. In 2025 no evaluations of the B2B portfolios were carried out under the Eco Smart label framework, so the value of the indicator remains unchanged compared to the end of fiscal year 2024.

Eco Smart services meet the following criteria: the environmental benefit must occur in the customer's activity or production process, or among the users of a service provided by that customer; it must be a direct consequence and not a side effect derived from the main benefit; and it must be significant, meaning that it is relevant to the customer's operations.

Quantification of avoided emissions

To understand Telefónica's level of contribution to climate change mitigation, the Company annually quantifies the greenhouse gas (GHG) emissions that its customers avoid thanks to the use of its products and services, i.e. the net carbon impact generated when compared to a scenario in which the solution is not used.

Telefónica estimates that its Eco Smart and connectivity services helped customers in Spain, Brazil and Germany avoid the emission of 19.2 million tonnes of CO_2e in 2025[9] (17.4 million tonnes in 2024). These emissions are not taken into account in the calculation of Telefónica's carbon footprint reduction.

The contribution of connectivity services offered to the residential segment (B2C) in Spain, Germany and Brazil has been quantified, as well as some IoT-based Eco Smart services offered to business customers (B2B) in these markets, given that currently only these markets have the complete information required by the reference standards used.

For B2C connectivity services, fixed and mobile broadband services are considered, enabling the following uses: teleworking, online training, online shopping, public transport applications and carpooling applications. The IoT solutions incorporated are those related to managing smart cities (lighting, waste and parking) and vehicle fleets.

For each of the solutions analysed, first-order effects (direct environmental impacts due to the existence of the solution), second-order effects (indirect impacts from the use and application of the solution) and higher-order effects (indirect impacts due to changes in consumption patterns or lifestyles in society) have been identified and, where possible, quantified. Different data sources are used for calculating the effects, depending on the case. These include the results of surveys conducted with Telefónica customers, as well as bibliographic sources, among others.

The net carbon impact for each solution is calculated as the sum of the effects described above. Total avoided emissions are therefore obtained by adding up the net carbon impacts of all the solutions analysed.

Resources allocated to adaptation and mitigation actions

E1-3_06, E1-3_07, E1-3_08, E1-1_04, E1-1_05, E1-1_06

The significant current and future financial resources, both OpEx and CapEx, allocated to the actions contained in the CAP and described in the previous section, are detailed below, including their relation to the financial statements and the Taxonomy indicators.

Network transformation and renewable energy

In 2025 Telefónica invested €1,898 million in the transformation and modernisation of the telecommunications networks based on high-speed fixed and mobile networks, including supporting infrastructures and software that improved their energy efficiency (€2,444 million in 2024). This investment is part of the Company's global CapEx (investment in intangible assets and tangible fixed assets) —see breakdown of CapEx by segment in Note 4 to the 'Consolidated Financial Statements'—.

In addition, as of 31 December 2025, Telefónica had renewable energy purchase commitments (PPAs) amounting to €1,234 million (€1,033 million in 2024), mainly from Telefónica Brazil for the period from 2026 to 2039, Telefónica Spain for the period from 2026 to 2031 and from Telefónica Germany for the period from 2026 to 2035 and 2040 (see Note 26 to the Consolidated Financial Statements).

Data-driven solutions for Greenhouse Gas (GHG) emissions reductions

In 2025 Telefónica invested €26 million in fixed assets (CapEx) (€33 million in 2024) allocated to data-driven solutions to reduce the GHG emissions of its customers, such as teleworking, smart mobility or e-health, and to energy efficiency solutions on Telefónica's telecommunications network, corresponding to activity 8.2. as defined in the Taxonomy. This activity is explained in the following section:

2.8.2. Identified activities

SBM-3_08, E1-3_05

Financial effects of climate-related risks and opportunities

Financing linked to sustainability criteria

Sustainable financing is a key element in the transformation of the business model. Access to capital with sustainability criteria, through green bonds and hybrid instruments, supports the implementation of projects with a positive environmental and/or social impact, such as the transformation of fixed and mobile telecommunications networks.

[9] A methodology based on both the WBCSD's Guidance on Avoided Emissions and the ITU L.1480 standard is used to calculate this indicator.

In terms of bank financing, Telefónica has financing linked to sustainability metrics. At the end of the year, the Company met the targets pledged to financial entities. In 2025 changes occurred in the scope of consolidation of the Telefónica Group, mainly due to the sale of the Group's operators in Argentina, Peru, Uruguay and Ecuador (see 'Scope of consolidation' in section 2.1. Basis for preparation); which made it necessary to recalculate emissions in the base year (see 'Selection of base years' in section 2.9.4.1. Targets related to the management of material IROs).

Metrics	Base year	Baseline value	2025
Reduction of scopes 1 and 2 of GHG (%)*	2015	1,464,012	91.2%[10]
Women in executive positions in the Group (%)	2020	27,40%	35.3%[11]

*The reference value for the scope 1 and 2 reduction indicator has been recalculated, primarily taking into account divestments in the Group's operators in Argentina, Peru, Uruguay and Ecuador. This represents a 19% reduction compared to the previous reference value (1,811,155 tCO_2e).

Overall, as of 31 December 2025, the Group has sustainability-linked financing of €20,490 million (€21,447 million in 2024). This financing includes current and non-current financial liabilities of €4,524 million, hybrid instruments of €6,050 million and undrawn committed credit lines of €9,706 million (see Note 29.d to the 'Consolidated Financial Statements').

In January 2026, Telefónica continued to strengthen its sustainable financing strategy with the issuance of €1,750 million in green hybrids and the placement of a €1,000 million senior green bond (see Note 31 to the 'Consolidated Financial Statements').

Extreme climate-related events

As described in section *5. Business Continuity Plans*, in 2025 Spain recorded several large-scale forest fires that affected the Company's operations and required the activation of an extraordinary operation to restore connectivity in the affected populations.

In addition, 2024 saw two other extreme weather events: the DANA (for its acronym in Spanish of isolated depression at high levels) in Valencia, Spain —which caused significant damage to Telefónica's infrastructure due to power supply instability and water erosion— and the floods and landslides in the state of Rio Grande do Sul, Brazil —which affected the provision of essential services, including energy and telecommunications—. Estimates of the damage resulting from these events were almost entirely completed during 2025, ultimately proving to be lower than the preliminary estimates.

The measures taken to strengthen the Company's resilience to climate risks, together with existing insurance programs and coverages, have mitigated the financial impact associated with these events so that they have not had a material impact on the Group's financial position.

Data-driven solutions for Greenhouse Gas (GHG) emissions reductions

The Telefónica Group recorded €743 million in revenues in 2025 (€782 million in 2024) corresponding to the activity defined in the European Taxonomy for Sustainable Activities 8.2 Data-driven solutions for its customers' GHG emissions reductions. This activity is explained in the following section:

2.8.2. Identified activities

2.9.4. Metrics and targets

E1-4, MDR-T

2.9.4.1. Targets related to the management of material IROs

E1.MDR-T_01-13, E1-4_01

The Group has established climate targets that make it possible to manage material climate-related IROs. These are aligned with the commitments set out in the Global Environmental and Energy Policy and the Global Supply Chain Sustainability Policy. Furthermore, they allow for monitoring compliance with these policies and the associated action plans.

E1-4_02, E1-4_04, E1-4_07, E1-4_10, E1-4_13, E1-4_16, E1-4_18, E1-4_20, E1-4_21, E1-4_22, E1-4_25, E1-6_14

Target setting process and evolution

Telefónica sets its climate targets with the aim of achieving net-zero emissions through specific actions such as purchasing renewable energy, improving energy efficiency and engaging with its network of suppliers. In doing so, it incorporates international best practices (RE100 and CDP) and anticipates global commitments (Net-Zero by 2050).

To ensure the robustness of these targets, the Company uses the Science-Based Targets Net-Zero standard (v1.0, October 2021), based on science and aligned with the Paris Agreement, taking the 1.5°C limit as a reference to define its climate change strategy.

According to this standard, Telefónica defines its targets using the Absolute Contraction Approach, which establishes absolute reductions based on global decarbonisation pathways. In addition, GHG reduction targets are absolute, meaning they do not include offsets through sequestration, carbon credits or avoided

[10] Climate Change: section 2.9.4.1. Objectives related to the management of material IROs - GHG reduction objectives and performance.

[11] Own workforce: section 2.11.3.1. Objectives related to the management of material IROs - Equal treatment and opportunities.

emissions. This reinforces the commitment to achieving direct and effective reductions, aligned with inventory limits and the target of reaching net-zero emissions.

Selection of base years

To report on the performance of the targets, it is necessary to define base years that are representative of the Group's typical GHG profile according to its activities. This typical profile must take into account the most up-to-date methodological standards, the availability and traceability of the data and the accuracy of the calculations, ensuring that they are verifiable over time.

Therefore, Telefónica has selected 2015 (scopes 1 and 2) and 2016 (scope 3) as its base years.

In 2025 changes occurred in the Telefónica Group's scope of consolidation, mainly due to the divestments of the Group's operators in Argentina, Peru, Uruguay and Ecuador (see 'Scope of consolidation' in section 2.1. Basis for preparation). In addition, a scope 3 emissions screening process was carried out to update the calculation methodology and quantify the emissions of the remaining categories applicable to the Company's activities (see section 2.9.4.3. GHG emissions).

As these changes affect the calculation of the Group's total GHG emissions and result in a modification greater than 5%, a recalculation of the base year and of 2024 have been carried out, in accordance with best practices established in the GHG Protocol and SBTi standards. This approach enhances the representativeness of the base year and prior year used to monitor Telefónica's GHG emissions progress and enables their comparability.

Monitoring and approval of targets

The technical team defines the targets and designs a monitoring and performance-control system with quarterly and annual reviews to adjust actions and increase ambition where necessary.

Once defined, the Board of Directors approves them, ensuring their integration into the Company's overall strategy and confirming the proposed action plans. In parallel, these Net-Zero targets are submitted to SBTi for validation.

The following sections present the approved targets that form part of the CAP, as well as their performance.

Net-zero emissions by 2040 target

Achieving net-zero carbon emissions by 2040 involves reducing all emissions (scopes 1, 2 and 3) by at least 90% compared to the base year and offsetting the remainder through high-quality carbon credits and, as far as possible, through nature-based solutions.

Interim targets

To move forward with meeting the target by 2040, the following interim targets have been defined:

- Reduce operational emissions (scopes 1 and 2) by 90% globally by 2030 compared to 2015 (base year), bringing it forward to 2025 for the Company's main markets.
- Reduce emissions in Telefónica's value chain (scope 3) by 56% by 2030 compared to 2016 (base year).
- Continue consuming 100% renewable electricity in the main markets and in all the Company's remaining operations in 2030.
- Offset/neutralise all operational emissions (scopes 1 and 2) in Telefónica's main markets from 2025 onwards, driving projects that contribute to climate change mitigation.
- Reduce energy consumption per unit of traffic (MWh/PetaByte) by 95% by 2030 compared to 2015.

From a methodological standpoint —including assumptions, limitations, sources and processes— no updates were made to the targets in the reporting year.

GHG reduction targets and performance

Metric	Target	Base year value	2024	2025	Performance (2025 vs base year)
Absolute reduction of emissions, scopes 1+2+3 of the Group* (tCO_2e)	-90% by 2040	5,704,973	2,926,275	2,929,541	~~49%~~
Absolute offset of residual emissions, scopes 1+2+3 of the Group (tCO_2e)	100% by 2040	N/A	37,655	48,395	N/A
Absolute reduction of emissions, scopes 1+2 of the Group (tCO_2e)	-90% by 2030	1,464,012	150,500	129,432	91%
Absolute reduction of emissions, scope 3 of the Group (tCO_2e)	-56% by 2030	4,240,961	2,775,774	2,800,109	34%
Renewable electricity use in own facilities (%)	100% by 2030	20%	92%	93%	+73 pp

Metric	Target	Base year value	2024	2025	Performance (2025 vs base year)
Absolute reduction of emissions, scopes 1+2+3 of the Group* (tCO_2e)	-90% by 2040	5,704,973	2,926,275	2,929,541	~~49%~~
Absolute reduction of emissions, scopes 1+2 from the main markets** (tCO_2e)	-90% by 2025	1,022,365	50,704	46,467	95%
Absolute offset of emissions, scopes 1+2 from the main key markets (tCO_2e)	100% by 2025	N/A	36,355	46,469	100%
Reduction in energy consumption per unit of traffic (MWh/ PetaByte)	-95% by 2030	386	38	29	92%

*Methodologies and categories (scopes 1, 2 and 3) are defined in section 2.9.4.3. GHG emissions. In the targets, scope 2 is always considered according to the market-based method. The base year for scopes 1 and 2 and energy efficiency is 2015 and for scope 3 it is 2016.
**Main markets refers to: Spain, Brazil and Germany.

Telefónica continues to make progress towards its net-zero emissions target. In 2025 it achieved a 91% reduction in scopes 1 and 2 emissions and a 34% reduction in scope 3 significant emissions. This progress is mainly the result of the implementation of decarbonisation levers, such as energy consumption initiatives (including the Renewable Energy Plan and energy-efficiency projects), collaboration with suppliers and circular economy projects. The emissions inventory is detailed in the table 'Breakdown of total GHG emissions by scope and estimated future emissions' in section 2.9.4.3. GHG emissions.

E1-5

2.9.4.2. Energy

Energy is an essential resource for the Company's operations. In 2025 more than 96% of Telefónica's annual energy consumption came from its telecommunications network. For this reason, it is a priority for Telefónica to keep energy consumption stable despite the strong increase in the digitalisation of society and, consequently, the growth in data traffic flowing through the Group's networks.

E1-5_01, E1-5_02, E1-5_05, E1-5_06, E1-5_07, E1-5_08, E1-5_09, E1-5_14, E1-5_15, E1-5_17

Energy consumption

	Unit	2024	2025
Total energy consumption	**MWh**	**5,222,676**	**4,993,401**
Total consumption of energy from fossil sources	MWh	523,071	446,914
Consumption of electricity, heat, steam or refrigeration purchased or acquired from fossil sources	MWh	381,430	301,248
Consumption of fuel from fossil sources	MWh	141,641	145,666
Total consumption of energy from renewable sources	MWh	4,699,605	4,546,487
Consumption of electricity, heat, steam or refrigeration purchased or acquired from renewable sources	MWh	4,632,971	4,482,367
Consumption of fuel from renewable sources	MWh	61,381	56,694
Consumption of self-generated renewable energy	MWh	5,253	7,426
Percentage of fossil fuels in total energy consumption	%	10%	9%
Percentage of renewable sources in total energy consumption	%	90%	91%

Total energy consumption is calculated using activity data, including fuel consumption from stationary and mobile sources, as well as electricity consumption in both owned and third-party facilities that constitute the energy-related emission sources included in the GHG inventory.

Telefónica is a member of RE100, a global and collaborative initiative of influential companies committed to sourcing 100% renewable electricity.

To meet its targets, the Company promotes the use of power purchase agreements (PPAs) with electricity suppliers, as well as the installation of photovoltaic self-generation systems.

At present, electricity consumption is 100% renewable in the Group's telecommunications operators in Spain, Brazil, Germany and Chile.

E1-6_18, E1-6_19, E1-6_21, E1-6_22, E1-6_23

Type of contractual instruments

	2024	2025
Total contractual instruments used to purchase bundled and unbundled energy attribute claims (%)	**93%**	**94%**
Bundled contractual instruments		
Percentage of contractual instruments used to purchase energy bundled with attributes about the energy generation (%)	45%	63%
PPAs	25%	41%
Renewable energy certificates	13%	16%
Free energy market	8%	6%
Self-generation	0.1%	0.2%
Unbundled contractual instruments		
Percentage of contractual instruments used to purchase unbundled attribute claims (%)	55%	37%

E1-6, E1-7

2.9.4.3. GHG emissions

GHG emissions inventory

E1-6_15

Telefónica calculates the carbon footprint of its operations (scopes 1 and 2) and its value chain (scope 3) on an annual basis, applying the methodology established in the GHG Protocol Corporate Accounting and Reporting Standard (revised edition). The emissions inventory follows the methodological guidelines based on the principles of relevance, completeness, consistency, transparency and accuracy.

Telefónica calculates and reports these emissions in terms of carbon dioxide equivalent (CO_2e), taking into account not only CO_2, but also other greenhouse gases (GHG) such as methane (CH_4), nitrous oxide (N_2O) and hydrofluorocarbons (HFCs).

The Company calculates its GHG emissions by multiplying the activity data collected at each facility or business unit by documented GHG emissions factors, which are selected and periodically updated at corporate level.

The following sections describe the specific calculation methods, key assumptions and the sources of activity data and emission factors used to calculate GHG emissions for scopes 1 and 2, as well as for the significant and non-significant categories of scope 3.

Scope 1 (direct GHG emissions). These come from two sources: fuel consumption (fleet and operations) and fugitive emissions of fluorinated gases. The emissions factors are sourced from the GHG Protocol Cross Sector Tools (2024), the IPCC Sixth Assessment Report (2021) and the carbon footprint reporting tools provided by the ministries of the different countries.

Scope 2 (indirect GHG emissions). These come from two sources: electricity consumption and district heating. In the case of electricity, there are two methods for calculating these emissions, one that is location-based and one that is market-based. The emissions factors used for the location-based method come from the IEA Emissions Factors (2025) report, the International Energy Agency and official local sources (energy or environment ministries) in each country. For the market-based method, the emissions factors used are those from the available local sources (for example, MITECO for Spain) or the electricity residual mix factors of the Association Issuing Bodies (AIB).

Scope 3 (other indirect GHG emissions). These are indirect emissions generated across Telefónica's value chain, both upstream and downstream, as a result of its activities, but occurring from sources that are neither owned nor controlled by the Company.

E1-6_26, E1-6_27

In 2025 Telefónica updated the screening analysis of the 15 categories of indirect emissions in accordance with the GHG Protocol Corporate Value Chain Accounting and Reporting Standard.

This analysis identified as significant those categories that are most relevant to the business and for which decarbonisation levers can be developed: 'Purchased goods and services', 'Capital goods', 'Fuel- and energy-related activities', 'Upstream transportation', 'Business travel', 'Employee commuting', 'Use of sold products', 'Downstream leased assets' and 'Investments'. These categories represent the areas of greatest impact within Telefónica's value chain and are therefore considered priorities in emissions management.

Although the remaining categories are not significant, they are also reported to reinforce comparability and transparency. These categories are: 'Waste' (1,087 tCO_2e), 'End-of-life treatment of sold products' (6,436 tCO_2e) and 'Franchises' (10,307 tCO_2e).

Lastly, the category 'Upstream leased assets' is accounted for under other scopes (scope 2) and another category (scope 3 category 1), while the categories 'Downstream transportation' and 'Processing of sold products' are excluded from the inventory as they are not applicable to Telefónica's activities.

E1-6_29

The methodology used to quantify scope 3 emissions complies with the recommendations from the GHG Protocol (Corporate Value Chain (scope 3) Accounting and Reporting Standard) and the sector-specific guidance developed by ITU, GeSI and GSMA (Guidance for Assessment of scope 3 Emissions for Operators).

- For the calculation of the emissions from purchased goods and services and from capital goods (categories 1 and 2), the hybrid method defined by the GHG Protocol is used. Under this approach, the emission intensity of each supplier is multiplied by the amount awarded to that supplier. Executed purchase amounts or orders placed in the fiscal year are used for each supplier and type of purchase. The emission intensity of each supplier is calculated based on the supplier's GHG emissions and revenue, using the supplier's emissions information or, where necessary, considering the type of purchase. In the case of the purchase of mobile devices and CPEs, the supplier's specific method is used, whereby the number of devices purchased, both new and refurbished, is multiplied by the specific emissions from the production and transport stages of the Life Cycle Assessment for each model.

- The emissions associated with energy-related activities (category 3) are those associated with extraction and production of the energy consumed, as well as transmission and distribution losses of electricity and district heating. The calculation methodology is based on the activity data (amount of fuel, electricity and district heating used in the reporting year by the different business units) and on upstream emissions factors and transmission and distribution losses factors, which are specific to each country and are obtained from the International Energy Agency's Life Cycle Upstream Emissions Factors (2025) report and from the *2025 UK Government GHG Conversion Factors for Company Reporting;* report from the UK's Department for Environment, Food and Rural Affairs (DEFRA) .

- Emissions associated with the transport and distribution of products purchased during the reporting year —from first-tier suppliers to the Company's operations, both internationally and nationally— as well as those arising from downstream logistics to warehouses or other destinations (stores, contractors, customers), using vehicles not owned by Telefónica, have also been calculated (category 4). The calculation uses the distance-based method, which considers the mass of the products transported, the distance travelled and the type of vehicle used, applying the corresponding emission factor per tonne-kilometre obtained from the *2025 UK Government GHG Conversion Factors for Company Reporting;* report from the UK's DEFRA.

- Emissions arising from the treatment and final disposal of waste (category 5) are calculated using the waste-specific method, which determines emissions based on the type of waste and the treatment applied (recycling, incineration, landfill, etc.). Emissions are obtained by multiplying the amount of waste generated by the emission factor corresponding to each combination of waste type and treatment, sourced from the *2025 UK Government GHG Conversion Factors for Company Reporting;* report from the UK's DEFRA.

- For the calculation of business travel emissions (category 6), Telefónica applies both the distance-based method —for air, rail, bus, helicopter, ferry, rental car and employees' private vehicle travel— and the spend-based method used for certain transport modes where mileage data are not available. Additionally, upstream emissions or Well-to-Tank (WTT) emissions are calculated by multiplying the distance travelled for each transport mode by the corresponding upstream emissions factors, expressed in passenger-kilometres. The sources of the emission factors used are the *2025 UK Government GHG Conversion Factors for Company Reporting:* report from the UK's DEFRA and the *Air Emissions Accounts by Activity Branch and Activity Aggregates* (*Cuentas de emisiones a la atmósfera por ramas de actividad y Agregados por ramas de actividad*) published by the Spanish National Statistics Institute (INE).

- Emissions resulting from employees commuting between home and their workplace were also calculated (category 7). Telefónica applies the average-data method, based on estimation of employee mobility patterns. The calculation considers variables such as the number of employees, effective working days, the use of different transport modes and the average distance travelled. Using these inputs, the annual commuting distance is estimated for each transport mode and multiplied by the corresponding emission factors (WTT and TTW) to determine the total CO_2e emissions by entity and country. The source of the emissions factors used is the *2025 UK Government GHG Conversion Factors for Company Reporting;* report from the UK's DEFRA.

- For the calculation of emissions from the use of sold products (category 11), Telefónica multiplies the emissions associated with the mobile devices sold —

both new and refurbished— by the location-based energy emission factor. These emissions are estimated for each product considering the electricity consumption of each device over its entire useful life. To this end, the technical specifications published and made available by manufacturers are used (for example, through the European Product Registry for Energy Labelling – EPREL). The devices sold are grouped into categories with similar technical characteristics. When specific data are not available for a particular model, the estimation is derived from the models within the same category for which data are available, applying an extrapolation.

- The end-of-life emissions of sold products (category 12) are calculated by multiplying the number of mobile devices sold (smartphones, laptops, tablets, wearables and others) by the emissions associated with the end-of-life phase of each device, according to its model and brand. The emissions factors used are sourced from publicly available life cycle assessment (LCA) reports, Eco Rating data or average values when device-specific information is not available.

- Emissions arising from the operation of assets owned by Telefónica and leased to third parties, as well as from customer-premises equipment such as routers and decoders, are also calculated (category 13). The emissions are calculated based on the electricity consumption of these assets, applying country-specific emissions factors according to their location. The calculation uses internal and supplier data on the number of installed units and their energy characteristics; when device-specific information is not available, average values by technology and country are used. The emissions factors applied for the electricity mix are the same as those used for scope 2 and are sourced from recognised international and national references.

- Emissions from Telefónica's franchised retail stores (category 14) are estimated by multiplying the average store area by the number of stores in each country, the average energy consumption per unit on surface area, and the national emissions factors for the electricity and fuels used. The average energy consumption is calculated based on verified data from Telefónica's own stores, while information on the number and surface area of franchised stores is provided by the Sustainability departments of each operator. The emissions factors applied are the same as those used for scope 2.

- Emissions associated with investments (category 15) are also calculated. The scope includes joint ventures (including VMED O2 UK) and associates over which Telefónica exercises significant influence (accounted for using the equity method in the 'Consolidated Financial Statements'). When public carbon footprint data are available, the operational emissions of the investee are multiplied by Telefónica's ownership share. When such data are not available, the average-data method is applied, multiplying the investee's revenues by an EEIO (Environmentally Extended Input-Output) factor representative of its economic activity sector and by Telefónica's ownership share. This factor is derived from the *Air Emissions Accounts by Activity Branch and Activity Aggregates* published by the Spanish INE.

Telefónica's GHG emissions

E1-4_03, E1-4_06, E1-4_12, E1-4_15, E1-6_01, E1-6_02, E1-6_03, E1-6_04, E1-6_05, E1-6_06, E1-6_07, E1-6_08, E1-6_09, E1-6_10, E1-6_11, E1-6_12, E1-6_13, E1-6_17

In line with the methodology described above, the Telefónica Group's total GHG emissions for fiscal year 2025 amounted to 2.93 million tCO_2e. Direct emissions from the Company's operations (scope 1) accounted for 2.7% of the total, while indirect emissions associated with electricity consumption (scope 2) accounted for 1.7%.

Most of the Group's carbon footprint came from indirect emissions generated throughout the value chain (scope 3), which accounted for 95.6% of total emissions.

The following tables show Telefónica's total GHG emissions in 2025 and 2024, broken down by scopes 1 and 2 and significant categories of scope 3. As explained above, both the base year and the year 2024 were recalculated (see 'Selection of base years' in section 2.9.4.1. Targets related to the management of material IROs).

Breakdown of total GHG emissions by company

GHG emissions (tCO_2e)	2025 Telefónica Group	Telefónica Spain	Telefónica Germany	Telefónica Brazil	Other companies
Total GHG emissions - scope 1	**80,177**	18,130	4,138	23,704	34,205
Total GHG emissions - scope 2 (location-based method)	**705,207**	133,201	331,892	83,132	156,982
Total GHG emissions - scope 2 (market-based method)	**49,255**	97	397	—	48,761
Significant GHG emissions - scope 3	**2,800,109**	897,482	537,652	608,745	756,230
Cat. 1. Purchased products and services	**1,830,025**	556,825	377,243	370,801	525,156
Cat. 2. Capital goods	**392,574**	136,879	40,265	148,091	67,339
Cat. 3. Fuel- and energy-related activities (not included in Scopes 1 and 2)	**77,953**	2,043	20,782	24,753	30,375
Cat. 4. Upstream transportation	**29,419**	19,566	203	6,170	3,480
Cat. 6. Business travel	**25,810**	6,872	1,138	6,765	11,035
Cat. 7. Employee commuting	**37,030**	10,190	2,031	13,931	10,878
Cat. 11. Use of sold products	**82,505**	44,985	19,732	4,058	13,730
Cat. 13. Downstream leased assets	**301,876**	116,837	76,258	34,089	74,692
Cat. 15. Investments	**22,918**	3,286	—	86	19,546
Total GHG emissions [scope 1 + scope 2 location-based + scope 3]	**3,585,494**	1,048,813	873,682	715,581	947,418
Total GHG emissions [scope 1 + scope 2 market-based + scope 3]	**2,929,541**	915,710	542,187	632,449	839,195
Biogenic emissions relating to scope 1	**13,999**	—	—	13,992	7

GHG emissions (tCO_2e)	2024 Telefónica Group	Telefónica Spain	Telefónica Germany	Telefónica Brazil	Other companies
Total GHG emissions - scope 1	**91,314**	18,229	5,774	26,349	40,962
Total GHG emissions - scope 2 (location-based method)	**721,983**	165,272	318,051	85,776	152,884
Total GHG emissions - scope 2 (market-based method)	**59,186**	—	352	—	58,834
Significant GHG emissions - scope 3	**2,775,774**	897,047	495,624	674,003	709,100
Cat. 1. Purchased products and services	**1,700,230**	490,292	318,449	431,517	459,972
Cat. 2. Capital goods	**414,654**	155,533	43,745	152,792	62,584
Cat. 3. Fuel- and energy-related activities (not included in scopes 1 and 2)	**117,138**	20,699	20,386	25,173	50,880
Cat. 4. Upstream transportation	**36,296**	23,778	380	5,336	6,802
Cat. 6. Business travel	**44,688**	9,163	2,102	11,160	22,263
Cat. 7. Employee commuting	**36,769**	8,770	2,464	14,108	11,427
Cat. 11. Use of sold products	**77,772**	37,705	25,467	1,982	12,618
Cat. 13. Downstream leased assets	**322,676**	148,348	82,631	31,833	59,864
Cat. 15. Investments	**25,550**	2,759	—	101	22,690
Total GHG emissions [scope 1 + scope 2 location-based + scope 3]	**3,589,072**	1,080,548	819,449	786,128	902,947
Total GHG emissions [scope 1 + scope 2 market-based + scope 3]	**2,926,275**	915,277	501,751	700,352	808,895
Biogenic emissions relating to scope 1	**15,099**	—	—	14,918	181

Breakdown of total GHG emissions by scope and estimated future emissions

GHG emissions (tCO_2e)	Retrospective				Milestones and target years***	
	Base year	Base year value	2025	Change vs. previous year (%)	2030	Annual target/base year (%)
Scope 1*	2015	224,594	80,177	-12%	46,911	-5%
Scope 2 (location-based method)	2015	1,583,964	705,207	-2%	N/A	N/A
Scope 2 (market-based method)	2015	1,239,418	49,255	-17%	432	-7%
Scopes 1+2 (market-based method)	2015	1,464,012	129,432	-14%	47,343	-6%
Scope 3, significant categories	2016	4,240,961	2,800,109	1%	1,395,049	-5%
Cat. 1. Purchased products and services	2016	2,178,446	1,830,025	8%	N/A	N/A
Cat. 2. Capital goods	2016	872,246	392,574	-5%	N/A	N/A
Cat. 3. Fuel- and energy-related activities (not included in scopes 1 and 2)	2016	258,155	77,953	-33%	N/A	N/A
Cat. 4. Upstream transportation	2016	144,456	29,419	-19%	N/A	N/A
Cat. 6. Business travel	2016	96,174	25,810	-42%	N/A	N/A
Cat. 7. Employee commuting	2016	91,449	37,030	1%	N/A	N/A
Cat. 11. Use of sold products	2016	47,596	82,505	6%	N/A	N/A
Cat. 13. Downstream leased assets	2016	550,815	301,876	-6%	N/A	N/A
Cat. 15. Investments	2016	1,624	22,918	-10%	N/A	N/A
Total GHG emissions [scope 1 + scope 2 location-based + scope 3]**	2015/2016	6,049,519	3,585,494	-0.1%	N/A	N/A
Total GHG emissions [scope 1 + scope 2 market-based + scope 3]	2015/2016	5,704,973	2,929,541	0.1%	1,442,392	-5%

*Telefónica is not regulated by regulated emissions trading mechanisms.
**Base year: 2015 for scopes 1 and 2 and 2016 for scope 3 emissions.
***In line with the Company's Strategic Plan, only the projected GHG emissions reductions for the main markets are reported.

E1-6_30, E1-6_31

Total GHG emissions per net revenue

GHG intensity/revenue	2024	2025
Total GHG emissions (location-based method) per net revenue (tCO_2e/M€)	96.2	98.2
Total GHG emissions (market-based method) per net revenue (tCO_2e/M€)	78.4	80.2

E1-6_32, E1-6_33, E1-6_34

The denominator of the GHG emissions intensity metric for 2025 is based on the Group's consolidated figure for sales and services provided, including both continuing and discontinued operations (see 'Scope of consolidation' in section 2.1. Basis for preparation). This figure excludes the contribution of the Group's operators in Argentina, Peru, Uruguay and Ecuador, which, as indicated above, were sold during 2025 and, consequently, have also been excluded from the calculation of the Group's GHG emissions. The resulting total amount is €36,508 million in 2025 (€37,318 million in 2024).

In 2025 scope 1 emissions were 12% lower than in 2024 due to lower fuel consumption in operations and fleet, and mainly a decrease in refrigerant gas refills.

Scope 2 emissions decreased by 17% year-on-year as a result of the implementation of the Energy Efficiency and Renewable Energy plans.

Compared to the base year (2015), scope 1 emissions were reduced by 64% and scope 2 emissions by 96%. Taken together, scope 1 and 2 emissions dropped by 91%, equivalent to 1,334,580 tCO_2e avoided.

Of total value chain emissions (scope 3), 79% originated from purchases made across the supply chain ('Category 1. Purchased goods and services' and 'Category 2. Capital goods'), followed by emissions from the use of products by customers ('Category 13. Downstream leased assets'), which accounted for 11%.

Other relevant categories included 'Category 3. Fuel- and energy-related activities', 'Category 4. Upstream transportation', 'Category 6. Business travel', 'Category 7. Employee commuting', 'Category 11. Use of sold products', and 'Category 15. Investments', which together represented the remaining 10% of the value chain emissions.

Telefónica also calculates other emissions from non-significant categories that it considers strategically relevant to disclose for transparency purposes, such as 'Category 5. Waste', 'Category 12. End-of-life treatment of sold products' and 'Category 14. Franchises', which together amounted to 17,830 tCO_2e in 2025.

In 2025 scope 3 emissions decreased by 34% compared to 2016 (base year), although they increased by 0.9% compared to the previous year.

Scope 3 emissions increased in certain significant categories. Emissions associated with purchased goods and services (Category 1) increased by 8% compared to 2024, due both to a higher volume of purchases and to the inclusion of new products —such as televisions, computers and household appliances— within the Telefónica Group's sales portfolio.

'Category 11. Use of sold products' also increased, by 6%, compared to 2024. This was partly due to an increase in sales of televisions and gaming consoles, the associated emissions of which are higher than those of smartphones, and partly due to higher emissions factors, which resulted in an emissions increase greater than the growth in units sold.

Compared to 2024, emissions associated with 'Downstream leased assets' decreased, due to improvements in the energy efficiency of customer-premises equipment —emissions from decoders and routers fell by 6% year-on-year.

E1-6_25

During the reporting year, 62% of scope 3 emissions were calculated using primary data (61% en 2024).

Carbon credits

E1-7_20

To meet the target of achieving net-zero emissions in 2040, the Telefónica Group plans to reduce 90% of its total baseline-year emissions and, from 2040 onwards, neutralise its residual emissions through the purchase of carbon credits from GHG removal projects.

E1-7_12

Before 2040, Telefónica aims to support climate-mitigation projects outside its value chain (Beyond Value Chain Mitigation - BVCM), including both reductions and removal projects. To this end, the Company uses high-quality carbon credits acquired in the Voluntary Carbon Market. Projects generating these credits must meet the following quality criteria:

- Carbon-removal projects, preferably nature-based, such as reforestation, afforestation or ecosystem restoration (forests, wetlands, grasslands or ocean ecosystems), using native plant species.
- Demonstration of additionally and long-term impact.
- Projects must deliver environmental and social benefits and, to the extent possible, contribute to the achievement of the SDGs, while respecting and considering the rights of local communities and indigenous peoples.
- Projects must be certified under nationally or internationally recognised accreditation programs and verified by an accredited independent third party.
- Projects must preferably be located in the geographies in which Telefónica operates, especially in areas with high deforestation rates, such as Brazil. This approach helps curb deforestation in these regions, supports the conservation of existing forest carbon reserves and provides incentives to protect indigenous peoples and local communities.

E1-7_10, E1-7_15

Since 2019, Telefónica has financed climate change mitigation activities outside its value chain through the purchase of carbon credits from nature-based projects. In 2025 a total of 48,395 tCO_2e in carbon credits were cancelled, all of which came from biogenic carbon-removal projects.

E1-7_13, E1-7_14, E1-7_16, E1-7_17

In 2025, 38% of the carbon credits cancelled came from emissions-reduction projects (REDD+), while the remaining credits came from biogenic carbon-removal projects (ARR).

The following table presents the detail of the GHG-mitigation projects outside the value chain that have been financed through carbon credits.

Carbon credits cancelled

	2024	2025				
	Total	Total	Telefónica Germany	Telefónica Brazil	Telefónica Spain	Telefónica, S.A.
Total carbon credits cancelled (tCO_2e)	**37,655**	**48,395**	**4,535**	**23,705**	**18,229**	**1,926**
Carbon credits from removal projects (%)	**30%**	**62%**	100%	22%	100%	100%
Carbon credits from reduction projects (%)	**70%**	**38%**	—	78%	—	—
Carbon credits with the Verra Registry quality standard (%)	**99%**	**95%**	100%	100%	87%	87%
Carbon credits with the Spanish Climate Change Office (OECC) Registry quality standard (%)	**1%**	**5%**	—	—	13%	13%
Carbon credits from projects within the EU (%)	**1%**	**5%**	—	—	13%	13%

E1-7_02

Telefónica Spain holds carbon credits from the Bosque Telefónica project in Palencia, which helps to restore a degraded agricultural area by transforming it into forest land. It also invests in a reforestation project in Colombia, as well as additional restoration initiatives using native vegetation in Galicia, in areas affected by wildfires in As Neves, Covelo and Redondela, among others.

Telefónica Brazil continues to offset 100% of its scope 1 and 2 emissions through the purchase of carbon credits. The supported projects operate within the Amazon biome and include both ecosystem-conservation initiatives that prevent deforestation and reforestation projects using native species. They also promote the socio-economic development of local communities by generating income and supporting educational activities.

Telefónica Germany cancelled carbon credits from a reforestation project in Colombia that promotes sustainable forest management to foster natural regeneration, in an amount equivalent to its operational emissions.

Lastly, Telefónica, S.A., mitigated the impact of the scopes 1 and 2 emissions associated with its corporate buildings through the absorption of an equivalent amount of CO_2 in a reforestation project based in Colombia and in two restoration projects involving chestnut, cherry, oak and pine forests located in the communal lands of San Esteban de Budiño and Rubiós, both in Spain.

E1-7_11, E1-7_19

One of the targets set for 2025 was to offset the Group's scopes 1 and 2 emissions in its main markets (Spain, Germany and Brazil). In 2025 this target was met, offsetting 100% of emissions in the main markets and 37% at global level. Meeting this target will require the cancellation of approximately 245,996 carbon credits between 2026 and 2030, based on the Company's forecast operational emissions. In the medium term, Telefónica has secured agreements that ensure the availability of credits, supported by a multi-country and multi-year purchase that was awarded in 2022.

E1-8

2.9.4.4. Internal carbon pricing

E1-8_01, E1-8_02, E1-8_13

Telefónica applies an internal carbon price (shadow price) to promote the selection of low-carbon options in its procurement processes. Therefore, when acquiring equipment that consumes energy (electricity and/or fuel), as well as equipment containing fluorinated gases, this shadow price is incorporated into the calculation of Total Cost of Ownership (TCO). This approach enables the Company to consider not only the purchase price, but also the cost of the energy consumed and the price of the emissions generated over the equipment's useful life, thereby supporting decision-making that favours more efficient equipment with lower lifetime emissions.

This mechanism is expected to contribute to reducing scopes 1 and 2 emissions. As the emissions relate to future asset-level performance, the quantification of emissions for the current year is not considered relevant when compared with the emissions generated over the useful life of the asset covered by this approach.

E1-8_03

The application of the shadow price is defined in the Corporate Low-Carbon Procurement Instruction, which specifies the product categories to which it applies, provided that a certain financial threshold is exceeded. Accordingly, the shadow price is applied to the relevant procurement processes of the Telefónica Group companies across all geographies in which the Group operates.

E1-8_04, E1-8_05

To determine this value, a literature review of carbon prices and their projected trends was conducted. As part of this review, the carbon price projections of the International Energy Agency (IEA), the prices of the European Union Allowances (EUA) and the trends reported by the Carbon Pricing Leadership Coalition were analysed. The sources examined indicated price ranges between 50 and 100 USD/tCO_2e.

Subsequently, an analysis was carried out comparing the average prices published in the CDP climate change questionnaire, which showed that the average internal shadow carbon price applied by companies was 28 USD/tCO_2e. As part of the assessment, and with the aim of incorporating real carbon-market prices, the Group's experience in purchasing carbon credits was also considered. To that end, the price of carbon credits acquired on the Voluntary Carbon Market (VCM) between 2020 and 2022 was evaluated, together with the price ranges of Telefónica's carbon-credit purchase agreements through 2026.

Taking into account the trends reviewed, Telefónica's internal experience and the future price outlook for the VCM, the Company decided to set its internal carbon price at 30 €/tCO_2e.

2.10. ESRS E5 - Circular Economy

Telefónica integrates the circular economy into its business model. This enables the Company to decouple growth from its environmental footprint, and avoid indirect carbon emissions through reuse and recycling.

E5.IRO-1

2.10.1. Impacts, risks and opportunities

The material impact that Telefónica has identified for ESRS E5 - Circular economy as a result of the double materiality process is the following:

Subtopic: Resource inflows, including resource use

Type of IRO	Description
SBM-3_04, SBM-3_06	SBM-3_01, SBM-3_03, SBM-3_05, SBM-3_07
Actual positive impact	Avoidance of environmental impact related to the extraction of virgin raw materials through the recycling and reuse of parts and equipment Linkage: Strategy Origin in the value chain: Own operations (operations); downstream (after-sales)

The material risks and opportunities that Telefónica has identified for ESRS E5 - Circular economy as a result of the double materiality process are the following:

Subtopic: Resource inflows, including resource use

Type of IRO	Description SBM-3_02, SBM-3_03
Risk	Loss of profits associated with supply chain disruption resulting from lack of electronic equipment for operations, offices and customers due to resource depletion, conflicts and geopolitical tensions arising from competition for natural resources Origin in the value chain: Upstream (extraction, manufacturing and assembly)
	Increased costs and waiting times for the delivery of products and services Origin in the value chain: Upstream (extraction, manufacturing and assembly)
Opportunity	Generation of savings by reusing customer-premises equipment avoiding the purchase of new equipment Origin in the value chain: Upstream (procurement); own operations (operations); downstream (after-sales)

Subtopic: **Waste**

Type of IRO	Description	SBM-3_02, SBM-3_03
Opportunity	Generation of income through the sale of waste for recycling Origin in the value chain: Own operations (operations)	

Subtopic: **Resource outflows related to products and services**

Type of IRO	Description	SBM-3_02, SBM-3_03
Opportunity	Generation of income through the sale of second-hand electronic equipment, such as mobile terminals, network equipment or other types of equipment Origin in the value chain: Upstream (procurement); own operations (operations, products and services); downstream (marketing)	
	Generation of income through the shared use of network infrastructure via agreements that enable increased intensity of usage Origin in the value chain: Own operations (operations, products and services); downstream (use)	

E5.IRO-1_01

The process for identifying potential impacts, risks and opportunities associated with resource use and the circular economy follows the methodology detailed in the following section:

2.3. Materiality

In addition, to assess specific impacts, risks and opportunities, during the analysis and implementation sessions of Telefónica's digital waste management tool (GreTel), the Company:

- Identified those of its assets and activities with the potential to generate waste.
- Considered each country's environmental regulations.

E5.IRO-1_02

All the required information about the consultations held with the different stakeholders, including affected groups, is gathered and reported in the following section:

2.2.4. Stakeholder management and relations

E5-1

2.10.1.1. Policies

Global Environmental and Energy Policy

E5-1_01, E5-1_02

Telefónica is committed to protecting the environment by reducing its environmental footprint. This policy includes the following fundamental principles:

- Responsible network deployment and operation.
- Pollution prevention.
- Efficient use of resources and the circular economy.

Furthermore, this policy aims to maximise the opportunities offered by the circular economy through:

- Collaborating with suppliers to implement eco-efficiency measures in the supply of equipment and services.
- Reducing waste generation by reusing and recycling electronic equipment.
- Using digitalisation to improve the traceability and reverse logistics of equipment.
- Promoting digital services and products that contribute to solving global and local environmental challenges.

Supply Chain Sustainability Policy

E5-1_01 E5-1_02

This policy states that suppliers must adhere to the minimum sustainability criteria detailed in the Supplier Code of Conduct.

This Code establishes that, to the extent possible within their contractual relationship with the Company, suppliers must provide products and services that are aligned with the following circular measures:

- Reduce the environmental impact and generation of waste from their activities.
- Integrate responsible design criteria, such as repair, reuse and recycling.
- Promote the sustainable use of resources and eliminate single-use plastics.

These preventive measures must be integrated at every stage of the product and service life cycle, from raw material extraction and manufacturing, to transportation, waste management and final disposal.

E5.MDR-P_01-06

The information required in the minimum disclosure

requirements (MDR-P) about the policies adopted to manage sustainability matters is gathered and reported in the following section of the Sustainability Notes:

2.15. Policies

E5-2

2.10.1.2. Action plans

E5.MDR-A_01-12

Telefónica has established actions to become a Zero Waste company by 2030 and to meet the circular economy commitments included in its Global Environmental and Energy Policy. These commitments include minimising the impact of waste generated, promoting reuse and recycling, and reducing the generation of hazardous waste.

In line with these commitments, Telefónica is implementing the following actions to manage its material impacts, risks and opportunities related to the circular economy:

1. Reuse customer-premises equipment (routers and set-top boxes)

This action focuses on the reuse of B2C/B2B routers and set-top boxes that follow under the device as a service model. It includes equipment that the Company collects from customers and delivers to a refurbishing company to give a second life.

This project is implemented at all Telefónica operators offering fixed telephony services and includes the upstream and downstream phases of the value chain, as well as own operations.

The reuse of customer-premise equipment is a long-term action that helps reduce dependency risks related to the circular economy. At the same time, it represents an opportunity for economic savings by avoiding the purchase of new equipment.

The expected result is to maintain the reuse of 90% of routers and decoders delivered for refurbishment.

In 2025 the Company reused 3.2 million routers and decoders (4 million in 2024), representing 80% (91% in 2024) of the total equipment delivered for refurbishment.

The variation compared to 2024 is due to the reduced scope of consolidation in 2025, as well as technological developments affecting this type of equipment. These factors determine the volume of equipment suitable for refurbishment.

2. Reuse mobile devices

Within the scope of this initiative, mobile devices owned by customers or by Telefónica and obtained through different channels are included, with the aim of giving them a second life. This is done through initiatives such as buyback programs, the sale of refurbished devices, repair services and reuse within leasing services, among other measures.

This initiative is rolled out in markets that offer mobile phone services and includes the upstream and downstream phases of the value chain, as well as own operations.

Reusing devices contributes to the reduction of circular economy-related dependency risks, and is a long-term action.

In 2025, 357,188 mobile devices were reused (437,180 in 2024). The variation compared to 2024 is mainly due to the reduced scope of consolidation in 2025 and lower numbers of mobile phones recovered through buyback programmes. A similar figure is expected in the medium term.

3. Prioritise the reuse of network equipment

Telefónica has implemented programs and digital platforms to extend the lifespan of network equipment and encourage its reuse.

This equipment comes from Telefónica's own infrastructure and that of partner organisations, mainly in markets where Telefónica operates telecommunications networks. The initiative covers both the upstream and downstream phases of the value chain, as well as own operations.

The reuse of network equipment is a long-term action that contributes to the reduction of circular economy-related dependency risks.

Thanks to efforts to promote the reuse of network equipment, 781,822 items were reused in 2025, compared to 533,818 in 2024. A similar figure is expected to be maintained in the medium term.

4. Recycle 100% of waste when reuse is not possible

This initiative includes delivering waste for recycling to waste managers authorised by the competent bodies and consolidating the waste generated by the Company's activity. In some cases it is possible to generate income through the sale of waste for recycling.

The GreTel digital tool enhances the traceability of waste disposal information, helping to mitigate risks and impacts from improper treatment.

The project is rolled out in regions with fixed or mobile telecommunications infrastructure, and focuses on the operations phase (waste management) of the value chain.This is a long-term action that is expected to recycle over 95% of the waste generated. In 2025, 94% of waste was recycled (94% in 2024).

5. Facilitate the sharing of network infrastructure

Telefónica has agreements in place with other operators to share network infrastructure, either partially or completely, in order to optimise its use and reduce the impact of the telecommunications sector on the environment.

Sharing telecommunications network infrastructure and constituent parts, such as sites, RAN components or frequency spectrum, allows existing assets to be maximised by increasing their utilisation intensity.

This approach is designed to achieve optimal land use, minimise visual impact, optimise energy consumption and reduce waste generation. This strategy contributes to a more efficient and resilient network model that is aligned with the Group's circular economy principles.

This initiative is underway and in ongoing development, mainly in the three key markets, and includes both own operations and those in the downstream phase of the value chain.

With regard to the expected results, the material commitments in force at the end of the current financial year can be found in Note 29.c of the 'Consolidated Financial Statements'. Progress tracking is reported in activity '5.5 Product-as-a-service and other circular models' in the Taxonomy section. See:

2.8.2. Identified activities

Corrective measures

Thanks to the implementation of Environmental Management Systems (EMS) in accordance with ISO 14001, all of the Group's operators have measures in place to control impacts and prevent harm to people. Operating under a certified EMS allows for adequate control and compliance with the environmental legislation applicable to each of the Company's operators.

The EMS are therefore directly linked to the preventive environmental compliance model, which forms part of the Company's global compliance process.

Resources allocated to circular economy actions

As outlined in section 2.8. European Taxonomy for Sustainable Activities, in 2025 Telefónica invested 1,891 million euros in fixed assets (CapEx) corresponding to the Taxonomy activity 5.5. Product-as-a-service and other circular use- and result-oriented service models (612 million in 2024). This investment was used to purchase the equipment necessary for the provision of connectivity and television services to customers, whether individuals or businesses, and for initiatives that promote efficiency and resource optimisation, such as network infrastructure sharing. Please note that a part of this investment is included in the Network Transformation CapEx reported in the section on the financial effects of climate risks and opportunities. See section:

2.9.3.2. Action plans - Resources allocated to adaptation and mitigation actions - Network transformation and renewable energy

The difference between the 2025 and 2024 figures is due to changes in the Group's scope (primarily divestments in Hispanoamerica) and the expansion of the scope of the activity, related to the increased use of network infrastructure. For further details, see section:

2.8.3.1 General considerations

SBM-3_08

Financial effects of circular economy risks and opportunities

Regarding circular economy opportunities, as reported in activity 5.5. Product-as-a service and other circular use- and result-oriented service models; in 2025 the Group recorded revenues of €1,789 million from the rental of the equipment necessary to provide connectivity and television services. The sharing of network infrastructure between different players in the value chain has been included in 2025. For further details, see the following section:

2.8.2. Identified activities

2.10.2. Metrics and targets

E5-3

2.10.2.1. Targets related to the management of material IROs

E5.MDR-T_01-13

Zero Waste

Target: reuse or recycle 100% of the total waste generated by 2030.

Performance in 2025: 95% of the waste generated was reused or recycled (95% in 2024).

In terms of the circular economy, Telefónica aims to be a Zero Waste company by 2030; a target aligned with the circular economy commitments outlined in the Global Environmental and Energy Policy. This is a quantifiable and relative aspiration that covers all material impacts, risks and opportunities related to the circular economy.

Scope

The scope of this target includes both electronic equipment that can still have a second life and waste generated by the Company's activity - whether hazardous or not - which is delivered to waste managers authorised by the competent bodies for recycling.

Geographically, the scope is regional, as it incorporates all companies with fixed or mobile telecommunications

infrastructure. Furthermore, it encompasses both the upstream and downstream phases of the value chain, as well as the Company's own operations.

Methodologies

The target is a percentage calculated on the basis of the current year's values and is aligned with the circular economy action plan and the European Union's waste hierarchy, which sets priorities for environmental protection and the advancement of the circular economy.

The waste hierarchy is set out in the European Union's Waste Framework Directive (2008/98/EC) and in the European Commission's circular economy categorisation system, which guides decision-making by prioritising prevention, reuse and recycling over other forms of treatment.

Furthermore, the definitions of Zero Waste proposed by the GSMA in its strategic sectoral documents on the circular economy for network equipment and mobile devices have been taken as a reference in defining the target.

Information on the engagement of stakeholders in target setting is outlined in the following section:

2.2.4. Stakeholder management and relations

E5-3_06, E5-3_07, , E5-3_08, E5-3_09

Being a Zero Waste company by 2030 means taking steps to responsibly manage the waste generated by the operations, prioritising reuse or recycling through specialised suppliers.

This approach enables the reuse of equipment or the recycling of materials, thereby contributing to the waste hierarchy levels related to prevention, reuse, and recycling.

Consequently, this initiative prevents waste from ending up in landfills or being incinerated, while promoting circular practices that contribute to the transition to more responsible environmental management models in our value chain.

Each instance of waste collection is accompanied by the entry of relevant information into the GReTel digital tool. This system allows Telefónica to monitor waste collection, prepare reports, analyse data and retain all documentation related to compliance with local environmental regulations. Consequently, this tool enables the Company to accurately and efficiently trace the origin and destination of its waste.

E5-3_13

The Company's circular economy commitments are voluntary and apply in the countries in which it operates.

E5-4

2.10.2.2. Products and materials

E5-4_01

Telefónica does not have production processes for manufacturing equipment and therefore does not directly consume materials. The main resource inflows come from the procurement of products that have already been manufactured, mainly electronic equipment, in particular:

- Customer-premises equipment, such as routers and set-top boxes.
- Mobile devices.
- Network equipment, such as antennas and other equipment associated with the telecommunications network infrastructure, including cables.
- Electronic office equipment.

E5-5

2.10.2.3. Waste

E5-5_07, E5-5_08, E5-5_09, E5-5_10 E5-5_11, E5-5_15

Waste metrics	Non-hazardous waste		Hazardous waste		Total	
	2024	2025	2024	2025	2024	2025
Total waste generated (t)*	**53,282**	**35,170**	**5,951**	**6,494**	**59,233**	**41,664**
Total waste generated (t) + reuse	64,451	50,137	5,951	6,494	**70,402**	**56,631**
Waste diverted from disposal (t) (includes recycling, reuse, energy recovery and other treatments)	62,470	48,276	5,896	6,479	**68,366**	**54,756**
Waste destined for disposal (t) (includes incineration and landfill).	1,981	1,860	55	15	**2,036**	**1,875**

Waste metrics	Non-hazardous waste		Hazardous waste		Total	
	2024	2025	2024	2025	2024	2025
Breakdown by treatment						
Reused equipment (t)	11,169	14,967	—	—	**11,169**	**14,967**
Recycled waste (t)	50,130	32,616	5,262	6,382	**55,392**	**38,998**
Waste for energy recovery (t)	324	348	520	11	**843**	**358**
Other treatment (t)**	847	346	115	87	**962**	**433**
Incinerated waste (t)	5.6	2.9	12	5	**17.4**	**7.7**
Waste sent to landfill (t)	1,975	1,857	43	10	**2,018**	**1,868**

*The data on waste generated does not include reuse as reused equipment has not yet reached the end of its useful life.
**Other treatments include: physical, chemical and biological treatment, secure cells and intermediate treatment prior to recycling.

Non-recycled waste

	2024	2025
Non-recycled waste (t)	3,841	2,666
Non-recycled waste (%)	6%	6%

E5-5_12, E5-5_13, E5-5_14

Network infrastructure maintenance is the main waste-generating activity, exceeding the waste generated in offices or e-waste collected from customers.

The majority of the waste produced by the Company consists of cables and electronic equipment resulting from the network transformation process and the consequence migrating from copper fibre optic cables.

Thus, the waste generated mainly contains metals such as steel, aluminium, iron and copper and, to a lesser extent, materials from electronic elements such as ceramics, polymers, fibre glass and materials that make up the printed circuits.

In 2025, 41,664 tonnes of waste were generated, which included cables, batteries, paper and electronic waste. This figure is lower than in the previous year, primarily due to a decrease in the volume of cables and metals resulting from shutdown and dismantling processes, reduced maintenance activity, and local operational variations. Overall, 94% of the total was recycled.

Regarding the electronic equipment collected, 75% was reused, thus preventing it from becoming waste.

Electronic equipment (%)

	2024	2025
Reused equipment	69%	75%
Recycled equipment	30%	25%
Equipment with other treatment and disposal	1%	—%

E5-5_17

The main activities generating waste or equipment for reuse are those related to fixed and mobile telecommunications networks.

Waste data is obtained by aggregating the volumes reported directly by the waste management provider. This information is classified according to the type of waste and the treatment applied and is then compiled into categories that facilitate information consolidation while considering the regulatory particularities of each country.

With regard to the data concerning equipment reuse, the Company gathers the information from physical units in units records, converting them to tons using conversion factors based on the average weight of each type of equipment.

Social information

2.11. ESRS S1 - Own workforce

S1.SBM-3

2.11.1. Strategy

Within the framework of the "Transform & Grow" Strategic Plan, people and talent management are essential levers for strengthening Telefónica's leadership in its main markets and fulfilling its mission of offering the best digital experience, consolidating its position as a world-class European operator with profitable scale. See section:

2.2. Strategy and business model

The people strategy seeks to simplify the operating model, giving greater autonomy and agility to operations, optimising critical functions and generating value through scale. At the same time, it promotes talent development, attracting, retaining and empowering the best professionals, and fostering a culture focused on impact and execution. This approach allows the Company to anticipate critical capabilities, strengthen key competencies and promote professional growth in a constantly evolving technological environment.

Telefónica is committed to adequate working conditions and an inclusive, safe and healthy environment, convinced that people are the driving force behind the Company's transformation and growth.

Types of employees

S1.SBM-3_01

Through the double materiality process, the Company has identified the potential positive and negative impacts, as well as the risks and opportunities associated with all its salaried employees.

S1.SBM-3_02

Salaried employees are defined as any natural person who, in accordance with the legal regulations of the country in which they operate, has a recognised employment relationship with one of the Group's legal entities. This relationship is characterised by the provision of personal services, inclusion on the payroll (even during periods without active payment) and the existence of hierarchical or functional subordination. Salaried employees include permanent, temporary and part-time contracts.

S1.SBM-3_11, S1.SBM-3_12

Telefónica takes into account those groups within its workforce who, due to their personal characteristics, job functions or operating environments, may require specific consideration. This work is coordinated through the Global Human Rights Policy, which establishes the framework for identifying these groups and ensuring that their needs and particularities are adequately integrated into people management. The implementation of these principles is managed in a decentralised manner in each business unit, in accordance with its activity, regulatory context and operating model.

In relation to risks and opportunities associated with its own workforce, the Company has identified those associated with technological transformation and the development of digital skills as relevant. Given the risk that it may affect specific groups, the Company promotes reskilling and continuous training programs.

2.11.2. Impacts, risks and opportunities

S1.SBM-3_03, S1.SBM-3_04

The material impacts[1] that Telefónica has identified at the sub-topic level in ESRS S1 - Own workforce, as a result of the double materiality process, are as follows:

[1] In particular, the negative material impacts identified on the Company's own workforce are considered to be widespread or systemic within the contexts in which the Company operates.

Subtopic: **Working conditions**

Type of IRO SBM-3_04, SBM-3_06	Description SBM-3_01, SBM-3_03, SBM-3_05, SBM-3_07
Potential negative impact in the short term	Changes in employment and working conditions resulting from corporate operations Linkage: Strategy Origin in the value chain: Own operations (all activities)
Potential negative impact in the short term	Exposure of staff to occupational hazards that may affect their physical or mental integrity, arising from the nature of certain activities or work environments, or from possible limitations in the anticipation and response capacity of the Health and Safety management system Linkage: Business model Origin in the value chain: Own operations (all activities)
Actual positive impact	Improvement of the living and economic conditions of Company employees due to the promotion of quality employment with fair, competitive and attractive working conditions Linkage: Strategy Origin in the value chain: Own operations (support activities)
	Improvement in working conditions for Telefónica's own workforce due to social dialogue, freedom of association and collective bargaining measures Linkage: Strategy Origin in the value chain: Own operations (support activities)
	Contribution to a safe and healthy environment by reducing the number and severity of accidents at work through the high level of training of employees in health and safety (physical and mental) Linkage: No linkage to strategy or business model Origin in the value chain: Own operations (support activities)

Subtopic: **Equal treatment and opportunities for all**

Type of IRO SBM-3_04, SBM-3_06	Description SBM-3_01, SBM-3_03, SBM-3_05, SBM-3_07
Potential negative impact in the medium term	Gender pay gap and barriers to promotion to leadership and decision-making positions Linkage: Strategy Origin in the value chain: Own operations (all activities)
Actual positive impact	Improving employee skills and promoting talent retention, as well as creating new opportunities, thanks to a wide range of training courses and programs Linkage: Strategy Origin in the value chain: Own operations (support activities)
	Positive impact on society thanks to the diversity and inclusion measures implemented by the Company Linkage: Strategy Origin in the value chain: Own operations (support activities)

Subtopic: **Other work-related rights**

Type of IRO SBM-3_04, SBM-3_06	Description SBM-3_01, SBM-3_03, SBM-3_05, SBM-3_07
Actual negative impact	Loss of confidentiality of the personal data of a specific group of employees affected by a security incident Linkage: Business model Origin in the value chain: Own operations (R&D, products and services)
Actual positive impact	Promoting employees' right to privacy by encouraging transparency in user data and providing them with the knowledge and tools necessary to control their information Linkage: Business model Origin in the value chain: Own operations (support activities)

S1.SBM-3_05
The material risk that Telefónica has identified for ESRS S1 - Own workforce, as a result of the double materiality process, is as follows:

Subtopic: Equal treatment and opportunities for all

Type of IRO	Description SBM-3_02, SBM-3_03
Risk	Talent shortages and new skill requirements in the workforce due to rapid technological changes Origin in the value chain: Own operations (all activities)

S1-1

2.11.2.1. Policies

S1.MDR-P_01-06, S1-1_01
Telefónica has internal policies and standards that address the management of material impacts, risks and opportunities related to its own workforce.

The information required in the minimum disclosure requirements (MDR-P) about the policies adopted to manage sustainability matters is gathered and reported in the following section of the 'Sustainability Notes':
2.15. Policies

S1-1_03, S1-1_04
Global Human Rights Policy
Through this policy, the Company commits to respecting the human and labour rights of its employees.

S1-1_08
This policy considers employees as a specific stakeholder group, and the commitments it outlines focus on the following areas: fair working conditions, freedom of association and the right to collective bargaining, health and safety, diversity, non-discrimination, equal opportunities, training, privacy, cybersecurity, and the fight against forced labour, modern slavery and child labour.

S1-1_07, S1-1_06
Telefónica's Global Human Rights Policy aligns with the main international instruments related to human and labour rights, the details of which can be found in section:
2.15. Policies - Global Human Rights Policy

To put these commitments into practice, Telefónica has a global due diligence process, that is explained in section:
2.5. Due diligence

Additionally, the Company provides its employees with the Whistleblowing Channel and the Responsible Business Queries Channel as mechanisms for addressing these impacts, among other measures. These instruments can be found in section:
2.14.3.2. Responsible Business Queries Channel and Whistleblowing Channel

S1-1_05
The approach to employee engagement is based on transparency, inclusion and continuous improvement. The Company implements open communication policies and conducts regular surveys to ensure the active and meaningful engagement of its workforce.

S1-1_09
Global Occupational Health, Safety and Well-being Regulation
This regulation establishes a framework for general and specific commitments that make it possible to prevent, reduce and monitor risks associated with the normal course of business, encouraging a culture of safety in which all parties assume their responsibility and that integrates prevention into all hierarchical levels of the Company, thereby providing safe and healthy working conditions. There are also health and safety management systems in place that are certified and aligned with the applicable legal frameworks in each country.

S1-1_10, S1-1_11, S1-1_12, S1-1_13
Global Equality Policy
This policy supports the Company's commitment to gender equality and opposition to all forms of harassment, prioritising working conditions that prevent workplace, sexual and/or gender- or sex-based harassment.

Global Diversity and Inclusion Policy
This policy sets out a commitment to equal opportunities and the non-discriminatory treatment of individuals across all areas of the organisation, taking a firm stance against any conduct or practice associated with prejudice on the grounds of the following factors, inter alia: nationality, ethnic origin, skin colour, marital status, family responsibility, religion, age, disability, social status, political opinion, serological and health status, gender, sex, sexual orientation and gender identity or expression.

At a local level, action protocols adapted to applicable legislation are implemented to address cases of workplace, moral and sexual harassment and discrimination. These protocols are designed to prevent and mitigate these situations and to facilitate an effective response should such situations be detected.

Despite no groups at particular risk of vulnerability being detected, they are covered through the Global Diversity and Inclusion Policy.

Global Privacy Policy

This policy establishes the general guidelines that must be implemented for the processing of personal data of individuals, including Telefónica Group employees, not only in compliance with the applicable legal frameworks in each jurisdiction but also in accordance with standardised and uniform criteria that create a common and general approach to privacy across the Group.

The Global Privacy Policy adheres to the principles of lawfulness, transparency, commitment to data subject rights, security and storage limitation.

Binding Corporate Rules

The Binding Corporate Rules (BCRs) were approved by the Spanish Data Protection Authority following the cooperation procedure between European Data Protection Authorities to regulate the international flow of data within the organisation, in compliance with Article 47 of the European Union General Data Protection Regulation (GDPR). These rules allow for the efficient and secure transfer of personal data from the European Economic Area (EEA) to countries outside it.

The implementation of BCRs helps to ensure compliance with European regulations in all Telefónica companies, enabling more efficient management of personal data, regardless of the location of the importing subsidiaries. In addition, BCRs provide greater legal certainty and facilitate alignment with the Group's organisational model.

In particular, the existence of BCRs ensures that employee data receive the same protection, rigour and guarantees in any country where they are accessed or processed, reinforcing the safeguarding of employees' personal information within the Telefónica Group, regardless of the location from which it is accessed.

Digital Disconnection Agreement

Applicable to all own workforce, this agreement recognises and guarantees the right of employees to disconnect from digital platforms, environments and tools outside of working hours, establishing a common framework to prevent unwanted extension of the working day. It also reflects the organisation's commitment to promoting healthy digital habits and fostering an appropriate work-life balance. This agreement contributes to the management of several impacts considered material, particularly those related to working conditions, well-being and the organisation of working time.

S1-2

2.11.2.2. Engagement with employees and their representatives

S1-2_01

Telefónica is dedicated to fostering an environment of active engagement and collaboration with employees and their representatives. The information gathered through the different means of communication with employees —such as surveys, meetings and other information channels— is analysed and used specifically to make decisions and implement measures related to the management of both actual and potential workplace impacts. For example, the results of the annual employee survey are presented to the Company's Executive Committee.

Impact management is supported by a structured system for identifying, reporting and monitoring cases related to working conditions and workers' rights.

S1-2_02

Employee feedback and suggestions are collected through regular surveys, feedback meetings and open communication channels.

Moreover, information from workers' representatives is gathered through regular meetings.

S1-2_03

Engagement with employees and workers' representatives is managed locally and meets the needs of each business and country in which Telefónica operates. As a result, the phases, types and frequency of engagement vary by country and business unit. They also vary depending on whether the engagement takes place with Telefónica's own workforce or with workers' representatives.

In general, when working directly with the Company's own workforce, there are different types of engagement:

- Feedback meetings in which employees can raise any feedback and suggestions. The frequency of these meetings varies according to the business/country.
- Surveys and questionnaires to gather information on employee satisfaction and needs. A global survey is conducted annually.
- Working groups to address specific issues and develop solutions. These are ad-hoc meetings held as needed.

Engagement with employee representatives involves joint committees convened quarterly, annually or monthly, depending on the subject matter and the country or business unit, addressing compliance with the commitments made, monitoring them and proposing possible measures for improvement.

S1-2_04

For agreements with the greatest impact such as collective bargaining agreements, the highest-ranking Company official involved is the Human Resources Director of each business. For global agreements, the ultimate responsibility lies with the Telefónica Group's Global Chief People Officer. Labour Relations teams are responsible for monitoring the actions and day-to-day activities of each business.

S1-2_05

Telefónica is committed to the core ILO standards, particularly regarding freedom of association and the right to collective bargaining in all the countries in which it operates.

In addition, the Company reaffirms the important role played by trade unions in defending the interests of workers and recognises the UNI Global Union (UNI) and the European Works Council (EWC) as key partners in the management of international labour relations.

The main aspects included in these agreements are the recognition and ratification of the commitment to fundamental human rights and respect for applicable standards regarding health and safety, equality, diversity and the environment in the workplace. To promote the effectiveness of these agreements, meetings are held annually with UNI and every six months with the EWC, in addition to maintaining regular contact with them. These agreements allow Telefónica to gain deeper insights into employee perspectives through:

- Direct contact: regular meetings and consultations with union representatives provide the Company with first-hand insights into workers' experiences and concerns, enabling it to comprehensively monitor potential incidents that may arise in the different countries.
- Continuous improvement: the ongoing nature of the Global Framework Agreements helps Telefónica to constantly learn from and adapt to the changing needs and perspectives of employees.

In Spain, a significant agreement was reached with the largest trade unions: the signing of the first 'Social Framework' for all companies based in Spain. This agreement aims to establish a global framework with homogeneous parameters for all Group companies in Spain, regardless of the full validity of the different agreements that are negotiated in the respective areas of application.

Likewise, in 2025 financial year, the Company negotiated with employees' legal representatives and agreed on various workforce reorganisation processes within the Group's companies in Spain, in accordance with the applicable labour regulations. These agreements establish distinct conditions depending on the affected groups and, as a general principle, provide for voluntariness as the primary criterion for participation. Implementation of the agreed measures is scheduled for 2026 and will be carried out in compliance with the applicable labour legislation, maintaining ongoing communication both with the employees' legal representatives and with the competent labour authority (see Note 24 of the 'Consolidated Financial Statements').

S1-2_06

The assessment of the effectiveness of the relationship with employees and workers' representatives is measured in a number of ways.

With regard to employees, it is measured through the annual motivation survey, which provides information on their level of satisfaction and commitment and enables the Company to make informed decisions. The survey is anonymous and the responses are analysed by a third party to maintain data confidentiality.

With regard to the relationship with workers' representatives, the effectiveness of the various committees is assessed by the agreements reached following negotiations and the absence of labour conflicts.

Both assessment processes follow a structured approach, involving continuous collection of data on the results obtained.

2.11.2.3. Remediation processes and engagement channels with employees

S1-3_01, S1-3_05, S1-3_06, S1-3_07, S1-3_08, S1-3_09

Telefónica takes a proactive approach to the remediation of actual material negative impacts that may affect employees. A Whistleblowing Channel is available as a mechanism for managing claims or complaints related to labour issues so that employees can report any incidents. A detailed explanation of how this channel works can be found in the following section:

2.14.3. 2 Responsible Business Queries Channel and Whistleblowing channel - Whistleblowing channel

Channels for employees to express their concerns

S1-3_02

Telefónica has several channels set up by the Company itself and designed for employees to express their concerns, needs and suggestions in an accessible way:

1. Motivation surveys: conducted globally on a regular basis to assess employee satisfaction, commitment and views on their work environment. These surveys help Telefónica to identify strengths and areas for improvement in working conditions and to gather employee suggestions. They also contribute to assessing impacts from an employee perspective as part of the double materiality process.

2. Internal communication channels: internal communication tools such as digital platforms, newsletters and specific portals to facilitate dialogue between employees and the Company. These platforms keep employees informed and provide a space in which to share their needs openly and directly.

3. Meetings with team leaders: regular meetings and feedback sessions between team leaders and team members fostering open communication, so that employees can express their concerns directly to their supervisors.

4. Responsible Business Queries Channel through which employees can submit queries on any aspect related to the Responsible Business Principles and their associated policies and regulations. A detailed explanation of how this channel works can be found in the following section:

2.14.3.2. Responsible Business Queries Channel and Whistleblowing Channel - Responsible Business Queries Channel

5. Local health and safety and equality committees: Telefónica has internal committees focusing on welfare and equality, which contribute to improving the work environment and implementing initiatives in line with employees' needs.

6. Network of trade union delegates and workers' representatives: employees can express their needs through trade unions or workers' representatives, who are responsible for communicating shared concerns and negotiating with the Company on working conditions and other matters of collective interest.

7. Human Resources Departments: the Company's Human Resources teams provide accessible contact points and channels for all employees to communicate any queries, requests for information or needs concerning professional development, benefits or working conditions.

8. Meetings with the heads of the organisation: regular meetings are held with Telefónica's most senior managers, in which employees can ask questions through the channels established for this purpose. Furthermore, these types of meetings also take place at a local level between local teams and the heads of the business units in each country.

9. Privacy Mailbox for employees: the aim is to provide a direct, accessible channel through which employees can communicate any concerns, queries or situations related to the processing of their personal data, and make requests concerning the exercise of their data protection rights.

S1-4

2.11.2.4. Action plans

S1.MDR-A_01-12, S1-4_02, S1-4_05

All the actions mentioned have a global scope, although each action is implemented and adapted by the operators according to local needs and specific regulatory contexts. The activities carried out fall within the own operations phase of the value chain own operations.

The time horizons for each initiative depend on the nature and local context of the action, with targets defined on a short-, medium- and long-term basis. These targets are regularly assessed through key indicators, internal audits and satisfaction and motivation surveys.

With regard to impacts affecting Telefónica employees, a structured process is in place to identify, analyse and monitor any incidents related to working conditions and workers' rights, as well as to implement appropriate actions to remedy any damage caused.

S1-4_04

Telefónica has a Global Human Resources Committee made up of the heads of the People areas of the main operators and regions in which it operates. It meets monthly to review and monitor each of the actions described below, ensuring progress towards the achievement of the targets and metrics.

S1-4_01

Actions to mitigate negative impacts

In 2025 various corporate transactions were performed, including divestments of certain business units , which could potentially affect the employment and working conditions of employees.

Although each transactions has its own specific characteristics, the Company has global mechanisms for the protection of human and labour rights that serve as a framework for all its transactions.

These include the Global Agreement with the UNI Global Union trade union federation, as well as the Global Human Rights Policy and the United Nations Guiding Principles on Business and Human Rights, the Organisation for Economic Co-operation and Development (OECD) Guidelines for Multinational Enterprises, and various international human rights conventions and commitments, which establish clear commitments to respecting workers' rights, freedom of association, social dialogue and equal opportunities, even in contexts of restructuring or transfer of activities.

In addition, where possible, specific clauses have been included in the various purchase agreements to safeguard working conditions and ensure the continuity of rights in accordance with local legislation and the principles of the International Labour Organization (ILO).

Furthermore, the possible exposure of workers to risks that affect their physical or mental integrity constitutes a potential impact associated with the nature of certain activities and work environments.

This aspect is managed through the Global Occupational Health, Safety and Well-being Regulation, which establishes corporate commitments in terms of prevention, well-being and the promotion of a culture of safety, defining common principles to prevent, reduce and control occupational risks and integrating health and safety into business management.

Each operator implements specific action plans aligned with this global framework, which may include internal audits, preventive planning, periodic risk assessments, designation of responsible parties, incident reporting and analysis guidelines, emergency drills and health campaigns.

Although actions differ between countries, they all share the same expected outcome: to significantly reduce staff exposure to risks that affect their physical or mental integrity, improve the well-being and involvement of workers, and strengthen the management system's capacity for anticipation, control and response.

Monitoring is generally carried out on an annual basis — and, in certain cases, every six months— using indicators focused on reducing accidents, identifying and controlling occupational risks, and continuously improving preventive performance.

The Company has adopted various measures to mitigate material negative impacts on equal treatment and opportunities for all:

- Inclusion and diversity policies that promote gender equity, including protocols to prevent sexual harassment and workplace discrimination.
- Regular pay audits to identify and address gender pay gaps for equivalent roles or work of equal value, ensuring equal pay regardless of gender.
- Professional development programs to promote the advancement of women in the Company.
- Participation in external initiatives, such as collaboration with global networks and programs like the UN Global Compact and Women's Empowerment Principles to share best practices and promote gender equality in the business sector.
- Training in inclusive leadership and awareness-raising campaigns.
- Flexible working, work-life balance and equal leave policies.

The main indicator for monitoring measures to promote equal opportunities without gender discrimination is the proportion of women in executive positions.

Telefónica expects to continue these actions in the coming years. The intended result of these actions is an increase in the number of women in leadership positions and a reduction of the pay gap.

Other work-related rights: privacy

The actions that Telefónica is working on to manage the material negative impacts on employee data privacy are:

- Global privacy governance.
- Privacy risk assessment.
- Continuous cooperation with Security areas.
- Employee training and reskilling.

These actions are explained in the section:
2.13.3. Action plans, metrics and targets - A) Privacy

The same protection and confidentiality standards are uniformly applied to all personal data, regardless of their origin, in order to achieve comprehensive, consistent and coherent information protection across all levels.

These actions are expected to continue in the coming years. The intended result of these actions is to strengthen global privacy governance and improve management of the risks associated with protecting employee data.

S1-4_03

Actions to generate positive impacts

The following is a breakdown, by subtopic, of the initiatives that Telefónica is working on to generate positive impacts for its workforce.

Subtopic: Working conditions

As regards secure employment, working time, adequate wages and work-life balance, the Company carries out the following actions:

- Permanent contracts are prioritised to ensure job stability, in addition to having specific programs for young talent, such as scholarships and internships, the impact of which is monitored through regular reports.
- Pay reviews are conducted regularly and professional classification systems have been implemented to promote competitiveness and equity. Additional benefits are offered, such as share schemes and salary advances.
- Digital disconnection is encouraged through initiatives adapted to local regulations, such as flexible hours, gradual reductions in weekly working hours, hybrid and remote work, and record-keeping systems to regulate overtime. The Company offers extended family care leave and parental leave.

With regard to social dialogue, at local level there are joint committees that ensure compliance with collective agreements and adapt labour policies to the needs of

employees. There are agreements with UNI Global Union and with the European Works Council (EWC) establishing a framework for continuous dialogue and cooperation with trade unions at a global level.

With regard to health and safety, a preventative approach to health, safety and occupational well-being is followed, with ongoing training, health campaigns and psychosocial support. Telefónica promotes the overall well-being of its employees and maintains a healthy work environment. In addition, safety standards are monitored by committees, as well as through internal and external audits.

These actions are expected to continue in the coming years. The intended result of these actions is to ensure safe and fair working conditions that are in line with best labour practices, promoting stable employment, work-life balance and competitiveness at salary level.

Subtopic: Equal treatment and opportunities for all

In terms of training and skills development, Telefónica focuses on the professional development of its employees through training and reskilling programs, which include courses on emerging technologies, digital skills and leadership, and are to local needs. The Company assesses skills development through internal management tools and the Skills Workforce Planning process.

To foster diversity and inclusion, Telefónica implements global policies on gender equality, support for the LGTBQ+ community and inclusion of people with different backgrounds, ages and abilities. It promotes female talent through local-level initiatives such as training and leadership programs for women, specialised workshops and awareness-raising activities.

These actions are expected to continue in the coming years. The intended result is to be able to offer quality jobs and competitive and attractive working conditions.

Subtopic: Other work-related rights: privacy

In addition, Telefónica actively promotes its employees' right to privacy by creating transparent and accessible information environments. To this end, it provides both users and employees with a Global Transparency Centre, a centralised and easily accessible space where employees can clearly and directly consult all key privacy documentation, including Binding Corporate Rules (BCRs), the Global Privacy Policy and other strategic documents. In addition, the corporate intranet hosts specific Privacy sites designed to provide operational resources.

S1-4_06

Actions regarding material risks and opportunities

Telefónica is developing initiatives to address the risk of a technology talent shortage and the need to incorporate new skills into its workforce. These initiatives are integrated into the Skills Workforce Planning process and are supported by tools such as SkillsBank, which facilitates the identification of existing skills within the organisation and those needed to support business growth.

This planning process enables the Company to make the most appropriate decisions to close the skills gap through:

- Internal skills development: implementing large-scale reskilling and upskilling programs that develop critical business skills while enhancing the employability of professionals. Employee certification programs in third-party digital technologies are also offered.
- Attracting top talent through digital platforms, social media, networking events, trade shows and forums at technology-focused universities. In addition, the company strengthens its pool of young talent through various scholarship and internship programs.
- Career development through a conversation-based performance model focused on growth and capabilities.

These actions are planned to continue in the coming years, and the expected result is to reduce the skills gap in the workforce and ensure the availability of the talent needed for business growth.

Responsible practices and allocated resources

S1-4_08

To minimise potential impacts, Telefónica has global policies on human rights, equality, diversity and inclusion. Similarly, it conducts internal and external audits and assesses labour and human rights risks. It also has confidential whistleblowing channels and monitors indicators such as the gender pay gap and the percentage of women in executive positions, as well as responses to the motivation survey. Furthermore, it promotes work-life balance measures, flexibility, equal opportunities and safe environments, ensuring swift action if any irregularities are identified.

S1-4_09

The Company allocates human, financial, technological and infrastructure resources to manage negative and positive impacts, and mitigate risks by enhancing initiatives that benefit employees.

It also allocates budget to audits and labour improvements, using technological tools to manage incidents and perform data analysis. There are protocols and remediation plans in place to address internal issues such as pay gaps and discrimination. Additionally, Telefónica invests in employee training and partners with external consultants and organisations to contribute to the fulfilment of standards and continuously improve its practices.

2.11.3. Metrics and targets

S1-5

2.11.3.1. Targets related to the management of material IROs

S1.MDR-T_01-13, S1-5_01, S1-5_02, S1-5_03

Equal treatment and opportunities for all

The main metric used by the Company to assess the performance and effectiveness of the action plans relating to the material negative impact on equal treatment and opportunities for all in Telefónica's own workforce is:

Representation of women in executive positions

Target: 37% of executive positions to be held by women by 2027.

To make progress towards meeting the target by 2027, Telefónica established interim targets:

- 2024: reach 33.4%
- 2025: reach 34.6%
- 2026: reach 35.8%

Methodology and scope

This indicator is measured based on the total number of Telefónica Group executives at the end of December of the corresponding year.

Executives are those individuals subject to specific internal regulations, whose appointment process must be evaluated and validated by the Nominating, Compensation and Corporate Governance Committee.

The baseline year against which progress is measured is 2020, in which the baseline value was 27.4%.

Performance in 2025: 35.3% (as of the end of 2024, the presence of women in executive positions was 34%).

Monitoring

The indicator is monitored on a monthly basis. It is a quantifiable and absolute target and is aligned with the main commitments of the Diversity and Inclusion Policy, as well as the Global Equality Policy: guaranteeing equal opportunities and non-discriminatory treatment and promoting gender equality.

Privacy

The main metrics used by the Company to assess the performance and effectiveness of its data privacy action plans regarding employees are as follows:

	2024	2025
Total number of procedures opened due to privacy/data protection issues with a penalty or employee claim	0	0
Total number of confirmed fines for privacy/data protection issues affecting employees*	0	0
Total number of confirmed fines for privacy/data protection issues affecting employees	€0	0 €

* With no option to appeal, issued by a competent authority, and becoming final during the reporting year:

Methodology and scope

The open proceedings indicator includes proceedings related to sanctions or customer complaints regarding privacy that remain open at the end of the financial year, excluding those that have been opened and closed within the same year.

The number of final fines includes only those penalties that, at the end of the fiscal year, are not subject to administrative or judicial appeal. The monetary value of final fines corresponds to the total amount, in euros, of said penalties.

The metrics are aligned with the commitments established in the Global Privacy Policy and the Global Human Rights Policy, respecting the right to the protection of personal data.

Targets

Target-setting is not applicable due to the nature of the indicator, which is dependent on the variability of the penalties and the sanction procedures. These processes do not follow a regular annual cycle but tend to be drawn out over longer periods, making it difficult to adapt them to pre-established intervals.

Furthermore, the authorities' criteria evolve and new national regulations can emerge, as in the case of Brazil, which complicates predictability. On the other hand, the administrative and judicial processes involved in sanctioning procedures also introduce an additional variable that hampers the establishment of specific targets.

Working conditions

Additionally, to assess employees' perceptions in relation to the subtopics 'Working conditions' and 'Equal

treatment and opportunities for all', the Company uses the eNPS metric.

Employee satisfaction

Target: maintain the employee Net Promoter Score (eNPS) at over 70 points during the time horizon of the "Transform & Grow" Strategic Plan (2026-2030).

The eNPS measures employee satisfaction at the organisation through a survey. The survey also includes questions about the work environment, well-being, learning, leadership, work-life balance, diversity and inclusion and non-discrimination.

Methodology and scope

This indicator has been monitored since 2019 and is calculated through a relationship survey, in which employees are asked if they would recommend Telefónica as a good place to work. The result is obtained by subtracting the percentage of detractors (ratings of 1 to 6) from the percentage of promoters (ratings of 9 and 10).

This survey is conducted annually among all the employees who are part of the Telefónica Group.

The target is quantifiable and absolute and is aligned with the commitments and core values of the Sustainability Plan in areas such as respecting and promoting human rights, and is particularly aligned with the point concerning commitment to employees, diversity, inclusion and equality.

The baseline year against which progress is measured is 2019, in which the baseline value was 58.4 points.

Performance in 2025: the eNPS was 73 points (75 in 2024).

Monitoring

This indicator is reviewed annually. The results of the survey are used as a basis for adapting the actions, if necessary.

In addition, the overall results for this indicator are shared with the Executive Committee.

Training and skills development

With regard to the material risk related to the subtopic 'Equal treatment and opportunities for all', the following target is used:

Skills in the workforce

Target: reduce the skills and profiles gap in the workforce identified during the Skills Workforce Planning process.

Methodology and scope

A strategic skill-related planning process (Skills Workforce Planning) linked to the Strategic Plan is conducted on an annual basis to align the skills available at the organisation and those that are needed to execute the plan. The process is global, with a focus on those areas of the Company that are critical for the execution of the Strategic Plan. This process results in a defined set of profile and skills needs for the workforce over the timeframe of the plan.

The target is quantifiable and absolute and is tailored to the needs identified in the Strategic Plan.

The baseline year against which the progress of the Skills Workforce Planning process is measured is 2020.

Performance: the current Skills Workforce Planning process has identified a reduction in the number of required profiles and an increase in the demand for technical skills within the workforce, highlighting the need for continuous learning in light of rapid technological change.

Monitoring

The closing of the skills gap is reviewed annually and the results are shared with the Executive Committee.

Health and safety, and social dialogue

The effectiveness of the actions implemented to manage the remaining IROs is evaluated through specific indicators associated with each initiative. However, each operator defines and monitors its own targets, metrics and methodologies, according to its regulatory and organisational framework. As a result, management is decentralised, and each operation adapts measures and targets to its particular context.

By way of example, on the issue of health and safety, there are local initiatives at Telefónica Spain, where indicators such as the accident frequency rate are monitored, and Telefónica Brazil, where accident-related indicators are monitored. These local targets have set goals, established time frames, specific methodologies and tracking mechanisms.

The indicators are quantifiable and, depending on the case, can be absolute or relative. In addition, they apply to the workers of each country and are in line with the commitments established in the Global Occupational Health, Safety and Well-being Regulation.

In terms of social dialogue, freedom of association and collective bargaining, targets, specific metrics, methodologies and tracking mechanisms are defined for each market in which the organisation operates.

However, as a minimum, the actions tend to include fostering ongoing dialogue through meetings of joint committees, negotiations of agreements or their corresponding extensions.

Since the establishment of all the targets, the associated indicators have evolved favourably.

Stakeholder feedback is taken into consideration when setting targets and reviewing performance. All the required information relating to stakeholder involvement in target-setting is specified in the following section:

2.2.4. Stakeholder management and relations

S1-6

2.11.3.2. Characteristics of the Company's employees

S1-6_01, S1-6_02

Number of employees by gender

Gender	2024	2025
Women	39,874	33,418
Men	60,992	49,236
Other	1	0
Not defined	3	1
Total Employees	**100,870**	**82,655**

The variation between 2024 and 2025 is mainly due to changes in the scope of consolidation.

No. employees	2024	2025
Workforce for ongoing operations	78,248	77,252
Workforce for discontinued operations	22,622	5,403

In 2025, as part of its exit strategy from Hispanoamerica, the Group completed the sale of its stakes in Telefónica Móviles Argentina, Telefónica del Perú, Telefónica Móviles del Uruguay and Otecel.

As a result, the workforces of these companies are no longer included in the reporting scope, which explains the decrease reflected in the figures. There have been no significant changes in the gender distribution within the remaining scope.

S1-6_04, S1-6_05

Number of employees by country*

Country	2024	2025
Brazil	36,200	34,905
Spain	25,086	25,516

*Countries where the number of employees is greater than 10% of the Company's total.

S1-6_07, S1-6_09

Number of employees by contract type

	2024					2025				
	Women	Men	Other	Not defined	Total	Women	Men	Other	Not defined	Total
Number of permanent employees	39,432	59,995	1	3	**99,431**	33,209	48,965	—	1	**82,175**
Number of temporary employees	442	997	—	—	**1,439**	209	271	—	—	**480**
Number of employees with non-guaranteed hours	—	—	—	—	**—**	—	—	—	—	**—**

S1-6_11, S1-6_12

The number of employees who left the Company in 2025 was 12,905 (15,725 in 2024).

Company exits are considered to be those terminations or suspensions of the employment relationship whose effective date —understood as the day after the last day of effective provision of services— occurs in the reporting year, excluding in all cases the effects of sales of companies or changes in consolidated entities.

The percentage of employee turnover in 2025 was 15.4% (15.5% in 2024).

S1-6_13, S1-6_14, S1-6_15, S1-6_16, S1-6_17

The total number of employees is obtained by adding up the salaried staff of each business unit as of 31 December 2025 (see Note 26 of the 2025 'Consolidated Financial Statements', in the Workforce section), according to the definition of salaried employees indicated in 'Types of employees' in section 2.11.1. Strategy.

S1-8

2.11.3.3. Social dialogue

S1-8_07

Telefónica has an agreement with the European Works Council (EWC) and with UNI (Global Union), which it recognises as key partners in the management of international labour relations.

S1-8_08

Rate of coverage	Representation in the workplace (EEA only)* 2024	2025
0-19%		
20-39%		
40-59%		
60-79%		
80-100%	Spain	Spain

*Countries with >50 employees that represent >10% total employees.

S1-9

2.11.3.4. Diversity metrics

S1-9_01, S1-9_02, S1-9_06

In 2025 the number of women at Top Management level at the Company was 1 (1 in 2024). Although it remains stable in absolute terms, the percentage of women out of the total number of members of Top Management was 25% (20% in 2024). This increase is due to the change in the total number of members.

Telefónica's Top Management includes executives who carry out, de facto or de jure, senior management duties and report directly to the Board of Directors or to the Executive Committees or managing directors of the Company, including in any case the head of Internal Audit.

S1-9_03, S1-9_04, S1-9_05

Age distribution of employees

Age segments	2024	2025
Under 30 (No.)	13,301	10,779
Under 30 (%)	13%	13%
Between 30 and 50 (No.)	64,812	51,715
Between 30 and 50 (%)	64%	63%
Over 50 (No.)	22,757	20,161
Over 50 (%)	23%	24%

S1-10

2.11.3.5. Adequate wages

S1-10_01

All of Telefónica's own workforce receives a wage that is above the local minimum wage.

S1-14

2.11.3.6. Health and safety metrics

S1-14_01

The percentage of employees covered by a health and safety management system was 96% in 2025 (97% in 2024).

S1-14_02

No fatalities were recorded as a result of work-related injuries and work-related ill health (just like in 2024).

S1-14_03

Neither were there any fatalities as a result of work-related injuries or work-related ill health of other workers working on Company sites (just like in 2024).

S1-14_04

The number of recordable work-related accidents in 2025 was 538 (720 in 2024). The decrease on last year is mainly due to the sale of Group companies in Hispanic America in 2025, see Scope of consolidation in section:

2.1. Basis for preparation

S1-14_05

The rate of recordable work-related accidents in 2025 was 3.18 accidents per million hours worked (3.61 in 2024).

S1-16

2.11.3.7. Remuneration metrics (pay gap and total remuneration)

S1-16_01, S1-16_02, S1-16_03

In 2025, the gross gender pay gap in the main countries where Telefónica operates was 10.1% in Spain (13.6% in 2024), 23.5% in Brazil (13.6% in 2024), and 16.2% in Germany (17.3% in 2024). At Company level, the gross gender pay gap was 22.5% in 2025 (20.9% in 2024, restated from the previous year's report to reinforce methodological consistency with the standard). Globally, it increased due to changes in the scope of consolidation, primarily the sale of Telefónica Móviles Argentina.

The pay gap is calculated as the difference between the average total remuneration of men and women within the organisation, without incorporating additional comparability factors.

The ratio between the Executive Chairman's (CEO's) total annual remuneration and the median total annual remuneration of all employees, taking into account differences in purchasing power across the countries where Telefónica operates, was 75:1 in 2025 (111:1 en 2024). The unadjusted ratio was 158:1 in 2025, compared with 337:1 in 2024, restated from the prior year's report to reinforce methodological consistency with the standard. For its calculation, the total remuneration accrued during 2025 by the Executive Chairman was considered —namely, the sum of fixed remuneration, short-term variable remuneration, the long-term incentive and benefits— applying the same elements when calculating total remuneration for all employees active in the Group as at 31 December 2025.

For the adjusted indicator, the total remuneration of each employee in each country is corrected using the ratio between the local minimum wage and minimum wage in Spain. Based on the adjusted remuneration, national medians are calculated and subsequently integrated through a weighted average using each country's employee population, resulting in the final indicator value.

S1-17

2.11.3.8. Incidents, complaints and severe human rights impacts

S1-17_01, S1-17_02, S1-17_07

In 2025 a total of 61 cases of discrimination and/or harassment were reported (62 in 2024). The data come, firstly, from the complaints filed through the Whistleblowing Channel; a total of 47, which were analysed and found to be substantiated (55 in 2024). On the other hand, pending cases of litigation for inequality/ discrimination during the reference period are also incorporated: a total of 14 (7 in 2024). Due to technical limitations, it is not possible to determine whether all of these lawsuits are related to the Company's own employees.

S1-17_03

There were 905 complaints filed through the Whistleblowing Channel in 2025 (992 in 2024). As the Channel allows complaints to be filed anonymously, it is not possible to identify what percentage of the total number of claims recorded came from Telefónica's own workforce.

S1-17_04

No complaints in relation to Telefónica were filed through the National Contact Points for OECD Multinational Enterprises in 2025 (nor in 2024).

S1-17_05, S1-17_06

The economic value of pending claims for discrimination and/or harassment lawsuits being processed 2025 is not significant (like in 2024).

S1-17_08, S1-17_09, S1-17_10

Without prejudice to the information provided above, no severe human rights incidents were recorded in 2025 through the Whistleblowing Channel, the internal lawsuit reporting tool or the ESG RepRisk platform, from which serious accusations in public reports or the media are obtained (there were no cases in 2024 either).

2.12. ESRS S2 - Workers in the value chain

S2.SBM-3

2.12.1. Strategy

Telefónica has conducted an analysis of the value chain, assessing its activities and agents with the aim of managing the IROs related to the workers who form part of it.

S2.SBM-3_01, S2.SBM-3_02, S2.SBM-3_03

Types of workers in the value chain

For the purposes of this report, 'value chain workers' are defined as all individuals employed by Telefónica's direct and indirect suppliers, throughout the different phases of its value chain. Workers within the operations phase of said value chain are included in the ESRS S1.

These are distributed as follows:

Upstream

Two types of workers are identified:

- Those employed by goods suppliers, which may include, among others, manufacturing workers involved in the production of devices (such as, routers and mobile phones) or those involved in the extraction of raw materials.
- Workers employed by service providers, which may include, among others, those involved in network deployment, maintenance and dismantling.

Downstream

The workers that could be significantly impacted by the identified IROs downstream, include those working in call centres and other customer service workers, among others.

Impacts

Telefónica has around 7.000 direct suppliers that perform activities throughout its value chain annually.

S2.SBM-3_05

The identified material negative impacts are related to individual cases detected at some direct and indirect suppliers and therefore cannot be considered widespread or systemic incidents.

S2.SBM-3_04, S2.SBM-3_08

After conducting a risk analysis and benchmarking of the value chain, Telefónica has identified factors that increase the likelihood of adverse impacts on workers. These include:

- Critical activities: certain tasks, such as network deployment and maintenance—which often involves working at height or with electricity—the production and assembly of equipment (e.g., routers and mobile devices), and the operation of call centres, present high risks in terms of sustainability, especially in health and safety.
- Geographical context: Certain regions, countries, or jurisdictions with insufficient social protection legal frameworks or poor enforcement increase social risk. For example, in some countries in Asia and South America, excessive working hours, abusive conditions for migrant workers, and the involvement of young people between the ages of 15 and 18 in dangerous tasks or night shifts have been identified.
- Individual characteristics: Vulnerable groups, such as women, young people, and migrant workers, may face additional challenges that increase their exposure to negative impacts.

Risks

S2.SBM-3_07; S2.SBM-3_09

These impacts can lead to material risks for the Company. A case in point is the material risk identified regarding health and safety, which arises from impacts and dependencies linked to workers in the value chain. Any negative impact relating to the health and safety of workers in our supply chain could pave the way to reputational risks and/or sanctions for the Company.

S2.SBM-3

2.12.2. Impacts, risks and opportunities

The material impacts that Telefónica has identified for ESRS S2 - Workers in the value chain as a result of the double materiality process are the following:

Subtopic: **Working conditions**

Type of IRO SBM-3_04, SBM-3_06	Description SBM-3_01, SBM-3_03, SBM-3_05, SBM-3_07
Actual negative impact	Unstable employment for workers in the supply chain due to temporary contracts or contracts without minimum guarantees Linkage: Business model Origin in the value chain: Upstream (all activities); downstream (marketing, after-sales)
	Generation of tensions and discontent among value chain workers due to wages that are not commensurate with assigned responsibilities Linkage: Business model Origin in the value chain: Upstream (all activities); downstream (marketing, after-sales)
	Social unrest stemming from low collective bargaining coverage in value chain suppliers Linkage: Business model Origin in the value chain: Upstream (all activities); downstream (marketing, after-sales)
	Negative impact on the health and safety of workers in the value chain due to non-compliance with international occupational safety and health standards and regulations by suppliers and franchisees Linkage: Business model Origin in the value chain: Upstream (all activities); downstream (marketing, after-sales)
	Increased overtime at the supplier due to agreed conditions and/or peaks in demand Linkage: Business model Origin in the value chain: Upstream (all activities); downstream (marketing, after-sales)
	Social tensions and deterioration of the working environment due to a limitation of the freedom of association of value chain workers Linkage: Business model Origin in the value chain: Upstream (all activities); downstream (marketing, after-sales)

Subtopic: **Other labour rights**

Type of IRO SBM-3_04, SBM-3_06	Description SBM-3_01, SBM-3_03, SBM-3_05, SBM-3_07
Actual negative impact	Loss of confidentiality of suppliers' personal data Linkage: Business model Origin in the value chain: Own operations (R+D, products and services)
	Performance of work at night or in hazardous environments by adolescents (over 15 and under 18 years of age) in contravention of children's rights Linkage: Business model Origin in the value chain: Upstream (all activities); downstream (marketing, after-sales)
	Existence of abusive practices by employers towards their workers, especially in the context of migrant employment Linkage: Business model Origin in the value chain: Upstream (all activities)

The material risk that Telefónica has identified for ESRS S2 - Workers in the value chain as a result of the double materiality process, is the following:

Subtopic: Working conditions

Type of IRO	Description SBM-3_02, SBM-3_03
Risk	Sanctions associated with non-compliance with occupational health and safety standards and regulations by suppliers Origin in the value chain: Upstream (all activities); downstream (marketing, after-sales)

S2-1

2.12.2.1. Policies

S2-1_01, S2-1_02, S2-1_03, S2.MDR-P_01-06

Telefónica reaffirms its commitment to respecting and promoting human and labour rights throughout its value chain, mainly through three key documents:

- Global Human Rights Policy.
- Global Supply Chain Sustainability Policy.
- Supplier Code of Conduct.

These policies establish the framework for managing material impacts and risks related to human rights and, in particular, to workers in the value chain.

In addition, the three documents were updated in 2025 to reinforce the Company's commitment and seek greater alignment with the latest European regulations (CSRD and CSDDD).

The information required in the minimum disclosure requirements (MDR-P) on the policies adopted to manage sustainability matters is compiled and reported in the following section of the 'Sustainability Notes':

2.15. Policies

Global Human Rights Policy

Telefónica is committed to respecting and promoting human rights in general and those of workers in the value chain in particular.

In section '2.3. Suppliers and business partners in the value chain' of this policy, Telefónica's commitment to diligently managing its relationships with suppliers, their employees, contractors, subcontractors, and other business partners is set out.

S2-1_08, S2-1_04

Telefónica's Global Human Rights Policy is aligned with the internationally recognised instruments relevant to human and labour rights. For more details on these instruments and frameworks, see:

2.15. Policies - Global Human Rights Policy

To carry out this commitment, Telefónica has a global due diligence process in place, which is explained in the section:

2.5. Due Diligence

Additionally, the Company provides workers in the value chain with the Whistleblower Channel and the Responsible Business Queries Channel as mechanisms to remedy such impacts, among other measures. See:

2.14.3.2. Responsible Business Queries Channel and Whistleblowing Channel

S2-4_10

Global Supply Chain Sustainability Policy

Telefónica commits to a robust due diligence process to identify, prevent, and address adverse impacts in its supply chain. The policy seeks to embed human rights throughout all supply chain management activities.

Furthermore, Telefónica also states its commitment to working towards ensuring that its own procurement practices do not cause or contribute to negative impacts on workers in the value chain, and, consequently, to the associated risks. This commitment underpins supplier relationships, guided by rigour, transparency, and objectivity.

S2-1_05, S2-1_06

Supplier Code of Conduct

The Company has a Supplier Code of Conduct, which serves as the main instrument to implement its sustainability supply chain commitments.

It sets out the minimum responsible business criteria that any supplier within Telefónica's Procurement Model (MCT for its acronym in Spanish) must comply with, including the respect for their worker's human and labour rights. MCT is explained in the section on suppliers:

2.14.5.1. Responsible management

Among other aspects, it requires:

- Compliance with working hour regulations.
- Guarantee of a safe work environment.

- Protection of minors from child labour.
- Recognition of right to freedom of association and collective bargaining.
- Prohibition of abusive labour practices, such as forced labour.

Other policies

Additionally, Telefónica reinforces its due diligence process through the following policies, to facilitate the proper and comprehensive management of the material IROs linked to workers in the value chain:

- Occupational Health, Safety and Well-being Regulation.
- Global Privacy Policy.
- Global Security Policy.
- Workplace Risk Instruction for the Procurement of Works and Services ICC001.

S2-4

2.12.2.2. Action plans

S2-4_01, S2-4_08

As part of its due diligence process and commitment to human rights, Telefónica undertakes a series of actions to prevent and/or mitigate negative impacts and risks affecting workers in the value chain.

S2-4_12

Implementing said actions requires a cross-cutting management process across the entire organisation, and is addressed through different areas in the Company. Therefore, no specific resources have been assigned to these actions.

These actions follow the process described in the section and are expected to continue in the coming years:

2.14.5. Suppliers

S2.MDR-A_01-12

1. Contractual clauses

Material IROs are managed through the inclusion of contractual clauses such as the General Conditions for the Supply of Goods and Services of the Telefónica Group, the Supplier Code of Conduct and other agreements with suppliers.

These clauses require suppliers to adhere to ethical standards aligned with those the Company follows and to uphold fundamental human and labour rights.

100% of suppliers included in the MCT must accept these clauses and conduct their business in accordance with Telefónica's minimum responsible business criteria. This percentage is measured annually to monitor the progress of the action plan. The Company plans to continue requiring its suppliers to accept these clauses in the coming years.

This requirement applies to commercial relationships with direct suppliers in all markets in which the Company operates. Thus, including suppliers throughout the value chain.

Acceptance of these contractual clauses must be done for each awarded contract as part of the MCT process. Hence, suppliers must accept these upon registering and/or renewing their account in the Procurement platform.

If a supplier breaches these contractual clauses and fails to comply after a collaborative improvement process, (outlined in action plans 3 and 4), Telefónica may invoke these clauses to terminate the contractual relationship.

S2-4_05

2. Potential risk analysis

To manage material IROs, Telefónica conducts a monthly risk analysis of all suppliers included in the MCT. This includes suppliers in all markets where it operates and throughout the value chain.

This analysis takes as its starting point the size of the supplier and the volume awarded, and, applying the external methodology developed by IntegrityNext on its platform, also considers the country of origin and the type of products or services supplied to the Company.

The resulting potential risk level is used to determine the specific measures to manage potential impacts within the value chain.

Hence, for suppliers identified as having a higher potential risk, the Company sets stricter labour requirements and conducts a more rigorous oversight than for lower-risk suppliers.

3. External sustainability assessments

Telefónica requires all its suppliers with a potential high-risk to perform an external 360° assessment based on 15 sustainability criteria that encompass ethical, social and environmental aspects as well as the management of their own supply chain.

Information relating to suppliers externally assessed on sustainability matters through the IntegrityNext platform is detailed in 'Step 3. Performance assessment of potential high-risk suppliers' in section:

2.14.5.1. Responsible management - Step 3. Performance assessment of potential high-risk suppliers

These assessments are conducted on a continuous manner, with suppliers being asked to update their data annually.

S2-4_06

4. On-site audits

Telefónica also verifies compliance with the responsible minimum business criteria it requires of its suppliers through an annual audit plan.

As part of this plan, improvement plans are agreed upon with all suppliers that fail to comply with any aspects that could have a negative social or environmental impact.

Telefónica's annual audit plan includes two programs. The scope of the audits varies according to the program through which they are conducted.

- Allies Programme: the audits conducted focus on service providers with a high sustainability risk. These audits target suppliers primarily in Telefónica's markets in Europe, Brazil and Hispanic America.
- JAC Audit Programme (Joint Alliance for CSR): the audits are aimed at direct and indirect product manufacturers in countries with a high sustainability risk. These audits target suppliers primarily in Asia.

Further information on the audits conducted is provided in 'Step 4. Key supplier audits' of the section:

2.14.5.1. Responsible management - Step 4. Key supplier audits

S2-4_02, S2-4_07

If negative impacts on workers in the value chain occur, Telefónica has established protocols within the JAC and Allies audits to ensure the appropriate remediation. These protocols are implemented as part of the audit process and are available before, during and after the audit.

Telefónica collaborates with independent third parties, internal experts and/or the supplier itself to ensure effective implementation of the protocols and the resolution of non-conformities through agreed action plans and their corresponding results.

Examples of how the Company resolves non-conformities are given below:

Management of audit non-conformities

Aspect	Non-conformities	Corrective action/ remediation
Freedom of association	Lack of defined detailed policies and procedures for facilitating freedom of association	Creation of policy clearly defining protection of workers to freely associate and implementation procedures.
Health and safety	An isolated office of ~100 m² with 25 employees had only one emergency exit.	Install at least two emergency exits to comply with safety standards and reduce evacuation risks, in accordance to safety codes.
Working time	Sampled employees exceeded legal monthly overtime limits.	Implement strict overtime controls aligned with local law and SA8000: use electronic scheduling, real-time monitoring, and capacity planning to reduce excessive hours.
Adequate wages	Resigned workers' wages were paid on the regular cycle, causing delays of 7–45 days.	Ensure final wages are paid on the day of resignation or implement faster settlement processes to minimize delays.
Child/juvenile workers	Policies for child and juvenile workers were unclear, and age verification records were incomplete.	Define and communicate clear policies per JAC standards and implement systems to maintain documented age verification for all workers.
Privacy	Lack of security policies, standards and procedures based on international standards such as ISO/IEC 27000.	Establish internal policies, procedures and/or protocols that regulate their governance and/or management model in terms of data protection.
Secure employment & labour conditions	Contracting of some workers through dispatch companies that only sign short term contracts (3 months).	Require dispatch companies to issue contracts of at least two years.

S2-1_09, S2-4_11

These non-conformities include cases of non-compliance with international standards on working conditions and other material labour rights referred to in section '2.12.2.1. Policies' of this chapter.

Despite the fact that these non-conformities have been detected through audits, no serious human rights incidents involving workers in the value chain were recorded in 2025.

The impact of this management and commitment process has increased through the Company's participation in JAC. Through JAC, together with 30 other telecommunications operators unite efforts to verify, assess and enhance the implementation of sustainability standards in the factories of mutual suppliers, mainly in at-risk areas such as Asia, Latin America and Eastern Europe. This enables Telefónica to assess suppliers beyond tier 1, in other words, indirect suppliers.

5. Other specific initiatives

Moreover, Telefónica implements specific initiatives to manage certain issues involving material IROs. These include the following:

- Mineral extraction in conflict-affected areas: potential high-risk suppliers are requested to disclose information, through the Conflict Minerals Reporting Template (CMRT) on the origin of the minerals contained in products supplied to Telefónica, assessing compliance with the Supplier Code of Conduct.
- Privacy governance model: a strategic, organizational, and operational framework for personal data protection is implemented throughout the Group, including data on workers in the value chain. See section:
  2.13.3 Action plans, metrics, and objectives - A) Privacy
- Specific working groups at sector-level: the Company co-leads the JAC working group on sustainability due diligence, driving the implementation of tangible risk management initiatives and engagement with suppliers in ICT sector supply chains.

S2-4_04

As part of its responsible supply chain management process, Telefónica has established metrics —such as the number of suppliers assessed on sustainability issue — which enable it to evaluate the effectiveness of its processes. These metrics and targets are detailed in the section:

2.14.5. Suppliers

Furthermore, as part of its ERM (Enterprise Risk Management) framework, the Company has integrated core sustainability risks into its supply chain. This system enables Telefónica to assess the maturity of its supply chain management and determine whether its actions and initiatives yield the expected outcomes for workers in the value chain.

S2-3

2.12.2.3. Remediation processes and engagement channels with workers in the value chain

S2-3_01

Telefónica has various channels through which workers in the value chain can express their concerns, as well as established processes for addressing them and, where appropriate, collaborating in the remediation of negative impacts.

In addition to managing the negative impacts identified through the channels provided, Telefónica takes proactive measures to detect and address them through the annual audit plan explained in the previous section.

S2-3_02, S2-3_04, S2-3_06

In line with the provisions in the Global Supply Chain Sustainability Policy, Telefónica makes the following channels available to workers across the value chain:

- Responsible Business Queries Channel.
- Whistleblowing Channel.

The characteristics of these channels and processes, including how Telefónica monitors and controls the issues or complaints raised, as well as protection against retaliation for those who use them, are explained in the section:

2.14.3.2. Responsible Business Queries Channel and Whistleblowing Channel

S2-3_03

Additionally, to improve the accessibility and awareness of this mechanism throughout the supply chain, the Supplier Code of Conduct sets out the following requirements:

- Promotion of the Responsible Business Queries Channel and the Whistleblowing Channel among workers and subcontractors. By doing so, the Company seeks to broaden the reach of this mechanism and ensure that the workers of its direct and indirect suppliers are aware of this mechanism for reporting potential non-compliance.
- Training for workers and subcontractors on minimum social standards and the channels. This includes information on how to access the channels and the type of information that can be reported in line with the principles of confidentiality and comprehensiveness.
- Implementation of internal procedures and standards that align with the Supply Chain Sustainability Policy. This entails integrating the policy's requirements into their own management systems, such as the availability of channels, and ensuring that their internal processes are aligned with Telefónica's Responsible Business Principles.

S2-3_05

As part of its due diligence process, Telefónica carries out periodic human rights impact assessments. An integral part of these assessments consists of conducting interviews with various stakeholders, including proxies for workers in the value chain, to assess their awareness and trust in the Company's due diligence process, including these channels and remediation processes. These interviews are carried out by external experts without Telefónica's presence, and the final results are aggregated/anonymised to obtain the highest possible level of objectivity.

S2-2

2.12.2.4. Engagement with workers in the value chain

S2-2_01

The views of stakeholders are considered in the Company's due diligence process. This includes global impact assessments, internal policy development and the creation of internal and external channels, among other areas. Further details about how these views are taken into account are provided below.

S2-2_02, S2-2_03

Telefónica is unable to engage directly with third-party workers due to employment law constraints. However, Telefónica undertakes the following initiatives to identify the perspectives of workers in the value chain at various stages of the human rights management process.

S2-2_07

1. Anonymous worker interviews

As part of on-site audits, interviews are conducted with workers at the factories of Telefónica's direct and indirect suppliers. The interviews are performed to ascertain worker views and concerns and to verify the information provided by the factory.

Within the JAC audits framework, worker interviews are undertaken to validate each audit. Additionally, anonymous worker surveys are conducted.

In this line, in 2025 the Company launched the Worker Sentiment Survey initiative in partnership with Labour Solutions. This project targets previously audited sites in 2024 and uses mobile-based anonymous surveys to gather direct feedback from workers on material topics, including:

- Working hours.
- Fair compensation.
- Occupational health and safety.
- Access to remediation.
- Freedom of movement and secure employment.
- Child labour.

The surveys are designed to be adaptable to local contexts, helping Telefónica and its suppliers understand workplace conditions more accurately. Results are consolidated in an anonymised manner in a report and shared both with the Company and the supplier, offering practical recommendations for improvement.

S2-2_05

2. Global Framework Agreements (GFAs)

The Company uses the Global Framework Agreements annually as a tool to promote the rights of workers in the value chain. Telefónica values the important role played by trade unions in defending the interests of workers and recognises the UNI (Global Union) and the European Works Council (EWC) as key partners in the management of international labour relations.

The agreements in force with UNI and the EWC demonstrate the Company's commitment to respecting human rights, including the right of workers to freedom of association and collective bargaining, as well as to establishing a framework for continuous dialogue and cooperation with trade unions at a global level.

Moreover, Telefónica is committed to promoting compliance with the standards established under these agreements by its main stakeholders, including the supply chain.

The main aspects included in these agreements are:

- The recognition and ratification of the commitment to fundamental human rights.
- The respect for applicable standards in the areas of health and safety, equality, diversity and the environment in the workplace.

These agreements enable the Company to better understand workers' views, thanks to:

- Direct contact: regular and ongoing meetings and consultations with union representatives provide first-hand information on workers' experiences and concerns. They also allow the Company to comprehensively monitor potential incidents that may arise in different countries.
- Continuous improvement: the ongoing nature of Global Framework Agreements enables Telefónica to learn from and adapt to evolving worker needs and perspectives.

3. Dialogue with stakeholders

S2-2_06

As part of its regular impact assessments, Telefónica seeks to gather to the viewpoints of various stakeholders through proxies — such as NGOs, business partners, etc. — by conducting interviews at both global and local levels.

These interviews inform the gap analysis and the corresponding improvement plans that the Company implements to enhance its due diligence process.

Similarly, through these interviews, Telefónica takes into account the level of understanding and knowledge of its stakeholders regarding the Company's policies, processes, and channels. In this way, it seeks to evaluate the effectiveness of these dialogue processes with stakeholders.

Telefónica also participates in forums, associations and multi-stakeholder platforms to continuously gather information on stakeholder perspectives.

S2-2_04

The operational responsibility for fostering engagement with workers in the value chain depends on the subject matter.

The responsibilities in this regard are shared among the Global Sustainability, Global People and Corporate Procurement Departments.

In addition, the Sustainability and Regulation Committee ultimately monitors the Sustainability Plan, which includes stakeholder engagement.

S2-5

2.12.3. Metrics and targets

2.12.3.1. Targets related to the management of material IROs

S2-5_01, S2-5_02, S2-5_03

To effectively manage the material IROs related to workers in the value chain outlined at the beginning of the chapter, and monitor the progress of the aforementioned key actions, Telefónica has set the targets detailed below.

These targets have been developed on the basis of input from legitimate representatives and in conjunction with credible spokespersons who directly engage with workers in the value chain. This helps to incorporate the views of workers in the value chain via the channels indicated in points 1, 2 and 3 of the previous section.

Moreover, through this ongoing engagement and reporting, these targets are also monitored and possible areas of improvement for the Company are identified.

S2.MDR-T_01-13

Supplier commitment

Target: require the acceptance of the Supplier Code of Conduct to 100% of the awarded suppliers within MCT throughout the year.

By accepting the Code of Conduct, suppliers commit to complying with its binding clauses, including the obligation to undergo sustainability assessments and on-site audits at Telefónica's request. Acceptance of the Code therefore lays the groundwork for and facilitates implementation of actions '3. External sustainability assessments' and '4. On-site audits' detailed above. This target has thus been set in order to measure the scope of the requirement in relation to the supplier base in the MCT.

The target level is 100% because these are minimum sustainability criteria with which all suppliers must comply. This is a quantifiable and relative target. The unit of measurement is the number of suppliers.

The baseline year for this target is the current reporting year, and it is measured annually. The scope of this exercise includes all suppliers awarded contracts through the procurement system with an impact in fiscal year 2025.

In 2025 progress towards the target is reflected in the maintenance of operational continuity by requiring 100% acceptance of the Code of Conduct by awardees within the year as part of the MCT.

Potential risk

Target: analyse the potential sustainability risk of all suppliers managed in the MCT, based on the methodology detailed in action '2. Potential risk analysis'.

To implement actions '3. External sustainability assessments' and '4. On-site audits' as effectively as possible and comply with the Global Supply Chain Sustainability Policy, Telefónica adopts a risk-based approach. This approach allows for prioritizing actions according to different risk levels. To this end, the Company targets suppliers with a potentially higher risk through tailored actions that enable an efficient approach.

The target level is 100% as it establishes which actions will be undertaken to manage the material IROs related to workers in the value chain. It is a relative target and the unit of measurement is the number of suppliers analysed.

The baseline year for the target is the current reporting year, and it is measured annually. The scope of the target includes all suppliers awarded contracts through the procurement system with an impact in fiscal year 2025.

In 2025 progress towards the target is reflected in the maintenance of operational continuity by assessing the potential sustainability risk of 100% of the awarded suppliers within the year as part of the MCT.

2.13. ESRS S4 - Consumers and end-users

S4.SBM-3

2.13.1. Strategy

Within the framework of the "Transform & Grow" Strategic Plan, the digital customer experience is consolidated as one of the Company's core principles. See section:

2.2. Strategy and business model

In line with the new mission —to offer the best digital experience to our customers by providing connectivity and advanced services tailored to their needs—, Telefónica aims to increase customer satisfaction and to expand and improve its commercial offering for both B2B and B2C customers.

To this end, it is necessary to establish effective dialogue with customers and end-users, as well as to define policies and actions that enable the Company to address the impacts, risks and opportunities identified as material.

In 2025 the material sub-subtopics were the following:

- Privacy of consumer and end-user information.
- Protection of children.
- Access to products and services. In this area, due to the characteristics of the sector in general and of Telefónica in particular, the following issues have been defined and are specifically addressed in this chapter:
  - Customer experience management, which encompasses actions to promote appropriate consumer and end-user service systems.
  - Digital inclusion, which covers all relevant actions to facilitate customer access to digital services.
  - Responsibility by Design of products and services, which addresses issues such as accessibility and ethics in artificial intelligence (AI).
  - Promotion of the entrepreneurial ecosystem, which includes actions directly related to fostering entrepreneurship and innovation.
  - Promotion of socio-economic growth, through the development of innovative solutions by the Company.
  - Sale of cybersecurity services, which enable consumers and users to access services that protect them from the threats of the digital world.

Types of consumers and end-users

S4.SBM-3_01, S4.SBM-3_02

During the double materiality process, consideration was given to the types of consumers and users who may be impacted by Telefónica's activities.

Two major types of consumers and users have been defined:

- B2C (Business to Consumer) customers, also known as residential customers. These are individuals who gain the right to use and benefit from the services and products the Company provides through a contractual relationship with Telefónica.
- B2B (Business to Business) customers or corporate customers. These are legal entities that gain the right to use and benefit from the services and products the Company provides through a contractual relationship.

S4.SBM-3_03

Within these two general types of consumers, four specific groups stand out as being particularly affected by the impacts analysed:

- Minor consumers and users, who may be exposed to a higher risk of accessing or becoming involved in inappropriate content (consumers or end-users who are particularly vulnerable to impacts on health or privacy).

- Consumers and users residing in rural, deprived or remote areas, who due to their geographical location may face challenges accessing quality communication services (consumers or end-users who are particularly vulnerable to impacts from marketing and sales strategies).
- Consumers and users with limited financial resources who, therefore, might struggle to bear the costs of the communication products and services offered (consumers or end-users who are particularly vulnerable to impacts from marketing and sales strategies).
- Consumers and users with a disability who may have limitations in accessing or using digital products (consumers or end-users of services that potentially negatively impact their rights to non-discrimination).

2.13.2. Impacts, risks and opportunities

S4.SBM-3_04, S4.SBM-3_06

The material impacts[1] that Telefónica has identified for ESRS S4 - Consumers and end-users as a result of the double materiality process are the following:

Subtopic: **Impacts related to information for consumers or end-users**

Type of IRO	Description
SBM-3_04, SBM-3_06	SBM-3_01, SBM-3_03, SBM-3_05, SBM-3_07
Actual negative impact	Loss of confidentiality of customers' and end-users' personal data Linkage: Business model Origin in the value chain: Own operations (R&D, products and services)
Actual positive impact	Promoting the right to privacy by encouraging transparency of user data and providing users with the knowledge and tools necessary to control their information Linkage: Business model Origin in the value chain: Own operations (R&D, operations, products and services)

Subtopic: **Personal safety of consumers and/or end-users**

Type of IRO	Description
SBM-3_04, SBM-3_06	SBM-3_01, SBM-3_03, SBM-3_05, SBM-3_07
Potential negative impact in the short term	Adverse effects on minors resulting from exposure to and/or consumption of inappropriate content Linkage: Business model Origin in the value chain: Own operations (operations, products and services); downstream (use)

Subtopic: **Social inclusion of consumers and/or end-users**

Type of IRO	Description
SBM-3_04, SBM-3_06	SBM-3_01, SBM-3_03, SBM-3_05, SBM-3_07
Potential negative impact in the medium term	Harm to consumers and end-users resulting from the failure to incorporate sustainability criteria into products and services Linkage: No linkage to strategy or business model Origin in the value chain: Upstream (procurement); own operations (R&D)
Actual negative impact	Widening of the digital divide for consumers and users due to limited access to adequate connectivity or the lack of accessible and affordable digital services Linkage: Business model Origin in the value chain: Own operations (operations, products and services); downstream (marketing, after-sales)

[1] In particular, the negative material impacts are considered widespread or systemic in the contexts in which the Company sells or offers products or services.

Subtopic: **Social inclusion of consumers and/or end-users**

Type of IRO	Description	
SBM-3_04, SBM-3_06		SBM-3_01, SBM-3_03, SBM-3_05, SBM-3_07
Actual positive impact	Improved productivity, processes and resource efficiency, leading to greater socio-economic growth, thanks to the development of innovative solutions by the Company Linkage: Strategy Origin in the value chain: Own operations (R&D, operations, products and services); downstream (use)	
	Promotion and support of the entrepreneurial ecosystem, including through continuous efforts in incubation centres for the launch of new business initiatives Linkage: Strategy Origin in the value chain: Own operations (all activities)	
	Boosting socio-economic development through the responsible digitalisation of society via connectivity and the technological services offered by the Company Linkage: Business model Origin in the value chain: Own operations (operations, products and services); downstream (use)	
	Improved protection of customers' data through the commercialisation of value-added security services Linkage: Strategy Origin in the value chain: Upstream (procurement); own operations (products and services)	

The material risks and opportunities that Telefónica has identified for ESRS S4 - Consumers and end-users, as a result of the double materiality process, are the following:

Subtopic: **Impacts related to information for consumers or end-users**

Type of IRO	Description	SBM-3_02, SBM-3_03
Risk	Reputational risk arising from the inadequate processing of personal data Origin in the value chain: Upstream (all activities); own operations (all activities)	
	Fines or financial penalties for the loss of confidentiality of personal data of customers or end-users, or for the inadequate processing thereof Origin in the value chain: Own operations (R&D, products and services)	

Subtopic: **Social inclusion of consumers and/or end-users**

Type of IRO	Description	SBM-3_02, SBM-3_03
Risk	Loss of customers as a result of dissatisfaction with access to, quality and use of products and services Origin in the value chain: Own operations (operations, products and services); downstream (marketing, after-sales)	
Opportunity	Growth in turnover linked to digital products and services, such as innovation and improved experience and personalisation thanks to artificial intelligence Origin in the value chain: Own operations (all activities); downstream (marketing)	
	Generating revenue from customers in rural or remote areas with mobile and/or fixed broadband coverage, where connectivity has historically been poor compared to urban areas Origin in the value chain: Own operations (operations, products and services)	
	Growth of the cybersecurity business Origin in the value chain: Own operations (products and services)	

S4.SBM-3_05

With regard to the activities carried out that may have a positive impact on consumers and end-users, the following stand out:

- Deployment of broadband networks in urban and rural areas, fostering the economic and social development of customers by providing access to the benefits of the digital society.
- Activities undertaken to make the Company's products, services and channels more accessible, and to ensure the provision of affordable products. This helps to support the inclusion of consumers and users with disabilities and individuals with limited financial resources.
- Fostering and supporting the entrepreneurial ecosystem coordinated by Telefónica's open innovation unit (Wayra) and investing in incubation centres, allowing the Company to promote the development of new business initiatives.
- Improvements in productivity, processes and efficiency in the use of resources, leading to greater socio-economic growth through the development of innovative solutions by the Company.

In general, the types of consumers or end-users who are or could be positively impacted would be all the organisation's customers, both B2B and B2C, in all the regions and countries in which the Company operates.

For the impacts related to inclusion specifically, those consumers who are particularly vulnerable due to their location, financial situation or disability can be highlighted.

S4.SBM-3_07

The Company identifies, through the double materiality process, children and underage individuals as a specific group of consumers or end-users who may face a higher risk of suffering harm as a result of the products and services it offers or the activities it carries out.

S4.SBM-3_08

The opportunity to expand Telefónica's business through network deployment in certain regions contributes positively to the socio-economic development of the consumers and users living in these regions, as they can make use of communication services and thereby access information and digital services.

Furthermore, to minimise the risk of restricted access to the Company's products, services and channels, they are adapted to enhance their accessibility. This facilitates access to communication and Internet services for groups of people with a disability, as well as individuals without a legally recognised disability but who may have a temporary or situational disability.

S4-1

2.13.2.1. Policies

S4.MDR-P_01-06, S4-1_01

The policies adopted to manage material impacts, risks and opportunities for consumers and end-users include:

- Global Privacy Policy.
- Regulation of the Governance Model on Personal Data Protection.
- Regulation on Requests by Competent Authorities.
- Responsible Communications Regulation of the Telefónica Group.
- Movistar Plus+ Responsible Communication Code.
- Telefónica Artificial Intelligence Principles: AI Code of conduct.
- Regulation of the Governance Model on Artificial Intelligence.
- Responsible Business Principles.
- Global Human Rights Policy.
- Diversity and Inclusion Policy.
- Queries Channel Management Regulation.
- Internal Information System Management Policy and Procedure.

While all the aforementioned policies affect the relationship with all consumers and users, the following are particularly relevant for identified specific groups:

- Responsible Communications Regulation of the Telefónica Group.
- Movistar Plus+ Responsible Communication Code.
- Responsible Business Principles.
- Global Human Rights Policy.
- Diversity and Inclusion Policy.

The information required in the minimum disclosure requirements (MDR-P) on the policies adopted to manage sustainability matters is collected and reported in the following section of the Sustainability Notes:

2.15. Policies

Human rights

S4-1_02, S4-1_03

Both the commitment and the overall approach of Telefónica with regard to human rights are set out in the Global Human Rights Policy. This policy considers customers as a specific stakeholder group and establishes commitments in areas such as privacy, cybersecurity, freedom of expression and information, non-discrimination, protection of vulnerable people, and the responsible development and use of products and services.

S4-1_05, S4-1_06
Telefónica's Global Human Rights Policy is aligned with the main international instruments related to human and labour rights. This policy can be found in section:

2.15. Policies - Global Human Rights Policy

To put this commitment into practice, Telefónica has a global due diligence process, which is described in the following section:

2.5. Due Diligence

Additionally, the Company makes available to consumers and end-users the Whistleblowing Channel and the Responsible Business Queries Channel as mechanisms to remedy such impacts, among other measures. See:

2.14.3.2. Responsible Business Queries Channel and Whistleblowing Channel

S4-1_07
As in 2024, in 2025 no cases of non-compliance involving consumers or end-users were reported in the downstream stages of the Company's value chain in relation to the United Nations Guiding Principles on Business and Human Rights, the International Labour Organization Declaration on Fundamental Principles and Rights at Work, or the Organisation for Economic Co-operation and Development Guidelines for Multinational Enterprises.

S4-2
2.13.2.2. Engagement with consumers and end-users

S4-1_04, S4-2_01, S4-2_02, S4-2_03
The perspectives of consumers and end-users form the basis for decision-making and the activities undertaken to manage material impacts.

A proactive and systematic approach is adopted to address and prevent material negative impacts that may affect them. Therefore, in general terms, there is ongoing contact and direct engagement with consumers and users during the marketing, service use and after-sales stages, through the various channels that the Company makes available to them (phone lines, website and mobile applications, among other channels).

Moreover, customer perception studies are conducted through regular surveys with Telefónica Group operators, which give an insight into their overall perception of the services offered. This information is shared with the Company's main decision-making bodies and is an important factor in defining its strategy and business model.

These surveys include questions on topics such as network quality, the commercial offering, the customer service available through various support channels and service pricing. During fiscal year 2025, questions have been added regarding the importance that customers place on data privacy and security in Spain and Brazil. The Net Promoter Score (NPS) is derived from these surveys. This indicator helps ascertain consumer satisfaction and trust in Telefónica, key information for determining actions that help to identify and manage potential impacts.

Engagement with associations is performed either throughout a direct relationship or by participating in initiatives, for example, those focused on protecting children or people with disabilities, or with organizations that promote responsible AI. This engagement is described later in this chapter.

Regarding privacy, the focus is on establishing effective mechanisms for contacting affected individuals in the event of incidents. This may include notification and personalised support to address questions related to the breach.

Responsibility and evaluation of engagement processes

S4-2_04
Operational responsibility for consumer and user interactions depends on the specific subject matter.

In general, the Quality and Customer Experience Departments of each business unit oversee survey management, while the Channel Departments of each Telefónica Group operator are responsible for establishing and monitoring the various communication channels made available.

The results of customer perception analyses and their associated action plans are submitted to the Company's Executive Committee, which is ultimately responsible for these matters.

S4-2_05
To assess the effectiveness of consumer relationship processes and take consumer perspectives into account, an annual target is defined for the Net Promoter Score (NPS) indicator at Telefónica Group level. This indicator is incorporated into variable remuneration. The variable remuneration is explained:

2.4.3. Integration of sustainability-related performance into incentive systems

This helps promote the consideration of customer perspectives and opinions at all levels of the Company, in line with Telefónica's mission to deliver the best digital experience to its customers.

S4-2_06
The perspectives of vulnerable consumers are incorporated into the double materiality process. See:

2.3.1. Double materiality process
2.2.4. Stakeholder management and relations

Furthermore, in order to better understand their needs and respond to potential material impacts, Telefónica collaborates with different organisations. In this context, the Company actively participates in international

forums and partnerships (such as the GSMA and the Global Child Forum) to promote online child-protection standards, as well as in national working groups alongside public administrations and specialised entities focused on the well-being and digital safety of children and adolescents.

Relationships are also maintained with various associations representing people with disabilities. For example, in Spain the Group collaborates with organisations such as CNSE, Fundación Integralia DKV and Fundación ONCE, among others.

With regard to Fundación ONCE, Telefónica is a signatory of the INSERTA Agreement, which aims to promote the employment of people with disabilities and develop initiatives designed to contribute to improving their living conditions.

At an international level, the Company supports initiatives such as The Valuable 500, to which it is affiliated alongside other companies that promote and reinforce disability inclusion on the global agenda, and the 'Principles for Driving the Digital Inclusion of Persons with Disabilities', promoted by the GSMA.

In relation to Artificial Intelligence, the Company has reached agreements with entities such as the EU AI Office, UNESCO and GSMA, participating in global initiatives that promote frameworks and policies for the ethical adoption of AI. Telefónica also participates in the OECD's AI working and expert groups and has taken part in the United Nations Global Digital Compact. These collaborations aim to improve risk mitigation and promote the responsible use of technology for the benefit of all consumers and users, particularly the most vulnerable.

S4-3

2.13.2.3. Remediation processes and engagement channels with consumers and end-users

S4-3_01

Telefónica takes a proactive approach to the remediation of material negative impacts that may affect consumers and end-users. The defined process consists of the following stages:

- Detection of the request: customer queries, comments or complaints are collected through the various available channels, then identified and categorised.
- Analysis of the information gathered: analysis tools are used to understand the tone, level of satisfaction and common areas for improvement. Feedback is categorised and prioritised based on its severity, relevance and frequency, highlighting issues that require immediate attention.
- Assignment and escalation: the identified topics are referred to the relevant teams or departments.
- Corrective and proactive action: the responsible teams develop solutions or improvements based on the information received. In some cases, proactive measures may be implemented to prevent future problems, such as improvements to products or processes.
- Close the Loop: lastly, the customer is contacted again to inform them about the actions taken. At this point, the customer is assured that their opinion is valued and taken into account.

Engagement channels

S4-3_02

As stated in Telefónica's Responsible Business Principles in the section 'Our Commitment to Customers', assisted and unassisted channels have been made available to consumers and users to enable direct contact with them.

Commercial channels

- Proprietary telephone channels.
- In-person channels, through Telefónica and third-party shops.
- Proprietary digital channels:
  - Commercial websites and mobile applications, such as the self-service app "Mi Movistar" in Spain, "My O2" in Germany or "Meu Vivo" in Brazil.
  - In some cases, communication via social media.
- Customer Defence Service in Spain and Ouvidoria in Brazil. This is a proprietary second-instance channel that provides a review of the issue previously raised by a customer through the ordinary channels (telephone, in-person or digital channels).

Channels for privacy matters

In addition to the general channels, for matters related to consumer and user data privacy, the following means are available for submitting queries, complaints or any concerns relating to data processing:

a) Telefónica's own channels:

- Consumers can contact data protection mailboxes by letter, email or phone, as provided in the Company's legal notices and privacy policies.
- Personalised assistance via contact mailboxes with the Data Protection Officers of Telefónica's operations.

b) Participation in third-party mechanisms:

- Voluntary mediation system with AUTOCONTROL in Spain, through which customers can resolve and swiftly respond to data protection-related claims against telecommunications companies.
- Compliance with the AUTOCONTROL Code of Conduct on 'Data Processing in Advertising Activities',

approved by the Spanish Data Protection Authority (AEPD), which provides a faster way to resolve citizen complaints relating to data protection and advertising.

Responsible Business Queries Channel and Whistleblowing Channel

Telefónica has a public Responsible Business Queries Channel available on its corporate website. A Whistleblowing Channel is also available to consumers. See:

2.14.3.2. Responsible Business Queries Channel and Whistleblowing Channel

Availability of channels

S4-3_03

Several lines of work are underway to improve the availability of these channels:

- Implementation and monitoring of technological systems.
- Variety of channels so that customers can choose the most convenient method and time to get in touch. For this reason, new channels such as social media and messaging platforms such as WhatsApp have been introduced.
- Training of customer service agents to meet customer needs and ensure they remain up to date.
- Satisfaction surveys to evaluate the performance of agents and channels.
- Audits to evaluate and confirm the smooth operation of the channels.

S4-3_04

Alongside the NPS, relationship surveys provide additional indicators to assess customer satisfaction with these service channels: the Customer Effort Score (CES) measures how easily consumers resolve their queries through them.

Furthermore, the Customer Satisfaction Index (CSI), resulting from the satisfaction question asked in the transactional surveys —conducted at the end of each contact—, is used for the management and remuneration of customer service providers.

Privacy queries are received through the authorised channels and are managed in accordance with specific monitoring and response protocols, ensuring that requests are dealt with in a timely manner. Telefónica constantly monitors all requests received. When requests involve the exercise of a right by the individual concerned, a detailed record is kept, including the type of right exercised, the date of receipt and the response date, ensuring compliance with established deadlines and proper management of requests.

In addition, there is a Stakeholder Rights Management Domain that all Group companies must uniformly follow. This framework includes the protocol to follow, standardising the way and the timeframe in which Group companies respond to any such requests.

Lastly, it is important to highlight that information, parameters and indicators determined by local regulations are reported to the competent bodies in each market. Depending on the region, these may include specific information about complaints regarding the quality or the availability of the service provided.

S4-3_05

So that consumers and users are aware of the existence of these channels, information about how to contact Telefónica is publicly available on the Company's website. This information is also promoted through various communication initiatives, both mass and personalised, as well as via different media.

The transactional surveys implemented in the main operations and conducted after customer contact are aimed to improve the customer service provided. In these surveys, customers can state whether they have found it difficult to contact the Company or whether they trust its channels to address their concerns or needs.

With regard to privacy matters, a Global Transparency Centre and Local Transparency Centres have been established for Spain, Brazil, Mexico and Chile. These centres provide stakeholders with direct access to clear, detailed and user-friendly information about how Telefónica handles the personal data of its customers. The Transparency Centre allows users to see, inter alia, what data are handled, how they can exercise their rights and what measures the Company takes to ensure compliance with privacy and data protection regulations.

S4-3_06

At Telefónica, protective measures are implemented to ensure confidentiality and privacy in the use of the Whistleblowing Channel, the main means for reporting significant issues that may require special protection for whistleblowers.

S4-4, S4-5

2.13.3. Action plans, metrics and targets

This section of the chapter has been divided into three parts describing the material sub-subtopics:

A) Privacy.

B) Protection of children.

C) Access to products and services.

Each of these sections includes information regarding actions associated with the impacts, risks and opportunities specific to each topic, as well as the established metrics and targets.

A) Privacy

Action plans

S4-4_01, S4-4_08,S4-4_12, S4.MDR-A_01-12

At Telefónica, the following actions have been adopted to prevent, mitigate or remedy impacts, as well as to address risks related to customer privacy:

1. Global privacy governance: The Company has specialised privacy teams responsible for overseeing compliance with data protection policies. These teams operate under a Global Privacy Governance Model, which establishes the strategic, organisational and operational framework for all activities related to data protection. This document serves as the reference for any matters relating to the processing of personal data at Telefónica and provides the basis underpinning the various procedures in this area.

At global level, Operational Domains are provided to ensure a uniform standard of privacy protection across all Telefónica companies, ensuring consistency in the implementation of Company policies in all markets in which it operates. In addition, Telefónica has Binding Corporate Rules (BCRs) approved by the European Data Protection Authorities. These enable the lawful and secure transfer of personal data between Group companies, in compliance with the most stringent privacy and data protection standards.

2. Privacy risk assessment: A detailed record of data processing activities is maintained on an internal platform specifically developed for privacy management. For each processing activity, a privacy risk analysis is carried out in order to assess potential impacts and establish the necessary measures and controls to mitigate risks. Through this assessment, risks are identified, controls are implemented and continuous monitoring is performed to manage impacts on customer privacy.

3. Continuous cooperation with Security areas: Telefónica works closely with Security areas, in particular the Digital Security Department and the Incident Response Centre (CSIRT), which are responsible for establishing and implementing measures to prevent data security breaches, identify them if they occur, remedy them and stop their impact. This cooperation helps identify privacy-related vulnerabilities and implement appropriate technical controls.

Incident response protocols have been developed through collaboration between the DPO's (Data Protection Officer) Office and the Security areas. These protocols define the steps to be followed to identify, assess and mitigate security incidents. In addition, the Global DPO Office manages a specific Domain for personal data breaches, which includes, among other aspects, detailed procedures for internal coordination in the event of incidents, protocols for communicating breaches to third parties and risk assessment procedures.

4. Training and development: Privacy teams receive specialised training and participate in continuous development programs to ensure they remain up to date. In addition, training is provided to all employees to support the understanding and application of fundamental privacy principles.

All the actions described above have global scope, as a global privacy management system has been implemented covering all the geographies in which Telefónica operates, together with internal regulations that also apply globally. These activities are integrated across the product and service value chain, including the marketing, service use and after-sales stages.

The risk assessment system is fully implemented in the internal compliance tool, and continuous cooperation with the Security areas is also fully established.

With regard to training and development, several mandatory global privacy training courses for employees were delivered throughout 2025 and will continue to be rolled out in a similar manner in future years.

S4-4_02

In relation to privacy-related impacts, if any type of incident occurs, the Company assesses all associated risks in order to identify and understand potential repercussions. Telefónica focuses on establishing mechanisms to contact affected individuals. This may include notifying users of incidents, as well as offering personalised support to resolve queries or provide clarifications related to the breach.

S4-4_03

As an additional activity carried out by the Company in the field of privacy, aimed at positively contributing to the improvement of customers' social outcomes, Telefónica highlights the Transparency Centre, a tool designed by Telefónica Spain that enables customers to manage their information in a simple, secure and fully controlled manner.

The Transparency Centre allows users to understand, manage and actively decide how their information is used, thereby facilitating a fairer, clearer and more secure relationship with technology. Its implementation contributes positively to consumer well-being and digital rights.

Monitoring of initiatives

S4-4_04

With the aim of monitoring and assessing the effectiveness of the actions and initiatives described above, the Company works along the following lines:

- Privacy audits: these are conducted in accordance with the annual provisions set out in each Audit Plan to assess compliance with data protection policies and procedures. These audits are carried out by the

Internal Audit Department. Through these audits, any issues and areas for improvement are identified, where applicable, and action plans are established, the implementation of which is undertaken by the corresponding responsible management areas.

Internal Audit monitors these plans and, where appropriate, audits their correct implementation. In addition, there are other activities in the fields of technology and cybersecurity that cover privacy aspects from a security measures perspective. The working process, the issuance of Internal Audit reports and the monitoring of the implementation of committed action plans are equivalent to those applied in specific privacy audits.

- Monitoring indicators: indicators are used to measure the effectiveness of the initiatives. These indicators enable the progress of Group companies to be monitored. For example, they assess the number of records of processing activities created, the number of employees exclusively dedicated to privacy and the volume of requests to exercise rights received and addressed. These metrics help identify areas for improvement.
- Reports to the Audit and Control Committee (ACC): this Committee is informed on a regular basis and reviews the effectiveness of policies and risk management.

S4-4_05

For the purpose of determining the actions required in response to a specific impact, a personal data breach management Domain has been developed, detailing the process to be followed in the event of any security incident that compromises personal data.

This domain includes stages for assessing the breach, beginning with the identification and containment of the incident, followed by an in-depth analysis to determine the nature and scope of the breach.

Based on this assessment, the potential impact on data subjects and the Company is evaluated. In addition, notification protocols are established to ensure that stakeholders, including the relevant authorities, are informed in a timely manner and in accordance with applicable regulations, where required.

S4-4_06

The Company adopts a proactive approach to mitigating material negative impacts on consumers and end-users, implementing measures across different areas. For example, product design based on the principle of privacy by design.

Another noteworthy initiative is Opengateway, a GSMA-led telecommunications sector initiative that transforms networks into developer-ready platforms, enabling the full potential of networks to be exposed through global APIs. These capabilities are enabled in line with the principle of privacy by design, and Telefónica manages their use to ensure the appropriate processing of personal data for authorities and customers.

S4-4_07

Risk analyses of incidents are conducted and mitigation measures to minimise their potential impact on individuals are implemented. This information is also shared with the Data Protection Authorities whenever they require it. When data subjects are notified of a breach, they are also given recommendations to mitigate its potential impact, such as resetting their passwords.

S4-4_10

The DPO is an independent figure responsible for ensuring compliance with data protection regulations. As the responsible party in this regard, the figure coordinates actions to manage personal data across the Group. Furthermore, they adhere to the Telefónica Group's governance model, which establishes the strategic, organisational and operational framework for data protection initiatives, including the procedures that ensure regulatory compliance.

S4-4_11

In the 2025 financial year, as in 2024, no incidents or serious human rights cases related to consumers or end-users were identified.

SBM-3_08

Metrics and financial effects

The main metrics the Company uses to evaluate the performance and effectiveness of action plans related to the material impact and risks identified in terms of the privacy of its customers' data are:

	2024	2025
Total number of open procedures for Privacy / Data protection issues with a sanction or customer complaint	351	432
Total number of confirmed fines for privacy/data protection issues*	9	13
Total number of confirmed fines for privacy/data protection issues**	1,009,252 €	364,513 €

* Final financial penalties in accordance with applicable local regulations, i.e. without the possibility of appeal, issued by a competent authority, which become final within the reporting year.

** Total value of the final fines outlined in the previous paragraph.

The open procedures metric includes those procedures related to sanctions or customer privacy claims that remain open at the end of the fiscal year, excluding those that were opened and closed within the same year.

The number of confirmed fines includes only those sanctions that, at the end of the fiscal year, are no longer subject to administrative or judicial appeal. The economic amount of the final fines corresponds to the total value, in euros, of those sanctions.

Targets

S4.MDR-T_14-19, S4-5_01, S4-5_02, S4-5_03

Target-setting is not applicable due to the nature of this indicator, which depends on the variability of penalties and sanctioning procedures. These processes do not follow a regular annual cycle and often extend over longer periods, making it difficult to align them with predefined timeframes.

In addition, the criteria applied by authorities evolve over time, and new national regulations may emerge, as is the case in Brazil, which makes these aspects difficult to predict. Furthermore, the administrative and judicial processes in which sanctioning procedures are embedded introduce an additional variable, further complicating the setting of specific targets.

B) Protection of children

Action plans

S4-4_01, S4-4_06, S4-4_10, S4.MDR-A_01-12

At Telefónica, the following actions have been adopted to prevent, mitigate or remedy potential negative impacts related to the protection of children:

1. Partnerships and cooperation with stakeholders. Telefónica actively participates in global international forums and alliances such as GSMA, the Internet Watch Foundation (IWF) and the Global Child Forum, contributing to sector dialogue and to the adoption of international frameworks and good practices aimed at preventing children's exposure to illegal content and protecting them against online sexual exploitation, among other risks. In addition, Telefónica collaborates with ministries, public administrations and other national bodies on projects to develop safer digital environments for children.

2. Blocking of inappropriate content. On the one hand, in countries where legislation and technical capabilities allow it, including Spain among others, Telefónica cooperates with the competent authorities to block access to external content that may be illegal or harmful, such as child sexual abuse material. On the other hand, the Company provides users with tools that allow them to limit or filter the type of content accessible on the internet and on its own audiovisual platforms, including features such as parental controls, children's profiles, age-based restrictions and voluntary content blocking.

The scope of blocking measures and protection tools may vary depending on local regulations, the requirements of public authorities and the technical capabilities available in each country.

The activities carried out are continuous and structural in nature and are expected to continue in the coming years. They fall within the value chain phases of operations, support activities, products and services, marketing, use and after-sales of digital products and services, and primarily affect consumers and end-users, governmental entities and regulators, and society at large.

S4-4_03

As an additional activity carried out by the Company in the field of child protection, with the aim of positively contributing to improved social outcomes for children, Telefónica promotes education and awareness-raising on digital well-being and the responsible use of technology.

Telefónica promotes the responsible and healthy use of technology among children, adolescents, families and society in general. For instance, in Spain, Movistar —through the "Movimiento Azul" platform— boosts initiatives such as: educational resources and informative materials developed in collaboration with experts in diverse areas (cyberbullying, privacy, media literacy and digital well-being, among others); awareness-raising campaigns in the media, on social networks and its own platforms; and collaborations with organisations, entities and specialists in child protection, digital education, cybersecurity and family support, among others (Club de Malasmadres, INCIBE, UNICEF or Pantallas Amigas).

Monitoring of initiatives

S4-4_04, S4-4_05

With the aim of monitoring and assessing the effectiveness of the actions and initiatives described above, as well as determining the measures required in response to a specific impact, the Company works along the following lines:

- Assessment of its actual impact and level of compliance, both in terms of reputation and social perception, as well as reach and outcomes (through tools such as RepTrak —a metric used to measure reputation— and focus groups, among other resources).
- Monitoring participation in national and international forums, and conducting an annual review of agreements and partnerships with specialised entities prior to their renewal, to ensure continued alignment with strategic priorities on child protection and digital well-being.

S4-4_07

The Company provides users with information on the channels available to report child sexual abuse content, inappropriate material or any conduct that may be harmful to children. These contact points include law enforcement bodies and/or the competent authorities responsible for child protection in the different geographies.

S4-4_12

Telefónica has staff specialised in the protection of children in digital environments, responsible for overseeing the monitoring of actions aimed at managing potential negative impacts in this area.

Targets

S4-5_01, S4-5_02, S4-5_03

The targets in this area are aimed at promoting a safe, inclusive and responsible digital environment for children, as well as supporting families and educators in the conscious and balanced use of technology. Stakeholder involvement does not apply as no measurable targets are established.

C) Access to products and services

Action plans

S4-4_01

To mitigate harm and prevent the emergence of new impacts associated with the aspects identified in relation to digital inclusion, the actions taken are as follows: deployment of connectivity, with particular attention to rural areas; promotion of the affordability of basic communication services through Universal Service Funds; and the promotion of Responsible by Design of products, through the integration of accessibility criteria into products and services.

For negative impacts associated with the design of products and services, the main action adopted is to foster Responsibility by Design, an initiative that addresses the integration of ethical and sustainability criteria into the development of products and services, including a governance model for artificial intelligence services based on Telefónica's AI principles and in compliance with AI regulations (EU AI Act).

S4-4_08

The identified risk associated with consumer experience and trust is addressed in general terms through the actions described above, as all of them contribute to generating trust among consumers and end-users.

However, more specifically, there is an action dedicated to addressing this risk: customer service and experience. This initiative seeks to improve the service received by consumers. To monitor the effectiveness of this action on a daily basis, post-contact surveys are conducted, assessing, among other aspects, ease of management, satisfaction with the service and satisfaction with the solution received.

In addition, in relational surveys, alongside the question of recommendation, customers are also asked about these aspects in connection to their overall perception of their relationship with the Company.

S4-4_09

Lastly, it should be noted that some of the actions undertaken to address impacts or risks also make it

possible to seize the material opportunities identified in relation to digital inclusion topics. This is the case for the deployment of connectivity, which aims to mitigate harm and prevent the emergence of new impacts in previously unconnected areas or areas with improvable service, while also representing an opportunity to capture revenue in those areas.

In summary, considering the identified impacts, risks and opportunities, five actions can be highlighted that help prevent and mitigate impacts and risks, while also contributing to seizing the opportunities identified. These actions are detailed below:

S4.MDR-A_01-12

1. Deployment of connectivity

This action aims to promote access to communication services and digital inclusion through the deployment of networks.

Fixed and mobile networks are deployed with the ambition of enabling the largest possible number of people to access them. To achieve this, the Company implements coverage and infrastructure expansion plans, in some cases through agreements with third parties, in order to provide mobile broadband and fibre services. At the same time, networks are upgraded and expanded using next-generation technologies that offer ultra-broadband services.

Connectivity deployment activities are carried out by the Company's telecommunications operators and directly affect all their customers.

The commitment to closing the digital divide is a continuous process with no defined time horizon, as technological advances allow actions to be adapted and ambition to be increased over time.

For this reason, the plans and actions associated with connectivity deployment, in both urban and rural areas, have been developed over recent years and, as this is a continuous activity, are expected to continue evolving in the years ahead.

S4-4_02

The deployment of connectivity is the main action undertaken to remedy or mitigate the negative impact that the digital divide may cause in areas where connectivity is limited or non-existent.

The remaining impacts have not materialised. The Company works to identify and mitigate risks before they generate any adverse effect on consumers and users.

The actions undertaken in relation to connectivity deployment are assessed to evaluate their progress and whether they are adequately addressing the associated risks and impacts. To evaluate connectivity deployment, coverage and broadband rollout are monitored in the countries in which the Company operates.

Quantitative data relating to connectivity deployment are detailed in the targets and metrics section.

Resources and financial effects related to the deployment of connectivity

The CapEx investment made in 2025 to improve broadband coverage related to access to Products and Services is included within the network transformation CapEx investment indicated in the section on 'Financial effects of climate-related risks and opportunities'. The extension of broadband coverage is carried out through 4G/5G and FTTH technologies, which form part of the Network Transformation concept. See:

2.9.3.2. Action plans - Resources allocated to adaptation and mitigation actions - Network transformation and renewable energy

The deployment of connectivity in rural areas also represents an opportunity to capture revenue in these areas. This opportunity has been quantified by estimating the percentage of mobile revenues generated in the rural areas of the three main countries over the Groups's revenues figure, resulting in 3.3% of rural mobile broadband revenue in 2025.

2. Affordability

Contributions to Universal Service Funds aim to ensure that individuals with fewer resources have access to networks at an affordable price, thereby reducing or preventing social exclusion.

To achieve this, the public bodies designated for this purpose in each country establish the funding mechanisms to cover the costs arising from the provision of Universal Service and appoint the operators responsible for delivering it.

Within this framework, Telefónica contributes to these funds, the objective of which is to facilitate the provision of fixed connection services to all users, regardless of their geographical location, while maintaining quality standards and ensuring affordability. The management of the funds are overseen by the public bodies designated for this purpose in each country.

The contribution made during 2025 was focused on the following countries: Brazil, Colombia and Venezuela, within the activities related to operations, products and services, and commercialisation.

As previously indicated, addressing the digital divide is an ongoing process with no defined time horizon. For this reason, contributions to the Universal Service Funds, developed over recent years, are expected to continue in future years.

S4-4_02

The Universal Funds are tools that helps to partially remedy or mitigate the negative impact that the cost of services may generate for consumers and users with fewer resources.

To evaluate progress in relation to Universal Service Funds, the countries to which contributions are made and the amounts contributed year by year are monitored.

Resources allocated to actions related to affordability

In 2025 Telefónica made a contribution to the Universal Service Funds in the countries where are required. The amount contributed in 2025 was €106 million (€138 million in 2024).

3. Responsibility by Design

The Responsibility by Design project seeks to promote sustainability under an internal framework that incorporates ethical and sustainability criteria into the development of products and services.

The objective is to mitigate or prevent potential harm or negative impacts on customers and end-users, for example due to accessibility issues or biases in systems incorporating artificial intelligence. To this end, the Company evaluates its products and services to assess whether they comply with established ethical and sustainability requirements.

The Responsibility by Design framework is based on four pillars under which products and services are assessed:

- Environmental criteria aimed at reducing environmental impact.
- Accessibility criteria applied to products, services and channels.
- Transparency and digital rights criteria to ensure accountability in customer communication.
- Criteria to ensure the ethical and responsible use of artificial intelligence, preventing negative impacts such as discrimination and bias.

During 2025, three main activities were developed within the Responsibility by Design project:

A) Strengthening accessibility requirements applicable to products and services arising from the EU Accessibility Directive. The objective is to ensure an equal user experience for all consumers and users by improving accessibility across customer service and communication channels, as well as products and services.

B) Solid implementation across the Telefónica Group of the AI Governance Model, enabling effective risk management of AI systems, ensuring regulatory compliance (including the EU AI Act and future applicable regulations), applying Telefónica's AI Principles and advancing the operationalisation of Responsible AI as a lever to accelerate AI development and reinforce the trust of customers, partners and investors.

C) Delivery of specific training programs for employees involved in the development of products and services on

accessibility and AI ethics, complementing their technical knowledge.

The AI Governance Model applies across the entire Telefónica Group, including internal operations and the value chain. The model includes a system for registering, reviewing and assessing risks associated with AI use cases. Each potential impact is analysed through this registration system, where significant risks are identified and mitigated, preventing potential risks from materialising in the form of discrimination with a negative impact on consumers or customers.

To facilitate understanding and application of the AI Principles, the AI Governance Model and their associated processes, corporate tools, domains and guidelines have been developed. These include a domain for the registration and risk analysis of AI use cases, a guidance document supporting the documentation of such registrations, and a guide defining the roles responsible for AI Governance. This is complemented by a specific domain dedicated to managing regulatory adaptation in AI and another defining responsibilities across the AI systems value chain, thereby ensuring consistent and responsible oversight throughout the product and service life cycle.

With regard to training activities, accessibility training has been delivered to employees from different legal entities within the Group, particularly Telefónica Innovación Digital and Telefónica Spain, with responsibilities in the design, development or quality assurance of products, services and digital channels. The content is aligned with the requirements of the EU Accessibility Directive.

In relation to AI, training sessions on responsible AI use were delivered during 2025, both globally and in the countries in which the Company operates. These included:

- Courses aimed at all employees to raise awareness of responsible AI use and deepen understanding of the Company's code of conduct and governance model.
- Awareness sessions in business areas to promote ethical and responsible development when creating AI-based products and services.
- A specific training program for RAI Champions (Responsible Artificial Intelligence Champions), who are responsible for ensuring responsible AI within each business unit.

With regard to progress in Responsibility by Design, no quantitative indicators have been defined, although products and services are being monitored and assessed. During the past year, analysis of products and services has continued.

In future years, further development and improvement of the implementation of Responsibility by Design is expected. In relation to the AI Governance Model, efforts will focus on streamlining processes, incorporating new functionalities and further operationalising Responsible AI requirements. AI and accessibility training plans will also be expanded, including specialised programs aimed at implementing technical controls to detect and mitigate AI-related risks and improving accessibility across all customer channels.

4. Customer service and experience

This initiative seeks to improve customer service and experience and minimise the risk of loss of trust by personalising service processes.

To this end, work is carried out on customer service processes, ensuring that customers are satisfied with the resolution provided in each of their interactions through the Company's channels. Service quality and feedback received are reviewed in order to modify aspects that do not work properly or that can be improved.

To make this possible, customer listening tools have been implemented at the main points of contact in order to:

- Identify the most sensitive processes where immediate action can be taken to improve the customer experience.
- Distribute the feedback obtained to all areas involved in the customer experience.
- Integrate all information into a single platform with different quantitative analytical capabilities across multiple variables, enabling a deeper analysis of root causes.
- Analyse customer information to better understand strengths and identify opportunities for improvement to guide projects accordingly.
- Provide a response to the issue raised following an interaction through one of the contact channels, and use the information collected as input to prioritise structural improvements in Company processes, thereby preventing the issue from affecting other customers in the future.

These actions to improve customer service processes have already been implemented and are operational, with varying degrees of progress, in the businesses in Spain, Germany, Brazil and Telefónica's operations in Hispanoamerica. They are expected to continue evolving in the coming years.

In addition, with the aim of building long-term trusted relationships, in 2025 the Customer Relationship

Principles applicable across the entire Group were updated, defining the organisation's commitment to its customers. These Principles are based on two core values: respect and gratitude, which must be present in all interactions.

The four Principles governing customer relationships are:

- Principle 1: We understand you and care about you. We actively listen to our customers, enabling us to understand first-hand their needs and expectations and incorporate them into processes, products and services, as well as into service and relationship channels.
- Principle 2: We give you what you expect. We aim to build trusted relationships and distinguish ourselves from our competitors based on excellence in customer experience.
- Principle 3: We make things easy for you. We seek simplicity and agility in all interactions, which involves removing barriers and offering intuitive and accessible solutions.
- Principle 4: We look after you and protect you. We work to ensure the protection of data and the security of networks and information, as well as compliance with all internal policies in these areas.

To monitor consumer satisfaction and experience, the Net Promoter Score (NPS) indicator is used. Detailed information is provided in the targets and metrics section.

5. Cybersecurity

This action contributes to generating a positive impact and addressing the opportunity arising from the development of the cybersecurity services market. The following activities have been identified within this action:

- Implementation of technological infrastructure and operational capabilities: the Telefónica Tech business unit provides DOCs (Digital Operations Centres) and a Global Network of Security Operations Centres (SOCs) to deliver cybersecurity and cloud monitoring and operational services. The intelligence teams within these units provide managed services on a global scale, supporting identification, detection, prevention and recovery from cyberattacks. In addition, operations incorporate continuous monitoring through a centralised platform for threats and vulnerabilities and make use of artificial intelligence and machine learning technologies to proactively detect cyberattacks.
- Strategic partnerships and collaborations with security software companies, cloud infrastructure providers and advanced cybersecurity solution providers, as well as participation in governmental security initiatives and standards, facilitating compliance with local and international regulations.
- Network security: NaaS (Network as a Service) solutions offer scalable and secure network infrastructure. By implementing SASE (Secure Access Service Edge) solutions, the transition from networks to the cloud is supported, enhancing performance and security while safeguarding valuable assets for consumers and users.
- Security by design: security is prioritised from the design stage, promoting the incorporation of cybersecurity principles at every phase of the product life cycle, from conceptualisation to implementation and maintenance, with the objective of preventing harm to customers and end-users.
- Cybersecurity training, skills development and awareness-raising: courses and workshops are offered to both businesses and end-users on the prevention of cyberattacks and best practices for protecting data and devices. Educational content has been developed to raise awareness of the risks and benefits of cybersecurity. Expert consultants also provide recommendations and solutions.

Cybersecurity activities are carried out within Telefónica Tech and across the Group's telecommunications operators. They are aimed at all customers, both in the business and residential segments (B2B and B2C).

Telefónica Tech, as a global business unit, has specialised commercial and operational capabilities in Europe and America.

It should be noted that cybersecurity has become an increasing concern as digitalisation advances across all sectors of society. Both businesses and consumers face an increasingly complex threat landscape, ranging from ransomware attacks and data theft to vulnerabilities in connected devices. This situation is intensified by the growth of remote working, e-commerce and the widespread use of cloud services, which expand exposure to cyber risks.

For this reason, the protection of information, privacy and the integrity of digital systems is essential to ensure operational continuity and to build trust in an increasingly interconnected environment. The plans and actions related to cybersecurity have been developed throughout 2025. In addition, as part of the "Transform & Grow" Strategic Plan, further reinforcement of the cybersecurity focus is envisaged.

Additional initiatives

S4-4_03

In addition to the potential negative impacts described in the activities and initiatives developed, it has been identified that the Company's activity may generate positive impacts that add value for consumers and end-users.

Among the initiatives developed with the aim of generating this positive contribution, the following can be highlighted:

- Promotion of socio-economic development through the responsible digitalisation of society via the connectivity and technological services offered by the Company.
- Promotion and support for the entrepreneurial ecosystem, as well as continuous investment in incubation centres for the launch of new business initiatives.
- Improvement of productivity, efficiency in the use of resources and processes, leading to greater socio-economic growth through the development of innovative solutions by the Company.

In relation to socio-economic development driven by responsible digitalisation, the Company has developed new business models that help deploy networks in rural areas with low population density or difficult access, thereby promoting universal access to communication services. To achieve this, collaboration with third parties is sometimes required to facilitate the expansion of coverage and infrastructure.

In addition, promoting the accessibility of products helps ensure that an increasing number of people can access these services.

To foster the entrepreneurial ecosystem and business development, Telefónica invests in startups in accordance with sustainability criteria. This activity is managed by a specialised unit, Wayra, which invests in seed- and growth-stage startups across different geographies.

Investments may be made directly in startups and/or through investment funds in which Telefónica acts as a Limited Partner (LP).

To promote the positive impact of entrepreneurship, an Investment Committee regularly monitors all investments, which are also reviewed by the Compliance department.

The monitoring data for Company investments in 2025 are as follows:

- 1,208 startups invested in by Wayra through direct investment and funds (1,168 in 2024).
- 963 startups directly invested in by Wayra (948 in 2024).
- 263 startups invested in by Wayra through funds (237 in 2024).

In relation to the development of innovative solutions, Telefónica maintains its commitment to research and development (R&D) as a driver of sustainable growth and digital transformation. In 2025 the Company allocated €1,004 million to R&D activities in its continuing operations, excluding public R&D grants received. This figure includes both the cost of projects carried out with internal resources and industrial development projects commissioned to third parties, where the Company retains ownership of the resulting industrial property.

Projects are focused on key technologies such as next-generation telecommunications networks and services, AI, cybersecurity, quantum technologies and digital solutions for customers, as well as on improving operational efficiency.

Telefónica collaborates with a broad ecosystem of stakeholders, including universities, public research centres, public administrations, technology companies and industrial partners, contributing to scientific and technological progress, promoting the development of specialised talent and facilitating the transfer of results to the market.

The Company's R&D activities result in the generation of new knowledge, formalised through patents and other industrial property assets. During 2025, 25 new patent applications were filed.

These patents protect R&D outcomes in strategic areas such as intelligent and autonomous networks, cybersecurity and enhanced privacy, artificial intelligence, energy efficiency, quantum communications, post-quantum security and multimedia content distribution.

At the end of 2025, Telefónica managed a portfolio of 478 active patents, grouped into families, which form part of a broader set of industrial and intellectual property assets and constitute one of the most representative indicators of the Company's innovative capacity. Their active management helps protect and enhance research, foster technology transfer and cooperate with the innovation ecosystem, contributing to the development of sustainable digital solutions and greater socio-economic growth.

Monitoring of initiatives

S4-4_04

In general terms, the effectiveness of initiatives aimed at improving access to products and services is assessed through consumer satisfaction and experience analyses.

In addition to the NPS indicator, other measurements monitor relevant aspects such as the perception of the Company's network quality and the service provided through its channels.

Some activities are monitored and assessed through specific indicators. The effectiveness of network

coverage initiatives is tracked through mobile and fixed broadband coverage indicators, as well as the rural mobile broadband coverage indicator. Affordability is evaluated through the amounts of funds contributed to the Universal Service. Product assessments carried out within the Responsibility by Design framework and systems incorporating artificial intelligence are also monitored.

S4-4_05

To determine the necessary actions to respond to consumers and end-users, whether in relation to a commercial query or complaint or a potential negative impact, the Company follows the general customer service and incident resolution process described above.

S4-4_06

Regardless of the approach adopted to address a given type of impact, Telefónica takes a proactive approach to preventing material negative impacts on consumers or end-users.

To this end, evaluation and control measures are implemented, including the Responsibility by Design initiative, responsible AI through the AI Governance Model, monitoring of broadband network deployment, contributions to funds that facilitate access to basic communication services for individuals with limited financial resources, and customer service actions through the channels made available by the Group.

S4-4_07

There are several ways to ensure that the processes developed are available and function properly:

- Regular surveys evaluate the effectiveness of customer service channels to ensure that both they and the service provided meet consumer needs. The Customer Effort indicator is used to gauge how easily consumers carry out procedures via Company channels.
- In addition, in the transactional surveys conducted after each contact through the service channels, the customer is asked, among other things, if their query has been resolved. If this is not the case, after carrying out the necessary internal management process to respond to the enquiry, contact is made again to communicate the resolution and assess the corresponding satisfaction levels.
- For the remaining channels, in cases where a customer has got in contact to escalate an issue, they are contacted upon resolution to inform them of the actions taken.

S4-4_10

To ensure that the Group's activities do not generate negative impacts on consumers and users, preventive actions have been defined, primarily associated with the development of risk assessment and control models, such as those related to AI.

S4-4_12

The resources allocated to managing negative impacts are as follows:

- To address impacts associated with the digital divide, as this is a cross-cutting activity across the organisation, no specific resource is defined; rather, there are addressed by the different units within the Company.
- With regard to impacts associated with Access to Products and Services, resources are channelled through the Responsibility by Design project, led by the Global Sustainability team, in coordination with other specialised areas of the organisation.
- In relation to artificial intelligence, there is a specialised Responsible AI team, known as AI Coordination, within the Digital Innovation unit. This team ensures the responsible use of artificial intelligence in areas where it is developed, used, acquired or commercialised, monitoring the AI Business Owners to ensure compliance with established requirements. In addition, designated profiles known as Responsible Artificial Intelligence Champions (RAI Champions) operate within product and service areas. Their role is to ensure the responsible use of AI within their scope, provide expert support to business areas and monitor AI use cases. To this end, they receive specialised training that enables them to support and advise their teams in the development of AI-based solutions.

Metrics and Targets

S4.MDR-T_01-13, S4-5_01, S4-5_02, S4-5_03

Digital inclusion

The main metrics used by the Company to evaluate the performance and effectiveness of action plans related to the impact, risks and opportunities identified in terms of access to products and services, and specifically in connection with digital inclusion issues, are detailed below.

The following aspects are monitored to assess connectivity deployment:

- Fixed and mobile broadband coverage across the main countries in which Telefónica operates.
- Mobile broadband coverage in the rural areas of the main countries in which Telefónica operates.

4G coverage	2024	2025
Germany	99.9%	99.9%
Brazil	96.5%	97.0%
Spain	98.2%	98.2%

5G coverage	2024	2025
Germany	97.2%	98.6%
Brazil	61.1%	67.4%
Spain	90.8%	94.6%

Premises with fibre-to-the-home [FTTH] connections*	2024	2025
Germany	582,652	722,667
Brazil	29,113,641	30,964,933
Spain	30,812,631	31,299,025

*Premises passed with fibre-to-the-home include the Company's own coverage in Germany, Brazil and Spain, as well as the coverage deployed through agreements with third parties.

Rural mobile broadband coverage	2024	2025
Germany	99.4%	99.6%
Brazil	83.5%	85.5%
Spain	95.0%	95.0%

Population coverage of mobile broadband (4G and 5G) is calculated using national network coverage planning parameterisation criteria applicable in each country. This seeks to determine the percentage of the country's total population that can access the operator's mobile services for a given technology. In the case of the specific rural mobile broadband coverage indicator, the areas considered are limited according to the "rurality" criteria defined by each national regulator. Therefore, the calculation is carried out exclusively on these rural areas.

FTTH premises passed represent the number of premises in a country that have access to FTTH services. This means that once a customer requests service activation, only a final installation of the CPE (customer-premises equipment or costumer local equipment) is required and, when necessary, the last section of fibre cabling from the terminal box.

The nature of fibre deployment indicators is based on population coverage estimation models. Methodologies for defining and monitoring these indicators are developed internally.

Local network-planning tools are used for the FTTH premises passed, which indicate which geographical locations are covered with FTTH. This information is then cross-referenced with the number of premises in each geographical location, allowing the total number of premises passed by the FTTH service to be determined.

Targets have been defined in relation to the penetration and quality of telecommunications networks, as such deployment contributes to socio-economic development, as previously described.

The targets relate to mobile broadband coverage indicators in the main countries in which the Company operates:

- Mobile broadband: percentage of 5G coverage.

The 5G coverage percentage indicator refers to the proportion of the population with access to 5G mobile services through a mobile access technology. Specifically, it determines the percentage of a country's total population that can access the operator's mobile services for a given technology.

Target: Achieve the following 5G-SA (5G Stand-Alone) network coverage levels by 2030:

- Spain: 98%
- Brazil: 90%
- Germany: 99%

Performance in 2025: Telefónica's 5G network coverage reached 94.6% in Spain, 67.4% in Brazil and 98.6% in Germany.

Local 5G SA deployment targets are relative and measured as a percentage of the total resident population in those countries. These are local targets applicable to Spain, Brazil and Germany. The time horizon is 2030 and no interim targets have been established.

The Company's local Strategy and Network Planning departments, with the support of the commercial teams, determine the network-deployment targets to be carried out in the coming years.

Target progress indicators are assessed monthly. This regular monitoring supports achievement, as analysing the degree of progress allows adjustments to be made if performance deviates from the expected trajectory.

The nature of mobile network coverage indicators is based on population coverage estimation models.

The targets described are aligned with:

- The Responsible Business Principles, particularly the principle relating to commitment to customers.
- The commitment set out in the Global Human Rights Policy to promote connectivity in local communities and remote or hard-to-reach areas with the aim of reducing the digital divide and contributing to initiatives related to digital education and access to technology for vulnerable groups.

Methodology: the methodologies for defining targets and monitoring coverage indicators are developed internally. Population coverage (4G and 5G) is calculated using local network planning tools that determine signal strength across geographical areas.

This information is cross-referenced with population distribution data, enabling the total population covered by each technology (4G or 5G) at a specified minimum signal level to be determined.

Finally, it should be noted that customers do not participate in the definition of these targets.

Satisfaction of consumers and users
To monitor consumer and user satisfaction and experience, the NPS metric is used, which also helps assess the recommendation of products and services.

This indicator has been monitored since 2017 and has been established as a target linked to the variable remuneration of employees who receive this type of compensation. It also forms part of the Strategic Plan.

The Group's 2025 NPS has been calculated on the basis of the results obtained by the Group's operators in Spain, Brazil, Germany, Chile, Colombia, Mexico and Venezuela.

Telefónica NPS*

Telefónica NPS*	2024	2025
Group NPS	**33**	**35**
B2C NPS	27	28
B2B NPS	51	55

*2024 perimeter: The Group's operators in Spain, Brazil, Germany, Argentina, Peru, Chile, Colombia, Mexico, Uruguay, Ecuador and Venezuela.
2025 perimeter: The Group's operators in Spain, Brazil, Germany, Chile, Colombia, Mexico and Venezuela.

The NPS is calculated on the basis of customer relationship surveys that ask whether customers would recommend Telefónica. The result is obtained by subtracting the number of detractors (ratings of 1 to 6) from the number of promoters (ratings of 9 and 10).

Monthly surveys are conducted among B2C and B2B customers of telecommunications operators in Spain, Brazil, Germany and the Hispanoamerica region. Aspects such as network quality, customer service, commercial offerings and price are evaluated. One of the indicators obtained from these surveys is the NPS.

Subsequently, each operation consolidates its NPS at the country level, with the result broken down by B2C and B2B segment. It is consolidated at the Telefónica Group level for evaluation against the annual target.

Target: increase the NPS value annually.

Performance in 2025: Despite the positive trend observed in recent years, the NPS remained stable compared with the end of 2024 (35), taking into account the changes in the Telefónica Group's scope of consolidation in 2025, specifically the divestments of certain operations in Hispanoamerica. See 'Scope of Consolidation' in section:
2.1. Basis for preparation

Indicator methodology: the methodology for defining the target and monitoring is defined and developed internally.The NPS methodology is based on daily surveys conducted via telephone, digital or in-person channels, which ask customers how likely they are to recommend the Company's services, from which the final value of the indicator is obtained.

The measurement of the NPS and the calculation of the indicator, both at local and global level, are audited internally.

The NPS target aligns with the Responsible Business Principles, particularly the commitment to customers.

Customers do not participate in setting these targets. However, the results of the satisfaction assessment surveys are indeed the source for setting the annual target each year. To this end, methodological aspects contained in the Telefónica Group's Quality Manual and business inputs are considered.

This methodology is based on the internationally established definition of the NPS indicator and is tailored to Telefónica's specific characteristics for weighting by region and segment. To achieve this:

- The calculation scope is defined, covering customer segments, legal entities and commercial brands.
- The weightings or the calculation formula used to consolidate the KPI at Group level are defined.

The business inputs considered include:

- The trend of the business unit indicator in recent years.
- The latest available actual data and/or the forecast for the end of the current year.
- Telefónica's own initiatives and those of the competition, which the countries include in their action plans.
- Correlation analysis of how various factors —such as network performance, service offerings, customer service and pricing— impact NPS trends.

Governance information

2.14. ESRS G1 - Business conduct

2.14.1. Governance

G1.GOV-1

G1.GOV-1_01

The Board of Directors of Telefónica, S.A. approves the Group's Responsible Business Principles. These principles constitute the Group's code of ethics and conduct, guiding the Group's daily activities, whether carried out individually or as a team. They also form the basis of the Sustainability Policy.

The Global Sustainability (ESG) Department is the area responsible for updating the Company's Sustainability and Regulation Committee regarding the implementation of the Sustainability Plan during monthly meetings.

The aforementioned Responsible Business Principles are structured around 10 topics, with the following standing out in relation to business conduct:

- Ethical and responsible management: at Telefónica all employees are required to work ethically and responsibly, leading to consistent behaviours aligned with strict legal compliance; zero tolerance for corruption and bribery; a firm commitment to transparency, the protection of data and business assets, the non-use of insider information, fair competition and remaining politically neutral.
- Responsible supply chain management: Telefónica is committed to acting with rigour, objectivity, transparency and professionalism in its relationships with business partners and suppliers, requiring them to meet the minimum responsible business criteria of the Telefónica Group in order to fulfil its commitment to responsibility throughout the value chain.

Telefónica's Compliance Department, through the Chief Compliance Officer, is the area responsible for regularly reporting to the Company's Audit and Control Committee on the main aspects of the Telefónica Group's compliance program, including the Group's practices regarding integrity and the fight against corruption and bribery. Likewise, on a quarterly basis, it reports directly to the Board of Directors.

Moreover, the Global Sustainability (ESG) Department reports annually to the Company's Sustainability and Regulation Committee on the management of matters related to sustainability. See section:

2.4.2. Information provided to the Company's administrative, management and supervisory bodies addressing sustainability matters

Likewise, the management areas, in addition to the Global Sustainability Department, such as Purchasing, People, among others, are responsible for the sustainable management of the supply chain.

In relation to the Company's activities and commitments to pressure groups, the Regulation, Competition and Public Policy Department regularly reports on these topics to the Company's Sustainability and Regulation Committee.

Additionally, both the Chair of the Audit and Control Committee and the Chair of the Sustainability and Regulation Committee report the main issues discussed at their respective meetings to the Board of Directors meetings, helping to ensure that the most significant business conduct issues are taken into consideration in the deliberations of the Board of Directors.

Following a favourable report from the corresponding Committees, the Board of Directors is also responsible for approving corporate policies on relevant matters related to the Responsible Business Principles and, in particular, to business conduct, the Anti-Corruption Policy and the Supply Chain Sustainability Policy, among others.

Details of these policies can be found in the following section of the Sustainability notes:

2.15. Policies

G1.GOV-1_02

As regards the experience of the members of the Board of Directors of Telefónica, S.A. in matters of business conduct, they collectively possess knowledge and professional experience in various subjects, areas and sectors related to the Telefónica Group.

For more details about the training programs, information sessions, and knowledge updates that directors receive, see the following section:

2.4.1. The role of the administrative, management and supervisory bodies

2.14.2. Impacts, risks and opportunities

G1.IRO-1

For issues related to business conduct, all the regions in which the Group operates and the Company's commercial operations have been taken into account, as well as the agents involved throughout Telefónica's value chain.

The following sections break down the IROs corresponding to each subtopic of ESRS G1 - Business Conduct.

G1-1

2.14.3. Corporate culture

The material impact that Telefónica has identified for the subtopic 'Corporate culture' as a result of the double materiality process is as follows:

Subtopic: Corporate culture

Type of IRO SBM-3_04, SBM-3_06	Description SBM-3_01, SBM-3_03, SBM-3_05, SBM-3_07
Actual negative impact	Unethical corporate practices that may affect stakeholders Linkage: Strategy Origin in the value chain: Upstream (procurement); own operations (all activities); downstream (marketing, after-sales)

2.14.3.1. Policies

G1.MDR-P_01-06

The information required in the minimum disclosure requirements (MDR-P) on the policies adopted to manage sustainability matters is collected and reported in the following section of the Sustainability Notes:

2.15. Policies

G1-1_01

Telefónica operates in accordance with the values of integrity, commitment and transparency, in its decision-making, in daily performance and in the way it interacts with the environment.

Therefore, it promotes ethical behaviour and responsible business management through the establishment, development, promotion and evaluation of a corporate culture aligned with ESG factors that deliver long-term business value. In fact, it works to ensure that behaviours, processes, internal activities and targets are consistent with the Company's purpose and values. To this end, the Telefónica Group has a code of ethics and conduct, the Responsible Business Principles (RBP), which are structured around 10 areas:

1. Ethical and responsible management.
2. Corporate governance and internal control.
3. Respect for and promotion of human and digital rights.
4. Commitment to the environment.
5. Innovation, development and responsible use of technology.
6. Responsible communication.
7. Commitment to customers.
8. Commitment to employees.
9. Commitment to the societies in which the Group operates.
10. Responsible supply chain management.

In addition, since 2002, Telefónica has been a signatory to the United Nations Global Compact (UNGC), a voluntary framework allowing companies to align their operations and strategies with the 10 principles on human rights, labour, the environment and the fight against corruption.

To mitigate the impact related to corporate culture and incorporate sustainability criteria into the Group's management and culture, Telefónica continuously implements global and local actions aimed at all levels of the organisation:

- Regulation: the Telefónica Group develops, updates and approves corporate policies on relevant matters related to the Responsible Business Principles.
- Training and awareness-raising: Telefónica trains its professionals in the Responsible Business Principles

and complements this with other strategic training, whether online or in-person, that delves deeper into the Principles mentioned above.

Additionally, the Company develops awareness-raising and communication campaigns on key issues such as privacy, digital security, ethics and artificial intelligence (AI), environmental management, accessibility, diversity and the responsible use of technology:

- Internal processes and activities: through the Responsibility by Design project, the Telefónica Group incorporates ethical, social and environmental aspects into the development processes of products and services.
- Alignment with business areas: the Company demonstrates the potential environmental benefits that its products and services bring to its customers' businesses through the Eco Smart Label. It also offers products and services that include specific accessibility features for people with disabilities.
- Control processes: Telefónica promotes the robustness and efficiency of its internal control processes by encouraging the monitoring and proper management of sustainability indicators.
- Remuneration scheme: for short-term variable remuneration, 20% of employees' performance appraisal includes sustainability indicators. That figure is 10% for long-term variable remuneration, which applies to executives. See section:
  2.4.3. Integration of sustainability-related performance into incentive schemes
- Employee satisfaction survey: the survey includes questions that allow for the evaluation of the corporate culture.

2.14.3.2. Responsible Business Queries Channel and Whistleblowing Channel

G1-1_02

Responsible Business Queries Channel

The Telefónica Group provides this channel, which is accessible 24/7 via its institutional and commercial websites and available in the languages of the Group's main operators (Spanish, English, German and Portuguese), so that all its stakeholders (employees, partners and suppliers, affected communities, consumers and end-users, among others) can submit queries directly to the Company about any aspect of the Responsible Business Principles and their associated policies and regulations. To ensure its effectiveness, this channel allows for two-way communication with stakeholders throughout the query management process.

All communications received are handled internally in accordance with the principles of respect, confidentiality, trustworthiness and completeness, and are governed by the Queries Channel Management Regulation, which is published on the website. Personal data contained in the communications received, whether anonymous or identifiable, are processed in accordance with privacy and personal data protection legislation, the Telefónica Group's Global Privacy Policy and the Personal Data Protection Governance Model Regulation.

In 2025 a *Frequently Asked Queries* document was added to the Channel's public website, detailing the main topics about which queries can be made, such as privacy, accessibility and the responsible use of technology.

Whistleblowing Channel

The Telefónica Group has an Internal Information System that incorporates whistleblowing channels to detect, report and investigate issues related to unlawful acts or behaviour contrary to the code of conduct. In this regard, it is the main tool that Telefónica makes available to all its employees, executives and administrators of its companies, as well as to third parties, allowing them to anonymously or personally communicate any information or situation that may involve a suspected irregularity or act contrary to the law or internal regulations.

G1-3_02, G1-3_03

The Board of Directors of Telefónica S.A. has entrusted the management of its Internal Information System to the Chief Compliance Officer, who performs their duties autonomously and independently, with the necessary personal and material resources for this purpose. The Chief Compliance Officer reports regularly on activity of the whistleblowing channels to the Board of Directors and the Audit and Control Committee.

G1-3_01

The general principles governing the Internal Information System are set out in Telefónica's Internal Information System Management Policy —included in the Policies table—. The Internal Information System Management Procedure —also included in the section 2.15 Policies— applies to the management of all communications received through Telefónica's Internal Information System. The whistleblowing channels set up by Telefónica´s subsidiary in Germany are governed by specific policies adapted to local legislation.

The whistleblowing channels are always available (24/7) in multiple languages and via the appropriate corporate website. Communications can be made either verbally or in writing. The channels also make it possible to check the status of a communication, add additional information and contact the team responsible for its analysis. The compliance surveys measure employee knowledge of and trust in the different elements that make up the Compliance Program at Telefónica, including the Internal Information System.

The protection of whistleblowers and the prohibition of retaliation are established in internal regulation and states that Telefónica and the other companies of the Group, in accordance with the provisions of applicable law, shall not adopt and shall ensure that no form of retaliation is adopted.

2.14.3.3. Training

G1-1_10

The Telefónica Group's business conduct training focuses on two pillars:

Responsible Business Principles training

The Company provides annual training to employees, regardless of their position or role, on the Responsible Business Principles (RBP). The course is delivered online, is mandatory and covers topics such as: Ethical and responsible management; Respect and promotion of human rights and digital rights; Commitment to the environment; Innovation, development and the responsible use of technology; Responsible communication; Commitment to customers, employees and the societies in which the Company operates; Responsible management of the supply chain; the Responsible Business Queries Channel and the Whistleblowing Channel.

New employees, in addition to being introduced to the principles in the welcome pack, are required to take the specific RBPs course within a maximum of three months of joining the Company. Both the course and the Responsible Business Principles are available in the official languages of the Telefónica Group: Spanish, English, German and Portuguese.

Internal communication campaigns are also run to highlight the importance of completing the course on the Responsible Business Principles. A multidisciplinary team comprising the Compliance, People and ESG departments monitors its fulfilment. Furthermore, in 2025, audiovisual communication campaigns were launched to reinforce knowledge and understanding of the Responsible Business Principles.

In 2022 an edition of the Responsible Business Principles course was launched with a three-year validity period, during which time 90,725 employees were trained. In 2025 a new edition was introduced with a one-year validity period, during which time a total of 73,957 employees were trained.

ESG training

Furthermore, with the aim of promoting a culture of sustainability among all professionals within the Telefónica Group, strategic training on key ESG matters continued to be available year-round in 2025. The categories were: environmental management, ethics and compliance, accessibility, diversity, cybersecurity, privacy, human rights, Responsibility by Design of products and services, sustainable finance, the responsible use of technology and supply chain management. As a new feature, a category dedicated to Artificial Intelligence was added.

These training sessions are made available to employees through the ESG Academy, a sustainability training space. The content is developed in collaboration with various Company departments and includes both internal and external online courses, podcasts, webinars, videos, articles of interest and reference web pages on sustainability. The ESG Academy also offers live training through Universitas, Telefónica's Corporate University.

2.14.4. Compliance

The material impact and risks that Telefónica has identified for the subtopic 'Corruption and bribery' as a result of the double materiality process, are as follows:

Subtopic: Corruption and bribery

Type of IRO	Description
SBM-3_04, SBM-3_06	SBM-3_01, SBM-3_03, SBM-3_05, SBM-3_07
Potential negative impact in the medium term	Inadequate prevention and detection mechanisms can facilitate corruption and bribery practices, compromising socioeconomic development Linkage: No linkage to strategy or business model Origin in the value chain: Upstream (all activities); own operations (all activities); downstream (all activities)

Subtopic: Corruption and bribery

Type of IRO	Description	SBM-3_02, SBM-3_03
Risk	Fines and penalties resulting from the materialisation of corruption and bribery cases	
	Origin in the value chain: Own operations (all activities)	
	Deterioration of the Company's control environment in terms of prevention, detection and response to corruption and bribery	
	Origin in the value chain: Upstream (all activities); own operations (all activities); downstream (all activities)	

G1-3, G1-4

2.14.4.1. Prevention and detection of corruption or bribery

G1.MDR-A_01-12, G1-3_01

The Telefónica Group's commitment to fighting corruption and bribery and to regulatory compliance in general led the Board of Directors of Telefónica, S.A. to approve the creation of an independent regulatory compliance area on 16 December 2015 and, subsequently, the appointment of the Chief Compliance Officer of the Telefónica Group in February 2016; this officer reports directly to the Board of Directors through the Audit and Control Committee. As with their appointment, the power to dismiss the Chief Compliance Officer falls under the authority of Telefónica S.A.'s Board of Directors.

Compliance Function

The purpose of the Compliance Function is to manage the preventive and reactive aspects of compliance with (a) domestic legislation and (b) Telefónica's internal regulations, both at a corporate and operational level (countries and businesses), in general, while focusing specifically on those that are more sensitive depending on the circumstances.

The Chief Compliance Officer reports regularly to the Board of Directors and the Audit and Control Committee on the key aspects of the Telefónica Group's Compliance Program, which mainly focuses on integrity and the fight against corruption and bribery.

In addition, at the first meeting of the Audit and Control Committee of the year, the Chief Compliance Officer presents the Compliance Function's Annual Report for the previous year and the Compliance Area's Action Plan for the new year.

The Compliance Function Policy defines the main lines of the Telefónica Group's Compliance Program, its relationship with the Company's business processes and other areas, and the matters identified as particularly relevant.

While the Compliance Function extends to managing compliance frameworks across various areas[1], safeguarding integrity is particularly sensitive and significant for the entire organisation.

The Compliance Function, in accordance with the current Compliance Function Policy, is deployed on two levels: preventive controls and reaction and response.

Preventive control

To generate a culture of compliance, the following functions are in place:

- **Regulatory compliance monitoring:** This function is responsible for the Group's regulatory framework. Plays a key role in establishing regulations and protocols aimed at preventing unlawful and unregulated conduct, with different levels depending on the sensitivity of the situation.

  This function includes the coordination of both the ongoing publication of policies and regulations on a specific site on the corporate Intranet and the dissemination and communication of new policies and regulations via internal tools once they have been approved.

  Regarding the policies and procedures implemented in the Telefónica Group to fight against corruption and bribery, it is worth highlighting the specific internal regulations on the matter, the most significant of which is the Anti-Corruption Policy. The content of this policy is aligned with the provisions of the 2004 United Nations Convention against Corruption.

  The Anti-Corruption Policy sets out, inter alia, the behavioural guidelines to be followed at Telefónica with regard to accepting or offering gifts or invitations and prohibiting any type of bribery and facilitation payments. In addition, Telefónica has a specific Rule on Relationships with Public Entities, which develops and specifies the guidelines established in the Anti-Corruption Policy in relation to public corruption and expressly regulates the offering of gifts and invitations to employees and public officials.

[1] Other subjects such as: a) international sanctions b) privacy and protection of personal data c) relationship with competitors d) security in its various aspects including the protection of confidential information e) labour f) sustainability and human rights g) compliance with sector-specific regulations and customer promise h) tax compliance i) compliance with specific financial regulations: anti-money laundering and counter-terrorism financing regulations, accounting regulations j) regulated areas in terms of Compliance (specifically in the area of Insurance and Pension Plans and Funds) k) artificial intelligence.

The regulatory framework concerning integrity is complemented by the Conflict of Interest Regulation and the Corporate Policy on the Comprehensive Discipline Program, among others instruments.

The Conflict of Interest Regulation establishes the obligation to act at all times, and especially in the event of a conflict of interest, in accordance with the corporate principles of loyalty, confidentiality and integrity. It regulates those situations in which a personal interest, direct or indirect, may influence, potentially influence or generate the perception of influence on the professional decisions of employees, thereby guaranteeing the protection of Telefónica Group interests.

G1-3_05

The Company's administrators and executives, as those responsible for establishing appropriate controls and procedures to ensure compliance with the Anti-Corruption Policy, annually certify their knowledge of and commitment to complying with the Responsible Business Principles and this Policy, as well as with the policies, practices and regulations deriving from them.

- **Knowledge management**: involves training and awareness-raising activities on issues such as anti-corruption, criminal prevention and sanctions, as well as support for other Company training.

G1-3_06

Training

Anti-corruption training is a key element in promoting and consolidating a culture of ethics and integrity within the Company and includes the following global-level courses:

G1-1_11

- Course on the Foreign Corrupt Practices Act (FCPA): This is a mandatory global training activity that is conducted every three years and aimed at Company positions and areas with a higher potential risk due to their greater exposure to the risk of public corruption, which would include, alongside employees with executive status, those employees belonging to areas such as regulation, institutional relations, sponsorships, commercial, major customers, network, tax, marketing and/or commercial distribution, human resources, general secretariat, internal audit and internal control.
- Responsible Business Principles course: This mandatory global training activity on the Telefónica Group´s code of ethics and conduct is delivered to all employees every year and includes content on anti-corruption and bribery. See section: 2.14.3.3. Training

Global training activities are complemented by specific local-level programs aimed at addressing particular aspects of national legislation on crime and corruption prevention.

In addition, new Telefónica Group employees receive training on the Compliance Program as part of their onboarding process, in which they learn about the main elements of the program, including the policies and regulations aimed at fighting against corruption.

G1-3_08

There are also specific anti-corruption training programs tailored to members of the administrative, management and supervisory bodies of each of the organisations. In 2025, in collaboration with a specialist international law firm, FCPA training was provided to members of governing bodies , managers and other employees whose functions involve increased exposure to the risk of public corruption, in operations in Colombia, Venezuela, Brazil, México and Chile. This training was also given to the Board of Directors of Telefónica S.A.

In 2025 a new mandatory Training Window was launched which, in addition to the course on Responsible Business Principles, included a course on FCPA, a course on Privacy and the Binding Corporate Rules of the Telefónica Group, a course on Competition Law and, finally, a course on Penal Prevention for Spanish companies.

Launched on April 30, the Training Window gave employees three months (extendable by one month), within which to complete the courses assigned to them in their learning plan. Throughout this period, various internal communications were sent to remind employees of the importance of completing the trainings.

G1-3_07

These training activities ensure that 100% of positions operating in risk areas are covered by corruption and bribery prevention training programs (100% in 2024).

Awareness

In addition to the publication of news and updates on the Group's internal channels, there are a number of initiatives, both global and local, aimed at fostering a culture of compliance among employees. Of the initiatives carried out in 2025, the following are particularly noteworthy:

- Compliance Day, a global internal awareness day designed to familiarise the business with the Compliance Function and raise employee awareness of current issues dealt with by the Compliance Program. In 2025 the program of activities included a round table on Ethics and Artificial Intelligence, the Five Star program global awards presentation and a 10-question quiz on Compliance and Artificial Intelligence.
- The Five Stars Recognition Program, designed to promote and acknowledge outstanding behaviour that demonstrates a commitment to integrity, privacy and security, both locally and globally. The VII edition was held in 2025.

- The 'Compliance Coffees' initiative: informal meetings designed to enable different areas of the Group to gain a better understanding of the role performed by Compliance, raising awareness of the importance of acting appropriately in certain situations that may arise on a day-to-day basis. They serve to remind employees of the tools that Telefónica makes available to its employees to combat corruption and bribery.
- Information for third parties on integrity. Since 2023, in order to share the key regulations regarding integrity and the consequences of non-compliance among those in the Telefónica Group value chain, an email containing this information has been sent every six months to all suppliers awarded contracts by the Telefónica Group.
- In addition, the Compliance Survey is launched every two years with the aim of gauging internal knowledge of and trust in the various elements that comprise the Compliance Program at Telefónica, including the Internal Information System, and gleaning perceptions of the Group's ethics and compliance culture.

- **Risk assessment:** As part of its corruption and bribery prevention and detection system, Telefónica conducts a basic compliance risk assessment every six months. This forms part of the risk management model based on the guidelines of the Committee of Sponsoring Organizations of the Treadway Commission (COSO) and is implemented uniformly across the Group's main operations. It includes everything related to corruption and bribery prevention practices.
- **Consultative:** The prevention and detection system is complemented by the consultation activities carried out through channels that allow employees to make queries about compliance issues —regarding the application of the Anti-Corruption Policy and other internal regulations developed in the area of integrity and the fight against corruption and bribery—.
- **Third parties:** Another line of action is geared towards the coordination of all initiatives related to the involvement of third parties in enforcing the regulations. In this regard, Telefónica believes it is of the utmost importance that the third parties with whom it interacts in the course of certain relationships comply with the corresponding standards of business ethics.

Therefore, in addition to the implementation of certain measures such as responsible declarations and contractual safeguards, the Group has developed protocols for assessing suppliers and business partners from a compliance point of view. Integrity risks, mainly corruption and bribery, are assessed and are implemented as part of an ethos of continuous improvement. In this context, Telefónica's procurement and payment controls are particularly important, which is why Compliance is involved in them.

Reaction and response

- **Reaction** refers to existing action protocols for situations where there are signs of non-compliance. Telefónica has an Internal Information System designed to comply with Law 2/2023 and to promote compliance with the Responsible Business Principles, the law and other internal regulations. The system has appropriate mechanisms in place to ensure the confidentiality of communications and to channel possible complaints.

G1-1_08

Moreover, in addition to the procedure for following up on whistleblower complaints in accordance with the applicable legislation transposing Directive (EU) 2019/1937, Telefónica's Compliance Function Charter lays down the procedure and guarantees for investigating cases related to business conduct, including cases of corruption and bribery, promptly, independently and objectively.

- **Response** encompasses the remediation of the ramifications of non-compliance by mitigating the repercussions of any and all types associated with a possible breach or a proven and evidenced breach and ensuring consistent application of sanctions for said breaches, as well as the recognition of employees who display outstanding behaviour in terms of their commitment to compliance.

The following Telefónica Group companies have anti-corruption and bribery certifications:

- ISO 37001:2016 certification on Anti-Bribery Management Systems: Colombia Telecomunicaciones S.A. ESP BIC, Telefónica de España, S.A.U, Telefónica Móviles España, S.A.U, Telefónica Soluciones de Informática y Comunicaciones de España, S.A.U., Teleinformática y Comunicaciones, S.A.U.
- UNE 19601:2017 certification on Criminal Compliance Management: Telefónica, S.A., Telefónica de España, S.A.U., Telefónica Móviles España, Telefónica Soluciones de Informática y Comunicaciones de España, S.A.U. and Teleinformática y Comunicaciones, S.A.U.

G1-4_01, G1-4_02, G1-4_03, G1-4_02, SBM-3_08

During 2025, Telefónica did not receive any convictions or sanctions for infringements related to anti-corruption or anti-bribery laws.

In October 2024 Telefónica Venezolana, C.A., Telefónica, S.A. and the United States Department of Justice (DOJ) entered into a Deferred Prosecution Agreement (DPA) to resolve a single charge of conspiracy to violate the anti-bribery provisions of the FCPA, which resulted in

the payment of a monetary penalty of $85,260,000 U.S. dollars —approximately €81 million, see Note 29.b of the 2025 'Consolidated Financial Statements'—.

The terms of the DPA include, but are not limited to, requirements regarding a corporate compliance plan and annual reports on that plan during the term of the DPA. Thus, in October 2025, Telefónica submitted the annual report for the first year of work to the DOJ.

G1-2

2.14.5. Suppliers

The material impact and risk that Telefónica has identified for the subtopic 'Management of relationships with supplier' as a result of the double materiality process, are as follows:

Subtopic: Management of relationships with suppliers

Type of IRO	Description
SBM-3_04, SBM-3_06	SBM-3_01, SBM-3_03, SBM-3_05, SBM-3_07
Actual negative impact	Lack of implementation of ESG criteria in the supplier award process or supplier compliance with them Linkage: Business model Origin in the value chain: Upstream (all activities); downstream (marketing, after-sales)
	Impact on the financial and operational stability of suppliers due to consolidation of operations, changes in demand for services or the demobilisation of suppliers Linkage: Strategy Origin in the value chain: Own operations (support activities)

Subtopic: Management of relationships with suppliers

Type of IRO	Description	SBM-3_02, SBM-3_03
Risk	Workplace contingencies in connection with suppliers' employees Origin in the value chain: Own operations (support activities)	

2.14.5.1. Responsible management

G1-2_02

Telefónica acknowledges that a substantial part of a company's social and environmental impact stems directly from its supply chain.

The Company makes sustainability a core pillar of its relationship with its suppliers, integrating responsible practices into its supply chain.

Similarly, collaboration with the supplier takes on a strategic value, as it facilitates alignment with Company commitments towards customers and the rest of society.

To build trusting relationships with its suppliers, Telefónica has developed robust policies and processes with a dual purpose:

- Firstly, to manage the potential impacts. The actions of the Company and those of its suppliers may have adverse impacts on human rights and the environment. The most relevant of these relate to the labour conditions of workers in the supply chain and the suppliers' carbon emissions.
- Secondly, to identify risks throughout the supply chain in order to address them effectively. Among these risks are potential labour disputes that could lead to supply disruptions and, in certain markets, the assumption of labour liabilities by Telefónica due to legal frameworks of subsidiary or joint liability as a result of the adverse impacts mentioned above.

The details of the IROs related to workers in the supply chain can be found in the section:
2.12.2. Impacts, risks and opportunities

With this dual approach, the Company aims to provide customers with products and services that not only benefit society and the environment but are also developed with ethical and sustainability principles in mind.

Sustainable supply chain management is part of the Sustainability Plan. The Sustainability and Regulation Committee oversees its implementation and monitors compliance with the objectives.

To this end, the Company relies on a Procurement Model (MCT) aligned with its Responsible Business Principles and with international standards such as the OECD Due Diligence Guidance for Responsible Business Conduct. The MCT, which manages most of the Group's acquisitions, is governed by corporate regulations that

establishes the general conditions and criteria for contracting goods and services, as well as those cases that fall outside its scope. These include operations such as employee payroll, roaming agreements, and content acquisition.

The Global Supply Chain Sustainability Policy sets out the Company's commitments to integrating sustainability into its value chain, thus forming part of its due diligence process. In 2025 it was updated to align its structure and content with the new requirements.

Through the agreements negotiated under MCT with impact on the financial year 2025, the Company awarded contracts to 6,973 suppliers (8,440 awarded suppliers with impact on the 2024 financial year). The variation compared to 2024 is mainly due to changes in the scope of consolidation.

Supply chain management

Step 1. Minimum standards required

G1-2_03

Telefónica requires its suppliers to sign an anti-corruption certificate stating their commitment to compliance with anti-corruption laws. This requirement currently applies to 100% of the suppliers managed under the MCT (100% in 2024) and a large part of the rest of the Group's suppliers and business partners outside the MCT.

Furthermore, under the MCT, Telefónica requires its suppliers to ensure compliance with fundamental human and labour rights as well as environmental protections. Therefore, Telefónica's suppliers must accept the Supplier Code of Conduct when registering and/or renewing their accounts in the procurement system. This policy sets out the minimum sustainability business criteria that they must comply with —thereby directly affecting the employees in the supply chain—.

Prior acceptance of these minimum conditions means that awarded suppliers take on specific commitments regarding social and environmental impacts as outlined in Telefónica's regulations.

The details of the minimum sustainability criteria that suppliers must comply with are set out in the Key contents of the policy (MDR-P_01) of the Supplier Code of Conduct:

2.15. Supplier Code of Conduct

Step 2. Identification of potentially high-risk suppliers from a sustainability perspective

The Company carries out a more targeted approach to managing those suppliers within the MCT identified as being potentially high-risk from a sustainability perspective.

To achieve this, Telefónica analyses the potential risk of all suppliers included in its MCT. This analysis takes as its starting point the size of the supplier and the volume awarded and, applying the external methodology developed by IntegrityNext on its platform, also considers the risks related to supplier country of origin and industry in view of the type of products or services supplied to the Company.

According to this global risk analysis, 170 of the Company's products or services suppliers were classified as potentially high risk from a sustainability perspective in 2025 (661 at the end of 2024). The variation compared to 2024 is mainly due to changes in the consolidation perimeter and the methodology applied.

Step 3. Performance assessment of potentially high-risk suppliers

To identify potential integrity risks (corruption and bribery) and international sanctions, Telefónica cross-references its supplier database against the Dow Jones Risk & Compliance Watchlist database. In this way, it reinforces existing processes to ensure compliance with its Anti-Corruption Policy and Sanctions Regulation. This cross-referencing is performed periodically from the moment the supplier is registered in any of Telefónica's systems.

In the event that adverse information related to the supplier regarding integrity is found, an analysis is performed to assess such information and its relevance for the purposes of formalising the contract in question or, where appropriate, assessing its possible impact on the existing contract.

In addition, Telefónica monitors possible risks associated with its potentially high sustainability risk suppliers. The external assessment platform IntegrityNext conducts a 360° assessment of these suppliers based on 15 sustainability criteria encompassing ethical, social, environmental and supply chain management aspects.

These assessments allow the Company to identify any aspects that could be better managed by its suppliers and proactively work to avoid or minimise potential adverse impacts on human rights or the environment.

Of the initially identified potentially high-risk suppliers, 126 had been externally assessed on sustainability aspects through the IntegrityNext platform by the end of 2025 —including those whose assessment is currently being finalised, pending IntegrityNext's analysis of the information provided— (407 in 2024). The procurement teams in the various countries can view the results directly on the procurement platform.

In exceptional cases, if a supplier fails to demonstrate a commitment to addressing an identified risk (IntegrityNext), or if the cross-checks with the Dow Jones Risk & Compliance Watchlist raise concerns, any further or existing business with that supplier is blocked until it demonstrates, where applicable, that it has corrected the situation and/or has implemented the necessary corrective measures to mitigate the identified risks, which may include the formalisation of additional contractual guarantees. According to the data available in the Company's systems at the end of period covered by this Report, 17 suppliers were blocked due to integrity/international sanctions or sustainability risks or non-compliance (16 at the end of the 2024 Report).

Step 4. Audits of key suppliers

The performance assessments are complemented by Telefónica's annual audit plan to verify compliance with the critical aspects identified according to type of supplier, service and product provided, and the risks of each region or country. This plan covers audits of both direct suppliers, with whom the Company has a direct commercial relationship, as well as indirect suppliers.

These audits are mainly performed through the internal Allies Program —for service providers— and the sectoral Joint Alliance for CSR (JAC) initiative —for product manufacturers—. Both types are performed by in-house employees or accredited auditing entities and apply the corresponding established protocols.

In 2025, the Company conducted 17,219 audits (20,898 in 2024). This number includes both administrative audits involving documentary verification—for example, via email or an online platform—and on-site audits carried out at the supplier's premises. These audits verify the suppliers' level of compliance with labour, occupational health and safety, environmental, human rights, conflict minerals, security and data protection and/or their own supply chain management.

The audits include improvement plans agreed with all suppliers who do not comply with any of the aspects that may have a negative social or environmental impact. Through agreed improvement plans, suppliers make a commitment to remedying adverse impacts that they have caused or contributed to.

Some examples of non-conformities identified in the audits, as well as the respective action and improvement plans, are included in the following section of the ESRS S2 - Workers in the value chain:

2.12.2.2. Action plans: 4. On-site audits

In addition, internal control processes are established at the local level to prevent possible contingencies for the Company in the event of labour disputes at contractors due to reduced hiring needs. For example, in Brazil, critical cases are monitored through the Allies Committee to anticipate possible labour impacts. In Spain, a legal compliance plan has been implemented to guarantee the solvency and reliability of partner companies, in line with responsible hiring practices.

These local control processes are complemented by training activities for business areas that manage relationships with third-party companies and continuous monitoring of the labour precautions that must be complied with in internalisation processes, with the aim of preventing possible claims or lawsuits in this area.

Supplier engagement

All four steps of Telefónica's sustainable management model are complemented by collaborative initiatives with suppliers. These are supported by:

- Ongoing communication through various channels such as the Allies newsletter, the *Parceiro* Plural Program and the Supplier Portal. Through this portal, suppliers and their employees can access Telefónica's global policies and a confidential channel for queries and concerns relating to compliance with the Company's sustainability criteria.

  In 2025 Telefónica conducted a fresh survey of our main suppliers to find out their opinion about how they might be affected by the measures adopted by Telefónica in relation to each of the issues considered in the double materiality process and as part of the update of the Supplier Code of Conduct.

- Sector-specific initiatives focused on developing solutions at a sectoral level —for example, through working groups on climate change, the circular economy and sustainability due diligence—.

- In-person or online training for suppliers, addressing the specific needs in each country and the most critical issues according to the service they provide. Needs include those focused on the decarbonisation of the supply chain. Details of these are included in the engagement initiatives described in the section:

  2.9.3.2. Action plans - Adaptation and mitigation actions: 3. Supplier engagement

- Topic-specific meetings and workshops to share best practices.

- Recognition of suppliers through the awards granted by the JAC sector initiative (Audit Rating Supplier Awards and Supplier Forum Best Practice Awards), with the aim of encouraging progress among suppliers, especially in terms of workers' rights and working conditions.

2.14.6. Network and data security

The material impacts and the risk that Telefónica has identified for the subtopic 'Network and data security', as a result of the double materiality process, are as follows:

Subtopic: Network and data security

Type of IRO	Description
SBM-3_04, SBM-3_06	SBM-3_01, SBM-3_03, SBM-3_05, SBM-3_07
Potential negative impact in the medium term	Cyberattacks against third parties resulting from security vulnerabilities in Telefónica's products and services Linkage: Business model Origin in the value chain: Own operations (R&D)
Actual negative impact	Interruption of communications services (especially emergency services) due to non-compliance with Business Continuity Plans Linkage: Business model Origin in the value chain: Own operations (operations, products and services)
Actual positive impact	Improved protection of customers' information through security management to ensure reliable service Linkage: Business model Origin in the value chain: Own operations (all activities)

Subtopic: Network and data security

Type of IRO	Description	SBM-3_02, SBM-3_03
Risk	Digital security threats that could materialize in Telefónica's systems Origin in the value chain: Upstream (all activities); own operations (operations, support activities, products and services); downstream (use)	
	Interruption of services provided by the Company due to operational security incidents Origin in the value chain: Own operations (operations, products and services)	

2.14.6.1. Governance

The global Security and Intelligence Area reports to the Board of Directors through the Sustainability and Regulation Committee and the Audit and Control Committee.

The highest security officer in the Company is the Global Chief Security Officer (Global CSO). The Board of Directors has delegated the Global CSO the authority and responsibility to establish the global security strategy. The Global CSO leads the development and monitors the implementation of Telefónica regulatory framework and global security initiatives. The Global CSO also proposes a local security officer for each company within the Telefónica Group, subject to the decision of the corresponding administrative or management bodies of the Group.

In terms of governance and coordination, a bi-monthly security meeting is held, which is chaired by the Global CSO. The meeting is attended by the local security officers (local CSOs), and corporate officers from different areas of the Company —Compliance, Audit, Legal, Technology and Operations, People, Sustainability, among others— are invited on a discretionary basis.

There are also local security sub-committees chaired by the local CSOs, which take part in defining strategic initiatives and global guidelines and implement them in each Telefónica Group company.

In addition, the Global Security and Intelligence Area promotes and drives the Global Digital Security Committee, in which several members of the Company's Executive Committee participate, and the Business Continuity Global Working Group.

Telefónica also has a Security Advisory Council composed of external experts in the field of security and intelligence. This council has the aim of improving practices, increasing the efficiency of capabilities and procedures, and enhancing the quality of strategy in this area.

2.14.6.2. Strategy

Telefónica views security as a holistic concept designed to safeguard assets, protect interests and strategic objectives, ensure integrity, and defend against potential threats that could diminish value, compromise confidentiality, reduce effectiveness, or impair operability and availability.

Comprehensive security encompasses:

- Physical and operational security (of people and assets).
- Digital security.
- Business continuity.
- Fraud prevention.
- Security in the supply chain.
- Any other relevant area or function aimed at corporate protection against potential damage or loss.

Digital security, in turn, encompasses information security and cybersecurity, and is applied to the platforms, systems, technologies and elements that comprise the network.

To meet the security information needs of stakeholders in a clear, concise and accessible manner, there is a 'Security' section in the Global Transparency Centre available on Telefónica's public website. This section also facilitates the communication of vulnerabilities or threats that could affect Telefónica's technological infrastructure.

2.14.6.3. Policies

The MDR-P-required information about the Global Security Policy is gathered and reported in the following section of the Sustainability notes:

2.15. Policies

2.14.6.4. Action Plans

The Global Strategic Plan for Security and Intelligence is designed in accordance with relevant security information from the companies within the Telefónica Group. It identifies and prioritizes the main global lines of action over a three-year time horizon, with an annual review.

The purpose of the Strategic Plan for Security and Intelligence is to evolve the Company's comprehensive security, adapting it to the most effective and efficient solutions available in order to apply economies of scale, thereby contributing to promoting maximum security for employees, customers and suppliers.

This plan establishes, among other things, the Global Crisis Management Plan, which includes Crisis Management and Business Continuity projects.

In 2025, Telefónica activated its crisis committee due to the widespread blackout in Spain and implemented its contingency protocols to maintain emergency communications services and restore service in the affected areas.

2.14.6.5. Metrics and targets

Telefónica has defined the following metric:

Number of material cybersecurity incidents

A cybersecurity incident is considered material if there is a substantial likelihood that a reasonable investor would deem it relevant when making an investment or voting decision, or if it significantly alters the information already made available to investors.

To monitor the effectiveness of measures aimed at network and data security, and to achieve a level of security appropriate to business needs that ensures the protection of assets as established by the Global Security Policy, Telefónica has set the target of having the lowest possible number of material incidents.

Performance in 2025: 0 (0 in 2024).

Material cybersecurity incidents corresponding to the reporting period will be considered in those entities where Telefónica exercises effective control. Such material cybersecurity incidents are duly reported to the securities market regulatory authorities of the jurisdictions in which Telefónica, S.A. is listed.

Sustainability notes

2.15. Policies

MDR-P_01-06

In accordance with the internal regulations that govern the preparation and approval of Telefónica's internal standards, the policies, rules and regulations must be reviewed on a two-yearly basis by the person responsible for each of them in order to verify their content and validity and, where appropriate, identify relevant opportunities for improvement or updating that require the text of the internal standard to be modified.

The following are the policies adopted by Telefónica to manage sustainability matters:

- Responsible Business Principles.
- Global Human Rights Policy.
- Diversity Policy in Relation to the Board of Directors of Telefónica, S.A. and the Selection of Directors.
- Risk Management Policy.
- Global Environmental and Energy Policy.
- Diversity and Inclusion Policy.
- Global Equality Policy.
- Global Occupational Health, Safety and Well-being Regulation.
- Workplace Risk Instruction for the Procurement of Works and Services (ICC001).
- Digital Disconnection Agreement.
- Global Privacy Policy.
- Regulation of the Governance Model on Personal Data Protection.
- Regulation on Requests by Competent Authorities.
- Responsible Communications Regulation of the Telefónica Group.
- Movistar Plus+ Responsible Communication Code.
- Telefónica Artificial Intelligence Principles: AI Code of Conduct.
- Regulation of the Governance Model on Artificial Intelligence.
- Queries Channel Management Regulations.
- Compliance Function Policy.
- Regulation on Relations with Public Bodies.
- Conflict of Interest Regulation.
- Anti-Corruption Policy.
- Crime Prevention Policy in Spain.
- Corporate Policy on the Comprehensive Discipline Program.
- Regulation on Sanctions.
- Global Supply Chain Sustainability Policy.
- Supplier Code of Conduct.
- Global Security Policy.
- Internal Information System Management Policy and Procedure.

Responsible Business Principles

Key contents of the policy MDR-P_01	These Principles constitute the Company's code of ethics and conduct, and set out the guidelines for acting with integrity, commitment and transparency in everything the Telefónica Group does and says, both when working individually and as a team.
Scope of the policy and its exclusions MDR-P_02	All the companies that make up the Telefónica Group. These principles are also directed at the Company's suppliers and commercial partners, with the aim of ensuring that stakeholders in the value chain comply with them, either through the adoption of these principles or equivalent principles of their own.
Most senior level at the Company that is accountable for the implementation of the policy MDR-P_03	The Board of Directors of Telefónica, S.A.
Third-party initiatives that are respected through the implementation of the policy MDR-P_04	The Company carries out its activities in accordance with current national and international legislation, ensuring that it incorporates the recommendations and best practices indicated by its stakeholders.
Consideration given to the interests of stakeholders in setting the policy MDR-P_05	Telefónica is committed to long-term ethical management. Through these principles, it commits to acting with integrity, transparency and commitment, to building relationships of trust with all its stakeholders and promoting fairer, more ethical and more sustainable social and environmental development.
Availability of the policy MDR-P_06	Published on: - Corporate website - Company's global intranet
Associated material subtopics	All

Global Human Rights Policy

Key contents of the policy MDR-P_01	This policy formalises Telefónica's commitment to human rights and sets out the general principles necessary to ensuring this commitment is upheld throughout its value chain. It also establishes a due diligence process to identify, assess, prevent, mitigate and/or address potential or actual impacts that may be caused by the Company. (Last updated: 2025)
Scope of the policy and its exclusions MDR-P_02	All the companies that make up the Telefónica Group.
Most senior level at the Company that is accountable for the implementation of the policy MDR-P_03	The Board of Directors of Telefónica, S.A. approves the policy. The implementation of this policy shall be promoted by the corporate areas whose competencies are related to the different matters.
Third-party initiatives that are respected through the implementation of the policy MDR-P_04	• United Nations Guiding Principles on Business and Human Rights (UNGPs) • Organisation for Economic Co-operation and Development (OECD) Guidelines for Multinational Enterprises. • International Labour Organization (ILO) Tripartite Declaration of Principles concerning Multinational Enterprises and Social Policy. • International Labour Organization Declaration on Fundamental Principles and Rights at Work and ILO fundamental conventions. • United Nations Global Compact. • United Nations International Bill of Human Rights, which includes: ◦ Universal Declaration of Human Rights (UDHR). ◦ International Covenant on Civil and Political Rights (ICCPR). ◦ International Covenant on Economic, Social and Cultural Rights (ICESCR).

	• United Nations Declaration on the Rights of Indigenous Peoples. • United Nations Convention on the Rights of the Child. • United Nations Convention on the Rights of Persons with Disabilities. • United Nations 2030 Agenda for Sustainable Development (SDGs). • OECD Due Diligence Guidance for Responsible Business Conduct. • European Convention for the Protection of Human Rights and Fundamental Freedoms. • European Social Charter and the Charter of Fundamental Rights of the European Union. • Directive (EU) 2024/1760 of 13 June 2024 on corporate sustainability due diligence and amending Directive (EU) 2019/1937 and Regulation (EU) 2023/2859.
MDR-P_05 **Consideration given to the interests of stakeholders in setting the policy**	During preparation of this policy, account is taken of feedback from the different internal areas specialising in each of the topics, which are in continuous dialogue with the various stakeholders considered to be affected parties in the different countries. Work has gone into expanding Telefónica's commitment to respecting and promoting human rights has been expanded on in relation to all the aspects of the Company: in its relationship with employees, suppliers, customers and society at large.
MDR-P_06 **Availability of the policy**	Published on: – Corporate website – Company's global intranet – Responsible Business Principles Course
Associated material subtopics	• S1 - Working conditions; Equal treatment and opportunities for all • S2 - Working conditions; Other work-related rights • S4 - Impacts related to information for consumers or end-users; Personal safety of consumers or end-users; Inclusion of consumers or end-users • G1 - Corporate culture

Diversity Policy in Relation to the Board of Directors of Telefónica, S.A. and the Selection of Directors

MDR-P_01 **Key contents of the policy**	This policy ensures that Director selection procedures are based on prior analysis of the competencies required by the Board of Directors of the Company and encourage diversity on the Board in terms of knowledge, training and professional experience, age, disability and gender, ensuring that such proposals are free from any implicit bias entailing any kind of discrimination, particularly by reason of gender, disability or any other personal status, and that they facilitate the selection of female Directors in a number that allows an equal balance of women and men to be achieved.
MDR-P_02 **Scope of the policy and its exclusions**	The policy shall apply to the selection of candidates for the role of Director. It shall also apply to the appointment of members of the Boards of Directors of companies in which Telefónica holds an interest.
MDR-P_03 **Most senior level at the Company that is accountable for the implementation of the policy**	The Board of Directors of Telefónica, S.A.
MDR-P_04 **Third-party initiatives that are respected through the implementation of the policy**	• Recommendation 14 of the Good Governance Code of Listed Companies, approved by the Comisión Nacional del Mercado de Valores (CNMV) on 18 February 2015 and partially amended in June 2020. • Article 540.4.c, subsection 8 of the Spanish Corporate Enterprises Act.
MDR-P_05 **Consideration given to the interests of stakeholders in setting the policy**	Telefónica makes its best efforts to comply with the recommendations of the Comisión Nacional del Mercado de Valores (CNMV), ensuring compliance with the legislation in force.
MDR-P_06 **Availability of the policy**	Published on: - Corporate website
Associated material subtopics	• G1 - Corporate culture

Risk Management Policy

MDR-P_01 **Key contents of the policy**	This policy establishes the principles for identifying, assessing, managing and reporting the risks that may affect the achievement of the Group's main targets and strategy.
MDR-P_02 **Scope of the policy and its exclusions**	All the companies that make up the Telefónica Group.
MDR-P_03 **Most senior level at the Company that is accountable for the implementation of the policy**	The Board of Directors of Telefónica, S.A.
MDR-P_04 **Third-party initiatives that are respected through the implementation of the policy**	The Corporate Risk Management Framework is based on the Committee of Sponsoring Organizations of the Treadway Commission (COSO) framework.
MDR-P_05 **Consideration given to the interests of stakeholders in setting the policy**	Efficient risk management is a key component of the internal control system and supports the organisation's commitment to its shareholders, customers and society in general.
MDR-P_06 **Availability of the policy**	Published on: - Corporate website - Company's global intranet
Associated material subtopics	All risks

Global Environmental and Energy Policy

MDR-P_01 **Key contents of the policy**	This policy sets out the principles that guide the Company to support and improve its environmental and energy performance at a global and local level, while enabling Telefónica to strengthen its public positioning on this issue and meet the demands of its main stakeholders. It also provides a common reference framework for target-setting in order to achieve the expected results of the environmental and energy management systems implemented at the Telefónica Group.
MDR-P_02 **Scope of the policy and its exclusions**	All the companies of the Telefónica Group, regardless of their geographic location or activity.
MDR-P_03 **Most senior level at the Company that is accountable for the implementation of the policy**	The Global Sustainability (ESG) Office and the Global Chief Technology and Information Officer (GCTIO) of Telefónica S.A. lead the implementation of this policy, which has been approved by the Board of Directors of Telefónica, S.A.
MDR-P_04 **Third-party initiatives that are respected through the implementation of the policy**	• ISO 14001 and ISO 50001.
MDR-P_05 **Consideration given to the interests of stakeholders in setting the policy**	The Company has established the Global Environmental and Energy Policy in accordance with the ISO 14001 and ISO 50001 standards. This requires both identifying the stakeholders, to understand their needs and expectations from an environmental perspective, and committing to collaboration with suppliers, employees, partners and customers, while promoting energy efficiency and reductions in their emissions.
MDR-P_06 **Availability of the policy**	Published on: - Corporate website - Company's global intranet
Associated material subtopics	• E1 - Climate change adaptation; Climate change mitigation; Energy • E5 - Resource inputs, including resource use; Resource outflows related to products and services; Waste • G1 - Corporate Culture

Diversity and Inclusion Policy

Key contents of the policy MDR-P_01	This policy expresses Telefónica's abiding commitment to equal opportunities and the non-discriminatory treatment of people in all areas of the Company, and positions it as categorically opposed to any prejudice-related conduct or practice associated with nationality, ethnic origin, skin colour, marital status, family responsibility, religion, age, disability, social status, political opinion, HIV or health status, gender, sex, sexual orientation, or gender identity or expression, among other characteristics.
Scope of the policy and its exclusions MDR-P_02	All the companies that make up the Telefónica Group.
Most senior level at the Company that is accountable for the implementation of the policy MDR-P_03	The Board of Directors of Telefónica, S.A.
Third-party initiatives that are respected through the implementation of the policy MDR-P_04	–
Consideration given to the interests of stakeholders in setting the policy MDR-P_05	–
Availability of the policy MDR-P_06	–
Associated material sub-topics	• S1 - Working conditions; Equal treatment and opportunities for all • S4 - Inclusion of consumers or end-users • G1 - Corporate culture

Global Equality Policy

Key contents of the policy MDR-P_01	This policy establishes the Company's commitment to the implementation and dissemination of a set of basic measures in the area of gender equality.
Scope of the policy and its exclusions MDR-P_02	All the companies that make up the Telefónica Group.
Most senior level at the Company that is accountable for the implementation of the policy MDR-P_03	The Board of Directors of Telefónica, S.A.
Third-party initiatives that are respected through the implementation of the policy MDR-P_04	–
Consideration given to the interests of stakeholders in setting the policy MDR-P_05	–
Availability of the policy MDR-P_06	–
Associated material subtopics	• S1 - Working conditions; Equal treatment and opportunities for all • S4 - Inclusion of consumers or end-users • G1 - Corporate culture

Global Occupational Health, Safety and Well-being Regulation

Key contents of the policy MDR-P_01	This regulation ratifies the Company's policy in terms of the health, safety and well-being of its employees, supply chain and partners. It establishes a framework for general and specific commitments that make it possible to prevent, reduce and monitor risks associated with the normal course of business and encourage a culture of safety in which all parties assume their responsibility.
Scope of the policy and its exclusions MDR-P_02	All the companies that make up the Telefónica Group.
Most senior level at the Company that is accountable for the implementation of the policy MDR-P_03	The Executive Committee of Telefónica S.A.
Third-party initiatives that are respected through the implementation of the policy MDR-P_04	–
Consideration given to the interests of stakeholders in setting the policy MDR-P_05	Regulatory requirements and expectations concerning the privacy and security of Telefónica customers, society and governmental public entities and organisations.
Availability of the policy MDR-P_06	–
Associated material subtopics	• S1 - Working conditions • S4 - Inclusion of consumers or end-users • G1 - Corporate culture

Workplace Risk Instruction for the Procurement of Works and Services

Key contents of the policy MDR-P_01	This policy complements the Corporate Regulation on the Supply of Goods and Services (NCC-003), developing specific criteria for the procurement of works and services with third parties. These criteria are applicable to all phases of the contractual process and are geared towards ensuring compliance with current labour legislation, preventing the illegal transfer of workers and avoiding occupational health and safety contingencies.
Scope of the policy and its exclusions MDR-P_02	All the companies that make up the Telefónica Group.
Most senior level at the Company that is accountable for the implementation of the policy MDR-P_03	Corporate Instruction approved by the People and Internal Audit Departments.
Third-party initiatives that are respected through the implementation of the policy MDR-P_04	–
Consideration given to the interests of stakeholders in setting the policy MDR-P_05	The policy integrates the interests of stakeholders in the value chain, especially contract and subcontract workers, through labour compliance, risk prevention and contingency control measures.
Availability of the policy MDR-P_06	Published on: - Company's global intranet
Associated material subtopics	• S2 - Working conditions

Digital Disconnection Agreement

Key contents of the policy MDR-P_01	This agreement establishes the importance of employees' right to disconnect from digital platforms outside of their working hours and underlines the Company's commitment to promoting healthy digital habits and a good work-life balance.
Scope of the policy and its exclusions MDR-P_02	All the companies that make up the Telefónica Group.
Most senior level at the Company that is accountable for the implementation of the policy MDR-P_03	Policy signed by the Chairman, UNI and the major trade unions.
Third-party initiatives that are respected through the implementation of the policy MDR-P_04	–
Consideration given to the interests of stakeholders in setting the policy MDR-P_05	–
Availability of the policy MDR-P_06	–
Associated material subtopics	• S1 - Working conditions • G1 - Corporate culture

Global Privacy Policy

Key contents of the policy MDR-P_01	This policy establishes the mandatory rules of common conduct for all of the Company's entities, laying the foundations for a privacy-focused culture based on the principles of legality, transparency, security, storage limitation and commitment to data subjects' rights.
Scope of the policy and its exclusions MDR-P_02	All the companies that make up the Telefónica Group.
Most senior level at the Company that is accountable for the implementation of the policy MDR-P_03	The Board of Directors of Telefónica, S.A.
Third-party initiatives that are respected through the implementation of the policy MDR-P_04	• General Data Protection Regulation (GDPR) of the European Union. • Any other relevant data protection legislation that is applicable due to the geographic location of the different companies in the business group.
Consideration given to the interests of stakeholders in setting the policy MDR-P_05	–
Availability of the policy MDR-P_06	Published on: - The corporate website - The Company's global intranet
Associated material subtopics	• S1 - Other work-related rights • S2 - Working conditions • S4 - Impacts related to information for consumers or end-users • G1 - Corporate culture

Regulation of the Governance Model on Personal Data Protection

MDR-P_01 **Key contents of the policy**	This regulation establishes the strategic, organisational, operational and management framework applicable to the different actions performed in the field of data protection. It constitutes the point of reference for all the matters relating to the processing of personal data at Telefónica, representing the foundation underpinning all the different procedures in this respect. Therefore, it serves as the basis for preparing policies and procedures, as well as for developing and updating the entire set of internal data protection regulations. The processes for monitoring the governance model progressively accumulate any required adjustments until their magnitude or importance makes it necessary to formally review or adjust the model.
MDR-P_02 **Scope of the policy and its exclusions**	All the companies that make up the Telefónica Group.
MDR-P_03 **Most senior level at the Company that is accountable for the implementation of the policy**	Corporate Rule approved by the DPO Office of Telefónica, S.A.
MDR-P_04 **Third-party initiatives that are respected through the implementation of the policy**	• General Data Protection Regulation (GDPR) of the European Union. • Any other relevant data protection legislation that is applicable due to the geographic location of the different companies in the Group.
MDR-P_05 **Consideration given to the interests of stakeholders in setting the policy**	–
MDR-P_06 **Availability of the policy**	Summary on: - Corporate website - The Global Transparency Centre Published on: - Company's global intranet
Associated material subtopics	• S1 - Other work-related rights • S2 - Working conditions • S4 - Impacts related to information for consumers or end-users • G1 - Corporate culture

Regulation on Requests by Competent Authorities

MDR-P_01 **Key contents of the policy**	This regulation sets out the principles and minimum guidelines that must be referred to in the internal procedures to ensure compliance and cooperation with the competent authorities in relation to: (i) lawful interception of communications, (ii) the supply of metadata associated with communications, (iii) the blocking of websites and/or restrictions on certain content, and (iv) the suspension of networks or services.
MDR-P_02 **Scope of the policy and its exclusions**	All the companies that make up the Telefónica Group.
MDR-P_03 **Most senior level at the Company that is accountable for the implementation of the policy**	Approved by the Global Sustainability (ESG) Office of Telefónica S.A., with the backing and collaboration of the Global Compliance Department, the General Secretariat, the Litigation and Intellectual Property Department and the Global Security Directorate.
MDR-P_04 **Third-party initiatives that are respected through the implementation of the policy**	Telefónica is subject to different laws and regulations in each of the jurisdictions in which it operates. With regard to this regulation, Telefónica has the legal obligation of responding to the requests made by the competent authorities in the legitimate exercise of their powers to fulfil a particular purpose.
MDR-P_05 **Consideration given to the interests of stakeholders in setting the policy**	–

Availability of the policy	MDR-P_06	Summary on: - Corporate website Published on: - Company's global intranet
Associated material subtopics		• S4 - Impacts related to information for consumers or end-users

Responsible Communications Regulation

Key contents of the policy	MDR-P_01	This regulation sets out the principles and guidelines that should govern all Group's corporate, commercial or institutional communication. Its aim is to ensure that communications are truthful, transparent, inclusive, ethical and socially responsible, helping to strengthen trust among customers, society and regulators.
Scope of the policy and its exclusions	MDR-P_02	All companies that make up Telefónica Group companies as well as agencies, production companies, partners and third parties acting on behalf of the Group.
Most senior level at the Company that is accountable for the implementation of the policy	MDR-P_03	Global Communications, Brand, Sponsorships and Sustainability Department, under the supervision of the Executive Committee of Telefónica, S.A.
Third-party initiatives that are respected through the implementation of the policy	MDR-P_04	• Principles of the United Nations Global Compact. • UN Guiding Principles on Business and Human Rights. • AUTOCONTROL's Code of Advertising Practice. • European Commission's Guidelines on Responsible Communication and Consumer Protection.
Consideration given to the interests of stakeholders in setting the policy	MDR-P_05	The regulation takes into account regulatory requirements and the expectations regarding responsible communication expressed by customers, society, and public governmental organisations and entities.
Availability of the policy	MDR-P_06	Published on: - Corporate website - Company's global intranet
Associated material subtopics		• S4 - Personal safety of consumers or end-users

Movistar Plus+ Responsible Communication Code

Key contents of the policy	MDR-P_01	The purpose of this code is to ensure that all commercial and entertainment communications reflect the Company's values: truthfulness, respect, inclusion and the promotion of the responsible use of technology.
Scope of the policy and its exclusions	MDR-P_02	All communication, marketing and content actions of Movistar Plus+ (Spain).
Most senior level at the Company that is accountable for the implementation of the policy	MDR-P_03	The responsibility lies with Movistar and Movistar Plus+.
Third-party initiatives that are respected through the implementation of the policy	MDR-P_04	• Codes issued by AUTOCONTROL and the Spanish Association of Advertisers. • Guidelines of the Ministry of Economic Affairs and Digital Transformation on advertising and minors. • General Law on Audiovisual Communication (Law 13/2022). • General Law on Advertising (Law 34/1988) and related regulations. • Sectoral Code of Conduct for content rating.
Consideration given to the interests of stakeholders in setting the policy	MDR-P_05	The code is periodically reviewed to incorporate the perspectives of the marketing, content, sustainability and legal teams.
Availability of the policy	MDR-P_06	Published on: - Movistar Plus+ corporate website - Company's global intranet

Associated material subtopics	• S4 - Personal safety of consumers or end-users

Telefónica Artificial Intelligence Principles: AI Code of conduct

MDR-P_01 Key contents of the policy	These principles place people at the centre and ensure respect for human rights in any context and process in which artificial intelligence is used. They highlight equality, transparency, clarity, privacy and security in all the markets in which the Company operates.
MDR-P_02 **Scope of the policy and its exclusions**	All the companies that make up the Telefónica Group, extending to its entire value chain through partners and suppliers.
MDR-P_03 **Most senior level at the Company that is accountable for the implementation of the policy**	Same party responsible as for the Responsible Business Principles.
MDR-P_04 **Third-party initiatives that are respected through the implementation of the policy**	• EU AI Act. • Recommendations from renowned international bodies such as the OECD and UNESCO.
MDR-P_05 **Consideration given to the interests of stakeholders in setting the policy**	–
MDR-P_06 **Availability of the policy**	Published on: - Corporate website
Associated material subtopics	• S4 - Inclusion of consumers or end-users • G1 - Corporate culture

Regulation of the Governance Model on Artificial Intelligence

MDR-P_01 **Key contents of the policy**	This regulation develops the strategy and rules that govern the decision-making process relating to artificial intelligence at the Telefónica Group, including the necessary organisational structure, relations between the components of the structure and the operationalisation of the processes.
MDR-P_02 **Scope of the policy and its exclusions**	All the companies that make up the Telefónica Group.
MDR-P_03 **Most senior level at the Company that is accountable for the implementation of the policy**	Chief Compliance Officer.
MDR-P_04 **Third-party initiatives that are respected through the implementation of the policy**	• EU AI Act.
MDR-P_05 **Consideration given to the interests of stakeholders in setting the policy**	–
MDR-P_06 **Availability of the policy**	Published on: - Company's global intranet
Associated material subtopics	• S4 - Inclusion of consumers or end-users • G1 - Corporate culture

Queries Channel Management Regulations

Key contents of the policy MDR-P_01	This regulation describes the management of Telefónica's Responsible Business Queries Channel in relation to the process of receiving, processing and recording the queries received from any person or stakeholder about any matter relating to the Responsible Business Principles.
Scope of the policy and its exclusions MDR-P_02	All the companies that make up the Telefónica Group.
Most senior level at the Company that is accountable for the implementation of the policy MDR-P_03	The regulation is approved, reviewed and updated by the Global Sustainability (ESG) Office of Telefónica S.A.
Third-party initiatives that are respected through the implementation of the policy MDR-P_04	The personal data that may be contained in the queries received are processed in accordance with the applicable legislation in force regarding privacy and personal data protection. The Responsible Business Queries Channel complies with the data protection and security measures and guarantees applicable to a queries mailbox of this nature.
Consideration given to the interests of stakeholders in setting the policy MDR-P_05	The regulation enables queries to be managed internally in a manner that is transparent to stakeholders, in accordance with the principles of confidentiality, timeliness, privacy and security.
Availability of the policy MDR-P_06	Published on: - Corporate website - Company's regulation intranet
Associated material subtopics	• S1 - Other work-related rights • S2 - Working conditions • S4 - Impacts related to information for consumers or end-users • G1 - Corporate culture

Compliance Function Policy

Key contents of the policy MDR-P_01	This policy improves and strengthens the standards of adherence to mandatory rules and best ethical and business practices. It establishes the Compliance Function Charter.
Scope of the policy and its exclusions MDR-P_02	All the companies that make up the Telefónica Group. For this purpose, the Telefónica Group is understood to be: Telefónica S.A. and the companies in whose share capital Telefónica S.A. directly or indirectly holds the majority of shares, equity stakes or voting rights, or in whose governing or administrative body it has designated or is empowered to designate the majority of the members of that body, in such a way that it effectively controls the company.
Most senior level at the Company that is accountable for the implementation of the policy MDR-P_03	The Board of Directors of Telefónica, S.A.
Third-party initiatives that are respected through the implementation of the policy MDR-P_04	–
Consideration given to the interests of stakeholders in setting the policy MDR-P_05	–
Availability of the policy MDR-P_06	Published on: - Company's global intranet
Associated material subtopics	• G1 - Corruption and bribery

Regulation on Relations with Public Bodies

Key contents of the policy MDR-P_01	This regulation strengthens and broadens the Anti-Corruption Policy, given the significant role the Telefónica Group plays in the market and in view of its constant interaction with public administrations, in general, and with civil servants and public officials.
Scope of the policy and its exclusions MDR-P_02	All the directors, executives and employees of the Telefónica Group, in all of the countries in which it is present, as well as the business partners who intermediate, collaborate or participate in business on behalf of any of its companies.
Most senior level at the Company that is accountable for the implementation of the policy MDR-P_03	The Board of Directors of Telefónica, S.A.
Third-party initiatives that are respected through the implementation of the policy MDR-P_04	• Anti-corruption-related legal requirements—the US Foreign Corrupt Practices Act (FCPA), the UK Bribery Act (UKBA), the legislative reforms on criminal matters in Spain and other countries— in line with the leading international corporate liability and anti-corruption benchmarks.
Consideration given to the interests of stakeholders in setting the policy MDR-P_05	–
Availability of the policy MDR-P_06	Mentioned on: - Corporate website Published on: - Company's global intranet
Associated material subtopics	• G1 - Corruption and bribery

Conflict of Interest Regulation

Key contents of the policy MDR-P_01	This regulation prevents and/or, where appropriate, mitigates conflicts of interest to which affected subjects may be exposed in the exercise of their duties, a drawing, for this purpose, on the principles that must inspire professional performance, defining the conflict of interest (real, potential or apparent), establishing the guidelines and procedures to be observed, and, finally, making available to employees practical examples that can serve as a guide to prevent and/or identify potential conflicts of interest that may arise in their day-to-day activities.
Scope of the policy and its exclusions MDR-P_02	All the companies that make up the Telefónica Group.
Most senior level at the Company that is accountable for the implementation of the policy MDR-P_03	The Board of Directors of Telefónica, S.A.
Third-party initiatives that are respected through the implementation of the policy MDR-P_04	–
Consideration given to the interests of stakeholders in setting the policy MDR-P_05	–
Availability of the policy MDR-P_06	Mentioned on: - Corporate website Published on: - Company's global intranet
Associated material subtopics	• G1 - Corruption and bribery

Anti-Corruption Policy

Key contents of the policy MDR-P_01	This policy focuses mainly on the necessary compliance with legal anti-corruption requirements and the development of, inter alia, the general principle of integrity enshrined in the Group's Responsible Business Principles.
Scope of the policy and its exclusions MDR-P_02	This policy must be observed by all the Directors, executives and employees of the Company, in all of the countries in which it is present, as well as by the third parties who intermediate, collaborate or participate in business on behalf of the Company.
Most senior level at the Company that is accountable for the implementation of the policy MDR-P_03	The Board of Directors of Telefónica, S.A.
Third-party initiatives that are respected through the implementation of the policy MDR-P_04	• United Nations Convention against Corruption of 2004. • Anti-corruption-related legal requirements— the US Foreign Corrupt Practices Act (FCPA), the UK Bribery Act (UKBA), the legislative reforms on criminal matters in Spain and other countries— in line with the leading international corporate liability and anti-corruption benchmarks.
Consideration given to the interests of stakeholders in setting the policy MDR-P_05	–
Availability of the policy MDR-P_06	Published on: - Corporate website - Company's global intranet
Associated material subtopics	• G1 - Corruption and bribery

Crime Prevention Policy in Spain

Key contents of the policy MDR-P_01	This policy seeks to ensure that the risks of crimes being committed that affect the Group's companies in Spain are properly identified, documented, assessed, controlled and mitigated, in a context of constant review and updating and of continuous improvement. It is made up of regulations, procedures and other specific controls. It provides a detailed description of the main components of the Crime Prevention Program for the Telefónica Group's companies in Spain.
Scope of the policy and its exclusions MDR-P_02	All the companies of the Telefónica Group in Spain, in which it directly or indirectly holds the majority of the share capital and in all those other companies in which it holds a smaller stake but has effective control of the management thereof.
Most senior level at the Company that is accountable for the implementation of the policy MDR-P_03	The Board of Directors of Telefónica, S.A.
Third-party initiatives that are respected through the implementation of the policy MDR-P_04	Following the entry into force of the reform of the Criminal Code (CC) introduced by Organic Law 5/2010 of 22 June, the Telefónica Group undertook a process, focused primarily on Spain, of reviewing and updating its control systems to ensure their compliance with the new legal requirements, particularly in view of the provisions of Article 31 bis of the CC, intensifying the preventive measures in place to inhibit the commission of potentially criminal acts. Subsequently, successive reforms of the CC have given rise to a process of continuous review of the control environment. Specifically, following the approval of Organic Law 1/2015 of 30 March and in particular of the new Articles 31 ter and 31 quáter, the control environment was revised and subsequently both the Spanish Public Prosecutor's Office and case law have elaborated on certain issues relating to this matter. The control environment was also reviewed in the wake of the amendments made to the CC through the approval of Organic Law 1/2019 of 21 February.
Consideration given to the interests of stakeholders in setting the policy MDR-P_05	–

Availability of the policy	MDR-P_06	Published on/in: - Corporate website - Company's global intranet - The procurement system, in each of the procurement processes, to be accepted by suppliers (mandatory for Spanish entities)
Associated material subtopics		• G1 - Corruption and bribery

Corporate Policy on the Comprehensive Discipline Program

Key contents of the policy	MDR-P_01	This policy defines the basic principles of the Group's disciplinary system, providing for uniform, objective, proportional and non-arbitrary treatment of all employees, without prejudice to and with absolute respect for the legislation and regulations applicable in each case to the companies of the Group in the different countries in which they operate.
Scope of the policy and its exclusions	MDR-P_02	All the employees of the Telefónica Group, without exception. The policy sets out the minimum requirements and is implemented without prejudice to, where appropriate, the legal and regulatory provisions, collective bargaining agreements, collective covenants or similar agreements in force in any of the countries, as well as the labour and criminal legislation that may be applicable.
Most senior level at the Company that is accountable for the implementation of the policy	MDR-P_03	The Board of Directors of Telefónica, S.A.
Third-party initiatives that are respected through the implementation of the policy	MDR-P_04	–
Consideration given to the interests of stakeholders in setting the policy	MDR-P_05	–
Availability of the policy	MDR-P_06	Mentioned on: - Corporate website Published on: - Company's global intranet
Associated material subtopics		• G1 - Corruption and bribery

Regulation on Sanctions

Key contents of the policy	MDR-P_01	This regulation defines the main elements of control in the compliance program in terms of international sanctions.
Scope of the policy and its exclusions	MDR-P_02	All the companies that make up the Telefónica Group.
Most senior level at the Company that is accountable for the implementation of the policy	MDR-P_03	The Board of Directors of Telefónica, S.A.
Third-party initiatives that are respected through the implementation of the policy	MDR-P_04	–
Consideration given to the interests of stakeholders in setting the policy	MDR-P_05	–
Availability of the policy	MDR-P_06	Published on: - Company's global intranet
Associated material subtopics		• G1 - Corruption and bribery

Global Supply Chain Sustainability Policy

Key contents of the policy MDR-P_01	The policy sets out the Company's commitments to integrating sustainability into its supply chain: • Cultivating business relationships based on rigour, transparency and objectivity. • Ensuring equal opportunities in procurement processes. • Fulfilling commitments made. • Identifying adverse impacts. • Integrating ESG criteria into contracting processes. • Collaborating with suppliers (effective remediation mechanisms, training and support). • Encouraging the participation of key stakeholders to the supply chain. In addition, it sets high levels of responsibility requirements for its suppliers and promotes supplier compliance with the minimum criteria established in Telefónica's Supplier Code of Conduct.
Scope of the policy and its exclusions MDR-P_02	The policy is global in scope and applies to all purchases of all products and services by the Telefónica Group, regardless of their operation and location. It also applies to Telefónica entire supply chain, i.e. to both to direct suppliers and their own supply chains.
Most senior level at the Company that is accountable for the implementation of the policy MDR-P_03	The Board of Directors of Telefónica, S.A. The Board's Sustainability and Regulation Committee is responsible for supervising the implementation of the Sustainability Plan and also, therefore, the policies, actions and targets regarding sustainability in the supply chain.
Third-party initiatives that are respected through the implementation of the policy MDR-P_04	• Guiding Principles on Business • United Nations Universal Declaration of Human Rights • Conventions of the International Labour Organization • United Nations Convention on the Rights of the Child • Organisation for Economic Co-operation and Development (OECD) guidelines and the International Organization for Standardization (ISO) criteria
Consideration given to the interests of stakeholders in setting the policy MDR-P_05	During preparation of this policy, account is taken of feedback from the different internal areas specialising in each of the topics, which are in constant dialogue with the various stakeholders considered to be affected parties in the different countries.
Availability of the policy MDR-P_06	Published on: - Corporate website - Company's global intranet
Associated material subtopics	• E1 – Climate change mitigation; Energy • E5 - Resource inputs, including resource use; Waste • S2 - Working conditions • G1 - Corporate culture; Management of relationships with suppliers

Supplier Code of Conduct

Key contents of the policy MDR-P_01	This code establishes clear requirements for suppliers to ensure that their activities and their own supply chains pursue fairer, more ethical and more sustainable social, environmental and governance development activities: guarantee respect for human rights; comply with legal obligations; employment relationship and job security; working hours; fair remuneration; zero tolerance towards violence, harassment, modern slavery, forced labour, human trafficking and child labour; freedom of association and right to collective bargaining; equal treatment and opportunities for all; health and safety; responsible sourcing of minerals; respect for economic, social and cultural rights; ensure the accessibility of the products and services offered; legal compliance and environmental management; reduce impacts on biodiversity; reduction of emissions; energy efficiency plans; minimise waste generation; elimination of single-use plastics; promote life cycle analysis of products and services; champion the sustainable use of natural resources; act with integrity; avoid anticompetitive behaviour; privacy, confidentiality of information and freedom of expression; cybersecurity and artificial intelligence; supply chain management.

MDR-P_02 **Scope of the policy and its exclusions**	The code is global in scope and applies to the procurement of all products and services by the Telefónica Group, regardless of operation and location. It also applies to Telefónica's entire supply chain, i.e. to both direct suppliers and their own supply chains.
MDR-P_03 **Most senior level at the Company that is accountable for the implementation of the policy**	The Board of Directors of Telefónica, S.A. The Board's Sustainability and Regulation Committee is responsible for supervising the implementation of the Sustainability Plan and also, therefore, the policies, actions and targets regarding sustainability in the supply chain.
MDR-P_04 **Third-party initiatives that are respected through the implementation of the policy**	• Global Compact • International Bill of Human Rights • Convention on the Rights of the Child • UN Guiding Principles on Business • United Nations Universal Declaration of Human Rights • Conventions of the International Labour Organization, the OECD guidelines (Organisation for Economic Co-operation and Development) • ISO criteria (International Standards Organization)
MDR-P_05 **Consideration given to the interests of stakeholders in setting the policy**	During preparation of this policy, account is taken of feedback from the different internal areas specialising in each of the topics, which are in constant dialogue with the various stakeholders considered to be affected parties in the different countries.
MDR-P_06 **Availability of the policy**	Published on/in: - Corporate website - Company's global intranet - The procurement system, both during registration and as part of each of the procurement processes, to be accepted by suppliers
Associated material subtopics	• E1 – Climate change mitigation; Energy • E5 - Resource inputs, including resource use; Waste • S2 - Working conditions • G1 - Corporate culture; Management of relationships with suppliers

Global Security Policy

MDR-P_01 **Key contents of the policy**	This policy sets out and regulates the general provisions and the guiding principles for all security-related matters at Telefónica.
MDR-P_02 **Scope of the policy and its exclusions**	All the companies that make up the Telefónica Group.
MDR-P_03 **Most senior level at the Company that is accountable for the implementation of the policy**	Global Security and Intelligence Directorate.
MDR-P_04 **Third-party initiatives that are respected through the implementation of the policy**	The security requirements in the national and international laws and regulations in force in the countries in which the Telefónica Group operates are respected.
MDR-P_05 **Consideration given to the interests of stakeholders in setting the policy**	Regulatory requirements and expectations concerning the privacy and security of Telefónica customers, society and governmental public entities and organisations.
MDR-P_06 **Availability of the policy**	Published on: - Corporate website - Company's global intranet
Associated material subtopics	• G1 - Corporate culture; Network and data security

Internal Information System Management Policy and Procedure

Key contents of the policy	MDR-P_01	This policy and procedure sets out the characteristics and regulation of the Internal Information System in order to ensure the appropriate mechanisms are in place to guarantee the confidentiality of communications and complaints that are sent through it, as well as due protection for whistleblowers, reported parties and all other persons involved in the reporting of any conduct that may fall within its scope of application.
Scope of the policy and its exclusions	MDR-P_02	All the companies that make up the Telefónica Group.
Most senior level at the Company that is accountable for the implementation of the policy	MDR-P_03	The Board of Directors of Telefónica, S.A.
Third-party initiatives that are respected through the implementation of the policy	MDR-P_04	• The US Sarbanes-Oxley Act. • Law 2/2023 of 20 February, which regulates the protection of persons who report regulatory infringements and the fight against corruption, transposing Directive (EU)2019/1937 of the European Parliament and of the Council of 23 October 2019 on the protection of persons who report breaches of Union law.
Consideration given to the interests of stakeholders in setting the policy	MDR-P_05	–
Availability of the policy	MDR-P_06	Published on: - Corporate website - Company's global intranet
Associated material subtopics		• S1 - Other work-related rights • S2 - Working conditions • S4 - Impacts related to information for consumers and end-users • G1 - Corruption and bribery

2.16. Information required on non-material topics

E2.IRO-1, E3.IRO-1, E4.IRO-1

2.16.1. ESRS E2 Pollution, ESRS E3 Water and marine resources, ESRS E4 Biodiversity and ecosystems

The relationship between climate and biodiversity is key for maintaining climate stability and for protecting soil, air and water.

The double materiality methodology outlined in section 2.3. Materiality was applied to determine the materiality of Telefónica's impacts, risks and opportunities. The topics, subtopics and sub-subtopics (sustainability matters) proposed by ESRS 1 were analysed, including those related to pollution, water and marine resources, biodiversity and ecosystems.

E2.IRO-1_02, E3.IRO-1_02, E4.IRO-1_05, E4.IRO-1_06, E4.IRO-1_07, E4.IRO-1_08
The same section gathers and reports the required information on the consultations conducted with the different stakeholders, including affected communities. Similarly, the following section includes information about the existing relationship with all the Company's stakeholders:

2.2.4. Stakeholder management and relations

E2.IRO-1_03
The results of the corporate-level assessment of nature-related impacts, dependencies, risks and opportunities, described in detail throughout this section, serve as a starting point for the double materiality process. After identifying, evaluating and applying the materiality threshold, environmental pollution (air, water and soil), water and marine resources (consumption and discharges), and biodiversity and ecosystems, were deemed non-material topics for the Group. For further information on the outcome of the double materiality process, see:

2.3. Materiality

Nature-related impacts and dependencies

E2.IRO-1_01, E3.IRO-1_01, E4.IRO-1_01
To identify and assess the impacts, dependencies, risks and opportunities relating to pollution, water and biodiversity, Telefónica's relationship with nature had to be thoroughly analysed. That is why Telefónica is working to align with the Taskforce on Nature-related Financial Disclosures (TNFD), a global initiative that provides a framework for factoring nature into business decisions.

The scope of the assessment includes the Telefónica Group's direct operations and those of the value chain, both upstream and downstream. This provides insight into the Group's impacts and dependencies on the various ecosystems, species and ecosystem services.

Regarding the impacts, the Science-Based Targets for Nature (SBTN) Sectoral Materiality Tool was used to analyse the extent to which the Company's various economic activities contribute to the main drivers of global biodiversity loss (climate change, ecosystem use changes, pollution, invasive species and the exploitation of resources such as water), as defined by the Intergovernmental Science-Policy Platform on Biodiversity and Ecosystem Services (IPBES).

According to the results, the overall impact is greater in the upstream and downstream phases of the value chain than in Telefónica's own operations.

In terms of Telefónica's main direct operations (wired telecommunication, wireless telecommunication and other telecommunications economic activities), the pressures of climate change and land use change are the most significant. This is due to the use of energy to operate telecommunications networks and the need to occupy spaces for network deployment (construction of base stations and cable laying).

High contributions to the drivers of biodiversity loss by Telefónica's direct operations[1]

Drivers of biodiversity loss	Pressures	Wired telecommunication activities	Wireless telecommunication activities	Other telecommunication activities	Television programming and radio broadcasting activities	IT consultancy and facilities management activities
Ecosystem use change	Terrestrial ecosystem use	•	•	•		
	Freshwater ecosystem use					
	Marine ecosystem use	•				
Resource exploitation	Water use					
	Other resource use					
Climate change	GHG emissions	•	•	•		
Pollution	Non-GHG air pollutants					
	Water pollutants					
	Soil pollutants					
	Waste generation					
Invasive species and others	Disturbances	•				
	Biological alterations/interferences	•	•	•		

E4.IRO-1_02

Likewise, the dependencies of the Telefónica Group's economic activities on the ecosystem services provided by nature were analysed, both for direct operations and for those in the value chain.

This analysis, carried out using the ENCORE tool from the World Conservation Monitoring Centre of the United Nations Environment Programme (UNEP-WCMC), concluded that economic activities related to wired, wireless and other telecommunication activities are the most nature-dependent.

In these cases, the Group depends primarily on regulating ecosystem services, or in other words, those that offer protection from disruption to the production process, such as flood and storm protection, erosion control and climate regulation.

The table below shows how Telefónica's direct operations depend on ecosystem services. Only major dependencies (classified in ENCORE as medium, high or very high) are listed for the Company's most relevant economic activities.

[1] The table shows the high contributions of Telefónica's main economic activities to the various impact drivers. These economic activities account for 93% of the Company's turnover.

Main dependencies on ecosystem services by Telefónica's direct operations[2]

Ecosystem service type	Ecosystem services (included in ENCORE)	Wired telecommunication activities	Wireless telecommunication activities	Other telecommunication activities	Television programming and radio broadcasting activities	IT consultancy and facilities management activities
Production process enablers	Water quality					
	Soil quality	•	•			
	Maintenance of nursery habitats					
	Ventilation					
	Water flow maintenance					
	Pollination					
Mitigation of direct impacts associated with a production process	Bio-remediation					
	Dilution by atmosphere and ecosystems					
	Filtration					
	Mediation of sensory impacts					
Input into a production process	Fibres and other materials					
	Animal-based energy					
	Genetic materials					
	Ground water					
	Surface water					
	Disease control					
Protection from disruption to the production process	Buffering and attenuation of mass flows	•	•			
	Climate regulation	•	•	•		
	Flood and storm protection	•	•	•		
	Mass stabilisation and erosion control	•	•			
	Pest control					

Nature-related risks and opportunities

E2.IRO-1_01, E3.IRO-1_01, E4.IRO-1_03, E4.IRO-1_04

Based on the impacts and dependencies assessment, Telefónica has developed a heat map that highlights the importance of each economic activity for the Company, taking into account its proportion of total turnover. With the support of the WWF Biodiversity Risk Filter and WWF Water Risk Filter tools, an initial assessment of nature-related risks and opportunities was conducted for the Telefónica Group's most significant economic activities.

Some of the results obtained were refined based on the study of the impact of the Group's facilities on the quality of habitats and ecosystem services —that is, the location of the interaction of the Group's assets with nature—.

The exercise of identifying potential threats to Telefónica from its nature-related dependencies and

[2] The table shows the medium, high or very high dependencies on ecosystem services by the Telefónica Group's main economic activities, which account for 93% of the Company's turnover.

impacts took into consideration the physical risks, transition risks and systemic risks.

One example of the risks identified and used in the double materiality process is the regulatory transition risk of sanctions for non-compliance with environmental legislation, especially if the facility is located in a protected area.

As regards nature-related physical risks, these include the disruption of facility operations due to damage caused by extreme events that are not properly mitigated by ecosystem services, the costs of repairing damaged assets and the interruption of services and increased costs due to a reduced availability of water resources, especially in areas with high water stress.

Likewise, in the process of identifying nature-related opportunities, those related to business results and sustainability results has been considered.

Locating the Group's interface with nature

E4.IRO-1_14

To conduct direct operations and deliver connectivity to its customers, Telefónica needs fixed and mobile telecommunications networks, composed of tangible assets, including over 120,000 non-linear facilities, such as fixed and mobile switch sites, data centres, offices, base stations, radio links, landing stations, points of presence (POPs), television studios and shops. The Telefónica Group has an operational footprint of 1,148 ha, distributed across 16 countries — including operators in seven countries and the assets of the Telxius Group, which are present, additionally, in nine countries.

In 2025, the sensitivity analysis of the ecosystems with which each of the Telefónica Group's assets interacts in the countries where it operates has been updated, obtaining results at the site level. To define the sensitivity of a site, normalized values of seven indicators have been used, taking into account species abundance in the environment, land use and the potential of ecosystem services, the existence of protected areas and/or critical areas for biodiversity, the risk of water stress and the presence of indigenous communities. These indicators were determined through geospatial analysis using a Geographic Information System (GIS), which overlays the surface of each asset in the inventory with different layers of information.

The main conclusion of the study was that 95% of Telefónica Group's assets are located in non-sensitive sites, defined as areas whose sensitivity has been classified as 'medium', 'low', 'very low' or 'no sensitivity', such as urban environments.These assets account for 97% of the surface area analysed. Telefónica has only seven assets located in very highly sensitive habitats, which represent 0.01% of the total and 0.002% of the surface area, occupying 0.2 ha. This indicates that the Company has a negligible direct impact on biodiversity.

E4.IRO-1_15

Although direct operations do not contribute significantly to the drivers of biodiversity loss, they can have an impact on it. As stated previously, the main pressures are climate change and land-use change.

In relation to land-use change, most of Telefónica's facilities that were analysed are located in urban and industrial areas where there is no habitat loss or fragmentation. The majority of the surface area affected by these facilities is located in habitats with low or very low sensitivity values. Regarding the facilities located in biodiversity-sensitive areas, the effect of habitat fragmentation (reduction in habitat quality due to obstacles for animal species) is very limited, as most of them are base stations/antennas. This is due to the non-linear nature of the sites and their relatively small size compared to the entirety of the habitat, which makes the edge effects insignificant and reduces the spread of disturbances to the surrounding habitat.

There may be other low-severity impacts on wildlife arising from disturbances caused by the noise of telecommunications equipment, air conditioning or maintenance vehicle traffic. Furthermore, the construction of access roads necessary for network deployment may increase the habitat's exposure to invasive species. Nevertheless, the severity of the impact is very low due to the perimeter/surface ratio of the Group's facilities.

Mitigation hierarchy

E4.IRO-1_16

To manage impacts on biodiversity, the mitigation hierarchy is followed throughout the network's life cycle, which makes it possible to identify expected impacts, act to prevent them, minimise them and implement restoration measures to offset residual impacts or losses.

As a prior step to the deployment of certain facilities, Telefónica identifies the potential environmental impacts of the deployment, the operation and the dismantling of its telecommunications networks through mandatory Environmental Impact Assessment processes. Mitigation measures are also defined in this same process.

The model chosen to control the impact of Telefónica's activities on the environment is the implementation of an Environmental Management System (EMS) in accordance with the ISO 14001 standard. All Group operators have an externally certified EMS. Operating under a certified EMS aims to help improve the environmental performance and operational control of the Company's activities, as well as ensure compliance with applicable environmental legislation in the different countries. This is how, the environmental aspects

associated with Telefónica's activity, such as biodiversity, water, energy and waste, are managed.

The majority of the Telefónica Group sites located in areas with high biodiversity value are small in size. However, in line with its EMS, preventive actions are implemented at all of them to avoid impacts. Some examples include locating facilities in spaces shared with other operators in order to minimise land use, avoid the need for vegetation removal and reduce visual impact.

In this regard, Telefónica Brazil prioritises locations outside protected natural areas for its base station installation projects. It also has working instructions that set out guidelines for optimal environmental monitoring, aiming to mitigate the impact of construction activities in the initial stage.

To minimise unavoidable impacts on ecosystems, the Company implements best practices such as soundproofing measures, when necessary. Spill containment measures are also implemented to mitigate soil and water pollution in the event of potential accidents, as well as to mitigate possible effects on the surrounding vegetation and wildlife.

Telefónica pays special attention to areas with high biodiversity value. It also works to implement eco-efficiency measures, carry out preventive maintenance of infrastructure, promote renewable energy use, adopt water-saving measures (particularly in areas of high water stress), replace equipment with low-consumption alternatives and encourage internal reuse. All of this enables the Group to optimise the consumption of water, materials and energy.

Whenever necessary, corrective measures are implemented to restore areas damaged by exposure to impacts that could not be fully avoided or reduced.

Furthermore, under Telefónica's offsetting strategy, residual carbon emissions will be absorbed from the atmosphere preferably through nature-based solutions, such as afforestation, reforestation and sustainable forest management.

These regenerative actions seek to generate a double benefit for the ecosystems. The aim is to go beyond carbon to enhance biodiversity and water quality and reduce deforestation and the risk of natural disasters.

BP-2_17

2.17. Information required by Spanish Law 11/2018

2.17.1. Table of Compliance with Spanish Law 11/2018

As explained in section 2.1. Basis for preparation, the Company has prepared this Sustainability Report for the year 2025 to comply with the provisions of the CSRD and the ESRS, as well as with Spanish Law 11/2018 of 28 December.

The sections of this Report that respond to the contents of Law 11/2018 are detailed below.

Section 2.17.2 breaks down the quantitative requirements of Law 11/2018 not covered by the CSRD and the ESRS for the year 2025 and presents them comparatively with the year 2024.

Based on the double materiality process carried out in accordance with ESRS methodology, certain requirements of Law 11/2018 were considered non-material by the Company for the current year.

Areas	Contents	Reporting criteria	Location in the Sustainability Report
Business model	Description of the business model, environment, organisation and structure.	ESRS 2 - SBM 1 ESRS 2 - SBM 2 ESRS 2 - MDR-T E1-1 E1-4 E5-3	2.2. Strategy and business model 2.9.2. Strategy 2.9.4.1. Targets related to the management of material IROs 2.10.2.1. Targets related to the management of material IROs 2.11.1. Strategy 2.11.3.1. Targets related to the management of material IROs 2.12.1. Strategy 2.12.3.1. Targets related to the management of material IROs
	Markets in which it operates.	S1-5	2.13.1. Strategy 2.13.3. Action plans, metrics and targets 2.14.6.5. Metrics and targets
	Targets and strategies.	S2-5	
	Main factors and trends that could affect its future evolution.	S4-5	
Policies and their results	A description of the policies that the Group applies with regard to those issues, which include: 1.) The due diligence procedures applied for the identification, evaluation, prevention and mitigation of risks and significant impacts. 2.) The verification and control procedures, including which measures have been adopted.	ESRS 2 - GOV 4 ESRS 2 - MDR-P	2.5. Due diligence 2.15. Policies

Areas	Contents	Reporting criteria	Location in the Sustainability Report
Main non-financial risks	The main risks related to these issues that arise from the Group's activities, including, where relevant and proportionate, its commercial relations, products or services that could have negative effects in those areas, and * how the Group manages those risks, * an explanation of the procedures used to detect them and evaluate them in accordance with the national, European and international reference frameworks for each issue, and * information about the impacts identified must be included and a breakdown of them given, in particular the main risks in the short, medium and long term.	ESRS 2 - IRO 1 ESRS 2 - SBM 3	2.3.1.2. Identification and assessment of impacts, risks and opportunities 2.9.3. Impacts, risks and opportunities 2.10.1. Impacts, risks and opportunities 2.11.2. Impacts, risks and opportunities 2.12.2. Impacts, risks and opportunities 2.13.2. Impacts, risks and opportunities 2.14.2. Impacts, risks and opportunities
Environmental issues	**Global environment**		
	1.) Detailed information about the current and foreseeable effects of the Company's activities on the environment and, where applicable, health and safety, and the environmental assessment or certification procedures; 2.) The resources dedicated to the prevention of environmental risks; 3.) The application of the precautionary principle, the quantity of provisions and guarantees for environmental risks.	ESRS 2 - IRO 1 ESRS 2 - SBM 3 ESRS 2 - MDR-A E1-3 E1-4 E5-2	2.9.3. Impacts, risks and opportunities 2.9.3.2. Action plans 2.10.1.2. Action plans
	Pollution		
	1.) Measures to prevent, reduce or repair carbon emissions that seriously affect the environment. 2.) Taking into account any form of specific atmospheric pollution of an activity, including noise and light pollution.	ESRS 2 - MDR-A E1-3 E1-4	2.9.3.2. Action plans
	Circular economy		
	Waste: prevention measures, recycling, re-use, other forms of recovery and disposal of waste.	E5-2 E5-3 E5-5	2.10.1.2. Action plans 2.10.2. Metrics and targets 2.10.2.3. Waste
	Actions to combat food waste.	Non-material	N/A
	Sustainable use of resources		
	The consumption of water and the supply of water in accordance with local limitations.	Non-material	N/A
	Consumption of raw materials and the measures adopted to improve efficiency in their use.	ESRS 2 - MDR-A E5-2	2.10.1.2. Action plans
	Direct and indirect energy consumption, measures taken to improve energy efficiency and the use of renewable energies.	E1-3	2.9.3.2. Action plans
	Climate change		
	The significant elements of the greenhouse gas (GHG) emissions generated as a result of the Company's activities, including the use of the goods and services it produces.	E1-6	2.9.4.3. GHG emissions
	The measures adopted in order to adapt to the consequences of climate change.	ESRS 2 - MDR-A E1-3 E1-4 E5-2	2.9.3.2. Action plans 2.10.1.2. Action plans
	The reduction targets voluntarily established in the medium and long term to reduce GHG emissions and the measures implemented to that end.	ESRS 2 - MDR-T E1-4	2.9.4.1. Targets related to the management of material IROs
	Protection of biodiversity		
	Measures taken to preserve or restore biodiversity.	Non-material	N/A

Areas	Contents	Reporting criteria	Location in the Sustainability Report
	Impacts caused by activities or operations in protected areas.	Non-material	N/A
Social and personnel-related issues	**Employment**		
	Total number and distribution of employees by gender, age, country and professional classification.	S1-6 GRI 2-7, 405-1 b.i, ii	2.11.3.2. Characteristics of the Company's employees 2.17.2. Law 11/2018 indicator tables
	Total number and distribution of types of employment contract.	S1-6	2.11.3.2. Characteristics of the Company's employees
	Annual average number of permanent contracts, temporary contracts and part-time contracts by gender, age and professional classification.	S1-6	2.17.2. Law 11/2018 indicator tables
	Number of dismissals by gender, age, country and professional classification.	S1-6	2.17.2. Law 11/2018 indicator tables
	Average remuneration and its evolution, broken down by gender, age and professional classification or equal value.	S1-16	2.17.2. Law 11/2018 indicator tables
	The pay gap, the remuneration of jobs of equal value or the Company average.	S1-16	2.11.3.7. Remuneration metrics (pay gap and total remuneration)
	The average remuneration of Board Members and executives, including variable remuneration, allowances, compensation, payments into long-term savings plans and any other payment, broken down by gender.	S1-16	2.17.2. Law 11/2018 indicator tables
	Implementation of end of employment policies.	ESRS 2 - MDR-P S1-1	2.12.2.1. Policies 2.15. Policies
	Employees with disabilities.	Non-material	N/A
	Organisation of work		
	Organisation of working time.	S1-4	2.11.2.4. Action plans
	Number of hours of absenteeism.	S1-14	2.17.2. Law 11/2018 indicator tables
	Measures aimed at facilitating the life-work balance and promoting the co-responsibility of both parents.	S1-4	2.11.2.4. Action plans
	Health and safety		
	Health and safety conditions at work.	S1-4	2.11.2.4. Action plans
	Occupational accidents, in particular their frequency and severity.	S1-14 GRI 403-9	2.11.3.6. Health and safety metrics 2.17.2. Law 11/2018 indicator tables
	Occupational diseases, broken down by gender.	S1-14	2.17.2. Law 11/2018 indicator tables
	Labour relations		
	Organisation of social dialogue in labour matters, including procedures to inform and consult employees and negotiate with them.	S1-2	2.11.2.2. Engagement with employees and their representatives
	Percentage of employees covered by collective agreements, by country.	Non-material	N/A
	The outcome of collective agreements, particularly in the sphere of occupational health and safety.	S1-2	2.11.2.2. Engagement with employees and their representatives
	Mechanisms and procedures that the Company has in place to promote the involvement of workers in the management of the Company, in terms of information, consultation and participation.	S1-2	2.11.2.2. Engagement with employees and their representatives

Areas	Contents	Reporting criteria	Location in the Sustainability Report
	Training		
	The policies implemented in the field of training.	ESRS 2 - MDR-P S1-1	2.12.2.1. Policies 2.15. Policies
	Total number of hours of training by professional category.	S1-13 GRI 404-1 a. ii	2.17.2. Law 11/2018 indicator tables
	Equality		
	Measures adopted to promote equal treatment of and opportunities for men and women.	S1-4	2.11.2.4. Action plans
	Equality plans (Chapter III of Organic Law 3/2007 of 22 March, for the effective equality of women and men), measures adopted to promote employment, protocols against sexual harassment and gender-based harassment, the integration of and universal accessibility for people with disabilities.	S1-4	2.11.2.4. Action plans
	Policy against all types of discrimination and, where appropriate, for the management of diversity.	ESRS 2 - MDR-P S1-1	2.12.2.1. Policies 2.15. Policies
	Universal accessibility for people with disabilities.	Non-material	N/A
Human rights	Application of human rights due diligence measures. Prevention of the risks of human rights violations and, where applicable, measures to mitigate, manage and repair possible abuses committed.	ESRS 2 - GOV 4	2.5. Due diligence
	Reports of cases of human rights violations.	S1-17	2.11.3.8. Incidents, complaints and severe human rights impacts
	Promotion and fulfilment of the provisions of the core conventions of the International Labour Organization related to respect for freedom of association and the right to collective bargaining.	S1-2	2.11.2.2. Engagement with employees and their representatives
	The elimination of discrimination in employment and occupation.	ESRS 2 - GOV 4 ESRS 2 - MDR-P S1-4 S2-1	2.5. Due diligence 2.11.2.4. Action plans 2.12.2.1. Policies 2.15. Policies
	The elimination of forced or compulsory labour.	Non-material	N/A
	The effective abolition of child labour.		

Areas	Contents	Reporting criteria	Location in the Sustainability Report
Corruption and bribery	Measures adopted to prevent corruption and bribery.	G1-3	2.14.4.1. Prevention and detection of corruption or bribery
	Measures to combat money laundering.	G1-3	Direct answer: Regarding money laundering, the Company has controls in place for payments, such as due diligence procedures on suppliers and business partners that are defined from a compliance standpoint, or controls on payments to certain countries classified as high risk. This in turn is complemented by activities specifically aimed at compliance with the requirements established in each country's legislation, and/or certain money laundering regulations applicable by the type of company or entity in question (when it is considered an obligated subject in this matter by local legislation) and/or by type of activity. In this regard, in accordance with the Telefónica Group's internal regulation on payment control, the Company monitors the definition of minimum controls on payments to prevent the risk of money laundering and terrorist financing, both at Group level and by jurisdiction and/or type of entity or activity.
	Contributions to non-profit foundations and entities.	G1-3	Direct answer: Telefónica's contribution to Fundación Telefónica during the 2025 financial year was €24.2 million in total. Of this, €23.2 million was in cash. The contributions in kind include the transfer of the right of temporary and free usufruct in favour of Fundación Telefónica over Espacio Escuela 42 and the donation in kind of various assets and rights worth 1 million euros. During the 2024 financial year, cash payments were made for an amount of €39.0 million and contributions in kind for a value of €1 million. Atam is the Telefónica association that has the objective of supporting people with disabilities. It is a mutual support and collaborative organisation. It is a non-profit entity that was established more than 40 years ago and declared of Public Utility. It is configured as a Social Protection System for situations of disability and/or dependency. Telefónica's contribution in 2025 was €7.2 million. In 2024, it was €7.18 million.
Society	**Company commitments to sustainable development**		
	The impact of the Company's activity on local employment and development.	ESRS 2 - SBM 1 ESRS 2 - IRO 1	2.2.3. How Telefónica creates value 2.3.1.2. Identification and assessment of impacts, risks and opportunities
	The impact of the Company's activity on local populations and the territory.		
	The relations maintained with local community players and the forms of dialogue with them.	ESRS 2 - SBM 2	2.2.4. Stakeholder management and relations
	Association or sponsorship actions.	GRI 2-28	Direct response: Telefónica collaborates with associations and other organisations that have a direct impact on its sector and stakeholders. Particularly noteworthy are sector entities such as GSMA, SindiTelebrasil, ETNO and Bitkom, among other entities.
	Subcontracting and suppliers		
	*The inclusion in the procurement policy of social, gender equality and environmental issues. *Consideration in relationships with suppliers and subcontractors of their social and environmental responsibility.	G1-2	2.14.5. Suppliers
	Supervision and audit systems and their results.	G1-2	2.14.5.1. Responsible management

Areas	Contents	Reporting criteria	Location in the Sustainability Report
	Customers		
	Measures to ensure the health and safety of consumers.	Non-material	N/A
	Complaint systems, complaints received and their resolution.	S4-3	2.13.2.3. Remediation processes and engagement channels with consumers and end-users
	Tax information		
	Profit obtained country by country. Taxes paid on profits.	GRI 207-4 b. vi, viii	2.17.2. Law 11/2018 indicator tables
	Public subsidies received.	GRI 201-4 a. iii	Direct answer: The total subsidies received by Telefónica in 2025 amounted to €312 million (€238 million in 2024).
European Taxonomy for sustainable activities.		Regulation (EU) 2020/852 of the European Parliament and of the Council of 18 June 2020 and related Delegated Regulations	2.8. European Taxonomy for sustainable activities

2.17.2. Law 11/2018 indicator tables

Social and personnel-related issues

Employment

Table 1. Total number and distribution of employees by professional category

Type of employees	2024	2025
Senior management	4,389	4,302
Middle management	9,442	7,441
Other professionals	87,039	70,912
Group Total	**100,870**	**82,655**

Table 2. Total number and distribution of employees by country

Geography	2024	2025
Spain	8,793	8,817
Brazil	36,200	34,905
Germany	25,086	25,516
Argentina	10,221	43
Chile	3,660	3,537
Colombia	5,652	4,799
Ecuador	968	7
Mexico	1,808	1,766
Peru	4,815	299
Uruguay	667	54
Venezuela	1,698	1,669
Rest	1,302	1,243
Group Total	**100,870**	**82,655**

Table 3. Annual average* number of permanent, temporary and part-time contracts; by gender, age and professional category**

	Women		Men		Total	
Average contracts by gender	2024	2025	2024	2025	2024	2025
Permanent contracts	39,290	33,842	60,774	49,887	100,067	83,730
Temporary contracts	444	318	874	666	1,318	984
Part-time contracts	1,316	1,357	544	542	1,861	1,900

*The calculation is based on the cumulative average for the year by type of contract and by type of working day.
**The breakdown of these indicators includes only male and female employees, in line with previous reports.

	Under 30		30 to 50		Over 50		Total	
Average contracts by age	2024	2025	2024	2025	2024	2025	2024	2025
Permanent contracts	12,711	11,058	64,713	53,224	22,643	19,449	100,067	83,730
Temporary contracts	595	485	669	452	54	47	1,318	984
Part-time contracts	147	229	1,207	1,209	507	461	1,861	1,900

	Senior management		Middle management		Other professionals		Total	
Average contracts by professional category	2024	2025	2024	2025	2024	2025	2024	2025
Permanent contracts	4,401	4,342	9,464	7,554	86,202	71,835	100,067	83,730
Temporary contracts	4	0	51	57	1,262	910	1,318	984
Part-time contracts	20	19	74	75	1,767	1,805	1,861	1,900

Table 4. Number of dismissals* by gender, age and professional category

	2024	2025
Women	2,517	3,046
Men	2,886	3,597
Under 30	1,473	1,506
30 to 50	3,272	4,321
Over 50	658	816
Senior management	187	240
Middle management	335	489
Other professionals	4,881	5,914

*Dismissal means a Company decision to unilaterally terminate an employment contract. This concept does not include incentivised redundancies, which are part of restructuring processes. The breakdown of these indicators includes only male and female employees, in line with previous reports.

Table 5. Average remuneration* and its evolution, broken down by gender, age range and professional category

	2024	2025
Group Total	**42,207**	**45,849**
Women	36,378	39,072
Men	45,986	50,431
Under 30	18,659	19,919
30 to 50	36,886	39,312
Over 50	66,324	72,771
Senior management	142,168	135,691
Middle management	56,211	59,694
Other professionals	35,581	38,922

*For the purposes of reporting the average total remuneration of all Telefónica Employees, all senior management positions at the Company have been grouped under the same category: "Senior Management". This includes executives and pre-executives, given that the structure of the remuneration mix of both groups (fixed remuneration, annual variable remuneration, eligibility for the long-term incentive plan and other concepts) is aligned with the Telefónica Group's Global Remuneration Policy, whose main goal is to promote the achievement of financial, business, value creation and sustainability indicators. Therefore, the classification of the professional categories is equivalent to:
- Senior management: executives and pre-executives.
- Middle management: management level.
- Other professionals: non-management level.

The average total remuneration includes all salary items paid during 2025, where applicable. These concepts are total base salary, bonuses, commissions and commercial incentives, long-term incentives and benefits in-kind, including social benefits, accrued over the year.

Table 6. Total average remuneration of Directors by gender

	2024	2025
Women	227,421	174,299
Men	1,893,018	2,016,236

Organisation of work

Table 7. Number of hours of absenteeism

	2024	2025
Group Total	**216,808**	**113,024**

Training

Table 8. Training hours by professional category

	2024	2025
Senior management	82,357	71,922
Middle management	374,083	138,874
Other professionals	2,893,074	1,779,108

Health and safety

Table 9. Health and safety at work indicators

	2024	2025
Lost day rate / severity (men)	32.55	16.32
Lost day rate / severity (women)	18.84	17.27
Lost day rate / severity TOTAL*	**27.20**	**16.69**
Lost day rate / severity (men)	32.55	16.32
Lost day rate / severity (women)	18.84	17.27
Lost day rate / severity TOTAL**	**27.20**	**16.69**
Accident frequency rate (men)	0.64	0.35
Accident frequency rate (women)	0.30	0.33
Accident frequency rate TOTAL***	**0.51**	**0.34**
Total No. of Occupational Diseases (Based on ILO List of Occupational Diseases) (men)	2	2
Total No. of Occupational Diseases (Based on ILO List of Occupational Diseases) (women)	0	3
Total No. of Occupational Diseases (Based on ILO List of Occupational Diseases)****	**2**	**5**
Total No. of Occupational Diseases (Based on local legislation, regulations and rules) (men)	2	2
Total No. of Occupational Diseases (Based on local legislation, regulations and rules) (women)	0	3
Total No. of Occupational Diseases (Based on local legislation, regulations and rules)	**2**	**5**
Total number of recordable occupational injuries (men)	390	181
Total number of recordable occupational injuries (women)	118	108
Total number of recordable occupational injuries	**508**	**289**

To improve the quality of the data, the data related to occupational diseases are reported based on two criteria:
- A global definition drawn from the International Labour Organization (ILO) List of Occupational Diseases.
- Local legislation, regulations and rules, as in previous years.

* Based on the International Labour Organization List of Occupational Diseases. Lost day rate (severity) = (total number of days lost due to accidents in the workplace with leave and occupational disease / total number of hours worked per year) x 200,000.
** Based on the list of occupational diseases in local legislation, regulations and rules. Lost day rate (severity) = (total number of days lost due to accidents in the workplace with leave and occupational disease / total number of hours worked per year) x 200,000.
*** Accident frequency rate = (total number of accidents in the workplace with leave / total number of hours worked per year) x 200,000.. Telefónica does not have information on the type of conditions resulting in sick leave or work-related injuries due to regulatory issues and the privacy of personal data.
**** For privacy reasons under German law, Telefónica does not collect information on the incidence of occupational diseases in Germany, considering it to be zero for the purposes of calculating rates.

Society

Tax information

The Telefónica Group's Consolidated Financial Statements are prepared in accordance with International Financial Reporting Standards (IFRS) adopted by the European Union. The local accounting standards applicable in each of the countries in which the Group operates may differ from those established by IFRS.

The following table groups the Group companies according to their country of registered office. This grouping does not coincide with the Telefónica Group's segment breakdown. Country-by-country results include, where applicable, the effect of allocating the purchase price to acquired assets and assumed liabilities. Furthermore, country-by-country results exclude dividend income from Group subsidiaries, as well as the change in the provision for impairment of investments in Group companies, which are eliminated during the consolidation process.

Table 10. Contribution by country to the result before tax from continuing operations

Million euros	2024	2025
Germany	673	292
Argentina	(27)	4
Brazil	1,160	1,157
Chile	(564)	(349)
Colombia	(11)	5
Ecuador	(10)	1
Spain	816	(2,051)
Mexico	(7)	14
Peru	(80)	4
Uruguay	87	53
Venezuela	212	169
Other	340	(703)
TOTAL	**2,589**	**(1,403)**

Table 11. Contribution by region to profit before tax and income tax paid from continuing operations

	2024		2025	
Million euros	Contribution by region to the consolidated Group's profit before tax	Profit tax	Contribution by region to the consolidated Group's profit before tax	Profit tax
Europe	1,489	-107	(1,759)	77
Brazil	1,160	217	1,157	246
Others	(59)	121	(802)	79
TOTAL	**2,589**	**231**	**(1,403)**	**402**

This version of our report is a free translation of the original, which was prepared in Spanish. All possible care has been taken to ensure that the translation is an accurate representation of the original. However, in all matters of interpretation of information, views or opinions, the original language version of our report takes precedence over this translation.

Limited assurance report issued by a practitioner on the Consolidated Non-Financial Information Statement and Sustainability Information

To the shareholders of Telefónica, S.A. at the request of the directors:

Limited assurance conclusion

Pursuant to article 49 of the Code of Commerce, we have conducted a limited assurance engagement on the accompanying Consolidated Non-Financial Information Statement (hereinafter, NFIS) for the year ended 31 December 2025 of Telefónica, S.A. (hereinafter, the Parent company) and its subsidiaries (hereinafter, the Group), which forms part of the Group's consolidated management report.

The NFIS includes information in addition to that required by current commercial regulations on non-financial information, specifically, it includes the Sustainability Information prepared by the Group for the year ended 31 December 2025 (hereinafter, the sustainability information) in accordance with the Directive (EU) 2022/2464 of the European Parliament and of the Council of 14 December 2022, as regards corporate sustainability reporting (CSRD). This sustainability information has also been subject to limited assurance.

Based on the procedures performed and the evidence obtained, nothing has come to our attention that causes us to believe that:

a) the Group's Non-Financial Information Statement for the year ended 31 December 2025 has not been prepared, in all material respects, in accordance with current commercial regulations and in accordance with the selected criteria of the European Sustainability Reporting Standards (ESRS), as well as with those other criteria described as mentioned for each topic in the table in section 2.17.1. of the aforementioned Statement;

b) the sustainability information as a whole has not been prepared, in all material respects, in accordance with the sustainability reporting framework applied by the Group and which is identified in the accompanying section 2.1., including:

   - That the description provided of the process for identifying the sustainability information included in section 2.3. is consistent with the process in place and enables the identification of the material information to be disclosed in accordance with the requirements of ESRS.

   - Compliance with ESRS.

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- Compliance with the disclosure requirements, included in section 2.8. of the environment section of the sustainability information with the provisions of article 8 of Regulation (EU) 2020/852 of the European Parliament and of the Council of 18 June 2020 on the establishment of a framework to facilitate sustainable investments.

Basis for conclusion

We conducted our limited assurance engagement in accordance with generally accepted professional standards applicable in Spain and specifically in accordance with the guidelines contained in Guides 47 Revised and 56 Revised issued by the Instituto de Censores Jurados de Cuentas de España on assurance engagements regarding non-financial information and considering the contents of the note published by the Instituto de Contabilidad y Auditoría (ICAC) dated 18 December 2024 (hereinafter, generally accepted professional standards).

In a limited assurance engagement, the procedures applied are less in extent than for a reasonable assurance engagement. Consequently, the level of assurance obtained in a limited assurance engagement is lower than the assurance that would have been obtained had a reasonable assurance engagement been performed.

Our responsibilities under these standards are further described in the *Practitioner's responsibilities* section of our report.

We have complied with the independence and other ethical requirements of the International Code of Ethics for Professional Accountants (including International Independence Standards) issued by the International Ethics Standards Board for Accountants (IESBA Code), which is founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behaviour.

The firm applies International Standard on Quality Management 1, which requires the firm to design, implement and operate a system of quality management including policies or procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our conclusion.

Responsibilities of the Parent company's directors

The preparation of the NFIS included in the Group's consolidated management report, as well as its content, is the responsibility of the directors of Telefónica, S.A. The NFIS has been prepared in accordance with prevailing commercial regulations and in accordance with the ESRS criteria selected, as well as those other criteria described in accordance with the aforementioned for each topic in the table in section 2.17.1. in the aforementioned Statement.

This responsibility also encompasses designing, implementing and maintaining such internal control as is determined to be necessary to enable the preparation of the NFIS that is free from material misstatement, whether due to fraud or error.

The directors of Telefónica, S.A. are also responsible for defining, implementing, adapting and maintaining the management systems from which the information necessary for the preparation of the NFIS is obtained.

With regard to the sustainability information, the Parent company's directors are responsible for developing and implementing a process to identify the information that should be included in the sustainability information in accordance with the CSRD, ESRS and as set out in article 8 of Regulation (EU) 2020/852 of the European Parliament and of the Council of 18 June 2020, and for disclosing information about this process in the sustainability information itself in section 2.3. This responsibility includes:

- understanding the context in which the Group's business activities and relationships are conducted, as well as its stakeholders, with regard to the Group's impacts on people and the environment;

- identifying the actual and potential impacts (both negative and positive), as well as the risks and opportunities that could affect, or could reasonably be expected to affect, the Group's financial position, financial results, cash flows, access to finance or cost of capital over the short, medium or long term;

- assessing the materiality of the impacts, risks and opportunities identified; and

- making assumptions and estimates that are reasonable under the circumstances.

The Parent company's directors are also responsible for the preparation of the sustainability information, which includes the information identified by the process, in accordance with the sustainability reporting framework applied, including compliance with the CSRD, compliance with ESRS and compliance with the disclosure requirements included in section 2.8. of the environment section of the sustainability information in accordance with the provisions of article 8 of Regulation (EU) 2020/852 of the European Parliament and of the Council of 18 June 2020 on the establishment of a framework to facilitate sustainable investment.

This responsibility includes:

- Designing, implementing and maintaining such internal control as the Parent company's directors consider to be relevant to enable the preparation of sustainability information that is free from material misstatement, whether due to fraud or error.

- Selecting and applying appropriate methods for the presentation of sustainability information and making assumptions and estimates that are reasonable in the circumstances about specific disclosures.

Inherent limitations in preparing the information

In accordance with ESRS, the Parent company's directors are required to prepare prospective information based on assumptions and hypotheses, which should be included in the sustainability information, regarding events that could occur in the future, as well as possible future actions, where appropriate, that the Group could take. Actual results may differ significantly from estimated results since they refer to the future and future events often do not occur as expected.

In determining disclosures relating to sustainability information, the Parent company's directors interpret legal and other terms that are not clearly defined and could be interpreted differently by others, including the legality of such interpretations and, consequently, they are subject to uncertainty.

Practitioner's responsibilities

Our objectives are to plan and perform the assurance engagement to obtain limited assurance about whether the NFIS and sustainability information are free from material misstatement, whether due to fraud or error, and to issue a limited assurance report that includes our conclusion. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence decisions of users taken on the basis of this information.

As part of a limited assurance engagement, we exercise professional judgement and maintain professional scepticism throughout the engagement. We also:

- Design and perform procedures to assess whether the process for identifying the information included in both the NFIS and the sustainability information is consistent with the description of the process followed by the Group and enables, where appropriate, the identification of the material information to be disclosed in accordance with ESRS requirements.

- Perform risk assessment procedures, including obtaining an understanding of internal control relevant to the engagement, to identify the disclosures in respect of which material misstatements are likely to arise, whether due to fraud or error, but not for the purpose of providing a conclusion on the effectiveness of the Group's internal control.

- Design and perform procedures responsive to where material misstatements are likely to arise in the disclosures included in the NFIS and sustainability information where material misstatements are likely to arise. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations or the override of internal control.

Summary of the work performed

A limited assurance engagement includes performing procedures to obtain evidence that serves as a basis for our conclusions. The nature, timing and extent of the procedures selected depend on professional judgment, including the identification of the disclosures where material misstatements are likely to arise, due to fraud or error, in the NFIS and in the sustainability information.

Our work has consisted of inquiries to management, as well as the Groups' various units and components that were involved in the preparation of the NFIS and the sustainability information, in the review of the processes for collecting and validating the information presented in the NFIS and the sustainability information and the application of certain analytical procedures and review sampling tests, which are described below:

In relation to the process of verifying the NFIS:

- Meetings with Group personnel to understand the business model, policies and management approaches applied, the main risks related thereto, and obtaining the information required for the external review.

- Analysis of the scope, relevance and completeness of the content of the NFIS for the 2025 year based on the materiality analysis performed by the Group and described in section 2.3., taking into account the content required under prevailing commercial legislation.

- Analysis of the processes to compile and validate the information presented in the NFIS for the 2025 year.

- Review of information concerning risks, policies and management approaches applied in relation to material matters presented in the NFIS for the year 2025.

- Verification, by means of sample testing, of the information relating to the content of the NFIS for the year 2025 and its adequate compilation using data obtained from the information sources.

In relation to the process of verifying the sustainability information:

- Conducting inquiries with Group personnel:
  - In order to understand the business model, policies and management approaches applied, the main risks related thereto, and obtaining the information required for the external review.
  - In order to understand the source of the information used by management (for example, engagement with stakeholders, business plans and strategy documents); and the review of the Group's internal documentation on its process;
- Obtaining, through enquiries of Group personnel, an understanding of the entity's relevant processes for collecting, validating and presenting information for the preparation of its sustainability information.
- Evaluating the consistency of the evidence obtained from our procedures on the process implemented by the Group for determining the information that should be included in the sustainability information with the description of the process included in such information, as well as the evaluation of whether the aforementioned process implemented by the Group enables the identification of material information to be disclosed according to ESRS requirements.
- Evaluating whether all the information identified in the process implemented by the Group for determining the information that should be included in the sustainability information is in fact included.
- Evaluating the consistency of the structure and presentation of the sustainability information with the requirements of ESRS and the rest of the regulatory framework on sustainability information applied by the Group.
- Conducting enquiries with relevant personnel and performing analytical procedures on the information disclosed in the sustainability information, considering such information in respect of which material misstatements are likely to arise, whether due to fraud or error.
- Performing, where appropriate, substantive procedures on a sample basis on the information disclosed in the selected sustainability information, considering such information in respect of which material misstatements are likely to arise, whether due to fraud or error.
- Obtaining, where applicable, the reports issued by accredited independent third parties appended to the consolidated management report in response to the requirements of European regulations and, in relation to the information to which they refer and in accordance with generally accepted professional standards, verifying only the practitioner's accreditation and that the scope of the report issued is aligned with the requirements of European regulations.
- Obtaining, where appropriate, the documents that contain the information incorporated by reference, the reports issued by auditors or practitioners on such documents and, in accordance with generally accepted professional standards, verifying only that the document to which the information incorporated by reference refers meets the conditions described in ESRS for the incorporation of information by reference in the sustainability information.
- Obtaining a representation letter from the Parent company's directors and management in relation to the NFIS and sustainability information.

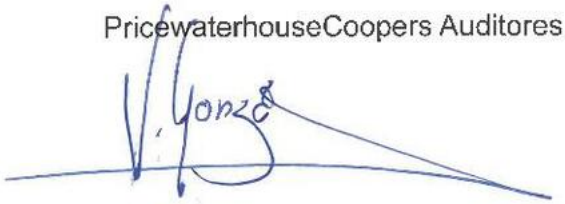
Other information

The Parent company's directors are responsible for the other information. The other information comprises the consolidated annual accounts and the rest of the information included in the consolidated management report, but does not include either the auditors' report on the consolidated annual accounts or the assurance reports issued by accredited independent third parties as required by European Union law on specific disclosures contained in the sustainability information and appended to the consolidated management report.

Our assurance report does not cover the other information, and we do not express any form of assurance conclusion thereon.

With regard to our assurance engagement regarding the sustainability information, our responsibility consists of reading the other information identified above and, in doing so, considering whether the other information is materially inconsistent with the sustainability information or the knowledge we have obtained during the assurance engagement, which may be indicative of the existence of material misstatements in the sustainability information.

PricewaterhouseCoopers Auditores, S.L.



Vanesa González Prieto

24 February 2026

3. Risks

Risks

3.1. Risk management framework

3.2. Risk Profile

3.3. Risk factors

3.1. Risk Management Framework

3.1.1. Risk management and strategic alignment

Telefónica has a Risk Management Framework based on the model established by the Committee of Sponsoring Organizations of the Treadway Commission COSO[1] and implemented homogeneously throughout the Group's main operations. This model draws from best practices and enables the identification, assessment, response and monitoring of relevant risks, prioritising coordinated actions from both a global and local perspective.

Furthermore, the Company has a **Risk Management Policy** approved by the Board of Directors and a **Risk Management Procedure**, both based on experience, best practices and recommendations for Good Corporate Governance, as well as Responsible Business Principles.

"We establish appropriate controls to evaluate and manage all relevant risks to the Company"

Extract from Telefónica's Responsible Business Principles

Therefore, **risk management** is integrated into the strategic planning process, in accordance with the requirements of COSO ERM 2017. This approach links the main risks to strategic objectives and includes risks that may affect the strategy, as well as those arising from the strategy itself.

"The main risks are linked to the Company's strategic targets"

1.2. Strategy

The most significant risks impacting strategy include: adapting to customer mindset, competition and market consolidation, innovation and digitalisation, as well as talent development and technological capabilities.

3.1.2 Risk Management Governance

Both the Responsible Business Principles and the Risk Management Policy establish that the entire organisation shares responsibility for identifying and managing risks. To coordinate these activities, the Risk Management Policy establishes the following roles:

[1] COSO ERM framework, "Enterprise Risk Management–Integrating with Strategy and Performance", released in September 2017 by the Committee of Sponsoring Organizations of the Treadway Commission (COSO). COSO is one of the most importance references on internal control, enterprise risk management and fraud deterrence.

Risk Management Governance

Supervision of the Risk Management System

Audit and Control Committee

The Regulations of the Board of Directors establish that the Audit and Control Committee (ACC) has the primary function of supporting the Board in its supervisory duties, highlighting, among others, the following responsibilities:

- **Supervise the effectiveness of the financial and non-financial risk control and management systems relating to the Company and the Group** (including operational, technological, legal, social, environmental, political, reputational and corruption-related risks) and approve the Risk Control and Management Policy.
- **Supervise the risk management and control unit,** which will ensure the proper functioning of risk management systems and, in particular, that all significant risks affecting the Company are adequately identified, managed and quantified.

Risk Management Function

To support supervisory activities, a risk management function has been established, which is independent of operational management, with a global structure and local managers in the main companies. This function coordinates, promotes and verifies the application of the Risk Management Policy at Group level and in its key operations, reporting the results periodically to the Audit and Control Committee.

Risk Owners

Those responsible (owners) for risks, both globally and locally, actively participate in strategy and key decisions regarding their management. Each identified risk has a manager (usually an executive) with full responsibility for its management, who is in charge of developing a mitigation plan and effectively monitoring its progress.

Specifically, in the case of tax risks, the Group's Tax Department exercises control through the local Tax Departments and local managers in the various subsidiaries, in accordance with the principles defined in the Group's Tax Control Policy, approved by the Board of Directors.

Further information is available in the Risk Management Policy on our corporate website.

3.1.3. Tolerance or risk appetite

The Company has a level of **risk tolerance or acceptable risk** established at corporate level; this means it is willing to assume a certain level of risk, to the extent that it allows the creation of value and the development of the business, achieving an adequate balance between growth, performance and risk.

For the risk assessment, the different typology of the risks that could affect the Company is considered, as described below:

- In general, **tolerance thresholds are defined** for all risks, including tax risks, by combination of impact and probability of occurrence. These thresholds are updated annually based on the evolution of the main financial figures, both for the Group as a whole and for the main Telefónica companies.
- For risks associated with compliance, corruption and bribery, a **zero-tolerance** level is established.

3.1.4. Enterprise Risk Management Framework

The Enterprise Risk Management Framework brings together the key actions that drive the risk management model in the Group's companies, ensuring its alignment with the business strategy and objectives. This framework integrates activities focused on context analysis, global and local risk management, quality assessment, continuous improvement of the model, and the promotion of a solid culture throughout the organization.

Risk Observatory

In a dynamic world, where new threats emerge every day that can impact companies, the Risk Observatory becomes an essential instrument to anticipate emerging risks, strengthen a preventive culture and evolve our management model with innovation and resilience. This tool allows us to monitor global trends and respond with agility to disruptive changes. It is based on three pillars:

Global Context Analysis

We anticipate global risks and disruptive trends to protect the company, incorporating analysis from specialized consulting firms and international organizations.

Sector Benchmark

We updated our Risk Model with the best practices of the telco and digital sector.

Knowledge exchange with experts

We connect with Ibex 35 companies to promote innovation and strengthen the risk culture

Risk Management Process

The Risk Management process uses the Company's strategy and objectives as a reference to identify risks that could affect their achievement. It is applied to the Group's main operations twice a year and includes an urgent report when a new risk arises or an existing one changes significantly. The process is structured in four stages:

- **Risk Identification**

  Managers identify risks by considering their causes and potential impact on objectives. Emerging risks, new risks and changes in existing risks are included using two approaches:

- *Bottom-Up:* each manager describes the specific risks of their area.
- *Top-down:* transverse analysis of relevant and common issues within the Group.

  Details of the main risks including, emerging risks, can be found in the following section 3.2 Risk Profile.

  3.2 Risk Profile.

- **Risk assessment**

  Its objective is to determine the relevance of each risk by considering its impact and probability of occurrence. In addition, other qualitative factors are considered, such as proximity, historical trends, the level of assurance or control, and the future outlook.

  Specific methodologies have been designed for certain risks to enable a more accurate and consistent assessment, adapted to the nature of these risks, such as climate change and cybersecurity, among others.

- **Risk response and mitigation plans**

  The Risk Management framework includes procedures to address risks, generally through mitigation plans. Risk responses are grouped into four types:

Risk response

1 MITIGATE
Take measures to reduce the likelihood of risk occurrence, its potential impact or both.

2 AVOID
Change the way or refrain from proceeding with the activity causing the risk.

4 ACCEPT
Make the decision to assume some risk according to management criteria, being necessary to justify the reason for said decision.

3 TRANSFER
Transfer the risk to a third party by taking out insurance or outsourcing the activities.

Financial risks, such as exchange rate or interest rate risks, are managed through global actions, mainly using financial derivatives. For tax risks, the main issues identified are monitored. Likewise, for most operational risks, the Group has multinational insurance programmes or insurance policies negotiated in each country, depending on the nature of the risk.

- **Monitoring and reporting**

  Monitoring and response mechanisms depend on the type of risk and include global initiatives, coordinated in a consistent way across the Group's main operations, as well as specific actions for local risks.

  In addition, progress in implementing mitigation plans is monitored regularly, with a special focus on critical and high risks.

Risk culture

A key principle of the Risk Management Policy is to 'train and engage employees in the risk management culture, encouraging them to identify risks and actively participate in their mitigation.' To strengthen this culture, Telefónica promotes various actions aimed at raising awareness, training and team participation.

"Training workshops and global awareness campaigns are run to strengthen the risk management culture in the Company"

Communication

With the aim of disseminating the principles and values that should govern risk management, awareness campaigns are carried out through the Company's different communication channels.

Formation

Training actions are developed that include videos and online courses on risk management, available to all employees. In addition, specific sessions on risks are given in the Audit and Control Committee, reinforcing knowledge and involvement in preventive management.

Continuous model improvement

- **Risk catalogue**

  To facilitate the identification of risks, the Telefónica Group has a general catalogue (taxonomy) that standardises the information and complies with internal and external requirements. This catalogue, structured in four categories, is continuously updated taking into account the macroeconomic and political context and the evolution of the Group. The aspects and trends detected in the Risk Observatory feed these updates, incorporating emerging risks and new interrelationships that strengthen anticipation and comprehensive management.

  In 2025, improvements were incorporated to strengthen risk analysis focused mainly on those related to Artificial Intelligence or Cybersecurity.

Business

Risks related to the sector and especially to the Company's strategy, such as the evolution of competition and market consolidation, the regulatory framework, the supply chain, technological innovation, data privacy, talent management, adaptation to changing customer demands and/or the development of new ethical or social standards.

Operational

Cybersecurity-related risks; climate change, natural disasters, and other factors that may cause physical damage to our technical infrastructure that may cause network failures, service interruptions, or loss of quality; customer-related risks; with people, as well as operational management.

Financial

Risks arising from adverse movements in the economic environment or financial variables, and from the company's ability to meet its commitments, make its assets liquid and have the financing capacity to carry out the business plan, including tax issues.

Legal & Compliance

Risks related to litigation and regulatory compliance, including anti-corruption legislation; as well as compliance with legal obligations and the Company's own environmental, social and governance (ESG) objectives.

- **Digitalization**

  To take advantage of the growing volume of information, we have internally developed technological tools such as eRisk and Dashboards that facilitate analysis and monitoring throughout the Group, which are continuously improved to incorporate new functionalities and respond to the needs of the digital environment.

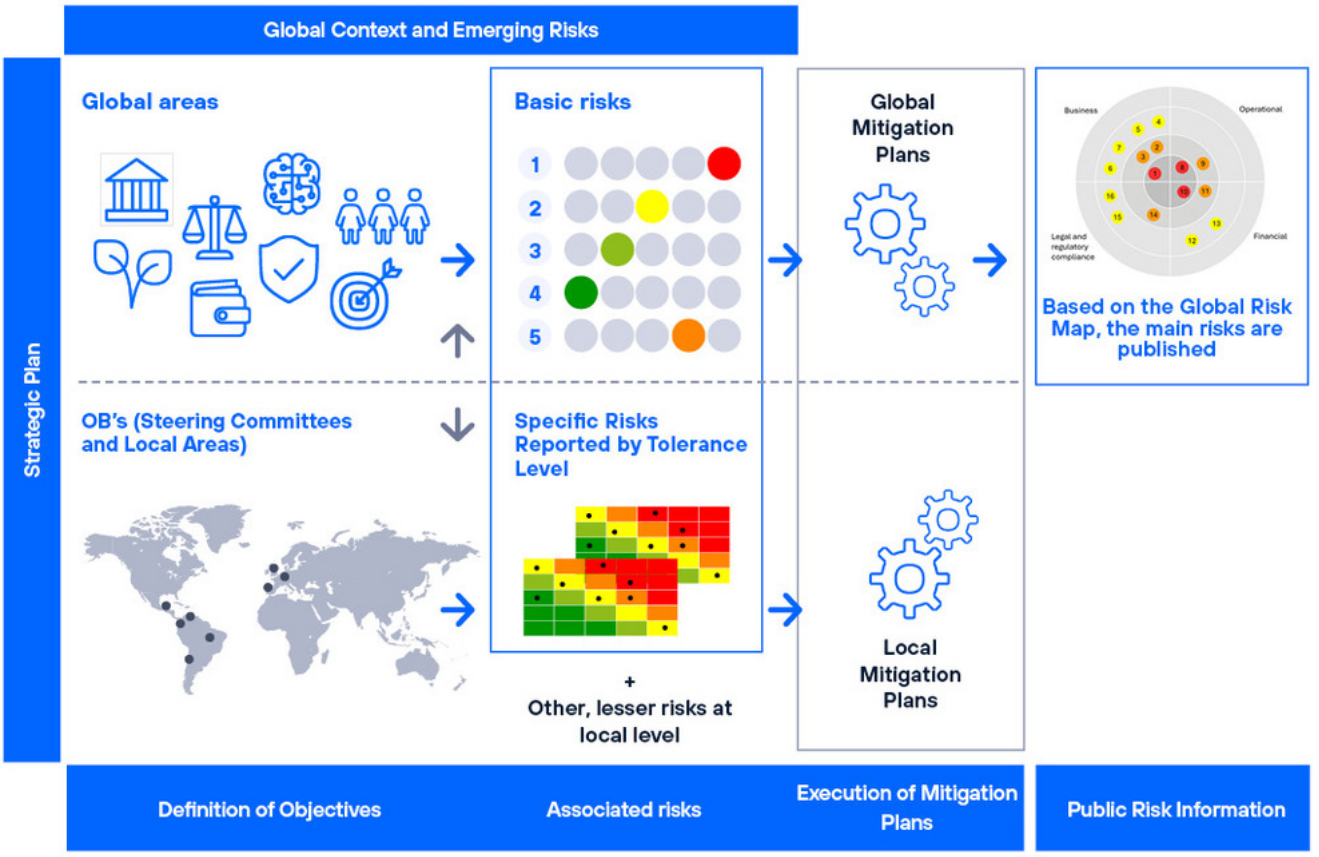
- **Quality Assurance**

  The Corporate Risk Management Function periodically reviews and evaluates the Risk Management process implemented in the companies, with the aim of verifying the quality of the information, ensuring that the model is unique and consistent across the Group, ensuring the reliability of the information for third parties and identifying best practices.

3.2. Risk Profile

Considering the model described in the previous section, the main risks of the Telefónica Group were identified based on the maps approved by the Management Committees of the companies, also integrating input from global areas for final evaluation and subsequent publication. In general, the results of this exercise are presented twice a year to the Audit and Control Committee of Telefónica S.A.

The entire process is based on the Strategic Plan, which acts as a guide for analysis and prioritisation of the most relevant risks. In addition, the Risk Observatory continuously monitors trends, enabling the anticipation of emerging scenarios and strengthening decision-making.



3.2.1. Emerging risks

These risks are defined as recently identified issues that could have an adverse impact on the Company's future development or on the sector in the long term, although their outcome and time frame are uncertain and difficult to predict.

The most significant emerging risks to consider include the following:

Cyber insecurity, increasing sophistication of cyberattacks, and geopolitical context

Regulatory fragmentation over AI

Uncontrolled adoption of AI

Geoeconomic and political confrontation

Intensification of climate change impacts

- **Cyber insecurity, sophistication of cyberattacks and geopolitical context:**

  Description: The value of large companies intellectual property and the importance of the services they provide to society, combined with geopolitical tensions in which digital infrastructure is exploited as a strategic pressure tool, bring into play both state and independent actors with a high level of funding. Advances in artificial intelligence technologies contribute to the sophistication and automation of cyber attacks, facilitating the exploitation of vulnerabilities in digital systems. In addition, advances in quantum computing could compromise current cryptographic mechanisms, putting encrypted information and digital trust at risk. Vulnerabilities can be exploited by criminal actors to carry out cybercrime activities, including ransomware, data theft and online fraud, as well as to cause tangible damage to critical operational infrastructure, carry out cyber espionage or compromise strategic information.

  Impact: A cyberattack on telecommunications infrastructure, communication protocols, network control and management systems would damage the Group's operations, image and/or business, but could also impact the Group's customers or third parties, including the theft of data and intellectual property, which could compromise commercial, financial and national defence operations, eroding confidence in critical telecommunications services.

  Mitigation measures: The Telefónica Group's strategy, based on anticipation as its first pillar, has measures already in place to protect, identify, detect, mitigate and neutralise actions before they take place or as early detection, as described in the Global Transparency Centre available on Telefónica's public website. To monitor these threats, anticipatory tasks are carried out, such as continuous monitoring of assets to detect vulnerabilities and analysis of threats and the activity of actors to generate cyber intelligence. In the event that the measures adopted do not completely prevent damage to systems or data, there are programmes and insurance coverage that include cyber risks, as indicated in the section 'Operational risks - Information technology is a relevant element of our business and is exposed to cybersecurity risks' in chapter 3.3 Risk Factors. To mitigate the risk arising from advances in quantum computing, we are upgrading the current security of our networks, adding an extra layer of protection with quantum-safe technology, combining traditional cryptography with post-quantum cryptography. In addition, cybersecurity processes are being automated with artificial intelligence.

- **Regulatory fragmentation on Artificial Intelligence:**

  Description: The rapid adoption of ready-to-use generative artificial intelligence (GenAI) products/ solutions by consumers continues to outpace the development of robust security measures, data governance, and ethical oversight. This is compounded by regulatory fragmentation and divergent requirements across different geographies, which lead to inconsistent data quality and disrupt the cross-border flows essential for training and deploying AI models. The lack of regulatory harmonisation not only increases operational complexity, but also exposes organisations to penalties, disruptions in international data flows and reputational risks. In some countries, regulation is excessive, further compounding the challenges for companies seeking to operate safely and efficiently in a global environment.

  Impact: Regulatory fragmentation, proposed revisions and adjustments to existing regulations, and changes to implementation deadlines, all of which are subject to complex legislative procedures, the lack of

guidelines or standards necessary for the application of the regulation, or national regulations still in the pipeline, generate technical and regulatory uncertainties that jeopardise the deployment of AI systems. In this context, the responsible adoption of AI requires robust data quality controls, governance, and regulatory compliance to mitigate operational and strategic impacts that require greater certainty in the regulatory framework.

Mitigation actions: The Company constantly monitors projects and regulatory changes in different geographical areas, issuing comments to regulators on the appropriateness, requirements and complexity of certain provisions, with the aim of promoting balanced regulations that benefit both companies and consumers. Furthermore, the constant evolution of AI means that global governance frameworks are being improved to ensure the quality and traceability of the data used in models.

- **Uncontrolled adoption of generative artificial intelligence:**

  Description: The accelerated and uncontrolled adoption of generative AI poses a critical challenge for organisations, as the rapid availability and evolution of these tools makes it difficult to implement controls and long-term strategies in a timely manner. Approval processes are often bypassed and experimentation outweighs governance, increasing the risk of data leaks and misuse. Added to this is limited transparency in decision-making, as many models operate with opaque logic (neither transparent nor easily understandable), complicating their interpretation. This lack of clarity can lead to regulatory and strategic risks. It is therefore essential to combine responsible experimentation with robust human oversight mechanisms and to strengthen AI literacy at all levels of the company.

  Impact: operationally, it increases the risk of data leaks and misuse, as well as errors in key processes due to the integration of unvalidated models. Financially, it could lead to high remediation costs and regulatory penalties for non-compliance with data protection regulations. Strategically, the lack of transparency in automated decisions can erode the trust of customers, investors and regulators, affecting corporate reputation and the ability to operate in highly demanding markets.

  Mitigation actions: different contexts will be managed through a cycle of continuous improvement of risk analyses, taking into account privacy, intellectual property, security, fundamental rights, the environment and society as a whole. All of this will be based on an internal governance model related to new digital solutions.

- **Geo-economic and political confrontation:**

  Description: The weakening of multilateral institutions and the strategic use of economic tools are fragmenting the global order and shaping a new geopolitical competition. In this context, sanctions, tariffs, regulations, capital restrictions, and supply chain controls are increasingly being used as tools of international pressure.

  In terms of trade barriers, in the coming years, governments could decide to impose tariffs not only on countries with which they have open conflicts, but on all their trading partners. This widespread imposition of tariffs worldwide would cause a substantial contraction in global trade.

  At the same time, uncertainty is likely to increase regarding the course of current conflicts and their consequences (Russia's invasion of Ukraine and the Israel-Palestine conflict). Tensions remain high and could spread to other areas (e.g., tensions in the Americas, Taiwan and countries bordering the China Sea, Iran, and other Middle Eastern countries). As a result of the conflicts, more sectors are considered "strategic" for national security and are subject to sanctions, export controls, and investment bans, including AI, semiconductors, biotechnology, quantum computing, drones, and rare earths.

  In addition, tensions continue over control of the future of technologies linked to artificial intelligence, with two blocs (the US and China) in conflict. There are high risks of restrictions on the export of electronic components and mutual blockades that polarize the development of these technologies and increase the fragmentation of ecosystems.

  This threat affects several risk categories across the board.

  Impact: The risk could lead to a significant increase in operating and equipment costs due to tariffs on hardware and critical components, as well as disruptions in the technology supply chain that delay fibre, 5G/6G and data centre projects. In addition, there would be a risk to international agreements with global suppliers, along with limitations on innovation and artificial intelligence development due to restrictions on technology transfer. These factors would put pressure on margins and EBITDA, increase regulatory and reputational exposure to rapid regulatory changes, and could increase cyber vulnerability due to geopolitical tensions.

  Mitigation actions: To mitigate the impacts of geo-economic and political confrontation, Telefónica is implementing a strategy aimed at optimising its structure and reducing exposure to higher-risk markets, including divestment processes for non-

strategic assets and focusing on more resilient businesses. The company is also strengthening supplier diversification to ensure continuity in the supply chain, promoting regional agreements that reduce dependence on critical components, and developing contingency plans for key projects such as fibre and 5G/6G. These actions seek to preserve profitability, protect OIBDA and maintain operational stability in the face of highly volatile global scenarios.

- **Intensification of climate change impacts:**

  Description: the possibility that certain natural systems on Earth (such as the climate, oceans, poles, permafrost, etc.) may undergo abrupt and progressive changes if certain critical thresholds are exceeded. These changes may be irreversible and trigger cascading effects that alter the environmental balance, biodiversity, economy and society on a global scale. Possible impacts include the collapse of ice sheets, which could lead to a significant rise in sea level, the release of carbon from thawing permafrost, and the disruption of ocean or atmospheric currents, with consequences for global and regional weather patterns.

  In recent years, the impacts of climate change have increased in magnitude and frequency, and projections indicate that this trend will intensify over the next decade. Extreme weather events are expected to become an even greater concern, categorising them as the main risk over the next 10 years according to the World Economic Forum. Risks arising from extreme weather events, including heat waves, floods, forest fires, among others, and their effects on people and technology, such as risks to operational capabilities, supply chains, critical infrastructure and consumer behaviour.

  Impact: These events can affect network infrastructure and operational continuity, disrupt supply chains, and increase maintenance costs. They also pose risks to staff safety and customer service, and can alter consumption patterns. In critical situations, it is essential to prioritise the availability and resilience of communications for emergency services and the population, ensuring connectivity in crisis scenarios.

  Mitigation actions: Telefónica addresses the risk of intensified climate change impacts through a comprehensive approach that prioritises infrastructure resilience, energy efficiency and operational continuity. The company is strengthening its critical networks and centres, promoting the use of renewable energy, developing business continuity plans and taking out specific insurance cover for climate events. It also promotes the circular economy and collaboration with suppliers to reduce vulnerabilities in the supply chain. Looking ahead, it will be essential to strengthen infrastructure adaptation in areas of greater exposure, improve emergency response capabilities, further digitalisation to anticipate impacts, and strengthen risk management throughout the value chain, adjusting measures as the dynamics and severity of climate events evolve.

3.2.2. Main risks and opportunities from an ESG perspective

Given the nature of the business and its sustainability context, we are exposed to various types of sustainability-related risks and opportunities. For their identification and assessment, a procedure has been followed as part of the 2025 double materiality process. Furthermore, the material risks and their management are described in each of the material standards.

2.3.1.2. Identification and assessment of impacts, risks and opportunities.

3.2.3. Materialised risks

The Company monitors materialised risks. The strategy and management of Telefónica Group's activities tend to minimise the impact of materialised risks, as well as to counterbalance the negative effects of some issues with the favourable evolution of others.

During this year, extreme weather events and geopolitical events, such as the conflict in the Middle East, the war between Russia and Ukraine, and tensions between the United States and China, among other factors, have affected various areas and the Company's operations. The most important aspects and their impact are highlighted in section 3.3 Risk Factors.

Likewise, divestments were made in non-strategic assets during the year, and accounting write-downs were recorded for impairment of intangible assets, property, plant, and equipment, or goodwill, which are detailed in section 3.3 Risk Factors.

3.3. Risk Factors

3.2.4. Interdependence of risk and scenario analysis

In addition to individual assessment, Telefónica analyses the interdependence between risks, as the materialisation of one risk can amplify others. This approach allows for correlation analysis and stress testing in adverse scenarios, such as cybersecurity, operational resilience, ESG, among others.

Some clear examples are the connections between cybersecurity, supply chain and compliance risks and the economic and political environment, which are exacerbated by armed conflicts and geopolitical uncertainty.

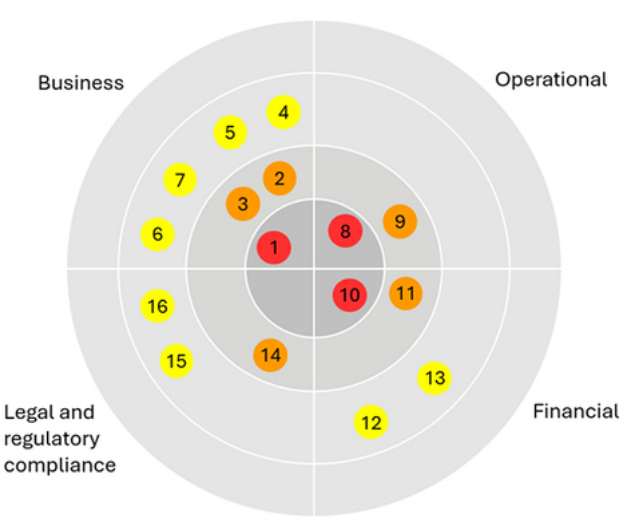
3.2.5. Main risks

The risks of Telefónica Group are prioritised based on their level of criticality, which is obtained from the combination of impact and likelihood assessments for each of them.

For public disclosure purposes, Telefónica's risks are presented under four categories, as described above, presenting the risk factors in descending order of importance within each category, in line with the requirements of ESMA (European Securities and Markets Authority).

The detail on the main risk factors disclosed by the Company is included in the following section.

Main risks



- **1** · Market consolidation and competition.
- **2** · Supply chain.
- **3** · Shortage of technological talent and evolving skill requirements driven by rapid technological changes.
- **4** · Authorisations: licenses and spectrum.
- **5** · Technological changes.
- **6** · Privacy.
- **7** · Adaptation to customer demands and social standards.
- **8** · Cybersecurity.
- **9** · Climate change, natural disasters and other factors may result in network failures, service interruptions or quality loss.
- **10** · Economic and political environment.
- **11** · Asset write-downs.
- **12** · Level of indebtedness and financing capacity.
- **13** · Exchange rates and interest rates.
- **14** · Tax disputes and claims.
- **15** · Compliance with ESG expectations, targets and regulation.
- **16** · Compliance with anti-corruption legislation..

3.3. Risk Factors

The Telefónica Group's business is affected by a series of risk factors that affect exclusively the Group, as well as a series of factors that are common to businesses of the same sector. The main risks and uncertainties faced by Telefónica, that could affect its business, financial condition, results of operations and/or cash flows are set out below and must be considered jointly with the information set out in the rest of this Annual Report.

These risks are currently considered by the Telefónica Group to be material, specific and relevant in making an informed investment decision in respect of Telefónica. However, the Telefónica Group is subject to other risks that have not been included in this section based on the assessment of their specificity and materiality based on the assessment of their probability of occurrence and the potential magnitude of their impact. The assessment of the potential impact of any risk is both quantitative and qualitative considering, among other things, potential economic, compliance, reputational and environmental, social and governance ("ESG") impacts.

Risks are presented in this section grouped into four categories: business, operational, financial, and legal and compliance.These categories are not presented in order of importance. However, within each category, the risk factors are presented in descending order of importance, as determined by Telefónica at the date of this document. Telefónica may change its vision about their relative importance at any time, especially if new internal or external events arise.

Risks related to Telefónica's Business Activities.

Telefónica's competitive position in some markets could be affected by the evolution of competition, market fragmentation or certain forms of market consolidation.

The Telefónica Group operates in highly competitive markets and it is possible that the Group may not be able to market its products and services effectively or respond successfully to the different commercial actions carried out by its competitors, causing it to not meet its growth and customer retention plans, thereby jeopardizing its future revenues and profitability.

Additionally, the Telefónica Group could be affected by the regulatory actions of antitrust authorities. These authorities could prohibit or hinder certain actions, such as consolidation processes in local markets (making it more difficult to achieve the scale required to compete efficiently or to capture operational efficiencies and optimize investments in infrastructure and technology) or specific commercial practices or create obligations or impose heavy fines. Any such measures implemented by the antitrust authorities could affect the Group's competitive position and its ability to sustain long-term growth and/or harm to the future growth of some of its businesses or hinder competition at a global level.

The entry of new competitors in core markets (leveraging asymmetric regulation and wholesale obligations for incumbents), market concentration via mergers by other players (e.g. Vodafone/Three in the United Kingdom) or changes in control at key competitors (e.g. Vodafone – Zegona in Spain), may re-configure markets. This could affect Telefónica's relative competitive position, impacting the potential evolution of revenues and market share, especially if new entrants pursue aggressive customer acquisition strategies. Additionally, new entrants could decide to accelerate network rollout (e.g. 5G and Fibre) aiming at differentiating in the market, which could lead to increased competition in infrastructure.

Today most telecom operators, such as Telefónica, include services beyond core connectivity services in their portfolio, albeit the weight of these services is relatively minor. Competitive dynamics for digital services are different, since these markets are dominated by specialized over-the-top (OTT) players and big tech companies, which leverage global platform economics and strong customer brands.

If Telefónica is not able to successfully face these challenges, by ensuring a supply of cutting-edge technology products and services and maintaining its competitiveness against current or future competitors, the Group's business, financial condition, results of operations and/or cash flows could be adversely affected.

Telefónica could be affected by disruptions in the supply chain or international trade restrictions, or by the dependency on its suppliers.

The existence of critical suppliers in the supply chain, especially in areas such as network infrastructure, information systems or handsets with a high concentration in a small number of suppliers, poses risks that may affect Telefónica's operations. In the event that a participant in the supply chain engages in practices that do not meet acceptable standards or does not meet Telefónica's performance expectations (including delays in the completion of projects or deliveries, poor-quality execution, cost deviations, reduced output due to the suppliers own stock shortfalls, or inappropriate practices), this may harm Telefónica's reputation, or otherwise adversely affect its business, financial condition, results of operations and/or cash flows. Further, in certain countries, Telefónica may be exposed to labour contingencies in connection with the employees of such suppliers.

As of December 31, 2025, the Group depended on three handset suppliers (one of them located in China) and eight network infrastructure suppliers (two of them located in China), which, together, accounted for 87% and 80%, respectively, of the aggregate value of contracts awarded as of December 31, 2025 to handset suppliers and network infrastructure suppliers, respectively. One of the handset suppliers (not located in China) represented 50% of the aggregate value of contracts awarded as of December 31, 2025 to handset suppliers.

As of December 31, 2025, the Telefónica Group had approximately 80 information technology ("IT") providers that together accounted for 80% of the total amount of IT purchase awards made as of December 31, 2025, seven of them representing 31% of purchases in that area and time frame.

If suppliers cannot supply their products to the Telefónica Group within the agreed deadlines or such products and services do not meet the Group's requirements, this could hinder the deployment and expansion plans of the network. This could in certain cases affect Telefónica's compliance with the terms and conditions of the licenses under which it operates, or otherwise adversely affect the business and operating results of the Telefónica Group.

In this regard, the global and regional supply chains of both the sector's operators and Telefónica's suppliers, are exposed to disruptions generated by geopolitical tensions, armed conflicts or political instability (i.e. Russia-Ukraine, Middle East), as well as trade tensions (semiconductor crisis), among others, that could disrupt global supply chains or may have an adverse impact on certain of Telefónica's suppliers and other players in the industry. On the other hand, tensions continue over control of the future of Artificial Intelligence technologies, with two blocs (the US and China) in conflict. There are high risks of export restrictions on electronic components and mutual blockades that could polarize the development of these technologies and increase the fragmentation of ecosystems.Telefónica Group continuously evaluates the potential impacts of changes in tariff policies on related products and components, and develops alternative sourcing strategies to mitigate any potential impact; to date, no significant impact from tariff policies has been observed for the Telefónica Group. Any of the above could increase prices for Telefónica and ultimately make our services more expensive for our customers, which could adversely affect the business, financial condition, operating results and/or the cash flows of the Telefónica Group.

National security concerns may also limit Telefónica's ability to utilize certain suppliers and require it to incur additional costs. Several EU countries have imposed restrictions on the use of telecom suppliers that are considered high-risk for 5G network infrastructure, such as certain Chinese suppliers. In Germany, Telefónica and other mobile network operators have entered into public law contracts with the Federal Ministry of the Interior and Community that obligate the mobile network operators to stop using all critical components made by Chinese suppliers in their 5G core networks by the end of 2026. The operators are also required to replace the critical functions of such suppliers' 5G network management systems in the access and transport networks of the 5G mobile network with technical solutions of other manufacturers by the end of 2029. This requires the cooperation of the suppliers, who must provide open interfaces for controlling the network elements.

Since 2021 a specific monitoring has been carried out and action plans have been developed by the Group with respect to the supply chain challenges resulting from the armed conflict in Ukraine as well as the potential discontinuation of use of some suppliers as a result of tensions between the United States and China. While Telefónica's supply chain has been generally resilient in recent years, despite various stresses affecting the semiconductor industry and raw materials, this may change in the future.

The imposition of trade restrictions and any disruptions in the supply chain, such as those related to international transport, could result in higher costs and lower margins or affect the ability of the Telefónica Group to offer its products and services and could adversely affect the Group's business, financial condition, results of operations and/or cash flows.

Further, in its sale of digital services, the Telefónica Group regularly integrates the digital services it offers with third-party technologies. Similar to more traditional supplier relationships, these integrations subject the Telefónica Group to the risks of performance failures by these third parties and the cost of continuously monitoring these strategic partners to ensure they maintain appropriate levels of accreditation and that the technologies they provide remain secure and up to date. Any such performance failure by the third parties or the technologies they provide could negatively impact the digital services offered by the Telefónica Group, and the Group's business, financial condition, results of operations and/or cash flows could be adversely affected as a result.

Telefónica could be affected by the global technology talent shortage and the need for new skills in the workforce due to rapid technological changes, which may limit the Group's competitiveness.

The changing need for new skills in the workforce due to ongoing technological disruptions and the shortage of technology talent in the marketplace pose significant risks that may affect the Group's competitiveness.

The successful execution of Telefónica's strategic plan and Telefónica's ability to compete effectively now and in the future depends to a large extent on the Company's key talent, as well as on a highly skilled workforce.

To continue developing next-generation connectivity and digital services for our residential and corporate customers, incorporating the latest technological changes and adapting them to the evolving customer needs, we require profiles with technological skills such as software development, big data, artificial intelligence, and cybersecurity, among others.

These types of experienced profiles in the technology sector are in high demand and competition for talent is fierce worldwide. A lack of talent and the necessary skills in the Group can slow down innovation and adaptation to rapid changes in the sector, impacting business opportunities and the quality of services provided.

While the Group takes various steps to manage these risks, including fostering a culture of continuous learning, through ambitious employee training and reskilling programs, motivating and seeking to retain the Group's key talent and by redefining Telefónica's corporate culture to ensure the company's long-term growth and sustainability, there can be no assurance that such steps will be sufficient.

If the Group fails to attract and retain technology talent, this could negatively affect the Group's business, financial condition, results of operations and/or cash flows.

The Group requires government concessions and licenses for the provision of a large part of its services and the use of spectrum, which is a scarce and costly resource.

Many of the Group's activities (such as the provision of telephone services, Pay TV, the installation and operation of telecommunications networks, use of spectrum, etc.) require licenses, concessions or authorizations from governmental authorities, which typically require that the Group satisfies certain obligations, including minimum specified quality levels, and service and coverage conditions. If the Telefónica Group breaches any of such obligations, it may suffer consequences such as fines or other measures that would affect the continuity of its business. In addition, in certain jurisdictions, the terms of granted licenses may be modified before the expiration date of such licenses or, at the time of the renewal of a license, new enforceable obligations could be imposed or the renewal of a license could be refused.

In addition, the Telefónica Group requires sufficient appropriate spectrum to offer its services. The intention of the Group is to maintain current spectrum capacity and, if possible, to expand it, through the participation of the Group in spectrum auctions which are expected to take place in the next few years, which will likely require cash outflows to obtain additional spectrum or to comply with the coverage requirements associated with some of the related licenses. While Telefónica considers its current spectrum capacity to be sufficient in all the regions in which Telefónica operates, the Group's failure to retain or obtain sufficient or appropriate spectrum capacity in these jurisdictions in the future, or its inability to assume the related costs, could have an adverse impact on its ability to maintain the quality of existing services and on its ability to launch and provide new services, which may materially adversely affect Telefónica's business, financial condition, results of operations and/or cash flows.

Any of the foregoing, as well as the additional matters addressed below, could have a material adverse effect on the business, financial condition, results of operations and/or cash flows of the Group.

Access to new concessions/ licenses of spectrum.

In Spain, the Ministry of Economic Affairs and Digital Transformation (currently the Ministry of Digital Transformation and Civil Service) approved in June 2023 a modification to the National Frequency Allocation Table ("CNFA"), allowing for the possibility of making available 450 MHz of the 26 GHz spectrum band, to companies, industries and organizations operating in a specific sector, that deploy private networks to support their connectivity needs (verticals). This could mean more competition in the private corporate network segment. Additionally, in June 2025, concerning the draft regulation to amend the CNAF, the Spanish telecommunications regulator (CNMC) has proposed to the Ministry of Digital Transformation and the Civil Service, that the initial 20 MHz of the 3500MHz band (3400-3420 MHz), that currently constitute a guard band, to be allocated for self-provision uses, which could affect the B2B private network business.

In the UK, following the clearance of the merger between Vodafone UK and Three UK, the Office of Communications ("Ofcom") has approved a series of spectrum trades that were agreed in the process with the merging parties and VMO2 in exchange of a payment. Following a process of defragmentation of certain bands, a net transfer to VMO2 of 78.8MHz of useable spectrum, comprising 20MHz (1400MHz), 18.8MHz (2100MHz), 25MHz (2600MHz including a 5MHz guard band) and 20MHz (3500MHz) will take place. In addition, VMO2 acquired 800MHz of 26GHz and 1000MHz of 40GHz spectrum in an auction in October 2025. These new licenses have a 15-year duration.

In Brazil, the Agencia Nacional de Telecomunicações ("ANATEL") conducted a public consultation until April 7, 2025, about a long-term schedule for spectrum auctions. This proposal includes frequencies in multiple bands for auctions in the short (2026–2028), medium (2029–2032) and long term (2032–2036). The final version of the spectrum auction schedule was approved by Resolution 785/2025. In addition, on July, 2025, ANATEL approved the bidding process for the 700 MHz band which involves the spectrum that was returned by the provider Winity in 2023. According to the approved terms, regional lots will be offered, prioritizing, in this order, regional providers that already hold authorizations in the 3.5 GHz band and those that do not yet hold authorizations in the 700 MHz band. The bid notice was approved by the Federal Court of Accounts and published by ANATEL on February 13, 2026. The opening of bids is scheduled for April 30, 2026.

Existing licenses: renewal processes and modification of conditions for operating services.

In Germany, in March 2025, the Bundesnetzagentur ("BNetzA") published a decision on the extension of the frequencies at 800 MHz, 1800 MHz and 2.6 GHz, which partially expired at the end of 2025. The decision provides for the existing frequency usage rights in the above mentioned frequency ranges, to extend upon request for a transitional period of five years. The extension of the usage rights is accompanied by obligations for the further deployment of mobile networks, particularly in rural areas and along transport routes. There would also be a requirement to negotiate with mobile virtual network operators ("MVNOs") on the purchase of wholesale mobile services as well as an obligation to negotiate national roaming and a co-operative and shared frequency usage below 1 GHz with 1&1 Mobilfunk GmbH ("1&1"). Finally, an obligation is imposed to extend the existing 2.6 GHz spectrum lease arrangements between Telefónica and 1&1 during the extension period. In June 2025, the BNetzA has extended Telefónica's frequency usage rights as requested. As part of a second set of actions, a larger procedural framework is expected to be established for utilization from 2031 onwards, including with respect to rights of use and new frequency ranges that expire in 2033 and 2036 or become newly available for mobile communications in the coming years. A decision on this set of actions is planned for 2028.

In December 2025, BNetzA re-launched the 5G spectrum award proceedings of 2018 with an initial public hearing on spectrum regulation aspects opened until January 12, 2026. The re-launch became necessary after the Federal Administrative Court finally declared, in December 2025, BNetzA´s decision of November 26, 2018, on the allocation and auction rules of the frequencies in the 2 GHz and 3.6 GHz ranges, unlawful. The current frequency assignments will remain valid until they are either amended or revoked and re-issued under a new decision by the BNetzA. The grounds for the judgement would allow the BNetzA to reissue the previous decision with a new statement of reasons. Accordingly, in its hearing, BNetzA is considering the option of a new decision without repeating the auction, if the changes in the new decision are not significant.

In the UK, mobile spectrum licenses are generally indefinite in term, subject to an annual fee set after a fixed period (usually 20 years) from the initial auction. In 2033, after this mentioned fixed period, Ofcom will set spectrum fees for 800 MHz and 2.6 GHz bands. VMO2 currently holds spectrum in both of these bands.

With respect to Brazil, on December 16, 2024, Telefônica Brasil, ANATEL, the Brazilian Federal Court of Accounts and the Brazilian Ministry of Communications signed an agreement on the terms and conditions for the adaptation of the STFC concession contracts to an authorization instrument (the "Self-Composition Agreement"). The Self-Composition Agreement includes several key conditions: (i) Telefônica Brasil is required to make specific investments on terms established under the agreement; (ii) Telefônica Brasil must maintain the

provision of fixed-line telephone services in certain locations without adequate competition, within the concession area until December 31, 2028; (iii) all pending administrative and judicial proceedings related to the concession at ANATEL or in the courts must be resolved, and Telefônica Brasil must withdraw any cases filed against the regulator; and (iv) Telefônica Brasil must commit to fulfilling public interest pledges for up to ten years as part of the adaptation process. On April 11, 2025, Telefónica Brasil signed the unified authorization term with ANATEL, that compiles all previous licenses into one single title, finalizing the migration to the authorization regime.

ANATEL agreed to extend authorizations of the currently existing bands of 850MHz until November 2028, of 900/1800 MHz between 2031 and 2035 (depending on the region), and of 2100 MHz, until 2038. Additionally, pursuant to Resolution n° 757/2022, ANATEL intends to carry out, respectively, a refarming action consisting of the promotion of changes in the channel arrangements of the 850 MHz (2028) and 900/1800 MHz (2032) sub-bands. Certain specific requirements imposed for these renewals, including those related to the valuation criteria and obligations, are still under review by the Federal Court of Accounts.

During 2025, the Group's consolidated investment in spectrum acquisitions and renewals amounted to 199 million euros, mainly due to the acquisition of spectrum in Germany and Venezuela, 180 million euros and 19 million euros, respectively (29 million euros in 2024, mainly due to the acquisition of spectrum in Spain). In the event that the licenses mentioned above are renewed or new spectrum is acquired, it would involve additional investments by Telefónica.

Further information on certain key regulatory matters affecting the Telefónica Group and the concessions and licenses of the Telefónica Group can be found in Appendix VI "Key regulatory issues and concessions and licenses held by the Telefónica Group" of the 2025 Consolidated Financial Statements.

Telefónica operates in a sector characterized by rapid technological changes and it may not be able to anticipate or adapt to such changes or select the right investments to make.

The pace of innovation and Telefónica's ability to keep up with its competitors is a critical issue in a sector so affected by technology such as telecommunications. In this sense, significant additional investments will be needed in new high-capacity network infrastructures to enable Telefónica to offer the features that new services will demand, through the development of technologies such as 5G or fiber.

New products and technologies are constantly emerging that can render products and services offered by the Telefónica Group, as well as its technology, obsolete. In addition, the explosion of the digital market and the entrance of new players in the communications market, such as MNVOs, internet companies, technology companies or device manufacturers, could result in a loss of value for certain of the Group's assets, affect the generation of revenues, or otherwise cause Telefónica to have to update its business model. In this respect, revenues from traditional voice businesses have been shrinking in recent years, while revenues from connectivity services (e.g., fixed and mobile internet) are increasing. Additionally, evolving and diversifying its revenue sources, Telefónica offers new digital services such as Internet of Things (IoT), cybersecurity, cloud services, big data and Artificial Intelligence in the B2B segment. In B2C Telefónica offers ecosystem services such as devices, health, insurance, video content, solar energy, alarm systems, advertising, financial services and education, etc.

Additionally, the world of telecommunications is evolving towards a model of programmable networks and services. This type of network can be used by programmers in a completely new and different way than it had been in the past. As a first big step, the GSMA (Global System for Mobile Communications) is leading the Open Gateway initiative for the standardized exposure of APIs (Application Programming Interface) to developers. This is a totally new market in which telecommunications companies must be able to develop not only attractive services but new skills in order to be successful.

Telefónica continues to invest in FTTx type networks which allow the offering of broadband accesses over fiber optics with high performance. However, the deployment of such networks, in which the copper of the access loop is totally or partially replaced by fiber, requires high levels of investment.

As of December 31, 2025, in Spain, fiber coverage reached 31.3 million premises. There is a growing demand for the services that these new networks can offer to the end customer. However, the high levels of investment required by these networks result in the need to continuously consider the expected return on investment. Telefónica is constantly looking for co-investments through Telefónica Infra, but it may not be able to identify suitable partners.

In addition, the ability of the Telefónica Group's IT systems (operational and backup) to adequately support and evolve to respond to Telefónica's operating requirements is a key factor to consider in the commercial development, customer satisfaction and business efficiency of the Telefónica Group. While automation and other digital processes may lead to

significant cost savings and efficiency gains, there are also significant risks associated with such transformation processes. Any failure by the Telefónica Group to develop or implement IT systems that adequately support and respond to the Group's evolving operating requirements could have an adverse effect on the Group's information, business, financial condition, results of operations and/or cash flows.

The changes outlined above force Telefónica to continuously invest in the development of new products, technology and services to continue to compete effectively with current or future competitors. Any such investment may reduce the Group's profit and margins and may not lead to the development or commercialization of successful new products or services. To contextualize the Group's total research and development effort, the total expenditure in 2025, corresponding to its continuing operations, was 1,004 million euros (619 million euros in 2024), representing 2.9% of the Group's revenues (1.7% in 2024). These figures have been calculated using the guidelines established in the Organization for Economic Co-operation and Development ("OECD") manual. Telefónica Group's investment in CapEx in 2025 was 4,540 million euros (4.704 million euros in 2024).

If Telefónica is not able to anticipate and adapt to the technological changes and trends in the sector, or to properly select the investments to be made, this could negatively affect the Group's business, financial condition, results of operations and/or cash flows.

The Telefónica Group's strategy, which is focused on driving new digital businesses and providing data-based services, involves exposure to risks and uncertainties arising from data privacy regulation.

The Telefónica Group's commercial portfolio includes products and/or services whose provision involves the processing of large amounts of information and data. This entails an enormous responsibility, while at the same time increasing the challenges related to compliance with strong and growing privacy and data protection regulations throughout the Telefónica Group's footprint, which may stifle the technological innovation that characterizes it and to which the Group is committed. Similarly, the Group's efforts to promote innovation may result in increased compliance risks and, where applicable, costs, even more so in a context in which Artificial Intelligence is increasingly present as a key innovation factor for Telefónica's products and services, with particular consideration being given to the risks that the use of this technology poses to the fundamental rights of customers and users and, with particular relevance, with regard to their privacy and control over their data.

Telefónica is subject to Regulation (EU) 2016/679 of the European Parliament and Council of April 2016, on the protection of natural persons with regard to the processing of personal data and on the free movement of such data ("GDPR"), which is considered by the Group as a common standard of compliance in all its operations, even beyond the European Union. Additionally, the European Union has initiated a data legislative strategy that seeks to make the EU a leading space for the data-driven society, allowing data to flow freely throughout the territory and between different sectors. Therefore, the regulatory obligations imposed on operators and the risks inherent in the potential difficulty of complying with these obligations must be taken into account

In this area, and as a result of the new regulatory simplification strategy launched by the European Commission in 2025 and continued with the publication on November 19, 2025 of the proposed Digital Omnibus Regulation, various measures are being considered with a view to achieving this objective, such as the update process initiated on the GDPR which, although with little impact and benefit for Telefónica, does set a precedent for updating such an important regulation for the Group, increasing uncertainty regarding the regulatory framework applicable in the future and, consequently, negatively affecting the development of new innovative products. Likewise, the complex legislative process of these simplification and updating measures, involving a multitude of stakeholders from different fields and sectors (including civil associations for the defence of privacy), could eventually result in additional and more restrictive obligations and rules than those currently existing in the GDPR.

Moreover, considering that the Telefónica Group operates its business on a global scale, it frequently carries out international data transfers concerning its customers, users, suppliers, employees and other data subjects to countries outside the European Economic Area ("EEA") that have not been declared to have an adequate level of data protection by the European Commission, either directly or through third parties. In this context, it is particularly relevant to have the necessary legal and technical controls and mechanisms in place to ensure that such international data transfers are carried out in accordance with the GDPR, in an environment marked by uncertainty on this issue as to the most adequate and effective measures to mitigate such risks.

With regard to the international transfer of data to the United States, on July 10, 2023, the European Commission adopted its adequacy decision for the EU-U.S. Data Privacy Framework. The adequacy decision concludes that the United States ensures an adequate level of protection for personal data transferred from the EU to U.S. companies participating in the EU-U.S. Data

Privacy Framework. However, this adequacy decision can still be challenged, as was the case with previous decisions, by civil associations for the defence of privacy.

Telefónica is subject to data privacy regulations similar to the GDPR in the non-EU countries in which it operates, including the United Kingdom, Brazil and the operations in Latin America where the Group still maintains its businesses increasing compliance risks and costs in these countries. Any such potential shifts in the applicable data privacy framework necessitate careful monitoring by Telefónica to mitigate compliance and cross-border data transfer risks.

To limit the risks derived from international transfers of personal data among Telefónica Group companies, the Telefónica Group adopted Binding Corporate Rules (BCRs), approved by the Spanish Data Protection Authority on March 8, 2024, following a procedure of co-operation between the European data protection authorities. However, there can be no assurance that such rules will be sufficient to ensure compliance with requirements in every jurisdiction in which the Telefónica Group operates.

Data privacy protection requires careful design of products and services, as well as robust internal procedures and rules that can be adapted to regulatory changes where necessary, all of which entails compliance risk. Failure to maintain adequate data security and to comply with any relevant legal requirements could result in the imposition of significant penalties, damage to the Group's reputation and the loss of trust of customers and users.

Telefónica's reputation depends to a large extent on the digital trust it is able to generate among its customers and other stakeholders. In this regard, in addition to any reputational consequences, in the European Union, very serious breaches of the GDPR may entail the imposition of administrative fines of up to the larger of 20 million euros or 4% of the infringing company's overall total annual revenue for the previous financial year.

Any of the foregoing could have an adverse effect on the business, financial condition, results of operations and/or cash flows of the Group.

Telefónica may not anticipate or adapt in a timely manner to changing customer demands and/or new ethical or social standards, which could adversely affect Telefónica's business and reputation.

To maintain and improve its position in the market vis-à-vis its competitors, it is vital that Telefónica: (i) anticipates and adapts to the evolving needs and demands of its customers, and (ii) avoids commercial or other actions or policies that may generate a negative perception of the Group or the products and services it offers, or that may have or be perceived to have a negative social impact. In addition to harming Telefónica's reputation, such actions could also result in fines and sanctions.

In order to respond to changing customer demands, Telefónica needs to adapt both (i) its communication networks and (ii) its offering of digital services.

The networks, which had historically focused on voice transmission, have evolved into increasingly flexible, dynamic and secure data networks, replacing, for example, old copper telecommunications networks with newer technologies such as fiber optics, which facilitate the absorption of the exponential growth in the volume of data demanded by the Group's customers.

In relation to digital services, customers require an increasingly digital and personalized experience, as well as a continuous evolution of the Group's product and service offering. In this sense, relatively new services such as "Living Apps", "Connected Car", "Smart Cities", "Smart Agriculture", "Smart Metering" and "Solar 360" which facilitate certain aspects of the Group's customers' digital lives, are being developed. Furthermore, new solutions for greater automation in commercial services and in the provision of the Group's services are being developed, through new apps and online platforms that facilitate access to services and content, such as new video platforms that offer both traditional Pay TV, video on demand or multi-device access. In addition, Telefónica has launched new customer care applications (My Movistar in Spain, Me Vivo in Brazil, My O2 in the United Kingdom), with the aim of increasing the accessibility of the products and services the Group offers. However, there can be no assurance that these and other efforts will be successful.

In the development of all these initiatives it is also necessary to take into account several factors: firstly, there is a growing social and regulatory demand for companies to behave in a socially responsible manner, and, in addition, the Group's customers are increasingly interacting through online communication channels, such as social networks, in which they express this demand. Telefónica's ability to attract and retain clients depends on their perceptions regarding the Group's reputation and behaviour. The risks associated with potential damage to Telefónica's reputation have become more relevant, especially due to the impact that the publication of news through social networks can have.

If Telefónica is not able to anticipate or adapt to the evolving needs and demands of its customers or avoid inappropriate actions, its reputation could be adversely affected, or it could otherwise have an adverse effect on the business, financial condition, results of operations and/or cash flows of the Group.

Operational Risks.

Information technology is key to the Group's business and is subject to cybersecurity risks.

Telefónica's operations, as well as the products and services it provides, rely on information technology systems and platforms that are susceptible to cyberattacks. If successful, these attacks can hinder the effective provision, operation, and commercialization of our products and services and our customers' use of the same. Therefore, cybersecurity risks are among the most significant risks for the Group.

Telecommunications companies worldwide, including Telefónica, face a continuous increase in cybersecurity threats. These companies and their customers are becoming increasingly digital, processing and storing valuable information electronically relying on cloud services provided by third parties, permitting remote access and teleworking by employees and collaborators and expanding IoT environments. All of the above, together with the increasing regulatory pressure regarding cybersecurity, compels companies to review the applicable requirements and the security controls implemented beyond the traditional perimeter of the corporate network.

At the same time, cyberattackers, including both state and independent actors, are becoming more sophisticated, armed with high levels of funding and advanced digital tools that use technologies such as artificial intelligence and machine learning. Threats include unauthorized access to systems, the installation of computer viruses or malicious software, and security breaches in the supply chain, with the aim of improperly obtaining sensitive information or disrupting the Group's operations, which may result in penalties that may increase due to changes in cybersecurity regulations, particularly for companies in the European telecommunications sector. Furthermore, traditional security threats persist, such as the theft of laptops, data storage devices, and mobile phones, along with the possibility that Group employees or collaborators may leak information and/or perform acts that affect their networks or internal information. Additionally, the Telefónica Group is aware of potential cybersecurity risks arising from various international conflicts and monitors cyberattacks that may affect its infrastructure.

In the past three years, the Group has suffered various types of cybersecurity incidents that have included: intrusion attempts (direct or phishing), exploitation of vulnerabilities and corporate credentials being compromised; Distributed Denial of Service (DDoS) attacks, consisting of generating massive volumes of Internet traffic significantly degrade, and in some cases completely disrupt, network capacity; and malicious actions to carry out fraud in respect of services provided by Telefónica. In some of these incidents, personal data from our customers and employees has been stolen. To date, none of these cybersecurity incidents have had material consequences for the Telefónica Group, but this may change in the future.

The development and maintenance of systems to prevent and detect cyberattacks is costly and requires ongoing monitoring and updating to address the increasing sophistication of cyberattacks. In response to these risks, Telefónica has adopted technical and organizational measures as defined in its digital security strategy, such as the use of early vulnerabilities detection, access control, monitoring and log review and network segregation, as well as the deployment of firewalls, security controls in the supply chain, cryptographic controls, intrusion-prevention systems, malware detection, incident response and recovery procedures, and backup systems. Many of these processes are being automated through the use of artificial intelligence, however, Telefónica can provide no assurance that such measures are sufficient to avoid or fully mitigate such incidents. The Telefónica Group has insurance policies in place aimed at covering certain losses resulting from these types of incidents. However, due to the potential severity and uncertainty about the evolution of the aforementioned events, these policies may not be sufficient to cover in its entirety all losses that may arise out of a cybersecurity attack.

Climate change, natural disasters and other factors beyond the Group's control may result in physical damage to Telefónica's technical infrastructure that may cause unanticipated network or service interruptions or quality loss or otherwise affect the Group's business.

Climate change, natural disasters and other factors beyond the Group's control, such as system failures, lack of electric supply, network failures, hardware or software failures or the theft of network elements, can damage Telefónica's infrastructure and affect the quality of, or cause interruption to, the provision of the services of the Telefónica Group. For example, in late October 2024, record-breaking flooding and related power outages in Valencia, Spain, resulting from a high-altitude cut-off low-pressure storm system, caused severe damage to Telefónica's infrastructure. In 2025, the damage estimates were almost fully completed, ultimately resulting in amounts lower than those initially expected. In addition, Telefónica's operations have been affected in recent years by power outages in Spain, Brazil and certain Latin American countries, caused by droughts, floods, fires, or widespread failures of the electricity grid.

Further, changes in temperature and the increase in the frequency and intensity of heat waves, patterns associated with climate change may increase the energy

consumption of telecommunications networks or cause service disruption due to extreme floods or extreme weather events. These changes may cause increases in the price of electricity due to, for example, reduction in hydraulic generation as a result of recurrent droughts. Further, as a result of global commitments to tackle climate change, new carbon dioxide taxes may be imposed and could affect, directly or indirectly, Telefónica Group, and may have a negative impact on the Group's operations and results. Telefónica analyses these risks in accordance with the guidelines set forth in the Corporate Sustainability Reporting Directive (CSRD), and with the recommendations of the Task Force on Climate-Related Financial Disclosures (TCFD).

Network or service interruptions or quality loss or climate-related risks could cause customer dissatisfaction, a reduction in revenues and traffic, the realization of expensive repairs, the imposition of sanctions or other measures by regulatory bodies, and damage to the image and reputation of the Telefónica Group, or could otherwise have an adverse effect on the business, financial condition, results of operations and/or cash flows of the Group.

Financial Risks.

Worsening of the economic and political environment could negatively affect Telefónica's business.

Telefónica's international presence enables the diversification of its activities across countries and regions, but it exposes Telefónica to diverse legislation, as well as to the political and economic environments of the countries in which it operates. Any adverse developments in these countries, such as economic uncertainty, inflationary pressures, rapid normalization of monetary policy, exchange rate or sovereign-risk fluctuations, as well as growing geopolitical tensions, may adversely affect Telefónica's business, financial position, debt management, cash flows and results of operations and/or the performance of some or all of the Group's financial indicators.

Over the past few years, the global economy has faced successive shocks that have created an environment of extraordinary uncertainty, marked by overlapping disruptions. Inflationary pressures initially stemmed from supply bottlenecks during the rapid post-pandemic recovery and surging commodity prices. These factors prompted central banks to respond aggressively by raising interest rates and withdrawing liquidity, which in turn caused a significant loss of purchasing power for households. Higher wage demands—driven by tight labor markets in advanced economies and residual wage indexation practices—further fueled inflation.

Recently, inflationary pressures have eased across most regions where the Group operates, but the disinflation process has been uneven, and core inflation remains still sticky in several economies. Geopolitical risks persist: the Russia-Ukraine war, escalating tensions in the Middle East, and tariff disputes between major economies continue to threaten global trade flows, energy security, and price stability. In addition, flashpoints could broaden to other relevant areas, including heightened tensions in the Americas, around Taiwan and the countries bordering the South China Sea, as well as in Iran and other parts of the Middle East, adding further uncertainty to supply chains, financial markets, and economic growth prospects

Financial risks have also evolved. The extended phase of Central Bank prudence, couple with high government indebtedness levels increases the likelihood of renewed market volatility and stress episodes, particularly if inflation proves more persistent than expected. Conversely, aggressive monetary easing could reignite inflationary pressures, increasing the risk of stagflation period akin to the 1970s.

Looking ahead, several factors could amplify current vulnerabilities. Intensification of armed conflicts and disruptions to energy and commodity supply chains. Additional spikes in commodity prices, which could de-anchor inflation expectations. Stronger-than-expected wage growth, prolonging inflation and constraining monetary policy flexibility. Trade tensions, including potential new tariffs on U.S. imports, which would have both economic (lower growth, higher inflation) and political repercussions. Or any other economic or political decision that adversely affects the proper functioning of financial markets.

In this context, global growth has been more resilient than previously expected despite it is exposed to sudden stops. Structural challenges—such as geopolitical fragmentation, supply chain reconfiguration, and the transition to clean energy—will continue to shape the risk landscape for corporates.

So far, the main European countries where the Group operates have been affected by the ongoing geopolitical conflicts mainly through the price channel (higher commodity prices, intermediate inputs, salary costs and external tariffs, among others). However, there continues to be a concern in Europe about energy and security dependence in the face of potential episodes of gas shortages and lengthening energy transition on one hand, and economic or conflict amidst geopolitical shifts on the other. Latin America could be affected by lower external demand associated with slower global growth, deteriorating terms of trade, tighter financial conditions, doubts about debt sustainability and also by the consequences of global order changes.

As of December 31, 2025, the contribution of each segment to the Telefónica Group's total assets, excluding assets held for sale, was as follows: Telefónica

Spain 31.4% (25.8% as of December 31, 2024), VMO2 7.1% (7.6% as of December 31, 2024), Telefónica Germany 19.7% (17.7% as of December 31, 2024) and Telefónica Brazil 25.4% (22.2% as of December 31, 2024). Part of the Group's assets are located in countries that do not have an investment grade credit rating (in order of importance, Brazil and Venezuela). Likewise, Venezuela is considered country with hyperinflationary economy in 2025 and 2024.

During 2025, the contribution of each segment to the Telefónica Group's revenues was as follows (does not include VMO2 that is recorded by the equity method and therefore does not contribute to the consolidated revenues): Telefónica Spain 37.0% (35.9% in 2024), Telefónica Germany 23.3% (23.8% in 2024) and Telefónica Brazil 26.9% (27.0% in 2024).

The main risks by geography are detailed below:

In Europe, there are several economic and political risks. Firstly, the evolution of armed conflicts poses a threat to growth and inflation prospects as well as the recent tariff imposition by U.S. that could hit the economy. Any worsening in the supply of gas, oil, food, or other goods due to disruptions in the supply chain would negatively impact their prices, with a consequent effect on the disposable income of both households and businesses. In the medium term, this could result in wage increases, a persistent rise in inflation, and tighter monetary policy. Any of the above could have a negative impact on the cost of financing for the private sector, including Telefónica, and could trigger episodes of financial stress.

In addition, there is also a risk of financial fragmentation in the eurozone amidst different debt-sustainability positions, meaning that interest rates may react differently in different countries, leading to differences in yields on bonds issued by more indebted countries (including Spain) and those issued by less indebted countries, making it challenging for the former to access credit at low rates.

Lastly, Europe faces three significant long-term risks. First, Europe may fall behind in the global technological race in particular because of both its dependence on several critical raw materials, indispensable for key sectors, that must be imported from other regions, and its lag in technological innovation due to economic and financial fragmentation. Second, a burdensome regulatory environment in the European Union poses a significant threat to business, impeding growth and eroding competitiveness, with companies based in countries and regions where regulations are relatively less complex, extensive or restrictive. Third, demographic factors such as declining birth rates and population ageing may have a negative impact on the region's labour force and long-term growth prospects.

Regarding political risk, it remains to be seen whether parliament fragmentation hinders governance and the continuity of the ongoing agenda in fiscal and economic matters, climate and energy policy as well as other aspects of regional governance.

- *Spain:* there are several local sources of risks. One of them stems from the risk that high commodity prices and/or the emergence of wage pressures may delay inflation from converging toward the target, with a deeper impact on household income. Secondly, further delays in the disbursement of Next Generation European Funds (NGEU) could limit their final impact on potential GDP growth and employment. In addition, as one of the most open countries in the world from a commercial point of view, being among the top ten countries in respect of capital outflows and inflows globally, Spain could be negatively impacted by the rise of protectionism and trade restrictions more if they are amplified from goods to services. Lastly, the impact of higher-for-longer interest rates could be a source of financial stress due to high public indebtedness. In the long term, the challenge is to increase the growth of potential GDP through improvements in productivity and investment and ensure the sustainability of public debt taking into account the costs derived from population ageing, defence and climate transformation.

- *Germany*: the risk of energy shortages has diminished recently due to Europe's response in terms of diversification of energy sources and the rapid construction of regasification plants. However, it is possible that problems with energy supply may arise again. Alternative sources for gas imports could be limited, consumption could be higher due, for example, to an unusually cold winter, or competition for gas from other countries could increase. On the other hand, there is concern that higher-than-expected wage growth and/or higher input costs could lead to more persistent inflation diminishing competitiveness among the manufacturing sector. There is also a risk that prolonged or escalating geopolitical tensions could reduce international trade or increase competition to German-made products with a consequent impact on the country's potential growth, which is dependent on exports. Additionally, on the political front, It is relevant that current coalition executes the ambitious fiscal package to mitigate investment needs and enhance economic growth. Finally, long-term challenges remain, such as the ageing of the population and productivity lackluster.

- *United Kingdom*: more persistent inflation could weigh on consumption and avoid a stronger economic recovery. In particular, there is a concern that currently dynamic wage growth could lead to a further increase in the prices of goods and services, preventing inflation rates from totally normalizing. On the other

hand, UK government needs to deliver its economic program to guarantee debt dynamics and enhance economic growth amid still visible Brexit consequences in the form of barriers to trade in goods and services, mobility and cross-border exchanges.

In Latin America, the exchange rate risk is currently considered moderate by the Telefónica Group, except in Venezuela, but may increase in the future. Rapid central bank actions to contain inflation and prudent fiscal policy, have , limited the impact of external risks (global trade tensions, abrupt movements in commodity prices, concerns about global growth, tight U.S. monetary policy and financial imbalances in China) and internal risks (managing the monetary normalization as a consequence of fewer foreign currency availability and the possible fiscal deterioration). However, rising geopolitical tensions with the US have become an additional source of risk.

- *Brazil*: fiscal sustainability and increased economic intervention remain the main domestic risk. Despite recently announced measures to contain public spending, and increase taxes, deep fiscal reforms aimed at simplifying the tax system and promoting stronger and sustainable economic growth, are slowly being approved. Despite external country risk is contained, volatility surrounding public debt sustainability is still high. Moreover, inflation expectations albeit at level within Central Bank tolerance range, stay at high levels, paving the way for restrictive monetary policy longer than expected and increasing the risks of a more pronounced economic slowdown. Political uncertainty is likely to intensify ahead of Brazil's October 2026 presidential election, potentially affecting policy predictability and market conditions.

- *Mexico:* economic performance remains exposed to external conditions and policy adjustments mainly from US trade policy.

- *Venezuela:* despite recent US intervention, continues to face a fragile macroeconomic environment with inflationary pressures and currency volatility. Persistent constraints on financial flows, policy unpredictability and capital-control regimes are material risks for the scenario.

As discussed above, the countries where the Group operates are generally facing significant economic uncertainties and, in some cases, political uncertainties. The worsening of the economic and political environment in any of the countries where Telefónica operates may materially adversely affect the Group's business, financial condition, results of operations and/or cash flows.

The Group has experienced and, in the future, could experience impairment of goodwill, investments accounted for by the equity method, deferred tax assets or other assets.

In accordance with current accounting standards, the Telefónica Group reviews on an annual basis, or more frequently when the circumstances require it, the need to introduce changes to the book value of its goodwill (which as of December 31, 2025, represented 17.2% of the Group's total assets), deferred tax assets (which as of December 31, 2025, represented 6.5% of the Group's total assets) or other assets, such as intangible assets (which represented 9.9% of the Group's total assets as of December 31, 2025), and property, plant and equipment (which represented 19.7% of the Group's total assets as of December 31, 2025). In the case of goodwill, the potential loss of value is determined by the analysis of the recoverable value of the cash-generating unit (or group of cash-generating units) to which the goodwill is allocated at the time it is originated, and such calculation requires significant assumptions and judgment. In 2025, impairment losses were recorded for the cash-generating units Chile (174 million euros) Telefónica Tech UK & Ireland (254 million euros) and Be-terna (58 million euros). In addition, VMO2, our 50:50 joint venture with Liberty Global in the United Kingdom, recorded in 2025 an impairment of its goodwill amounting to 1,170 million euros, with a negative impact of 585 million euros on the "results of investments accounted for using the equity method" in the Group's consolidated income statement. In 2024, Telefónica recorded impairment losses on intangible assets and property, plant and equipment in Argentina in an aggregate amount of 1,274 million euros and impairment losses on goodwill in an aggregate amount of 866 million euros with respect to the cash-generating units in Chile (397 million euros), Peru (226 million euros), Telefónica Tech UK & Ireland (192 million euros) and BE-terna Group (51 million euros). Likewise, impairment losses were recorded in Peru in 2024, including impairment losses on intangible assets (54 million euros) and on goodwill allocated to the fiber optics business (34 million euros), as well as a reversal of deferred tax assets for loss carryforwards (91 million euros). Additionally, following the analysis of the recoverability of the assets of Pangea (the wholesale fiber optic company in Peru) at the end of 2024, an impairment of property, plant and equipment (108 million euros) was recorded, as well as a reversal of deferred tax assets (13 million euros). The impairment losses recorded in connection with assets in Argentina and Peru are presented as discontinued operations, given that the companies that generated them were sold in 2025.

In addition, Telefónica may not be able to realize deferred tax assets on its statement of financial position to offset future taxable income. The recoverability of deferred tax assets depends on the Group's ability to

generate taxable income over the period for which the deferred tax assets remain deductible. If Telefónica believes it is unable to utilize its deferred tax assets during the applicable period, it may be required to record an impairment against them resulting in a non-cash charge on the income statement.

Further impairments of goodwill, deferred tax assets or other assets may occur in the future which may materially adversely affect the Group's business, financial condition, results of operations and/or cash flows.

The Group faces risks relating to its levels of financial indebtedness, the Group's ability to finance itself, and its ability to carry out its business plan.

The operation, expansion and improvement of the Telefónica Group's networks, the development and distribution of the Telefónica Group's services and products, the implementation of Telefónica's strategic plan and the development of new technologies, the renewal of licenses and the expansion of the Telefónica Group's business in countries where it operates, may require a substantial amount of financing.

The Telefónica Group is a relevant and frequent issuer of debt in the capital markets. As of December 31, 2025, the Group's financial liabilities amounted to 34,339 million euros (38,782 million euros as of December 31, 2024), and the Group's net financial debt amounted to 26,824 million euros (27,161 million euros as of December 31, 2024). As of December 31, the average maturity of the debt was 10.9 years (11.3 years as of December 31, 2024), including undrawn committed credit facilities.

A decrease in the liquidity of Telefónica, or a difficulty in refinancing maturing debt or raising new funds as debt or equity could force Telefónica to use resources allocated to investments or other commitments to pay its financial debt, which could have a negative effect on the Group's business, financial condition, results of operations and/or cash flows.

Funding could be more difficult and costly to obtain in the event of a deterioration of conditions in the international or local financial markets due, for example, to monetary policies set by central banks, including increases in interest rates and/or decreases in the supply of credit, increasing global political and commercial uncertainty and oil price instability, or if there is an eventual deterioration in the solvency or operating performance of Telefónica.

As of December 31, 2025, the Group's current financial liabilities scheduled to mature in the following 12 months amounted to 4,219 million euros.

In accordance with its liquidity policy, Telefónica has covered its gross debt maturities for the next 12 months with cash and credit lines available as of December 31, 2025. As of December 31, 2025, the Telefónica Group had undrawn committed credit facilities arranged with banks for an amount of 10,007 million euros (9,667 million euros of which were due to expire in more than 12 months). Liquidity could be affected if market conditions make it difficult to renew undrawn credit lines. As of December 31, 2025, 3.4% of the aggregate undrawn amount under credit lines was scheduled to expire prior to December 31, 2026.

In addition, given the interrelation between economic growth and financial stability, the materialization of any of the economic, political and exchange rate risks referred to above could adversely impact the availability and cost of Telefónica's financing and its liquidity strategy. This in turn could have a negative effect on the Group's business, financial condition, results of operations and/or cash flows.

Finally, any downgrade in the Group's credit ratings may lead to an increase in the Group's borrowing costs and could also limit its ability to access credit markets.

The Group's financial condition and results of operations may be adversely affected if it does not effectively manage its exposure to interest rates or foreign currency exchange rates.

Interest rate risk arises primarily in connection with changes in interest rates affecting: (i) financial expenses on floating-rate debt (or short-term debt likely to be renewed); (ii) the value of long-term liabilities at fixed interest rates; and (iii) financial expenses and principal payments of inflation-linked financial instruments, considering interest rate risk as the impact of changes in inflation rates.

In nominal terms, as of December 31, 2025, 57% of the Group's net financial debt had its interest rate set at fixed interest rates for periods of more than one year. The effective cost of debt related interest payments for the last 12 months excluding leases was 2.98% as of December 31, 2025 compared to 3.19% as of December 31, 2024. To illustrate the sensitivity of financial expenses to variations in short-term interest rates as of December 31, 2025: (i) a 100 basis points increase in interest rates in all currencies in which Telefónica had a financial position at that date would have led to an increase in financial expenses of 107 million euros, whereas (ii) a 100 basis points decrease in interest rates in all currencies (even if negative rates are reached) would have led to a reduction in financial expenses of 107 million euros. For the preparation of these calculations, a constant position equivalent to the position at that date is assumed of net financial debt.

Exchange rate risk arises primarily from: (i) Telefónica's international presence, through its investments and businesses in countries that use currencies other than the euro (primarily in Latin America and the United Kingdom); (ii) debt denominated in currencies other than that of the country where the business is conducted or the home country of the company incurring such debt; and (iii) trade receivables or payables in a foreign currency to the currency of the company with which the transaction was registered. According to the Group's calculations, the impact on results, and specifically on net exchange differences, due to a 10% depreciation of Latin American currencies against the U.S. dollar and a 10% depreciation of the rest of the currencies to which the Group is most exposed against the euro would result in exchange gains of 21 million euros as of December 31, 2025 and a 10% appreciation of Latin American currencies against the U.S. dollar and a 10% appreciation of the rest of the currencies to which the Group is most exposed, would result in exchange losses of 21 million euros as of December 31, 2025. These calculations have been made assuming a constant currency position with an impact on profit or loss as of December 31, 2025 taking into account derivative instruments in place.

In 2025, the evolution of exchange rates (without considering the effects of hyperinflationary countries) had a negative impact in the year-on-year growth of the Group's consolidated revenues and EBITDA, subtracting 2.8 percentage points and 3.2 percentage points respectively. Furthermore, translation differences in 2025 (excluding the impact of the negative translation differences that were recycled into the results by the companies sold in 2025, which amounted to 1,476 million euros), had a negative impact on the Group's equity of 809 million euros (negative impact of 959 million euros in 2024).

The Telefónica Group uses a variety of strategies to manage this risk including, among others, the use of financial derivatives, which are also exposed to risk, including counterparty risk. The Group's risk management strategies may be ineffective, which could adversely affect the Group's business, financial condition, results of operations and/or cash flows. If the Group does not effectively manage its exposure to foreign currency exchange rates or interest rates, it may adversely affect its business, financial condition, results of operations and/or cash flows.

Legal and Compliance Risks.

Telefónica and Telefónica Group companies are party to lawsuits, antitrust, tax claims and other legal proceedings.

Telefónica and Telefónica Group companies operate in highly regulated sectors and are and may in the future be party to lawsuits, tax claims, antitrust and other legal proceedings in the ordinary course of their businesses, the outcome of which is unpredictable.

The Telefónica Group is subject to regular reviews, tests and audits by tax authorities regarding taxes in the jurisdictions in which it operates and is a party and may be a party to certain judicial tax proceedings. In particular, the Telefónica Group is currently party to certain tax and regulatory proceedings in Brazil, primarily relating to the ICMS (a Brazilian tax on telecommunication services) and the corporate tax.

Telefónica Brazil maintained provisions for tax contingencies amounting to 325 million euros and provisions for regulatory contingencies amounting to 166 million euros as of December 31, 2025. In addition, Telefónica Brazil faces possible tax and regulatory contingencies for which no provisions are made (see Note 24c "Other provisions" and Note 25 "Tax Litigation in Telefónica Brazil" to the 2025 Consolidated Financial Statements). Furthermore, the Group makes estimates for its tax liabilities that the Group considers reasonable, but if a tax authority disagrees, the Group could face additional tax liability, including interest and penalties. There can be no guarantee that any payments related to such contingencies or in excess of Telefónica's estimates will not have a significant adverse effect on the Group's business, results of operations, financial condition and/or cash flows. In addition to the most significant litigation indicated above, further details on these matters are provided in Notes 25 (Tax matters) and 29 (Other information) to the 2025 Consolidated Financial Statements. The details of the provisions for litigation, tax sanctions and claims in Brazil can be found in Note 24 "Provisions—Telefónica Brazil" of the 2025 Consolidated Financial Statements , including provisions for civil proceedings amounting to 222 million euros.

An adverse outcome or settlement in these or other proceedings, present or future, could result in significant costs and may have a material adverse effect on the Group's business, financial condition, results of operations and/or cash flows.

Increased scrutiny and changing expectations from stakeholders, evolving reporting and other legal obligations and compliance with the Telefónica Group's own goals regarding ESG matters, may expose the Telefónica Group to various risks.

The Telefónica Group may be unable to adapt to or unable to comply with expectations from analysts, investors, customers and other stakeholders and legal requirements related to ESG issues. Moreover, such expectations and requirements may differ from one another and vary significantly across regions.

Further, the Telefónica Group's ESG objectives and initiatives incorporated in its public reports and other

communications (including its carbon dioxide emission reduction targets) exposes the Company to the risk that it will fail to achieve these objectives and initiatives, linked, in some cases, to financing instruments

Although the Telefónica Group is working to comply with ESG requirements, to achieve its objectives, and to meet the expectations of its stakeholders in these matters, if the Company is unable to meet these expectations, fails to adequately address ESG matters or fails to achieve the reported objectives (including its carbon dioxide emission reduction targets), the Telefónica Group's reputation, its business, financial position, results of operations and/or cash flows could be materially and adversely affected.

The Telefónica Group is exposed to risks in relation to compliance with anti-corruption laws and regulations and economic sanctions programs.

The Telefónica Group is required to comply with the anti-corruption laws and regulations of the jurisdictions where it conducts operations around the world, including in certain circumstances with laws and regulations having extraterritorial effect such as the U.S. Foreign Corrupt Practices Act of 1977 (the "FCPA") and the United Kingdom Bribery Act of 2010. The anti-corruption laws generally prohibit, among other conduct, providing anything of value to government officials for the purposes of obtaining or retaining business or securing any improper business advantage or failing to keep accurate books and records and properly account for transactions.

In this sense, due to the nature of its activities, the Telefónica Group is increasingly exposed to this risk, which increases the likelihood of occurrence. In particular, it is worth noting the continuous interaction with officials and public administrations in several areas, including the institutional and regulatory fronts (as the Telefónica Group carries out a regulated activity in different jurisdictions), the operational front (in the deployment of its network, the Telefónica Group is subject to obtaining multiple activity permits) and the commercial front (the Telefónica Group provides services directly and indirectly to public administrations). Moreover, Telefónica is a multinational group subject to the authority of different regulators and compliance with various regulations, which may be domestic or extraterritorial in scope, civil or criminal, and which may lead to overlapping authority in certain cases. Therefore, it is very difficult to quantify the possible impact of any breach, bearing in mind that such quantification must consider not only the economic amount of sanctions, but also the potential negative impact on the business, reputation and/or brand, or the ability to contract with public administrations.

Additionally, the Telefónica Group's operations may be subject to, or otherwise affected by, economic sanctions programs and other forms of trade restrictions ("sanctions") including those administered by the United Nations, the European Union, the United States, including by the U.S. Treasury Department's Office of Foreign Assets Control (OFAC) and the United Kingdom. Sanctions restrict the Group's business dealings with certain countries, territories, individuals and entities and may impose certain trade restrictions, among others, export and/or import trade restrictions to certain goods and services. In this context, the provision of goods and services by a multinational telecommunications group, such as the Telefónica Group, directly and indirectly, and in multiple countries, requires the application of a high degree of diligence to prevent the contravention of sanctions. Given the nature of its activity, the Telefónica Group's exposure to these sanctions is particularly noteworthy.

Although the Group has internal policies and procedures designed to ensure compliance with the above mentioned applicable anti-corruption laws and sanctions regulations, there can be no assurance that such policies and procedures will be sufficient or that the Group's employees, directors, officers, partners, agents and service providers will not take actions in violation of the Group's policies and procedures (or, otherwise in violation of the relevant anti-corruption laws and sanctions regulations) for which the Group, its subsidiaries or they may be ultimately held responsible. In this regard, Telefónica cooperates with governmental authorities in connection with the enforcement of anti-corruption laws. For example, certain companies within the Group have been the subject of corruption investigations and charges in the past, one of which resulted in a financial penalty. See Note 29 b)-Other Proceedings to the Consolidated Financial Statements.

Failure to comply with anti-corruption laws and sanctions regulations could lead to further financial penalties, termination of government contracts, and the revocation of licenses and authorizations, and could have a material adverse effect on the Group's reputation, or otherwise adversely affect the Group's business, financial condition, results of operations and/or cash flows.

4. Annual Corporate Governance Report

Annual Corporate Governance Report

4.1. Main aspects of Corporate Governance in 2025 and 2026

4.2. Ownership Structure

4.3. General Shareholders' Meeting

4.4. Organisational Structure of the Administrative Bodies

4.5. Transactions with Related Parties and Conflicts of Interest

4.6. Risk Control and Management Systems

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4.8. Annual Corporate Governance Report Statistical Annex for Listed Companies

4.9. Further information of interest

4.1. Main aspects of Corporate Governance in 2025 and 2026

4.1.1. Corporate Governance System

Telefónica's fundamental corporate governance system principles are set forth in its Bylaws, in the Regulations of the Board of Directors, in the Regulations for the General Shareholders' Meeting, in the Regulations for the Audit and Control Committee, in the Regulations for the Nominating, Compensation and Corporate Governance Committee, in the Internal Code of Conduct for Securities Markets Issues, and in certain Policies relating to this matter, particularly noteworthy, among others, are the Diversity Policy in relation to the Board of Directors and the Selection of Board Members, the Disclosure, Contact and Engagement Policy for Shareholders, Institutional Investors and Proxy Advisors, and the Remuneration Policy of the Directors of Telefónica, S.A. These regulations determine the action principles of the Board of Directors, govern its organization and operation and set the rules of conduct of its members.

The principles underlying Telefónica's corporate governance system are the following:

a. the maximization of the value of the Company in the interest of the stakeholders,

b. the essential role of the Board of Directors in the supervision of the management of the Company, and

c. transparency as regards information in relations with its stakeholders including employees, shareholders, investors and customers, among others.

In this regard, the Board of Directors will take the necessary measures to ensure: (i) that the Company's management team pursues the creation of value for the shareholders, (ii) that such management team is under its actual supervision, (iii) that no person or small group of persons holds a decision-making power that is not subject to checks and balances or controls, and (iv) that any shareholder receives privileged treatment compared to the others.

4.1.2. Continuous improvement of Corporate Governance

Telefónica undertakes the firm commitment to continuously improve its corporate governance framework by expanding, enhancing and consolidating the best practices in this subject.

To this end, the Company carries out an ongoing analysis and review of its corporate governance structures and the degree of compliance with the main recommendations existing in the subject of good governance, always in consideration of possible initiatives to make short and medium term improvements and seeking out the formula for governance that best defends the interests of its shareholders and sustainable value creation.

In this context, Telefónica has adopted, among others, the following decisions and measures:

i) the progressive renewal of the Board of Directors has been aimed at reinforcing its balance, diversity and alignment with the best corporate governance practices. During 2025, new Directors were appointed who contribute the experience, knowledge and professional background necessary to drive the Telefónica Group project and face the

challenges of the telecommunications sector. Among these appointments, the following stand out: (i) the appointment of Mr. Marc Thomas Murtra Millar as Executive Director and Executive Chairman, designated by co-optation on January 18, 2025, and of Mr. Emilio Gayo Rodríguez, as Executive Director and as Chief Executive Officer, appointed by co-optation on March 6, 2025; both appointments were agreed following a favorable report from the Nominating, Compensation and Corporate Governance Committee, and were subsequently ratified by the Ordinary General Shareholders' Meeting held on April 10, 2025; (ii) the appointment by co-optation, on February 26, 2025, of Mr. Olayan M. Alwetaid as Proprietary Director, upon proposal of the significant shareholder Green Bridge Investment Company SCS / Stc Group, following a favorable report from the Nominating, Compensation and Corporate Governance Committee, as well as that of Ms. Ana María Sala Andrés as Independent Director, upon the proposal of the Nominating, Compensation and Corporate Governance Committee, both of which were subsequently ratified by the Ordinary General Shareholders' Meeting held on April 10, 2025; and (iii) the appointments, by co-optation and upon the proposal of the Nominating, Compensation and Corporate Governance Committee, of Ms. Anna Martínez Balañá, of Ms. Mónica Rey Amado- both appointed on July 29, 2025- and of Mr. César Mascaraque Alonso-appointed on October 22, 2025- as Independent Directors, whose appointments will be proposed to the next General Shareholders' Meeting for ratification.

As a result of these actions, as of the date of this Report, the Board of Directors is composed of 60% Independent Directors and reaches 40% female representation, in line with corporate governance recommendations both in terms of independence and gender diversity, as well as with the provisions of Organic Law 2/2024, of August 1, on parity representation and balanced presence of women and men.

Likewise, the compositions of the Committees of the Board of Directors were updated, guaranteeing in all of them a majority of Independent Directors, in line with the best practices required to listed companies.

ii) the application of rigorous processes and fully aligned with the best practices of good governance has guided the procedure followed for the selection of both the Statutory Auditor and of the Verifier of Sustainability Information for financial years 2027, 2028 and 2029, for both Telefónica, S.A. and its Consolidated Group, carried out in accordance with the criteria of independence, quality and transparency established in CNMV Technical Guide 1/2024 and in the applicable regulations. Taking into account the recommendations submitted by the Audit and Control Committee, the Board of Directors will propose to the next General Shareholders' Meeting the appointment of PwC as Statutory Auditor of Telefónica, S.A. and its Consolidated Group for the aforementioned financial years;

iii) the continuous implementation of a Training Program to the members of its Board of Directors in those matters that have been deemed appropriate; and

iv) the update of part of the regulations and internal policies of the Company in those matters where it has been required.

The detail of the matters indicated in the above paragraphs is given below:

> Changes related to the composition of the Board of Directors and its Committees

In light of the Company's new shareholder structure and considering that some of the relevant shareholders had expressed the convenience of undertaking a new phase in the executive chairmanship, given the recent changes in the shareholding, on January 18, 2025, the Board of Directors of Telefónica resolved, following the favorable report of the Nominating, Compensation and Corporate Governance Committee: (i) to carry out an orderly renewal of the Company's chairmanship, to align it with its new shareholder structure; and (ii) the appointment of Mr. Marc Thomas Murtra Millar as an Executive Director of the Company, also appointing him as Executive Chairman of the Board of Directors and delegating to him all delegable powers, replacing the former Executive Chairman, Mr. José María Álvarez-Pallete López, who resigned at that same meeting. Additionally, on March 6, 2025, the Board of Directors of Telefónica resolved to appoint, by co-optation of Mr. Emilio Gayo Rodríguez, as Executive Director and Chief Operating Officer of the Company, replacing Mr. Ángel Vilá Boix. These appointments were subsequently ratified by the Ordinary General Shareholders' Meeting of Telefónica held on April 10, 2025.

On the other hand, following the vacancies that arose within the Board as a result of the passing of Vice-Chairman Mr. José Javier Echenique Landiríbar on December 15, 2024, and the voluntary resignations submitted —for personal and/or professional reasons, as appropriate— by the following directors: (i) Mr. Francisco José Riberas Mera; (ii) Mr. Francisco Javier de Paz Mancho; (iii) Ms. Verónica Pascual Boé; and (iv) Ms. María Rotondo Urcola, and in order to facilitate the renewal of the management body and fill the aforementioned

vacancies, the Board of Directors resolved the following:

- Upon the proposal of the Nominating, Compensation and Corporate Governance Committee, the following appointments of Independent Directors by co-optation were approved: (i) on February 26, 2025, the appointment of Ms. Ana María Sala Andrés, subsequently ratified by the Ordinary General Shareholders' Meeting held on April 10, 2025; (ii) on July 29, 2025, the appointments of Ms. Anna Martínez Balañá and Ms. Mónica Rey Amado; and (iii) on October 22, 2025, the appointment of Mr. César Mascaraque Alonso. These appointments must be ratified at the next General Shareholders' Meeting of the Company.

- Following a favorable report from the Nominating, Compensation and Corporate Governance Committee, Mr. Olayan M. Alwetaid was appointed as Proprietary Director, by co-optation on February 26, 2025, at the request of Green Bridge Investment Company SCS/Stc Group. This appointment was ratified by the Ordinary General Shareholders' Meeting held on April 10, 2025.

Furthermore, the Technical Guide 1/2019 of the CNMV on nomination and remuneration committees recommends that in companies with a lead independent director, this person should be a member of the Nominating, Compensation and Corporate Governance Committee or, alternatively, that this Committee maintains regular contact with him. In this regard, on January 29, 2025, the Board of Directors, with the abstention of the Executive Directors and upon the proposal of the Nominating, Compensation and Corporate Governance Committee, agreed to appoint as Lead Independent Director, the Independent Director, Mr. Peter Löscher (Chairman of the Nominating, Compensation and Corporate Governance Committee).

Additionally, on February 26, 2025, the Board of Directors approved the appointment of Mr. Carlos Ocaña Orbis as Vice-Chairman of the Company's Board of Directors.

As a consequence of the modifications described above, the following changes in the composition of the Committees of the Board of Directors were agreed throughout the 2025 financial year:

- Executive Commission

To designate Mr. Marc Thomas Murtra Millar as Chairman and appoint Mr. Emilio Gayo Rodríguez, Ms. María Luisa García Blanco and Mr. César Mascaraque Alonso as Members.

- Audit and Control Committee

To designate Ms. María Luisa García Blanco as Chairwoman of the Committee and appoint Mr. Alejandro Reynal Ample as Member.

- Nominating, Compensation and Good Governance Committee

To designate Mr. Carlos Ocaña Orbis, Ms. Ana María Sala Andrés and Mr. César Mascaraque Alonso as Members.

- Sustainability and Regulation Committee

To appoint Ms. Ana María Sala Andrés (who was subsequently designated Chairwoman of said Committee in October 2025) and Ms. Mónica Rey Amado as Members.

These appointments not only reinforce the Company's commitment to gender diversity but also underscore the importance of the essential criteria of merit and capability in all selection processes carried out at Telefónica.

>Selection of the Statutory Auditor and the Verifier of Sustainability Information process for the 2027, 2028 and 2029 financial years

After carrying out a public call for tenders for the statutory audit of the financial statements of Telefónica, S.A. and its Consolidated Group —in accordance with the provisions of Law 22/2015, of July 20, on Auditing, and Regulation (EU) No. 537/2014, of April 16—, as well as for the selection of the Verifier of Sustainability Information, and after impartially, transparently and non-discriminatorily analyzing the proposals submitted by the different participating firms, the Audit and Control Committee agreed to recommend the engagement of PricewaterhouseCoopers Auditores, S.L. (PwC) as: (i) Statutory Auditor of Telefónica, S.A. and its Consolidated Group for the 2027, 2028 and 2029 financial years; and (ii) Verifier of Sustainability Information for said period. Additionally, the Committee agreed to recommend PwC as Statutory Auditor for those same financial years in the Public Interest Entities (PIEs) of the Group in which Telefónica's Audit and Control Committee has assumed the functions inherent to such committee.

The Board of Directors, taking these recommendations into consideration, agreed to submit to the next General Shareholders' Meeting the proposal to appoint PwC as Statutory Auditor of Telefónica, S.A. and its Consolidated Group for the 2027, 2028 and 2029 financial years.

> Training and Information Programmes

Telefónica offers all members of its Board of Directors continuous training programmes and refresher courses on those aspects that are specially important for performing their duties.

In this regard, throughout the 2025 financial year, training and information sessions have been imparted to the members of the Board of Directors and of the Board Committees by external consultants and internal teams related to the following topics, among others:

- Artificial Intelligence (AI):
  - Training session on AI, held on November 25, 2025.
  - Training session on AI imperative from a Silicon Valley perspective, held on December 17, 2025.
- Sustainability:
  - Training session on regulatory developments in ESG matters in 2025, held on January 28, 2025.
  - Training session on trends and benchmarking in Sustainability Information, held on September 24, 2025.
- Training session on U.S. anti-corruption legislation, held on July 29, 2025.
- Training sessions on geo economic and geostrategy, held on April 30, 2025 and June 25, 2025.

On the other hand, when new Directors join the Board, Telefónica makes the relevant Company information available to them in order to provide new members of the Board of Directors or its Committees with the necessary support to acquire the knowledge required about the Company and its Group, in such way that from their appointment, they can actively and effectively perform their duties.

Among the documentation provided to new Board Members are the following: (i) the basic corporate regulations (Bylaws, Regulations of the General Shareholders' Meeting, Regulations of the Board of Directors, Regulations of the Audit and Control Committee, and Regulations for the Nominating, Compensation and Corporate Governance Committee. Similarly, the Diversity Policy in relation to the Board of Directors and the Selection of Board Members, the Remuneration Policy of the Directors, and the Disclosure, Contact and Engagement Policy for Shareholders, Institutional Investors and Proxy Advisors); (ii) the Internal Code of Conduct for Securities Markets Issues (RIC), which establishes a series of communication obligations and restrictions on carrying out operations with securities issued by companies of the Telefónica Group; and (iii) the Schedule of ordinary sessions of the Board of Directors and of the Board Committees.

Internal sessions are also organised with the representatives of the most relevant areas so that they are familiar with the details and functioning of the Board of Directors and its Committees, as appropriate.

> Update of Corporate Regulations and Policies

During the financial year 2025, the Board of Directors has approved, among others, the update of the following corporate regulations and policies: (i) the Criminal Prevention Policy; (ii) the Policy on Internal Audit Organization and Risk Management; (iii) the Internal Code of Conduct for Securities Market Issues; (iv) the Global Human Rights Policy; (v) the Supply Chain Sustainability Policy; (vi) the Corporate Policy on the Comprehensive Disciplinary Program; and (vii) the Global Security Policy.

4.1.3. Main aspects of the Board of Directors

As of the date of drawing up of this Report, the Board of Directors of Telefónica, S.A. is composed of 15 members. The current composition of the Board of Directors and of each of its Committees is detailed below.

		Board of Directors				Board Committees			
Name	Post	Executive	Proprietary	Independent	Other External	Executive Commission	Audit and Control	Nominating, Compensation and Corporate Governance	Sustainability and Regulation
Mr. Marc Thomas Murtra Millar [1]	Chairman	x				C			
Mr. Isidro Fainé Casas	Vice-Chairman		x			VC			
Mr. José María Abril Pérez	Vice-Chairman		x			VC			M
Mr. Carlos Ocaña Orbis [2]	Vice-Chairman		x			VC	M	M	
Mr. Emilio Gayo Rodríguez [3]	Chief Operating Officer (C.O.O.)	x				M			
Mr. Peter Löscher [4]	Member			x		M	M	C	
Mr. Olayan M. Alwetaid [5]	Member		x						
Ms. María Luisa García Blanco [6]	Member			x		M	C	M	
Ms. Anna Martínez Balañá [7]	Member			x					
Mr. César Mascaraque Alonso [8]	Member			x		M		M	
Ms. Mónica Rey Amado [9]	Member			x					M
Mr. Alejandro Reynal Ample [10]	Member			x			M		
Ms. Ana María Sala Andrés [11]	Member			x				M	C
Ms. Claudia Sender Ramírez	Member			x		M			
Ms. Solange Sobral Targa	Member			x					M

C	**Chairman**
VC	**Vice-Chairman**
M	**Member**

1 The Board of Directors of Telefónica, S.A., at its meeting held on January 18, 2025, following a favorable report from the Nominating, Compensation and Corporate Governance Committee, resolved to appoint by co-optation Mr. Marc Thomas Murtra Millar as Executive Chairman of the Board of Directors of Telefónica, S.A. and of its Executive Committee, replacing Mr. José María Álvarez-Pallete López.

2 The Board of Directors of Telefónica, S.A., at its meeting held on February 26, 2025, following a favorable report from the Nominating, Compensation and Corporate Governance Committee, resolved to appoint Mr. Carlos Ocaña Orbis as Vice-Chairman of the Board of Directors. Likewise, at this same meeting, the Board of Telefónica, S.A., following a favorable report from the Nominating, Compensation and Corporate Governance Committee, resolved to designate Mr. Carlos Ocaña Orbis as Member of the Nominating, Compensation and Corporate Governance Committee.

3 The Board of Directors of Telefónica, S.A., at its meeting held on March 6, 2025, following a favorable report from the Nominating, Compensation and Corporate Governance Committee, resolved to appoint by co-optation Mr. Emilio Gayo Rodríguez as Chief Executive Officer of Telefónica, S.A. and Member of the Executive Committee, replacing Mr. Ángel Vilá Boix.

4 The Board of Directors of Telefónica, S.A., at its meeting held on January 29, 2025, upon the proposal of the Nominating, Compensation and Corporate Governance Committee, and with the abstention of the Executive Directors, resolved to appoint the Independent Director, Mr. Peter Löscher, as Lead Independent Director.

5 The Board of Directors of Telefónica, S.A., at its meeting held on February 26, 2025, following a favorable report from the Nominating, Compensation and Corporate Governance Committee, resolved to appoint by co-optation Director of Telefónica, S.A., with the category of Proprietary Director, and upon proposal of Green Bridge Investment Company SCS / Stc, to Mr. Olayan M. Alwetaid, to fill the vacancy that arose within the Board of Directors as a result of the passing of Vice-Chairman Mr. José Javier Echenique Landiríbar.

6 The Audit and Control Committee of Telefónica, S.A., at its meeting held on January 29, 2025, resolved to designate the Independent Director Ms. María Luisa García Blanco as Chair of said Committee. Likewise, the Board of Directors of Telefónica, S.A., at its meeting held on February 26, 2025, following a favorable report from the Nominating, Compensation and Corporate Governance Committee, resolved to appoint Ms. María Luisa García Blanco as Member of the Executive Committee.

7 The Board of Directors of Telefónica, S.A., at its meeting held on July 29, 2025, upon the proposal of the Nominating, Compensation and Corporate Governance Committee, resolved to appoint by co-optation Ms. Anna Martínez Balañá as Director of Telefónica, S.A., with the category of Independent Director, replacing Ms. Verónica Pascual Boé.

8 The Board of Directors of Telefónica, S.A., at its meeting held on October 22, 2025, upon the proposal of the Nominating, Compensation and Corporate Governance Committee, resolved to appoint by co-optation Mr. César Mascaraque Alonso as Director of Telefónica, S.A., with the category of Independent Director, replacing Mr. Francisco de Paz Mancho. Likewise, the Board of Directors, at its meeting held on November 26, 2025, following a favorable report from the Nominating, Compensation and Corporate Governance Committee, resolved to appoint Mr. César Mascaraque Alonso as Member of the Executive Committee and of the Nominating, Compensation and Corporate Governance Committee.

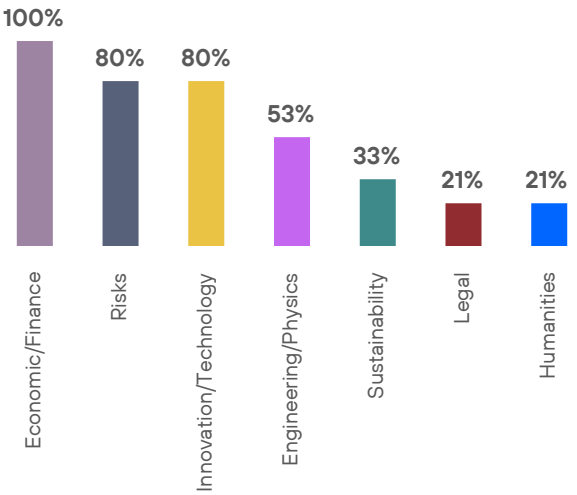
9 The Board of Directors of Telefónica, S.A., at its meeting held on July 29, 2025, upon the proposal of the Nominating, Compensation and Corporate Governance Committee, resolved to appoint by co-optation Ms. Mónica Rey Amado as Director of Telefónica, S.A., with the category of Independent Director, replacing Ms. María Rotondo Urcola. Likewise, at this same meeting, the Board of Directors, following a favorable report from the Nominating, Compensation and Corporate Governance Committee, resolved to appoint Ms. Mónica Rey Amado as Member of the Sustainability and Regulation Committee.

10 The Board of Directors of Telefónica, S.A., at its meeting held on November 25, 2025, following a favorable report from the Nominating, Compensation and Corporate Governance Committee, resolved to appoint Mr. Alejandro Reynal Ample as Member of the Audit and Control Committee.

11 The Board of Directors of Telefónica, S.A., at its meeting held on February 26, 2025, upon the proposal of the Nominating, Compensation and Corporate Governance Committee, resolved to appoint by co-optation Ms. Ana María Sala Andrés as Director of Telefónica, S.A., with the category of Independent Director, replacing Mr. Francisco José Riberas Mera. Likewise, at this same meeting, the Board of Directors, following a favorable report from the Nominating, Compensation and Corporate Governance Committee, resolved to appoint Ms. Ana María Sala Andrés as Member of the Sustainability and Regulation Committee. Furthermore, the Board of Directors, at its meeting held on July 29, 2025, following a favorable report from the Nominating, Compensation and Corporate Governance Committee, resolved to appoint Ms. Ana María Sala Andrés as Member of the Nominating, Compensation and Corporate Governance Committee. Likewise, the Sustainability and Regulation Committee of Telefónica, S.A., on October 22, 2025, resolved to designate the Independent Director Ms. Ana María Sala Andrés as Chair of said Committee.

Below are some aspects regarding diversity on the Board of Directors of Telefónica, S.A.:

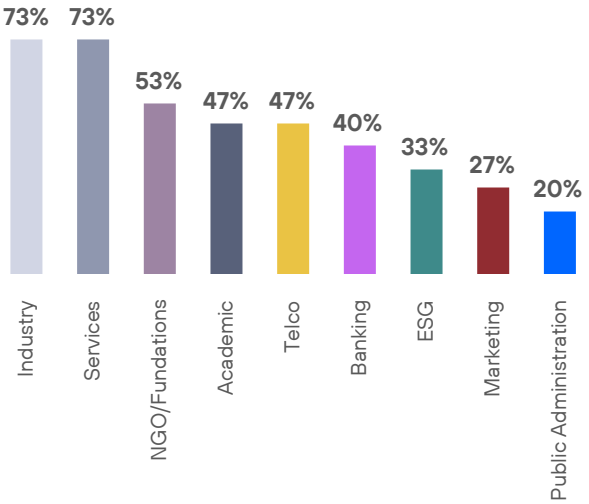
% Directors with the following knowledge and skills



Nationality

Spanish		11
Brazililan		2
Austrian		1
Saudi		1

% Directors with professional experience in the following sectors



It is detailed below the individual attendance of directors at the meetings of the Board of Directors and of each of its Committees during the year 2025.

Attendance at meetings of the Board and its Committees in 2025

		Board Committees			
Name	Board of Directors	Executive Commission	Audit and Control	Nominating, Compensation and Corporate Governance	Sustainability and Regulation
Mr. Marc Thomas Murtra Millar	16/16	12/12			
Mr. Isidro Fainé Casas	15/17	12/13			
Mr. José María Abril Pérez	17/17	13/13			10/10
Mr. Carlos Ocaña Orbis	17/17	13/13	12/12	9/10	
Mr. Emilio Gayo Rodríguez	12/12	9/9			
Mr. Olayan M. Alwetaid	11/13				
Ms. María Luisa García Blanco	17/17	9/9	12/12	13/13	2/2
Mr. Peter Löscher	16/17	12/13	11/12	13/13	
Ms. Anna Martínez Balañá	6/6				
Mr. César Mascaraque Alonso	3/3	1/1		1/1	
Ms. Mónica Rey Amado	6/6				4/4
Mr. Alejandro Reynal Ample	13/17		1/1		
Ms. Ana María Sala Andrés	13/13			4/5	8/8
Ms. Claudia Sender Ramírez	17/17	13/13			
Ms. Solange Sobral Targa	17/17				10/10

Note. The table details the attendance of directors who have personally attended the meetings of the Board of Directors or its committees, not counting the attendance of directors made by proxy.

In this regard, the Directors who, for professional reasons, have not attended the meetings of the Board of Directors or its Committees in person have granted the corresponding proxy to another Non-Executive Director.

The **total number of meetings held by the Board of Directors and the Committees in 2025** amounted **more than 60**, demonstrating the intense activity of these bodies and the Directors's firm undertaking to perform their duties with dedication and commitment.

4.2. Ownership Structure

4.2.1. Share Capital

As of December 31, 2025, the share capital of Telefónica, S.A. was set at 5,670,161,554 euros and was divided into 5,670,161,554 common shares, of a single series and with a par value of 1 euro each, fully paid in. All the shares of the Company have the same characteristics and carry the same rights and obligations.

On May 13, 2024, the share capital reduction deed was registered, for an amount of 80,296,591 euros, in which 80,296,591 own shares that were in treasury stock were redeemed, with a nominal value of 1 euro each. Following the share capital reduction, the share capital was set at 5,670,161,554 euros.

The shares of Telefónica, S.A. are represented by book entries that are listed on the Spanish Electronic Market (within the selective Ibex 35 index) and on the four Spanish Stock Exchanges (Madrid, Barcelona, Valencia and Bilbao), as well as on the Lima Stock Exchange (through American Depositary Shares (ADSs), with each ADS representing one share of the Company).

Telefónica, S.A. announced in December 2025 its intention to initiate the procedure for the voluntary delisting of its American Depositary Shares (ADSs) from the New York Stock Exchange (NYSE), as well as certain series of debt securities issued by its subsidiaries and guaranteed by Telefónica, S.A. Subsequently, in January 2026, Telefónica and said subsidiaries filed the Form 25s with the Securities and Exchange Commission (SEC), with the delisting becoming effective ten days following such filing. As a consequence, Telefónica's ADSs ceased to be traded on the NYSE and began trading on the U.S. over-the-counter market (OTC). Following the delisting, Forms 15F were filed in order to cancel the registration and suspend the corresponding reporting obligations in the United States, which cancellation and suspension will become definitive within 90 days after filing.

As of December 31, 2025, the total number of shareholders of Telefónica, S.A. amounted to approximately 950 thousand shareholders, and the distribution by investors categories was as follows:

Investor Category	% Share Capital
Domestic Institutional	31 %
Foreign Institutional	41 %
Retail	28 %

Treasury shares

At its meeting held on May 31, 2017, the Board of Directors of the Company approved the General Framework for Discretionary Treasury Shares Operations of Telefónica, S.A., as provided in articles 16.2 and 17.6 of Telefónica's Internal Code of Conduct for Securities Markets Issues (the "IRC").

Such General Framework sets forth the discretionary action principles for the management of treasury shares, observing and respecting the provisions of the above-mentioned Code, particularly as regards restrictions on price, volume and timing of the transactions.

As of the closing date of the 2025 financial year, the number of direct treasury shares was 39,762,042 (0.70% of share capital).

As for the changes in treasury shares that occurred during the financial year, see Note 17 (Equity) of the Consolidated Accounts of Telefónica, S.A. for fiscal year 2025.

Furthermore, and in connection with the authorization granted to the Board of Directors by the shareholders at the General Shareholders' Meeting to acquire the Company's own shares, the shareholders acting at the Ordinary General Shareholders' Meeting of Telefónica held on March 31, 2023 resolved to renew the aforementioned authorization granted by the shareholders themselves at the General Shareholders' Meeting of June 8, 2018 for the derivative acquisition of own shares, either directly or through companies of the Group, on the terms that are literally set forth below:

"A) To authorize, pursuant to the provisions of Section 144 et seq. of the Spanish Companies Act (Ley de Sociedades de Capital), the derivative acquisition by Telefónica, S.A., -either directly or through any of the subsidiaries-, at any time and as many times as it deems appropriate, of its own fully-paid in shares through purchase and sale, exchange or any other legal transaction.

The minimum acquisition price or minimum value consideration shall be equal to the par value of the shares of its own stock acquired, and the maximum acquisition price or maximum value consideration shall be equal to the listing price of the shares of its own stock acquired by the Company on an official secondary market at the time of the acquisition.

Such authorization is granted for a period of 5 years as from the date of this General Shareholders' Meeting and is expressly subject to the limitation that the par value of the Company's own shares acquired directly or indirectly pursuant to this authorization added to those already held by Telefónica, S.A. and any of its subsidiaries shall at no time exceed the maximum amount permitted by the Law at any time, and the limitations on the acquisition of the Company's own shares established by the regulatory Authorities of the markets on which the shares of Telefónica, S.A. are traded shall also be observed.

It is expressly stated for the record that the authorization granted to acquire shares of its own stock may be used in whole or in part to acquire shares of Telefónica, S.A. that it must deliver or transfer to directors or employees of the Company or of companies of its Group, directly or as a result of the exercise by them of their option rights, all within the framework of duly approved compensation systems referencing the listing price of the Company's shares.

B) To authorize the Board of Directors, as broadly as possible, to exercise the authorization granted by this resolution and to implement the other provisions contained therein; such powers may be delegated by the Board of Directors to the Executive Commission, the Executive Chairman of the Board of Directors, the Chief Operating Officer or any other person expressly authorized by the Board of Directors for such purpose.

C) To deprive of effect, to the extent of the unused amount, the authorization granted under Item V on the Agenda by the shareholders at the Ordinary General Shareholders Meeting of the Company on June 8, 2018."

Authorisation to increase share capital

As regards the authorizations conferred in respect of the share capital, and in addition to the authorization already described to acquire the Company's own shares, the shareholders acting at the Ordinary General Shareholders' Meeting held on April 10,2025 resolved to delegate to the Board of Directors, as broadly as required by Law, pursuant to the provisions of Section 297.1.b) of the Companies Act, the power to increase the share capital on one or more occasions and at any time, within a period of five year from the date of adoption of such resolution, by the maximum nominal amount of 2,835,080,777 euros, equal to one-half of the share capital of the Company on the date of adoption of the resolution at the General Shareholders' Meeting, issuing and floating the respective new shares for such purpose with or without a premium, the consideration for which will consist of monetary contributions, with express provision for incomplete subscription of the shares to be issued. The Board of Directors was also authorized to exclude pre-emptive rights in whole or in part, as provided in section 506 of the Companies Act. However, the power to exclude pre-emptive rights is limited to 20% of the share capital on the date on which the resolution is adopted. In accordance with the above-mentioned authorization, as of the end of fiscal year 2025, the Board would be authorized to increase the share capital by the maximum nominal amount of 2,835,080,777 euros.

Furthermore, the shareholders at the Ordinary General Shareholders' Meeting of Telefónica, S.A., held on April 10, 2025, delegated to the Board of Directors, in accordance with the general rules governing the issuance of debentures and pursuant to the provisions of applicable law and the Company's Bylaws, the power to issue debentures, bonds, notes and other fixed-income securities and hybrid instruments, including preferred shares, which may in all cases be simple, exchangeable and/or convertible and/or grant the holders thereof a share in the earnings of the Company, as well as warrants, with the power to exclude the pre-emptive rights of shareholders. The aforementioned securities may be issued on one or more occasions, within a maximum period of five years as from the date of adoption of the resolution. However, the power to exclude pre-emptive rights is limited to 20% of the share capital on the date on which the resolution is adopted. The securities issued may be debentures, bonds, notes and other fixed-income securities, or debt instruments of a similar nature, or hybrid instruments in any of the forms admitted by Law (including, among others, preferred interests) both simple and, in the case of debentures, bonds and hybrid instruments, convertible into shares of the Company and/or exchangeable for shares of the Company, of any of the companies of its Group or of any other company and/or giving the holders thereof an interest in the corporate earnings. Such delegation also

includes warrants or other similar instruments that may entitle the holders thereof, directly or indirectly, to subscribe for or acquire newly-issued or outstanding shares, payable by physical delivery or through differences. The aggregate amount of the issuance or issuances of instruments that may be approved in reliance on this delegation may not exceed, at any time, 25,000 million euros or the equivalent thereof in another currency. In the case of notes and for purposes of the above-mentioned limits, the outstanding balance of those issued in reliance on the delegation shall be computed. In the case of warrants, and also for the purpose of such limit, the sum of the premiums and exercise prices of each issuance shall be taken into account.

Furthermore, under the aforementioned delegation resolution, the shareholders at the Ordinary General Shareholders' Meeting of Telefónica, S.A. resolved to authorize the Board of Directors to guarantee, in the name of the Company, the issuance of the aforementioned instruments issued by the Companies belonging to its Group of Companies, within a maximum period of five years as from the date of adoption of the resolution.

Restrictions on the transferability of securities and/or voting rights

As for the existence of restrictions on the transfer of securities and/or voting rights, in accordance with article 26 of the Company's Bylaws, no shareholder may exercise a number of votes exceeding 10 percent of the total share capital with voting rights existing at any time, regardless of the number of shares held, all of the foregoing with full and mandatory submission to the provisions of the Law. In determining the maximum number of votes that each shareholder may cast, only the shares held by the shareholder in question shall be computed, not including those held by other holders who have delegated their representation to that shareholder, without prejudice to the application of the same percentage limit of 10 percent to each of the shareholders represented individually.

The limitation established in the preceding paragraph shall also apply to the maximum number of votes that may be cast -either jointly or separately- by two or more shareholder companies belonging to the same group of entities, as well as to the maximum number of votes that may be cast by an individual or legal entity that is a shareholder, and the entity or entities, also shareholders, that the former directly or indirectly controls.

For the purposes indicated in the preceding paragraph, in order to consider the existence of a group of entities, as well as the control situations indicated above, the provisions of section 18 of the Companies Act shall apply.

Establishing in the Bylaws the maximum number of votes that may be cast by the same shareholder or by shareholders belonging to the same group (article 26 of the Bylaws) is warranted because the purpose of such measure is to establish an appropriate balance and to protect the position of minority shareholders, preventing a possible concentration of votes on a small number of shareholders, which could affect the furtherance of the corporate interest or the interest of all the shareholders as a guide for the actions of the shareholders at the General Shareholders' Meeting. Telefónica believes that this measure does not constitute a mechanism to block public tender offers but rather a guarantee that the acquisition of control will require sufficient consensus among all the shareholders since, as is natural and may be seen from experience, potential offerors may condition their offer to the removal of such requirement.

In addition, and in accordance with section 527 of the Companies Act, at listed companies, bylaws provisions that directly or indirectly establish, in general terms, the maximum number of votes that may be cast by a single shareholder, companies belonging to the same group or those acting in concert with the foregoing shall cease to have effect when, following a public tender offer, the offeror has reached a percentage equal to or greater than 70 percent of the capital carrying voting rights, unless such offeror is not subject to equivalent neutralization measures or has not adopted them.

On the other hand, the shareholders at a General Shareholders' Meeting of Telefónica, S.A. have not resolved to adopt any neutralization measure in the event of a public tender offer in reliance on the provisions of the Securities Market Act.

In addition, the provisions of Article 7 of Law 19/2003 of July 4, 2003 on the legal regime governing the movement of capital and economic transactions abroad and on certain measures to prevent money laundering and Article 18 of Royal Decree 571/2023 of July 4, 2003 on foreign investment, which require prior authorisation for foreign investments in Spain in activities directly related to national defence, are applicable. This authorisation is exempted in two cases: (a) acquisitions of less than 5% of the share capital provided that they do not allow participation in the administrative body and (b) acquisitions of between 5% and 10% of the share capital provided that the investor renounces in a public deed before the Administration not to exercise or transfer to third parties its voting rights and not to form part of any corporate administrative bodies.

Likewise, the provisions of Article 7.bis.1 of the aforementioned Law 19/2003 must be taken into account, which requires prior authorisation for foreign investment involving the acquisition of a stake equal to or greater than 10% of the share capital (or any that entails the acquisition of total or partial control) when it

affects strategic sectors such as: critical telecommunications infrastructure, data processing or storage, critical and dual-use telecommunications technologies, artificial intelligence, robotics, cybersecurity, sectors with access to sensitive information, etc. Article 7.bis.3 of this Law requires prior authorisation for foreign investments with the same percentage or effect on the control of the company when, among other cases, the foreign investor is directly or indirectly controlled by the government of a third country.

In both cases, investment transactions carried out without the required prior authorisation are not valid and have no legal effect until they are legalised, so that, until the necessary authorisation is obtained, the foreign investor cannot exercise his economic or political rights.

4.2.2. Significant Shareholders

According to the information existing at the Company, there is no individual or legal entity that directly or indirectly, individually or jointly with others, exercises or may exercise control over Telefónica on the terms set out in section 5 of the Securities Market Act.

As of the date of drawing up of this Report, there are, however, certain shareholders holding interests that may be considered significant within the meaning of Royal Decree 1362/2007, of October 19, and which are the following:

Name or corporate name of shareholder	% voting rights attributed to shares		% of voting rights through financial instruments		% of total voting rights
	Direct	Indirect	Direct	Indirect	
Sociedad Estatal de Participaciones Industriales (*)	10.00	0.00	0.00	0.00	10.00
Criteria Caixa, S.A.U. (**)	9.99	0.00	0.00	0.00	9.99
Public Investment Fund. (***)	0.00	9.97	0.00	0.00	9.97
Banco Bilbao Vizcaya Argentaria, S.A. (****)	5.01	0.00	0.00	0.00	5.01
BlacRock, Inc. (*****)	0.00	3.54	0.00	1.47	5.01

(*)Based on the information provided by Sociedad Estatal de Participaciones Industriales (SEPI) for the 2025 Annual Report on Corporate Governance of Telefónica, S.A., as of December 31, 2025.
(**) Based on the information provided by Criteria Caixa, S.A.U. for the 2025 Annual Report on Corporate Governance of Telefónica, S.A., as of December 31, 2025. Likewise, and without this implying an incremental or additional participation, Fundación Bancaria Caixa d'Estalvis i Pensions de Barcelona, as the sole shareholder of Criteria Caixa, S.A.U., holds the same participation indirectly.
(***) Based on the information provided by Public Investment Fund to for the 2025 Annual Report on Corporate Governance of Telefónica, S.A., as of December 31, 2025. The indirect stake is hold through Green Bridge Investment Company SCS (a company controlled by Saudi Telecom Company which in turn is controlled by Public Investment Fund).
(****) Based on the information provided by Banco Bilbao Vizcaya Argentaria, S.A. (BBVA) for the 2025 Annual Report on Corporate Governance of Telefónica, S.A., as of December 31, 2025. Furthermore, according to the aforementioned information provided by BBVA, the percentage of economic rights attributed to the shares of Telefónica, S.A. owned by BBVA as of December 31, 2025, it would increase by 0.009% without voting rights of the Company's share capital.
(*****) Based on the information notified by BlackRock, Inc. to the CNMV on July 28, 2025.

Breakdown of indirect interest:

Name or corporate name of indirect owner	Name or corporate name of direct owner	% voting rights attributed to shares	% of voting rights through financial instruments	% of total voting rights
Public Investment Fund	Green Bridge Investment Company SCS	9.97	0.00	9.97
BlackRock, Inc.	BlackRock Group	3.54	1.47	5.01

It is hereby stated for the record that Telefónica is not aware of the existence of family, commercial, contractual or corporate relationships (whether significant or not arising in the ordinary course of business) among the holders of significant interests in its share capital.

Below is a description of the commercial, contractual or corporate relationships existing between the holders of significant interests and Telefónica, S.A. and/or its Group of companies (except for those of little significance or arising in the ordinary course of business):

Name of related party	Nature of relationship	Brief description
Banco Bilbao Vizcaya Argentaria, S.A.	Corporate	Shareholding of Banco Bilbao Vizcaya Argentaria, S.A. (or any of the companies of its Group), together with Telefónica, S.A. and with CaixaBank, S.A., in Telefónica Factoring España, S.A., TFP, S.A.C., Telefónica Factoring Colombia, S.A., Telefônica Factoring do Brasil, Ltda., Telefonica Factoring Chile, S.A. (indirectly through Telefónica Factoring España, S.A.) and Telefónica Factoring Ecuador, S.A. (indirectly through TFP, S.A.C.).
Banco Bilbao Vizcaya Argentaria, S.A.	Corporate	Shareholding of Ciérvana, S.L. (a company which belongs to Grupo BBVA), together with Telefónica Compras Electrónicas, S.L.U., in Adquira España, S.A.
Banco Bilbao Vizcaya Argentaria, S.A.	Contractual	Memorandum of understanding executed by Telefónica Digital España, S.L.U. with the aim of exploring a potential collaboration to offer loans to consumers and SME in Argentina, Colombia, and Perú.
Banco Bilbao Vizcaya Argentaria, S.A.	Contractual	Financial Collaboration Agreement signed with Banco Bilbao Vizcaya Argentaria, S.A., with special conditions for the Employees, Retirees and Pre-retirees group of the Telefónica Group.
Banco Bilbao Vizcaya Argentaria, S.A.	Corporate	Joint venture agreement executed between Telefónica Innovación Digital, S.L.U. (previously named Telefónica Digital España, S.L.U.) and Compañía Chilena de Inversiones, S.L., an affiliated company of BBVA, related to the incorporation of a subsidiary in Colombia with the aim of commercializing loans to consumers and SME in such country. The company, that was incorporated on January 5, 2021, a 50% joint venture between the two companies, under the name Movistar Consumer Finance Colombia, S.A.S., entered into a liquidation process on December 18, 2025.

Similarly, below is a description of the relationships and/or positions of some of the Directors of Telefónica, S.A. with its significant shareholders:

Name or company name of related director or representative	Name of company name of related significant shareholder	Company name of the group company of the significant shareholder	Description of relationship/post
Mr. José María Abril Pérez	Banco Bilbao Vizcaya Argentaria, S.A.	Banco Bilbao Vizcaya Argentaria, S.A.	Formerly General Manager of Wholesale and Investment Banking in Banco Bilbao Vizcaya Argentaria, S.A.
Mr. Isidro Fainé Casas	Criteria Caixa, S.A.U.	Criteria Caixa, S.A.U.	Chairman of Criteria Caixa, S.A.U.
Mr. Olayan M. Alwetaid	Green Bridge Investment Company SCS / Stc	Saudi Telecom Company (STC)	CEO of Saudi Telecom Company (STC).

Remarks
Mr. José María Abril Pérez Name or company name of the shareholder represented or that has proposed their appointment: Banco Bilbao Vizcaya Argentaria, S.A.
Mr. Isidro Fainé Casas Name or company name of the shareholder represented or that has proposed their appointment: Criteria Caixa, S.A.U.
Mr. Olayan M. Alwetaid Name or company name of the shareholder represented or that has proposed their appointment: Green Bridge Investment Company SCS / Stc.

4.2.3. Directors' Shareholdings

As of December 31, 2025, the total percentage of voting rights (attributed to shares and financial instruments) held by the Board of Directors was 0.08%.

4.3. General Shareholders' Meeting

4.3.1. Shareholders' Rights

The Bylaws of Telefónica, S.A. provide for a single class of shares (common shares), giving all the holders thereof identical rights. There are no non-voting shares or shares, or a loyalty vote, carrying more than one vote or with privileges in the distribution of dividends, or reinforced quorum or qualified majorities other than those established by law.

There is no provision for the shareholders at a General Shareholders´ Meeting having to approve decisions entailing an acquisition, disposition or the contribution to another company of essential assets or similar corporate transactions other than those established by law.

This section describes some of the main rights of the shareholders of the Company.

Right to receive information

The General Shareholders' Meeting is called as much in advance as required by law, through a notice published in, at a minimum: (i) the Official Gazette of the Commercial Registry or one of the widest circulation dailies in Spain; (ii) the website of the National Securities Market Commission; and (iii) the Company's corporate website.

The notice published on the Company's corporate website remains accessible on a continuous basis at least until the holding of the General Shareholders' Meeting. Likewise, the Board of Directors may publish notices in other media, if it deems appropriate, in order to ensure public and effective dissemination of the call to meeting.

From the date of publication of the notice of the call to the General Shareholders' Meeting, the Company makes available to its shareholders the documents and information that must be provided to them in accordance with legal or bylaw-mandated requirements in connection with the various items included on the Agenda; such items and documents are posted on the Company's website from the above-mentioned date. Notwithstanding the foregoing, shareholders may obtain such documents and information immediately and free of charge at the Company's registered office, and request that they be delivered or mailed to them free of charge, in the cases and on the terms established by law.

In addition, from the date of publication of the call to the General Shareholders' Meeting and until the fifth day prior to the date set for the holding of the meeting on first call, any shareholder may request in writing such information or clarifications or ask such questions in writing as it deems relevant concerning the matters included on the Agenda of the call to meeting, or concerning the information accessible to the public that the Company may have provided to the National Securities Market Commission since the holding of the immediately preceding General Shareholders' Meeting, or concerning the auditor's report.

The Board of Directors will be required to provide in writing, until the day of the holding of the General Shareholders' Meeting, the requested information or explanations, as well as to reply, also in writing, to the questions asked. The replies to the questions and to the requests for information will be sent through the Secretary of the Board of Directors by any of the members of the Board or by any person expressly authorized by the Board of Directors for such purpose.

During the holding of the General Shareholders' Meeting, shareholders may request such information or explanations as they deem appropriate concerning the matters included on the Agenda or with respect to the information accessible to the public provided by the Company to the National Securities Market Commission since the holding of the last General Shareholders' Meeting or concerning the auditor's report. In the event that it is impossible to satisfy the shareholder's right at that time, the Board of Directors will be required to provide such information in writing within seven days of the end of the General Shareholders' Meeting.

The Board of Directors will be required to provide the requested information as described in the two preceding paragraphs in the manner and within the periods established by law, except in those cases where: (i) such information is unnecessary for the protection of the shareholder's rights or there are objective reasons to consider that it could be used other than for corporate purposes, or the dissemination thereof would harm the Company or its related companies; (ii) the request for information or explanations does not relate to matters included on the Agenda or, in the case of paragraph two of this subsection (Right to Receive Information), to information accessible to the public that was provided by the Company to the National Securities Market Commission since the holding of the last General Shareholders' Meeting; and (iii) it is so established in statutory or regulatory provisions. The exception described in subsection (i) above shall not apply if the information was requested by shareholders representing at least one-fourth of the share capital.

The replies to shareholders attending the General Shareholders' Meeting from a distance electronically and simultaneously and exercising their right to receive information through such procedure shall be provided, where applicable, during the meeting itself, or in writing, within seven days following the General Shareholders' Meeting.

Supplement to the call to the General Shareholders' Meeting and right to submit new proposal for resolutions

Shareholders representing at least three percent of the share capital may request that a supplement to the call to the Ordinary General Shareholders' Meeting be published, including one or more items on the Agenda, provided the new items are accompanied by a rationale or, if appropriate, by a duly substantiated proposed resolution. In addition, and on the terms set forth in section 519 of the Companies Act (Ley de Sociedades de Capital), shareholders representing at least three percent of the share capital may, within five days following publication of the notice of the call to meeting, submit duly substantiated proposed resolutions on matters already included or that must be included on the Agenda. Such rights shall be exercised by means of duly authenticated notice, which must be received by the Company in accordance with the provisions of the Law.

Right to attend and to appoint a proxy

Shareholders holding at least 300 shares registered in their name in the respective book-entry register five days prior to the General Shareholders' Meeting and providing evidence thereof through the respective attendance card or certificate issued by the Company or by any of the Depositary Entities Members of Sociedad de Gestión de los Sistemas de Registro, Compensación y Liquidación de Valores, S.A.U. (IBERCLEAR) or in any other form allowed by applicable legislation may attend the General Shareholders' Meeting called.

Any shareholder having the right to attend may be represented at the General Shareholders' Meeting by another person, even if such person is not a shareholder. Proxies may be granted through the proxy forms printed on the attendance cards or in any other manner allowed by law, without prejudice to the provisions of the Companies Act regarding cases of representation by family members and the grant of general powers of attorney. The documents granting the proxy for the General Shareholders' Meeting shall include instructions concerning the direction of the vote. Unless the shareholder granting the proxy expressly states otherwise, it shall be deemed that such shareholder issues precise voting instructions in favor of the proposed resolutions submitted by the Board of Directors on the matters included on the Agenda. If there are no voting instructions because the shareholders acting at the General Shareholders' Meeting could decide on matters that, while not included on the Agenda and therefore not known on the date on which the proxy is granted, might be put to a vote at the General Shareholders' Meeting, the proxy shall cast the vote in the direction the proxy considers best, taking into account the interest of the Company and that of the shareholder the proxy represents. The same provisions shall apply when the respective proposal or proposals submitted to a decision of the shareholders at the General Shareholders' Meeting were not made by the Board of Directors.

It is expressly stated for the record that the notice of call of the last Ordinary General Shareholders' Meeting expressly provided that unless the shareholder granting the proxy expressly stated otherwise, such shareholder would be deemed to issue precise instructions to vote against the respective resolution on any matter that, while not included on the Agenda and therefore not known on the date on which the proxy was granted, might be put to a vote at the General Shareholders' Meeting.

If the proxy document does not state the specific person to whom the shareholder grants his proxy, it shall be deemed to have been granted to the Chair of the Board of Directors of the Company or to the person who may replace him as Chair of the General Shareholders' Meeting. If the appointed proxy should be in a situation of conflict of interest regarding the vote on any of the proposals which, whether or not included on the Agenda, are submitted at the General Shareholders' Meeting and the shareholder granting the proxy has not issued precise voting instructions, the proxy shall be deemed to have been granted to the Secretary for the General Shareholders' Meeting.

Shareholders who are not holders of the minimum number of shares required to attend may also grant a proxy in writing with respect to such shares to a shareholder with the right to attend or form a group with other shareholders in the same situation until they have the necessary number of shares, and grant a proxy in writing to one of them.

Right to vote and adoption of resolutions

Every share present in person or by proxy at the General Shareholders' Meeting shall entitle the holder thereof to one vote.

Resolutions shall be adopted by simple majority, meaning that proposed resolutions will be approved when the number of votes in favor of each proposal is greater than the number of votes against it (regardless of the number of blank votes and abstentions), without prejudice to the reinforced voting quorums established in the law and in the Bylaws.

Rules for amending the Company's Bylaws

The Bylaws and Regulations for the General Shareholders' Meeting of Telefónica confer upon the shareholders acting at a General Shareholders' Meeting the power to approve the amendment of the Bylaws (articles 15 and 5, respectively), subject to applicable legal provisions for all other matters.

The procedure for amending the Bylaws is established in sections 285 and seq. of the Companies Act, and must be approved at the General Shareholders' Meeting complying with the quorum and majorities required in sections 194 and 201 of the same law. In particular, if the General Shareholders' Meeting is summoned to deliberate on Bylaw amendments, including capital increases or reductions, bond issuance, on eliminating or restricting pre-emptive rights in respect of new shares and on the transformation, merger, spin-off or the global assignment of assets and liabilities and the relocation of the registered office abroad, then shareholders that own at least fifty percent of the subscribed capital with voting rights will have to be present or be represented by proxy on first call. If there is no sufficient quorum, the General Shareholders' Meeting will be held on second call, in which case at least twenty-five percent of the subscribed capital with voting rights will need to be present, either in person or by proxy. When shareholders that represent less than fifty percent of the subscribed capital with voting rights are present at the Meeting, either in person or by proxy, the resolutions referred to above may only be approved when two-thirds of the capital, present or represented by proxy at the Meeting, vote in favor of the resolution.

Pursuant to section 286 of the Companies Act, if the Bylaws are amended, the Directors or, if appropriate, the shareholders who made the proposal must draw up in full the text of their proposed amendment and a written report justifying the amendment, which must be made available to the shareholders when the General Shareholders' Meeting is called to deliberate on the amendment.

Furthermore, and pursuant to section 287 of the Companies Act, the notice calling the General Shareholders' Meeting must clearly state the items that might be amended, and note that all the shareholders are entitled to analyze the full text of the proposed amendment and the report on such amendment at the registered offices, as well as to request such documents to be delivered or sent to them free of charge.

Pursuant to section 291 of the Companies Act, when new obligations are established for the shareholders due to an amendment of the Bylaws, the resolution must be passed with the approval of the affected shareholders. Furthermore, if the amendment directly or indirectly affects a type of shares, or part of them, the provisions of section 293 of such Act shall apply.

The procedure for voting on proposed resolutions at the General Shareholders' Meeting is regulated in section 197 bis of the Companies Act and in the internal regulations of Telefónica (in particular, article 23 of the Regulations for the General Shareholders' Meeting). This article states, among other things, that when amendments are made to the Bylaws, each article or group of articles which is materially different will be voted on separately.

Corporate Website

Telefónica complies with applicable legislation and best practices in terms of the content of its website concerning Corporate Governance. In this respect, it fulfills both the technical requirements for access to and content of the Company website- including information on General Shareholders' Meetings- through direct access from the homepage of Telefónica, S.A. in the "Shareholders and Investors" section, which includes not only all of the information that is legally required but also information that the Company considers to be of interest.

4.3.2. Dialogue with the Shareholders

The Regulations for the General Shareholders' Meeting and the Regulations of the Board of Directors of Telefónica, S.A. devote several of their sections to governing the channels whereby relations between the Board of Directors and the shareholders of the Company (both individual shareholders and institutional shareholders and investors) are established in order to thereby ensure the greatest possible transparency in such relations. It is further expressly provided that the Board of Directors undertakes to guarantee equal

treatment in its relations with the shareholders. The purpose of the Company's actions in this area, based on the paramount standard of transparency, is the distribution of all public information generated by the Company, making it accessible to all its shareholders simultaneously and in a non-discriminatory manner, complying with their need for information and ensuring that published information satisfies the standards of quality, clarity and truthfulness.

In addition, and within this context, the Board of Directors of the Company, at its meeting held on November 25, 2015, approved the Policy on Information, Communication and Contacts with Shareholders, Institutional Investors and Proxy Advisors, the second and third edition of which was also approved by the Board at its meetings of November 4, 2019 and December 16, 2020, respectively, to include new developments and the latest trends on the matter. In the latest edition of December 16, 2020, the name of said Policy was changed to Disclosure, Contact and Engagement Policy of Telefónica, S.A. for shareholders, institutional investors and proxy advisors.

In connection therewith, and as provided in such Policy, the Board of Directors of Telefónica is the body responsible for establishing and supervising appropriate mechanisms of communication and relationship with shareholders, institutional investors and proxy advisors that fully respect the rules prohibiting market abuse and that provide similar treatment to shareholders in the same position.

Thus, the Board of Directors, acting through its corresponding decision-making bodies, endeavors to defend, protect and facilitate the exercise of the rights of shareholders, institutional investors and the markets in general and, in particular, their right to information, within the framework of protecting the corporate interest, which is understood as the achievement of a profitable and sustainable business over the long-term, which fosters its continuity and the maximization of the economic value of the company, all in accordance with the following principles:

a) Transparency and truthfulness, immediacy, equality and symmetry in the diffusion of economic/financial, non-financial and corporate information by dissemination thereof through the reporting and communication channels provided in this Policy, which contribute to maximizing the dissemination and quality of information available to the market, to investors and to other stakeholders.

b) Published information shall be clearly written and must be true, complete in all material respects and comply with all applicable legal requirements, such that it reasonably provides a true and fair view of the financial and nonfinancial position, the profits/losses and the business of the Company in all material respects.

c) Information shall be subjected to an internal control system of a Coordination and Control Committee, and to supervision by the Internal Audit directorate, the Audit and Control Committee, the Board of Directors and the External Auditor.

d) Encouraging the engagement within the Company of shareholders and institutional investors, particularly by providing access to information relevant to the exercise by shareholders of their rights, mainly the rights to attend and vote at the General Meeting.

e) Development of information disclosure tools that take advantage of new technology in order to communicate rapidly and effectively using economical means.

f) Compliance with applicable law, particularly the Market Abuse Regulation, and the internal rules of the Company, especially the Internal Code of Conduct for Securities Markets Issues.

Telefónica disseminates to the market and communicates to its shareholders and institutional investors and to its other stakeholder groups, its information through various channels:

- **Communications to the National Securities Market Commission (*Comisión Nacional del Mercado de Valores*) (CNMV) and other international official bodies.**

The Company sends to the CNMV all information that under applicable law is classified as inside or relevant, periodic financial and non-financial information, and corporate information as required by law.

Likewise, the Company delivers each and every one of the communications that it has filed for these purposes with the CNMV to other foreign supervisory authorities and bodies in the markets on which its shares are admitted to listing. Information sent to the CNMV is immediately disseminated on the CNMV's website and is subsequently published on the Company's website.

Within this context, Telefónica mainly publishes the following financial, non-financial and corporate information: i) Communications of Inside Information and Other Relevant Information; ii) Quarterly results information; iii) Semi-annual results information; iv) Annual Information (Annual Financial Statements and Management Report, which includes the Statement of Non-financial Information (Sustainability information), the Annual Corporate Governance Report and the Annual Report on Directors' Remuneration, together with the External Auditor's Report); and v) Annual Informational Reports (including the Universal Registration Document filed on an annual basis with the CNMV).

- **Corporate website of Telefónica.**

In compliance with applicable legal provisions, the Company has a corporate website, which is an official channel of communication to allow for the exercise by shareholders of the right to obtain information and to disseminate information of interest to investors and other stakeholders, favoring transparency, immediacy and the subsequent access to information. The information is published simultaneously in Spanish and English, with the Spanish version taking precedence in the event of any inconsistency.

Telefónica's corporate website also provides access to the following information; i) General information regarding the Company; ii) financial information; iii) Inside Information and Other Relevant Information Communications issued by the Company; iv) Share information; v) Information on corporate governance; vi) Non-financial information-ESG; vii) Debt and Ratings; and viii) Specific information for shareholders (section "Shareholder Zone" of the corporate website) which is focused on minority shareholders.

In particular, the presentations of annual, semi-annual and quarterly results, as well as other types of significant institutional or economic/financial presentations are published through Telefónica's corporate website.

Specifically, Capital Markets Day was held on November 4, 2025, bringing together leading institutional investors and financial analysts in a hybrid format, and was streamed live for all stakeholders to communicate the Company's strategic lines with a time horizon to 2030 under the Transform & Grow Strategic plan, which aims to drive growth and create long-term value, as well as strengthen leadership in our core markets and accelerate their technological, operational, and commercial evolution.

Telefónica also streams webcasts and conference calls regarding presentations of quarterly results and other significant communications for the market, allowing access to shareholders, analysts and any other persons who so desire.

All documents required by applicable legal provisions regarding the call to and holding of General Shareholders' Meetings are also published on the corporate website, which promotes informed participation and the exercise of the rights to information and participation.

- **General Shareholders' Meeting**

As already mentioned in preceding paragraphs, the Board of Directors encourages informed and responsible participation by the shareholders at the General Shareholders` Meeting, and adopts such measures and guarantees as may be appropriate to ensure that the shareholders at the General Shareholders' Meeting effectively perform their duties under the law and the Company's corporate governance principles.

In addition, from the call to the General Shareholders' Meeting, the shareholders can access the Office of the Shareholder, in order to resolve questions that might be raised and respond to and inform those persons who wish to take the floor.

The Office of the General Secretary of the Company, with the support of the Investor Relations, People and Sustainability Area, is responsible for maintaining ongoing contact and dialogue with proxy advisors, answering their questions regarding proposed resolutions submitted at the General Shareholders' Meeting and providing the clarifications they deem to be required, so that their voting recommendations can be based on a real understanding of the Company and its situation.

Likewise, Telefónica must also monitor the policies and recommendations of such proxy advisors, as well as international developments and trends in corporate governance, and evaluate the recommendations and principles issued by proxy advisers in relation to corporate governance standards, taking into account the particular circumstances of the Company and its environment and, in any event, the legal provisions that may apply to the Company.

- **Relationships with shareholders, institutional investors and financial analysts**

The Disclosure, Contact and Engagement Policy of Telefónica, S.A. for Shareholders, Institutional investors and Proxy advisors requires the Company to inform, communicate with and respond appropriately to its shareholders and investors with transparency, truthfulness, immediacy, equality and symmetry in the dissemination of information. Telefónica communicates directly with its shareholders, institutional investors and financial analysts through the Investor Relations area that includes Shareholders´Office.

Therefore, Investor Relations is in charge of and responsible for any contact with shareholders, institutional investors and financial analysts, channelling through it any communication that is made, both orally and in writing, requesting the participation of other areas of the Telefónica Group that may have competence in the matters that are the subject of consultation, such as the General Secretary's Office, People or Sustainability. Likewise, the Group's Investor Relations department will coordinate the communication of the different subsidiaries with the market in order to ensure that it is appropriate, consistent and coherent at all times.

a) Investor Relations

In charge of continuously responding to questions and suggestions made by institutional investors and financial analysts on an individualized basis through

- An e-mail address (ir@telefonica.com).
- A telephone number (+34 91 482 87 00) and a mailing address (Distrito Telefónica - Edificio Central Pl. 2ª C/ Ronda de la Comunicación s/n 28050 Madrid).
- In addition, to provide detailed reports on the evolution, strategy, results of the Company and to answer questions from analysts and institutional investors, informational meetings and roadshows are organized at the main financial centers worldwide. These meetings are held by both Investor Relations and Telefónica's management team, in a face-to-face format, hybrid or virtual.

During 2025, contact was maintained with approximately 600 institutional investors, attending 30 roadshows and sectoral or general conferences organised by investment banks, both face-to-face and virtual.

Attendance at forums and conferences in the telecommunications sector or generally in Europe/Latin America and in Environmental, Social and Governance matters (ESG), is also a natural channel for Telefónica's communication with institutional investors. Thus, during 2025, Telefónica has been present at 15 sectoral or general conferences organized by banks.

There are also presentations to and meetings with analysts and institutional investors that delve into strategic issues of the Company, which supplement the published information and may be necessary or appropriate to facilitate communication and the long-term creation of value.

Within this context and for some years now, Telefónica has an Engagement Program with the Company's main investors, informing them transparently and on an ongoing basis of, among other things, business strategy, financial performance, corporate governance (composition of the Board of Directors and Good Governance practices), remuneration and sustainability. In addition to Investor Relations, other areas of the Telefónica Group responsible for matters concerning which queries are received, such as the Office of the General Secretary, People or Sustainability, also participate in this program. The Company is committed to the main investors in ESG, and regularly makes telephone calls, roadshows and holds face-to-face meetings in London, Paris and USA, or in virtual format.

All these measures are used to coordinate and manage communication with the market in order to ensure that it is appropriate, consistent and coherent at all times.

Communication with institutional investors, analysts and shareholders may not take place during the periods prior to publication of the results of the Group or of subsidiaries that are subject to securities market rules.

b) Office of the Shareholder

Telefónica's Shareholders' Office ensures transparent, agile and fluid communication with its shareholders, providing the same information in due time and form as it does to institutional shareholders.

The Company provides all of them with a communication service consisting of sending emails with information of interest to the Company, inside information and other relevant information communications, news, quarterly results (videos, infographics, etc.), monthly newsletters, "Acción Telefónica" magazine, podcasts, blogs, stock market information, among others, in order to promote transparency and communication between the Company and its shareholders. This information is sent to shareholders who request this service and is available for consultation and/or download in the "Shareholders' Area" section of the corporate website.

The quarterly magazine "Acción Telefónica" includes financial, operational and sustainability information, as well as a summary of financial results, news reports and exclusive campaigns for shareholders that can be accessed. It is available in digital format, in the "Shareholder Zone", and can also be viewed on IOS and Android devices by installing the corresponding app.

The monthly newsletter containing stock market information, news, technological advances, news, videos, offers, promotions, cultural visits, upcoming events, sponsorships, acknowledgements, blogs, podcasts, etc., is also distributed to shareholders registered with the communications service.

The "Shareholder Zone" website includes the "Shareholder Offers Area", where shareholders can register to enjoy more than 400 offers on various products and services from different well-known brands. These offers range from travel to education, culture and sports, among others.

There is also a current affairs section that includes the most listened podcasts and the most interesting current affairs blogs, both published by the Company.

During 2025, the offer of free training courses for shareholders on the most important subjects of the moment has been maintained, allowing them to improve

their knowledge of the digital and financial world and access to cultural and sporting events sponsored by the Company.

In addition, the Shareholders' Office holds regular meetings with shareholders in the various Spanish provinces with the largest number of shareholders, informing them of the Company's strategy and the latest results published, thus offering personalised treatment to shareholders and complying with the transparency requirements to offer the same information to individual and institutional shareholders. These meetings establish a two-way communication between the Company and its shareholders, where points of view can be exchanged. During 2025, a total of 8 face-to-face meetings were held at the Madrid, Barcelona, and Bilbao stock exchanges and in the provinces of Valencia, Zaragoza, Seville, Valladolid, and San Sebastián, analysing the Company's results and strategic plan for the coming years. Two virtual meetings with shareholders were also held, which can be viewed on the "Shareholders' Area" website.

Throughout the year, personal communication is maintained, via telephone, electronic, postal and virtual, with the shareholder, especially on the occasion of the presentation of results and the main communications of inside or relevant information, such as distribution of dividends, calls for General Meetings of Shareholders, corporate operations, etc.

On the other hand, in order to improve the dialogue between the Company and its shareholders, Information Assemblies may be held periodically in which the shareholders participate, under the terms established, to discuss and address current issues of the Telefónica Group and that are considered of special attractiveness and interest to this group. These questions may concern regulatory developments in the field of listed companies, aspects related to the progress of the business or other matters.

Upon the holding of the General Shareholders' Meeting, the channels of communication with shareholders are expanded to facilitate their participation therein. The Office of the Shareholder can be contacted directly through a form within a specific microsite for the Meeting. Shareholders can use this medium to ask questions relating to items on the agenda, the delivery of documentation relating thereto, and the procedure for participating in the General Shareholders' Meeting, either in person or by proxy, with a section of frequently asked questions and a virtual assistant to facilitate information and an explanatory video of participation in the Meeting, as well as information on the communication channels with the Shareholders' Office: free telephone and email.

The channels for contacting Telefónica's Office of the Shareholder are:

- Toll-free information number (900 111 004 from Spain) open from 9:00 a.m. to 7:00 p.m., Monday to Friday, except national holidays. This call center is staffed by qualified personnel specializing in the economic/financial field. Information is provided regarding communications of privileged or significant information made by the Company, including the dividend policy, results, corporate transactions, among other things.
- E-mail address (accionistas@telefonica.com) for responding to questions and suggestions from the Company's shareholders. This channel of communication is attended to in Spanish as well as in English.
- Postal mail.

  Distrito Telefonica, Edificio Central Pl. 2ª Ronda de la Comunicación s/n Madrid 28050, Spain.
- Specific section for shareholders ("Shareholders' Area") on the corporate website.

Furthermore, throughout the year, the Office of the Shareholder collects and manages the suggestions and requests of the shareholders regarding other areas of the Telefónica Group, such as customer service, billing, sales, etc. and is thus a means for bringing the Company closer to the shareholders.

The engagement activities carried out in the year are indicated below:

- 10 virtual and face-to-face meetings and about 200 telematic communications (quarterly magazine, monthly newsletter, Shareholders' Meeting communications, relevant information of cultural and informative interest for shareholders and call centre).
- More than 18,000 shareholders contacted.

- **Social Media.**

Telefónica's social media profiles: Linkedin, X, YouTube, Instagram, Facebook and Tik Tok, have become a channel for the communication of corporate, business, event and conference information.

In addition, and subject to securities market regulations on the communication of inside information, the Company may use social media to simultaneously communicate inside information as an additional or complementary channel to the CNMV, provided that the Company complies with the requirements of applicable legal provisions on the communication of inside information and other relevant information and with the other internal rules of the Company.

- **Mass Media.**

Based on the circumstances, and every time, the Company considers the suitability of summoning the media for the presentation of its annual results, with the participation, when appropriate, of Telefónica's management team, in order to inform the media regarding the progress of the Company and its projects, always subject to the principles of non-disclosure of inside information and other relevant information that has not already been published and the equal treatment of shareholders.

4.3.3. Main Aspects of the 2025 Ordinary General Shareholders' Meeting

Attendance and celebration

The Ordinary General Shareholders' Meeting held on April 10, 2025 was held at the offices of Telefónica, S.A. located in Distrito Telefónica, Ronda de la Comunicación s/n, Auditorio del Edificio Central, giving the attendees the possibility to participate by telematic means, in accordance with the provisions of article 21 of the Bylaws and article 18 of the Regulations of the General Shareholders' Meeting.

To promote the participation of as many shareholders as possible and to contribute to the sustainable management of the event, the Company enabled mechanisms on the website to allow shareholders (or their proxies) to attend the General Shareholders' Meeting remotely.

Similarly, and since the Ordinary General Shareholders' Meetings of the Company held in 2019, the Shareholders' Meeting of 2025 was broadcast live on Telefónica's corporate website, which enabled shareholders not present, investors and interested persons in general to be fully informed of the results and the matters discussed.

Quorum and attendance figures

At the 2025 Ordinary General Shareholders' meeting, the quorum was 64.15%. Such quorum breaks down as follows:

Attendance data					
Date of general meeting	% physically present	% present by proxy	% distance voting		Total
			Electronic voting	Other	
10/04/2025	10.05%	42.39%	0.71%	11%	64.15%
Of which, free float	0.01%	22.69%	0.71%	0.15%	23.56%

Outcomes of the votes

All the items on the Agenda were approved by a majority; the percentage of affirmative votes was 95.31% on average.

The following table summarizes the resolutions approved at the 2025 Ordinary General Shareholders' Meeting and the results of the votes:

Item of the Agenda	Summary of the resolution	Votes in favour	Votes Against	Abstentions	Result of the Voting
I.1	Approval of the 2024 Annual Accounts and of the Management Report.	3,591,019,990 (99.4958%)	6,465,121 (0.1791%)	11,732,399 (0.3251%)	***Passed***
I.2	Approval of the Non-Financial Information Statement.	3,590,782,924 (99.4892%)	7,030,921 (0.1948%)	11,403,665 (0.3160%)	***Passed***
I.3	Approval of the management of the Board of Directors.	3,569,155,225 (98.8900%)	20,462,331 (0.5669%)	19,599,954 (0.5431%)	***Passed***
II.	Approval of the Proposed Allocation of the Profits/Losses of Telefonica, S.A..	3,592,613,390 (99.5400%)	9,380,033 (0.2599%)	7,224,087 (0.2002%)	***Passed***
III.	Re-election of the Statutory Auditor for fiscal year 2025.	3,586,126,961 (99.3602%)	10,856,474 (0.3008%)	12,234,075 (0.3390%)	***Passed***
IV.1	Ratification and appointment of Mr. Marc Thomas Murtra Millar as Executive Director.	3,275,358,553 (90.7498%)	313,224,924 (8.6785%)	20,634,033 (0.5717%)	***Passed***
IV.2	Ratification and appointment of Mr. Emilio Gayo Rodríguez as an Executive Director.	3,571,365,275 (98.9512%)	28,832,272 (0.7989%)	9,019,963 (0.2499%)	***Passed***
IV.3	Ratification and appointment of Mr. Carlos Ocaña Orbis as a Proprietary Director.	3,437,590,480 (95.2448%)	162,471,094 (4.5016%)	9,155,936 (0.2537%)	***Passed***
IV.4	Ratification and appointment of Mr. Olayan M, Alwetaid as a Proprietary Director.	3,564,299,041 (98.7555%)	34,846,651 (0.9655%)	10,071,818 (0.2791%)	***Passed***
IV.5	Ratification and appointment of Ms. Ana María Sala Andrés as an Independent Director.	3,575,941,763 (99.0780%)	23,917,178 (0.6627%)	9,358,569 (0.2593%)	***Passed***
V	Shareholder compensation by means of the distribution of dividends.	3,597,540,794 (99.6765%)	7,386,923 (0.2047%)	4,289,793 (0.1189%)	***Passed***
VI.	Delegation to the Board of Directors, with express powers of substitution, for a five-year term, of the power to increase share capital with the power to exclude the pre-emptive rights of shareholders.	3,220,844,853 (89.2394%)	377,187,628 (10.4507%)	11,185,029 (0.3099%)	***Passed***
VII.	Delegation to the Board of Directors, with express powers of substitution, for a five-year term, of the power to issue debentures, bonds, notes and other fixed-income securities and hybrid instruments, including preferred shares, which may in all cases be simple, exchangeable and/or convertible and/or grant the holders thereof a share in the earnings of the Company, as well as warrants, with the power to exclude the pre-emptive rights of shareholders.	3,226,854,568 (89.4059%)	362,411,459 (10.0413%)	19,951,483 (0.5528%)	***Passed***
VIII.	Delegation of powers to formalize, interpret, correct and execute the resolutions adopted by the General Shareholders' Meeting.	3,589,635,441 (99.4574%)	10,781,690 (0.2987%)	8,800,379 (0.2438%)	***Passed***
IX.	Consultative vote on the 2024 Annual Report on Directors' Remuneration.	2,611,713,942 (72.3623%)	420,511,493 (11.6510%)	576,992,075 (15.9866%)	***Passed***

The full texts of the resolutions adopted by the General Shareholders' Meeting held on April 10, 2025 may be viewed on the Company's corporate website and on the CNMV website (Communication of Other Relevant Information sent on March 6, 2025).

Communication with shareholders

During 2025 and especially on the occasion of the Ordinary General Shareholders' Meeting, Telefónica continued to strengthen communications, service and relationships with its shareholders and investors:

– Call Center (900 111 004 Shareholder Call Center):

- 17,167 queries responded to during 2025.
- 6,862 queries during the period of the General Shareholder' Meeting.

– Shareholders' Mailbox:

- 23,189 e-mails responded to during 2025.
- 9,498 e-mails during the period of the General Shareholders' Meeting.

4.4. Organisational structure of the administrative bodies

4.4.1. Board of Directors

Telefónica

Marc Thomas Murtra Millar
Executive Chairman

Isidro Fainé Casas
Vice-Chairman

José María Abril Pérez
Vice-Chairman

Carlos Ocaña Orbis
Vice-Chairman

Emilio Gayo Rodríguez
Chief Operating Officer (C.O.O)

Olayan M. Alwetaid
Director

María Luisa García Blanco
Director

Peter Löscher
Lead Independent Director

Anna Martínez Balañá
Director

César Mascaraque Alonso
Director

Mónica Rey Amado
Director

Alejandro Reynal Ample
Director

Ana María Sala Andrés
Director

Claudia Sender Ramírez
Director

Solange Sobral Targa
Director

Pablo de Carvajal González
Secretary of the Board

Antonio García-Mon Marañés
Vicesecretary of the Board

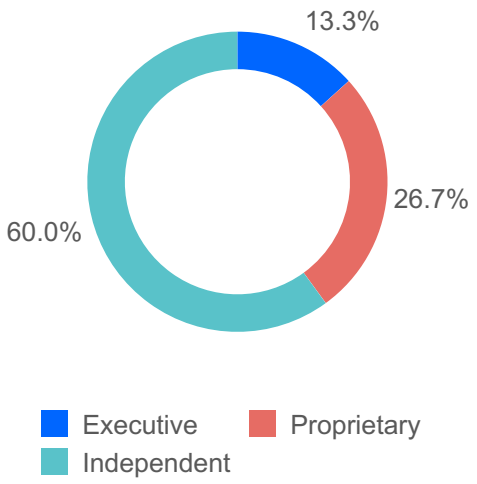
Structure of the Board of Directors (size, composition, diversity, procedure for selecting Directors)

Size

As of December 31, 2025, and as of the date of drawing up of this Report, the Board of Directors was and is composed of 15 members.

Additionally, it should be noted that the Company's Board of Directors has four Committees (the Executive Committee and three Advisory Committees), which ensures the active participation of its Directors.

Composition by category of Director



- Executive Directors: 2/15
- Independent Directors: 9/15

  The Independent Directors represent 60% of the Board of Directors, which evidences a high degree of compliance with corporate governance recommendations. These recommendations establish that the management body should be composed of a large majority of external Directors and that the number of independent Directors represent at least half of the total number of Directors. In addition, it should be noted that these recommendations have been expressly incorporated in the Regulations of the Board of Directors of the Company, as amended on December 16, 2020.

- Proprietary Directors: 4/15

Diversity

Telefónica S.A. has a Director Selection Policy as of November 25, 2015. This Policy was updated i) on December 13, 2017 to include the Diversity Policy applicable to the Board of Directors and, consequently, was renamed the Diversity Policy in relation to the Telefónica, S.A. Board of Directors and the Selection of Directors, and ii) on December 16, 2020, in order to adapt this Policy to the applicable regulations and, specifically, to the recommendations of the Good Governance Code of the National Securities Market Commission (CNMV), which was partially reformed in June 2020.

This Policy ensures that the procedures for selecting Directors are based on a prior analysis of the of the skills required by the Board of Directors, and favors thereof diversity of knowledge, training and professional experience, age, disability and gender on the Board, free from any implicit bias that might imply any form of discrimination, particularly on account of gender, disability or any other personal condition, and that facilitate the selection of female Directors in a number that allows the achievement of an equal balance of women and men.

In accordance with the provisions of said Policy, the selection of candidates to serve as a Director at Telefónica adheres to the following principles:

1. An effort is made to ensure that the Board of Directors has a balanced composition, with a large majority of non-Executive Directors and an appropriate mix of Proprietary and Independent Directors, while also endeavoring to ensure that Independent Directors have sufficient weight within the Board of Directors, in line with the corporate governance best practices and in order to strengthen the independence and effectiveness of its functions.

   In particular, the appointments made during the 2025 financial year respond to the objective of preserving a balanced composition of the Board of Directors, taking into account both the adequate representation of significant shareholders and the reinforcement of the weight of Independent Directors, in line with corporate governance best practices.

   Specifically, on February 26, 2025, Mr. Olayan M. Alwetaid was appointed by co-optation as Proprietary Director, at the request of the significant shareholder Green Bridge Investment Company SCS / Stc Group, following a favorable report from the Nominating, Compensation and Corporate Governance Committee. His appointment was subsequently ratified by the Ordinary General Shareholders' Meeting held on April 10, 2025. This appointment reflects the permeability of the share capital and of the significant shareholders of Telefónica, as well as the current shareholding structure of the Company.

   Likewise, and in order to reinforce the independence and effectiveness of the Board of Directors, four Independent Directors were appointed by co-optation: Ms. Ana María Sala Andrés, appointed on February 26, 2025 and ratified by the Ordinary General Shareholders' Meeting on April 10, 2025; Ms. Anna Martínez Balañá and Ms. Mónica Rey Amado, both appointed on July 29, 2025; and Mr. César

Mascaraque Alonso, appointed on October 22, 2025. All these appointments were made upon the proposal of the Nominating, Compensation and Corporate Governance Committee and, both said Committee and the Board of Directors verified compliance with the applicable Policy, taking into account, among other criteria, diversity of knowledge, education, professional experience and gender.

2. The Board of Directors endeavors to ensure that the procedures for the selection of Directors favor diversity of knowledge, training, professional experience, age and gender, and are free from any implicit biases that might imply any form of discrimination. All of the foregoing is in order for the Board of Directors to have an appropriate, diverse and balanced composition overall, which i) enriches analysis and debate, ii) contributes multiple viewpoints and positions, iii) favors decision-making taking into account the nature and complexity of the business, as well as the social and environmental context, iv) gives it maximum independence, and v) allows for compliance with legal requirements and good governance recommendations in relation to composition and suitability required to be met by the members of the various internal oversight Committees of the Board of Directors.

   In particular, the Board of Directors of the Company promotes the objective of the presence of female Directors, as well as measures that encourage the Company to have a significant number of senior female executives, all of this in line with corporate governance recommendations and without prejudice to the essential criteria of merit and capability that must govern all personnel selection processes of the Company.

   The Board of Directors regularly evaluates the degree of compliance and effectiveness of this Policy and, in particular, the percentage of female directors at any given time. In this regard, as of December 31, 2025 and as of the date of preparation of this Report, women represent 40% of the members of the Board of Directors, thus complying with the thresholds and objectives established in corporate governance recommendations, and contributing to reinforcing gender diversity and effectiveness in the functioning of the Board of Directors.

3. The process for the selection of candidates to serve as Directors is also based on a prior analysis of the skills required by the Board of Directors. Such analysis is conducted by the Company's Board of Directors, with the advice and with the required report or proposal, if applicable, of the Nominating, Compensation and Corporate Governance Committee.

   In application of this principle, during the 2025 financial year, the Board of Directors of the Company, following the corresponding favorable report from the Nominating, Compensation and Corporate Governance Committee, approved various appointments by co-optation of Executive Directors, after conducting its own analysis of the required skills. In this context, on January 18, 2025, the appointment by co-optation of Mr. Marc Thomas Murtra Millar as Executive Director of the Company was approved, within the framework of the orderly renewal of the Chairmanship and in order to adapt it to the new shareholding structure. Likewise, on March 6, 2025, the appointment by co-optation of Mr. Emilio Gayo Rodríguez as Executive Director of the Company was approved. The profile, skills and professional background of both Executive Directors are included in the section titled "Professional background of the members of the Board of Directors". Both appointments were subsequently ratified by the Ordinary General Shareholders' Meeting held on 10 April 2025.

4. In the case of re-election or ratification, the report or proposal of the Nominating, Compensation and Corporate Governance Committee contains an evaluation of the work and effective dedication to the position for the most recent period of time during which the proposed Director has been in that position, as well as the Director's ability to continue to perform satisfactorily.

5. The required report or proposal of the Nominating, Compensation and Corporate Governance Committee is published upon the call to the General Shareholders' Meeting at which the ratification, appointment or re-election of each Director is submitted.

   Furthermore, the Board of Directors and the Nominating, Compensation and Corporate Governance Committee ensure, within the scope of their respective powers, that the candidates chosen for the position of Director are persons of recognized probity, competence and experience, who are willing to devote the time and effort required for the performance of their duties, exercising rigorous care in the selection of the persons called upon to serve as Independent Directors.

   Accordingly, all the candidates for the position of Director shall be professionals of integrity, whose conduct and professional career is in line with Telefónica's Responsible Business Principles.

   Additionally, candidates for Director shall be considered in particular if they have education and professional experience, in telecommunications, technology, consumer awareness, ESG knowledge, marketing, accounting, auditing, risk management (both financial and non-financial) and international experience and team leadership in multinationals will be valued.

   On the other hand, and in relation to gender diversity, during the 2025 financial year, three Independent female Directors were appointed by co-optation, upon the proposal of the Nominating, Compensation and Corporate Governance Committee: (i) Ms. Ana María Sala Andrés (whose appointment was subsequently ratified by the Ordinary General Shareholders' Meeting of Telefónica held on April 10, 2025), (ii) Ms. Anna Martínez

Balañá and (iii) Ms. Mónica Rey Amado, with both appointments expected to be submitted for ratification at the next General Shareholders' Meeting of Telefónica.

These appointments filled the vacancies arising from the resignations tendered by Mr. Francisco José Riberas Mera, Ms. Verónica Pascual Boé and Ms. María Rotondo Urcola, for professional and/or personal reasons, as appropriate, and in order to contribute to the orderly renewal process of the Company's Board of Directors.

Likewise, these appointments reflect the Company's ongoing commitment to promoting gender diversity on the Board of Directors and to the continuous assessment of qualified profiles, ensuring selection processes aligned with the corporate governance best practices and based on the criteria of merit and capability.

As set forth above, as of the date of this Report, women represent 40% of the Board of Directors, thereby complying with good corporate governance recommendations regarding equality. This percentage is achieved through the incorporation of female Directors who meet the required professional profile and competencies, ensuring a balanced presence of women and men on the management body.

It should also be noted that the same criteria and principles that the Company applies to the process of selecting and appointing the members of the Board of Directors are applied to the appointment of the Directors who are part of the various Committees of the Company's Board of Directors, as well as, with regard to gender diversity, the appointment of female senior executive, all without prejudice to the key principles of merit and ability that must govern all of the Company's staff selection processes.

In this regard, on January 29, 2025, the Audit and Control Committee resolved to designate the Independent Director Ms. María Luisa García Blanco as Chairwoman of said Committee. Likewise, on October 22, 2025, the Sustainability and Regulation Committee resolved to designate the Independent Director Ms. Ana María Sala Andrés as Chairwoman of said Committee.

Lastly, with regard to performance evaluation, the Board of Directors conducts an annual evaluation of its operation and of that of its Committees, assessing in particular the application, in terms of the composition and competencies of the Board of Directors, of the various aspects of diversity included in the aforementioned Policy, as well as the performance of the Chairman of the Board of Directors, of the Company's Chief Executive Officer and of the various Directors, paying special attention to the heads of the various Board Committees and adopting appropriate measures for their improvement. This assessment is carried out every 3 years with the assistance of an external consultant, whose independence is verified by the Nominating, Compensation and Corporate Governance Committee. In this regard, as indicated at the end of this section under the title "Evaluation of the Board and of its Committees", for the evaluation corresponding to the financial year 2023, the Company was supported by Egon Zehnder as external advisor.

The Diversity Policy in relation to the Telefónica, S.A. Board of Directors and the Selection of Directors is public and may be viewed on the corporate website (https://www.telefonica.com/es/wp-content/uploads/sites/4/2021/10/Politica_Diversidad_Consejo_Seleccion_Consejeros.pdf).

Procedure for the Selection, Appointment, Re-election and Cessation of Directors

Selection and Appointment

As mentioned earlier, Telefónica's Bylaws provide that the Board of Directors shall consist of a minimum of five and a maximum of twenty members, who shall be appointed by the shareholders at the General Meeting. Specifically, at the Ordinary General Shareholders Meeting of April 8, 2022, the number of members of the Board of Directors was set at fifteen in accordance with article 29 of the Bylaws.

The Directors shall hold office for a maximum period of four years and may be re-elected one or more times for periods of the same maximum length. On a provisional basis, the Board of Directors, in accordance with the provisions of the Companies Act and of the Bylaws, may fill existing vacancies on an interim basis, subject to ratification at the first General Shareholders' Meeting held.

Otherwise, and in any event, the proposals for the appointment of Directors must comply with the provisions of the Bylaws and of the Regulations of the Board of Directors, must be preceded by the corresponding report of the Nominating, Compensation and Corporate Governance Committee and, in the case of Independent Directors, by the corresponding proposal. In any event, the proposals must be accompanied by a supporting report from the Board of Directors assessing the competence, experience and merits of the proposed candidate.

In this regard, and in accordance with the responsibilities assigned to the Nominating, Compensation and Corporate Governance Committee, this Committee must evaluate the skills, knowledge and experience required on the Board of Directors, defining the functions and competencies required of the candidates who must fill each vacancy, and evaluating the specific amount of time and dedication that will allow them to perform their duties effectively.

With regard to the latter, and in accordance with the provisions of Article 27.2 of the Regulations of the Board of Directors, those who are members of more than five Boards of Directors of other companies other than Telefónica, S.A. and its Group companies may not be appointed to the Company's Board. For these purposes, a) all Boards of Directors of companies that are part of the same Group shall be counted as a single board of directors; and b) those Boards of Directors of asset-holding companies or those

that constitute vehicles or complements for the professional exercise of the Director himself/herself, his/her spouse or person with a similar relationship, or his/her closest relatives, shall not be counted. As an exception, and for duly justified reasons, the Board of Directors may exempt the Director from this prohibition.

Similarly, Nominating, Compensation and Corporate Governance Committee must submit to the Board of Directors the proposals for the appointment of Independent Directors, whether for their appointment on an interim basis or for their submission to a decision by the shareholders at the General Shareholders' Meeting, along with the proposals for the re-election or separation of said Directors at the General Shareholders' Meeting. Likewise, it must report on the proposals for the appointment of the remaining Directors of the Company, whether for their appointment on an interim basis or for their submission to a decision by the shareholders at the General Shareholders' Meeting, along with the proposals for their re-election or separation at the General Shareholders' Meeting.

Similarly, it shall explain the category of each Director by the Board of Directors at the General Shareholders' Meeting at which the shareholders must make or ratify their appointment. Furthermore, such category shall be reviewed annually by the Board, after verification by the Nominating, Compensation and Corporate Governance Committee, and a summary of this review shall be included in the Annual Corporate Governance Report.

In any case, and in the event of the re-election or ratification of Directors at the General Meeting, the report of the Nominating, Compensation and Corporate Governance Committee or, in the case of Independent Directors, the proposal of said Committee, shall contain an assessment of the work and effective dedication to the position during the last period of time in which it was held by the proposed Director, as well as its ability to continue to do so.

The Board of Directors and the Nominating, Compensation and Corporate Governance Committee shall ensure, within the scope of their respective powers, that the candidates proposed for the position of Director are persons of recognized probity, competence and experience, who are willing to devote the time and effort required for the performance of their duties, exercising rigorous care in the selection of the persons called upon to serve as Independent Directors.

The Board of Directors must endeavor to ensure that the procedures for the selection of its members promote diversity with respect to issues such as age, gender, disability, knowledge, education and professional experience, and are free from any implicit bias that might imply any form of discrimination, and, in particular, facilitate the selection of female Directors in such numbers as to achieve a balanced presence of women and men.

In this regard, and as mentioned earlier, at its meeting of November 25, 2015 the Board of Directors approved a Policy for the Selection of Directors, which on December 13, 2017, was updated to include the Diversity Policy applicable to the Board of Directors, such that it was renamed the Diversity Policy in relation to the Telefónica, S.A. Board of Directors and the Selection of Board Members. Likewise, on December 16, 2020, the Board of Directors approved an update of this Policy to reflect the most recent regulatory standards and, in particular, to adjust it to the provisions of the Recommendations of the Good Governance Code of the National Market Securities Commission (CNMV) regarding diversity.

The Nominating, Compensation and Corporate Governance Committee shall verify, on an annual basis, compliance with the Policy for the diversity of the Board of Directors and selection of Directors, and shall include the corresponding summary in the Annual Corporate Governance Report and in such other documents as are deemed appropriate. In addition, the Board of Directors shall periodically evaluate the degree of compliance with and effectiveness of the Policy and, in particular, the percentage of female Directors at any given time, and a detailed description of the Policy, as well as the objectives set in this respect and the results obtained, shall be included in the Annual Corporate Governance Report. Likewise, the Nominating, Compensation and Corporate Governance Committee may also propose to the Board of Directors any updates and proposed improvements of the Policy it deems appropriate.

Re-election

The Company's Directors may be re-elected one or more times for periods of the same length as that of the initial period.

In the same way as proposals for appointments, proposals for the re-election of Directors must be preceded by the corresponding report of the Nominating, Compensation and Corporate Governance Committee, and, in the case of Independent Directors, by the corresponding proposal.

Cessation or Removal

Directors shall cease to hold office when the time period for which they were appointed expires, or when so decided by the shareholders at the General Meeting in the exercise of the powers legally granted to them.

When a Director ceases to hold office before the end of his or her term, whether by resignation or by resolution of the General Meeting, the Director must adequately explain in a letter which will be sent to all members of the Board of Directors the reasons for leaving office or, in the case of non-executive Directors, the Director's views as to the grounds for removal by the shareholders acting at the General Meeting.

In addition, to the extent material to investors, the Company shall as soon as possible make public the

cessation in office, including sufficient information as to the reasons or circumstances stated by the Director.

The Board of Directors shall not propose the removal of any Independent Director prior to the end of the bylaw-mandated period for which the said Director was appointed, unless due grounds therefor are present, as acknowledged by the Board upon the proposal of the Nominating, Compensation and Corporate Governance Committee. Specifically, due grounds shall be deemed to exist when the Director has failed to perform the duties inherent in his position.

The removal of Independent Directors may also be proposed as a result of Public Tender Offers, mergers or other similar corporate transactions that entail a change in the structure of the company's capital.

Likewise, in accordance with the provisions of article 12 of the Regulations of the Board of Directors, the Directors must tender their resignation to the Board of Directors and formalize, where appropriate, and depending on the circumstances, such resignation in the following cases:

a. When they cease to hold the executive positions with which their appointment as Directors was associated, or when the reasons for their appointment no longer exist.

b. When they are affected by any of the cases of incompatibility or prohibition provided by Law.

c. When they are severely reprimanded by the Nominating, Compensation and Corporate Governance Committee for having failed to fulfill any of their obligations as Directors.

Additionally, neither the Bylaws nor the Regulations of the Board of Directors establish any age limit for Directors.

Directors' obligation to inform the Company of situations that may damage its credit or reputation

In particular, in accordance with Article 12.3 of the Board of Directors' Regulation, Directors must inform when they are subject to circumstances, whether or not related to their conduct within the Company itself, that may adversely affect the standing or reputation thereof, and particularly when they are under investigation in any criminal matter, in which case the Directors must notify the Company of the progress of any such legal proceedings. Having been notified or otherwise become aware of any of the circumstances mentioned in this paragraph, the Board of Directors shall examine the case as soon as possible and, based on the specific circumstances, and after a report from the Nominating, Compensation and Corporate Governance Committee, shall determine the measures to be adopted, including the request for the resignation of said Director, which it must accept, or the proposal to resign at the next General Meeting. Any such matter shall be included in the Annual Corporate Governance Report unless special circumstances justify otherwise, which circumstances must recorded in formal minutes. Those obligations shall be without prejudice to any information that the Company must disseminate at the time that any such measures are adopted.

Professional background of the members of the Board of Directors as of the date of drawing up of this Report

MR. MARC THOMAS MURTRA MILLAR

Executive Chairman

Executive Director

Joined the Board in 2025.

Nationality: Spanish and British. Born in 1972 in Blackburn, Lancashire, the United Kingdom.

Education: Graduated in Industrial Engineering from the Higher Technical School of Industrial Engineers of Barcelona (ETSEIB) at the Polytechnic University of Catalonia. Master in Business Administration (MBA) from the Stern School of Business at New York University.

Experience: He began his professional career in the nuclear industry at British Nuclear Fuels Ltd in the United Kingdom and continued his career at the strategy consulting firm DiamondCluster, where he worked for large technology companies. He has dedicated several years to public service as a specialist in Digital Strategy, Digital Transformation, and public-private partnerships. In this role, he served as the General Director of Red.es, as well as the Chief of Staff to the Minister of Industry, Tourism, and Trade of the Government of Spain. Additionally, he has been Managing Partner at Closa Investment Bankers, as well as Director of CREA Inversión, and has extensive knowledge of the technology sector. He was also the Executive Chairman of the Board of Directors of Indra from May 2021 to January 2025. Furthermore, he was Director of ITP and of Ebro Foods.

Other relevant positions: Currently, he is Trustee of Fundación Telefónica, Director of VMED O2 UK Ltd, Director of GSMA and Trustee of Fundación Bancaria Caixa d'Estalvis i Pensions de Barcelona "la Caixa".

Board Committees of which he is a member: The Executive Committee (Chairman).

MR. ISIDRO FAINÉ CASAS

Vice Chairman

Proprietary Director

Joined the Board in 1994.

Nationality: Spanish. Born in 1942 in Manresa, Spain.

Education: Doctorate in Economics from the Universidad de Barcelona; ISMP in Business Administration from Harvard University; and a Diploma in Senior Management from the IESE Business School. Academic Numerary of the Royal Academy of Economics and Finance and of the European Royal Academy of Doctors.

Experience: He began his professional career in banking as Investment Manager at Banco Atlántico in 1964. Later, in 1969, he joined the Banco de Asunción in Paraguay as its General Manager. He returned to Barcelona to hold various positions of responsibility in several financial organizations: Head of Personnel of Banca Riva y García (1973); Director and General Manager of Banca Jover (1974) and General Manager of Banco Unión (1978). In 1982 he joined "la Caixa" as its Deputy Executive General Manager, holding various positions of responsibility. In 1991, he was appointed Executive Deputy General Director, and in 1999, General Manager of the bank, whose presidency he assumed in 2007, remaining until 2014. He was the Chairman of CaixaBank, S.A. since 2011 until his resignation as a member of the Board of Directors in 2016. Likewise, he was Chairman of Naturgy Energy Group, S.A. from 2016 to 2018, when he was named Honorary Chairman. He was Director of Suez, S.A. since 2014 until 2020.

Other relevant positions: He is Chairman and member of the Executive Commission of the Board of Trustees of the Fundación Bancaria Caixa d'Estalvis i Pensions de Barcelona, "la Caixa"; Chairman of the Board of Directors and of the Executive Commission of Criteria Caixa, S.A.U.; Chairman of the Board of Directors of Inmo Criteria Caixa, S.A.U.; Special Advisor to the Board of "The Bank of East Asia Limited"; Chairman of the Spanish Confederation of Savings Banks (CECA); of the World Savings Bank Institute (WSBI); and of the Social and Philanthropic Council of WSBI-ESBG; Chairman of the Spanish Confederation of Directors and Executives (CEDE); Honorary Chairman of the Spanish Chapter of the Club of Rome; Vice Chairman of the Royal Academy of Economic and Financial Sciences, and Founder of the Círculo Financiero; Chairman of the Fundación de las Cajas de Ahorros (Funcas) and of the Board of Trustees of the "la Caixa" Research Institute Foundation and Honorary Chairman of Naturgy Energy Group, S.A. Additionally, he is First Vice Chairman of the Board of Directors of ACS, Actividades de Construcción y Servicios, S.A. and of its Executive Committee.

Board Committees of which he is a member: The Executive Committee (Vice Chairman).

MR. JOSÉ MARÍA ABRIL PÉREZ

Vice Chairman

Proprietary Director

Joined the Board in 2007.

Nationality: Spanish. Born in 1952 in Burgos, Spain.

Education: Degree in Economics from the Commercial University of Deusto, and a professor for nine years at said university.

Experience: Between 1975 and 1982 he was the Chief Financial Officer of Sociedad Anónima de Alimentación (SAAL). Thereafter, and until joining the Banco Bilbao Vizcaya Argentaria Group, he held the position of Chief Financial Officer of Sancel-Scott Iberica. In 1985 he joined Banco Bilbao as Director of Corporate Banking Investment. Subsequently, in 1993, he was the Executive Coordinator of Banco Español de Crédito, S.A. In 1998, he was appointed General Manager of Industrial Group, and in 1999, a member of the Management Committee of Grupo BBV. He has been a Director, among other companies, at Repsol, Iberia and Corporación IBV, Ibermática, S.A. and Vice-Chairman of Bolsas y Mercados Españoles (BME). In 2002 he was appointed General Director of Wholesale and Investment Banking and a Member of the Executive Committee of Banco Bilbao Vizcaya Argentaria, S.A.

Other relevant positions: He is currently Vice Chairman of Arteche Lantegi Elkartea, S.A.

Board Committees of which he is a member: The Executive Commission (Vice Chairman) and the Sustainability and Regulation Committee (Member).

MR. CARLOS OCAÑA ORBIS

Vice Chairman

Proprietary Director

Joined the Board in 2024.

Nationality: Spanish. Born in 1980 in Madrid, Spain.

Education: Degree in Economics, specializing in Economic Analysis from the Complutense University of Madrid. Additionally, he also holds a Frontiers of Innovation and Entrepreneurship Program certificate from the Massachusetts Institute of Technology (MIT) and a General Management Program (PDG) from IESE Business School (University of Navarra).

Experience: He began his professional career in 2003 as a Consultant at Economistas 2004, later assuming the position of Deputy Chief of Staff and Advisor to the Economic Office of the President of the Government from 2004 to 2008. He was Director General of the Cabinet of the Ministry of Industry, Tourism, and Trade from 2008 to 2011 and a member of the Board of Directors of Paradores and Red.es from 2008 to 2011. He was also a monitor of the PDG at IESE in 2013, a professor of Economic Environment in the Master's in Economics at the University of Vigo from 2013 to 2017, and a professor of Economics in the International Master's in Public Affairs at the International University Menéndez Pelayo from 2016 to 2018.

Other relevant positions: He is currently Deputy to the General Manager of Real Madrid CF (since 2012), member of the Advisory Board of the Hermes Institute (since 2023), member of the Strategy Committee of the PRISA Group, member of the Governing Board of the Real Madrid University School (since 2023), and Co-director and professor of the Master's Degree in Digital Transformation and Applied Technologies in Sports at the Real Madrid University School (since 2021). Additionally, he is Secretary of the World Football Club Association (since 2019), a member of the Advisory Board of Google´s ADEI Observatory (since 2018), and a member of the Supervisory Committee of Foro de Foros Foundation (since 2015). He is also a professor of Strategy and Business Model in the MBA program at Universidad Europea (since 2013).

Board Committees of which he is a member: The Executive Commission (Vice Chairman), the Audit and Control Committee (Member) and the Nominating, Compensation and Corporate Governance Committee (Member).

MR. EMILIO GAYO RODRÍGUEZ

Chief Operating Officer

Executive Director

Joined the Board in 2025.

Nationality: Spanish. Born in 1965 in Madrid, Spain

Education: Telecommunications Engineer Degree from "Universidad Politécnica de Madrid" and MBA from IESE Business School.

Experience: He began his professional career as an engineer at ATT Network Systems. He later worked as a Consultant and Manager at Bain & Company and as Managing Partner at Europraxis Consulting. Between 1997 and 2002, he launched his own start-up, serving as the founding CEO of Educocio, S.A.

He joined the Telefónica Group in 2004 as General Manager of International Operations at Telefónica Móviles. In 2006, he was appointed Director of Mobile Development at Telefónica Internacional until 2010, when he took on new responsibilities as Business Development, Strategy and Regulation Manager at Telefónica Latinoamérica. In 2011, he joined Telefónica de España as Manager of the Consumer Business Unit. From 2013 onwards, he held the position of Marketing and Commercial Services for the Consumer and Enterprise segments Manager. In 2018, he was appointed Executive Chairman of Telefónica de España, a position he held until 2025.

Other relevant positions: He is currently a Director of VMED O2 UK Ltd. and Trustee of Fundación Telefónica.

Positions in other companies within the Telefónica Group (no executive duties): He is Chairman of Buendía Estudios, S.L., Director of Solar 360 Repsol y Movistar, S.L., and Director of Movistar Prosegur Alarmas, S.L.

Board Committees of which he is a member: The Executive Commission (Member).

MR. OLAYAN M. ALWETAID

Member

Proprietary Director

Joined the Board in 2025.

Nationality: Saudi. Born in 1976, in Saudi Arabia.

Education: Degree in Electrical Engineering from King Fahd University of Petroleum and Minerals.

Experience: Throughout his career at stc Group, he held the position of Senior Vice Chairman of the Consumer Business Unit and was CEO of stc Bahrain. He also chaired several boards of directors of group subsidiaries and was a member of the GSMA board of directors.

Other relevant positions: Currently, he is the CEO of the stc Group since 2021. He also serves as Chairman of the SAMENA Telecommunications Council, member of the Board of King Abdulaziz City for Science and Technology (KACST) and member of the Board of Saudi Tadawul Group.

MS. MARÍA LUISA GARCÍA BLANCO

Member

Independent Director

Joined the Board in 2018.

Nationality: Spanish. Born in 1965 in Córdoba, Spain.

Education: Law Degree from the University of Córdoba (Spain).

Experience: Government attorney (1992 promotion), on leave since October 2013. She was Assistant General Manager of Constitutional Law and Human Rights, and the government attorney heading the Department of Constitutional Law and Human Rights. Representative of the Kingdom of Spain to the European Court of Human Rights. Coordinator and leader of the Spanish Delegation to various United Nations Committees in Geneva (2002-2013). Other noteworthy activities include: Secretary of the Board of Directors of the State Society of Agricultural Infrastructures of the North (SEIASA DEL NORTE) and of its Audit and Control Committee (1999-2010); member of the Board of Directors of the State Society of Agricultural Infrastructures (SEIASA) (2010-2013); Director of the State Water Company of the North Basin (ACUANORTE) (2009-2012) and of the State Water Company of the Basins of Spain (AcuaEs) (2012-2013); and coordination and cooperation activities for the promotion and defense of Human Rights in Uruguay (2006), Colombia (2007 and 2008), Chile (2009), and Guatemala (2010).

Other relevant positions: Founding Partner of Salama García Blanco, whose major areas of activity include: administrative and constitutional law, advising and providing technical defense for credit institutions, civil and commercial procedure, and arbitration (Arbitrator in the Spanish Court of Arbitration, in the Madrid Court of Arbitration and in the Civil and Commercial Court of Arbitration -CIMA-); Member of the Governance and Control Committee of CIMA. Proprietary Director of Ibercaja Banco, S.A.; Member of the Audit and Compliance Committee, of the Nominating Committee and of the Remuneration Committee of Ibercaja Banco, S.A. Chairwoman of the Women's Committee of Experts of 65YMAS.COM. Additionally, she is Vice Chairwoman of the Board of Trustees of Fundación Más Sénior.

Positions in other companies within the Telefónica Group (no executive duties): She is member of the Advisory Board of Telefónica España.

Board Committees of which she is a member: The Executive Commission (Member), the Audit and Control Committee (Chairwoman) and the Nominating, Compensation and Corporate Governance Committee (Member).

MR. PETER LÖSCHER

Member and Lead Independent Director

Independent Director

Joined the Board in 2016.

Nationality: Austrian. Born in 1957 in Villach, Austria.

Education: Degree in Economics from the Vienna University of Economics, and in Business Administration from the Chinese University of Hong Kong. MBA from the Vienna University of Economics, and completion of the Harvard Business School Advanced Administration Program. Honorary doctorate in Engineering from Michigan State University; honorary doctorate from the Slovak University of Engineering in Bratislava.

Experience: Former Chairman of the Board of Directors of Sulzer AG and Former Chairman of the Supervisory Board of OMV AG (Austria). He was, from 2014 to 2016, the CEO of Renova Management AG (Switzerland). Former Chairman and CEO of Siemens AG. He was previously the President of Global Human Health; a member of the Executive Board of Merck & Co., Inc.; Chief Operating Officer of GE Healthcare Bio-Sciences, a member of the Corporate Executive Council of GE; and Manager of Operations and a member of the Board of Amersham Plc. He held executive leadership positions at Aventis and Hoechst. He also served as Chairman of the Board of Directors of the Siemens Foundation.

Other relevant positions: He is currently a member of the Supervisory Board of Royal Philips, a Director of Thyssen-Bornemisza Group AG (Switzerland), and an Independent Director of CaixaBank, S.A. He is also an emeritus member of the Advisory Board of the Economic Development Board of Singapore and a member of the International Advisory Board of Bocconi University, as well as a honorary professor at Tongji University, in Shanghai.

Positions in other companies within the Telefónica Group (no executive duties): Chairman of the Supervisory Board of Telefónica Deutschland Holding AG (since April 2020).

Board Committees of which he is a member: The Executive Commission (Member), the Audit and Control Committee (Member), and the Nominating, Compensation and Corporate Governance Committee (Chairman).

MS. ANNA MARTÍNEZ BALAÑÁ

Member

Independent Director

Joined the Board in 2025.

Nationality: Spanish. Born in 1992 in Barcelona, Spain.

Education: Degree in Business Administration and Management from ESADE Business School. Master's Degree in Innovation and Entrepreneurship from ESADE Business School.

Experience: She began her professional career in 2013 in the field of consulting, working in Barcelona and São Paulo. Subsequently, between 2013 and 2014, she served as Assistant in the Operations Department at Puig. Later, she served as Founder and CEO of Sheltair between 2015 and 2020. She has experience in general management, team management and business project development in the cultural and services sectors. She also specializes in optimizing operations, structuring processes, and launching new initiatives with a strategic vision.

Other relevant positions: Currently, she is Founding Partner and CEO of Marianna en Viu and General Manager of Balañá en Viu.

MR.CÉSAR MASCARAQUE ALONSO

Member

Independent Director

Joined the Board in 2025.

Nationality: Spanish. Born in 1972 in Barcelona, Spain.

Education: Degree in Industrial Engineering from the Higher Technical School of Industrial Engineers of Barcelona. Master's Degree in Business Administration (MBA) from Harvard Business School.

Experience: He began his professional career in the plastic packaging industry at Polipropileno de Galicia, S.A., in Ferrol. In 2000, he founded Finexia Ltd, an online financing platform for SMEs, a company he led until its sale in 2003. Between 2004 and 2008, he was Head of Business Development for Southern Europe and Emerging Markets at Google Inc. Subsequently, between 2008 and 2011, he held the position of Chief Operating Officer in Europe at IAC Search & Media Ltd, a company of the IAC Group. Additionally, he has been non-executive Chairman of Media Response Group in Spain and Brazil, member of the Advisory Board of Seaya Ventures in Spain, and member of the Board of Directors of MedicAnimal Ltd and Geocast Ltd in the United Kingdom.

Other relevant positions: Since 2012, he has served as Founder and Partner of BPM Marketing Ltd.

Positions in other companies within the Telefónica Group (no executive duties): He is a member of the Board of Directors of Telefónica Brasil, S.A.

Board Committees of which he is a member: The Executive Commission (Member) and the Nominating, Compensation and Corporate Governance Committee (Member).

MS. MÓNICA REY AMADO

Member

Independent Director

Joined the Board in 2025.

Nationality: Spanish. Born in 1971 in Vigo, Spain.

Education: Degree in Business Administration from Boston University. Likewise, between 1994 and 1996, she completed a Financial Management Program at General Electric in the United Kingdom and the United States, and in 2018 she attended an Executive Program in Authentic Leadership at Harvard Business School.

Experience: Throughout her professional career, she has held executive and management positions focused on business transformation and consulting, accumulating extensive experience in the customer service, media, and digital transformation sectors. She has worked for international companies such as General Electric and McKinsey & Co, among others, in Spain, the United Kingdom, Germany, Switzerland, the United States, and Latin America. She was also Corporate Director of Strategy and Management Control at Grupo Prisa. Between 2013 and 2016, she served as Director of Corporate Strategy and PMO at Atento, and between 2023 and 2025, she was CEO of Atento EMEA. Currently, she acts as a consultant and advisor for European companies in transformation processes.

Other relevant positions: Currently, she is a partner at A-Connect.

Board Committees of which she is a member: The Sustainability and Regulation Committee (Member).

MR. ALEJANDRO REYNAL AMPLE

Member

Independent Director

Joined the Board in 2023.

Nationality: Spanish. Born in 1973 in Valencia, Spain.

Education: He earned his Bachelor's and Master's Degree in Mechanical Engineering form Georgia Institute of Technology and a MBA from the Harvard Business School.

Experience: He began his professional career in various strategic management positions at Telefónica and The Coca Cola Company. He has worked in the United States, Europe, Latin America and the Caribbean. He has a proven and successful track record in business transformation in multi-billion dollar companies. He was Chairman and CEO of Apple Leisure Group (ALG), a leisure travel and luxury resort management group with more than 38,000 employees in 14 countries, owned by Hyatt Hotels Corporation, actively participating in its acquisition in August 2021. Prior to ALG, he spent 8 years as CEO of Atento, a customer relationship management and business process outsourcing services company. At Atento he led the strategic transition from Telefónica to Bain Capital in 2012 and in 2014 he successfully led the company to an IPO on the NYSE.

Other relevant positions: He is currently Chairman and CEO of Four Seasons, which he joined in 2022 after an extensive international career in the global travel and hospitality, business services and telecommunications industries.

Board Committees of which he is a member: The Audit and Control Committee (Member).

MS. ANA MARÍA SALA ANDRÉS

Member

Independent Director

Joined the Board in 2025.

Nationality: Spanish. Born in 1967 in Terrassa, Barcelona, Spain.

Education: Law Degree from "Universidad Autónoma de Barcelona". She also holds a Master's Degree in Comparative Law from "Universidad Autónoma de Barcelona", and an LL.M. from the University of California at Berkeley in the United States. Doctor of Law from the "Universidad Pompeu Fabra de Barcelona".

Experience: She joined Cortés Abogados in 2005 and has been a partner of the firm since 2014. She has extensive experience in corporate practice, mergers and acquisitions transactions, in the contractual area, and national and international arbitration. She offers advice, mainly in corporate governance and sustainability matters, to Spanish listed and non-listed companies and has participated in the restructuring and refinancing of national and international corporate groups. Likewise, she has advised Family Offices in the development of their activities, has participated in IPOs and takeover bids, and has extensive experience in international arbitrations.

Other relevant positions: Non-Director Secretary of the Board of Directors of Indra Sistemas, S.A. and of the Board of Directors of Sacyr, S.A.

Board Committees of which she is a member: The Nominating, Compensation and Corporate Governance Committee (Member) and the Sustainability and Regulation Committee (Chairwoman).

MS. CLAUDIA SENDER RAMÍREZ

Member

Independent Director

Joined the Board in 2019.

Nationality: Brazilian. Born in 1974 in São Paulo, Brazil.

Education: Degree in Chemical Engineering from the Polytechnic School of the University of São Paulo, and a Master's degree in Business Administration (MBA) from the Harvard Business School in Boston.

Experience: She has held various positions with the following entities, among others: (i) Member of the Advisory Board of Telefónica Hispanoamérica (until 2025);(ii) Director of Metalúrgica Gerdau, S.A. (2021-2023); (iii) Director of Yduqs University, formerly known as Estácio (2019 to 2021); (iv) Latam Airlines Group: Vice-President for Customer Relations (2017-2019); CEO of LATAM Brazil (2013-2017); Vice-President of LATAM Brazil (2011-2013); (v) at Whirlpool, S.A.: Vice-President of Marketing (2009-2011); Division Manager of Marketing (2007-2009); and Manager of Strategic Planning (2005-2007); and (vi) at Bain & Company Brazil: Consultant specialized in Strategy (1998-2005).

Other relevant positions: She is currently Director of Holcim Ltd (since 2019); Director of Gerdau, S.A. (since 2019); Director of Amigos do Bem (since 2017), a Brazilian NGO dedicated to the eradication of poverty in Northwestern Brazil; of Hospital Israelí Albert Einstein and of Ensina Brasil; and Vice Chairwoman of Embraer, la Empresa Brasileira de Aeronáutica, S.A.

Positions in other companies within the Telefónica Group (no executive duties): She is member of the Advisory Boards of Telefónica Tech and Telefónica Europe.

Board Committees of which she is a member: The Executive Commission (Member).

MS. SOLANGE SOBRAL TARGA

Member

Independent Director

Joined the Board in 2023.

Nationality: Brazilian. Born in 1972 in Cafelândia, São Paulo, Brazil.

Education: Degree in Computer Science from the "Universidade Federal of São Carlos" (UFSCar) in Brazil and Master's Degree in Computer Science from the "Universidade Estadual de Campinas" (UNICAMP) in Brazil.

Experience: She has extensive experience in digital business development and leadership of multidisciplinary teams, currently acting as a digital transformation agent for particularly valuable brands around the world. Additionally, she was a member of the Diversity and Inclusion Committee at Banco Itaú from May 2021 to October 2023.

Other relevant positions: Currently, she is Partner and Vice Chairwoman of CI&T, responsible for its expansion in EMEA, actively participating in the acquisition and integration of Somo, a leading agency in the delivery of digital products and solutions for major global brands. Since 2021, she has served on various Boards of Directors, having been an Independent Director at Unidas in Brazil between 2021 and 2022. Likewise, she is a member of the Advisory Board of WCD Brasil since 2022, and of the Brazilian Chambers in the United Kingdom since 2023. Additionally, in 2023 she also joined as a Director of Bienal de São Paulo.

Positions in other companies within the Telefónica Group (no executive duties): She is an Independent Director of Telefónica Brasil, S.A. (VIVO), being a member of the Sustainability and Quality Committee since then, and a member of the Digital Security Advisory Committee since November 2023.

Board Committees of which she is a member: The Sustainability and Regulation Committee (Member).

Functions and Operation of the Board of Directors

General functions of the Board of Directors

The Board of Directors is the highest management and representative body of the Company. As such it is empowered, within the scope of the corporate purpose defined in the Bylaws, to perform any legal acts or transactions for purposes of management and disposition, under any title, except for those reserved by law or by the Bylaws exclusively to the shareholders at a General Shareholders' Meeting.

The foregoing provisions notwithstanding, the Board of Directors is configured basically as a supervisory and control body, entrusting the day-to-day management of the Company's business to the executive bodies and to the management team.

The Board of Directors cannot delegate those powers that the law or the Bylaws reserve to its own exclusive purview, or those other powers that are necessary for the responsible exercise of its basic function of supervision and control, or the powers delegated to it by the shareholders at a General Shareholders' Meeting, unless such subdelegation is expressly authorized.

Specifically, the Board of Directors cannot, under any circumstances, delegate the following powers:

a) Supervision of the effective operation of the Committees that it has created and of the activities of the delegated bodies and of the Officers that it has designated.

b) Determination of the Company's general policies and strategies.

c) Authorization or waiver of the obligations arising from the duty of loyalty, in accordance with the provisions of of the law, in the Bylaws and in the Regulations of the Board of Directors.

d) Its own organization and operation.

e) Preparation of the Annual Accounts and their submission at the General Shareholders' Meeting.

f) Preparation of any type of report that by law must be presented to the management body, provided that the transaction to which the report refers cannot be delegated.

g) Appointment and removal of the Company's Chief Operating Officers, as well as the establishment of the terms of their contracts.

h) Appointment and removal of the Officers who are to report directly to the Board or to any of its members, as well as the establishment of the basic conditions of their contracts, including their compensation.

i) Decisions regarding the compensation of the Directors, within the framework of the Bylaws and of the remuneration policy approved by the shareholders at the General Shareholders' Meeting.

j) The call to the General Shareholders' Meeting and the preparation of the agenda and the proposed resolutions.

k) The policy regarding the Company's own shares.

l) The powers delegated by the shareholders at the General Shareholders' Meeting to the Board of Directors, unless subdelegation of such powers was expressly authorized by the shareholders.

m) Approval of the strategic or business plan, the annual management and budgetary goals, the investment and finance policy, the corporate social responsibility and sustainability policy or dividend policy.

n) Determination of the risk control and risk management policy, including tax-related risks, and supervision of the internal information and control systems.

o) Determination of the corporate governance policy of the Company and of the Group; its organization and operation; and, in particular, the approval and modification of its internal Regulations.

p) Approval of the disclosure, contact and engagement policy for shareholders, institutional investors and proxy advisors, including the policy on communication of economic/financial, non-financial and corporate information.

q) Approval of the diversity policy in relation to the Board of Directors and the selection of directors.

r) Approval of the financial information that the Company must periodically disclose because of its status as a listed company.

s) Definition of the structure of its Group of companies.

t) Approval of investments or transactions of all kinds that, because of their high amount or special characteristics, are of a strategic nature or entail a special tax risk, unless their approval is within the purview of the shareholders at the General Shareholders' Meeting.

u) Approval of the creation or acquisition of interests in special-purpose entities or entities that are domiciled in countries or territories that are considered to be tax havens, as well as any other transactions of a similar nature that, due to their complexity, might diminish the transparency of the Company and its Group.

v) The approval, subject to a report from the Audit and Control Committee, of related-party transactions under the terms established in Article 37 of the Board Regulations, unless their approval corresponds to the General Meeting.

The Company's Board of Directors may delegate the approval of transactions between companies forming part of its Group that are carried out within the scope of ordinary management and under market conditions, as well as transactions entered into under contracts whose standard conditions are applied *en masse* to a large number of customers, carried out at prices or rates established on a general basis, and whose amount does not exceed 0.5% of the net turnover of the Company, determined in accordance with the rules of calculation laid down in the Law.

In any event, when duly justified urgent circumstances arise, the decisions corresponding to the foregoing matters may be adopted by the delegated bodies or persons and must be ratified at the next meeting of the Board of Directors that is held after the adoption of the decision.

Allocation of positions and duties

The Board of Directors of Telefónica, S.A. has implemented a corporate governance structure that ensures the effective fulfillment of its duties and responsibilities.

This structure is configured basically in the following way:

- **Chief Executive Officer**

The Chairman of the Board of Directors holds the position of chief executive of the Company, with responsibility for effective guidance of the business activities, always in accordance with the decisions and criteria set by the shareholders at the General Shareholders' Meeting and by the Board of Directors.

The position was held by Mr. José María Álvarez-Pallete López until January 18, 2025, the date from which Mr. Marc Thomas Murtra Millar holds the position of Executive Chairman of Telefónica, S.A.

As Chief Executive Officer, all of the powers and duties of the Board of Directors are expressly delegated to him, except for those that cannot be delegated, whether by law, the Bylaws or the Regulations of the Board of Directors, article 5.4 of which establishes the powers that are reserved to the Board of Directors and that cannot be delegated. In addition to such delegation of powers, the Company's Chief Executive Officer is granted specific (non-general) powers to carry out specific transactions that have been approved by the Company.

- **Chief Operating Officer**

The powers of the Board of Directors associated with the conduct of the business and with the fulfillment of the highest executive duties in all of the Company's business areas are delegated to the Chief Operating Officer, except for the powers that cannot be delegated, whether by law, the Bylaws or the Regulations of the Board of Directors. In addition to such delegation of powers, the Company's Chief Operating Officer is granted specific (non-general) powers to carry out specific transactions that have been approved by the Company.

This position was held by Mr. Ángel Vilá Boix until March 6, 2025, the date from which Mr. Emilio Gayo Rodríguez holds the position of Chief Operating Officer of Telefónica, S.A.

- **Lead Independent Director**

The Lead Independent Director performs, among others, the following duties and tasks:

a) Coordinates the work of the External Directors, in order to protect the interests of all of the Company's shareholders; reflects the concerns of the said Directors; and meets with them when he deems it appropriate.

b) When appropriate, he may ask the Chairman of the Board to call a meeting of the Board of Directors, in keeping with Good Governance standards.

c) He may request that certain matters be included on the Agenda of the meetings of the Board of Directors that have already been called.

d) Directs the evaluation carried out by the Board of Directors of its Chairman.

e) He may preside over meetings of the Board of Directors, in the absence of the Chairman and of the Vice Chairmen.

f) Maintains contacts with investors and shareholders in order to know their views, for the purpose of forming an opinion regarding their concerns, particularly with regard to the Company's corporate governance.

g) Coordinates the Chairman's succession plan.

On January 29, 2025, the Board of Directors of the Company, with the abstention of the Executive Directors and upon the proposal of the Nominating, Compensation and Corporate Governance Committee, resolved to appoint the Independent Director Mr. Peter Löscher as Lead Independent Director. Mr. José Javier Echenique Landiríbar was Lead Independent Director until December 15, 2024, the date of his passing.

- **General Secretary and Secretary of the Board of Directors**

The Secretary of the Board of Directors, Mr. Pablo de Carvajal González, assists the Chairman of the Board in the fulfillment of his duties, and ensures the proper functioning of the Board of Directors, with very particular attention to providing to the Directors the necessary advice and information; keeping the company records; properly reflecting in the minute books the proceedings of the meetings of the Board of Directors; and attesting to its resolutions.

The Secretary of the Board also sees to the formal and substantive legality of the activities of the Board of Directors and to their compliance with the Bylaws and with the Regulations for the General Shareholders' Meeting and of the Board of Directors, ensuring that the good governance recommendations adopted by the Company and in force at any time are duly taken into account.

The Secretary of the Board is also the General Secretary of the Company. Mr. Pablo de Carvajal González is also Telefónica's Global Director of Regulatory Affairs and Head of the Security Area.

The Board of Directors also has a Deputy Secretary, Mr. Antonio García-Mon Marañés, who assists the Secretary and replaces him in the performance of his duties in the event of his absence or inability. Mr. García-Mon is also Deputy General Secretary and Director of Corporate Legal Services.

Neither the Secretary nor the Deputy Secretary of the Board have the status of Directors.

- **Committees of the Board of Directors**

As of December 31, 2025, and as of the date of drawing up of this Report, the Board of Directors had and has an Executive Commission and three advisory or control committees, whose composition, duties and powers are described in detail in advance.

Operation of the Board of Directors

Both the Bylaws and the Regulations of the Board specify that the Board of Directors shall meet routinely once a month, and, at the initiative of the Chairman, as often as he deems it appropriate for the proper functioning of the Company.

During fiscal year 2025, the Telefónica Board of Directors held 17 meetings, each lasting between three and four hours, depending on the topics discussed. Likewise, it should be noted that one of these meetings corresponds to the strategic session that the Board of Directors holds annually to analyze the company´s strategy and its impact on the business developed by the Telefonica Group. In particular, as mentioned earlier in this Report, on November 4, 2025, the Capital Markets Day was held to present the new strategic Plan Transform & Grow.

The meetings of the Board of Directors have been held in mixed format. At all these meetings, the Secretary of the Board of Directors attested to the identity of all the attendees.

The power to call a meeting of the Board of Directors and, if appropriate, to draw up the Agenda of the Board's meetings rests with the Chairman of the Board of Directors, who must however call a meeting when requested to do so by three Directors who indicate the issues to be discussed.

A meeting of the Board of Directors may also be called by at least one-third of its members, with an indication of the Agenda, if, after the submission of a request to the

Chairman of the Board of Directors, the Chairman, without just cause, has not called the meeting within a period of one month.

The Company adopts the measures that are necessary in order for the Directors to have, whenever possible and sufficiently in advance, the necessary information, which shall be drawn up and oriented specifically toward the preparation of the meetings of the Board and of its Committees. In no case shall its compliance be waived on the grounds of the importance or confidential nature of the information, except under absolutely exceptional circumstances.

In this regard, and in accordance with the provisions of articles 18 and 20 of the Regulations of the Board of Directors, the Board of Directors and its Committees shall draw up a calendar of the meetings to be held during the year. Such calendar may be modified by resolution of the Board itself or of the corresponding Committee, or pursuant to a decision by its Chairman, in which case the modification must be disclosed to the Directors as soon as possible.

The Board and its Committees also have an Action Plan that contains a detailed description and the frequency of the activities to be carried out in each financial year, according to the powers and duties assigned to them.

Similarly, all of the meetings of the Board and of the Committee have a pre-established Agenda, which is communicated at least three days before the date on which the meeting is scheduled to be held, along with the call to the meeting. The Agenda for each meeting clearly indicates the items regarding which the Board of Directors or the Executive Commission must make a decision or adopt a resolution.

With the same goal, in general, the documentation associated with the Agenda for the meetings is made available to the Directors sufficiently in advance. In this regard, and in compliance with the provisions of article 19 of the Regulations of the Board of Directors, the Chairman of the Board of Directors organizes the discussions, seeking and encouraging the active participation of all of the Directors in the deliberations, safeguarding the unconstrained statement of their viewpoints. Similarly, with the assistance of the Secretary, the Chairman ensures that the Directors receive beforehand sufficient information to deliberate on the items on the Agenda. He also ensures that sufficient time is devoted to the discussion of strategic issues and stimulates debate during the meetings, safeguarding the unconstrained statement of viewpoints by the Directors.

The main executives of the Group, as well as other speakers as deemed appropriate, attend the meetings of the Board and its Committees for the presentation of the matters within their competence, depending on the subjects to be addressed as set forth in the Agenda of each meeting. In this regard, before the beginning of the corresponding agenda item, the Chairman requests the incorporation of the speakers to participate in said item. The speakers present the relevant information and respond to the questions raised, but in no case do they participate in the deliberations, without affecting the independence or the freedom of judgment of the Directors and members of the Committees of the Board of Directors.

Furthermore, and in general, the Regulations of the Board of Directors (article 25) expressly provide that the Directors are vested with the broadest powers for obtaining information about any aspect of the Company and to examine its books, records, documents and other background materials relating to corporate activities. The exercise of this right of information is channeled through the Chairman or the Secretary of the Board of Directors, who handle requests from the Directors, either providing the information directly to the Directors or placing them in touch with the proper contact persons at the appropriate organizational level.

On the other hand, the Board of Directors can validly hold a meeting when a majority of its serving members are present or represented at the meeting. The Directors must personally attend the meetings of the Board of Directors. If, under exceptional circumstances, they are unable to do so, they shall ensure that the proxy they give to another member of the Board of Directors includes, insofar as possible, the appropriate instructions. Non-executive Directors can delegate their proxy only to another non-executive Director. Such delegations may be made by letter, mail or in any other way that ensures the certainty and validity of the proxy, in the opinion of the Chairman of the Board of Directors (article 19 of the Regulations of the Board of Directors and article 34.4 of the Bylaws).

In all cases, resolutions are adopted by an absolute majority of the votes of the Directors who are present at the meeting, either in person or by proxy, except in those instances in which, for certain resolutions to be valid, the law, the By-Laws or the Regulation of the Board of Directors requires the favorable vote of a larger number of Directors.

Board Committees

Both the Bylaws and the Regulations of the Board provide for an Executive Commission of the Board of Directors, with general decision-making authority and, consequently, with the express delegation of all of the powers of the Board of Directors, (except for those powers that, by law or pursuant to the Bylaws, cannot be delegated), as well as for the existence of an Audit and Control Committee and a Nominating, Compensation and Corporate Governance Committee.

The Regulations also authorize the Board of Directors to create one or more advisory or control committees, in addition to those mentioned above, entrusted with the task of examining and continuously monitoring any area of special importance to the good governance of the

Company, or performing the specific analysis of any factor or issue whose significance or magnitude requires it. These Committees report to the Board of Directors regarding the conclusions reached on the issues or matters that they have been entrusted to review.

As mentioned previously, as of December 31, 2025, and on the date of issuance of this Report, the Board of Directors had and has an Executive Commission and three advisory or control committees (the Audit and Control Committee, the Nominating, Compensation and Corporate Governance Committee and the Sustainability and Regulation Committee), whose composition, duties and powers are described below.

On the other hand, the meetings held by the Board of Directors' Committees, during financial year 2025, were held in mixed format, i. e. with the attendance of the Directors in person and online. At all these meetings, the Secretary of each Committee attested to the identity of all the attendees.

In accordance with the provisions of article 20 b) 3. of the Regulations of the Board, a full report is delivered to the Board of Directors on the matters addressed by the Committees, and so that it will be aware of the said matters for the exercise of its responsibilities. At the beginning of each of the monthly meetings of the Board of Directors, the Chairman of each of the Committees delivers a report on the major matters that were addressed and on the activities and tasks that were carried out by the respective Committee, making available to the Directors the corresponding documentation, so that the Directors will be aware of such activities for the purposes of the exercise of their responsibilities.

Additionally, and in the same way as the Board of Directors itself, all of the Committees prepare, at the start of each fiscal year and in accordance with the provisions of article 20 b) 3. of the Regulations of the Board of Directors, an Action Plan that contains a detailed description of, and a schedule for, the actions to be taken in each fiscal year in each Committee's individual area of activity.

Similarly, all of the Committees prepare an Activity Memorandum (which, for the Audit and Control Committee is called Annual Report on the activity, and the Nominating, Compensation and Corporate Governance Committee, is known as the Report of the Operation), which summarize the major activities and actions that were carried out during the preceding fiscal year, including the details of the matters that were examined and addressed at the meetings that were held, and emphasizing the aspects associated with their duties and responsibilities, composition and performance.

The Executive Commission

The Board of Directors has delegated its authority or powers (except for those that by law, under the bylaws and pursuant to the regulations cannot be delegated) to an Executive Commission.

The Executive Commission provides the Board of Directors with greater operability and effectiveness in the exercise of its functions, inasmuch as it meets more often than the Board of Directors does.

In accordance with the provisions of article 38 of the Bylaws of Telefónica, S.A., article 21 of the Regulations of the Company's Board of Directors governs the Executive Commission in the following terms:

a) Composition.

The Executive Commission shall consist of the Chairman of the Board of Directors, once he has been appointed as a member of the Committee, and no fewer than three and no more than ten other members, all of whom shall be Directors, appointed by the Board of Directors.

The Board of Directors shall endeavor to ensure that the Executive Commission has at least two non-executive Director, of whom at least one shall be independent.

In any event, in order to be valid, the appointment or renewal of the members of the Executive Commission shall require the favorable vote of at least two-thirds of the members of the Board of Directors.

As of December 31, 2025 and as of the date of drawing up of this Report, the Executive Commission was and is composed of the following persons:

Name	Post	Category
Mr. Marc Thomas Murtra Millar*	Chairman	Executive
Mr. Isidro Fainé Casas	Vice Chairman	Proprietary
Mr. José María Abril Pérez	Vice Chairman	Proprietary
Mr. Carlos Ocaña Orbis	Vice Chairman	Propietary
Mr. Emilio Gayo Rodríguez**	Member	Executive
Mr. Peter Löscher	Member	Independent
Ms. María Luisa García Blanco***	Member	Independent
Mr. César Mascaraque Alonso****	Member	Independent
Ms. Claudia Sender Ramírez	Member	Independent

* Mr. Marc Thomas Murtra Millar is the Chairman of the Executive Commission since January 18, 2025.

** Mr. Emilio Gayo Rodríguez was appointed Member of the Executive Commission on March 6, 2025.

*** Ms. María Luisa García Blanco was appointed Member of the Executive Commission on February 26, 2025.

**** Mr. César Mascaraque Alonso was appointed Member of the Executive Commission on November 26, 2025.

b) Operation.

The Executive Commission shall meet whenever it is called by its Chairman, normally holding meetings every 15 (fifteen) days. During the year 2025 it held 13 meetings, lasting on average 1 hour and 30 minutes each. Also noteworthy is the high level of participation of all of its members.

The Chairman and the Secretary of the Board of Directors shall serve as the Chairman and the Secretary of the Executive Commission. One or more Vice Chairmen and a Deputy Secretary may also be appointed.

The Executive Commission can validly hold a meeting when a majority of its members are present at the meeting, either in person or by proxy.

Resolutions shall be adopted by an absolute majority of the Directors present at the meeting either in person or by proxy. In the event of a tie in the voting, the Chairman shall cast the deciding vote.

c) Relationship with the Board of Directors.

The Executive Commission shall promptly inform the Board of Directors of the matters that are discussed and the decisions that are made at its meetings. Copies of the minutes of such meetings shall be made available to the members of the Board (article 21.c) of the Regulations of the Board).

Most important activities during the financial year

During financial year 2025, the Executive Commission of the Board of Directors of Telefónica, S.A. analyzed and reviewed, deliberated on and adopted resolutions (which have been ratified by the Company's Board of Directors) relating to certain issues associated with the following matters, among others:

- The business performance in the different countries where the Telefónica Group operates.
- Corporate and finance-related transactions of the Telefónica Group.
- The regulatory situation of the telecommunications sector.

Audit and Control Committee

The Audit and Control Committee of Telefónica, S.A. is governed by the provisions of article 39 of the Bylaws, by the provisions of article 22 of the Regulations of the Board of Directors, and its own Regulations. In particular, it regulates the composition, powers, and functioning of such Committee. The current version of the Regulations of the Audit and Control Committee is available for consultation on the Company's corporate website, in the Information for Shareholders and Investors section, in the Corporate Governance area, under Company's Internal Regulations.

a) Composition.

The Audit and Control Committee shall consist of the number of Directors that the Board of Directors determines at any given time. In no case shall the said number be fewer than three persons, appointed by the Board of Directors. All of its members must be External or Non-Executive Directors, and at least a majority of them must be Independent Directors. In appointing the members of the committee, and, in particular, its Chairman, the Board of Directors shall take into account their knowledge and experience in matters of accounting, auditing and management of both financial and non-financial risks. Collectively, the members of the Committee shall possess the technical knowledge that is pertinent to the area of business to which the Company belongs.

The Chairman of the Audit and Control Committee, whose position in any case shall be held by an Independent Director, shall be appointed from among the members of such Committee. The Chairman must be replaced every four years and may be re-elected after a period of one year has elapsed since his departure.

During the financial year 2025, the composition of the Audit and Control Committee has been modified to adapt to the changes that have occurred in the composition of the Board of Directors.

As of December 31, 2025 and as of the date of drawing up of this Report, the Audit and Control Committee was and is composed of the following persons:

Name	Post	Category
Ms. María Luisa García Blanco*	Chairwoman	Independent
Mr. Peter Löscher	Member	Independent
Mr. Carlos Ocaña Orbis	Member	Proprietary
Mr. Alejandro Reynal Ample**	Member	Independent

*On January 29, 2025, the Audit and Control Committee agreed to desigante Independent Director, Ms. María Luisa García Blanco, as the Chairwoman of said Committee.

** Mr. Alejandro Reynal Ample was appointed Member of the Audit and Control Committee on November 26, 2025.

On the other hand, all members of the Audit and Control Committee are External or Non-Executive Directors, and the majority are Independent Directors. All of them have financial training and have been appointed considering their knowledge and experience in accounting, auditing, or risk management, both financial and non-financial.

b) Responsibilities.

Without prejudice to any other tasks that may be assigned to it by the Board of Directors, the primary function of the Audit and Control Committee shall be to support the Board

of Directors in its supervisory functions. In particular, the Committee shall have at least the following responsibilities:

1) To provide information to the shareholders at the General Shareholders' Meeting about the issues that arise within its purview and, in particular, about the outcome of the audit, explaining how the audit contributed to the integrity of the financial information, and the role that the Committee played in the process.

2) To present to the Board of Directors the proposals for the selection, appointment, re-election and replacement of the external auditor, taking responsibility for the selection process, as provided by law, along with the terms and conditions under which the external auditor is to be retained, as well as collecting regularly from the auditor information about the audit plan and its implementation, in addition to preserving its independence in the fulfillment of its duties.

3) To supervise internal audit, which shall endeavor to ensure the proper operation of internal reporting and control systems, and which will functionally report to the Chairman of the Audit and Control Committee, and in particular shall be required:

a) Ensuring the independence and effectiveness of the internal audit function;

b) Proposing the selection, appointment and removal of the head of the internal audit department;

c) Proposing the budget for that department;

d) To approve the annual focus and work plan, ensuring that its activity is principally focused on material risks (including reputational risks);

e) To review the annual activities report;

f) To receive regular information about its activities, the implementation of the annual work plan, including any incidents or limitations in scope that arise during such implementation, the outcome and the follow-up on its recommendations; and

g) To verify that the senior executive officers take into account the conclusions and recommendations of its reports.

4) To supervise and assess the process of preparing and submitting and the integrity of the mandatory financial and non-financial information relating to the Company and the Group and to submit recommendations or proposals to the Board of Directors intended to safeguard the integrity thereof. With respect thereto, it shall review compliance with legal requirements, the proper determination of the scope of consolidation and the correct application of accounting standards, informing the Board of Directors thereof.

5) To endeavor ensure that the annual accounts submitted by the Board of Directors to the shareholders at the General Shareholders' Meeting are prepared in accordance with the legal provisions on accounting. However, in cases where the statutory auditor has included a qualification in its audit report, the Chairman of the Committee shall clearly explain the content and scope thereof at the General Meeting. In addition, a summary of such explanation shall be made available to the shareholders at the time of publication of the call to the General Meeting.

6)To supervise the effectiveness of the Company's internal control system, particularly endeavoring to ensure the effective implementation in practice of the policies and systems on internal control, as well as on internal audit, and the systems for the control and management of financial and non-financial risks relating to the Company and the Group (including operational, technological, legal, social, environmental, political and reputational risks and corruption-related risks), and to discuss with the Statutory Auditor any significant weaknesses in the internal control system detected during the audit, all without infringing the independence thereof. In such cases, and if applicable, it may submit recommendations or proposals to the Board of Directors and the corresponding period for follow-up thereon.

In that regard, it shall be responsible for proposing to the Board of Directors a risk control and management policy, which shall identify at least the following:

a) The types of financial (including contingent liabilities and other off-balance sheet risks) and non-financial risks (operational, technological, legal, social, environmental, political and reputational, including corruption-related risks) to which the Company is exposed;

b) A multi-level risk control and management model;

c) the setting of the risk level that the Company deems acceptable; the measures contemplated to mitigate the impact of the identified risks, should they materialize; and

d) the internal control and information systems to be used to control and manage the above-mentioned risks.

7) To supervise the risk control and management unit, which shall perform the following duties:

a) ensure the proper operation of the risk control and management systems, and particularly to ensure that all material risks affecting the Company are identified, managed and quantified;

b) actively participate in preparing the risk strategy and in important decisions regarding the management thereof; and

c) endeavor to ensure that the risk control and management systems properly mitigate risks within the

framework of the policy determined by the Board of Directors.

8) To establish and supervise a mechanism that enables employees and other people connected with the Company, such as Directors, shareholders, suppliers, contractors and subcontractors, to confidentially and anonymously, with due regard for the rights of complainant and the subject of any complainant, report any significant improprieties, including financial, accounting or any other kind of improprieties regarding the Company, that they become aware of within the Company or its Group.

9) To establish and maintain appropriate relations with the Statutory Auditor in order to receive, for review by the Committee, information on all matters that could entail a threat to the independence thereof, as well as any other matters relating to the audit procedure, and when applicable, authorization of services other than those that are prohibited, upon the terms contemplated by applicable law, and such other communications as may be provided for in auditing legislation and auditing rules. In any event, the Audit and Control Committee must receive, on an annual basis, a declaration from the Statutory Auditor of its independence from the Company or entities directly or indirectly related thereto, as well as detailed and itemized information regarding additional services of any kind provided to and the corresponding fees received from, such entities by the Auditor or by the persons or entities related thereto pursuant to the provisions of applicable law.

10) To issue on an annual basis, prior to the issuance of the audit report, a report stating an opinion on whether the independence of the Statutory Auditor has been compromised. This report must in all cases include a reasoned assessment of the provisions of each and every one of the additional services referred to in point 9) above, both individually and as a whole, other than the legal audit and regarding the rules on independence or regulations on the activity of auditing.

11) To preserve the independence of the Statutory Auditor in the performance of its duties, and in this regard: (i) in the event of the resignation of the statutory auditor, examine the circumstances giving rise to such resignation; (ii) endeavor to ensure that the compensation received by the statutory auditor for its work does not compromise the quality or independence thereof; (iii) ensure that the Company communicates through the CNMV any change in auditor and attaches a statement regarding any disagreements with the outgoing auditor and, if any, the substance thereof; (iv) ensure that the statutory auditor meets annually with the full Board of Directors to inform the Board of Directors of the work performed and on the accounting status and the risks of the Company; and (v) ensure that the Company and the statutory auditor applicable legal provisions regarding the provision of non-audit services, limits on the concentration of the auditor's business, and generally all other provisions regarding the independence of the auditors.

12) To analyze and report on the financial terms, accounting impact and, if applicable, the exchange ratio proposed for structural modifications and corporate transactions that the Company expects to carry out, prior to submission to the Board of Directors.

13) To report in advance to the Board of Directors on all matters provided by law and the By-Laws, and particularly regarding:

1. Financial information and the management report, which shall include the required non-financial information that the Company must periodically make public; and

2. The creation or acquisition of interests in special-purpose entities or entities domiciled in countries or territories considered to be tax havens.

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

15) To supervise the application of the general policy on the disclosure of economic/financial, non-financial and corporate information and communication with shareholders and investors, proxy advisers and other stakeholders, and to monitor the manner in which the Company communicates and engages with small and medium-sized shareholders, all with respect to those aspects within the purview of the Committee.

16) As regards those companies of the Group that are deemed to be Public-Interest Entities (Entidades de Interés Público) (as defined by applicable law), and with respect to which it is so approved by the Board of Directors, to perform all those duties of the Audit Committee at any time contemplated by applicable law, provided that (a) such companies are directly or indirectly wholly-owned by the Company pursuant to the provisions of applicable law , or (b) the assumption of such duties has been unanimously approved by the shareholders of the subsidiary.

The provisions of paragraphs 2), 9) and 10) shall be understood as being without prejudice to the regulatory framework governing the auditing of accounts.

Mechanisms established by the Board of Directors to ensure that the Annual Accounts that the Board of Directors submits to the General Shareholders' Meeting are drawn up in accordance with accounting standards

By virtue of the foregoing, Telefónica's Audit and Control Committee is responsible for ensuring that the annual accounts that the Board of Directors submits to the General Shareholders' Meeting are drawn up in

accordance with accounting regulations and that, in those cases in which the auditor has included a qualification in its audit report, the Chairwoman of the Audit and Control Committee must clearly explain to the General Shareholders' Meeting the opinion of the Committee on the content and scope of the audit report and make a summary of such opinion available to the shareholders at the time of publication of the notice of the General Shareholders' Meeting.

Mechanisms established to preserve the independence of external auditors, financial analysts, investment banks and rating agencies, including how the legal provisions have been implemented in practice

With regard to the independence of the Company's external auditor, and in accordance with the provisions of Telefónica´s Regulations of the Board of Directors (Article 39), the Board of Directors has established, through the Audit and Control Committee, a stable and professional relationship with the Accounts Auditor, with strict respect for the independence thereof.

Furthermore, the Audit and Control Committee, as part of its fundamental powers (Article 22 of the Regulations of the Board of Directors and Article 4 of the Regulations of the Audit and Control Committee), has established and maintains the appropriate relationships with the auditors to receive information on those matters that may threaten their independence, to be considered by the Committee, and any others related to the process of carrying out the audit, and, where appropriate, the authorisation of services other than those prohibited, in accordance with the terms set forth in the applicable law, as well as other communications set forth in audit legislation and audit regulations.

In any case, the Audit and Control Committee annually receives the accounts auditor's declaration of independence with regard to the Company or entities directly or indirectly related to it, as well as detailed and personalised information on the additional services of any kind provided and the corresponding fees received from these entities by the reported auditor, or the persons or entities related to him/her in accordance with the provisions of current regulations.

Furthermore, the Committee issues, prior to issuing the audit report of the accounts, an annual report that expresses an opinion on whether the independence of the accounts auditor has been compromised. This report states, in any case, the evaluation, with supporting evidence/rationale, of the provision of each and every one of the additional services referred to in the previous section, taken into account individually and together, different to the statutory audit and in relation to the independence regime or the regulations governing account auditing.

On the other hand, as regards financial analysts, investment banks and rating agencies, their work and actions are developed and carried out in accordance with strict criteria, rules of independence and compliance. In particular, the agreements entered into by Telefónica, S.A. with the rating agencies include clauses recognizing the independence of the rating agency and its right to freely determine, apply and modify the rating methodologies at its sole discretion.

In any event, the Audit and Control Committee must preserve the independence of the statutory auditor in the performance of its duties, and in this regard: (i) in the event of the resignation of the statutory auditor, examine the circumstances giving rise to such resignation; (ii) endeavor to ensure that the compensation received by the statutory auditor for its work does not compromise the quality or independence thereof; (iii) ensure that the Company communicates through the CNMV any change in auditor and attaches a statement regarding any disagreements with the outgoing auditor and, if any, the substance thereof; (iv) ensure that the statutory auditor meets annually with the full Board of Directors to inform the Board of Directors of the work performed and on the accounting status and the risks of the Company; and (v) ensure that the Company and the statutory auditor applicable legal provisions regarding the provision of non-audit services, limits on the concentration of the auditor's business, and generally all other provisions regarding the independence of the auditors.

In addition, and in accordance with the Regulations of the Board of Directors (Article 22), the Company's Audit and Control Committee puts forward proposals to the Board of Directors for the selection, appointment, re-election and replacement of the external auditor, taking responsibility for the selection process in accordance with the law, as well as the terms and conditions of his/her contract, regularly obtaining information from the auditor on the audit plan and the execution thereof, as well as preserving his/her independence in the exercise of his/her duties.

In relation to the foregoing, the Audit and Control Committee of Telefónica carried out during 2025 a public call for tenders for the statutory audit of the financial statements of Telefónica, S.A. and its Consolidated Group, as well as for the selection of the Verifier of Sustainability Information for the 2027, 2028 and 2029 financial years. After impartially, transparently and non-discriminatorily analyzing the proposals submitted by the different participating firms, the Audit and Control Committee agreed to recommend the engagement of PricewaterhouseCoopers Auditores, S.L. (PwC) as: (i) Statutory Auditor of Telefónica, S.A. and its Consolidated Group for the 2027, 2028 and 2029 financial years; and (ii) Verifier of Sustainability Information for said period. Additionally, the Committee agreed to recommend PwC as Statutory Auditor for those same financial years in the Public Interest Entities (PIEs) of the Group in which Telefónica's Audit and Control Committee has assumed the functions inherent to such committee. The Board of Directors of the Company resolved to submit to the next General Shareholders' Meeting the proposal for the

appointment of PwC as Statutory Auditor of Telefónica, S.A. and its Consolidated Group for the 2027, 2028 and 2029 financial years.

Furthermore, the external auditor has direct access to the Audit and Control Committee, participating regularly in its meetings, without the presence of members of the Company's management team when this is deemed necessary. In this regard, and in accordance with the requirements of US regulations on this matter, the External Auditor reports to the Audit and Control Committee, at least on an annual basis, on the most significant accounting policies and practices followed in drawing up the Company's financial and accounting information, on any alternative accounting treatment within generally accepted accounting principles and practices that affects any relevant element within the financial statements that may have been discussed with the management team, and, finally, on any relevant communication between the auditor and the Company's management team. In addition, and in accordance with Article 39 of the Regulations of the Board of Directors, the auditor shall hold an annual meeting with the full Board of Directors to provide an update on the work carried out and the evolution of the Company´s accounting and risk situation.

In accordance with the Company's internal regulations, and also in line with the legal requirements imposed by Spanish, European and US regulations, contracting any service with the Company's External Auditor must always be approved beforehand by the Audit and Control Committee. Furthermore, this contracting of services, other than those of the audit itself, is carried out in strict compliance with the Audit Act, European regulations and the Sarbanes-Oxley Act enacted in the United States and its implementing regulations. In this respect, and before hiring the auditor, the Audit and Control Committee analyses the content of the work to be carried out, assessing the situations that may entail a risk to the independence of the Company's External Auditor, and specifically supervises the percentage represented by the fees paid by the latter of the audit firm's total revenue. In this regard, the Company states in its Annual Report, in accordance with the legal requirements in force, how much the Company's External Auditor is paid, including those fees related to services of a different nature from auditing.

Consequently, the Company has implemented, in practice, the legal provisions on this matter as indicated in the preceding paragraphs.

c) Operation.

The Audit and Control Committee must have access to information in a suitable, timely and sufficient manner, for which purpose:

- The Chairwoman of the Committee and, if deemed appropriate or requested, the rest of its Members, shall maintain regular contact with the key personnel involved in the governance and management of the Company.
- The Chairwoman of the Committee, through the Secretary of the Committee, shall channel and provide the necessary information and documentation to the other members of the Committee, allowing sufficient time for them to analyze such information prior to their meetings.

This information shall be available through the corresponding information technology application, enabled by the Company for the handling of the documentation associated with this Committee.

The Audit and Control Committee shall meet at least once every quarter, and whenever a meeting is deemed appropriate, in response to a call from its Chairwoman. In any event, the Committee shall meet, at a minimum, on each date on which annual or interim financial information is published. In such cases, the Internal Auditor shall be present. If any type of review report is issued, the Auditor shall also be present.

In this regard, and with reference to the meetings held with the Statutory Auditor and with the Internal Auditor, the provisions of article 7 of the Regulations of the Company's Audit and Control Committee are complied with, which provisions establish that, for the proper exercise of its supervisory function, the Committee must be familiar with, and understand, the decisions made by Senior Management regarding the application of the most significant criteria and the results of the reviews conducted by the Internal Audit Office, while maintaining fluid communications with the Statutory Auditor. In point of fact, the External Auditor has participated in meetings of the Audit and Control Committee in order to explain the work that was done, and also to clarify, at the request of Committee, those issues that may have been raised in connection with the duties assigned to such External Auditor. The members of the Committee also held separate meetings with each of these contact persons when such meetings were deemed necessary, in order to conduct a rigorous follow-up of the preparation of the Company's financial information.

During 2025, the Audit and Control Committee held 12 meetings, lasting on average two hours each. Also noteworthy is the high level of participation of all of its members.

Likewise, in the fulfillment of its duties, the Committee may request the presence of the following persons at its meetings: the Statutory Auditor, the head of the Internal Audit Office, any Director, employee or Officer of the Company and the experts that it deems appropriate.

Attendance at the formal meetings of the Committee shall be preceded by the allocation, on the part of its Members, of sufficient time to analyze and evaluate the information received by them.

The Committee also has a Secretary, as well as the necessary support staff for planning meetings and agendas; for drafting documents and meeting minutes; and for compiling and distributing information, among other tasks.

For the purposes of appropriate scheduling that makes it possible to ensure the efficient accomplishment of the objectives pursued, the Committee establishes an Annual Work Plan.

The meetings are scheduled by the Chairwoman of the Committee, who communicates them to the Secretary of the Committee, so that its members will receive the documentation sufficiently in advance. All of these actions are performed bearing in mind that the duties of the Members of the Committee are fundamentally supervisory and advisory, with no involvement in execution or management, which are the responsibility of Senior Management.

Most important activities during the financial year and fulfillment of duties.

The primary activities and actions performed by the Audit and Control Committee of the Board of Directors of Telefónica, S.A. during financial year 2025 were related to the powers and duties of such Committee.

The most significant activities carried out by the Committee in 2025 for both Telefónica, S.A. and the remaining Public Interest Entities (PIEs) of the Group (specifically, Telefónica de España, S.A.U., Telefónica Emisiones, S.A.U., and Telefónica Europe, B.V.) are detailed below, with respect to which this Audit and Control Committee has assumed the functions inherent to their Audit Committee.

- Activities carried out in relation to Financial and Non-Financial matters: i) review of the Company's financial information (Annual Financial Statements and Management Reports including the Sustainability Report, relating to 2024, quarterly and half-yearly periodic financial information of the Telefónica Group and of the aforementioned PIEs of the Group with respect to which this Committee has assumed the functions inherent to their Audit Committee); ii) review of other financial and non-financial matters (the results of the impairment test for the 2024 financial year and preliminary analyses for 2025, review of accounting and financial aspects of corporate transactions, main tax risks, macroeconomic outlook, and investment transactions in entities domiciled in territories that are considered tax havens); iii) review of the prospectuses submitted by the Company to the different supervisory bodies (including, among others, the Annual Report 20-F, the Universal Registration Document and numerous prospectuses for financing transactions); and iv) review of monographic presentations on financial and tax aspects and changes in accounting regulations. In relation to the Sustainability Report for the 2024 financial year, the Committee has supervised its content and the preparation process to ensure the incorporation of all legally established requirements. Likewise, the Committee has been informed of the main developments included in the Sustainability Report, which is in turn included in the 2024 Consolidated Management Report.

- Activities carried out in relation to related party Transactions, the following stand out, among others: i) preparation of the Audit and Control Committee Report on related party transactions during the 2024 financial year and of the Audit and Control Committee Report on the authorization of related party transactions during the 2024 financial year and during the first half of 2025; ii) conclusions of the Internal Audit area in relation to the review of the process of obtaining and monitoring related party transactions through the so-called Related Party Transactions Process Supervision Report; iii) renewal of the Framework Agreements on certain lines of transactions with the SEPI Group and with the rest of the bodies and entities belonging to the Spanish Central Government Administration and the State Public Sector (Rest of AGE); and iv) renewal of the Framework Agreements for financial transaction lines with the BBVA Group. Likewise, the Committee submitted to the Board of Directors the reports on related party transactions that are not part of the ordinary course of business of the Telefónica Group (sponsorships, donations, etc.) for their individual approval by the Board of Directors.

- Activities carried out by the Internal Audit area in matters of Internal Audit, Internal Control and Risk Management: i) review of the work carried out by Internal Audit on the review of cross-functional and global processes and on regulatory requirements; ii) analysis of the 2024 Annual Activities Report of the Internal Audit Department as well as the 2025 Annual Plan of the Internal Audit Department; iii) presentation of the results of the review of indicators of financial and non-financial information, included in the remuneration of Telefónica Group employees for the 2024 financial year; iv) review of the Internal Control Systems of the Company and of the aforementioned PIEs; and v) review of the Risk Management System.

- Activities carried out by the Compliance area in compliance matters, which include, among others: i) reporting on the activity of the Internal Information System (SII) (whistleblowing channel) of the Telefónica Group; ii) monitoring of particularly relevant investigations; and iii) periodic monitoring of the main activities carried out by the Compliance Department in 2025, as well as of the main indicators, which have included specific presentations on particular aspects or initiatives of the Company's Compliance Program in 2025 and the development of the Training Program and its results.

– In relation to the External Auditor: i) approval of the proposed fees to be received by PwC as Statutory Auditor for the 2025 financial year, for statutory audit services and other audit-related services; ii) approval of engagements other than statutory audit; iii) report on the independence of the external auditor; and iv) evaluation of the external auditor's function. Likewise, the Committee continued during the 2025 financial year with the monitoring and development of the Selection Process for the Statutory Auditor and Verifier of Sustainability Information of Telefónica, S.A. and its Consolidated Group for the 2027-2029 period, as well as the Selection Process for the Statutory Auditor of the aforementioned PIEs of the Group. After a rigorous evaluation process, the Committee agreed to recommend the engagement of PwC as: (i) Statutory Auditor of Telefónica, S.A. and its Consolidated Group and as Verifier of Sustainability Information for the 2027, 2028 and 2029 financial years, and (ii) Statutory Auditor of the aforementioned PIEs of the Group for that same period. The appointment of the Statutory Auditor of Telefónica, S.A. and its Consolidated Group for the 2027, 2028 and 2029 financial years will be submitted to the next General Meeting for approval in accordance with applicable regulations.

– Regarding sustainability, the Committee has reviewed, among other things, the non-financial information prepared by the Company in accordance with applicable legal provisions, the Company's reporting processes (specifically, the dual materiality process carried out by Telefónica, S.A.), and the risk analysis and management process. The Committee also proposed to the Board of Directors the appointment of PwC as Verifier of the Sustainability Information of Telefónica, S.A. and its Consolidated Group for financial year 2025.

– Other items of interest include the following: i) preparation of the monthly report of the Head of the Treasury Stock Management Team of Telefónica, S.A. on treasury stock transactions; ii) a review to ensure that the financial information published on the Company's website is continuously updated and matches the information prepared, in each instance, by the Board of Directors and published on the CNMV website; iii) periodic training to ensure that the knowledge imparted to the members of the Committee (specifically, on artificial intelligence, Trends and Benchmarks on Sustainability Information, etc.); iv) preparation of the Annual Activities Report of the Audit and Control Committee; v) status of the Telefónica Group litigation; vi) the results obtained from the Audit and Control Committee Evaluation Process for financial year 2024 and the corresponding Action Plan; and vii) assesment of the role of the Internal Audit Department.

The Nominating, Compensation and Corporate Governance Committee

The Nominating, Compensation and Corporate Governance Committee of Telefónica, S.A. is governed by the provisions of article 40 of the Bylaws and of article 23 of the Regulations of the Board of Directors. Accordingly, and in order to comply with the recommendations set forth in Technical Guide 1/2019 of the CNMV regarding nominating and compensation committees, the Board of Directors, at its meeting held on June 26, 2019, approved the Regulations of the Nominating, Compensation and Corporate Governance Committee of Telefónica, S.A., which was amended by resolution of the Board of Directors at its meeting of December 16, 2020, following a favourable report from the Nominating, Compensation and Corporate Governance Committee, to adapt it to the recommendations of the Good Governance Code as amended in June 2020 (as well as Article 23 of the Regulations of the Board of Directors).

Article 40 of the Company's Bylaws, article 23 of the Regulations of the Board of Directors and the Regulations of the Nominating, Compensation and Corporate Governance Committee govern such Committee under the terms set out in the following sections. The current version of the Regulations of the Nominating, Compensation and Corporate Governance Committee is available for consultation on the Company's corporate website, under Information for Shareholders and Investors section, in the Corporate Governance area, under Company's internal Regulations.

a) Composition.

The Nominating, Compensation and Corporate Governance Committee shall consist of the number of Directors that the Board of Directors determines at any given time. In no case shall the said number be fewer than three persons appointed by the Board of Directors. All of its members must be external or non-executive Directors, and the majority of them must be independent Directors. The Lead Independent Director must also be a member of the Committee. In this regard, the Board of Directors of Telefónica, S.A. at its meeting on January 29, 2025, upon the proposal of the Nominating, Compensation and Corporate Governance Committee, resolved to designate the Independent Director, Mr. Peter Löscher as Lead Independent Director.

The members of the Nominating, Compensation and Corporate Governance Committee shall be appointed such that as a group they have the knowledge, aptitudes and experience appropriate for the duties that they are called upon to perform.

The Chairman of the Nominating, Compensation and Corporate Governance Committee, whose position shall in any case be held by an independent Director, shall be appointed from among the members of such Committee.

As of December 31, 2025 and as of the date of drawing up of this Report, the Nominating, Compensation and Corporate Governance Committee was and is composed of the following persons:

Name	Post	Category
Mr. Peter Löscher	Chairman	Independent
Ms. María Luisa García Blanco	Member	Independent
Mr. Carlos Ocaña Orbis*	Member	Proprietary
Ms. Ana María Sala Andrés**	Member	Independent
Mr. César Mascaraque Alonso***	Member	Independent

* Mr. Carlos Ocaña Orbis was appointed Member of the Nominating, Compensation and Corporate Governance Committee on February 26, 2025.

** Ms. Ana María Sala Andrés was appointed Member of the Nominating, Compensation and Corporate Governance Committee on July 29, 2025.

*** Mr. César Mascaraque Alonso was appointed Member of the Nominating, Compensation and Corporate Governance Committee on November 26, 2025.

b) Responsibilities.

Notwithstanding any other tasks that may be assigned to it by the Board of Directors, the Nominating, Compensation and Corporate Governance Committee shall have the following responsibilities:

1) To evaluate the skills, knowledge and experience necessary within the Board of Directors. For such purposes, it shall determine the functions and aptitudes needed in the candidates who must fill each vacancy and shall evaluate the time and dedication required for them to effectively carry out their tasks and shall ensure that the non-executive Directors have sufficient availability to properly perform their duties.

2) To establish a goal for representation by the less represented gender on the Board of Directors and prepare guidance on how to reach this objective.

3) To submit proposed appointments of independent Directors to the Board of Directors for appointment on an interim basis to fill a vacancy or for submission of such proposals to a decision by the shareholders at the General Shareholders' Meeting, as well as proposals for the re-election or removal of such Directors by the shareholders at the General Shareholders' Meeting.

4) To report on the proposed appointments of the other Directors of the Company for their appointment on an interim basis to fill a vacancy or for submission of such proposals to a decision by the shareholders at the General Shareholders' Meeting, as well as proposals for the re-election or removal thereof by the shareholders at the General Shareholders' Meeting.

5) To also report on proposals for the appointment and removal of the Secretary and any Deputy Secretary of the Board of Directors of the Company, as well as proposals for the appointment, re-election and removal of Directors from the subsidiaries thereof.

6) To report on proposals for the appointment and removal of the Senior Executive Officers of the Company and its subsidiaries.

7) To report on the proposals for appointment of the members of the Executive Commission and of the other Committees of the Board of Directors, as well as the respective Secretary and, if applicable, the respective Deputy Secretary.

8) To propose to the Board of Directors the appointment of the Lead Director from among the independent Directors.

9) Together with the Chairman of the Board of Directors, to organize and coordinate a periodic evaluation of the Board of Directors and its Committees, including the performance and contribution of each Director and the evaluation of the performance of the Chairman of the Board of Directors under the direction of the Lead Director pursuant to the Regulations of the Board of Directors.

10) To report on the periodic evaluation of the performance of the Chairman of the Board of Directors.

11) To examine or organize the succession of the Chairman of the Board of Directors and, if applicable, to make proposals to the Board of Directors so that such succession occurs in an orderly and planned manner.

12) To propose to the Board of Directors, within the framework established in the Bylaws, the compensation for the Directors and review it periodically to ensure that it is in keeping with the tasks performed by them, as provided in Article 33 of the Regulations of the Board of Directors.

13) To propose to the Board of Directors, within the framework established in the By-Laws, the extent and amount of the compensation, rights and remuneration of a financial nature, of the Chairman of the Board of Directors, the executive Directors and the Senior Executive Officers of the Company, as well as the basic terms of their contracts, for purposes of contractual implementation thereof.

14) To confirm compliance with and to periodically review the compensation policy applied to the Directors and Senior Executive Officers, including share-based compensation systems and the application thereof.

15) To prepare and propose to the Board of Directors an annual report regarding the Director compensation policy.

16) To verify the information regarding the compensation of the Directors and Senior Executive Officers set forth in the various corporate documents, including the annual report on the Director compensation policy.

17) To supervise compliance with the Company's internal corporate governance policies and rules, as well as the Company's internal codes of conduct in force from time to

time, while also endeavoring to ensure that the corporate culture is aligned with its purpose and values.

18) To periodically evaluate and review the Company's corporate governance system, such that it fulfils the mission of promoting the corporate interest and takes due account of the legitimate interests of the other stakeholders.

19) To supervise the implementation of the general policy regarding the communication of economic/financial, non-financial and corporate information and communication with shareholders and investors, proxy advisers and other stakeholders, and to monitor the manner in which the Company communicates and engages with small and medium-sized shareholders, all as regards aspects within the purview of this Committee.

20) To endeavor to ensure that any conflicts of interest do not adversely affect the independence of external advice provided to the Committee.

21) To exercise such other powers and perform such other duties as are assigned the Nominating, Compensation and Corporate Governance Committee in the Regulations of the Board of Directors.

c) Operation.

The Nominating, Compensation and Corporate Governance Committee must have access to information in a suitable, timely and sufficient manner, for which purpose:

- The Chairman of the Committee and, if deemed appropriate or requested, the rest of its members, shall maintain regular contact with the key personnel involved in the governance and management of the Company.
- The Chairman of the Committee, or, if applicable, the Secretary of the Committee, shall channel and provide the necessary information and documentation to the other members of the Committee, allowing sufficient time for them to analyze such information prior to their meetings.

This information shall be available through the corresponding information technology application, enabled by the Company for the handling of the documentation associated with this Committee.

The Nominating, Compensation and Corporate Governance Committee shall meet at least once every quarter, and whenever a meeting is deemed appropriate, in response to a call from its Chairman. In addition to holding the meetings scheduled on the annual calendar, the Nominating, Compensation and Corporate Governance Committee shall meet whenever the Company's Board of Directors or the Chairman of the Board of Directors requests the issuance of a report or the preparation of a proposal within the scope of its responsibilities, and whenever, in the opinion of the Chairman of the Board, a meeting is appropriate for the proper fulfillment of its duties.

During 2025 it held 13 meetings, lasting on average two hours each. Also noteworthy is the high level of participation of all of its members.

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

Attendance at the formal meetings of the Committee shall be preceded by the allocation, on the part of its Members, of sufficient time to analyze and evaluate the information received by them.

The Committee shall have a Secretary (who will normally be the Secretary or the Deputy Secretary of the Board of Directors), as well as the necessary support staff for planning meetings and agendas; for drafting documents and meeting minutes; and for compiling and distributing information, among other tasks.

For the purposes of appropriate scheduling that makes it possible to ensure the efficient accomplishment of the objectives pursued, the Committee shall establish an Annual Work Plan.

The meetings shall be scheduled by the Chairman of the Committee, who shall communicate them to the Secretary of the Committee, so that its members will receive the documentation sufficiently in advance. All of these actions shall be performed bearing in mind that the duties of the Members of the Committee are fundamentally supervisory and advisory, with no involvement in execution or management, which are the responsibility of Senior Management.

The Nominating, Compensation and Corporate Governance Committee shall consult the Chairman of the Board of Directors, particularly with regard to matters involving the Executive Directors and Senior Executives.

Most important activities during the fiscal year and fulfillment of duties.

The primary activities and actions performed by the Nominating, Compensation and Corporate Governance Committee of the Board of Directors of Telefónica, S.A. during fiscal year 2025 have been associated with the powers and functions of such Committee or with legal requirements or with Telefónica's internal regulations. Accordingly, the Nominating, Compensation and Corporate Governance Committee has analyzed and reported on the following issues, among others:

a) Proposals and/or reports on appointments associated with the Board of Directors of Telefónica, S.A. and its Committees.

   Thus, in view of the Company's new shareholder structure and considering that some of the Company's significant shareholders had expressed the convenience, given the recent shareholder changes in the Company, of initiating a new phase in the executive chairmanship, at the meeting held on January 18, 2025, the Committee favorably reported to the Board of Directors on: (i) the orderly renewal of the Company's

chairmanship to adapt it to its shareholder structure; (ii) the termination of the contract entered into with Mr. José María Álvarez-Pallete López as Executive Chairman of the Board of Directors of Telefónica and, consequently, the voluntary resignation submitted by Mr. José María Álvarez-Pallete López from his position as Director of Telefónica; and (iii) the appointment of Mr. Marc Thomas Murtra Millar as Executive Director of the Company, appointing him Executive Chairman of the Board of Directors and Chairman of the Executive Committee, replacing the former Executive Chairman, Mr. José María Álvarez-Pallete López.

On the other hand, at its meeting held on January 28, 2025, the Committee proposed to the Board of Directors the appointment of the Independent Director Mr. Peter Löscher as Lead Independent Director, replacing Vice Chairman Mr. José Javier Echenique Landiríbar, who remained as Lead Independent Director until December 15, 2024, the date of his passing.

In order to fill the vacancy arising within the Board of Directors as a consequence of the passing of Vice Chairman Mr. José Javier Echenique Landiríbar, at its meeting held on February 25, 2025, the Committee favorably reported on the appointment by co-optation, as Proprietary Director, and upon proposal of Green Bridge Investment Company SCS / Stc Group, of Mr. Olayan M. Alwetaid, in response to the formal request submitted by Green Bridge Investment Company SCS / Stc Group in its capacity as shareholder of the Company.

On the other hand, at this same meeting, the Committee favorably reported to the Board of Directors on the voluntary resignation submitted by Mr. Francisco José Riberas Mera from his position as Director of Telefónica, in order to allow the Company to continue with the orderly renewal process of its Board of Directors, given that his term of office as Director of the Company was due to expire on April 23, 2025.

Consequently, and in order to fill the aforementioned vacancy, at this same meeting, the Committee proposed to the Board of Directors of the Company to appoint Ms. Ana María Sala Andrés as Director of Telefónica, by co-optation, as Independent Director.

Additionally, at this same meeting, the Committee favorably reported to the Board of Directors on the proposal to appoint Mr. Carlos Ocaña Orbis as Vice Chairman of the Board of Directors of Telefónica.

Likewise, at this same meeting, the Committee favorably reported to the Board of Directors on the following proposals:

(i) To appoint Ms. María Luisa García Blanco as Member of the Executive Commission.

(ii) To appoint Mr. Carlos Ocaña Orbis as Member of the Nominating, Compensation and Corporate Governance Committee.

(iii) To appoint Ms. Ana María Sala Andrés as Member of the Sustainability and Regulation Committee, replacing Ms. María Luisa García Blanco.

On the other hand, at its meeting held on March 6, 2025, the Committee favorably reported to the Board of Directors on: (i) the termination by unilateral decision of the company of the contract entered into with Mr. Ángel Vilá Boix as Chief Operating Officer of Telefónica and, consequently, the voluntary resignation submitted by Mr. Ángel Vilá Boix from his position as Director of Telefónica; and (iii) the appointment of Mr. Emilio Gayo Rodríguez as Executive Director of the Company, appointing him Chief Operating Officer of the Board of Directors and Member of the Executive Commission, replacing the former Chief Operating Officer, Mr. Ángel Vilá Boix.

Likewise, and in relation to the proposals to be submitted to the 2025 Ordinary General Shareholders' Meeting of the Company, the Committee, at its meeting of March 6, 2025, adopted the following resolutions:

(i) To propose the ratification of the appointments by co-optation as Directors of the Company, agreed by the Board of Directors, and their appointment as Directors for a term of four years, of Mr. Marc Thomas Murtra Millar and Mr. Emilio Gayo Rodríguez, as Executive Directors.

(ii) To propose the ratification of the appointments by co-optation as Directors of the Company, agreed by the Board of Directors, and their appointment as Directors for a term of four years, of Mr. Carlos Ocaña Orbis and Mr. Olayan M. Alwetaid, as Proprietary Directors.

(iii) To propose the ratification of the appointment by co-optation as Director of the Company, agreed by the Board of Directors, and her appointing as Director for a term of four years, of Ms. Ana María Sala Andrés, as Independent Director.

For the aforementioned proposals for ratification and appointment of Directors, the Nominating, Compensation and Corporate Governance Committee has considered and evaluated the solvency, competence, experience, professional merits and willingness of the referred Directors, concluding, in all cases, that they met the objective requirements demanded for the performance of the position of Director.

On the other hand, at its meeting held on July 28, 2025, the Committee favorably reported to the Board of Directors on the voluntary resignations submitted from their positions as Independent Directors of Telefónica by Ms. Verónica Pascual Boé and Ms. María Rotondo Urcola, and, consequently, from all their positions within the Board of Directors and the Committees of said Board.

Consequently, and in order to fill the aforementioned vacancies, at this same meeting, the Committee proposed to the Board of Directors of the Company to appoint Ms. Anna Martínez Balañá and Ms. Mónica Rey Amado as Directors of Telefónica, by co-optation, both as Independent Directors.

Likewise, at this same meeting, the Committee favorably reported to the Board of Directors on the following proposals:

(i) To appoint the Independent Director Ms. Mónica Rey Amado as Member of the Sustainability and Regulation Committee, replacing Ms. María Rotondo Urcola.

(ii) To appoint the Independent Director Ms. Ana María Sala Andrés as Member of the Nominating, Compensation and Corporate Governance Committee, replacing Ms. Verónica Pascual Boé.

Subsequently, at its meeting held on October 21, 2025, the Committee favorably reported to the Board of Directors on the voluntary resignation submitted by Mr. Francisco Javier de Paz Mancho from his position as Director of Telefónica, thereby resigning from his position as Member of the Executive Committee and of the Nominating, Compensation and Corporate Governance Committee, and from his position as Chairman of the Sustainability and Regulation Committee.

Consequently, and in order to fill the aforementioned vacancy, at this same meeting, the Committee proposed to the Board of Directors of the Company to appoint Mr. César Mascaraque Alonso as Director of Telefónica, by co-optation, as Independent Director.

Likewise, at this same meeting, the Committee favorably reported to the Board of Directors on the proposal to appoint Ms. Ana María Sala Andrés as Chairwoman of the Sustainability and Regulation Committee of Telefónica, replacing Mr. Francisco Javier de Paz Mancho.

Finally, at its meeting held on November 25, 2025, the Committee favorably reported to the Board of Directors on the following proposals:

(i) To appoint the Independent Director Mr. César Mascaraque Alonso as Member of the Executive Commission and Member of the Nominating, Compensation and Corporate Governance Committee.

(ii) To appoint the Independent Director Mr. Alejandro Reynal Ample as Member of the Audit and Control Committee.

b) Proposed appointments of Directors within the decision-making bodies of the Subsidiaries or Affiliates of the Telefónica Group.

c) Proposed appointments related to Senior Executives and the organizational structure of the Telefónica Group.

d) The remuneration regime for the Directors, Senior Executives and Employees of the Telefónica Group (fixed and variable compensation).

e) Telefónica, S.A. Share Plans.

f) Process of evaluation of the operation of the Board of Directors, its Committees and the General Shareholders' Meeting of Telefónica, S.A.

g) Annual Corporate Governance Report and Annual Report on Remuneration of Directors for 2024.

h) Preparation of the 2024 Report on the operation of the Nominating, Compensation and Corporate Governance Committee.

The Sustainability and Regulation Committee

The Sustainability and Regulation Committee is governed by the provisions of article 24 of the Regulations of the Board of Directors.

a) Composition.

The Board of Directors determines the number of members of this Committee, which shall in no case be less than three. All members thereof must be external or non-executive Directors and the majority thereof must be independent Directors.

The Chairman of Sustainability and Regulation will be appointed from among its members.

As of December 31, 2025 and as of the date of drawing up of this Report, the Sustainability and Regulation Committee was and is composed of the following persons:

Name	Post	Category
Ms. Ana María Sala Andrés*	Chairwoman	Independent
Mr. José María Abril Pérez	Member	Proprietary
Ms. Mónica Rey Amado**	Member	Independent
Ms. Solange Sobral Targa	Member	Independent

* Ms. Ana María Sala Andrés was appointed Member of the Sustainability and Regulation Committee on February 26, 2025. On October 22, 2025, the Sustainability and Regulation Committee resolved to designate the Independent Director, Ms. Ana María Sala Andrés as Chairwoman of said Committee.

** Ms. Mónica Rey Amado was appointed Member of the Sustainability and Regulation Committee on July 29, 2025.

b) Functions.

Without prejudice to other functions that may be assigned to it by the Board of Directors, the Sustainability and

Regulation Committee shall have, at a minimum, the following functions:

1) To carry out, through study, analysis and discussion, the permanent monitoring of the main sustainability and regulatory matters affecting the Group at any given time.

2) To serve as a channel of communication and information on sustainability and regulatory matters in the telecommunications sector or in any other sector relevant to the business of the Company or the Group, facilitating such communication between the management team and the Board of Directors, and, where appropriate, to bring to the attention of the Board of Directors those matters that are considered relevant for the Company or for any of the companies of the Group and on which it is necessary or advisable to adopt a decision or establish a specific strategy, including, in particular, matters related to the supervisory and regulatory bodies competent in the telecommunications sector.

3) To supervise and review the strategies and policies of the Company's Responsible Business Policy, including environmental and social issues, ensuring that they are aimed at responding to the expectations of the company's stakeholders and the creation of value, and to propose to the Board of Directors that they be updated and modified when necessary.

4) To promote a proactive relationship strategy with our stakeholders: customers, investors, suppliers, employees and society in general, with the purpose of defining the material issues affecting the Company from risk and opportunity perspectives.

5) To supervise the impact analyses linked to the Responsible Business strategy and our reputation, both from a business perspective and from the perspective of their impact on society, and in particular Human Rights and the Environment, as well as the legal modifications, recommendations and best business practices, which could have a significant influence for the Telefónica Group in matters of sustainability and reputation.

6) To analyse, report and propose to the Board of Directors the principles to which the Group's Sponsorship and Patronage policy must conform, monitoring the same, as well as individually approving those sponsorships or patronages whose amount or importance exceeds the threshold set by the Board and must be approved by the latter.

7) To analyse, promote and supervise Telefónica Group's sustainability objectives, action plans and practices in the environmental and social areas, including aspects such as ethical behaviour, human rights, the environment and climate change, responsible management of the supply chain, digital trust and the responsible use of technology, talent and diversity, sustainable customer responsibility, ethical and sustainable products and services and inclusive connectivity, as well as other issues identified as risks or opportunities for the Company in terms of sustainability and monitor compliance with sustainability, environmental and social best practices through, among others, quality indices, ESG, reputation measurement and sustainability indices, making recommendations where necessary to improve the Telefónica Group's management in these fields.

8) To ensure that the corporate culture is aligned with its purpose and values with transparency towards its stakeholders.

9) To report to the Audit and Control Committee on sustainability risks and on the process of preparation, presentation and integrity of sustainability information (or non-financial information) in accordance with international reference standards.

10) In relation to the non-financial indicators in the area of sustainability of the variable remuneration of Directors and Senior Executives, be aware of and inform the Nominating, Compensation and Corporate Governance Committee of these indicators, in order to facilitate their better contribution to the business strategy of sustainability and to the long-term interests of the Company and the Group in this area.

11) Any other matters related to the fields within its competence that are requested by the Board of Directors or its Chairman.

In relation to these functions and in terms of sustainability, Telefónica aspires to be a relevant actor in the communities in which it operates, through the design of action plans to manage the impacts, risks and opportunities of its activity. In this regard, the Company seeks to generate positive value and, at the same time, minimize any negative consequences that may derive from its actions. All of this responds to Telefónica's commitment to being an ethical and responsible company.

The Responsible Business Principles and the Group's Sustainability Plan constitute respectively the ethical framework and the roadmap in terms of sustainability. The Board of Directors approves the Responsible Business Principles and the Sustainability and Regulation Committee periodically supervises the implementation of the Sustainability Plan at its monthly meetings.

The Group's Sustainability Plan, which constitutes the strategy in this area, defines specific actions, monitoring indicators and objectives in relation to the Company's management in terms of sustainability. It covers, among other aspects, responsibility towards the customer; the climate change strategy; circular economy and sustainable financing; responsible supply chain management; the development and promotion of products and services that contribute positively to the environment and society; respect for Human Rights; protection of privacy and cybersecurity; as well as the promotion of diversity, safety and well-being of employees.

Some of the most relevant objectives of the Sustainability Plan are considered in determining the variable compensation of the Company's employees.

The details of the Sustainability Plan can be consulted in Chapter "2.2. Strategy and Business Model" and the governance structure in terms of sustainability can be consulted in Chapter "2.4. Governance" of the 2025 Sustainability Report.

Most important activities during the fiscal year and fulfillment of duties.

The primary activities and actions performed by the Sustainability and Regulation Committee of the Board of Directors of Telefónica, S.A. during fiscal year 2025 have been associated with the powers and functions of such Committee or with Telefónica's internal regulations. Accordingly, the Sustainability and Regulation Committee has analyzed and reported on the following issues, among others:

- Regarding Sustainability: i) analysis of the quality indices of the main services provided by Telefónica Group companies, ii) monitoring of the main Customer Experience indicators by these companies, and (iii) analysis of the most significant sustainability matters (sustainable finance, supply chain, risks in the Sustainability (ESG) area, human rights, environment and climate change, and positioning in the main ESG ratings), including the Sustainability Plans (ESG) and the Sustainability Report with the corresponding analysis of the double materiality process carried out by Telefónica, S.A.

- Regarding regulation, the most significant regulatory issues for the Telefónica Group, as reflected in the Regulatory Agenda; all at the global level, by region (Europe and Latin America) and by country. The most significant developments in relation to the most important matters in the Regulatory Agenda are updated at each meeting, as well as the specific documents or reports submitted to the Committee if the issue or situation so warrants. Update on regulatory approvals of corporate transactions.

- Regarding Sponsorship and Patronage, continuous monitoring of the Sponsorship and Patronage Policy and the sponsorship proposals presented by the Global Sponsorship Department of Telefónica, S.A.

- Regarding the Company's Institutional Relations, the most significant institutional milestones of the Telefónica Group.

Evaluation of the Board and of its Committees

Once a year, all of the Company's Directors evaluate the performance of the Board of Directors of Telefónica, S.A., of its Committees and of the General Shareholders' Meeting.

Furthermore, every three years such evaluation is carried out with the assistance of an external consultant, whose independence is verified by the Nominating, Compensation and Corporate Governance Committee. The assessments for the 2021 and 2022 financial years were carried out internally by the Company, without the support of an external advisor; for the evaluation for the financial year 2023, the Board of Directors, on the proposal of the Nominating, Compensation and Corporate Governance Committee, was supported by the Consulting Firm Egon Zehnder as external advisor; and the evaluation for the financial years 2024 and 2025 have been carried out internally by the Company, without the support of an external consultant.

Specifically, at the end of the 2025 financial year, all Directors were given a questionnaire to carry out the evaluation process for that year.

The questionnaire contained a wide range of questions grouped under the following headings:

- The Board of Directors: Composition, Function and Powers, expressly including the adequacy of the performance and contribution of i) each Director on the Board of Directors, ii) the Chairman of the Board, iii) the Lead Independent Director, and iv) the Secretary of the Board.

- Committees of the Board of Directors: Composition, Function and Powers, expressly including the performance and input of i) the Committee Chairs, and ii) the Secretariat for these Committees.

- Rights and Duties of Directors.

- Stakeholders and General Shareholders' Meeting.

- Suggestions and Comments.

The Nominating, Compensation and Corporate Governance Committee, at its meeting held on January 27, 2026, reviewed and analyzed the results of said evaluation, concluding that, in general terms, the aspects related to the Board of Directors, Committees and General Meeting had been highly valued with very positive and satisfactory results.

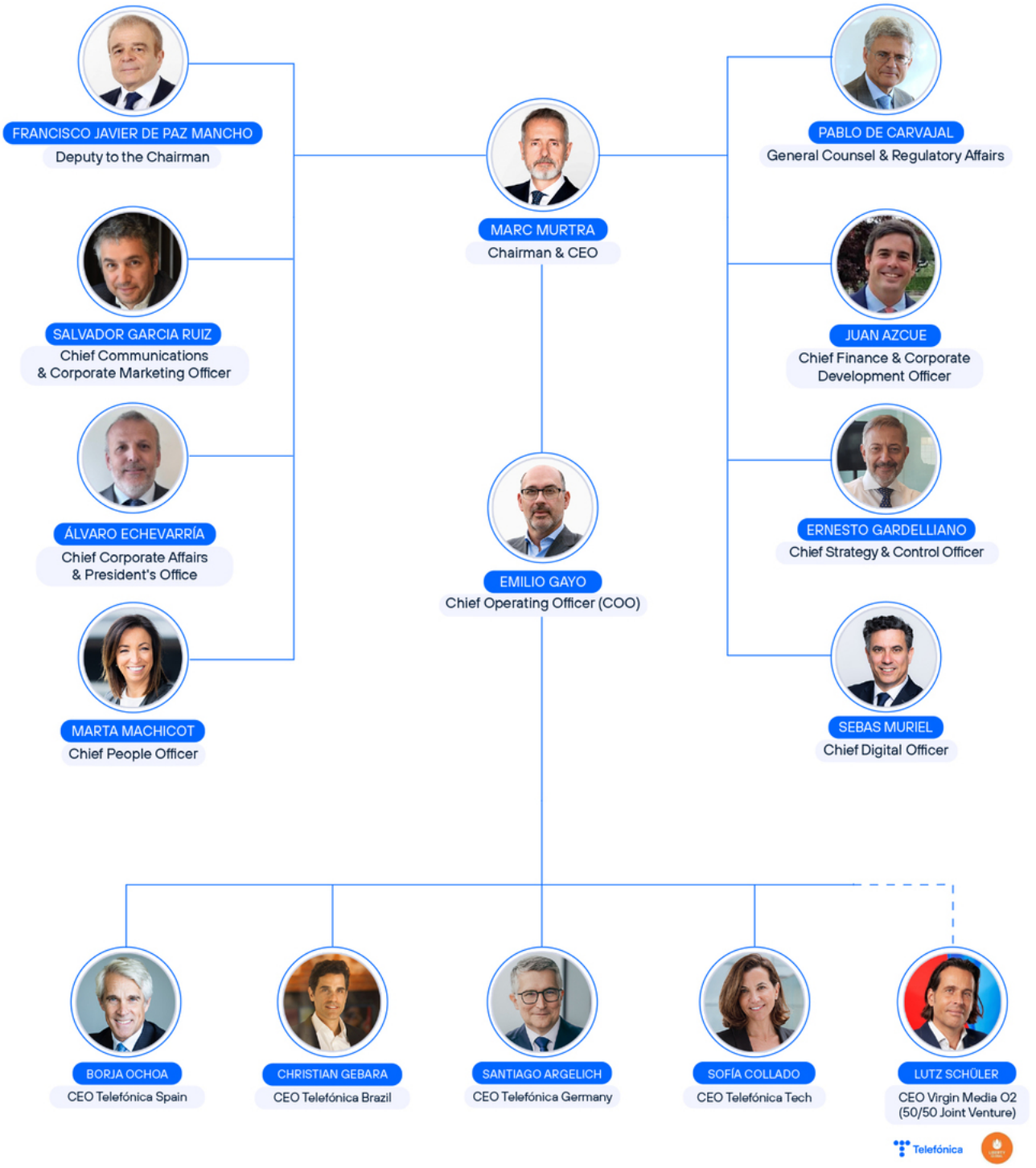
However, as a consequence of said evaluation, and in order to continue promoting the improvement of the Company's governance system, and after a detailed examination and analysis of the results achieved, the Board of Directors, upon proposal of the Nominating, Compensation and Corporate Governance Committee, established, at its meeting of January 27, 2026, an Action Plan for the following identified area of improvement:

- Documentation related to the sessions of the Board and the Committees: continue working to, whenever possible, make the materials for the sessions available to the Directors with greater and sufficient advance notice to allow an in-depth analysis of the documentation.

4.4.2. Management Team

As of the date of drawing up of this Report, their composition is shown below.

Executive team of Telefónica



4.5. Transactions with Related Parties and Conflicts of Interest

4.5.1. Transactions with Related Parties

- **The procedure for approval of related-party and intragroup transactions**

As mentioned above, the Board of Directors, at its meeting held on June 29 and 30, 2021, and upon the proposal of the Nominating, Compensation and Corporate Governance Committee, approved the partial amendment of the company's Board of Directors' Regulations which basically consists of adapting them to the novelties of Law 5/2021 of April 12, which amends the revised text of the Capital Companies Act and other financial regulations with regard to the promotion of long-term shareholder involvement in listed companies (Law 5/2021). Specifically, the Board of Directors' Regulations were adapted to the amendments introduced by Law 5/2021 to the regime of related-party transactions applicable to listed companies.

Likewise, the Board of Directors, at its aforementioned meeting held on June 29 and 30, 2021, approved, in coordination with the aforementioned amendment of the Board of Directors' Regulations, to partially amend the Regulations of the Audit and Control Committee, in order to incorporate the changes introduced in the Board of Directors' Regulations.

Following the aforementioned amendment, Article 5.4 of the Board of Directors' Regulations includes the following non-delegable powers of the Board, among others:

The approval, subject to a report from the Audit and Control Committee, of related-party transactions under the terms established in Article 37 of these Regulations, unless its approval corresponds to the General Meeting.

The Company's Board of Directors may delegate the approval of transactions between companies forming part of its group that are carried out within the scope of ordinary management and under market conditions, as well as transactions entered into under contracts whose standard conditions are applied en masse to a large number of customers, carried out at prices or rates established on a general basis, and whose amount does not exceed 0.5% of the net turnover of the company, determined in accordance with the rules of calculation laid down in the Law.

In this regard, and in accordance with the provisions of article 29.f) of the Board of Directors' Regulations:

No Director may directly or indirectly carry out professional or commercial operations or transactions with the company or with any of the companies of its group, when such operations or transactions are outside the ordinary course of business or are not carried out under market conditions, except for those operations or transactions that are authorised by the company under the terms provided for in the regime on related-party transactions established by law, in the Articles of Association, and in these Regulations.

Article 37 of the Board of Directors' Regulations establishes the following with regard to the regime on related-party transactions:

1. *The Board of Directors, subject to a favourable report from the Audit and Control Committee, shall approve transactions that the company or its subsidiaries carry out with directors, shareholders holding 10% or more of the voting rights or represented on the company's Board of Directors, or any other persons who should be considered related parties under the terms of the law, provided that, under current legislation, they are considered to be related party transactions, and*

unless their approval corresponds to the General Shareholders' Meeting. This power cannot be delegated, except in the cases and under the terms provided for in the law and in Article 5.4 of these Regulations.

2. *In relation to the adoption of the motion to approve related-party transactions whose competence corresponds to the Board of Directors and has not been delegated, the Director involved or the Director representing or related to the shareholder involved must abstain from participating in the deliberation and voting in accordance with the provisions of the law.*

3. *In the event that the Board of Directors delegates the approval of related-party transactions in accordance with the provisions of the law and Article 5.4 of these Regulations, the Board of Directors itself shall establish an internal procedure of information and periodic control in relation thereto, in which the Audit and Control Committee shall intervene, in order to verify the fairness and transparency of these transactions and, where appropriate, compliance with the applicable legal criteria. The approval of such transactions shall not require a prior report from the Audit and Control Committee.*

4. *In relation to related-party transactions whose approval depends on the General Meeting, the proposed motion for approval adopted by the Board of Directors shall be submitted to the General Meeting with an indication as to whether it has been approved by the Board of Directors with or without the majority of the independent Directors voting against.*

Likewise, Article 4, section xiv) of the current Regulations of the Audit and Control Committee establishes, among the competencies of this Committee, the following:

Report on related party transactions to be approved by the General Meeting or the Board of Directors and supervise the internal procedure established by the Company for those transactions whose approval has been delegated by the Board of Directors, as the case may be.

In relation to the above, and within the framework of the aforementioned regulation, the Board of Directors of the Company, at its meeting held on June 29 and 30, 2021, following a favourable report from the Audit and Control Committee, moved to establish a generic delegation for the approval of all related-party transactions that are so allowed, that is:

a. Intra-group transactions (companies subject to a potential conflict of interest) that are carried out in the ordinary course of business and on an arm's length basis; and

b. Transactions which are concluded under contracts whose standardised conditions are applied *en masse* to a large number of customers, made at general prices or rates, and whose amount does not exceed 0.5% of the company's net turnover.

Such delegation was made to the bodies or persons who, in accordance with the general powers of attorney in force at any given moment and the internal contracting regulations of Telefónica, S.A. and the other applicable companies in its group, and in accordance with the functions they perform within the Telefónica Group (such as financing, telecommunications services and all those derived from the ordinary business of the group), have the powers to carry out such delegation.

The approval of the related-party transactions referred to in the aforementioned delegation motion of the Board of Directors, does not require a prior report from the Audit and Control Committee, although such transactions must be reported half-yearly to the Audit and Control Committee and the Board of Directors in order to verify the fairness and transparency of such transactions and, where appropriate, compliance with the applicable legal criteria.

During financial year 2025 neither Telefónica, S.A. nor any company in its Group has carried out transactions with any member of the Board of Directors or with any Senior Executives other than those derived from the Group's ordinary business or traffic, except as indicated in the following paragraph in respect of transactions with parties related.

Notwithstanding the above, the significant and relevant transactions carried out by companies of the Telefónica Group with related parties are included in Note 11 (Related Parties) and in Note 10 (Associates and joint ventures) of the Consolidated Annual Accounts of Telefónica, S.A. of Telefónica, S.A. corresponding to financial year 2025, as in Section D of the Statistical Annex of the Annual Corporate Governance Report.

4.5.2. Conflicts of Interest

Company policy establishes the following principles governing possible conflicts of interest that may affect Directors, Senior Executives or significant Shareholders:

- With respect to Directors, Article 29 of the Regulations of the Board of Directors establishes that Directors shall inform the Board of Directors of any situation of direct or indirect conflict they may have with the interest of the Company. In the event of conflict, the Director affected shall refrain from

participating in the transaction to which the conflict refers.

Moreover, and in accordance with the provisions set out in the Regulations of the Board, Directors shall refrain from participating in votes that affect matters in which they or persons related to them have a direct or indirect interest.

It is also established that Directors may not directly or indirectly carry out professional or commercial operations or transactions with the Company or with any of the companies of its Group, when such operations or transactions are outside the ordinary course of business or are not carried out under market conditions, except for those operations or transactions that are authorised by the Company under the terms provided for in the regime on related-party transactions established by law, in the Articles of Association and in the Regulations of the Board of Directors (regime described in section 4.5.1. above).

Directors must also report with respect to themselves as well as the persons related thereto (a) the direct or indirect interests held by them and (b) the offices held or duties performed at any company that is in a situation of actual competition with the Company.

For purposes of the provisions of this paragraph, the following shall not be deemed to be in a situation of actual competition with the Company, even if they have the same or a similar or complementary corporate purpose: (i) companies controlled thereby (within the meaning of Article 42 of the Commercial Code); and (ii) companies with which Telefónica, S.A. has established a strategic alliance. Likewise, for purposes of the provisions hereof, proprietary Directors of competitor companies appointed at the request of the Company or in consideration of the Company's interest in the capital thereof shall not be deemed to be in a situation of prohibition of competition.

Transactions arising from the duty of loyalty and its exemption regime shall also be subject to prevailing laws.

- With regard to significant shareholders, Article 37 of the Board Regulations establishes that the Board of Directors, following a favourable report from the Audit and Control Committee, shall approve transactions that the company or its subsidiaries carry out with shareholders holding 10% or more of the voting rights or represented on the Company's Board of Directors, provided that, under current legislation, they are considered to be related-party transactions, and unless their approval corresponds to the General Shareholders' Meeting. This power cannot be delegated, except in the cases and under the terms provided by law and in Article 5.4 of the Company's Board of Directors' Regulations, as described in section 4.5.1 above.

- With respect to Senior Executives, the Internal Code of Conduct for Securities Markets Issues, updated on February 26, 2025, sets out the general principles of conduct for the persons subject to said Regulations who are involved in a conflict of interest. The aforementioned Code includes all the Company's management personnel within the concept of affected persons.

In accordance with that established in this Regulation, the People with Management Responsibilities, their Administrative Personnel and the managers or employees of Telefónica Group who have Inside Information, or participate or have access to or knowledge of a Confidential Operation (as defined in the previous terms of the Internal Code of Conduct for Securities Markets Issues) have the obligation to (a) remain loyal to the Group and its shareholders at all times, regardless of his/her own or other's interests; (b) refrain from intervening in or influencing decision making that could affect persons or companies with which there is conflict; and (c) refrain from accessing information classified as confidential that affects said conflict. Additionally, these people (except for the members of the Company Board of Directors who will be governed in terms of communicating conflicts under the standards established in the regulation of the Board of Directors) have the obligation to make the Company aware of these situations, by means of the computer system established by Telefónica for this purpose, as soon as possible, that would potentially entail the manifestation of conflicts of interest because of its activities outside the Telefónica Group, its family relationships, its personal assets or any other reason with: (a) financial intermediaries operating with the Group Telefónica; (b) professional or institutional investors who have a significant relationship with the Group Telefónica; (c) suppliers of significant equipment or material; or (d) professional service providers or External Advisors.

Telefónica, S.A. is the only company of the Telefónica Group that is listed in Spain, so it is not necessary to have defined the specific mechanisms that would be applied to resolve possible conflicts of interest with subsidiaries listed in Spain.

Based on the information provided above, it is also noted that Telefónica, S.A. is not controlled by another entity within the meaning of Article 42 of the Commercial Code.

4.6. Risk Control and Management Systems

See Section 3 ("Risks") of the 2025 Consolidated Management Report of Telefónica, S.A.

4.7. Internal Risk Control and Management Systems in relation to the Financial Information System (ICFR)

4.7.1. Control environment

Responsible bodies and/or functions of: (i) the existence and maintenance of a suitable and effective ICFR; (ii) its deployment; and (iii) its supervision.

The Board of Directors is, in accordance with Laws and the Bylaws, the highest administrative and representative body of the Company, and basically consists of a supervisory and control body, while the executive bodies and management team are responsible for the day-to-day management of the Company's businesses.

Telefónica's Board of Directors is ultimately responsible for the supervision of the Company's internal information and control systems, including the Internal Control System for Financial Reporting (ICFR).

The Bylaws and the Regulation of the Board of Directors of the Company state that the primary duty of the Audit and Control Committee of Telefónica, S.A. is supporting the Board of Directors in its supervisory functions. Its competencies include, among others, the following ones:

i. Submitting to the Board of Directors proposals for the selection, appointment, re-election and replacement of the external auditor, being responsible for the selection process in accordance with the provisions of the Law, as well as the conditions of their engagement, and regularly collecting information from the auditor regarding the audit plan and its execution, in addition to preserving its independence in the exercise of its functions.

ii. To supervise the internal audit, ensuring the proper functioning of the information and internal control systems which will functionally report to the Chairman of the Audit and Control Committee, and in particular:

   a. Ensure the independence and effectiveness of the internal audit function.

   b. Propose the selection, appointment and removal of the head of the Internal Audit service.

   c. Propose the budget for that service.

   d. Approve the guidelines and the annual work plan, ensuring that its activity is mainly focused on relevant risks (including reputational risks);

   e. Review the annual activity report;

   f. Receive periodic information on its activities, the execution of the annual work plan, including possible incidents and limitations as and when they occur in its development as well as on the results and monitoring of its recommendations; and

   g. Verify that senior management takes into account the conclusions and recommendations of its reports.

iii. Supervise and evaluate the process of preparation, presentation and completeness of the mandatory financial information regarding the Company and the Group, and submit recommendations and proposals to the Board of Directors aimed at safeguarding integrity. In relation to this, it is responsible for supervising:

   a. The correct design and operation of the controls on the breakdown and the procedures of the process for preparing the financial information, revealing any material information regarding that reporting process of the Group.

   b. The environment of internal control over the financial reporting, with the objective of providing, faced with third parties, reasonable assurance regarding the reliability in the process for reporting and preparing the financial information according to accounting standards.

   c. Any significant change that affects the internal control system of the financial reporting process in a material way, and which has occurred during the annual assessment period.

   d. Compliance with regulatory requirements, adequate delimitation of the consolidation perimeter, and the correct application of the accounting criteria, giving account to the Board of Directors.

iv. Supervise and evaluate the process of preparation, presentation and integrity of the mandatory financial and non-financial information of the Company and the Group and to present recommendations and proposals to the Board of Directors with the intention of safeguarding its integrity. In this regard, it will review compliance with the regulatory standards, the appropriate delimitation of the scope of consolidation, reporting to the Board of Directors.

v. Ensure that the annual accounts presented by the Board of Directors to the General Shareholders' Meeting are prepared in accordance with accounting standards. Notwithstanding the foregoing, in cases in which the Auditor has included any exceptions in its audit report, the Chairman of the Audit and Control Committee shall clearly explain the Committee's opinion on its content and scope at the General Meeting. Similarly, a summary of this opinion will also be made available to shareholders at the time of the publication of the call of the General Meeting.

vi. Supervise the effectiveness of the Company's internal control, in particular, ensuring that the policies and systems established in the field of internal control are effectively implemented in practice, as well as the internal audit and the financial and non-financial risk management and control systems relating to the Company and the Group (including operational, technological, legal, social, environmental, political, reputational or corruption-related risks); as well as discuss with the Account Auditor the significant design, material and operating weaknesses of the controls over financial information reporting detected in the development of the audit, and do all of this without breaking their independence. For those purposes, where applicable, it may submit recommendations or proposals to the Board of Directors and the corresponding deadline for their follow-up. With regard to this, the Board of Directors is responsible for proposing the Policy on Risk Control and Management, which will identify or determine, at least:

   a. The various types of financial (including contingent liabilities and any other off-balance sheet risks) and non-financial risks (including operational, technological, legal, social, environmental, political and reputational risks, including those related to corruption) faced by the Company.

   b. A risk control and management model based on various levels, which will include a specialized risk committee where sectoral rules so provide for it or where the Company deems it appropriate.

   c. Setting of the risk level which the Company considers acceptable.

   d. The planned measures for mitigating the impact of the identified risks should they materialize; and

   e. The internal control and reporting systems to be employed to control and manage those risks, including contingent liabilities and any other off-balance sheet risks.

vii. Supervise the risk management and control the department, which will perform the following duties:

   a. Ensure the proper functioning of risk control and management systems and, in particular, that all significant risks affecting the Company are appropriately identified, managed and quantified.

   b. Actively participate in the development of the risk strategy and in major risk-management decisions; and

   c. To ensure that the risk control and management systems adequately mitigate the risks within the framework of the policy defined by the Board of Directors.

viii. Establish and supervise a mechanism that allows employees and other people related to the Company, such as directors, shareholders, suppliers, contractors or subcontractors to communicate, confidentially and anonymously, any potentially important irregularities,

including financial and accounting ones, or of any other nature, related to the Company, that they may notice within the Company or its Group, whilst respecting the rights of the whistle-blower as well as of the person being reported.

ix. Establish and maintain the opportune relations with the Account Auditor to receive information on those issues that may be a threat to the independence of the Auditor, for examination by the Committee, and any other related to the process of developing the audit of accounts, and, when applicable, the authorization of services other than those prohibited, in the terms stated in the applicable legislation, as well as other communications expected in the legislation on audit of accounts, and in the auditing standards. In any case, the Audit and Control Committee shall receive annually from the Account Auditor the declaration of its independence in relation to the Company or entities linked to it directly or indirectly, as well as the detailed and individualized information of the additional services of any type provided and the corresponding fees received from these entities by the aforementioned Auditor, or by the persons or entities linked to them in accordance with the provisions of current regulations.

x. On an annual basis, prior to the issuance of the account audit report, issue a report expressing an opinion on whether the Account Auditor's independence is compromised. This report must conclude, in any case, on the reasoned assessment of the rendering of each and every one of the additional services referred to in point vi above, individually considered and as a whole, other than the legal audit and in relation to the independence regime or with the regulations governing the activity of the account audit.

xi. To preserve the independence of the Accounts Auditor in the performance of their duties and, in this regard: (a) in the event of the Accounts Auditor resigning, to examine the circumstances that may have led do it; (b) to ensure that the remuneration of the Auditor for their work does not compromise their quality or independence; (c) to supervise that the Company notifies the change of auditor through the National Securities Market Commission and accompanies it with a statement on any possible existence of disagreements with the outgoing auditor and, if so, to disclose the details; (d) to ensure that the Auditor holds an annual meeting with the Board of Directors in order to report it on the work performed and on the evolution of the Company's accounting and risk situation; and (e) ensure that the Company and the Auditor comply with current regulations on the provision of non-audit services, the limits on the concentration of the auditor's business and, in general, other regulations on auditor independence.

xii. Analyze and report the economic conditions, the accounting impact and, if applicable, the exchange ratio proposed for the operations of structural and corporate modifications that the Company plans to carry out, before being submitted to the Board of Directors.

xiii. Inform, in advance, the Board of Directors, on all matters stated in the Law and the Bylaws, and, in particular, on:

1. The financial information that the Company must periodically publish;

2. The creation or acquisition of participations in special purpose entities or domiciled in countries or territories that are considered tax havens.

xiv. Report the related operations to be approved by the General Shareholders' Meeting or the Board of Directors and supervise the internal procedure established by the Company for those whose approval has been delegated by the Board of Directors.

xv. Supervise the application of the general policy relating to the communication of economic-financial, non-financial and corporate information, as well as communication with shareholders and investors, voting members and other stakeholders, monitoring the way in which the Company communicates and relates to small and medium-sized shareholders, in all aspects which fall within the responsibilities of the Audit and Control Committee.

xvi. Exercise, with regard to companies of its Group which are considered Public Interest Entities (as they are defined in the current legislation) as approved by the Board of Directors, provided that they are fully owned, directly or indirectly, by the Company, in accordance with the provisions of current legislation, and which are not attributed to a Board of Directors, all the functions of the Audit Committee contemplated at any time by current legislation.

As mentioned above, it is established that the Accounts Auditor will hold an annual meeting with the full Board of Directors to inform them about the work conducted and the evolution of the accounting and risk situation of the Company.

The provisions above are understood without prejudice to the regulations governing the audit of accounts.

According to the Regulations of the Board of Directors, the periodicity of the sessions of the Audit and Control Committee must be, at least, quarterly. During the financial year 2025, 12 sessions have been held.

All areas and functional units of the Telefónica Group are relevant to the internal control over financial information (ICFR), with the Finance and Control area being a key piece, as responsible for the preparation, maintenance and updating of the different procedures that include its own operations, in which the tasks carried out are identified, as well as those responsible for their execution.

In order to perform its supervisory duties, the Audit and Control Committee has the support of the entire Company Management, including Internal Audit, which functionally depends on this Committee and sets up as an independent area in the management of the Company, which supports the Audit and Control Committee in its competencies on assurance, risk management, and the internal control system, applying a systematic and disciplined approach by the following main lines of action:

- Review of the Internal Regulation of the Telefónica Group coordinated by Compliance, from an analysis point of view of the correct design of general controls at the entity level;
- Coordination and supervision of the Risk Management System;
- Continuous auditing;
- Specific reviews or audits on the Company processes. Among these activities, the following, at least, are included:
  a. Assessment on the System for the Internal Control over financial reporting (ICFR) for companies listed in Spain, with a reasonable assurance approach;
  b. Audits on the efficiency and effectiveness of the design and execution of the controls in processes, including the preparation and reporting of non-financial and sustainability information; as well as the evaluation of its Internal Control System and the evaluation of related party processes; and
  c. Other audits on specific risks, including Public Interest Entities, and compliance reviews across the Telefónica Group based on the periodicity established in the annual Internal Audit plans.
- Assessment of the internal control environment through specific audits on the applications and technological infrastructures used in product and service deployment for both internal and external clients. With the focus on the governance model, both in the deployment of new technologies: and new regulatory requirements, all with potential impact on cybersecurity and data protection risks, as well as on network and system security, cybersecurity and privacy;
- Sustainability audits, relating to environmental, social and governance factors;
- Audit procedures on fraud aspects to evaluate their impacts on governance systems, the design or operation of internal control and risk management;
- Review of disputes over balances and transactions between Group companies when administrative channels (arbitration) have been exhausted.
- Perform other specific audits or reviews, of interest for the Board of Directors or senior Management of the Company.
- Review of allegations where it may have a material impact on the Company's governance, internal control and risk management systems.

The internal control supervision system is complemented by the functions assigned to the Compliance area. This area, which is also configured as an independent area of the company's management and reports to the Audit and Control Committee, is responsible for developing the Company's Compliance Program, including prevention, reaction and response functions and, likewise, the competent area to perform the following functions:

- Coordination and review of the consistency of the internal Regulatory Framework of the Telefónica Group, encouraging the development and supervision of standards to strengthen internal control, and promoting, in turn, actions that favor the updating and communication of these in accordance with what is established on the Regulation for the preparation and organization of the regulatory framework of Telefónica.
- Supervision of controls on fund outflows [2].
- Responsibility for the "Internal Information System", including investigations derived from the information incorporated into this System; and, carrying out investigations when there are sufficient reasons or indications to conclude that a potential infringement could have been committed.

[2] In the case of Telefónica Brazil, the supervision of controls over the outflow of funds is carried out by the Finance area.

Departments and/or mechanisms in charge of: (i) the design and review of the organizational structure; (ii) defining clearly the lines of responsibility and authority, with an appropriate distribution of tasks and functions; and (iii) sufficient procedures so this structure is communicated effectively throughout the Company, especially with regard to the process of preparing financial information.

People area carries out the deployment of the organizational structure in the respective fields within the framework of the decisions taken by the Board of Directors of the Company.

The Financial-Accounting Information System in the Telefónica Group is regulated through several manuals, instructions and internal rules and regulations, internally available on the Intranet, the most noteworthy of which are the following:

- **Corporate Regulation on the Recording, Communication and Control of Financial and Sustainability Information of the Telefónica Group**, which sets out the general principles of the Financial-Accounting Information System and of the Sustainability Information Control System of the Group, considering periodic information requirements of the Company, including control processes and systems for both financial and sustainability information, as well as the mechanisms for the periodic evaluation or verification of the operation of these processes and systems.
- **Manual of Accounting Policies**, which includes the accounting standards applicable to the reporting of the companies of the Telefónica Group for the preparation of the consolidated financial information. The Manual of Accounting Policies is based on IFRS (International Financial Reporting Standards), specifically, on the set of regulations and interpretations in force published by the IASB at all times.
- **Reporting instructions**, which establish the procedures and annual calendar to be followed by all the companies of the Telefónica Group in the monthly reporting of the financial-accounting information and the external audit in order to comply with the legal and informational obligations of the Telefónica Group, including aspects related to the evaluation of the effectiveness of the internal control evaluation on the Group's financial report, both from Internal Auditing and the Accounts Auditor.

  Similarly, specific reporting instructions are devised for companies in which the Telefónica Group participates by means of a joint management agreement (joint ventures and operations) and for the main companies over which it has significant influence.
- **Manual for Completing the Consolidation Reporting of the Telefónica Group**, which is updated, at least, annually and establishes specific instructions to fill in the reporting forms necessary for the preparation of consolidated annual accounts and interim consolidated financial information.
- **Corporate Accounting Plan ("PCC")**, which includes the list of accounts, their content, and the corresponding accounting movements. The PCC intends to homogenize the sources of financial information included in the accounting of the companies of the Telefónica Group.
- **Corporate Regulation on Intragroup Operations**, mandatory for all companies in the Telefónica Group, and whose purpose is to recast in a specific regulation the mandatory compliance criterion with regard to the accounting recording and payment of transactions between companies in the Group.

Code of conduct, approving body, dissemination and instruction degree, included principles and values (stating whether there are specific mentions to the recording of operations and the preparation of financial information), body in charge of analyzing non-compliance and proposing corrective or disciplinary actions.

With regards to the Code of Conduct, the Board of Directors of Telefónica approved the Business Principles, that are applied in a homogeneous manner in all countries where the Telefónica Group operates and apply to all its employees (the Business Principles affect at all levels of the organization, directors and non-directors) and they include commitments in matters of privacy and security, compliance and fiscal transparency, environment, responsible communication and protection of minor stockholders, among others.

The Business Principles emanate from three basic values: integrity, commitment and transparency, which are essential values to foster the trust relationship that Telefónica wants to have with its groups of interest.

Regarding the financial information, the following principles are set:

- Transparency of the information: we shall provide, immediately and without discrimination, all the relevant information. We are aware of the importance for all our groups of interest to share true, complete, timely and clear information in the reports registered with the relevant Supervising Bodies of the Securities Markets,

as well as in other public communications of the Company.

- Privileged Information: we abstain from using, in our own profit or that of third parties, any privileged information, safeguarding the confidentiality and establishing the controls and processes legally required by the Supervising Bodies of the Securities Markets in all the actions related to these markets.

The Business Principles are available for all employees at the Intranet and third parties on the corporate website www.telefónica.com, there are procedures to update, monitor adherence to and disseminate these Business Principles in the Telefónica Group. Likewise, training programs are also periodically established to ensure employees are aware of these principles. In the case of new employees, in addition to providing them the Responsible Business Principle as part of the documentation provided in the onboarding process, they are offered specific training on the subject to do within a maximum of 3 months from their joining the company.

In this regard, Telefónica has a Corporate Policy on the Comprehensive Discipline Program that aims to define the basic principles of the Group's disciplinary system and that provides that all employees must receive a homogeneous, objective, proportional and non-arbitrary treatment, without prejudice to and with absolute respect for the legislation and other regulations that are applicable in each case to the Group companies in the different countries in which it operates.

Likewise, the Global Sustainability (ESG) Office, in collaboration with the Areas of General Secretariat, Legal Services, People Area, Internal Audit, Purchasing and Supply Chain Management (SCM), Compliance, Security, Global Consumer, Strategy, Finance, Communication, Data & Analytics, Privacy, Technology and Information, Corporate Inspection, Tax, Fundación Telefónica, Telefónica Tech and Telefónica Infra,as well as other companies and subsidiaries that generate and manage sustainability, they monitor the Sustainability Plan (formerly Responsible Business Plan), reporting to the Executive Commission and the Sustainability and Regulation Committee. This same operation also applies to the exercise of, for instance, the following responsibilities:

- Ensure that Telefónica develops its business in an ethical and responsible manner, proposing initiatives and measures that contribute to compliance with the Group's Responsible Business Principles.

- Analyze any aspect that could pose a risk to compliance with the Responsible Business Principles or the associated policies.

- Promote a proactive relationship strategy with interest groups (customers, investors, suppliers, and employees, among others).

- Coordinate and align the preparation, monitoring and supervision of the different sustainability projects.

- Monitor the objectives related to the different sustainability topics, among others, customer responsibility, diversity, inclusion and employee well-being, respect for human rights and due diligence, responsible supply chain, climate change and energy, circular economy, sustainable products and services, compliance and management of the whistleblowing channel.

On a different issue, in case of being aware of any conduct which contravenes what is established by the Law, by the Business Principles or by other valid internal regulations, after proper analysis, disciplinary measures will be applied in accordance with the regime established in the applicable labor legislation, distinguishing between minor, serious and very serious sanctions, depending on the circumstances.

Telefónica also has an "Internal Code of Conduct" for matters relating to Securities Markets, which sets out the general guidelines and principles of conduct to be followed by persons affected by securities and financial instrument operations issued by the Company or its subsidiary Companies.

Similarly, and as detailed below, Telefónica has a Whistleblowing Channel, integrated into its Internal Information System.

Whistleblowing Channel, which enables to inform the Audit and Control Committee about any irregularities of a financial and accounting nature, as well as eventual breaches of the code of conduct and irregular activities in the organization, informing, where applicable, about a confidential nature.

As specified in Article 22 of Telefónica, S.A.'s Regulations for the Board of Directors, and in Article 4 of Regulation for the Audit and Control Committee, the Audit and Control Committee´s competencies include, among others: "establishing and supervising a mechanism that allows employees and other people related to the Company, such as Board Members, shareholders, suppliers, contractors or subcontractors to communicate, in a confidential and anonymous manner, respecting the rights of the whistle-blower and the reported party, irregularities of potential significance, including financial and accounting ones, or of any other nature, related to

the Company, detected within the Company or its Group."

The Telefónica Group has an Internal Information System, which includes the Whistle-blowing Channel, adapted to Law 2/2023, of February 20, regulating the protection of people who report regulatory and combat infractions against corruption. The Whistleblowing Channel is governed by the Policy and the Internal Information System Management; Procedure approved by Telefónica's Board of Directors in June 2023.

The Whistleblowing Channel is the preferred mechanism that Telefónica makes available to all employees, directors and Board Members of the Group Companies as well as third parties related to them and, in particular, suppliers and contractors, shareholders, volunteers, interns and workers in training periods so that they can communicate any information related to any company in the Group and that may involve: (i) indications of an irregularity (by action or omission) that constitutes a breach of the specific obligations established in the Responsible Business Principles or any other applicable internal regulations; (ii) any eventual irregularity referring to accounting matters, issues related to auditing and/or aspects related to the internal control over financial reporting, or (iii) any possible irregularity or act contrary to the law, including those conducts that may constitute a serious or very serious criminal or administrative infraction, as well as a violation of European Union law, in relation to the activities subject to this regulation.

The Board of Directors of Telefónica has entrusted the management of its Internal Information System to the Chief Compliance Officer, who, in his capacity as responsible for the System, carries out his functions autonomously and independently and has the personal and material resources to do so. The Chief Compliance Officer periodically informs the Telefónica Audit and Control Committee of the activity related to the Whistle-blowing Channel. Additionally, in listed companies, their Audit and Control Committee will receive complaints regarding matters related to accounting aspects, to audit issues, to internal controls over financial information and/or all those issues related to any fraud, material or not, that affects the Management, and that affects any company in the Group, as well as the result, in these cases, of the management derived from the investigation, or audit, if applicable.

In every investigation, the confidentiality of the data provided through the Internal Information System and the rights to privacy, honor, and the presumption of innocence of the people investigated will be guaranteed to the whistle-blowers. The whistleblower who wishes to remain anonymous may do so. In this case, the anonymous communications or whistle-blows received will be treated respecting the guarantees established in the Internal Information System Management Policy and Procedure. Any action aimed at preventing an employee from making a communication or whistle-blow will be sanctioned in accordance with the applicable labor and disciplinary regime.

For its part, Telefónica Deutschland has established a whistleblowing system adapted to the applicable legislation, through which any individual, company, or organization can report, with full guarantees, possible breaches or violations of current legislation, the Responsible Business Principles, or internal regulations.

Periodic training and updating courses for personnel involved in the preparation and review of financial information, as well as ICFR assessment, which cover, at least, accounting rules, auditing, internal control and risk management.

The Consolidation and Accounting Polices Area develops specific training actions, as well as updating seminars addressed to all personnel in the financial areas and other affected areas of the Group (Tax, M&A, etc.), with the aim of making known those changes which, from an accounting and financial point of view, are relevant for the preparation of the consolidated financial information.

This Area also publishes updated Information and Bulletins on IFRS (International Financial Reporting Standards) where to present a summary of the main changes in accounting matters, as well as clarifications on various applicable aspects that may arise in this matter.

The Telefónica Group has also a training platform included in the corporate People area management tool, which includes both a Finance School, with specific knowledge and updating programs in financial information matters and an internal control training program that includes training related to auditing, internal control and risk management.

In addition, it should be noted that, based on the relevance of any new accounting developments, the staff of the departments involved in financial reporting attend (when possible and/or necessary) technical sessions given by external companies, related to the main developments in accounting.

Finally, the Group offers the Corporate University "Universitas Telefónica" with the objective of contributing to the Group's progress through the ongoing development of its professionals. All the programs in the training offer of the University of Telefónica are based on the development of the corporate culture, the business strategy and management and leadership competences.

4.7.2. Risk Assessment of Financial Information

Main characteristics of the risk identification process, including those related to error or fraud.

The ICFR was developed by the Group in accordance with international internal control standards established by COSO (Committee of Sponsoring Organizations, of the Treadway Commission), in its Internal Control – Integrated Framework report of 2013, which establishes five components in which the effectiveness and efficiency of internal control systems should be based:

- Establish an effective internal control environment, emphasizing organizational culture, integrity and ethical values.
- Assess the risks that an entity could incur in compiling its financial information.
- Design and implement the necessary controls to mitigate the risks identified, ensuring that actions are aligned with the financial reporting objectives of the Organization.
- Establish the appropriate information and communication circuits to support effective decision making and control processes, including those related to the detection and communication of system weaknesses or inefficiencies.
- Monitor said controls to ensure their effective design and operability, as well as the validity of their effectiveness over time.

Given the width of the universe of processes with impact on financial reporting at the Telefónica Group, a model has been developed to select the most relevant processes based both on risk assessment and Group materiality, the so-called Scope Definition Model, and which is a part of the Audit Methodology on the Internal Control over Financial Information (ICFR) System of the Telefónica Group. This model, based both in the principle of relative importance and the assessment of risks related to financing reporting at Group level, is applied to the financial information reported by subsidiaries multi-group and associate companies. The model selects the significant accounts at the consolidated level, the evaluation of ICFR of the Group can be upholded. Subsequently, identifies the relevant processes which generate the financial information for these epigraphs or accounts.

Once the relevant processes have been identified, an understanding is made on those processes that have a more relevant impact on significant accounts, to review, in the first instance, the effectiveness of the design of their internal control structures, and in a second phase, the operating of the key controls which address the main associated risks or "objectives of control of financial information" (also named as financial assumptions or assertions).Given that the internal control evaluation the Group's financial reporting is performed as of the closing date of each year, during the year, the corresponding activities are carried out to contrast the initial results obtained through the Scope Definition Model.

The aforementioned procedure for identifying and reviewing the key controls covers the objectives of the financial information (also named financial premises) of accuracy, valuation, completeness, cut-off of operations, existence / occurrence, presentation, breakdown, and rights and obligations. This identification of the key controls, aimed at addressing the aforementioned financial premises of the significant accounts and relevant processes in scope, is carried out annually, verifying that no event has taken place so as to determine a modification of this as at the year-end date.

With regard to the process for identifying the company perimeter, the Finance and Control Office carries out, in a periodic manner, an update on its consolidation perimeter, verifying additions and removals of companies with the legal and financial departments of the different companies which are part of the Group, including the corporate departments.

As previously mentioned, Telefónica constantly monitors the most significant risks that could affect the main companies that make up its Group. For that purpose the Company has a Risk Management Model based on COSO (Committee of Sponsoring Organizations of the Treadway Commission). It is implemented in a homogeneous manner in the main operations of the Group, so that the persons responsible for the Company, in their field of action, carry out a timely identification, assessment, response and monitoring of the main risks. Telefónica's risk management, including those related to financial information, is integrated into the planning process and is aligned with the Company's strategy, in line with the requirements of COSO ERM 2017, "Enterprise Risk Management - Integrating with Strategy and Performance".

The Board of Directors of the Company, through the Audit and Control Committee, is the entity's governing body that supervises the process, as defined in Article 22 of the Regulation of the Board of Directors of Telefónica.

4.7.3. Control Activities

Procedures for reviewing and authorizing the financial information and the description of the ICFR, to be disclosed in the securities market, indicating those responsible, as well as the documents describing the flow of activities and controls (including those related to fraud risk) of different types of transactions that may materially affect the financial statements, including the accounts closing procedure and specific review of relevant value judgements, estimates, valuations and projections.

The Board of Directors of Telefónica, S.A. approved, on March 29, 2023, the Regulations Governing Disclosure and Reporting to the Markets (RCIM) to reflect, among other issues, the treatment of non-financial information and information on sustainability for the purposes of Communication and Information to the Markets. This regulation regulates the basic principles of functioning of the financial disclosure control processes and systems for reporting economic-financial and sustainability information and any other information that the Company considers necessary to publish, through which to aim at guaranteeing that the Company's relevant or privileged information is known by the markets, investors and other stakeholders, thus maximizing the disclosure and quality of this information, and ensuring that the mechanisms required to perform regular evaluations of the functioning of these processes and systems are established.

In addition, on a quarterly basis, the Consolidation and Accounting Polices Department (which forms part of the Finance and Corporate Development Department) of Telefónica submits to the Audit and Control Committee the periodic financial information, highlighting the main events occurred and the accounting criteria applied in its preparation, clarifying those aspects of major importance occurred during the period.

Likewise, the Telefónica Group has documented economic-financial processes in place which enable that the criteria for preparing financial information are common, both in the companies of the Group and in those activities that are outsourced, if any.

Likewise, the Company follows documented procedures for preparing the consolidated financial information, so that the persons responsible for the different areas involved verify this information.

Additionally, in accordance with internal regulations, the Executive Chairmen or Chief Executive Officers and the Finance Directors of the companies of the Group must submit to the Consolidation and Accounting Policies Office an annual certificate stating that the financial statements presented fairly represent in all material respects the equity, the financial position, the results of operations and the cash flows as of the date and for the period presented.

In relation to the accounting closing procedure, the Consolidation and Accounting Polices Office issues the reporting and external audit instructions (in the case of external audits, for the purposes of information of schedules and reports to be issued) aligned with the internal control assessment approach over the financial reporting of Internal Audit; which includes the content, procedures and schedule to be followed by the departments and companies of the Telefónica Group as well as investee entities through joint control agreements (joint ventures and operations) or material entities over which it exercises significant influence and through its external auditors in the reporting of the financial-accounting information and the results of the audit processes.

The specific review on relevant judgments, estimates, valuations and projections is carried out by the Consolidation and Accounting Polices Office, to identify critical accounting policies to the extent that they require the use of estimates and value judgements. In these cases, the Consolidation and Accounting Polices Office establishes, likewise, the necessary operational coordination actions with the rest of the units in the Telefónica Group in their specific fields of action and knowledge, prior to presenting them to the Audit and Control Committee. The most relevant ones are dealt with by the Audit and Control Committee and Senior Management defines the presentation format in the annual accounts, prior to approval by the Board of Directors.

Finally, Internal Audit, within its Annual Audit Plan, among other actions, establishes work plans to assess the model for internal control over financial reporting of the Telefónica Group, in line with the above stated.

Internal control policies and procedures on information systems (among others, on access security, change control, system operation, operation continuity, separation of functions) that support the relevant processes of the company with regard to the preparation and publication of financial information.

The Global Security Policy of Telefónica considers an integral concept that encompasses the physical and operational security (of people and assets), digital security, business continuity, supply chain security and, prevention of commercial fraud. In order to reach a homogeneous level of security, a global corporate

security regulatory Framework is defined that will take into account the analysis of threats and risks, as well as the establishment of preventive, detection and corrective controls, in the activities aimed at identify, protect, detect, respond and recover.

The Global Director of Security and Intelligence leads the development and monitors the implementation of the regulatory framework and global security initiatives. For more information, see the Security section of Telefónica's Global Transparency Centre.

The Telefonica Group's Global Information and Technology Department is responsible for the technological strategy of both the Network and the Information Technology System for the Group's main operating markets, defining the strategy and technological planning, as well as its evolution and ensuring compliance with the quality of service, cost and security conditions required by the Group. Among its various functions are the definition of Systems and Networks that improve the efficiency, effectiveness and profitability of the Group's processes. For operators in Latin America, these same functions are assumed and carried out by the regional Network and Systems Department but always based on the guidelines set out by the Global Directorate for Technology and Information.

Finally, the Internal Audit unit, with the scope established in its Annual Audit Plan, sets out work plans to verify the effectiveness of design and operation, as well the efficiency of the defined internal control environment, to ensure compliance with all Group policies and regulations on Security and Data Processing and Protection, focusing on the governance model and the integrity accuracy of the information, reviewing in the audit work the effectiveness of the internal control structures defined and implemented, both in their design and operation and on the basis of the established scope.

Internal control policies and procedures aimed at supervising the managing of activities outsourced to third parties, as well as those aspects of assessment, calculation or valuation commended to independent experts that may affect in a material manner the financial statements.

In the case that a process or part of a process is outsourced to a third party unrelated to the Company, this does not exempt from the need to have controls which ensure an adequate control level in the whole of the process. Given the importance of service outsourcing and the consequences that this can cause on the opinion about the effectiveness of the internal control over financial reporting, the necessary actions are taken in the Telefónica Group in order to achieve to evidence an adequate control level. The actions that are carried out to achieve the mentioned objective may vary among the three following ones, which, depending on the case, may be complementary:

- **Certification of internal control by an independent third party**: ISAE 3402, SSAE 18, SOC or analogous, certifications in their different typologies.
- **Establishing specific controls**: identified, designed, implemented and assessed by the Company and/or the Telefónica Group.
- **Direct assessment**: an assessment, carried out by the Internal Audit area, on certain administrative outsourced processes, with the scope established in its Annual Audit Plan.

When Telefónica or any of its subsidiaries uses the services of an independent expert whose result and conclusions may present potential impacts on the consolidated financial information, with regard to the process to select a supplier, the area that requests the service and, if applicable, together with the Purchase department, must make sure about the competence, training, credentials and independence of the third party regarding the methods and main hypotheses considered. The Finance and Control Office has established control activities aimed at guaranteeing the validity of data, the methods used, and the reasonability of the hypotheses used by the third party through the recurrent monitoring on the own KPIs1 of each duty which enable to ensure compliance of the outsourced process according to the policies and guidelines issued by the Group. In terms of security, we have requirements for our suppliers, and we identify and monitor the risks associated with the provision of a service/product (for more information, see the Security in the Supply Chain section of Telefónica's Global Transparency Centre).

Likewise, there is an internal procedure for engaging independent experts which requires certain levels of approval.

4.7.4. Information and Communication

A specific function in charge of defining, keeping updated the accounting policies (area or department of accounting policies) and resolving issues or conflicts derived from its interpretation, maintaining fluid communication with those responsible for operations in the organization, as well as an updated accounting policy manual informed to the units through which the entity operates.

The Consolidation and Accounting Polices Office of the Group is in charge of defining and updating the accounting policies for the purposes of preparing and reporting consolidated financial information.

Thus, this area issues updated Information Bulletins on IFRS (International Financial Reporting Standards), where this area presents a summary of the main changes in accounting matters, as well as clarifications on various aspects that may arise regarding this matter.

Additionally, the Telefónica Group has a Manual of Accounting Policies which is permanently updated. The objectives of this Manual are: to adapt the corporate accounting principles and policies to the IFRS regulatory framework; to maintain accounting principles and policies which enable that the information is comparable within the Group and which facilitate an optimum management from the origin of the information; to improve the quality of the accounting information of the various Group companies and of the Consolidated financial information by disclosing, agreeing and implementing accounting principles which are unique to the Group; and to facilitate the accounting integration of acquired and newly-created companies into the Group's accounting system by means of having a reference manual.

All companies belonging to the Telefónica Group must comply in a mandatory manner with the mentioned manual when carrying out their reporting for the preparation of the consolidated financial information.

This documentation is available for the whole Group on the Telefónica Intranet in an integrated Accounting and Reporting portal. In this portal, in addition to the digitalized Manual, the history of IFRS Bulletins can be also be accessed, as well as the Reporting Manual with its forms and all the details of the corporate chart of accounts. All accounting and reporting update communications are made through this tool, which is part of the Group's digital transformation project.

Likewise, the Accounting Policies Area maintains a fluid communication with the accounting heads of the Group's main operations, both proactively and reactively. This communication is useful not only for resolving doubts or conflicts but also to ensure that accounting criteria in the Group are homogeneous as well as to share best practices among Group companies.

Mechanisms for obtaining and preparing the financial information with standardized formats applied and used by all the units in the entity or the Group, which support the main financial statements and notes, as well as information detailing the ICFR.

As stated above, there is a Manual for Filling in the Consolidation Reporting of the Telefónica Group which provides specific instructions for preparing the details which make up the financial-accounting reporting package, provided by all components of the Telefónica Group for the preparation of the Telefónica Group's consolidated financial statements and its explanatory notes.

Likewise, the Telefónica Group has implemented a specific system, through an IT System, which supports the reporting of the individual financial statements of its various subsidiaries, as well as the necessary notes and disclosures for preparing the consolidated annual accounts. This tool is used, likewise, to carry out the consolidation process and its subsequent analysis. The system is managed centrally, and all components of the Telefónica Group use the same account plan.

4.7.5. Supervision of System Operation

The supervision activities and results of the ICFR evaluation performed during the year. Procedure for which the person responsible performs the evaluation establishes the scope and reports their results, with the entity defining an action plan that details the pertinent corrective measures and consideration of its impact on the financial information.

As indicated above, the Bylaws and the Regulations of the Board of Directors state that the primary duty of the Audit and Control Committee shall be to support the Board of Directors in its supervisory duties, establishing among its competencies to supervise the effectiveness of the Company's internal controls and the systems for risk management and control, as well as to discuss, where

appropriate, with the Account Auditors significant deficiencies or material weaknesses in the internal control system over financial reporting (ICFR) detected during the development of both the integrated audit performed by the Account Auditor and the evaluation of internal control on the Group's financial reporting at the end of each year, carried out by Internal Audit.

Along the same lines as the above, Telefónica has a Corporative Internal Control Policy that sets that the Board of Directors, through the Audit and Control Committee, supervises the internal control system, with the support of Internal Audit of the Telefónica Group. In that Policy, "internal control" is defined as the process performed by the Board of Directors, Management and the rest of the staff of the Company, being designed with the purpose of providing a reasonable assurance degree for the attainment of the objectives related to operations, information and compliance. With the purpose of helping to the achievement of its objectives, the Company has an internal control model defined in accordance with the criteria established by the Committee of Sponsoring Organizations of the Treadway Commission ("COSO").

Likewise, there is an Internal Audit Organization Policy, which includes aspects regarding the organization and functioning of this area, including its statute. According to what is set in that Policy and in the Corporate Internal Control Policy itself, Internal Audit is the area in Telefónica in charge of confirming, by means of appropriate evidence, the adequate functioning of the internal control and risk management structures and, if applicable, detecting possible inefficiencies or non-compliance with the control system that the Group establishes in its processes. In this respect, Internal Audit functionally depends on the Audit and Control Committee and becomes an area independent from the Company management which supports this Committee in its competencies on assurance, risk management and the internal control system, applying a systematic and disciplined approach, through the means indicated above in 4.7.1.

The Internal Audit function is developed in accordance with the Global Standards for the Professional Practice of Internal Auditing and, in this regard, it has been awarded a Quality Certificate from the International Institute of Internal Auditors.

With regard to the supervision of the Internal Control System Over Financial Reporting (ICFR), as stated above, the Telefónica Group has a Methodology of the system for the internal control over Financial Reporting (ICFR), Internal Audit is the area in charge of performing, on an annual basis, the assessment on its effectiveness as of the year-end date, with a reasonable assurance approach, in accordance with the guidelines established by the Committee of Sponsoring Organizations of the Treadway Commission (COSO) in its Internal Control – Integrated Framework report of 2013.

Additionally, the External Auditor issues their own independent opinion of reasonable assurance on the effectiveness of the Internal Control System over Financial Reporting (ICFR), in accordance with the criteria established in Internal Control - Integrated Framework (2013) issued by the Committee of Sponsoring Organizations of the Treadway Commission ("COSO").

Review on specific processes and controls

Based on the results obtained after the application of the Outcome Definition Model, a direct review is made on the processes associated with the headings and companies in scope. For this purpose, the Internal Control over Financial Reporting System Audit Methodology is applied, which is aligned with the guidelines established by the Committee of Sponsoring Organizations of the Treadway Commission (COSO) in its Internal Control – Integrated Framework report.

As indicated above, the "Scope Definition Model" is available, which is based both on the principle of relative importance(materiality) and on the assessment of risks related to the financial reporting processes of the Telefónica Group. Based on the application of this model, the identification of the relevant financial accounting by company of the consolidation perimeter is carried out.

Once the accounts and companies are identified having identified within the scope of the evaluation, the Internal Control System Auditing Methodology on the Group's Financial Information is applied as follows:

- Identify economic-financial processes associated with the significant accounts so that a reasonable coverage is achieved in the evaluation of the ICFR of the Group, considered as a whole.
- As part of the scope definition procedures, Information Technology (IT) systems and tools and technological infrastructures associated with these economic-financial processes in scope (technological processes) are also identified. Additionally, as part of the risk assessment and the previous procedures, those aspects of cybersecurity that could have a relevant impact on the ICFR are also considered for the purposes of concluding on their inclusion in the scope of the Evaluation of the effectiveness of the ICFR of the Group, considered as a whole.
- Identify significant risks and high inherent risks regarding financial reporting associated to those processes.
- Carry out Walkthroughs of the economic-financial processes and technological processes in the scope of the evaluation, considerations of transactions carried out, which allows the design of the controls associated with these processes, and identifying the key controls that address the specific risks and the financial assumptions associated with these processes.

- Additionally, assess the operability of the previously qualified key controls, by applying the corresponding evaluation tests and its design assessed as effective. For this purpose, the corresponding assessment tests are applied, based on the nature, timing and scope that determine both the periodicity and the risk rating of the key control.
- In the event that control deficiencies and/or opportunities for improvement are identified during the Internal Control System for Financial Information (ICFR) assessment procedures, they are reported to Management through the corresponding conclusions reported by Internal Audit, prior analysis of their impact, both at individual and aggregate level, on the evaluation of the Internal Control System for Financial Information (ICFR) of the Telefónica Group. For the purposes of this assessment, the existing compensating controls are taken into consideration, which mitigate the risks that the deficiencies identified could not be remedied at year-end.
- Where appropriate, execute the necessary audit procedures related to those investigations of facts reported through the Internal Information System, in which there may be effects on the correct design or operability of internal control.
- Internal Audit communicates to both Management and the Audit and Control Committee any significant deficiencies or material weaknesses in the internal control system over financial reporting (ICFR) identified, if applicable, as a result of its evaluation of internal control over the financial report, as well as the design and status of the implementation of the corresponding action plans, which are subject to periodic monitoring by the Audit and Control Committee.

Review on IT general controls

The Information Technology General Controls (ITGCs) of IT Systems (IT applications and Systems), which support the financial and economic processes in the assessment scope of the internal control over financial reporting (ICFR), are evaluated at least annually, also on the basis of the above-mentioned evaluation methodology.

The review on IT general controls over IT systems and tools and the technological infrastructures (databases and operating systems), has the objective to assess the effectiveness of the design and operability of key controls related to (i) managing changes to programs, which includes the authorization of the changes implemented at the production stage and that must be supported by their corresponding user tests (UATs), ensuring an adequate segregation of duties and environments, such as (ii) logical access, which includes the control on credentials and profiles, as well as the segregation of duties and the monitoring of activities that are critical in information systems and tools and in the technological infrastructures that supports them (databases and operating systems), and (iii) other IT general controls which support the correct operation of information systems and tools (managing changes to infrastructures, back-ups, managing security patches and programmed tasks and their monitoring as well as the activities of managing gaps). Additionally, appropriate audit testing of internal control over cybersecurity aspects included within the scope of the Assessment of the effectiveness of the Group's ICFR.

Self-assessment Questionnaires

In addition, all the companies that depend from the Group which are not within the direct scope of the Annual ICFR Assessment performed by Internal Audit, receive annually internal control self-assessment questionnaires, whose answers must be subsequently certified by the local persons responsible of their ICFR in each Company (Executive Presidents and/or Finance Directors, or functional positions). These questionnaires address aspects of internal control over financial reporting (ICFR) that are considered minimum requirements in order to achieve a reasonable assurance of the reliability of the financial information reported. The answers are demonstrably audited by the corresponding Internal Audit Units.

Weakness detection and management procedure

As previously stated, the Internal Audit area is also in charge, among other functions, to provide support to the Audit and Control Committee in the supervision of the functioning of the system for the internal control over financial reporting (ICFR).

The Internal Audit department participates in the Audit and Control Committee meetings and informs regularly about the conclusions of the carried out works, and also informs about the action plans designed and agreed for mitigation and about the degree of implementation thereof. This includes, where applicable, to communicate internal control significant deficiencies and material weaknesses which may have been identified in the process for ICFR assessment, as well as the follow-up on the implementation of action plans related to significant deficiencies and material weaknesses.

On the other hand, the Accounts Auditor also participates in the Audit and Control Committee, at the request of the Audit and Control Committee, in order to explain and clarify aspects of their audit reports and the rest of work carried out by the External Auditor, which including work carried out to audit the effectiveness of the internal control over Group's financial reporting. As well as Internal Audit, the External Auditor is obliged to communicate the significant deficiencies or material weaknesses identified in the development of their integrated audit, which includes the audit of the Internal Control System over Financial Information (ICFR) on the system for the internal control over financial reporting

(ICFR). For this purpose, the Accounts Auditor has direct access at all times to Senior Management and the Chairman of the Audit and Control Committee, and, in parallel with the Internal Auditing, it also reports independently to that Committee the results of both the preliminary and final phase of their audit on the ICFR.

Action plans

In the event that control deficiencies and/or opportunities for improvement are detected as a result of the assessment of the Telefónica Group's Internal Control System for Financial Information (SCIIF), depending on the scope established, the control owners communicate their action plans agreed for solving the identified control deficiencies and/or improvement opportunities, as well as the deadlines scheduled for their implementation. These action plans have as fundamental objectives:

- To remedy the control deficiencies identified in the ICFR annual assessment, so that the control activities are designed and operate in an effective manner, or failing that, the risk generated is substantially mitigated.
- To prioritize the implementation of improvement opportunities in the efficiency of processes; improvement opportunities are defined as such, since they do not constitute internal control deficiencies.

Conclusion of the assessment of the Internal Control System for Financial Information (ICFR) as of December 31, 2025.

Internal Audit has carried out its assessment of the effectiveness of the Internal Control System for Financial Information (ICFR) as of December 31, 2025. To perform this assessment, the guidelines established by the Committee of Sponsoring Organizations of the Treadway Commission (COSO) in its "Internal Control - Integrated Framework of 2013" report, were considered. Based on the assessment carried out, it was concluded that, as of December 31, 2025, the Telefónica Group's Internal Control System for Financial Information (ICFR) was effective in accordance with these guidelines.

4.7.6. External Auditor's Report

As indicated above, the Group was commissioned to the External Auditor, both to perform a reasonable assurance audit the effectiveness of the internal control system over financial reporting (ICFR) in accordance with the criteria established in Internal Control - Integrated Framework of 2013 issued by the Committee of Sponsoring Organizations of the Treadway Commission ("COSO"), and to review the description of the ICFR of the Telefónica Group, included in this Consolidated Management Report, whose report is attached below to this document.

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This version of our report is a free translation of the original, which was prepared in Spanish. All possible care has been taken to ensure that the translation is an accurate representation of the original. However, in all matters of interpretation of information, views or opinions, the original language version of our report takes precedence over this translation.

Independent reasonable assurance report on the design and effectiveness of Internal Control over Financial Reporting (ICFR)

To the board of directors of Telefónica, S.A.

We have carried out a reasonable assurance engagement of the design and effectiveness of Internal Control over Financial Reporting (hereinafter, ICFR) of Telefónica, S.A. and its subsidiaries (the Group) and the accompanying description thereof included in section 4.7 of the Annual Corporate Governance Report of Telefónica, S.A. (the Company) as at December 31, 2025. This internal control system is based on the criteria and policies defined by Telefónica, S.A. in accordance with the guidelines established by the Committee of Sponsoring Organizations of the Treadway Commission (COSO) in its "Internal Control-Integrated Framework" report, in its most recent framework published in 2013.

Internal Control over Financial Reporting is a process designed to provide reasonable assurance on the reliability of financial information in accordance with the applicable financial reporting framework and includes those policies and procedures that: (i) permit the maintenance, in reasonable detail, of records that accurately reflect the transactions that have taken place; (ii) provide reasonable assurance that the transactions are appropriately recorded to permit the preparation of financial information, in accordance with the applicable financial reporting framework, and that these transactions only take place pursuant to the pertinent authorisation; and (iii) provide reasonable assurance in relation to the prevention or timely detection of unauthorised acquisitions, use or disposal of assets which could have a material effect on the financial information.

Inherent limitations

In this regard, it should be borne in mind that, given the inherent limitations of Internal Control over Financial Reporting, regardless of the quality of its design and operation, such internal control system only permits the provision of reasonable, but not absolute, assurance in relation to the objectives pursued, such that errors, irregularities or fraud may occur which may not be detected. In addition, projections of the evaluation of internal control to future periods are subject to risks such as that internal control may become inadequate as a result of future changes in applicable conditions, or that in the future, the degree of compliance with established policies or procedures may be reduced.

Directors´ responsibility

The directors of Telefónica, S.A. are responsible for adopting the necessary measures to reasonably ensure the implementation, maintenance and supervision of appropriate Internal Control over Financial Reporting, as well as for the evaluation of its effectiveness, the development of improvements to that system and for the preparation and establishment of the content of the accompanying information relating to ICFR.

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Our responsibility

Our responsibility is to issue a reasonable assurance report on the design and effectiveness of Telefónica, S.A. and its subsidiaries' (the Group) Internal Control over Financial Reporting, based on the work we have performed and on the evidence we have obtained. We conducted our reasonable assurance engagement in accordance with International Standard on Assurance Engagements 3000 (ISAE 3000) (Revised), "Assurance Engagements other than Audits or Reviews of Historical Financial Information", issued by the International Auditing and Assurance Standards Board (IAASB) of the International Federation of Accountants (IFAC).

A reasonable assurance engagement includes understanding Internal Control over Financial Reporting, assessing the risk that material weaknesses in internal control may exist, that controls are not properly designed or do not operate effectively, the execution of tests and evaluations of the design and effective application of the aforementioned internal control system, based on our professional judgement, and the performance of such other procedures as may be deemed necessary.

We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Our independence and quality management

We have complied with the independence and other ethical requirements of the International Code of Ethics for Professional Accountants (including International Independence Standards) issued by the International Ethics Standards Board for Accountants (IESBA Code), which is founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behaviour.

The firm applies International Standard on Quality Management 1, which requires the firm to design, implement and operate a system of quality management including policies or procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

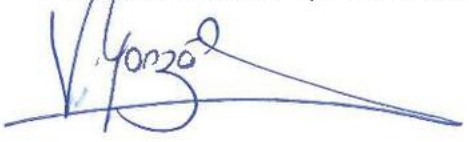
Opinion

In our opinion, Telefónica, S.A. and its subsidiaries maintained, as at December 31, 2025, in all material respects, effective Internal Control over Financial Reporting for the financial year ended December 31, 2025, which is based on the criteria and policies defined by Telefónica, S.A.´s management in accordance with the guidelines established by the Committee of Sponsoring Organizations of the Treadway Commission (COSO) in its "Internal Control-Integrated Framework" report in its most recent framework published in 2013.

Similarly, the accompanying description of ICFR included in section 4.7 of the Annual Corporate Governance Report of Telefónica, S.A. as at December 31, 2025 has been prepared, in all material respects, in accordance with the requirements established by article 540 of the consolidated text of the Companies Act and Circular 5/2013 of June 12, 2013 of the *Comisión Nacional del Mercado de Valores* (CNMV), and subsequent amendments, the most recent being Circular 3/2021, of September 28 of the CNMV, for the purposes of the description of ICFR in Annual Corporate Governance Reports.

Our work does not constitute an audit nor is it subject to the regulations governing the audit activity in force in Spain, and as a result we do not express an audit opinion in the terms provided in the aforementioned regulations.

PricewaterhouseCoopers Auditores, S.L.



Vanesa González Prieto

February 24, 2026

4.8. Annual Corporate Governance Report Statistical Annex

Annual Corporate Governance Report Statistical Annex for listed companies (established by Circular 3/2021, of September 28, of the National Securities Market Commission, that modifies Circular 5/2013, of June 12, that established the templates for the Annual Corporate Governance Report for listed companies)

Unless otherwise indicated, in compliance with the provisions contained in Circular 3/2021, of September 28, of the National Securities Market Commission, which amends Circular 5/2013, of June 12, that established the templates for the Annual Corporate Governance Report for listed companies, the data is as of December 31, 2025.

A. Ownership Structure

A.1 Complete the following table on share capital and the attributed voting rights, including those corresponding to shares with a loyalty vote as of the closing date of the year, where appropriate:

Indicate whether company bylaws contain the prevision of double loyalty voting:

No.

Date of the last modification of the share capital	Share capital (€)	Number of shares	Number of voting rights
13/05/2024	5,670,161,554	5,670,161,554	5,670,161,554

Indicate whether there are different classes of shares with different associated rights:

No.

A.2 List the company's significant direct and indirect shareholders at the closing date of the financial year, including the directors with a significant shareholding:

Name or company name of shareholder	% voting rights attributed to shares		% of voting rights through financial instruments		% of total voting rights
	Direct	Indirect	Direct	Indirect	
Sociedad Estatal de Participaciones Industriales (SEPI)	10.00	0.00	0.00	0.00	10.00
Criteria Caixa, S.A.U.	9.99	0.00	0.00	0.00	9.99
Public Investment Fund	0.00	9.97	0.00	0.00	9.97
Banco Bilbao Vizcaya Argentaria, S.A.	5.01	0.00	0.00	0.00	5.01
BlackRock, Inc.	0.00	3.54	0.00	1.47	5.01

Breakdown of the indirect holding:

Name or company name of indirect owner	Name or company name of direct owner	% voting rights attributed to shares	% of voting rights through financial instruments	% of total voting rights
Public Investment Fund	Green Bridge Investment Company SCS	9.97	0.00	9.97
BlackRock, Inc.	Grupo BlackRock	3.54	1.47	5.01

A.3 Give details of the participation at the close of the fiscal year of the board of directors who are holders of voting rights attributed to shares of the company or through financial instruments, whatever the percentage, excluding the directors who have been identified in Section A2 above:

Name or company name of director	% voting rights attributed to shares		% of voting rights through financial instruments		% of total voting rights	% voting rights which may be transferred through financial instruments	
	Direct	Indirect	Direct	Indirect		Direct	Indirect
Mr. Marc Thomas Murtra Millar	0.00 %	0.00 %	0.02 %	0.00 %	0.02 %	0.00 %	0.00 %
Mr. Isidro Fainé Casas	0.01 %	0.00 %	0.00 %	0.00 %	0.01 %	0.00 %	0.00 %
Mr. José María Abril Pérez	0.01 %	0.01 %	0.00 %	0.00 %	0.02 %	0.00 %	0.00 %
Mr. Emilio Gayo Rodríguez	0.01 %	0.00 %	0.02 %	0.00 %	0.03 %	0.00 %	0.00 %
Ms. María Luisa García Blanco	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %
Mr. Peter Löscher	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %
Ms. Anna Martínez Balañá	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %

Total percentage of voting rights held by the Board of Directors
0.08%

Breakdown of the indirect holding:

Name or company name of director	Name or comany name of the direct owner	% voting rights attributed to shares	% of voting rights through financial instruments	% of total voting rights	% voting rights which may be transferred through financial instruments
Mr. José María Abril Pérez	Other company shareholders	0.01 %	0.00 %	0.01 %	0.00 %
Ms. María Luisa García Blanco	Other company shareholders	0.00 %	0.00 %	0.00 %	0.00 %

List the total percentage of voting rights represented on the Board:

Total percentage of voting rights held by the Board of Directors
35.05%

A.7 Indicate whether the company has been notified of any shareholders' agreements that may affect it, in accordance with the provisions of Articles 530 and 531 of the Spanish Corporate Enterprises Act. If so, describe them briefly and list the shareholders bound by the agreement:

Yes.

Parties to the shareholders' agreement:

Telefónica, S.A.

Prosegur Global Alarmas Row, S.L./ Prosegur Compañía de Seguridad, S.A.

% of share capital concerned:

0.87%

Brief description of the agreement:

On February 28, 2020, as part of the transaction whereby Telefónica de Contenidos, S.A. acquired 50% of the share capital of Prosegur Alarmas España, S.L. from Prosegur Global Alarmas Row, S.L., 49,545,262 shares of Telefónica, S.A. (the Shares) were delivered to Prosegur Global Alarmas Row, S.L. as payment of the transaction price.

On the same day, Telefónica, S.A., Prosegur Global Alarmas Row, S.L., as shareholder, and Prosegur Compañía de Seguridad, S.A. as guarantor, signed a contract whereby Prosegur Global Alarmas Row, S.L. undertook, among other obligations, to assume certain restrictions on the transferability of the Shares delivered to it (the Shareholders' Agreement).

In particular, the Shareholders' Agreement restricted the free transfer of the Shares for a period of nine months from the date of signature and provides for a number of covenants governing the transfer of the Shares after that initial period.

This agreement was notified to the National Securities Market Commission as 'Other Relevant Information' on February 28, 2020, including a transcription of the relevant clauses included in the agreement relating to restrictions on the transferability and orderly sale of the Shares.

On December 2, 2020, Prosegur Global Alarmas Row, S.L. transferred 39,545,262 Shares to Prosegur Compañía de Seguridad, S.A. (company of the Prosegur Group). As a consequence of the transfer and the provisions of Clause 2.3 of the Shareholders' Agreement, Prosegur Compañía de Seguridad, S.A. entered into an agreement to adhere to the Shareholders' Agreement, becoming bound in its capacity as guarantor and shareholder.

Expiry date of the agreement, if any:

-

Indicate whether the company is aware of any concerted actions among its shareholders. If so, provide a brief description:

No.

A.8 Indicate whether any individual or company exercises or may exercise control over the company in accordance with Article 5 of the Spanish Securities Market Act. If so, please identify them:

No.

A.9 Complete the following table with details of the company's treasury shares:

At the closing date of the financial year:

Number of direct shares	Number of indirect shares (*)	Total percentage of share capital
39,762,042	—	0.70 %

(*) Through:

--

A.11 Estimated float:

	%
Estimated float	58.37 %

A.14 Indicate whether the company has issued shares that are not traded on a regulated EU market:

Yes.

B. General Shareholders' Meeting

B.4 Give details of attendance at General Shareholders' Meetings held during the reporting year and the two previous years:

Attendance data					
			% distance voting		
Date of general meeting	% physical presence	% present by proxy	Electronic voting	Other	Total
31/03/2023	0.10%	54.84%	0.46%	2.75%	58.15%
Of which, float	0.02%	38.07%	0.46%	0.49%	39.04%
12/04/2024	0.11%	56.16%	0.47%	5.39%	62.13%
Of which, float	0.01%	34.94%	0.47%	0.20%	35.62%
10/04/2025	10.05%	42.39%	0.71%	11.00%	64.15%
Of which, float	0.01%	22.69%	0.71%	0.15%	23.56%

B.5 Indicate whether there has been any item on the agenda at the general meetings held during the year that has not been approved by the shareholders.

No.

B.6 Indicate whether the articles of incorporation contain any restrictions requiring a minimum number of shares to attend General Shareholders' Meetings, or to vote remotely:

Yes.

Number of shares required to attend General Meetings	300

Number of shares required for voting remotely	300

C. Structure of the Company's Administration

C.1 Board of Directors

C.1.1 Maximum and minimum number of directors established in the articles of incorporation and the number of directors set by the General Meeting:

Maximum number of directors	20
Minimum number of directors	5
Number of directors set by the general meeting	15

C.1.2 Complete the following table on Board members:

Name or company name of director	Representative	Category of director	Position on the Board	Date first appointed	Date of last appoint_ment	Election procedure
Mr. Marc Thomas Murtra Millar	—	Executive	Chairman	18/01/2025	10/04/2025	Resolution of General Shareholders' Meeting
Mr. Isidro Fainé Casas	—	Proprietary	Vice Chairman	26/01/1994	12/04/2024	Resolution of General Shareholders' Meeting
Mr. José María Abril Pérez	—	Proprietary	Vice Chairman	25/07/2007	08/04/2022	Resolution of General Shareholders' Meeting
Mr. Carlos Ocaña Orbis	—	Proprietary	Vice Chairman	08/05/2024	10/04/2025	Resolution of General Shareholders' Meeting
Mr. Emilio Gayo Rodríguez	—	Executive	Chief Operating Officer	06/03/2025	10/04/2025	Resolution of General Shareholders' Meeting
Mr. Olayan M. Alwetaid	—	Proprietary	Director	26/02/2025	10/04/2025	Resolution of General Shareholders' Meeting
Ms. María Luisa García Blanco	—	Independent	Director	25/04/2018	08/04/2022	Resolution of General Shareholders' Meeting
Mr. Peter Löscher	—	Lead Independent	Director Coordinator	08/04/2016	12/04/2024	Resolution of General Shareholders' Meeting
Ms. Anna Martínez Balañá	—	Independent	Director	29/07/2025	29/07/2025	Co-optation
Mr. César Mascaraque Alonso	—	Independent	Director	22/10/2025	22/10/2025	Co-optation
Ms. Mónica Rey Amado	—	Independent	Director	29/07/2025	29/07/2025	Co-optation
Mr. Alejandro Reynal Ample	—	Independent	Director	13/12/2023	12/04/2024	Resolution of General Shareholders' Meeting
Ms. Ana María Sala Andrés	—	Independent	Director	26/02/2025	10/04/2025	Resolution of General Shareholders' Meeting
Ms. Claudia Sender Ramírez	—	Independent	Director	18/12/2019	12/04/2024	Resolution of General Shareholder`Meeting
Ms. Solange Sobral Targa	—	Independent	Director	13/12/2023	12/04/2024	Resolution of General Shareholder`Meeting

Total number of directors	15

Indicate any cessations, whether through resignation or by resolution of the general meeting, that have taken place in the Board of Directors during the reporting period:

Name or company name of director	Category of director	Date of last appointment	Leaving date	Committees of which they were members	Indicate whether the termination took place before the end of the mandate
Mr. José María Álvarez-Pallete López	Executive	23/04/2021	18/01/2025	Executive Commission	Yes
Mr. Ángel Vilá Boix	Executive	08/04/2022	06/03/2025	Executive Commission	Yes
Mr. Francisco José Riberas Mera	Independent	23/04/2021	26/02/2025	—	Yes
Ms. Verónica Pascual Boé	Independent	12/04/2024	29/07/2025	Nominating, Compensation and Corporate Governance Committee	Yes
Ms. María Rotondo Urcola	Independent	08/04/2022	29/07/2025	Audit and Control Committee / Sustainability and Regulation Committee	Yes
Mr. Francisco Javier de Paz Mancho	Other External	08/04/2022	22/10/2025	Executive Commission/ Nominating, Compensation and Corporate Governance Committee/ Sustainability and Regulation Committee	Yes

C.1.3 Complete the following tables on the members of the Board and their categories:

EXECUTIVE DIRECTORS

Name or company name of director	Post in organisation chart of the company	Profile
Mr. Marc Thomas Murtra Millar	Executive Chairman	The profile of Mr. Marc Thomas Murtra Millar is described in this Report in section "4.4. Organisational Structure of the Governing Bodies. Professional background of the members of the Board of Directors".
Mr. Emilio Gayo Rodríguez	Chief Operating Officer (C.O.O.)	The profile of Mr. Emilio Gayo Rodríguez is described in this Report in section "4.4. Organisational Structure of the Governing Bodies. Professional background of the members of the Board of Directors".

Total number of executive directors	2
Percentage of Board	13.33 %

EXTERNAL PROPRIETARY DIRECTORS

Name or company name of director	Name or company name of the significant shareholder represented by the director or that nominated the director	Profile
Mr. José María Abril Pérez	Banco Bilbao Vizcaya Argentaria, S.A.	The profile of Mr. José María Abril Pérez is described in this Report in section "4.4. Organisational Structure of the Governing Bodies. Professional background of the members of the Board of Directors".
Mr. Isidro Fainé Casas	Criteria Caixa, S.A.U.	The profile of Mr. Isidro Fainé Casas is described in this Report in section "4.4. Organisational Structure of the Governing Bodies. Professional background of the members of the Board of Directors".
Mr. Carlos Ocaña Orbis	Sociedad Estatal de Participaciones Industriales	The profile of Mr. Carlos Ocaña Orbis is described in this Report in section "4.4. Organisational Structure of the Governing Bodies. Professional background of the members of the Board of Directors".
Mr. Olayan M. Alwetaid	Green Bridge Investment Company SCS / Stc Group	The profile of Mr. Olayan M. Alwetaid is described in this Report in section "4.4. Organisational Structure of the Governing Bodies. Professional background of the members of the Board of Directors".

Total number of proprietary directors	4
Percentage of Board	26.67 %

EXTERNAL INDEPENDENT DIRECTORS

Name or company name of director	Profile
Ms. María Luisa García Blanco	The profile of Ms. María Luisa García Blanco is described in this Report in section "4.4. Organisational Structure of the Governing Bodies. Professional background of the members of the Board of Directors".
Mr. Peter Löscher	The profile of Mr. Peter Löscher is described in this Report in section "4.4. Organisational Structure of the Governing Bodies. Professional background of the members of the Board of Directors".
Ms. Anna Martínez Balañá	The profile of Ms. Anna Martínez Balañá is described in this Report in section "4.4. Organisational Structure of the Governing Bodies. Professional background of the members of the Board of Directors".
Mr. César Mascaraque Alonso	The profile of Mr. César Mascaraque Alonso is described in this Report in section "4.4. Organisational Structure of the Governing Bodies. Professional background of the members of the Board of Directors".
Ms. Mónica Rey Amado	The profile of Ms. Mónica Rey Amado is described in this Report in section "4.4. Organisational Structure of the Governing Bodies. Professional background of the members of the Board of Directors".
Mr. Alejandro Reynal Ample	The profile of Mr. Alejandro Reynal Ample is described in this Report in section "4.4. Organisational Structure of the Governing Bodies. Professional background of the members of the Board of Directors".
Ms. Ana María Sala Andrés	The profile of Ms. Ana María Sala Andrés is described in this Report in section "4.4. Organisational Structure of the Governing Bodies. Professional background of the members of the Board of Directors".
Ms. Claudia Sender Ramírez	The profile of Ms. Claudia Sender Ramírez is described in this Report in section "4.4. Organisational Structure of the Governing Bodies. Professional background of the members of the Board of Directors".
Ms. Solange Sobral Targa	The profile of Ms. Solange Sobral Targa is described in this Report in section "4.4. Organisational Structure of the Governing Bodies. Professional background of the members of the Board of Directors".

Total number of independent directors	9
Percentage of Board	60 %

Indicate whether any director classified as independent receives from the company or any company in its group any amount or benefit other than remuneration as a director, or has or has had a business relationship with the company or any company in its group during the past year, whether in his or her own name or as a significant shareholder, director or senior executive of a company that has or has had such a relationship.

--

If so, include a statement by the Board explaining why it believes that the director in question can perform his or her duties as an independent director.

--

OTHER EXTERNAL DIRECTORS

Identify the other external directors, indicate the reasons why they cannot be considered either proprietary or independent, and detail their ties with the company or its management or shareholders:

Name or company name of director	Reasons	Company, manager or shareholder to which or to whom the director is related	Profile
—	—	—	—

Total number of other external directors	—
Percentage of Board	—

Indicate any changes that have occurred during the period in each director's category:

Name or company name of director	Date of change	Previous category	Current category
—	—	—	—

C.1.4 Complete the following table with information relating to the number of female directors at the close of the past four years, as well as the category of each:

	Number of female directors				% of total directors for each category			
	Year 2025	Year 2024	Year 2023	Year 2022	Year 2025	Year 2024	Year 2023	Year 2022
Executive	0	0	0	0	0.00%	0.00 %	0.00%	0.00%
Proprietary	0	0	0	0	0.00%	0.00 %	0.00%	0.00%
Independent	6	5	6	5	66.67%	62.50 %	60.00%	55.56%
Other external	0	0	0	0	0.00%	0.00 %	0.00%	0.00%
Total	6	5	6	5	40.00%	35.71 %	40.00%	33.33%

C.1.11 List the positions of director, administrator or representative thereof, held by directors or representatives of directors who are members of the company's board of directors in other entities, whether or not they are listed companies:

Identity of the director or representative	Company name of the listed or non-listed entity	Position
Mr. Marc Thomas Murtra Millar	VMED O2 UK Ltd.	Director
Mr. Isidro Fainé Casas	Fundación Bancaria "La Caixa"	Chairman
	Criteria Caixa, S.A.U.	Chairman
	Inmo Criteria Caixa, S.A.U.	Chairman
	Confederación Española de Cajas de Ahorros (CECA)	Chairman
	World Savings Banks Institute (WSBI)	Chairman
	Confederación Española de Directivos y Ejecutivos (CEDE)	Chairman
	Real Academia de las Ciencias Económicas y Financieras (RACEF)	Vice-Chairman
	ACS, Actividades de Construcción y Servicios, S.A.	First Vice-Chairman
Mr. José María Abril Pérez	Arteche Lantegi Elkartea, S.A.	Vice-Chairman
Mr. Emilio Gayo Rodríguez	VMED O2 UK Ltd.	Director
	Buendía Estudios, S.L. (Telefónica Group)	Chairman
	Solar 360 Repsol y Movistar, S.L. (Telefónica Group)	Director
	Movistar Prosegur Alarmas, S.L. (Telefónica Group)	Director
Mr. Olayan M. Alwetaid	Samena Telecommunications Council	Chairman
	King Abdulaziz City for Science and Tecnology (KACST)	Director
	Saudi Tadawul Group	Director
Ms. María Luisa García Blanco	Ibercaja Banco, S.A.	Director
Mr. Peter Löscher	Royal Philips N.V.	Director
	Telefónica Deutschland Holding, AG (Telefónica Group)	Chairman
	Thyssen-Bornemisza Group AG	Director
	Doha Venture Capital LLC	Director
	CaixaBank, S.A.	Director
Mr. César Mascaraque Alonso	Telefónica Brasil, S.A. (Telefónica Group)	Director
Mr. Alejandro Reynal Ample	Four Seasons	Chairman-CEO
Ms. Claudia Sender Ramírez	Holcim Ltd.	Director
	Gerdau, S.A.	Director
	Embraer, la Empresa Brasileira de Aeronáutica, S.A.	Vice-Chairwoman
	Sociedad Beneficiente Hospital Israelí Albert Einstein	Director
	Amigos do Bem	Director
	Sociedad Beneficiente Ensina Brasil	Director
Ms. Solange Sobral Targa	Telefónica Brasil (Telefónica Group)	Director
	Somo Custom Ltd.	Director

Listed below are the positions indicated in the table above that are remunerated:
Mr. Isidro Fainé Casas: Chairman of Criteria Caixa, S.A.U.; Chairman of Inmo Criteria Caixa, S.A.U.; Chairman of Confederación Española de Cajas de Ahorros (CECA); and First Vice-Chairman of ACS, Actividades de Construcción y Servicios, S.A.
Mr. José María Abril Pérez: Vice-Chairman of Arteche Lantegi Elkartea, S.A.
Mr. Olayan M. Alwetaid: Director of King Abdulaziz City for Science and Technology (KACST) and Director of Saudi Tadawul Group.
Ms. María Luisa García Blanco: Director of Ibercaja Banco, S.A.
Mr. Peter Löscher: Director of Royal Philips N.V.; Chairman of Telefónica Deutschland Holding, AG; Director of Thyssen-Bornemisza Group AG; Director of Doha Venture Capital LLC and Director of CaixaBank, S.A.
Mr. César Mascaraque Alonso: Director of Telefónica Brasil, S.A.
Mr. Alejandro Reynal Ample: Chairman and CEO of Four Seasons.
Ms. Claudia Sender Ramírez: Director of Holcim Ltd; Director of Gerdau, S.A.; and Vice-Chairwoman of Embraer, la Empresa Brasileira de Aeronáutica, S.A.
Ms. Solange Sobral Targa: Director of Telefónica Brasil, S.A.

Indicate, where appropriate, the other remunerated activities of the directors or directors' representatives, whatever their nature, other than those indicated in the previous table.
Mr. José María Abril Pérez: Advisor of Madlane Bay, S.L.
Mr. Carlos Ocaña Orbis: Deputy to the General Manager of Real Madrid; and Co-Director of the Master's Degree Program at the Real Madrid Graduate School.
Mr. Olayan M. Alwetaid: CEO of STC Group.
Ms. María Luisa García Blanco: Member of the Advisory Board of Telefónica España; Partner of Salama García Blanco Abogados; and Member of the CIMA Governance and Control Committee.
Ms. Anna Martínez Balañá: Founding Partner and CEO of Marianna en Viu; and General Manager of Balañá en Viu.
Mr. César Mascaraque Alonso: Partner of BPM Marketing Holdings Ltd, Thefusionlabs Ltd; and partner and consultant of TOK Marketing Ltd.
Ms. Mónica Rey Amado: Partner of A-Connect.
Ms. Ana María Sala Andrés: Partner of Cortés Abogados; and Non-Director Secretary of the Board of Directors of Sacyr, S.A. and Indra Sistemas, S.A.
Ms. Claudia Sender Ramírez: Member of the Advisory Boards of Telefónica Tech and Telefónica Hispanoamérica.
Ms. Solange Sobral Targa: Partner and executive Vice-Chairwoman of CI&T Ltd.

C.1.12 Indicate whether the company has established rules on the maximum number of company boards on which its directors may sit, explaining if necessary and identifying where this is regulated, if applicable:

Yes.

C.1.13 Indicate the remuneration received by the Board of Directors as a whole for the following items:

Remuneration accruing in favour of the Board of Directors in the financial year (thousands of euros)	91,748
Funds accumulated by current directors for long-term savings systems with consolidated economic rights (thousands of euros)	800
Funds accumulated by current directors for long-term savings systems with unconsolidated economic rights (thousands of euros)	5,415
Pension rights accumulated by former directors (thousands of euros)	1.225

C.1.14 Identify members of senior management who are not also executive directors and indicate their total remuneration accrued during the financial year:

Name or company name	Position(s)
Mr. Pablo de Carvajal González	General Secretary and Secretary of the Board of Directors, Global Director of Regulation and Head of Security area
Ms. Laura Abasolo García de Baquedano	Chief Financial & Control Officer
Mr. Juan Azcue Vich	Chief Strategy & Development Officer
Mr. Manuel Lara Gómez	General Manager of Internal Audit

Number of women in senior management	1
Percentage of total senior management	25%

Total remuneration of senior management (thousand euros)	25,743

C.1.15 Indicate whether the Board regulations were amended during the year

No.

C.1.21 Explain whether there are any specific requirements, other than those relating to directors, for being appointed as chairman of the Board of Directors.

Yes.

C.1.23 Indicate whether the articles of incorporation or Board regulations establish any term limits for independent directors other than those required by law or any other additional requirements that are stricter than those provided by law:

No.

C.1.25 Indicate the number of meetings held by the Board of Directors during the year. Also indicate, if applicable, the number of times the Board met without the chairman being present. Meetings where the chairman gave specific proxy instructions are to be counted as attended.

Number of Board meetings	17
Number of Board meetings held without the chairman's presence	0

Indicate the number of meetings held by the coordinating director with the other directors, where there was neither attendance nor representation of any executive director:

Number of meetings	0

Indicate the number of meetings held by each Board committee during the financial year:

Number of meetings held by the Executive Commission	13
Number of meetings held by the Audit and Control Committee	12
Number of meetings held by the Nominating, Compensation and Corporate Governance Committee	13
Number of meetings held by the Sustainability and Regulation Committee	10

C.1.26 Indicate the number of meetings held by the Board of Directors during the year with member attendance data:

Number of meetings at which at least 80% of the directors were present in person	16
Attendance in person as a % of total votes during the year	95.62 %
Number of meetings with attendance in person or proxies given with specific instructions, by all directors	17
Votes cast in person and by proxies with specific instructions, as a % of total votes during the year	100 %

C. 1.27 Indicate whether the individual and consolidated financial statements submitted to the Board for issue are certified in advance:

No.

Identify, if applicable, the person(s) who certified the individual and consolidated financial statements of the company for issue by the Board:

-

C.1.29 Is the secretary of the Board also a director?

No.

If the secretary is not a director, complete the following table:

Name or company name of the secretary	Representative
Mr. Pablo de Carvajal González	—

C.1.31 Indicate whether the company changed its external auditor during the year. If so, identify the incoming and outgoing auditors:

No.

If there were any disagreements with the outgoing auditor, explain their content:

No.

C.1.32 Indicate whether the audit firm performs any non-audit work for the company and/or its group and, if so, state the amount of fees it received for such work and express this amount as a percentage of the total fees invoiced to the company and/or its group for audit work:

Yes.

	Company	Group Company	Total
Amount of non-audit work (thousands of euros)	1,236	513	1,749
Amount of non-audit work / Amount of audit work (%)	25.32	2.94	7.83

Observations

C.1.33 Indicate whether the auditors' report on the financial statements for the preceding year contains reservations. If so, indicate the reasons given to shareholders at the general meeting by the chairman of the audit committee to explain the content and extent of the qualified opinion or reservations.

No.

C.1.34 Indicate the number of consecutive years for which the current audit firm has been auditing the company's individual and/or consolidated financial statements. Also, indicate the number of years audited by the current audit firm as a percentage of the total number of years in which the financial statements have been audited:

	Individual	Consolidated
Number of consecutive years	9	9
Number of years audited by the current audit firm/ number of years in which the company has been audited (in %)	20.93	27.27

C.1.35 Indicate whether there is a procedure for directors to be sure of having the information necessary to prepare the meetings of the governing bodies with sufficient time; provide details if applicable:

Yes.

Detail the procedure

The Company adopts the necessary measures, whenever possible, that the Directors receive the necessary information, specially drawn up and geared to preparing the meetings of the Board and its Committees, sufficiently in advance. Under no circumstances shall such a requirement not be fulfilled, on the grounds of the importance or the confidential nature of the information, a part from absolutely exceptional cases.

In this regard, and in accordance with Articles 18 and 20 of the Regulations of the Board of Directors, at the beginning of each year the Board of Directors and its Committees set the calendar of ordinary meetings to be held during the year. The calendar may be amended by resolution of the Board itself or by the corresponding Committee, or by decision of the Chairman, in which case the Directors shall be made aware of the amendment as soon as practicable. Likewise, the Regulations of the Audit and Control Committee and the Regulations of the Nominating, Compensation and Corporate Governance Committee detail the operating regime of these Committees.

Also, the Board and its Committees shall prepare an Action Plan detailing the actions to be carried out and their timing for each year, as per their assigned powers and duties.

Likewise, all the meetings of the Board and the Committees have a pre-established Agenda, which is communicated at least three days prior to the date scheduled for the meeting together with the call for the session. The Agenda for each meeting will clearly state points on which the Board of Directors, or the Executive Commission, have to adopt a decision or resolution.

For the same purpose, in general, the Directors are sent the documentation related to the agenda of the meetings sufficiently in advance. In accordance with Article 19 of the Regulations of the Board of Directors, the Chairman of the Board of Directors organizes the debates, promoting and encouraging all Directors to play an active role in the deliberations, safeguarding their right to freely adopt their own position on all matters. Moreover, with the assistance of the Secretary, he shall ensure that the Directors are sent sufficient information to discuss the points set out in the Agenda sufficiently in advance of the meeting. He also ensures that sufficient time is given over to discussing strategic matters, and shall encourage debate during meetings, safeguarding the Directors' right to adopt their positions freely on all points discussed.

To provide all the information and clarifications necessary in relation to certain points deliberated, the Group's senior executive officers attend nearly all the Board and Committee meetings to explain the matters within their powers.

Furthermore, and as a general rule, the Regulations of the Board of Directors (Article 25) expressly establish that Directors are granted the broadest powers to obtain information about all aspects of the Company, to examine its books, records, documents and other data regarding corporate transactions. Exercising of this right to receive information shall be channelled through the Chairman or Secretary of the Board of Directors, who shall respond to the requests made by the Directors, providing them with the requested information directly or offering them the proper contacts at the appropriate level of the organization.

C.1.39 Identify individually as regards directors, and in aggregate form in other cases, and provide details of any agreements between the company and its directors, executives or employees containing indemnity or golden parachute clauses in the event of resignation or dismissal without due cause or termination of employment as a result of a takeover bid or any other type of transaction.

Number of beneficiaries	6
Type of beneficiary Executive Directors, Senior Executives and other Employees	

Description of Agreement: The current Remuneration Policy provides for severance compensation equivalent to two years of remuneration. In its application, the service agreement of the Executive Chairman, Mr. Marc Thomas Murtra Millar, signed in January 2025, establishes financial compensation upon termination equal to the aforementioned two annual payments. Each annual payment includes the last Fixed Remuneration and the arithmetic average of the last two Annual Variable Remunerations received under the agreement. Regarding the conditions related to the termination of the service agreement of the Chief Operating Officer (C.O.O.), Mr. Emilio Gayo Rodríguez, he maintains the terms of his previous contract remain unchanged, providing for severance pay of up to a maximum of four years' remuneration for termination due to the Company's unilateral decision.

Regarding the contracts of members of Senior Executives, in general, they are contractually entitled the right to receive the economic compensation indicated below in the event that their employment relationship is ended for reasons attributable to the Company or, in some instances, is due to objective reasons such as a change of control in the Company. However, if the employment relationship is terminated because of a breach attributable to the Executive, he/she will not be entitled to any compensation whatsoever. That notwithstanding, in certain cases the severance benefit to be received by the member of Senior Management according to their contract is not calculated as per these general criteria, but rather is based on other circumstances of a personal or professional nature or on the time when the contract was signed. The agreed economic compensation for the termination of the employment relationship, where applicable, consists of a maximum of three times annual remuneration plus another year based on length of service at the Company. Annual remuneration on which the indemnity is based is the last fixed remuneration and the arithmetic mean of the last two variable remuneration payments received by contract.

Meanwhile, contracts that tie employees to the Company under a common employment relationship do not include indemnity clauses for the termination of their employment. In these cases, the employee is entitled to any indemnity set forth in prevailing labor legislation. However, contracts of some company employees, depending on their level and seniority, as well as their personal or professional circumstances or when they signed their contracts, establish their right to receive compensation in the same cases as in the preceding paragraph, generally consisting of a year and a half salary. The annual salary on which the indemnity is based is the last fixed salary and the average amount of the last two variable payments received by contract.

Indicate whether, beyond the cases established by legislation, these agreements have to be communicated and/or authorised by the governing bodies of the company or its group. If so, specify the procedures, the cases concerned and the nature of the bodies responsible for their approval or communication:

	Board of directors	General Shareholders' Meeting
Body authorizing the clauses	-	-

Are these clauses notified to the General Shareholders' Meeting	No

C.2 Committees of the Board of Directors

C.2.1 Provide details of all committees of the Board of Directors, their members, and the proportion of executive, proprietary, independent and other external directors forming them:

EXECUTIVE COMMISSION

Name	Position	Category
Mr. Marc Thomas Murtra Millar	Chairman	Executive
Mr. Isidro Fainé Casas	Vice-Chairman	Proprietary
Mr. José María Abril Pérez	Vice-Chairman	Proprietary
Mr. Carlos Ocaña Orbis	Vice-Chairman	Proprietary
Mr. Emilio Gayo Rodríguez	Member	Executive
Mr. Peter Löscher	Member	Independent
Ms. María Luisa García Blanco	Member	Independent
Mr. César Mascaraque Alonso	Member	Independent
Ms. Claudia Sender Ramírez	Member	Independent

% of executive directors	22.22%
% of proprietary directors	33.33%
% of independent directors	44.44%
% of external directors	0.00%

AUDIT AND CONTROL COMMITTEE

Name	Position	Category
Ms. María Luisa García Blanco	Chairwoman	Independent
Mr. Peter Löscher	Member	Independent
Mr. Carlos Ocaña Orbis	Member	Proprietary
Mr. Alejandro Reynal Ample	Member	Independent

% of executive directors	0.00%
% of proprietary directors	25.00%
% of independent directors	75.00%
% of other external directors	0.00%

Identify the directors who are members of the audit committee and have been appointed taking into account their knowledge and experience in accounting or audit matters, or both, and state the date that the Chairperson of this committee was appointed.

Name of directors with experience
Ms. María Luisa García Blanco
Mr. Peter Löscher
Mr. Carlos Ocaña Orbis
Mr. Alejandro Reynal Ample
Date of appointment of the chairperson
29/01/2025

NOMINATING, COMPENSATION AND CORPORATE GOVERNANCE COMMITTEE

Name	Position	Category
Mr. Peter Löscher	Chairman	Independent
Ms. María Luisa García Blanco	Member	Independent
Mr. César Mascaraque Alonso	Member	Independent
Mr. Carlos Ocaña Orbis	Member	Proprietary
Ms. Ana María Sala Andrés	Member	Independent

% of executive directors	0.00%
% of proprietary directors	20.00%
% of independent directors	80.00%
% of other external directors	0.00%

SUSTAINABILITY AND REGULATION COMMITTEE

Name	Position	Category
Ms. Ana María Sala Andrés	Chairwoman	Independent
Mr. José María Abril Pérez	Member	Propietary
Ms. Mónica Rey Amado	Member	Independent
Ms. Solange Sobral Targa	Member	Independent

% of executive directors	0.00%
% of proprietary directors	25.00%
% of independent directors	75.00%
% of other external directors	0.00%

C.2.2 Complete the following table with information regarding the number of female directors who were members of Board committees at the close of the past four years:

	Number of female directors			
	2025 Year Number %	**2024 Year Number %**	**2023 Year Number %**	**2022 Year Number %**
Executive Commission	2 (22,22%)	1 (12,50%)	1 (12,50%)	0
Audit and Control Committee	1 (25,00%)	2 (50,00%)	3 (60,00%)	2 (50,00%)
Nominating, Compensation and Corporate Governance Committee	2 (40,00%)	2 (50,00%)	2 (40,00%)	1 (20,00%)
Sustainability and Regulation Committee	3 (75,00%)	3 (60,00%)	4 (66,67%)	N/A

D. Related-Party and Intragroup Transactions

D.2 Give individual details of operations that are significant due to their amount or of importance due to their subject matter carried out between the company or its subsidiaries and shareholders holding 10% or more of the voting rights or who are represented on the board of directors of the company, indicating which has been the competent body for its approval and if any affected shareholder or director has abstained. In the event that the board of directors has responsibility, indicate if the proposed resolution has been approved by the Board without a vote against the majority of the independents:

	Name or company name of the shareholder or any of its subsidiaries	% Shareholding	Name or company name of the company or entity within its group	Amount (thousands of euros)	Approving body	Identity of the significant shareholder or director who has abstained	The proposal to the board, if applicable, has been approved by the board without a vote against the majority of independents
(1)	BBVA and/or Group BBVA Companies	5.01	Telefónica, S.A.	300	Board of Directors	Proprietary Director BBVA	N/A
(2)	BBVA and/or Group BBVA Companies	5.01	Telefónica, S.A.	3,305	Board of Directors	Proprietary Director BBVA	N/A
(3)	BBVA and/or Group BBVA Companies	5.01	Telefónica, S.A.	30	Board of Directors	Proprietary Director BBVA	N/A
(4)	BBVA and/or Group BBVA Companies	5.01	Telefónica, S.A.	12,213	Board of Directors	Proprietary Director BBVA	N/A
(5)	BBVA and/or Group BBVA Companies	5.01	Telefónica, S.A.	140,000	Board of Directors	Proprietary Director BBVA	N/A
(6)	BBVA and/or Group BBVA Companies	5.01	Telefónica, S.A.	177,270	Board of Directors	Proprietary Director BBVA	N/A
(7)	BBVA and/or Group BBVA Companies	5.01	Telefónica, S.A.	2,437	Board of Directors	Proprietary Director BBVA	N/A
(8)	BBVA and/or Group BBVA Companies	5.01	Telefónica, S.A.	100,850	Board of Directors	Proprietary Director BBVA	N/A
(9)	BBVA and/or Group BBVA Companies	5.01	Telefónica, S.A.	35,865	Board of Directors	Proprietary Director BBVA	N/A
(10)	BBVA and/or Group BBVA Companies	5.01	Telefónica, S.A.	99,637	Board of Directors	Proprietary Director BBVA	N/A
(11)	BBVA and/or Group BBVA Companies	5.01	Telefónica, S.A.	61,132	Board of Directors	Proprietary Director BBVA	N/A

(12)	BBVA and/or Group BBVA Companies	5.01	Telefónica, S.A.	5,093,009	Board of Directors	Proprietary Director BBVA	N/A
(13)	BBVA and/or Group BBVA Companies	5.01	Rest of Telefonica Group Companies	3,869	Board of Directors	Proprietary Director BBVA	N/A
(14)	BBVA and/or Group BBVA Companies	5.01	Rest of Telefonica Group Companies	10	Board of Directors	Proprietary Director BBVA	N/A
(15)	BBVA and/or Group BBVA Companies	5.01	Rest of Telefonica Group Companies	24,570	Board of Directors	Proprietary Director BBVA	N/A
(16)	BBVA and/or Group BBVA Companies	5.01	Rest of Telefonica Group Companies	91	Board of Directors	Proprietary Director BBVA	N/A
(17)	BBVA and/or Group BBVA Companies	5.01	Rest of Telefonica Group Companies	63,803	Board of Directors	Proprietary Director BBVA	N/A
(18)	BBVA and/or Group BBVA Companies	5.01	Rest of Telefonica Group Companies	23,108	Board of Directors	Proprietary Director BBVA	N/A
(19)	BBVA and/or Group BBVA Companies	5.01	Rest of Telefonica Group Companies	639	Board of Directors	Proprietary Director BBVA	N/A
(20)	BBVA and/or Group BBVA Companies	5.01	Rest of Telefonica Group Companies	7,125	Board of Directors	Proprietary Director BBVA	N/A
(21)	BBVA and/or Group BBVA Companies	5.01	Rest of Telefonica Group Companies	19,610	Board of Directors	Proprietary Director BBVA	N/A
(22)	BBVA and/or Group BBVA Companies	5.01	Rest of Telefonica Group Companies	85,716	Board of Directors	Proprietary Director BBVA	N/A
(23)	BBVA and/or Group BBVA Companies	5.01	Rest of Telefonica Group Companies	131,387	Board of Directors	Proprietary Director BBVA	N/A
(24)	BBVA and/or Group BBVA Companies	5.01	Rest of Telefonica Group Companies	31,238	Board of Directors	Proprietary Director BBVA	N/A
(25)	BBVA and/or Group BBVA Companies	5.01	Rest of Telefonica Group Companies	128,204	Board of Directors	Proprietary Director BBVA	N/A
(26)	BBVA and/or Group BBVA Companies	5.01	Rest of Telefonica Group Companies	849,580	Board of Directors	Proprietary Director BBVA	N/A
(27)	BBVA and/or Group BBVA Companies	5.01	Rest of Telefonica Group Companies	6,130	Board of Directors	Proprietary Director BBVA	N/A
(28)	BBVA and/or Group BBVA Companies	5.01	Rest of Telefonica Group Companies	13	Board of Directors	Proprietary Director BBVA	N/A

	Name or company name of the shareholder or any of its subsidiaries	Nature of the relationship	Type of operation and other information required for its evaluation
(1)	BBVA and/or Group BBVA Companies	Contractual	External services (see Note 9, section 4.9 IAGC free format).
(2)	BBVA and/or Group BBVA Companies	Contractual	Financial expenses (see Note 9, section 4.9 IAGC free format).

(3)	BBVA and/or Group BBVA Companies	Contractual	Other expenses (see Note 9, section 4.9 IAGC free format).
(4)	BBVA and/or Group BBVA Companies	Contractual	Financial income (see Note 9, section 4.9 IAGC free format).
(5)	BBVA and/or Group BBVA Companies	Contractual	Loans granted (see Note 9, section 4.9 IAGC free format).
(6)	BBVA and/or Group BBVA Companies	Contractual	Derivative financial instruments – assets (balance sheet value. See Note 9, section 4.9 IAGC free format).
(7)	BBVA and/or Group BBVA Companies	Contractual	Cash and cash equivalents (see Note 9, section 4.9 IAGC free format).
(8)	BBVA and/or Group BBVA Companies	Contractual	Other receivables (see Note 9, section 4.9 IAGC free format).
(9)	BBVA and/or Group BBVA Companies	Contractual	Other financial liabilities (see Note 9, section 4.9 IAGC free format).
(10)	BBVA and/or Group BBVA Companies	Contractual	Derivative financial instruments – liabilities (balance sheet value. See Note 9, section 4.9 IAGC free format).
(11)	BBVA and/or Group BBVA Companies	Contractual	Other payment obligations (see Note 9, section 4.9 IAGC free format).
(12)	BBVA and/or Group BBVA Companies	Contractual	Derivative financial instruments (notional amount outstanding as of 12/31/2025. See Note 9, section 4.9 IAGC free format).
(13)	BBVA and/or Group BBVA Companies	Contractual	External services (see Note 9, section 4.9 IAGC free format).
(14)	BBVA and/or Group BBVA Companies	Contractual	Leases expenses (see Note 9, section 4.9 IAGC free format).
(15)	BBVA and/or Group BBVA Companies	Contractual	Financial expenses (see Note 9, section 4.9 IAGC free format)
(16)	BBVA and/or Group BBVA Companies	Contractual	Other expenses (see Note 9, section 4.9 IAGC free format).
(17)	BBVA and/or Group BBVA Companies	Contractual	Service revenue (see Note 9, section 4.9 IAGC free format).
(18)	BBVA and/or Group BBVA Companies	Contractual	Revenue from sale of goods (see Note 9, section 4.9 IAGC free format).
(19)	BBVA and/or Group BBVA Companies	Contractual	Other income (see Note 9, section 4.9 IAGC free format).
(20)	BBVA and/or Group BBVA Companies	Contractual	Trade receivables and customers (see Note 9, section 4.9 IAGC free format).
(21)	BBVA and/or Group BBVA Companies	Contractual	Derivative financial instruments – assets (balance sheet value. See Note 9, section 4.9 IAGC free format).
(22)	BBVA and/or Group BBVA Companies	Contractual	Cash and cash equivalents (see Note 9, section 4.9 IAGC free format).
(23)	BBVA and/or Group BBVA Companies	Contractual	Other financial liabilities (see Note 9, section 4.9 IAGC free format).
(24)	BBVA and/or Group BBVA Companies	Contractual	Derivative financial instruments – liabilities (balance sheet value. See Note 9, section 4.9 IAGC free format).
(25)	BBVA and/or Group BBVA Companies	Contractual	Guarantees and sureties received (see Note 9, section 4.9 IAGC free format).
(26)	BBVA and/or Group BBVA Companies	Contractual	Derivative financial instruments (notional amount outstanding as of 12/31/2025. See Note 9, section 4.9 IAGC free format).
(27)	BBVA and/or Group BBVA Companies	Contractual	Factoring transactions (see Note 9, section 4.9 IAGC free format).
(28)	BBVA and/or Group BBVA Companies	Contractual	Other transactions (see Note 9, section 4.9 IAGC free format).

D.3 Give individual details of the operations that are significant due to their amount or relevant due to their subject matter carried out by the company or its subsidiaries with the administrators or managers of the company, including those operations carried out with entities that the administrator or manager controls or controls jointly, indicating the competent body for its approval and if any affected shareholder or director has abstained. In the event that the board of directors has responsibility, indicate if the proposed resolution has been approved by the board without a vote against the majority of the independents:

D.4 Report individually on intragroup transactions that are significant due to their amount or relevant due to their subject matter that have been undertaken by the company with its parent company or with other entities belonging to the parent's group, including subsidiaries of the listed company, except where no other related party of the listed company has interests in these subsidiaries or that they are fully owned, directly or indirectly, by the listed company.

In any case, report any intragroup transaction conducted with entities established in countries or territories considered as tax havens:

D.5 Give individual details of the operations that are significant due to their amount or relevant due to their subject matter carried out by the company or its subsidiaries with other related parties pursuant to the international accounting standards adopted by the EU, which have not been reported in previous sections.

G. Degree of Compliance with Corporate Governance Recommendations

Specify the Company's degree of compliance with recommendations of the Good Governance Code for listed companies.

In the event that a recommendation is not followed or only partially followed, a detailed explanation of the reasons must be included so that shareholders, investors and the market in general have enough information to assess the company´s conduct. General explanations are not acceptable.

1. That the Articles of Association of listed companies should not limit the maximum number of votes that may be cast by one shareholder or contain other restrictions that hinder the takeover of control of the company through the acquisition of its shares on the market.

Explain

In accordance with Article 26 of the Bylaws, no shareholder may cast a number of votes in excess of 10% of the total voting capital existing at any time, regardless of the number of shares held by such shareholder and in full compliance with mandatory requirements of law. In determining the maximum number of votes that each shareholder may cast, only the shares held by each such shareholder shall be computed. It does not include additional votes cast on behalf of other shareholders who may have appointed them as proxy, who are themselves likewise restricted by the 10% voting ceiling.

The limitation established in the preceding paragraphs shall also apply to the maximum number of votes that may be collectively or individually cast by two or more shareholder companies belonging to the same group of entities, as well as to the maximum number of votes that may be cast by an individual or corporate shareholder and the entity or entities that are shareholders themselves and which are directly or indirectly controlled by such individual or corporate shareholder.

In addition, Article 30 of the Corporate Bylaws stipulates that no person may be appointed as Director unless they have held, for more than three years prior to their appointment, a number of shares of the Company representing a nominal value of at least 3,000 euros, which the Director may not transfer while in office. These requirements shall not apply to those persons who, at the time of their appointment, are related to the Company under an employment or professional relationship, or when the Board of Directors resolves to waive such requirements with the favorable vote of at least 85 percent of its members.

Article 31 of the Corporate Bylaws establishes that, in order for a Director to be appointed Chairman, Vice-Chairman, Chief Executive Officer or member of the Executive Commission, it shall be necessary for such Director to have served on the Board for at least the three years immediately prior to any such appointment. However, such length of service shall not be required if the appointment is made with the favorable vote of at least 85 percent of the members of the Board of Directors.

The Corporate Bylaws (Article 26) restrict the number of shares that may be cast by a single shareholder or by shareholders belonging to the same group in order to achieve a suitable balance and protect the position of minority shareholders, thus avoiding a potential concentration of votes among a reduced number of shareholders, which could impact on the guiding principle that the General Shareholders' Meeting must act in the social interest and interest of all the shareholders. Telefónica believes that this measure does not constitute a blocking mechanism of takeover bids but rather a guarantee that the acquisition of control required the sufficient support of all shareholders, because, naturally, and as taught by experience, potential offerors may make their offer conditional upon the removal of this requirement.

In relation to the above and in accordance with the provisions of Article 527 of the Spanish Companies Act, any clauses in the Bylaws of listed corporations that directly or indirectly restrict the number of shares that may be cast by a single shareholder by shareholders belonging to the same group or by any parties acting together with the aforementioned, will rendered null and void when, subsequent to a takeover bid, the offeror has a stake equal to or over 70% of the share capital which confers voting rights, unless the offeror was not subject to neutralization measures to prevent a takeover bid or had not adapted these measures accordingly.

In addition, the special requirements for appointment as Director (Article 30 of the Corporate Bylaws) or as Chairman, Vice-Chairman, Chief Operating Officer or member of the Executive Commission (Article 31 of the Corporate Bylaws) are justified by the desire that access to the management decision-making body and to the most significant positions thereon is reserved to persons who have demonstrated their commitment to the Company and who, in addition, have adequate experience as members of the Board, such that continuity of the management model adopted by the Telefónica Group may be assured in the interest of all of its shareholders and stakeholders. In any event, these special requirements may be waived by broad consensus among the members of the Board of Directors, namely, with the favorable vote of at least 85% of its members, as provided by the aforementioned Articles of the Corporate Bylaws.

2. That when the listed company is controlled by another entity in the meaning of Article 42 of the Commercial Code, whether listed or not, and has, directly or through its subsidiaries, business relations with said entity or any of its subsidiaries (other than the listed company) or carries out activities related to the those of any of them it should make accurate public disclosures on:

a)The respective areas of activity and possible business relationships between the listed company or its subsidiaries and the parent company or its subsidiaries.

b)The mechanisms in place to resolve any conflicts of interest that may arise.

Not applicable

3. That, during the ordinary General Shareholders' Meeting, as a complement to the distribution of the written annual corporate governance report, the chairman of the Board of Directors should inform shareholders orally, in sufficient detail, of the most significant aspects of the company's corporate governance, and in particular:

a) Changes that have occurred since the last General Shareholders' Meeting.

b) Specific reasons why the company has not followed one or more of the recommendations of the Code of Corporate Governance and the alternative rules applied, if any.

Complies

4. That the company should define and promote a policy on communication and contact with shareholders and institutional investors, within the framework of their involvement in the company, and with proxy advisors that complies in all aspects with rules against market abuse and gives equal treatment to similarly situated shareholders. And that the company should publish this policy on its website, including information on how it has been put into practice and identifying the contact persons or those responsible for implementing it.

And that, without prejudice to the legal obligations regarding dissemination of inside information and other types of regulated information, the company should also have a general policy regarding the communication of economic-financial, non-financial and corporate information through such channels as it may consider appropriate (communication media, social networks or other channels) that helps to maximise the dissemination and quality of information available to the market, investors and other stakeholders.

Complies

5. That the Board of Directors should not submit to the General Shareholders' Meeting any proposal for delegation of powers allowing the issue of shares or convertible securities with the exclusion of preemptive rights in an amount exceeding 20% of the capital at the time of delegation.

And that whenever the Board of Directors approves any issue of shares or convertible securities with the exclusion of preemptive rights, the company should immediately publish the reports referred to by company law on its website.

Complies

6. That listed companies that prepare the reports listed below, whether under a legal obligation or voluntarily, should publish them on their website with sufficient time before the General Shareholders' Meeting, even if their publication is not mandatory:

a) Report on the auditor's independence.

b) Reports on the workings of the audit and nomination and remuneration committees.

c) Report by the audit committee on related-party transactions.

Complies

7. That the company should transmit in real time, through its website, the proceedings of the General Shareholders' Meetings.

And that the company should have mechanisms in place allowing the delegation and casting of votes by means of data transmission and even, in the case of large-caps and, to the extent that it is proportionate, attendance and active participation in the General Meeting to be conducted by such remote means.

Complies

8. That the audit committee should ensure that the financial statements submitted to the General Shareholders' Meeting are prepared in accordance with accounting regulations. And that in cases in which the auditor has included a qualification or reservation in its audit report, the chairman of the audit committee should clearly explain to the general meeting the opinion of the audit committee on its content and scope, making a summary of this opinion available to shareholders at the time when the meeting is called, alongside the other Board proposals and reports.

Complies

9. That the company should permanently publish on its website the requirements and procedures for certification of share ownership, the right of attendance at the General Shareholders' Meetings, and the exercise of the right to vote or to issue a proxy.

And that such requirements and procedures promote attendance and the exercise of shareholder rights in a non-discriminatory fashion.

Complies

10. That when a duly authenticated shareholder has exercised his or her right to complete the agenda or to make new proposals for resolutions in advance of the General Shareholders' Meeting, the company:

a) Should immediately distribute such complementary points and new proposals for resolutions.

b) Should publish the attendance, proxy and remote voting card specimen with the necessary changes such that the new agenda items and alternative proposals can be voted on in the same terms as those proposed by the Board of Directors.

c) Should submit all these points or alternative proposals to a vote and apply the same voting rules to them as to those formulated by the Board of Directors including, in particular, assumptions or default positions regarding votes for or against.

d) That after the General Shareholders' Meeting, a breakdown of the voting on said additions or alternative proposals is communicated.

Not applicable

11. That if the company intends to pay premiums for attending the General Shareholders' Meeting, it should establish in advance a general policy on such premiums and this policy should be stable.

Not applicable

12. That the Board of Directors should perform its functions with a unity of purpose and independence of criterion, treating all similarly situated shareholders equally and being guided by the best interests of the company, which is understood to mean the pursuit of a profitable and sustainable business in the long term, promoting its continuity and maximising the economic value of the business.

And that in pursuit of the company's interest, in addition to complying with applicable law and rules and conducting itself on the basis of good faith, ethics and a respect for commonly accepted best practices, it should seek to reconcile its own company interests, when appropriate, with the interests of its employees, suppliers, clients and other stakeholders that may be affected, as well as the impact of its corporate activities on the communities in which it operates and on the environment.

Complies

13. That the Board of Directors should be of an appropriate size to perform its duties effectively and in a collegial manner, which makes it advisable for it to have between five and fifteen members.

Complies

14. That the Board of Directors should approve a policy aimed at favouring an appropriate composition of the Board that:

a) Is concrete and verifiable;

b) Ensures that proposals for appointment or re-election are based upon a prior analysis of the skills required by the Board of Directors; and

c) Favours diversity of knowledge, experience, age and gender. For these purposes, it is considered that the measures that encourage the company to have a significant number of female senior executives favour gender diversity.

That the result of the prior analysis of the skills required by the Board of Directors be contained in the supporting report from the nomination committee published upon calling the General Shareholders' Meeting to which the ratification, appointment or re-election of each director is submitted.

The nomination committee will annually verify compliance with this policy and explain its findings in the annual corporate governance report.

Complies

15. That proprietary and independent directors should constitute a substantial majority of the Board of Directors and that the number of executive directors be kept to a minimum, taking into account the complexity of the corporate group and the percentage of equity participation of executive directors.

And that the number of female directors should represent at least 40% of the members of the

Board of Directors before the end of 2022 and thereafter, and no less than 30% prior to that date.

Complies

16. That the number of proprietary directors as a percentage of the total number of non-executive director not be greater than the proportion of the company's share capital represented by those directors and the rest of the capital.

This criterion may be relaxed:

a) In large-cap companies where very few shareholdings are legally considered significant.

b) In the case of companies where a plurality of shareholders is represented on the Board of Directors without ties among them.

Complies

17. That the number of independent directors should represent at least half of the total number of directors.

That, however, when the company does not have a high level of market capitalisation or in the event that it is a large-cap company with one shareholder or a group of shareholders acting in a concert who together control more than 30% of the company's share capital, the number of independent directors should represent at least one third of the total number of directors.

Complies

18. That companies should publish the following information on its directors on their website, and keep it up to date:

a) Professional profile and biography.

b) Any other Boards to which the directors belong, regardless of whether or not the companies are listed, as well as any other remunerated activities engaged in, regardless of type.

c) Category of directorship, indicating, in the case of individuals who represent significant shareholders, the shareholder that they represent or to which they are connected.

d) Date of their first appointment as a director of the company's Board of Directors, and any subsequent re-elections.

e) Company shares and share options that they own.

Complies

19. That the annual corporate governance report, after verification by the nomination committee, should explain the reasons for the appointment of any proprietary directors at the proposal of the shareholders whose holding is less than 3%. It should also explain, if applicable, why formal requests from shareholders for presence on the Board were not honoured, when their shareholding was equal to or exceeded that of other shareholders whose proposal for proprietary directors was honoured.

Not applicable

20. That proprietary directors representing significant shareholders should resign from the Board when the shareholder they represent disposes of its entire shareholding. They should also resign, in a proportional fashion, in the event that said shareholder reduces its percentage interest to a level that requires a decrease in the number of proprietary directors.

Not applicable

21. That the Board of Directors should not propose the dismissal of any independent director before the completion of the director's term provided for in the articles of incorporation unless the Board of Directors finds just cause and a prior report has been prepared by the nomination committee. Specifically, just cause is considered to exist if the director takes on new duties or commits to new obligations that would interfere with his or her ability to dedicate the time necessary for attention to the duties inherent to his or her post as a director, fails to complete the tasks inherent to his or her post, or is affected by any of the circumstances which would cause the loss of independent status in accordance with applicable law.

The dismissal of independent directors may also be proposed as a result of a public takeover bid, merger or other similar corporate transaction entailing a change in the shareholder structure of the company, provided that such changes in the structure of the board are the result of the proportionate representation criterion provided in Recommendation 16.

Complies

22. That companies should establish rules requiring that directors inform the Board of Directors and, when circumstances arise which affect them, whether or not related to their actions in the company itself, and which may harm the company's standing and reputation, and in particular requiring them to inform the Board of any criminal

proceedings in which they appear as suspects or defendants, as well as of how the legal proceedings subsequently unfold.

And that, if the Board is informed or becomes aware in any other manner of any of the circumstances mentioned above, it must investigate the case as quickly as possible and, depending on the specific circumstances, decide, based on a report from the nomination and remuneration committee, whether or not any measure may be adopted, such as the opening of an internal investigation, asking the director to resign or proposing that he or she be dismissed. And that these events must be reported in the annual corporate governance report, unless there are any special reasons not to do so, which must also be noted in the minutes. This without prejudice to the information that the company must disseminate, if appropriate, at the time when the corresponding measures are implemented.

Complies

23. That all directors clearly express their opposition when they consider any proposal submitted to the Board of Directors to be against the company's interests. This particularly applies to independent directors and directors who are unaffected by a potential conflict of interest if the decision could be detrimental to any shareholders not represented on the Board of Directors.

Furthermore, when the Board of Directors makes significant or repeated decisions about which the director has serious reservations, the director should draw the appropriate conclusions and, in the event the director decides to resign, explain the reasons for this decision in the letter referred to in the next recommendation.

This recommendation also applies to the secretary of the Board of Directors, even if he or she is not a director.

Not applicable

24. That whenever, due to resignation or resolution of the General Shareholders' Meeting, a director leaves before the completion of his or her term in office, the director should explain the reasons for this decision, or in the case of non-executive directors, their opinion of the reasons for cessation, in a letter addressed to all members of the Board of Directors.

And that, without prejudice to all this being reported in the annual corporate governance report, insofar as it is relevant for investors, the company must publish the cessation as quickly as possible, adequately referring to the reasons or circumstances adduced by the director.

Complies

25. That the nomination committee should make sure that non-executive directors have sufficient time available in order to properly perform their duties.

And that the Board regulations establish the maximum number of company Boards on which directors may sit.

Complies

26. That the Board of Directors meet frequently enough so be able to effectively perform its duties, and at least eight times per year, following a schedule of dates and agenda established at the beginning of the year and allowing each director individually to propose items that do not originally appear on the agenda.

Complies

27. That director absences occur only when absolutely necessary and be quantified in the annual corporate governance report. And when absences do occur, that the director appoint a proxy with instructions.

Complies

28. That when directors or the secretary express concern regarding a proposal or, in the case of directors, regarding the direction in which the company is headed and said concerns are not resolved by the Board of Directors, such concerns should be included in the minutes at the request of the director expressing them.

Not applicable

29. That the company should establish adequate means for directors to obtain appropriate advice in order to properly fulfill their duties including, should circumstances warrant, external advice at the company's expense.

Complies

30. That, without regard to the knowledge necessary for directors to complete their duties, companies make refresher courses available to them when circumstances make this advisable.

Complies

31. That the agenda for meetings should clearly indicate those matters on which the Board of Directors is to make a decision or adopt a

resolution so that the directors may study or gather all relevant information ahead of time.

When, in exceptional circumstances, the chairman wishes to bring urgent matters for decision or resolution before the Board of Directors which do not appear on the agenda, prior express agreement of a majority of the directors shall be necessary, and said consent shall be duly recorded in the minutes.

Complies

32. That directors be periodically informed of changes in shareholding and of the opinions of significant shareholders, investors and rating agencies of the company and its group.

Complies

33. That the chairman, as the person responsible for the efficient workings of the Board of Directors, in addition to carrying out the duties assigned by law and the articles of incorporation, should prepare and submit to the Board of Directors a schedule of dates and matters to be considered; organise and coordinate the periodic evaluation of the Board as well as, if applicable, the chief executive of the company, should be responsible for leading the Board and the effectiveness of its work; ensuring that sufficient time is devoted to considering strategic issues, and approve and supervise refresher courses for each director when circumstances make this advisable.

Complies

34. That when there is a coordinating director, the articles of incorporation or Board regulations should confer upon him the following powers in addition to those conferred by law: to chair the Board of Directors in the absence of the chairman and deputy chairmen, should there be any; to reflect the concerns of non-executive directors; to liaise with investors and shareholders in order to understand their points of view and respond to their concerns, in particular as those concerns relate to corporate governance of the company; and to coordinate a succession plan for the chairman.

Complies

35. That the secretary of the Board of Directors should pay special attention to ensure that the activities and decisions of the Board of Directors take into account such recommendations regarding good governance contained in this Good Governance Code as may be applicable to the company.

Complies

36. That the Board of Directors meet in plenary session once a year and adopt, where appropriate, an action plan to correct any deficiencies detected in the following:

a) The quality and efficiency of the Board of Directors' work.

b) The workings and composition of its committees.

c) Diversity in the composition and skills of the Board of Directors.

d) Performance of the chairman of the Board of Directors and the chief executive officer of the company.

e) Performance and input of each director, paying special attention to those in charge of the various Board committees.

In order to perform its evaluation of the various committees, the Board of Directors will take a report from the committees themselves as a starting point and for the evaluation of the Board, a report from the nomination committee.

Every three years, the Board of Directors will rely for its evaluation upon the assistance of an external advisor, whose independence shall be verified by the nomination committee.

Business relationships between the external adviser or any member of the adviser's group and the company or any company within its group must be specified in the annual corporate governance report.

The process and the areas evaluated must be described in the annual corporate governance report.

Complies

37. That if there is an executive committee, there should be at least two non-executive directors, at least one of whom should be independent, and its secretary should be the secretary of the Board.

Complies

38. That the Board of Directors must always be aware of the matters discussed and decisions taken by the executive committee and that all members of the Board of Directors receive a copy of the minutes of meetings of the executive committee.

Complies

39. That all members of the audit committee, in particular its chairman, be appointed in consideration of their knowledge and experience in accounting, audit and risk management issues, both financial and non-financial.

Complies

40. That under the supervision of the audit committee, there should be a unit in charge of the internal audit function, which ensures that information and internal control systems operate correctly, and which reports to the non-executive chairman of the Board or of the audit committee.

Complies

41. That the person in charge of the unit performing the internal audit function should present an annual work plan to the audit committee, for approval by that committee or by the Board, reporting directly on its execution, including any incidents or limitations of scope, the results and monitoring of its recommendations, and present an activity report at the end of each year.

Complies

42. That in addition to the provisions of applicable law, the audit committee should be responsible for the following:

1. With regard to information systems and internal control:

a) Supervising and evaluating the process of preparation and the completeness of the financial and non-financial information, as well as the control and management systems for financial and non-financial risks related to the company and, if applicable, to the group – including operating, technological, legal, social, environmental, political and reputational risk, or risk related to corruption – reviewing compliance with regulatory requirements, the appropriate delimitation of the scope of consolidation and the correct application of accounting criteria.

b) Ensuring the independence of the unit charged with the internal audit function; proposing the selection, appointment and dismissal of the head of internal audit; proposing the budget for this service; approving or proposing its orientation or annual work plans for approval by the Board, making sure that its activity is focused primarily on material risks (including reputational risk); receiving periodic information on its activities; and verifying that senior management takes into account the conclusions and recommendations of its reports.

c) Establishing and supervising a mechanism that allows employees and other persons related to the company, such as directors, shareholders, suppliers, contractors or subcontractors, to report any potentially serious irregularities, especially those of a financial or accounting nature, that they observe in the company or its group. This mechanism must guarantee confidentiality and in any case provide for cases in which the communications can be made anonymously, respecting the rights of both the whistleblower and the person reported.

d) Generally ensuring that internal control policies and systems are effectively applied in practice.

2. With regard to the external auditor:

a) In the event that the external auditor resigns, examining the circumstances leading to such resignation.

b) Ensuring that the remuneration paid to the external auditor for it work does not compromise the quality of the work or the auditor's independence.

c) Making sure that the company informs the CNMV of the change of auditor, along with a statement on any differences that arose with the outgoing auditor and, if applicable, the contents thereof.

d) Ensuring that the external auditor holds an annual meeting with the Board of Directors in plenary session in order to make a report regarding the tasks performed and the development of the company's accounting situation and risks.

e) Ensuring that the company and the external auditor comply with applicable rules regarding the provision of services other than auditing, limits on the concentration of the auditor's business and, in general, all other rules regarding auditors' independence.

Complies

43. That the audit committee be able to require the presence of any employee or manager of the company, even stipulating that he or she appear without the presence of any other member of management.

Complies

44. That the audit committee be kept abreast of any corporate and structural changes planned by the company in order to perform an analysis and draw up a prior report to the Board of Directors on the economic conditions and accounting implications and, in particular, any exchange ratio involved.

Complies

45. That the risk management and control policy should identify or determine, as a minimum:

a) The various types of financial and non-financial risk (including operational, technological, financial, legal, social, environmental, political and reputational risks and risks relating to corruption) which the company faces, including among the financial or economic risks contingent liabilities and other off-balance sheet risks.

b) A risk control and management model based on different levels, which will include a specialised risk committee when sector regulations so require or the company considers it to be appropriate.

c) The level of risk that the company considers to be acceptable.

d) Measures in place to mitigate the impact of the risks identified in the event that they should materialise.

e) Internal control and information systems to be used in order to control and manage the aforementioned risks, including contingent liabilities or off-balance sheet risks.

Complies

46. That under the direct supervision of the audit committee or, if applicable, of a specialised committee of the Board of Directors, an internal risk control and management function should exist, performed by an internal unit or department of the company which is expressly charged with the following responsibilities:

a) Ensuring the proper functioning of risk management and control systems and, in particular, that they adequately identify, manage and quantify all material risks affecting the company.

b) Actively participating in drawing up the risk strategy and in important decisions regarding risk management.

c) Ensuring that the risk management and control systems adequately mitigate risks as defined by the policy laid down by the Board of Directors.

Complies

47. That in designating the members of the nomination and remuneration committee - or of the nomination committee and the remuneration committee if they are separate - care be taken to ensure that they have the knowledge, aptitudes and experience appropriate to the functions that they are called upon to perform and that the majority of said members are independent directors.

Complies

48. That large-cap companies have separate nomination and remuneration committees.

Explain

Article 40 of the Bylaws and Article 23 of the Regulation of the Board of Directors expressly state on regulating the Nominating, Compensation and Corporate Governance Committees, that the Board of Directors shall be entitled to set up two Committees, separately giving each of them powers for appointments, and the other the powers for remuneration, while the corporate governance powers may be included in either one of them.

The Board of Directors of Telefónica, S.A. has not considered appropriate, so far, separating the functions of the Nominating, Compensation and Corporate Governance Committee because it believes that by putting the powers to assess Directors and determine their remuneration in the same Committee, is helpful to coordinate and to produce a results-driven remuneration system (pay for performance). The Board also considers that the workload of the Nominating, Compensation and Corporate Governance Committee and, therefore, its members, is reasonable and does not make it advisable, for the time being, to divide it into two separate committees.

49. That the nomination committee consult with the chairman of the Board of Directors and the chief executive of the company, especially in relation to matters concerning executive directors.

And that any director be able to ask the nomination committee to consider potential candidates that he or she considers suitable to fill a vacancy on the Board of Directors.

Complies

50. That the remuneration committee exercise its functions independently and that, in addition to

the functions assigned to it by law, it should be responsible for the following:

a) Proposing the basic conditions of employment for senior management to the Board of Directors.

b) Verifying compliance with company's remuneration policy.

c) Periodically reviewing the remuneration policy applied to directors and senior managers, including share-based remuneration systems and their application, as well as ensuring that their individual remuneration is proportional to that received by the company's other directors and senior managers.

d) Making sure that potential conflicts of interest do not undermine the independence of external advice given to the board.

e) Verifying the information on remuneration of directors and senior managers contained in the various corporate documents, including the annual report on director remuneration.

Complies

51. That the remuneration committee should consult with the chairman and the chief executive of the company, especially in matters relating to executive directors and senior management.

Complies

52. That the rules regarding the composition and workings of the supervision and control committees should appear in the regulations of the Board of Directors and that they should be consistent with those applying to legally mandatory committees in accordance with the foregoing recommendations, including:

a) That they be composed exclusively of non-executive directors, with a majority of independent directors.

b) That their chairpersons be independent directors.

c) That the Board of Directors select members of these committees taking into account their knowledge, skills and experience and the duties of each committee; discuss their proposals and reports; and require them to render account of their activities and of the work performed in the first plenary session of the Board of Directors held after each committee meeting.

d) That the committees be allowed to avail themselves of outside advice when they consider it necessary to perform their duties.

e) That their meetings be recorded and the minutes be made available to all directors.

Partially complies

The Sustainability and Regulation Committee -although of an advisory nature and regulated with a more flexible degree of detail in the Regulations of the Board of Directors- complies in practice with all the operating rules set forth in said recommendation. The Committee is composed exclusively of non-executive Directors, with a majority of Independent Directors, and is chaired by an Independent Director. Likewise, its members are designated by the Board based on their knowledge, skills and experience; the Committee deliberates and submits reports and proposals to the Board of Directors, reports on its activity at the first plenary session following each meeting, may seek external advice when it deems necessary and keeps minutes of all its meetings, making them available to all Directors. Therefore, even though the internal regulation in relation to said Committee is less extensive, in operational practice it fully complies with the standards established in Recommendation 52.

53. That verification of compliance with the company's policies and rules on environmental, social and corporate governance matters, and with the internal codes of conduct be assigned to one or divided among more than one committee of the Board of Directors, in the exercise of its power of self-organisation, may have decided to create. And that such committee be composed exclusively of non-executive directors, with a majority of these being independent directors, and that the minimum functions indicated in the next recommendation be specifically assigned to it.

Complies

54. The minimum functions referred to in the foregoing recommendation are the following:

a) Monitoring of compliance with the company's internal codes of conduct and corporate governance rules, and ensuring that the corporate culture is aligned with its purpose and values.

b) Monitoring the implementation of the general policy on communication of economic and financial information, non-financial and corporate information and communication with shareholders and investors, proxy advisors and other stakeholders. The manner in which the entity communicates and handles relations with

small and medium-sized shareholders must also be monitored.

c) The periodic evaluation and review of the company's corporate governance system, and environmental and social policy, with a view to ensuring that they fulfil their purposes of promoting the interests of society and take account, as appropriate, of the legitimate interests of other stakeholders.

d) Supervision of the company's environmental and social practices to ensure they are in alignment with the established strategy and policy.

e) Supervision and evaluation of the way in which relations with the various stakeholders are handled.

Complies

55. That environmental and social sustainability policies identify and include at least the following:

a) The principles, commitments, objectives and strategy relating to shareholders, employees, clients, suppliers, social issues, the environment, diversity, tax responsibility, respect for human rights, and the prevention of corruption and other unlawful conducts.

b) Means or systems for monitoring compliance with these policies, their associated risks, and management.

c) Mechanisms for supervising non-financial risk, including that related to ethical aspects and aspects of business conduct.

d) Channels of communication, participation and dialogue with stakeholders.

e) Responsible communication practices that impede the manipulation of data and protect integrity and honour.

Complies

56. That director remuneration be sufficient in order to attract and retain directors who meet the desired professional profile and to adequately compensate them for the dedication, qualifications and responsibility demanded of their posts, while not being so excessive as to compromise the independent judgment of non-executive directors.

Complies

57. That only executive directors should receive remuneration linked to corporate results and personal performance, as well as remuneration in the form of shares, options or rights to shares or instruments referenced to the share price and long-term savings plans such as pension plans, retirement schemes or other provident schemes.

Consideration may be given to delivering shares to non-executive directors as remuneration providing this is conditional upon their holding them until they cease to be directors. The forgoing shall not apply to shares that the director may need to sell in order to meet the costs related to their acquisition.

Complies

58. That as regards variable remuneration, remuneration policies should incorporate the necessary limits and technical safeguards to ensure that such remuneration is in line with the professional performance of its beneficiaries and not based solely on general developments in the markets or in the sector in which the company operates, or other similar circumstances.

And, in particular, that variable remuneration components:

a) Are linked to pre-determined and measurable performance criteria and that such criteria take into account the risk undertaken to achieve a given result.

b) Promote sustainability of the company and include non-financial criteria that are geared towards creating long term value, such as compliance with the company's rules and internal operating procedures and with its risk management and control policies.

c) Are based on balancing the attainment of short-, medium- and long-term objectives, so as to allow remuneration of continuous performance over a period of time long enough to be able to assess its contribution to the sustainable creation of value, such that the elements used to measure performance are not associated only with one-off, occasional or extraordinary events.

Complies

59. That the payment of variable remuneration components be subject to sufficient verification that previously established performance or other conditions have been effectively met. Entities must include in their annual report on director remuneration the criteria for the time required and methods used for this verification depending on the nature and characteristics of each variable component.

That, additionally, companies consider the inclusion of a reduction ('malus') clause for the

deferral of the payment of a portion of variable remuneration components that would imply their total or partial loss if an event were to occur prior to the time of payment date that would make this advisable.

Complies

60. That remuneration related to company results should take into account any reservations that might appear in the external auditor's report and that would diminish said results.

Complies

61. That a material portion of executive directors' variable remuneration be linked to the delivery of shares or financial instruments referenced to the share price.

Complies

62. That once share or options or financial instruments have been allocated under remuneration schemes, executive directors be prohibited from transferring ownership or exercising options or rights until a term of at least three years has elapsed.

An exception is made in cases where the director has, at the time of the transfer or exercise of options or rights, a net economic exposure to changes in the share price for a market value equivalent to at least twice the amount of his or her fixed annual remuneration through the ownership of shares, options or other financial instruments.

The foregoing shall not apply to the shares that the director may need to sell in order to meet the costs related to their acquisition or, following a favourable assessment by the nomination and remuneration committee, to deal with such extraordinary situations as may arise and so require.

Complies

63. That contractual arrangements should include a clause allowing the company to demand reimbursement of the variable remuneration components in the event that payment was not in accordance with the performance conditions or when payment was made based on data subsequently shown to have been inaccurate.

Complies

64. That payments for contract termination should not exceed an amount equivalent to two years of total annual remuneration and should not be paid until the company has been able to verify that the director has fulfilled all previously established criteria or conditions for payment.

For the purposes of this recommendation, payments for contractual termination will be considered to include any payments the accrual of which arises as a consequence of or on the occasion of the termination of the contractual relationship between the director and the company, including amounts not previously vested of long-term savings schemes and amounts paid by virtue of post-contractual non-competition agreements.

Partially complies

The current Remuneration Policy provides for compensation equivalent to two annual payments of remuneration. In its application, the service contract of the Executive Chairman, Mr. Marc Thomas Murtra Millar, entered into in January 2025, establishes severance compensation equal to the aforementioned two annual payments. Each annual period comprises the most recent Fixed Remuneration and the arithmetic average of the last two Annual Variable Remunerations received according to the contract. With respect to the conditions related to the termination of the service contract of the Chief Operating Officer (C.O.O.), Mr. Emilio Gayo Rodríguez, he maintains the terms of his previous contract remain unchanged, providing for severance pay of up to a maximum of four years' remuneration for termination due to the Company's unilateral decision.

Indicate whether any director voted against or abstained from approving this report.

No.

I declare that the details included in this statistical annex coincide and are consistent with the descriptions and details included in the annual corporate governance report published by the company.

4.9. Further information of interest

1. If there is any aspect regarding corporate governance in the company or other companies in the group that have not been included in other sections of this report, but which are necessary in order to obtain a more complete and comprehensible picture of the structure and governance practices in the company or group, describe them briefly below.

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2. This section may also be used to provide any other information, explanation or clarification relating to previous sections of the report, so long as it is relevant and not redundant.

Specifically, state whether the company is subject to any corporate governance legislation other than that prevailing in Spain and, if so, include any information required under this legislation that differs from the data requested in this report.

3. The company may also state whether it voluntarily complies with other ethical or best practice codes, whether international, sector-based, or other. In such a case, name the code in question and the date the company began following it. It should be specifically mentioned that the company adheres to the Code of Good Tax Practices of 20 July, 2010.

- Note 1 to Section 4.2.2. of Annual Corporate Governance Report and Section A.2. of Annual Corporate Governance Report Statistical Annex

In accordance with the last submitted communication by BlackRock, Inc. to the Spanish National Securities Market Commission (CNMV) on July 28, 2025, the details of the control chain through this entity owns the voting right and/or the financial instruments is the following:

1.- BlackRock, Inc., BlackRock Saturn Subco, LLC, BlackRock Finance, Inc., BlackRock Holdco 2, Inc., BlackRock Financial Management, Inc., BlackRock International Holdings, Inc., BR Jersey International Holdings L.P., BlackRock (Singapore) Holdco Pte. Ltd., BlackRock HK Holdco Limited, BlackRock Lux Finco S.a.r.l., BlackRock Japan Holdings GK, BlackRock Japan Co., Ltd.

2.- BlackRock, Inc., BlackRock Saturn Subco, LLC, BlackRock Finance, Inc., Trident Merger, LLC, BlackRock Investment Management, LLC.

3.- BlackRock, Inc., BlackRock Saturn Subco, LLC, BlackRock Finance, Inc., BlackRock Holdco 2, Inc., BlackRock Financial Management, Inc., BlackRock International Holdings, Inc., BR Jersey International Holdings L.P., BlackRock Holdco 3, LLC, BlackRock Cayman 1 LP, BlackRock Cayman West Bay Finco Limited, BlackRock Cayman West Bay IV Limited, BlackRock Group Limited, BlackRock Finance Europe Limited, BlackRock Investment Management (UK) Limited.

4.- BlackRock, Inc., BlackRock Saturn Subco, LLC, BlackRock Finance, Inc., BlackRock Holdco 2, Inc., BlackRock Financial Management, Inc., BlackRock International Holdings, Inc., BR Jersey International Holdings L.P., BlackRock Australia Holdco Pty. Ltd., BlackRock Investment Management (Australia) Limited.

5.- BlackRock, Inc., BlackRock Saturn Subco, LLC, BlackRock Finance, Inc., BlackRock Holdco 2, Inc., BlackRock Financial Management, Inc., BlackRock Holdco 4, LLC, BlackRock Holdco 6, LLC, BlackRock Delaware Holdings Inc., BlackRock Institutional Trust Company, National Association.

6.- BlackRock, Inc., BlackRock Saturn Subco, LLC, BlackRock Finance, Inc., BlackRock Holdco 2, Inc., BlackRock Financial Management, Inc., BlackRock Holdco 4, LLC, BlackRock Holdco 6, LLC, BlackRock Delaware Holdings Inc., BlackRock Fund Advisors.

7.- BlackRock, Inc., BlackRock Saturn Subco, LLC, BlackRock Finance, Inc., BlackRock Holdco 2, Inc., BlackRock Financial Management, Inc.

8.- BlackRock, Inc., BlackRock Saturn Subco, LLC, BlackRock Finance, Inc., BlackRock Holdco 2, Inc., BlackRock Financial Management, Inc., BlackRock International Holdings, Inc., BR Jersey International Holdings L.P., BlackRock (Singapore) Holdco Pte. Ltd., BlackRock HK Holdco Limited, BlackRock Asset Management North Asia Limited.

9.- BlackRock, Inc., BlackRock Saturn Subco, LLC, BlackRock Finance, Inc., BlackRock Holdco 2, Inc., BlackRock Financial Management, Inc., BlackRock International Holdings, Inc., BR Jersey International Holdings L.P., BlackRock Holdco 3, LLC, BlackRock Cayman 1 LP, BlackRock Cayman West Bay Finco Limited, BlackRock Cayman West Bay IV Limited, BlackRock Group Limited, BlackRock Finance Europe Limited, BlackRock (Netherlands) B.V., BlackRock Asset Management Deutschland AG.

10.- BlackRock, Inc., BlackRock Saturn Subco, LLC, BlackRock Finance, Inc., BlackRock Holdco 2, Inc., BlackRock Financial Management, Inc., BlackRock International Holdings, Inc., BlackRock Canada Holdings ULC, BlackRock Asset Management Canada Limited.

11.- BlackRock, Inc., BlackRock Saturn Subco, LLC, BlackRock Finance, Inc., BlackRock Holdco 2, Inc., BlackRock Financial Management, Inc., BlackRock Capital Holdings, Inc., BlackRock Advisors, LLC.

12.- BlackRock, Inc., BlackRock Saturn Subco, LLC, BlackRock Finance, Inc., BlackRock Holdco 2, Inc., BlackRock Financial Management, Inc., BlackRock International Holdings, Inc., BR Jersey International Holdings L.P., BlackRock Holdco 3, LLC, BlackRock Cayman 1 LP, BlackRock Cayman West Bay Finco Limited, BlackRock Cayman West Bay IV Limited, BlackRock Group Limited, BlackRock Finance Europe Limited, BlackRock Advisors (UK) Limited.

13.- BlackRock, Inc., BlackRock Saturn Subco, LLC, BlackRock Finance, Inc., BlackRock Holdco 2, Inc., BlackRock Financial Management, Inc., BlackRock International Holdings, Inc., BR Jersey International Holdings L.P., BlackRock (Singapore) Holdco Pte. Ltd., BlackRock (Singapore) Limited.

14.- BlackRock, Inc., BlackRock Saturn Subco, LLC, BlackRock Finance, Inc., Trident Merger, LLC, BlackRock Investment Management, LLC, Amethyst Intermediate, LLC, Aperio Holdings, LLC, Aperio Group, LLC.

- Note 2 to Section A.2 of Annual Corporate Governance Report Statistical Annex

Information on significant shareholdings has been provided:

(i) Based on the information notified by Sociedad Estatal de Participaciones Industriales (SEPI) for the 2025 Annual Report on Corporate Governance of Telefónica, S.A.

(ii) Based on the information provided by Criteria Caixa, S.A.U. for the 2025 Annual Report on Corporate Governance of Telefónica, S.A. Likewise, and without this implying an incremental or additional participation, Fundación Bancaria Caixa d'Estalvis i Pensions de Barcelona, as the sole shareholder of Criteria Caixa, S.A.U., holds the same participation indirectly.

(iii) Based on the information provided by Public Investment Fund for the 2025 Annual Report on Corporate Governance of Telefónica, S.A. The indirect stake hold through Green Bridge Investment Company SCS (a company controlled by Saudi Telecom Company (STC) which in turn is controlled by Public Investment Fund).

(iv) Based on the information provided by Banco Bilbao Vizcaya Argentaria, S.A. (BBVA) for the Annual Corporate Governance Report of Telefónica, S.A. for the 2025 financial year. Furthermore, according to the aforementioned information provided by BBVA, the percentage of economic rights attributed to the shares of Telefónica, S.A. owned by BBVA at December 31, 2025, it would increase by 0.009% without voting rights of the Company's share capital.

(v) Based on the information notified by BlackRock, Inc. to the CNMV on July 28, 2025.

- Note 3 to Section A.3 of Annual Corporate Governance Report Statistical Annex

In those cases where the total percentage of voting rights does not coincide with the sum of direct and indirect shareholdings, this is due to the rounding of decimals.

The total percentage of voting rights represented on the Board of Directors (35.05%) is the result of adding the total percentage of voting rights held by members of the Board of Directors (0.08%) and the total percentage of voting rights of the Company's significant shareholders represented on the Board of Directors: Sociedad Estatal de Participaciones Industriales (10.00%), represented on the Board of Directors by the Proprietary Director Mr. Carlos Ocaña Orbis, Criteria Caixa, S.A.U. (9.99%) represented on the Board of Directors by the Proprietary Director Mr. Isidro Fainé Casas, Green Bridge Investment Company SCS / Stc Group (9,97%) represented on the Board of Directors by the Proprietary Director, Mr. Olayan M. Alwetaid, and Banco Bilbao Vizcaya Argentaria, S.A. (5.01%), represented on the Board of Directors by the Proprietary Director Mr. José María Abril Pérez.

- Note 4 to Section C.1.2 of Annual Corporate Governance Report Statistical Annex

During financial year 2025, several members of the Board of Directors resigned before the completion of their respective terms, the circumstances of which are detailed below in compliance with the provisions set forth in good governance recommendations.

On January 18, 2025, Mr. José María Álvarez-Pallete submitted his resignation as Director, following the Board of Directors' approval, upon a favorable report from the Nominating, Compensation and Corporate Governance Committee, of the termination of the contract he had entered into as Executive Chairman, and in response to the expressed preference of certain significant shareholders to begin a new phase in the Company's executive chairmanship, in light of Telefónica's new shareholder structure.

On February 26, 2025, Mr. Francisco José Riberas Mera submitted his voluntary resignation from the position of Director in order to facilitate the orderly renewal process of the Board of Directors, given that his term was set to expire on April 23, 2025.

Subsequently, on March 6, 2025, the Board of Directors, upon a favorable report from the Nominating, Compensation and Corporate Governance Committee, approved the termination of Mr. Ángel Vilá Boix's contract as Chief Operating Officer and, pursuant to Article 12.2.a) of the Board Regulations, requested his resignation as Director, which was formalized on that same date. Mr. Ángel Vilá Boix has remained affiliated with the Group as a Director of VMED O2 UK, Limited, and as a member of the Supervisory Board of Telefónica Deutschland Holding, S.A.

Likewise, on July 29, 2025, Independent Directors Ms. Verónica Pascual Boé and Ms. María Rotondo Urcola submitted their voluntary resignations for professional and personal reasons, respectively, contributing to the orderly renewal process of the Board. Both have remained affiliated with the Telefónica Group, as Ms. Verónica Pascual Boé continues as a Member of the Advisory Board of Telefónica Tech and Ms. María Rotondo Urcola was appointed as a Member of the Advisory Board of Telefónica España.

Finally, Mr. Francisco Javier de Paz Mancho submitted his voluntary resignation from the position of Director for professional reasons and in order to assume executive functions within the Telefónica Group, taking on the role of Deputy Director to the Chairman, Mr. Marc Thomas Murtra Millar, with responsibility over Infrastructure (Telefónica Infra), Real Estate Assets, and Corporate Social Responsibility, while also remaining as Chairman of the Board of Directors of Telefónica Audiovisual Digital, S.L.U. (Movistar+).

- Note 5 to Section C.1.11 of Annual Corporate Governance Report Statistical Annex

The following are other positions held by the Company's Directors (other than those requested in section C.1.11):

Mr. Marc Thomas Murtra Millar is a Trustee of: (i) Casa América; (ii) Escuela Superior de Música Reina Sofía; (iii) Fundación Gran Teatre del Liceu; (iv) Fundación Bancaria Caixa d'Estalvis i Pensions de Barcelona, "la Caixa"; (v) Fundación Carolina; (vi) Fundación Fad Juventud; (vii) Fundación Princesa de Asturias; (viii) Fundación Princesa de Girona; (ix) Fundación Procnic; (x) Fundación Telefónica, S.A.; (xi) Museo Nacional del Prado; (xii) Real Instituto Elcano; and (xiii) Teatro Real. He is also Vice Chairman of Fundación Cotec and Fundación Profuturo, and serves as a Director of GSMA and Fundación Hermes.

Mr. Isidro Fainé Casas is Chairman of the Fundación Instituto de Investigación "La Caixa" and its Executive Committee, and is also Chairman of the Executive Committee of Criteria Caixa, S.A.U. In addition, he is Chairman of the Fundación de las Cajas de Ahorros (FUNCAS). He also serves as Vice Chairman of the Executive Committee of ACS, Actividades de Construcción y Servicios, S.A. He also acts as Special Advisor to the Board of The Bank of East Asia Limited. Furthermore, he is Chairman of the Social and Philanthropic Council of WSBI-ESBG and Founder of the Círculo Financiero. He is also Honorary Chairman of Naturgy Energy Group, S.A. and of "Capitulo Español del Club de Roma".

Mr. Peter Löscher is an Emeritus Member of the Advisory Council of the Economic Development Board of Singapore, a Member of the International Advisory Council of Bocconi University, and an Honorary Professor at Tongji University (Shanghai). As of January 1, 2026, Mr. Löscher ceased to be a non-executive member of the Board of Directors of Doha Venture Capital LLC, Qatar.

Mr. Carlos Ocaña Orbis is Deputy to the General Manager of Real Madrid CF, a member of the Advisory Council of Instituto Hermes, a member of the Strategy Committee of Grupo PRISA, and a member of the Governing Board of the Real Madrid Graduate School. He is also Secretary of the World Football Club Association, a member of the Advisory Council of the Google ADEI Observatory, and a member of the Supervisory Committee of the Fundación Foro de Foros. Additionally, he is Co-Director and Professor of the Master's Program in Digital Transformation and Technologies Applied to Sports at the Real Madrid Graduate School, and a Professor of Strategy and Business Models in the MBA program at Universidad Europea.

Ms. María Luisa García Blanco is Chairwoman of the Women's Expert Committee at 65yMAS.COM and is Vice Chairwoman of the Board of Trustees of Fundación Más Sénior. She is also a Member of the Strategy,

Nominations, and Remuneration Committees of Ibercaja, S.A.

Ms. Ana María Sala Andrés is an Assistant Professor at Pompeu Fabra University in Barcelona and Director of Law Studies at the UOC Virtual University of Barcelona.

Ms. Claudia Sender Ramírez was a member of the Advisory Board of Telefónica Hispanoamérica until December 31, 2025, and on January 1, 2026, she joined the Advisory Board of Telefónica Europe.

Ms. Solange Sobral Targa has been a member of the Advisory Board of WCD Brasil since April 2022, as well as of the Brazilian Chambers in the United Kingdom since September 2023. Additionally, in 2023 she became a board member of Bienal de São Paulo. She is also a member of the Sustainability and Quality Committee of Telefónica Brasil, S.A. (VIVO) and a member of the Digital Security Advisory Committee since November 2023.

- Note 6 to Section C.1.12 of Annual Corporate Governance Report Statistical Annex

In accordance with the provisions of Article 27.2 of the Regulations of the Board of Directors, the Directors must dedicate the necessary time and effort to the performance of their duties, and for this purpose they must inform the Nominating, Compensation and Corporate Governance Committee of their other professional obligations in case they might interfere with the performance of their duties as Directors.

In this regard, those who belong to more than five Boards of Directors of other companies other than Telefónica, S.A. and the companies of its Group may not be appointed as Directors of the Company.

For these purposes, a) all the Boards of Directors of companies that form part of the same Group shall be computed as a single Board; and b) those Boards of proprietary companies or companies that constitute vehicles or complements for the professional practice of the Director, his/her spouse or a person with an analogous relationship of affection, or his/her closest relatives, shall not be computed.

Exceptionally, and for duly justified reasons, the Board of Directors may exempt the Director from this prohibition.

- Note 7 to Section C.1.14 of Annual Corporate Governance Report Statistical Annex

The total remuneration of Senior Management includes the amount corresponding to the gross shares that the Senior Executives of the Company received on 2025 at the end of the Second Cycle (2022-2024) of the Long-Term Incentive Plan approved by the General Shareholders' Meeting 2021.

- Note 8 to Section C.1.21 of Annual Corporate Governance Report Statistical Annex

In accordance with the provisions of Article 31.4 of the Company's Bylaws, in order for a Director to be appointed Chairman, he must have been a member of the Board of Directors for at least three years prior to his appointment. However, the aforementioned seniority shall not be necessary when the appointment is carried out with the favorable vote of at least 85% of the members of the Board of Directors.

- Note 9 to Section D.2 of Annual Corporate Governance Report Statistical Annex

BBVA and/or Group BBVA: Banco Bilbao Vizcaya Argentaria, S.A. and/or the companies that form part of its group.

N/A is indicated in those cases in which no proposal has been made to the Shareholders' Meeting as the transaction has been approved by the Board of Directors.

The amount of the transactions has been determined in accordance with the book value, consistent with the information that set forth in note 11 (Related Parties) of Telefónica's Consolidated Financial Statements for the year 2025. Notwithstanding the foregoing, Telefónica monitors the aggregate amount of related party transactions, valuing them in accordance with the criteria established by the CNMV for the purposes of complying with the related party transaction reporting regime regulated in Chapter VII bis of Title XIV of the Capital Companies Act.

- Note 10 to Section D.3 of Annual Corporate Governance Report Statistical Annex

There are no transactions that meet the requirements set forth in this Section.

- Note 11 to Section D.4 of Annual Corporate Governance Report Statistical Annex

There are no transactions that meet the requirements set forth in this Section.

- Note 12 to Section D.5 of Annual Corporate Governance Report Statistical Annex

There are no transactions that meet the requirements set forth in this Section.

- Note 13 to Section G of Annual Corporate Governance Report Statistical Annex

It is noted that Recommendations 2, 10, 11, 19, 20, 23 and 28 have been indicated as not applicable as the situation referred to in these Recommendations has not been verified during the 2025 financial year.

- Note 14: Detail any material agreements entered into by the company that come into force, are modified or are terminated in the event of a change

in control of the company following a public takeover bid, and their effects.

Financing agreements:

On January 13, 2025, Telefónica, S.A., as borrower, and a group of credit entities, as lenders, with National Westminster Bank plc as the agent bank, entered into a syndicated loan amounting up to EUR 5,500 million. This facility agreement is linked to sustainability objectives and provides for two extension options, for an additional year each of them, at the request of Telefónica, S.A. On January 13, 2026, following consent of all the lenders, the first extension option became effective. Current maturity date of the facility agreement is January 13, 2031.

Likewise, on December 11, 2015, Telefónica, S.A., as borrower, and Banco Bilbao Vizcaya Argentaria, S.A. Niederlassung Deutschland, the Bank of Tokyo-Mitsubishi UFJ, Ltd., sucursal in Spain, Mizuho Bank Ltd, AB Svensk Exportkredit and Société Générale S.A., as original lenders, and with the support of Exportkreditnämnden, signed a financing agreement amounting up to USD 750 million. Also on that same date, Telefónica, S.A., as borrower, and Banco Santander, S.A. and Crédit Agricole Corporate and Investment Bank as original lenders, with the support of Finnvera Plc, entered into a financing agreement amounting up to EUR 500 million.

As provided for in all of the aforementioned contracts, in the event of a change of control in Telefónica, S.A., lenders may, under certain circumstances, require the early termination of these financing agreements.

The financing contracts consider the usual criteria in these types of agreement to determine if there has effectively been a change of control, such as obtain a majority of the voting rights, have the power to appoint a majority of the members of the management body, or have control over the financial and operating policies of the Company.

Finally, it should be said that as of the year 2010, Telefónica, S.A. adheres to the Code of Good Fiscal Practices, as approved by the Large Companies' Forum - a body in which major Spanish companies and the Spanish tax authorities participate-, and complies with the content of the same.

Similarly, Telefónica Group is committed to the application of other international regulations and initiatives in the area of sustainability as well as, among others, the Universal Declaration of Human Rights, the United Nations Global Compact, and other conventions and treaties agreed by international bodies such as the Organization for Economic Cooperation and Development and the International Labor Organization.

This annual corporate governance report was approved by the company's Board of Directors at its meeting held on February 23, 2026.

Indicate whether any Directors voted against or abstained from voting on the approval of this report.

No.

5. Annual Report on Directors' Remuneration

Directors' Remuneration Report

5.1. Annual Remuneration Report

5.2. Statistical Annex Annual Remuneration Report

5.1. Annual Remuneration Report

Introduction to the Report

This section 5.1, and section 5.2 constitute the Annual Report on Remuneration of the Directors, which must be prepared and submitted to a vote of the General Shareholders' Meeting on a consultative basis. In accordance with the provisions of 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 the Directors' Remuneration Policy (the Remuneration Policy) applicable in 2026 is described:
  - From January 1 until approval by the General Shareholders' Meeting of the new Policy, the Directors' Remuneration Policy approved at the General Shareholders' Meeting of the Company held on March 31, 2023, with 92.66% of the votes cast, will apply (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).
  - From the General Shareholders' Meeting until December 31, the new Directors' Remuneration Policy will apply, where appropriate, approved by said Meeting to be held in 2026.
- Second, it contains the description of how the Directors' Remuneration Policy has been applied during the 2025 fiscal year.

Below is the context on which certain decisions have been made, related to the Remuneration Policy and its application, and which have been considered by the Nominating, Remuneration, and Corporate Governance Committee (NCCGC) and by the Board of Directors of the Company.

New leadership

On January 18, 2025, the Board of Directors agreed to appoint Mr. Marc Thomas Murtra Millar as Executive Director by co-option and Executive Chairman of the Board of Directors of the Company in replacement of Mr. José María Álvarez-Pallete López. In addition, on March 6, 2025, he agreed to the appointment of Mr. Emilio Gayo Rodríguez, as Executive Director by co-option and Chief Operating Officer (C.O.O.) replacing Mr. Ángel Vilá Boix. These appointments were subsequently ratified by Telefónica's General Shareholders' Meeting, held on 10 April 2025.

Strategic plan 2026-2030: *Transform & Grow*

In 2025, under the new direction, a new plan has been established for the next five years: the *Transform & Grow* strategic Plan, with the aim of driving growth and creating long-term value, as well as strengthening leadership in the Telefónica Group's main markets – Spain, Germany, the United Kingdom and Brazil – and accelerating technological, operational and commercial evolution.

With this new Plan, Telefónica is transforming to grow with the mission to deliver the best digital experience to its customers and the vision to become a global, European-leading operator, with cost-effective scale.

Transform & Grow is a growth plan that is committed to the efficiency and simplification of the group and its operations, and is structured around six strategic pillars: delivering a world-class customer experience, expanding the B2C offering, scaling the B2B business, developing technology capabilities, simplifying the operating model and developing talent.

New Directors' Remuneration Policy in 2026

Following the holding of each year's General Shareholders' Meeting, the NCCGC carries out a reflection process on the adequacy of the Directors' Remuneration Policy to Telefónica's new strategic objectives and the interests of its stakeholders.

As part of its commitment to active listening to shareholders, the NCCGC maintains a constant and transparent dialogue with shareholders to know, among other aspects, their opinion on the remuneration policy and test possible changes that may be appropriate.

The reflection process has taken into account the results of the votes on the Annual Report on Remuneration of the Directors in the last two (2) years and those relating to the Remuneration Policy of the Directors approved on 31 March 2023.

As a result of this process, the NCCGC has proposed to the Board of Directors a new Directors' Remuneration Policy with the following characteristics:

	Fixed Remuneration (RF)		Short-Term Variable Remuneration (STVR)		Long-Term Variable Remuneration (LTVR)	
Amount *(in thousands of euros)*	Executive Chairman: • 1,923 €	Chief Operating Officer: • 1,450 €	Executive Chairman: • Target: 180% RF • Max: 233.1% RF	Chief Operating Officer: • Target: 150% RF • Max: 194.25% RF annuities.	Executive Chairman:: • Target: 200% RF • Max: 240% RF	Chief Operating Officer:: • Target: 180% RF • Max: 216% RF
Objectives			• EBITDA (22.5%). • Operating Income (22.5%). • Free Cash Flow (10%). • EBITDAaL-Capex (OpCFaL) (20%). • NPS (15%). • Reduction of GHG emissions(5%). • Women in management positions (5%). The maximum payout % for each goal is 125%, except Free Cash Flow and EBITDAaL-Capex (OpCFaL) which can reach 140%.		• Relative TSR (50%). • Free Cash Flow (50%). The maximum payout % for each goal is 100%, except Free Cash Flow which can reach 140%.	
Basic Features			• In cash • All targets are quantitative, 80% of which are financial. • Malus and clawback clauses.		• In shares. • 3-year performance period. • Shares subject to a minimum retention period of two (2) years. • 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.

Application of the Executive Director Remuneration Policy in 2025

First, with regard to this Report, it should be considered that the detail of the remuneration of both the current Executive Chairman and Chief Operating Officer,as well as that of their predecessors for the period during which they remained with the Company in 2025. In the sections corresponding to fiscal year 2026, the information is limited to the current Executive Chairman and the Chief Operating Officer.

The remuneration system applicable in 2025 to Mr Marc Thomas Murtra Millar, as Executive Chairman, and Mr Emilio Gayo Rodríguez, as Chief Operating officer, has been as provided in the Directors' Remuneration Policy of Telefónica approved by the General Shareholders Meeting held on March 31, 2023.

The main characteristics of the remuneration of the Executive Directors corresponding to 2025 are summarized below:

- **Fixed components of remuneration**: (Fixed Remuneration, Remuneration in Kind and Pension Schemes): in annualized terms, unchanged from previous years, subject to minor differences in the valuation of Remuneration in Kind and and the reduction in the Fixed Remuneration of the current Chief Operating Officer compared to his predecessor in the position, being 9.375% lower.

  The previous Executive Directors (Mr José María Álvarez-Pallete López and Mr Ángel Vilá Boix) received the proportional part of the fixed components of their remuneration package corresponding to the period in which they remained in the Company.

- **Short-Term Variable Remuneration**: the metrics and relative weights established for 2025 were Free Cash Flow (30%), Operating Revenue (25%), EBITDA (25%) and non-financial objectives - ESG (20%).

  The weighted payment coefficient has amounted to 77% of the maximum amount. The Company reached the target level in its financial targets. On ESG targets, GHG reduction and female management targets were exceeded, while the NPS target remained slightly below target.

- **Long-Term Variable Remuneration**: the performance period of the Third Cycle (2023-2025) of the Long-Term Incentive Plan approved by the 2021 General Shareholders' Meeting ended on December 31, 2025. 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 Scopes 1+2.

  During the 2023-2025 period, Telefónica's TSR reached approximately 29.5%, reflecting a positive value creation in the three-year cycle. However, this performance was below the median of the comparison group, resulting in a 0% payout for the relative TSR target. With regard to the Free Cash Flow objective, the three-year average is achieved, allowing the Company to continue with the reduction of debt and improve financial flexibility. In addition, the CO2 emissions reduction goal has been achieved, in line with the commitments made by the Company in terms of carbon emissions. Thus, the weighted payment coefficient of the Long-Term Variable Remuneration has reached 50%.

  It should be noted that the Executive Chairman has not participated in this Third Cycle (2023-2025) and, therefore, has not accrued any amount for this concept. The Chief Operating Officer, for his part, has been a beneficiary since the start of the cycle due to his position as an executive at the Telefónica Group.

- **Severance pay**: In accordance with the new contract of the Executive Chairman, and following the good governance code, a severance payment of two (2) years of remuneration has been established in the event of termination due to the company's unilateral decision. In the case of the Chief Executive Officer, Mr Emilio Gayo Rodríguez, the terms of his previous contract remain unchanged, providing for severance pay up to four years' remuneration for termination due to the Company's unilateral decision.

5.1.1. Remuneration Policy Principles

Telefónica's remuneration strategy has as its main axis to attract, retain and motivate the Company's professionals, so that it can meet its strategic objectives within the highly competitive and globalized framework in which it carries out its activity, establishing the measures and practices that are most appropriate for this purpose.

Considering the above, the principles of the Remuneration Policy are as follows:

Value creation	The Policy is aligned with the commitment to growth, efficiency and long-term sustainable value creation for Telefónica's stakeholders.
Pay for Performance	A significant part of the total remuneration of Executive Directors is variable in nature and its receipt is linked to the achievement of financial, business, value creation and non-financial objectives, including ESG (Environmental, Social and Governance) objectives. These predetermined, specific and quantifiable objectives are aligned with the Company's Strategic Plan.
Compliance	Variable remuneration is not guaranteed and is sufficiently flexible so that this component may not be payable.
Competitiveness	The remuneration package, both in terms of its structure and its overall amount, must be competitive with respect to other comparable companies at an international level.
Corporate Governance	When determining the remuneration of Directors, the Company considers the evolution of regulations, best practices, recommendations and national and international trends regarding the remuneration of directors of listed companies.
Fair Pay	Professional worth, capabilities, experience, responsibility assumed and results achieved are adequately remunerated. The principles and criteria for action of the Policy applicable to Executive Directors are aligned with those of other Employees, incorporating the elements included in the remuneration package of Telefónica's executive group.
Equal pay	The Policy is consistent with Telefónica's inclusive culture, where there is a commitment to incorporate the management of diversity and inclusion as a key element and guarantees non-discrimination on grounds of gender, age, origin, sexual orientation and identity, religion, or race when applying remuneration practices and policies.
Suitability	The amounts set have been established considering the qualifications, dedication and responsibility of the Directors, and due loyalty and connection to the Company, without compromising the independence of non-Executive Directors.
Transparency	The level of transparency in remuneration matters is in line with best practices in corporate governance with the aim of generating trust among stakeholders, including shareholders and investors.

5.1.2. Our remuneration practices

Executive Directors

- Link between remuneration and Company performance (*pay for performance*).
- The weight of the financial metrics to which Variable Pay is linked represents at least 80%.
- Remuneration is aligned with stakeholders, so that variable remuneration is linked to both financial and return objectives for shareholders and non-financial objectives, including ESG (Environmental, Social and Governance) objectives.
- Long-Term Incentive Plans (i) have a minimum performance period of three (3) years; (ii) are paid primarily in shares; (iii) are linked to metrics aligned with Telefónica's long-term strategic objectives; and (iv) are subject to the obligation to hold 100% of the shares delivered over a two (2)-year period, which will increase to three (3) years if the commitment to permanently hold shares for a value equivalent to two (2) times the fixed remuneration is not met.
- Executive Directors do not receive the fixed remuneration established for the remaining Directors for their membership of the Board of Directors and/or the Delegated Commission, or for their membership of other management bodies of subsidiaries and investees of the Group.
- Specific and uniform reduction (malus) and recovery (clawback) clauses have been established, which apply to any element of variable remuneration.
- The quality of long-term performance and any associated risks are considered as part of the variable pay assessment process.
- Recurring external advice is sought in order to consider market practices as an additional element to be taken into account in the decision-making process on the design of the Policy.
- The payment of any variable remuneration is not guaranteed, nor are salary increases. The possibility of granting extraordinary remuneration is not provided for.

Non-Executive Directors

- Remuneration is paid in accordance with the responsibilities and functions assumed by each Director for their membership on the Board of Directors and/or the Committees of the Board, but without compromising their independence.
- They do not participate in remuneration formulas or systems linked to Company's performance or personal performance.
- They do not receive their remuneration through the delivery of shares, stock options, or remuneration rights linked to the value thereof.
- They do not participate in long-term savings systems such as pension plans, retirement systems, or any other welfare systems.

5.1.3.Telefónica Remuneration Policy applicable in 2026

As detailed in the Introduction to the Report, from January 1, 2026 to the date on which the Ordinary General Shareholders' Meeting is held in 2026, the Remuneration Policy approved by the General Shareholders' Meeting on March 31, 2023, with 92.66% of the votes cast, will apply. This Policy can be accessed on the corporate website:

https://www.telefonica.com/en/wp-content/uploads/sites/5/2021/10/remunerations-policy-directors-telefonica.pdf

During the rest of 2026, the new Remuneration Policy that will remain in force until December 31, 2029 will apply, in the event it is approved by the Ordinary General Shareholders' Meeting of 2026, without prejudice to the adaptations or updates that, where appropriate, the Board of Directors carries out in accordance with the provisions thereof, and the modifications that may be approved at any time by the General Shareholders' Meeting of Telefónica.

5.1.4. Remuneration of Executive Directors in 2026

- Fixed remuneration: the amount remains unchanged since 2016 for the Executive Chairman. In the case of the Chief Operating Officer, the amount is reduced by 9.375% compared to the fixed remuneration of the former Chief Operating Officer.

  Executive Directors do not receive the fixed remuneration established for other Directors for their membership of the Board of Directors and/or the Executive Commission.

- Variable remuneration:
  - Significant weight with respect to total remuneration (79% for the Executive Chairman and 77% for the Chief Operating Officer). The ratio of variable remuneration to total maximum remuneration (fixed remuneration + maximum amount of short-term variable remuneration + maximum level of long-term variable remuneration) may not exceed 85%.
  - Metrics and achievement levels aligned with the new 2026-2030 Strategic Plan of the Company (*Transform & Grow* plan) and the main axes of Telefónica's strategy.
  - The maximum value of the allocated shares to the Third Cycle (2026-2028) of the Long-Term Incentive Plan 2024-2028 is below the maximum limit established in the Remuneration Policy.
- Severance Pay due to unilateral decision of the Company:
  - For the Executive Chairman, it has been reduced to two (2)years of remuneration. In the case of the Chief Operating Officer, the conditions of his previous contract remain unchanged, providing for severance pay up to four years' remuneration for termination due to the Company's unilateral decision.

As indicated above, as of the date of formulation of this Report, the Executive Directors of Telefónica, S.A. are Mr Marc Thomas Murtra Millar, Executive Chairman, and Mr Emilio Gayo Rodríguez, Chief Operating Officer (C.O.O.).

Pay for performance and pay mix

The remuneration system of Telefónica's Executive Directors is characterized by its competitiveness and high standards. Variable remuneration, designed to encourage the achievement of the Company's objectives, both in the short term and in the long term, is one of the fundamental pillars of this system.

The strategic ambition contained in the Transform & Grow Strategic plan guides Variable Compensation in both the Short and Long term:

	What is it pursuing	How it is measure
MISSION: To offer the best digital experience to our customers	**Better customer experience**	NPS
VISION: To be a world-class European operator with a profitable scale	**Leadership in the sector**	TSR
	Profitable growth	Revenues EBITDA
	Financial discipline	FCF
		EBITDAaL - CAPEX (OpCFaL)

In this regard, the KPIs included in variable remuneration are aligned with the strategic pillars set out above. In addition, KPIs linked to major sustainability initiatives are also included. In addition, KPIs linked to key sustainability initiatives are also included, which continue to be a strategic pillar for the Company, and we remain fully confident and enthusiastic about their ability to generate sustainable value for our business and all our stakeholders. In recent years, we have managed to integrate them deeply into our DNA, making them natural drivers of decision-making and the evolution of our corporate culture.

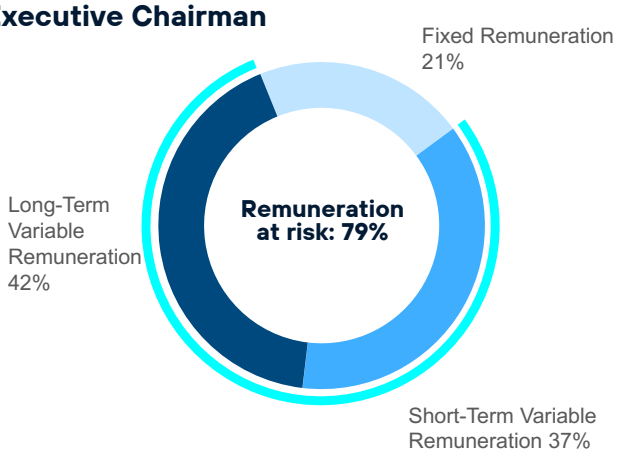
All objectives are predetermined, concrete, quantifiable, set and strictly evaluated by the NCCGC, which also tracks them, to ensure their alignment with Telefónica's social interests.

From the point of view of the remuneration mix, the remuneration package of the Executive Directors is leveraged mainly in variable remuneration, so that most of the total remuneration is received only if the objectives established in the short and long term variable remuneration are met. This remuneration structure is consistent with the pay for performance principle.

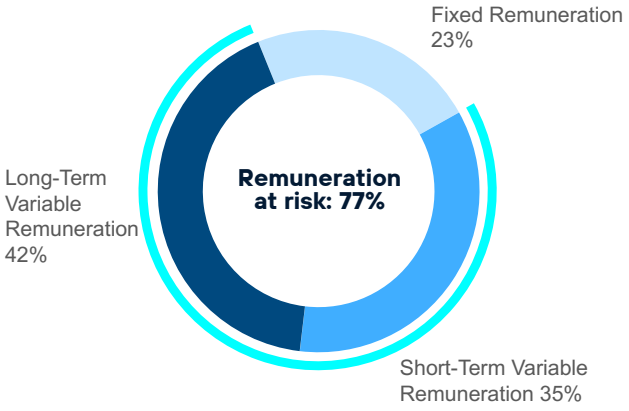
Consequently, the Executive Directors may not receive any amount as variable remuneration in the event that the minimum performance thresholds are not reached. The percentage of short- and long-term variable pay is significant relative to total pay.

Below is the remuneration mix of Telefónica's Executive Directors in accordance with a scenario of meeting target objectives*:

Executive Chairman



Chief Operating Officer



* The graph did not take into account remuneration in kind contributions to long-term savings systems.

Comparison Group

When establishing the remuneration package in 2026, the NCCGC carries out a periodic review of the remuneration of the Directors. As part of this process, remuneration analyses of external competitiveness are carried out and the remuneration policy of the executives and employees of the organization 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 overrepresentation of sectors very different from Telefónica.

Considering these criteria, the comparison group would consist of 19 European companies with an international presence. The most represented geographies will be those where Telefónica's presence in terms of business is highest. Consequently, the country that will contribute the most companies to the comparison group will be Spain. In addition, it will ensure that the telecommunications sector has the highest relative weight within the group.

Considering this comparison group, the Chief Operating officer's total remuneration in a target goal setting would be around the median of the comparison group.

Components of the remuneration package in 2026:

The elements that make up the remuneration package of the Executive Directors for the performance of their executive duties are similar to those of the fiscal year 2025:

A. FIXED REMUNERATION

Purpose:

To reward the performance of their executive duties according to the level of responsibility, leadership and performance within the organization.

Amount:

Executive Chairman (Dr. Marc Thomas Murtra Millar):

- € 1,923,100 (no changes since 2016).

Chief Operating Officer (Mr. Emilio Gayo Rodríguez):

- €1,450,000

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. However, the maximum increase in fixed remuneration during the term of the Remuneration Policy may not exceed, in general, 10% annualised of the gross annual salary, except in exceptional circumstances that must be duly justified and explained in the Annual Report on Directors' Remuneration.

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 2025
Executive Chairman (Dr. Marc Thomas Murtra Millar)	180%	233.1%	No variation
Chief Operating Officer (Mr. Emilio Gayo Rodríguez)	150%	194.25%	No variation*

*Target Variable Short-Term Remuneration of the Chief Operating Officer is prorated from the date of appointment.

The Maximum Amount in 2026 will be 129.5% of the Target Amount, i.e. 233.10% of the FR for the Executive Chairman and 194.25% of the FR for the Chief Operating Officer. This Maximum Amount could be reached in the event of over-achievement of the Free Cash Flow and EBITDAaL-Capex (OpCFaL) target, provided that the EBITDA target is also met, as in the previous policy.

Non-financial targets will have a maximum combined weighting of 20% in the STVR.

Functioning:

For FY2026, the NCCGC has reviewed the objectives, metrics and performance scales to be applied in order to ensure the Company's strategy fulfilment.

As a result, based on the NCCGC's proposal, the Board has approved the incorporation of new metrics selected from the Transform & Grow Plan. These indicators will quantitatively measure Telefónica's aforementioned 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.

The following provides more detail on the performance scales of each of the objectives and how to reach the aforementioned maximum:

	Metrics	Weight (%)	Pay levels (% over target)			Weighted Maximum Payment %
			Minimum	Target	Maximum	
Profitable growth (45%)	**EBITDA**	22.5%	50%	100%	125%	28.125%
	Operating Revenue	22.5%	50%	100%	125%	28.125%
Financial discipline (30%)	**Free Cash Flow**	10%	50%	100%	140%	14.00%
	EBITDAaL - Capex (OpCFaL)	20%	50%	100%	140%	28.00%
Customer experience(15%)	**NPS**	15%	50%	100%	125%	18.75%
ESG (10%)	**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 objectives on an individual basis and then the overall level of achievement of the objectives as a whole. For such purpose, it applies the internal objective assessment rules and procedures set out by the Company for its executives. When conducting this assessment, the NCCGC is supported by the Audit and Control Committee, which provides information about the results audited by the company's external auditor (PRICEWATERHOUSECOOPERS AUDITORES, S.L.) and by the internal audit. The Committee also considers any associated risk for both setting the objectives and assessing their performance thereof.

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

In general, the Short-Term Variable Remuneration is fully paid in cash providing the targets set for this purpose have been achieved. However, in accordance with the Remuneration Policy, Short-Term Variable Remuneration may also include the delivery of shares, share options or remuneration rights linked to the value of the share, provided that the objectives established for this purpose are met.

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.

Long-Term Variable Remuneration may be settled in cash and/or include the delivery of shares, share options or remuneration rights linked to the value of the share, provided that the objectives established for this purpose are met.

Description of granted Long-Term Variable Remuneration incentives in effect in 2026:

The cycles in effect in 2026 derived from long-term incentive plans are as follows:

	Performance period	Number of granted shares for achieving 100% of objective (Value of shares allocated as % Fixed Remuneration)	
		Executive Chairman (Dr. Marc Thomas Murtra Millar)	**Chief Operating Officer** (Mr. Emilio Gayo Rodríguez)
Long-Term Incentive Plan 2024-2028 approved by the 2024 General Shareholders' Meeting			
First cycle	2024-2026	-	326,000
Second Cycle	2025-2027	916,000 (200%)	622,000 (180%)
Third Cycle	2026-2028	1,068,656 (200%)	725.181 (180%)

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 General Shareholders' Meeting that approved the Plan.

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

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) and the Second Cycle (2025-2027) of the Long-Term Incentive Plan 2024-2028 are described in the Directors' Remuneration Report corresponding to the year 2023 and 2024, respectively.

The metrics that have been established for the Third Cycle (2026-2028) of the Long-Term Incentive Plan are as follows:

	Metrics	Weight (%)	Company Outcome	Incentive to be accrued(%)
Leadership in the sector (50%)	**Relative TSR**	50%	75th percentile or higher	100%
			Median	30%
			Below median	0%
Financial discipline (50%)	***Free Cash Flow***[1]	50%	115% achievement	140%
			100% achievement	100%
			92% achievement	50%
			Below 92% achievement	0%

[1] In addition to 115% achievement, it will be necessary to meet 100% of the Free Cash Flow objective in each of the fiscal years of the (2026-2028 period).

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..

Determination of the level of achievement: The evolution of TSR from Telefónica's shares is measured from the beginning of the cycle (2026) until the end of such cycle (2028), 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: BT Group, Deutsche Telekom, Orange, Vodafone Group, Liberty Global, Telecom Italy, America Movil, Koninklijke KPN, Telenor and Telia Sonera.

The number of companies in the comparison group has been reduced compared to previous cycles. In this regard, companies that do not compete in the same markets as Telefónica and other companies with a high probability of being subject to a takeover bid have been excluded.

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.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 (50%)

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 target approved by the Board of Directors, following the approval of the aforementioned Transform & Grow Plan (announced to the markets on 4 November 2025), considering the final level of FCF performance, the average of the annual partial results obtained and approved by the NCCGC.

Performance scale:

The performance scale for the Third Cycle will be as follows:

i. Minimum threshold of 92% compliance, below which no incentive is paid and whose compliance implies the delivery of 25% of the theoretical target shares granted.

ii. Target level of 100% compliance, which entails the delivery of 50% of the theoretical target shares granted.

iii. Maximum level of 115% compliance, which would entail the delivery of an additional 20% to the granted target theoretical shares, and which will be applicable provided that 100% of the Free Cash Flow objective is met in each of the fiscal years that make up this Third Cycle (2026-2028), thus ensuring continuity in the generation of cash while incentivizing overachievement.

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 (2) years, which will be increased to three (3) years in case the shareholding commitment is not fulfilled.

Implications of a Change in Control in Long-Term Variable Remuneration:

In the event of a change of control in Telefónica, the cycles that are in progress in 2026 will be subject to early settlement on a proportional basis, delivering to the participants, when applicable, the shares, or in their cash equivalent amount, considering for these purposes the closing price of the last trading session of the month immediately preceding 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.

On the other hand, in the event of termination of the Executive Director due to the Company's unilateral decision in accordance with the provisions of the general conditions applicable to Long-Term Incentive

Plans, the equivalent cash settlement of the cycles that may correspond shall be made.

D. LONG-TERM SAVINGS SCHEMES

The long-term saving system for Executive Directors replicates that applicable to Telefónica employees and executives, which consists of contributions (i) to a pension plan or similar instrument and to a collective life insurance policy in the unit link modality (to channel the excess contribution over the financial and tax limits applicable to pension plans) as well as (ii) to the Telefónica Executive Pension Plan, implemented through a collective life insurance policy in the unit link modality.

In the case of the Executive Chairman, as he did not have a prior employment relationship before his appointment as Executive Chairman, contributions are implemented through a savings insurance policy that incorporates the main characteristics of said instruments, covering the same contingencies as the pension plan and the unit link insurance policies applicable to Telefónica's Employees and executives.

i. Pension Plan:

Contributions:

The annual contribution amount for the Executive Chairman is 4.51% of the Fixed Remuneration and for the Chief Executive Officer 5% of the Fixed Remuneration, maintaining the contribution percentage provided for in his previous contract with the Telefónica Group.

Functioning:

This is a defined contribution plan that covers the following contingencies: retirement; death of the participant; death of the beneficiary; total and permanent occupational disability for the usual profession, absolute and permanent disability for all work and severe disability; and severe dependency or major dependency of the participant.

The benefit consists of the economic right that corresponds to the beneficiaries as a result of the occurrence of any of the contingencies covered by this Pension Plan.

In the case of the Chief Executive Officer, as he did not have an employment relationship prior to his appointment as Chief Executive Officer, contributions equivalent to the pension plan and unit-linked group life insurance are implemented through a savings insurance policy that replicates the main characteristics of these instruments.

In the case of the Chief Operating Officer, the Pension Plan is integrated into the Pension Fund "Fonditel B, Pension Fund", managed by Fonditel Pensiones, EGFP, S.A.

During the validity of the Policy, the Law may modify the financial and tax limits on contributions to pension plans. In this regard, and as has been done previously, in the case of the Chief Operating Officer, a collective life insurance policy in the unit link modality has been taken out in which the excess contribution over the annual tax limits set forth in the legislation is channeled. This unit link insurance, arranged with Occident GCO, S.A.U. de Seguros y Reaseguros, covers the same contingencies as the Pension Plan and the same cases of exceptional liquidity in the event of serious illness or long-term unemployment.

ii. Executive Pension Plan:

Contributions:

The annual contribution equals 35% of the Fixed Remuneration, after deducting the contributions made to the Pension Plan for Telefónica employees or the equivalent instrument.

Functioning:

The Executive Directors participate in an Executive Pension Plan that covers the contingencies of retirement, early retirement, permanent occupational disability in the degrees of total or absolute disability or severe disability, and death.

The implementation vehicle for this Plan is a collective life insurance policy in the unit link modality arranged with one or more insurance entities or equivalent instrument, and the amount of the benefit under this guarantee shall be equivalent to the mathematical provision corresponding to the insured on the date on which the policyholder communicates and certifies to the insurer access to any of the situations covered by the Plan.

Until March 31, 2023, Telefónica's Directors' Remuneration Policies established only the incompatibility between the recognition of economic rights derived from this Plan and compensation for termination of an employment relationship, as reported in the successive previous Directors' Remuneration Reports. As of March 31, 2023, the date on which the previous Directors' Remuneration Policy was approved by the General Shareholders' Meeting, said incompatibility was extended to any termination compensation, whether from an employment or contractual relationship.

However, although the Company understood that said modification introduced by the Directors' Remuneration Policy approved on March 31, 2023 was applicable to previous services agreements (by application of Article 529 novodecies.5 of the Spanish Companies Act), on the occasion of the termination of the former Executive Chairman and the former Chief Operating Officer (C.O.O.), in January and March 2025 respectively, the discrepancy that arose between the parties in this

regard was resolved through an alternative dispute resolution mechanism (independent expert opinion) which, based on general principles of contracts, ruled in favor of the aforementioned executives and the maintenance of their economic rights derived from the Plan.

As of the date of this Report, there are no Executive Director contracts in force prior to 31 March 2023.

In this way, any economic right derived from this Plan shall be incompatible with the receipt of compensation for termination of the contract of Executive Directors.

E. REMUNERATION IN KIND

Executive Directors receive, as remuneration in kind, in addition to the life insurance with death or disability coverage described above, general health and dental insurance and are assigned a Company vehicle, all in line with the General Policy applicable to the executives of the Company.

Likewise, 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 Remuneration Recoupment Policy, which clearly and comprehensively regulates the company's right to recover variable compensations paid during the general three (3)-year clawback period.

The Board of Directors will assess, following a report from the NCCGC, whether (i) the total or partial cancellation of variable remuneration pending payment (malus) is appropriate, and/or (ii) the total or partial recovery of any element of variable remuneration within thirty-six (36) months following payment thereof (clawback), when certain exceptional circumstances arise that affect the Company's results, or that derive from inappropriate conduct by the Executive Director in accordance with the Company's policies (among which is the "Executive Officer Compensation Recoupment Policy", approved by the Board of Directors in 2023. Additionally, the reduction and recovery clauses provided for at any given time in the Long-Term Incentive Plans that, where applicable, have been approved by the General Shareholders' Meeting shall apply).

For these purposes, the following shall be considered as exceptional circumstances that will be subject to assessment by the Board of Directors, among others, and by way of example:

- Restatement of the Company's financial statements not due to the modification of applicable accounting standards.
- In the event that an Executive Director has been sanctioned for a serious breach of the code of conduct and other internal regulations applicable to them, or for a serious breach of the regulations that are equally applicable to them.
- In any case, when it becomes evident that the settlement of the variable remuneration element in question has occurred totally or partially based on information whose falsity or serious inaccuracy is manifestly demonstrated a posteriori, or other circumstances not foreseen or assumed by the Company, that have a material negative effect on the income statements.
- When the Company's external auditor introduces qualifications in its report that reduce the results taken into consideration to determine the amount of variable remuneration to be paid.

Possible payments linked to termination

The contracts entered into with Executive Directors are of an indefinite nature and include a non-compete agreement. Said agreement means that, once the corresponding contract has been terminated and during the validity of the agreement (two (2) years after termination of the contract for any reason), Executive Directors may not provide services either directly or indirectly, either on their own account or on behalf of others, either by themselves or through third parties, to Spanish or foreign companies whose activity is identical or similar to that of Telefónica.

With regard to the conditions related to the termination of the contracts, the current Remuneration Policy provides for a severance payment equal to two (2) 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 due to the Company's unilateral decision in an amount equal to the aforementioned two (2) annuities. Each annuity comprises the last Fixed Remuneration and the arithmetic mean of the last two (2) Annual Variable Remunerations received according to the contract.

With regard to the conditions related to the termination of the commercial contract of the Chief Operating Officer (C.O.O.), Mr Emilio Gayo Rodríguez, he maintains the conditions of his previous contract with Telefónica Group, which provides for a severance payment due to the Company's unilateral decision of up to four years' remuneration.

The receipt of the aforementioned severance compensation is incompatible with the recognition of any financial entitlement in connection with the Executive Pension Plan.

In this regard, the contracts signed with the current Executive Directors expressly provide that, in the event of receiving the aforementioned financial compensation for termination, no economic right derived from this Executive Pension Plan will be recognized.

Contractual conditions of the Executive Directors

The contracts that currently regulate the performance of the functions and responsibilities of the Executive Directors are commercial in nature and include the clauses that in practice are customary to be included in these types of contracts. These contracts have been proposed by the NCCGC and approved by the Board of Directors.

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:

- Duration: Indefinite
- Notice: The obligation to give notice in the event of termination of the contract by unilateral decision of the Executive Director is included, providing that they must communicate their unilateral decision in writing and with a minimum notice of three (3) months. In the event of failure to comply with such obligation, they must pay the Company an amount equivalent to the Fixed Remuneration corresponding to the unfulfilled notice period.
- Exclusivity: The contract establishes the prohibition, during its validity, of entering into - directly or through an intermediary - other employment, commercial or civil contracts with other companies or entities that carry out activities of a similar nature to those of Telefónica.
- Non-compete agreement: Declares compatible their relationship with the performance of other representative, administrative and management positions and with other professional situations that they may attend to in other entities within Telefónica, or in any other entities outside the Company with the prior consent of the Board of Directors.

  On the contrary, declares incompatible, during the validity of the agreement (two (2) years after termination of the contract for any reason), the provision of services directly and indirectly, on their own account or on behalf of others, by themselves, by third parties, to Spanish or foreign companies whose activity is identical or similar to that of Telefónica.
- Confidentiality: During the validity of the relationship and also after its termination, a duty of confidentiality is established with respect to information, data and any type of documents of a reserved and confidential nature that they know and to which they have had access, as a consequence of the exercise of their position.
- Compliance with the regulatory system: The obligation to observe the rules and obligations established in Telefónica's regulatory regime is included, which are found, among other regulations, in the Regulations of the Board of Directors and in Telefónica's Internal Code of Conduct on Matters Related to the Securities Markets.

Permanent 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 its appointment (January 18, 2025 for the Executive Chairman and March 6, 2025 for the Chief Operating Officer). The Board of Directors and the NCCGC may approve a longer term when exceptional situations arise.

	Stock holding Requirement
Executive Chairman	200% Fixed Gross Remuneration
Chief Operating Officer	200% Fixed Gross 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.

This commitment will be verified by the NCCGC.

As at 31 December 2025, the Executive Chairman held 136,241 shares and the Chief Operating Officer held 649,636 shares.

5.1.5. Remuneration of the Directors in their capacity as such in 2026

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

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

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

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

With regard to the 2026 financial year, and following the corresponding analysis based on available market information, the NCCGC has proposed to the Board of Directors that the fixed remuneration of the Directors not be increased. This remuneration has remained unchanged since 2012, except as indicated below concerning the Lead Independent Director, as agreed by the Board of Directors in the 2025 financial year.

	Board of Directors	Executive Commission	Advisory or Supervisory Committees (*)
President	€240,000 (**)	€80,000(**)	€22,400
Vice President	€200,000	€80,000	-
Member Sunday	€120,000	€80,000	€11,200
Independent Member	€120,000	€80,000	€11,200
Member Other External	€120,000	€80,000	€11,200

(*) In addition, the amount of the allowance for attendance at each of the meetings of the Advisory or Supervisory Committees is 1,000 euros.
(**) Executive Directors do not receive these remuneration items.

The Lead Independent may receive an additional annual remuneration of up to 80,000 euros for the exercise of said position, given the relevance of the role performed.

The Executive Directors do not receive the remuneration that may correspond to them for their status as members of the Board of Directors (remuneration in their capacity as such) or for their membership in the Executive Commission, or for their membership in the administrative bodies of subsidiaries and investees of Telefónica.

The NCCGC will periodically review that the remuneration of the Directors is competitive with respect to the market practices of entities comparable to Telefónica, adequately compensates for the effective dedication, qualification and responsibility of the directors and takes into account the size and complexity of Telefónica's business. In any case, any modification of these amounts will be reported in the Annual Report on Remuneration of the Directors that will be submitted annually for the approval of the General Shareholders' Meeting.

In addition, Non-Executive Directors receive remuneration for their membership of certain administrative or collegiate bodies of some Telefónica subsidiaries and investee companies. However, they do not participate in remuneration formulas or systems linked to the Company's performance or personal performance, they do not receive their remuneration through the delivery of shares, share options or remuneration rights linked to the value of these, and they do not participate in long-term savings systems such as pension plans or other long-term saving systems.

5.1.6. Application of the Remuneration Policy in 2025

Summary of the Remuneration Policy applied in 2025 and results of the vote of the Directors' Remuneration Report corresponding to 2024

The remuneration corresponding to the fiscal year 2025 has followed the terms of the Remuneration Policy approved by the General Shareholders' Meeting on March 31, 2023, in accordance with the provisions of Article 529 Novodecies of the Capital Companies Act.

The detailed description of the Directors' remuneration system in 2025 was included in section 5.1.4 of the Annual Report on Remuneration corresponding to 2024. This Report was approved by 72.36% of the votes cast in favor, with 11.65% of votes cast against and 15.99% of abstentions.

There has been no deviation from the procedure for the application of the Remuneration Policy in force at any time, nor has any temporary exception been applied to it.

During fiscal year 2025, the termination of the contract signed with Mr José María Álvarez-Pallete López as Executive Chairman, and with Mr Ángel Vilá Boix as Chief Operating Officer, was agreed due to the Company's unilateral decision. Until its cessation, these Directors received certain remuneration items such as Fixed Remuneration or Remuneration in Kind, without having accrued any amount as Short Term Variable Remuneration in the fiscal year 2025. In addition, the Statistical Annex of this Report includes the amount accrued and consolidated in the Second Cycle (2022-2024) of the Long-Term Incentive Plan approved by the 2021 General Shareholders' Meeting, whose performance period comprised the period 2022-2024.

These directors were paid severance pay due to the Company's unilateral decision and were granted the financial rights derived from the Executive Social Welfare Plan in accordance with the provisions of their contracts. The amounts corresponding to these items are broken down in the Statistical Annex.

Remuneration of Executive Directors in 2025

- The annual Fixed Remuneration of the Executive Chairman (Mr Marc Thomas Murtra Millar) in 2025 was the same as the Remuneration Policy established since 2016 for the position of Executive Chairman. In the case of the Chief Operating officer, Mr Emilio Gayo Rodríguez, his annual amount is 9.375% lower than the former Chief Operating Officer.
- The Short-Term Variable Remuneration obtained by the Executive Directors has amounted to 77% of the maximum amount.
- The weighted payout ratio of the Third Cycle (2023-2025) of the Long-Term Incentive Plan approved by the 2021 General Shareholders' Meeting has been 50%. This percentage is explained by the results of the Free Cash Flow in the 2023-2025 period and the fulfillment of the objective linked to the Neutralization of Emissions. On the other hand, the Total Return for the Telefónica Shareholder (TSR) in the period 2023-2025, although it has been positive (29,5%) has not reached the median of the companies included in the comparison group. The current Executive Chairman has not participated in this Plan cycle.

The remuneration corresponding to the fiscal year 2025 by the current Executive Chairman and the Chief Operating officer in his/her capacity as Executive Directors of Telefónica is summarized below:

Executive Chair:

Amounts in thousands of euros	2024 Mr. José María Álvarez-Pallete López	% change 2024 vs 2025	2025[2] Mr. Marc Thomas Murtra Millar
Fixed Remuneration	€1,923	(5)%	€1,835
Short-Term Variable Remuneration	€3,514	(6)%	€3,293
Long-Term Variable Remuneration (LVTR)	€3,918	-	-
Total Remuneration[1]	**€9,534**	**(45)%**	**€5,259**

1. Remuneration in kind and contributions to long-term saving systems are also included. The amount of the LTVR corresponds to the number of shares delivered valued at the end date of the performance period of each of the corresponding cycles.
2. This includes remuneration generated since January 18, 2025, the date on which Mr. Murtra was appointed Executive Chairman.

Chief Operating Officer:

Amounts in thousands of euros	2024 Mr. Ángel Vila Boix)	% change 2024 vs 2025	2025[2] Mr. Emilio Gayo Rodríguez
Fixed Remuneration	€1,600	(26)%	€1,190
Short-Term Variable Remuneration	€2,436	(19)%	€1,984
Long-Term Variable Remuneration (LVTR)	€2,933	(81)%	€552
Total Remuneration[1]	**€7,102**	**46%**	**€3,850**

1. Remuneration in kind and contributions to long-term saving systems are also included. The amount of the LTVR corresponds to the number of shares delivered valued at the end date of the performance period of each of the corresponding cycles.
2. This includes remuneration generated since March 6, 2025, the date on which Mr. Gayo was appointed Chief Operating Officer.

A. FIXED REMUNERATION

Executive Chairman:

- Until January 18, 2025 (Mr. José María Álvarez-Pallete López): €93,420.
- From 18 January 2025 (Mr Marc Thomas Murtra Millar): €1,834,870.

In annualized terms, the Fixed Remuneration amount corresponding to 2025 has remained unchanged for the executive chairman since 2016.

The Chief Operating Officer:

- Until 6 March 2025 (Dr. Angel Vilá Boix): €291,733.
- From March 6, 2025 (Mr. Emilio Gayo Rodríguez): €1,189,530.

B. SHORT-TERM VARIABLE REMUNERATION

Executive Chairman:

- Until January 18, 2025 (Mr. José María Álvarez-Pallete López): he has not received any amount for this item.
- From 18 January 2025 (Mr Marc Thomas Murtra Millar): €3,292,857.

Chief Operating Officer:

- Until March 6, 2025 (Mr. Ángel Vilá Boix): he has not received any amount for this item.
- During 2025 (Mr Emilio Gayo Rodríguez): €1,983,726, considering his role as CEO and Chairman of Telefónica Spain.

For the 2025 fiscal year, the Board of Directors approved, following a proposal from the NCCGC, those quantifiable and measurable metrics that best reflect the value creation levers of the Telefónica Group with the objective of ensuring fulfilment of its strategy,

These metrics and their relative weight are as follows:

METRIC	DEFINITION AND MEASURING METHOD	WEIGHT
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 = % Promoters – % Detractors	10%
CLIMATE CHANGE (Greenhouse gas emissions)	Greenhouse gas (GHG) emissions are the metrics used to measure our environmental impact. It is measured through direct and indirect CO2 emissions from Telefonica's daily activity. CO2 Emission = Activity Data x Emission Factor - Activity Data: Amount of energy, fuel, gas, etc. consumed by the Company - Issuance Factor: The amount of CO2 emitted to the atmosphere by the consumption of each unit of activity. For electricity, the emission factor provided to us by official sources (European Union, Ministries, CNMC, etc.) is used and for fuels, the emission factors of the GHG Protocol and IPCC (UN Intergovernmental Climate Change Panel) are used. Constant issue factors are used for annual remuneration to avoid variations for reasons beyond the Company's control.	5%
GENDER EQUALITY (% of Women in executive positions)	% of Women Directives in the Telefónica Group is the metric used to measure the Gender Equality goal. It is measured on the total collective of Executives of the Telefónica Group at the close of the workforce for the month of December. The collective of directors is defined according to the criteria and processes established by the People area at the Corporation level.	5%

Throughout the year, the NCCGC has followed up on said objectives established for the 2025 Short-Term Variable Remuneration , payable in the first quarter of 2026.

The final evaluation of the aforementioned objectives has been carried out on the basis of the audited results corresponding to the 2025 fiscal year in accordance with the following process:

1. The results of the fiscal year 2025 as well as the degree of achievement of the objectives have been analyzed, firstly, by the Audit and Control Committee, based on the results audited by PRICEWATERHOUSECOOPERS AUDITORES, S.L.

2. After this analysis, the NCCGC established a proposal for Variable Short-Term Remuneration to the Board of Directors. The Committee has also considered the quality of long-term results and any associated risks in the variable remuneration proposal.

3. Finally, the Board of Directors has approved the proposal for Variable Short-Term Remuneration of the NCCGC. As a result of the above, and in accordance with the provisions of recommendation 59 of the Code of Good Governance, the Board of Directors has agreed on a 99.7% (77% of the maximum amount).

The target Short-Term Variable Remuneration amounted to 180% of the Annual Fixed Remuneration for Executive Chairman Mr Marc Thomas Murtra Millar and 150% of the Annual Fixed Remuneration for Chief Operating officer Mr Emilio Gayo Rodriguez.

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, 2025. 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:

- Executive Chairman
  - Until January 18, 2025 (Mr. José María Álvarez-Pallete López): 725,570 shares (prorated number considering his date of termination, based on an initial number of 1,110,000 shares).
  - Since January 18, 2025 (Mr. Marc Thomas Murtra Millar): he has not participated in this cycle.

- Chief Operating Officer

  – Until March 6, 2025 (Mr. Ángel Vilá Boix): 559,780 shares (prorated number considering its date of termination, based on an initial number of 831,000 shares).

  – Since March 6, 2025 (Mr. Emilio Gayo Rodríguez): 316,000 shares (number of shares granted from his appointment as Executive Director of the Company and Chairman of Telefónica Spain).

To determine the specific number of actions to deliver at the end of the aforementioned cycle, the NCCGC has analyzed the level of achievement of each of the three objectives.

Metries	Weight (%)	Company outcome	Incentive accrued (%)
Relative TSR*	50%	75th percentile or higher	100%
		Median	30%
		Below median	0%
Free Cash Flow	40%	Maximum	100%
		Minimum outcome	50%
		Below minimum	0%
Neutralization of CO_2 emissions	10%	Maximum	100%
		Minimum outcome	50%
		Below minimum	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.

Taking into account the results of the Relative TSR, Free Cash Flow and CO2 Emission Neutralization, the weighted payout coefficient has amounted to 50%.

The incentive amounts of the former Executive Directors are included as "consolidated" in the Statistical Annex of this Report as remuneration accrued in 2025.

- Chief Operating Officer (Mr. Emilio Gayo Rodríguez): 158.000 shares. This incentive will be delivered throughout the month of March 2026, once the annual accounts for the fiscal year 2025 have been formulated and audited, as established by recommendation 59 of the Code of Good Governance of the CNMV listed companies. These shares will be subject to a two (2)-year retention period, which may be increased to three (3) in the event that the Executive Director does not comply with the commitment of permanent holding of shares.

- The Executive Chairman since January 18, 2025 (Mr. Marc Thomas Murtra Millar) has not participated in the Third Cycle of the Plan, so he is not entitled to receive any incentive.

In addition, the previous Executive Directors maintained, at the date of their termination, their right to the proportional part of the Incentive corresponding to the First Cycle (2024-2026) of the Long-Term Incentive Plan 2024-2028. Once the goals of the Relative TSR, Free Cash Flow and Neutralization of CO2 emissions have been measured according to the latest available data before the cessation dates, and the incentives have been prorated based on the time in which the previous Executive Directors participated in the aforementioned cycle, the following amounts were settled in cash:

- Executive Chairman until January 18, 2025 (Mr. José María Álvarez-Pallete López): €1,023,459 corresponding to the value of 259,959 shares.

- Chief Operating Director until 6 March 2025 (Mr Ángel Vilá Boix): €872,165 corresponding to the value of 202,782 shares.

The above amounts are included as "consolidated" in the Statistical Annex of this Report as remuneration accrued in 2025.

On the other hand, as detailed in section C) of section 5.1.6 of the Directors' Remuneration Report of last year, in March 2025, the Second Cycle 2022-2024 of the Long-Term Incentive Plan approved by the 2021 General Shareholders' Meeting was settled. In this regard, €3,917,315, equivalent to the value of 995,000 shares, were paid to the Executive Chairman until 18 January 2025 (Mr José María Alvarez-Pallete López) and to the Chief Operating officer until 6 March 2025 (Mr Angel Vilá Boix.) €3,204,245, equivalent to the value of 745,000 shares.

In accordance with the instructions that the CNMV has stated to Telefónica, these amounts are included as "consolidated" in the Statistical Annex as remuneration accrued in 2025.

D. LONG-TERM SAVINGS SCHEMES

i) Pension Plan

Executive Chairman since January 18, 2025 (Mr. Marc Thomas Murtra Millar):

- The contributions to the savings insurance policy, which replicates the main features of the Pension Plan and group life insurance in the form of unit-linked policies for Telefónica employees, amounted to 82,753 euros.

- The mathematical provision of unit link insurance, as of December 31, 2025, amounted to 82,908 euros

Chief Operating Director since March 6, 2025 (Mr. Emilio Gayo Rodríguez):

- The contributions to the unit-linked insurance policy linked to the Pension Plan, arranged with Occident GCO, S.A.U. de Seguros y Reaseguros, amounted to €59,477.

- The amount of the Pension Plan consolidated rights, as of December 31, 2025, was 295,543 euros.

- The mathematical provision of unit link insurance at 31 December 2025 was 422,134 euros.

Contributions made in favor of the Executive Directors who ceased in 2025:

- Mr José María Álvarez-Pallete López: 6,418 euros to the Fonditel B Pension Fund, Pension Fund.
- Mr. Ángel Vilá Boix: 6,721 euros to the Fonditel B Pension Fund, Pension Fund and 6,436 euros to the unit link insurance, related to the Pension Plan, arranged with the entity Occident GCO, S.A.U. de Seguros y Reaseguros.

The amounts of the rights consolidated on the date of their respective terminations are as follows:

- Mr José María Álvarez- Pallete López: 399,105 euros (of which 188,411 euros correspond to the rights generated in the International Telefónica Pension Plan and the rest to the Telefónica Pension Plan).

  The mathematical provision of the unit link insurance was 1,421,167 euros.
- Mr. Ángel Vilá Boix: 431,684 euros (of which 25,146 euros correspond to the rights generated in the Pension Plan of Telefónica España and the rest to the Pension Plan of Telefónica).

  The mathematical provision of the unit link insurance was 688,195 euros.

It is stated that the evolution of the reflected accumulated funds responds to both the contributions made and the revaluation thereof. The corresponding payments will not be made until one of the covered contingencies occurs (retirement; death of the participant; death of the beneficiary; total and permanent incapacity for work in the usual profession, absolute and permanent incapacity for any work and severe disability; and severe dependency or high dependency of the participant).

ii) Executive Pension Plan

The contributions made in 2025 to the Executive Pension Plan have been as follows:

- Mr Marc Thomas Murtra Millar: 562,250 euros.
- Mr. Emilio Gayo Rodríguez: 359,966 euros.

The statutory expectations as at 31 December 2025 are as follows:

- Mr Marc Thomas Murtra Millar: 582,572 euros.
- Mr. Emilio Gayo Rodríguez: 4,831,679 euros.

Furthermore, the contributions made in 2025 to the Executive Pension Plan in favor of the Executive Directors who left office in 2025 were as follows:

- D. José María Álvarez-Pallete López: 26,279 euros.
- D. Ángel Vilá Boix: 88,949 euros.

Amount of the mathematical provision of the previous Executive Directors:

- Mr José María Álvarez-Pallete López: 13,086,429 euros.
- Mr. Ángel Vilá Boix: 9,698,593 euros.

These amounts are included in the Statistical Annex, although they will not be paid until one of the covered contingencies occurs (retirement, early retirement, permanent incapacity for work in the degrees of total or absolute incapacity or severe disability, and death).

E. REMUNERATION IN KIND

Below are the healthcare benefits that the Executive Directors have received in 2025 as well as the cost thereof:

- Mr. Marc Thomas Murtra Millar: general health and dental insurance whose cost amounted to 6,037 euros, life insurance with death or disability coverage with a cost of 42,001 euros.
- Mr. Emilio Gayo Rodríguez: general health insurance and dental coverage whose cost amounted to 1,044 euros, life insurance with death or disability coverage with a cost of 51,058 euros and the assignment of vehicle use for an amount of 13,616 euros.

The amounts accrued by the previous Executive Directors until their termination in 2025 have been as follows:

- Mr José María Álvarez- Pallete López: general health and dental insurance whose cost amounted to 531 euros and life insurance with death or disability coverage with a cost of 1,520 euros.
- Mr. Ángel Vilá Boix: general health insurance and dental coverage whose cost amounted to 1,585 euros, life insurance with death or disability coverage with a cost of 4,614 euros and the assignment of vehicle use for an amount of 3,871 euros.

Additionally, Telefónica has taken out a civil liability (D&O) policy for administrators, directors and staff with similar functions of the Telefónica Group, with the usual conditions for this type of insurance.

G. PAYMENTS LINKED TO TERMINATION

In accordance with the provisions of its commercial contracts, the Executive Directors who ceased in 2025 due to the Company's unilateral decision received an amount equivalent to four annuities of their remuneration:

- Mr José María Álvarez-Pallete López: 23,525,668 euros.

- Mr. Ángel Vilá Boix: €17,377,600.

Other Additional Information

- Malus and clawback: these clauses have not been applied during fiscal year 2025.
- During the 2025 financial year, while they have been considered Executive Directors of Telefónica, they have not received or accrued remuneration derived from the granting of advances, credits, guarantees, or remuneration from other companies of the Group or by virtue of the payments made by Telefónica to a third entity in which the Directors provide services or any other remuneration concept other than those indicated above.
- The terms of the contracts of the Executive Directors in 2025 are identical to 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.

The Executive Directors do not receive the remuneration that may correspond to them for their status as members of the Board of Directors (remuneration in their capacity as such) or for their membership in the Executive Commission, or for their membership in the administrative bodies of subsidiaries and investees of Telefónica.

The following, and as regards the 2025 fiscal year, is detailed, in particular, the membership of the Non-Executive Directors to the Management Bodies of other Companies of the Telefónica Group and to Advisory Boards:

- Ms. María Luisa García Blanco: Member of the Advisory Board of Telefónica España.
- Ms. Claudia Sender Ramírez: Member of the Advisory Board of Telefónica Tech and member of the Advisory Board of Telefónica Hispanoamerica.
- Mr Peter Löscher: Chairman of Telefónica Deutschland Holding, AG.
- Ms Solange Sobral Targa: Director of Telefónica Brasil, S.A.
- Mr. César Mascaraque Alonso: Director of Telefónica Brasil, S.A.

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

	2025	2024
Fixed amount due to being a member on the Board, Executive Commission and Advisory or Supervisory Committees	€2,561,067	€2,538,667
Fees for attending the meetings of the Advisory or Supervisory Committees	€138,000	€194,000
Remuneration for being a member of certain administrative bodies or collegiate bodies of some subsidiaries of Telefónica	€890,489	€1,092,315

During the fiscal year 2025, the Directors in their capacity as such have not accrued payments for early termination or termination of the contract, nor remuneration derived from the granting of advances, credits, guarantees, or remuneration by virtue of the payments made by Telefónica to a third entity in which the Directors provide services or any other remuneration concept other than those indicated above.

The amounts individualized by the Director are detailed in the Statistical Annex 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	It approves the Remuneration Policy at least every three (3) years as a separate item on the agenda. It approves the maximum amount of the annual remuneration for all the Directors in their positions as such. It approves the variable remuneration systems for the Directors that include payment in shares or stock options or share-linked instruments. It has an advisory vote on the Annual Report about the Directors' Remuneration, detailing the remuneration accrued during the last financial year.	Advisory vote on the Annual Report on Remuneration of the Directors, in which the remuneration accrued during the financial year is disclosed.	
Board of Directors	Directors in their positions as such: It approves the allocation of the maximum amount approved by the General Shareholders' Meeting among the various components. Executive Directors: It approves the fixed remuneration and the main terms and conditions of the short- and long-term variable remuneration system. The Board approves adaptations or updates to the Remuneration Policy. It approves the contracts that regulate the duties and responsibilities of the Executive Directors. It approves the Annual Report on Remuneration of the Directors to be submitted to the advisory vote at the General Shareholders' Meeting.	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. It approves the Annual Report on Remuneration of the Directors to be submitted to the advisory vote of the General Shareholders' Meeting. It evaluates, if necessary, application of the clawback clauses.	It is reported based on analysis and remuneration studies of the Directors' remuneration conducted by the NCCGC.
Nominating, Compensation and Corporate Governance Committee	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. The Committee reviews the Directors' remuneration on a regular basis to ensure that it is appropriate for the duties they perform. Executive Directors: • 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. 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.	It proposes the objectives at the beginning of each performance period to the Board of Directors, and any adjustments that may be necessary at a later date. 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. Submits a report to the Board, when appropriate, on whether or not application of the clawback clauses is necessary. 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. It proposes Annual Report on Remuneration of the Directors and, when appropriate, the Remuneration Policy to the Board of Directors.	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. The criteria for conducting these analyses have been described in the previous section 5.1.4.
Audit and Supervisory Committee		It analyzes the results audited by the external and internal auditor to evaluate achievement of the objectives for the variable remuneration.	

	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 (WTW) advised in the preparation of the 2025 Annual Report on Directors' Remuneration. For its part, the law firms Gómez-Acebo & Pombo and Garrigues have participated in the review of the legal aspects of the aforementioned Report and in the preparation of the Remuneration Policy.	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 advises on the analysis of the market-related comparison of the remuneration package of Directors and Senior Management.

5.1.8. The work developed by the Appointments, Remuneration and Good 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 (3) 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.

As of 31 December 2025, the composition of the NCCGC is as follows:

Name	Position	Type	Date of Appointment
Mr. Peter Löscher	Chairman	Independent	April 17, 2020 (as Member) February 20, 2024 (appointment date as Chairman)
Ms. María Luisa García Blanco	Member	Independent	December 18, 2019
Mr. Carlos Ocaña Orbis	Member	Sunday	February 26, 2025
Ms. Ana María Sala Andrés	Member	Independent	July 29, 2025
D. César Mascaraque Alonso	Member	Independent	November 26, 2025

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 the fiscal year 2025 and until the date of approval of this Report, the most relevant actions carried out by the NCCGC have been the following:

Year 2025:

– 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 of appointments and re-elections related to the Board of Directors and its Committees, and to the Boards of Subsidiaries.

– Inform the Board of Directors regarding the termination of Mr José María Álvarez-Pallete López, and the proposal of the conditions related to said termination, and the appointment as Executive Director and Executive Chairman of Mr Marc Thomas Murtra Millar.

– Proposal of the contract to be signed with Mr Marc Thomas Murtra Millar, as new Executive Chairman.

– Proposal on the appointment of Board Member Mr Peter Löscher as Independent Coordinating Board Member.

– Inform the Board of Directors regarding the termination of Mr. Ángel Vilá Boix, and proposal of the conditions related to said termination, and the appointment as Executive Director and Chief Operating Officer (C.O.O.) of Mr. Emilio Gayo Rodríguez.

– Proposal of the contract to be signed with Mr Emilio Gayo Rodríguez, as new Chief Operating Officer (C.O.O.).

– Analysis of the organizational structure of the Telefónica Group, as well as other issues related to the staff.

– Assessment of objectives performance linked to the short-term variable remuneration of Executive Directors for the 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.

– Analysis of the total remuneration of the Executive Directors for the fiscal year 2025.

– Proposal to set and track the objectives linked to the short-term variable remuneration of the Executive Directors for the fiscal year 2025.

– Proposal of the Annual Directors' Remuneration Report, corresponding to the fiscal year 2024, for its submission to the Board of Directors and subsequent submission to the Ordinary General Shareholders' Meeting held on April 10, 2025.

– Proposal of the Annual Corporate Governance Report corresponding to the fiscal year 2024, for subsequent submission to the Board of Directors.

– Analysis of the results of the evaluation of the Board of Directors, its Committees and the General Meeting of Shareholders of Telefónica, S.A. corresponding to the fiscal year 2024.

Year 2026:

– Analysis of the total remuneration of the Executive Directors for the fiscal year 2026.

– Analysis of the results of the evaluation of the Board of Directors, its Committees and the General Meeting of Shareholders of Telefónica, S.A. corresponding to the fiscal year 2025.

– Assessment of objective performance linked to the Short-Term Variable Remuneration of the Executive Directors corresponding to the fiscal year 2025..

– Assessment of objectives performance linked to the Third Cycle (2023-2025) of the Long-Term Incentive Plan (2021-2025) approved by the General Shareholders' Meeting of 2021.

– Proposal to set the objectives linked to the Variable Short-Term Remuneration of the Executive Directors for the fiscal year 2026.

– Proposal to set the objectives linked to the Third Cycle (2026-2028) of the Long-Term Incentive Plan 2024-2028 approved by the 2024 General Shareholders' Meeting.

– Proposal of the Directors' Remuneration Policy, for its submission to the Board of Directors and subsequent submission to the Ordinary General Shareholders' Meeting to be held in 2026.

– Proposed Annual Directors' Remuneration Report, corresponding to the fiscal year 2025, for its submission to the Board of Directors and subsequent submission to the Ordinary General Meeting of Shareholders to be held in 2026.

– Proposal for the Annual Corporate Governance Report corresponding to the fiscal year 2025, for subsequent 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 firms Gómez-Acebo & Pombo and Garrigues have participated in its review and in the preparation of the Remuneration Policy.

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 payment of variable remuneration only occurs after the date of formulation and audit of the corresponding annual accounts, and after having been able to determine the degree of achievement of the operational and financial objectives.
- Long-Term Incentive Plans, with three (3) year cycles, interrelate annual results and favor alignment with long-term interests, promoting prudent decisions.
- The Board of Directors, at the proposal of the NCCGC, may agree to the re-evaluation or modification of the remuneration linked to results in the event of significant internal or external changes that evidence the need to review them.
- Possibility that (i) the variable remuneration pending to be paid (malus) is cancelled in whole or in part, and/or (ii) any variable remuneration element is recovered in whole or in part within thirty-six (36) months after its payment (clawback), when certain exceptional circumstances occur that affect the Company's results, or result from inappropriate conduct by the Executive Director.
- The Audit and Control Committee participates in the decision-making process related to the short-term variable remuneration of the Executive Directors, by verifying the economic-financial and non-financial data that may be part of the objectives established in said remuneration, since it is necessary that, firstly, this Committee previously verifies the results of the Company, as a basis for the calculation of the corresponding objectives.

Consistency with Company strategy and long-term and sustainable results

Telefónica's Policy has the following characteristics that ensure consistency with the Company's long-term strategy, interests and sustainability:

- Remuneration policy consistent with the Company's Strategic Plan and aimed at achieving long-term results:
  a. The total remuneration of the Executive Directors is composed of different remuneration elements consisting mainly of: (i) a Fixed remuneration, (ii) a Short-Term Variable Remuneration and (iii) a Long-Term Variable remuneration.
  b. Variable remuneration is linked to the achievement of a combination of economic-financial, value creation and sustainability, environmental or good governance objectives, which are concrete, predetermined and quantifiable, and aligned with Telefónica's interest and strategy.
  c. Long-term variable remuneration plans are enrolled in a multi-year framework, to ensure that the evaluation process is based on long-term results and takes into account the Company's underlying business cycle. This remuneration is granted and paid in the form of shares on the basis of value creation, so that the interests of the Directors are aligned with those of the shareholders. In addition, they are overlapping cycles that, as a general rule, are chained indefinitely while maintaining a permanent focus on the long-term concept in all decisions.
  d. 100% of the shares that are delivered under the Long-Term Variable Remuneration to the Executive Directors will be subject to a retention period of two (2) years. In addition, if an Executive Director has not reached the number of shares subject to the commitment of permanent holding of shares, the retention period of the shares that, where appropriate, he/she receives derived from any variable remuneration system, would increase up to three (3) years.
- Executive Directors have a variable remuneration system whereby they must meet a certain threshold in order to be entitled to payment. The percentage of short- and long-term variable remuneration is significant in relation to total remuneration.

5.1.10. Remuneration of members of Senior Management (not Directors)

See Annex II (Remuneration to the Board and Senior Management) of the Consolidated Annual Accounts of Telefónica corresponding to the fiscal year 2025.

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, 2025.

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	3,609,217,510	63.65 %

	Number	% cast
Votes against	420,511,493	11.65 %
Votes in favour	2,611,713,942	72.36 %
Blank ballots	—	— %
Abstentions	576,992,075	15.99 %

C. Itemised individual remuneration accrued by each Director

Name	Type	Period of accrual in 2025
MR. MARC THOMAS MURTRA MILLAR	Executive Chairman	From 18/01/2025 to 31/12/2025
MR. ISIDRO FAINÉ CASAS	Propietary Vice Chairman	From 01/01/2025 to 31/12/2025
MR. JOSÉ MARÍA ABRIL PÉREZ	Propietary Vice Chairman	From 01/01/2025 to 31/12/2025
MR. CARLOS OCAÑA ORBIS	Propietary Vice Chairman	From 01/01/2025 to 31/12/2025
MR. EMILIO GAYO RODRÍGUEZ	Chief Operating Officer	From 06/03/2025 to 31/12/2025
MR. OLAYAN M. ALWETAID	Propietary Director	From 26/02/2025 to 31/12/2025
MS. MARÍA LUISA GARCÍA BLANCO	Independent Director	From 01/01/2025 to 31/12/2025
MR. PETER LÖSCHER	Independent Director	From 01/01/2025 to 31/12/2025
MS. ANNA MARTÍNEZ BALAÑÁ	Independent Director	From 29/07/2025 to 31/12/2025
MR. CÉSAR MASCARAQUE ALONSO	Independent Director	From 22/10/2025 to 31/12/2025
MS. MÓNICA REY AMADO	Independent Director	From 29/07/2025 to 31/12/2025
MR. ALEJANDRO REYNAL AMPLE	Independent Director	From 01/01/2025 to 31/12/2025
MS. ANA MARÍA SALA ANDRÉS	Independent Director	From 26/02/2025 to 31/12/2025
MS. CLAUDIA SENDER RAMÍREZ	Independent Director	From 01/01/2025 to 31/12/2025
MS. SOLANGE SOBRAL TARGA	Independent Director	From 01/01/2025 to 31/12/2025
MR. JOSÉ MARÍA ÁLVAREZ-PALLETE LÓPEZ	Executive Chairman	From 01/01/2025 to 18/01/2025
MR. ÁNGEL VILÁ BOIX	Chief Operating Officer	From 01/01/2025 to 06/03/2025
MR. FRANCISCO JAVIER DE PAZ MANCHO	Other External Director	From 01/01/2025 to 22/10/2025
MS. VERÓNICA PASCUAL BOÉ	Independent Director	From 01/01/2025 to 29/07/2025
MR. FRANCISCO JOSÉ RIBERAS MERA	Independent Director	From 01/01/2025 to 26/02/2025
MS. MARÍA ROTONDO URCOLA	Independent Director	From 01/01/2025 to 29/07/2025

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 2025	Total in 2024
MR. MARC THOMAS MURTRA MILLAR	0	0	0	1,835	3,293	0	0	0	5,128	0
MR. ISIDRO FAINÉ CASAS	200	0	80	0	0	0	0	0	280	280
MR. JOSÉ MARÍA ABRIL PÉREZ	200	9	91	0	0	0	0	0	300	301
MR. CARLOS OCAÑA ORBIS	187	19	101	0	0	0	0	0	307	338
MR. EMILIO GAYO RODRÍGUEZ	0	0	0	1,190	1,984	0	0	0	3,174	0
MR. OLAYAN M. ALWETAID	100	0	0	0	0	0	0	0	100	0
MS. MARÍA LUISA GARCÍA BLANCO	120	25	101	0	0	0	0	0	246	192
MR. PETER LÖSCHER	193	23	114	0	0	0	0	0	330	260
MS. ANNA MARTÍNEZ BALAÑÁ	50	0	0	0	0	0	0	0	50	0
MR. CÉSAR MASCARAQUE ALONSO	20	0	8	0	0	0	0	0	28	0
MS. MÓNICA REY AMADO	50	3	5	0	0	0	0	0	58	0
MR. ALEJANDRO REYNAL AMPLE	120	0	1	0	0	0	0	0	121	120
MS. ANA MARÍA SALA ANDRÉS	100	10	16	0	0	0	0	0	126	0
MS. CLAUDIA SENDER RAMÍREZ	120	0	80	0	0	0	0	0	200	201
MS. SOLANGE SOBRAL TARGA	120	9	11	0	0	0	0	0	140	141
MR. JOSÉ MARÍA ÁLVAREZ-PALLETE LÓPEZ	0	0	0	93	0	0	23,526	0	23,619	5,437
MR. ÁNGEL VILÁ BOIX	0	0	0	292	0	0	17,378	0	17,670	4,036
MR. FRANCISCO JAVIER DE PAZ MANCHO	100	18	95	0	0	0	0	0	213	259
MS. VERÓNICA PASCUAL BOÉ	70	8	7	0	0	0	0	0	85	143
MR. FRANCISCO JOSÉ RIBERAS MERA	20	0	0	0	0	0	0	0	20	120
MS. MARÍA ROTONDO URCOLA	70	14	13	0	0	0	0	0	97	167

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

		Financial instruments at start of 2025								Instruments matured but not exercised	Financial instruments at end of 2025	
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. MARC THOMAS MURTRA MILLAR	Performance Share Plan (PSP) 2025-2027 (Second Cycle)	0	0	916,000	916,000	0	0	0	0	0	916,000	916,000
MR. EMILIO GAYO RODRÍGUEZ	Performance Share Plan (PSP) 2022-2024 (Second Cycle)	283,000	283,000	0	0	283,000	283,000	€ 4.28	1,211	0	0	0
	Performance Share Plan (PSP) 2023-2025 (Third Cycle)	316,000	316,000	0	0	0	0	0	0	0	316,000	316,000
	Performance Share Plan (PSP) 2024-2026 (First Cycle)	326,000	326,000	0	0	0	0	0	0	0	326,000	326,000
	Performance Share Plan (PSP) 2025-2027 (Second Cycle)	0	0	622,000	622,000	0	0	0	0	0	622,000	622,000
MR. JOSÉ MARÍA ÁLVAREZ-PALLETE LÓPEZ	Performance Share Plan (PSP) 2022-2024 (Second Cycle)	995,000	995,000	0	0	995,000	995,000	€ 3.94	3,917	0	0	0
	Performance Share Plan (PSP) 2023-2025 (Third Cycle)	1,110,000	1,110,000	0	0	1,110,000	725,570	€ 3.94	2,857	0	0	0
	Performance Share Plan (PSP) 2024-2026 (First Cycle)	1,015,000	1,015,000	0	0	1,015,000	259,959	€ 3.94	1,023	0	0	0

MR. ÁNGEL VILÁ BOIX	Performance Share Plan (PSP) 2022-2024 (Second Cycle)	745,000	745,000	0	0	745,000	745,000	€ 4.30	3,204	0	0	0
	Performance Share Plan (PSP) 2023-2025 (Third Cycle)	831,000	831,000	0	0	831,000	559,780	€ 4.30	2,408	0	0	0
	Performance Share Plan (PSP) 2024-2026 (First Cycle)	760,000	760,000	0	0	760,000	202,782	€ 4.30	872	0	0	0

Notes:

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

- The shares delivered in March 2025 derived from the Second Cycle of the Long-Term Incentive Plan approved by the 2021 Annual General Shareholders' Meeting, whose performance period covered the period 2022-2024, are included as "consolidated." With regard to this Second Cycle of the 2022-2024 Long-Term Incentive Plan, the Executive Chairman was paid up to January 18, 2025 (Mr. José María Álvarez-Pallete López) 3,917,315 euros, equivalent to the value of 995,000 shares, and to the Chief Executive Officer until March 6, 2025 (Mr. Ángel Vilá Boix) 3,204,245 euros, equivalent to the value of 745,000 shares. These shares have been valued considering the delivery date.
- The shares granted to Mr. Emilio Gayo Rodríguez under the Third Cycle of the Long-Term Incentive Plan approved by the 2021 Annual General Meeting of Shareholders, despite the fact that their performance period covered the period 2023-2025, and that 50% will be delivered in March 2026, should be understood as unconsolidated and unexpired at the end of the 2025 financial year. However, in the case of Mr. José María Álvarez-Pallete López and Mr. Ángel Vilá Boix, the proportional part of the incentive is included as "consolidated," once the objectives have been measured according to the latest data available before the dates of termination, and the incentives have been prorated based on the time that these former Executive Directors participated in the aforementioned cycle. In this regard, the equivalent value in euros of the shares derived from the First Cycle 2024-2026 of the Long-Term Incentive Plan approved by the 2024 General Shareholders' Meeting is also included.

iii) Long-term saving systems

Name	Remuneration from consolidation of rights to savings system (thousand €)
Mr. Marc Thomas Murtra Millar	83
Mr. Emilio Gayo Rodríguez	59
Mr. José María Álvarez-Pallete López	13,092
Mr. Ángel Vilá Boix	9,712

	Contribution over the year from the company (thousand €)				Amount of accumulated funds (thousand €)			
	Savings systems with consolidated economic rights		Savings systems with unconsolidated economic rights		Systems with consolidated economic rights		Systems with unconsolidated economic rights	
Name	2025 Year	2024 Year	2025 Year	2024 Year	2025 Year	2024 Year	2025 Year	2024 Year
Mr. Marc Thomas Murtra Millar	83	0	562	0	83	0	583	0
Mr. Emilio Gayo Rodríguez	59	0	360	0	474	0	4,832	0
Mr. José María Álvarez-Pallete López	6	132	26	541	14,718	1,619	0	12,851
Mr. Ángel Vilá Boix	13	72	89	488	10,794	1,084	0	10,138

iv) Details of other items

Name	Item	Remuneration Amount
Mr. Marc Thomas Murtra Millar	Health Insurance Premium	6
Mr. Marc Thomas Murtra Millar	Life Insurance Premium	42
Mr. Emilio Gayo Rodríguez	Health Insurance Premium	1
Mr. Emilio Gayo Rodríguez	Life Insurance Premium	51
Mr. Emilio Gayo Rodríguez	Company Vehicle	14
Mr. José María Álvarez-Pallete López	Health Insurance Premium	1
Mr. José María Álvarez-Pallete López	Life Insurance Premium	2
Mr. Ángel Vilá Boix	Health insurance premium	2
Mr. Ángel Vilá Boix	Life insurance premium	5
Mr. Ángel Vilá Boix	Company vehicle	4

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 2025	Total in 2024
MR. MARC THOMAS MURTRA MILLAR	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. CARLOS OCAÑA ORBIS	0	0	0	0	0	0	0	0	0	0
MR. EMILIO GAYO RODRÍGUEZ	0	0	0	0	0	0	0	0	0	0
MR. OLAYAN M. ALWETAID	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	133	0	0	0	0	0	0	0	133	126
MS. ANNA MARTÍNEZ BALAÑÁ	0	0	0	0	0	0	0	0	0	0
MR. CÉSAR MASCARAQUE ALONSO	16	0	0	0	0	0	0	0	16	0
MS. MÓNICA REY AMADO	0	0	0	0	0	0	0	0	0	0
MR. ALEJANDRO REYNAL AMPLE	0	0	0	0	0	0	0	0	0	0
MS. ANA MARÍA SALA ANDRÉS	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	82	0	0	0	0	0	0	0	82	86
MR. JOSÉ MARÍA ÁLVAREZ- PALLETE LÓPEZ	0	0	0	0	0	0	0	0	0	0
MR. ÁNGEL VILÁ BOIX	0	0	0	0	0	0	0	0	0	0
MR. FRANCISCO JAVIER DE PAZ MANCHO	220	0	0	0	0	0	0	129	349	328
MS. VERÓNICA PASCUAL BOÉ	54	0	0	0	0	0	0	37	91	155
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

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

		Financial instruments at start of 2025		Financial instruments granted at start of 2025		Financial instruments consolidated during the year				Instruments matured but not exercised	Financial instruments at end of 2025	
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
No data												

iii) Long-term saving systems

Name	Remuneration from consolidation of rights to savings system
No data	

	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	
Name	Year 2025	Year 2024	Year 2025	Year 2024	Year 2025	Year 2024	Year 2025	Year 2024
Mr. Marc Thomas Murtra Millar	0	0	0	0	0	0	0	0
Mr. Emilio Gayo Rodríguez	0	0	0	0	243	0	0	0
Mr. José María Álvarez-Pallete López	0	0	0	0	188	187	0	0
Mr. Ángel Vilá Boix	0	0	0	0	25	25	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 €).

	Remuneration accrued in the company					Remuneration accrued in group companies					
Name	Total cash remuneration	Gross profit of consolidated shares or financial instruments	Remuneration for savings systems	Remuneration for other items	Total 2025 company	Total cash remuneration	Gross profit of consolidated shares or financial instruments	Remuneration for saving systems	Remuneration for other items	Total 2025 group	Total 2025 company + group
MR. MARC THOMAS MURTRA MILLAR	5,128	0	83	48	5,259	0	0	0	0	0	5,259
MR. ISIDRO FAINÉ CASAS	280	0	0	0	280	0	0	0	0	0	280
MR. JOSÉ MARÍA ABRIL PÉREZ	300	0	0	0	300	0	0	0	0	0	300
MR. CARLOS OCAÑA ORBIS	307	0	0	0	307	0	0	0	0	0	307
MR. EMILIO GAYO RODRÍGUEZ	3,174	1,211	59	66	4,510	0	0	0	0	0	4,510
MR. OLAYAN M. ALWETAID	100	0	0	0	100	0	0	0	0	0	100
MS. MARÍA LUISA GARCÍA BLANCO	246	0	0	0	246	88	0	0	0	88	334
MR. PETER LÖSCHER	330	0	0	0	330	133	0	0	0	133	463
MS. ANNA MARTÍNEZ BALAÑÁ	50	0	0	0	50	0	0	0	0	0	50
MR. CÉSAR MASCARAQUE ALONSO	28	0	0	0	28	16	0	0	0	16	44
MS. MÓNICA REY AMADO	58	0	0	0	58	0	0	0	0	0	58
MS. ALEJANDRO REYNAL AMPLE	121	0	0	0	121	0	0	0	0	0	121
MS. ANA MARÍA SALA ANDRÉS	126	0	0	0	126	0	0	0	0	0	126
MS. CLAUDIA SENDER RAMÍREZ	200	0	0	0	200	133	0	0	0	133	333
MS. SOLANGE SOBRAL TARGA	140	0	0	0	140	82	0	0	0	82	222

MR. JOSÉ MARÍA ÁLVAREZ-PALLETE LÓPEZ	23,619	7,797	13,092	2	44,510	0	0	0	0	0	44,510
MR. ÁNGEL VILÁ BOIX	17,670	6,484	9,712	10	33,876	0	0	0	0	0	33,876
MR. FRANCISCO JAVIER DE PAZ MANCHO	213	0	0	0	213	349	0	0	0	349	562
MS. VERÓNICA PASCUAL BOÉ	85	0	0	0	85	91	0	0	0	91	176
MR. FRANCISCO JOSÉ RIBERAS MERA	20	0	0	0	20	0	0	0	0	0	20
MS. MARÍA ROTONDO URCOLA	97	0	0	0	97	0	0	0	0	0	97
TOTAL	52,292	15,492	22,946	126	90,856	892	0	0	0	892	91,748

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 2025/2024:

- The increase in the total remuneration of Mr. José María Álvarez-Pallete López and Mr. Ángel Vilá Boix is mainly due to the fact that in fiscal year 2025, as a result of their termination by unilateral decision of the Company, they have accrued and consolidated the following compensation:

(i) severance payments;

(ii) recognition of the economic rights related to the Telefónica Executive Pension Plan, which will not be received until the events provided for in the policy occur (retirement, early retirement, permanent incapacity for work in the degrees of total or absolute incapacity or severe disability, and death);

(iii) proportional amount of the Incentive corresponding to the First Cycle (2024-2026) of the 2024-2028 Long-Term Incentive Plan, and the Third Cycle (2023-2025) of the 2021-2025 Long-Term Incentive Plan, once the objectives established in each case have been measured, in accordance with the latest data available prior to the dates of termination, and the incentives have been prorated based on the time during which the former Executive Directors participated in the aforementioned cycles;

(iv) amount paid in 2025 derived from the Second Cycle (2022-2024) of the 2021-2025 Long-Term Incentive Plan, which was not reported in 2024 following the criteria communicated by the CNMV to Telefónica in relation to the reporting of Long-Term Variable Remuneration amounts (in that fiscal year 2024, the shares delivered under the First Cycle 2021-2023 were reported).

- Consolidated results of the Company: the change in the Consolidated results of the Company for fiscal year 2024 is due to the fact that the 2024 results have been restated to present the results of Telefónica Móviles Argentina, Telefónica del Perú, Otecel, Telefónica Móviles del Uruguay and Colombia Telecomunicaciones, among other companies of smaller scale based in Hispanoamerica, as discontinued operations.

- Average Employee Remuneration: the change of the average employee remuneration results of the Company for fiscal year 2024 is due to the fact that the 2024 results have been restated to present the results of Telefónica Móviles Argentina, Telefónica del Perú, Otecel, Telefónica Móviles del Uruguay and Colombia Telecomunicaciones, among other companies of smaller scale based in Hispanoamerica, as discontinued operations.

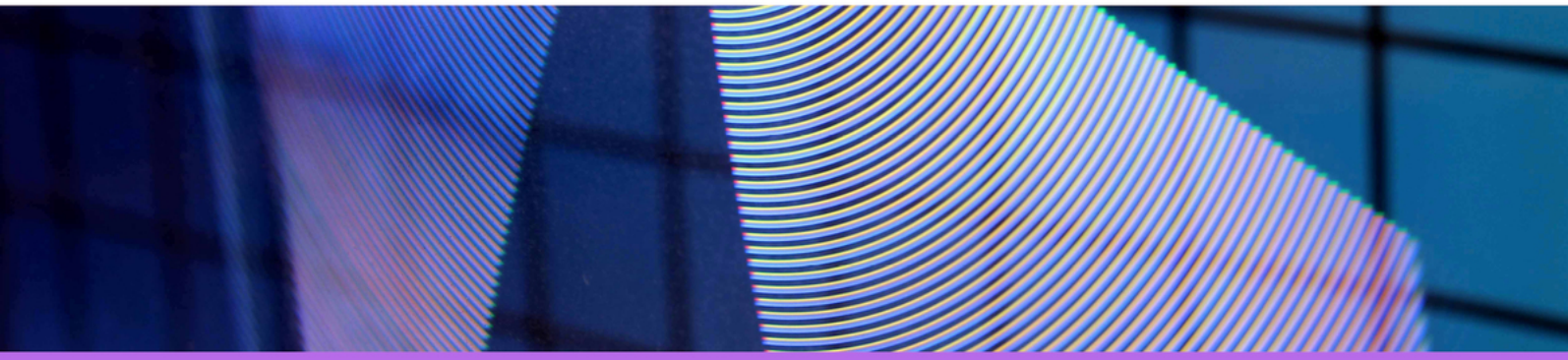
	Total amounts accrued and % annual variation								
	Year 2025	% variation 2025/2024	Year 2024	% variation 2024/2023	Year 2023	% variation 2023/2022	Year 2022	% variation 2022/2021	Year 2021
EXECUTIVE DIRECTORS									
MR. MARC THOMAS MURTRA MILLAR	5,259	-	0	0.00	0	0.00	0	0.00	0
MR. EMILIO GAYO RODRÍGUEZ	4,510	-	0	0.00	0	0.00	0	0.00	0
MR. JOSÉ MARÍA ÁLVAREZ-PALLETE LÓPEZ	44,510	361.29	9,649	52.67	6,320	-6.88	6,787	-22.21	8,725
MR. ÁNGEL VILÁ BOIX	33,876	371.29	7,188	53.59	4,680	-6.42	5,001	-24.52	6,626
EXTERNAL DIRECTORS									
MR. ISIDRO FAINÉ CASAS	280	0.00	280	0.00	280	0.00	280	0.00	280
MR. JOSÉ MARÍA ABRIL PÉREZ	300	-0.33	301	0.00	301	0.33	300	-0.66	302
MR. CARLOS OCAÑA ORBIS	307	106.04	149	0.00	0	0.00	0	0.00	0
MR. OLAYAN M. ALWETAID	100	0.00	0	0.00	0	0.00	0	0.00	0
MS. MARÍA LUISA GARCÍA BLANCO	334	19.29	280	-2.10	286	0.35	285	31.94	216
MR. PETER LÖSCHER	463	19.95	386	2.39	377	0.27	376	7.12	351
MS. ANNA MARTÍNEZ BALAÑÁ	50	0.00	0	0.00	0	0.00	0	0.00	0
MR. CÉSAR MASCARAQUE ALONSO	44	0.00	0	0.00	0	0.00	0	0.00	0
MS. MÓNICA REY AMADO	58	0.00	0	0.00	0	0.00	0	0.00	0
MR. ALEJANDRO REYNAL AMPLE	121	0.83	120	0.00	0	0.00	0	0.00	0
MS. ANA MARÍA SALA ANDRÉS	126	0.00	0	0.00	0	0.00	0	0.00	0
MS. CLAUDIA SENDER RAMÍREZ	333	-0.30	334	13.22	295	2.43	288	45.45	198
MS. SOLANGE SOBRAL TARGA	222	-2.20	227	0.00	0	0.00	0	0.00	0
MR. FRANCISCO JAVIER DE PAZ MANCHO	562	-4.26	587	-3.93	611	1.16	604	5.59	572
MS. VERÓNICA PASCUAL BOÉ	176	-40.94	298	15.06	259	30.81	198	40.43	141
MR. FRANCISCO JOSÉ RIBERAS MERA	20	-83.33	120	0.00	120	0.00	120	0.00	120
MS. MARÍA ROTONDO URCOLA	97	-41.92	167	0.60	166	2.47	162	362.86	35
CONSOLIDATED RESULTS OF THE COMPANY	-1,403	-	2,589	-	-1,473	-	2,960	-75.53	12,095
AVERAGE EMPLOYEE REMUNERATION	91	89.58	48	-30.43	69	27.78	54	-12.90	62

D. Other Information of Interest

This annual remuneration report has been approved by the Board of Directors of the company on February 23, 2026.

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

No



6. Other information

Other information

6.1. Liquidity and Capital Resources

6.2. Treasury shares

6.3. Events after close

6.4. Average payment period of the Spanish companies

6.5. Glossary of terms

6.1. Liquidity and Capital Resources

Financing

During 2025, Telefónica obtained financing (excluding the refinancing of euro commercial paper and short-term banking loans) totaling 7,862 million euros at the Group level and 6,299 million euros were obtained by VMO2 (the joint venture in the UK with Liberty Global plc). Telefónica's financing activity was focused on maintaining a solid liquidity position, as well as refinancing and maintaining long-term debt maturities.

The main financing transactions carried out in the bond market in 2025 are as follows:

			Nominal (millions)			
Item	Date	Maturity Date	Currency	Euros	Currency of issuance	Coupon
Telefónica Emisiones, S.A.U.						
EMTN Bond	01/23/2025	01/23/2034	1,000	1,000	EUR	3.724 %
EMTN Bond	25/06/2025	06/25/2035	750	750	EUR	3.941 %
EMTN Bond	07/08/2025	07/08/2032	130	140	CHF	1.328 %

The main financing transaction carried out in the bank market in 2025 is as follows:

- On January 13, 2025, Telefónica, S.A. signed an extension with respect to its sustainability-linked syndicated credit facility for up to 5,500 million euros for an additional year (extending the maturity date to January 13, 2030). Additionally, Telefónica signed 2 extension options for P1Y additional year each, permitting Telefónica, S.A.,to extend the maturity date of the credit facility to January 13, 2032.
- On June, 2025, Telefónica, S.A. drew down 125 million euros of its bilateral loan signed on January 15, 2025, and maturing on January 15, 2035.
- On November 11, 2025, Telefónica, S.A. signed and drew down 100 million euros of its bilateral loan maturing on November 19, 2032.

Availability of funds

As of December 31, 2025, Telefónica's liquidity, amounting to 17,432 million euros, includes: undrawn committed credit facilities arranged with banks for an amount of 10,007 million euros (of which 9,667 million euros maturing in more than 12 months); and cash equivalents and certain current financial assets.

Additional information on sources of liquidity and undrawn lines of credit available to the Company, on liquidity risk management, on the Company's debt levels, and on capital management is provided in Notes 17, 18 and 19 to the consolidated financial statements.

Contractual commitments

Note 26 to the consolidated financial statements provides information on firm commitments giving rise to future cash outflows and associated with purchases and services received in relation to the Company's principal activity, and any low value assets and short-term leases related to the Company's activity, primarily.

Credit risk management

The Telefónica Group considers customer credit risk management as a key element to achieve its business and customer base growth targets in a sustainable way. This management approach relies on the active evaluation of the risk-reward balance within the commercial operations and on the adequate separation between the risk ownership and risk management functions.

Formal delegation of authority procedures and management practices are implemented in the different Group companies, taking into account benchmark risk management techniques but adapted to the local characteristics of each market. Commercial debtors that may cause a relevant impact on the Telefónica Group consolidated financial statements and increased risk profile products - due to customer target, term, channels or other commercial characteristics - are subject to specific management practices in order to mitigate the exposure to credit risk. These procedures include:

- Statistical and expert models for customer acquisition that are used to forecast and to manage the customer expected probability of default.
- Decision tools allowing the implementation of tailored credit strategies by product, channel, geography and type of customer.
- Continuous monitoring of the payment behavior and solvency of the customer portfolio.
- Internal and external collection processes designed to increase recovery through differentiated actions by debt age and customer profile.
- Ongoing controls over the credit risk exposure.

The customer credit risk management strategy is embedded in the day-to-day operational processes guiding both the product and services available for the different customer profile and the management practices all through the customer life-cycle.

Credit rating

At December 31, 2025, Telefónica, S.A.'s long-term issuer default rating is "BBB stable outlook" from Fitch, "BBB- stable outlook" from Standard & Poor's and "Baa3 stable outlook" from Moody's. During this year, there have not been changes in the long-term credit ratings by any of the three agencies. Last changes in the credit ratings took place in 2020 when Standard and Poor's revised the outlook to "negative" from "stable" on April 1, 2020 and later, on November 20, 2020 downgraded the rating to "BBB - stable" from "BBB negative". On November 7, 2016 Moody's downgraded the rating to "Baa3 stable" from "Baa2 negative" and on September 5, 2016 Fitch downgraded the rating to "BBB stable" from "BBB+ stable".

In 2025, measures taken to protect the credit rating included an active portfolio management, through the gradual reduction of the exposure in Latin America. In this regard, TLH Holdco, S.L.U., a company 100% owned by Telefonica, has sold all the shares that it holds in Telefónica Móviles Argentina, S.A. Telefónica Hispanoamérica, S.A., a wholly owned subsidiary of Telefónica, has sold all the shares it holds in Telefónica del Perú S.A.A., in Telefónica Móviles del Uruguay S.A. and in Otecel S.A. (Telefónica Ecuador), and has reached an agreement for the sale of all the shares it holds in Colombia Telecomunicaciones S.A. E.S.P. BIC, subject to certain closing conditions, including the relevant regulatory approvals..

Telefónica, during its Capital Markets Day held on November 4th, has announced a new Strategic plan (Transform & Grow plan) up to 2030, including measures to improve the financial flexibility, such as the reduction of the dividend payment in 2026 and the transition to a more sustainable remuneration model that will be tied to the free cash flow evolution, and an employee's restructuring process, allowing the capture of savings, among other measures. .

In addition, Telefonica maintains a solid liquidity position and conservative approach to debt refinancing, as the Group took advantage of low refinancing rates to extend average debt life and smooth its maturity profile in coming years.

Dividend policy

Dividend policy is an integral part of Telefónica´s Capital Allocation strategy and will be the outcome of Telefonica's free cash flow after investing in Telefónica's future and ensuring the right financial leverage.

In February 2024, Telefónica announced the dividend policy for the year 2024, which consisted of an amount of 0.30 euros per share in cash, payable in December 2024 (0.15 euros per share) and in June 2025 (0.15 euros per share).

The Annual General Shareholders Meeting held on April 12, 2024 approved the Proposals of the cash dividend paid in June 2024 and December 2024.

In February 2025, Telefónica announced the dividend policy for the year 2025, which consisted of an amount of 0.30 euros per share in cash, payable in December 2025 (0.15 euros per share) and in June 2026 (0.15 euros per share).

The Annual General Shareholders Meeting held on April 10, 2025 approved the Proposals of the cash dividend paid in June 2025 and December 2025.

6.2. Treasury shares

Telefónica has performed, and may consider performing, transactions with treasury shares and financial instruments or contracts that confer the right to acquire treasury shares or assets whose underlying is Company shares.

Treasury share transactions will always be for legitimate purposes, including:

- Undertaking treasury share acquisitions approved by the Board of Directors or pursuant to General Shareholders' Meeting resolutions.
- Honoring previous legitimate commitments assumed.
- Covering requirements for shares to allocate to employees and management under stock option plans.
- Other purposes in accordance with prevailing legislation. In the past, treasury shares purchased on the stock market were exchanged for other shares-securities (as in the case of preferred capital securities), swapped for stakes in other companies (e.g. the share exchange with KPN) acquired to reduce the number of shares in circulation (by redeeming the shares acquired), thereby boosting earnings per share, the delivery of treasury shares in exchange for the acquisition of a stake in another company (such as the agreement with Prosegur Compañía de Seguridad, S.A.).

Treasury share transactions will not be performed in any event based on privileged information or in order to intervene in free price formation. In particular, any of the conduct referred to in Articles 83.ter.1 of the Spanish Securities Market Law and 2 of Royal Decree 1333/2005 of November 11 implementing the Spanish Securities Market Law, with regards to market abuse will be avoided.

For more information see Note 17.h) "Treasury share instruments" of the Consolidated Annual Accounts for the year ended December 31, 2025.

6.3. Events after the reporting period

Information concerning events after the reporting period is provided in Note 31 of the Consolidated Annual Accounts for the year ended December 31, 2025.

6.4. Average payment period of the Spanish companies

Information concerning average payment period of the Spanish companies is provided in Note 22, "*Information on average payment period to suppliers. Third additional provision, "Information requirement" of Law 15/2010 of July 5.*"of the Consolidated Annual Accounts for the year ended December 31, 2025.

6.5. Glossary of terms

Below are definitions of certain technical terms used in this Annual Report:

"5G" is a technology succeeding the mobile technology called 4G. The aim is to make the navigation experience and Internet downloads more agile.

"Access" refers to a connection to any of the telecommunications services offered by Telefónica. A single fixed customer may contract for multiple services, and Telefónica believes that it is more useful to count the number of accesses a customer has contracted for, rather than to merely count the number of its customers. For example, a customer that has fixed line telephony service and broadband service is counted as two accesses rather than as one customer.

"ARPU" is total mobile service revenues during the relevant period divided by the average number of retail accesses (based on the beginning and the month-end number of retail accesses during such period), divided by the number of months in such period.

"Artificial Intelligence" is intelligent tasks carried out by machines.

"AWS" or Amazon Web Services refers to Amazon's service platform offering data base storage, content delivery and other functionalities that can help a business to grow. It is also more secure than a physical server.

"B2B" or business to business is the business segment.

"B2C" or business to customer is the residential segment.

"Bundle" refers to a combination of products that combine fixed services (wirelines, broadband and television) and mobile services.

"CATV" or community antenna television is a system of delivering television programming to consumers via radio frequency (RF) signals transmitted through coaxial cables, or in more recent systems, via light pulses through fiber-optic cables.

"Churn" is the percentage of disconnections over the average customer base in a given period, divided by the number of months in such period.

"Cloud computing" is a service whereby shared resources, software and information are provided to computers and other devices as a utility over a network (typically, the Internet).

"Cloud Phone" is an application that allows the transfer of files between two smartphones in a simple way.

"Commercial activity" includes the addition of new lines, replacement of handsets, migrations and disconnections.

"Connected car" is a vehicle equipped with Internet access and generally through a local wireless network or satellite.

"Convergent" refers to the offer of a fixed service together with a mobile service.

"Data ARPU" is data revenues during the relevant period divided by the average number of retail accesses (based on the beginning and the month-end number of retail accesses during such period), divided by the number of months in such period.

"Data revenues" include revenues from mobile data services such as mobile connectivity and mobile Internet, premium messaging, downloading ringtones and logos, mobile mail and SMS/MMS.

"Data traffic" includes all traffic from Internet access, messaging (SMS, MMS) and connectivity services over Telefónica's network.

"DTH (Direct-To-Home)" is a technology used for the provision of TV services.

"Fixed telephony accesses" includes public switched telephone network (PSTN) lines (including public use telephony), integrated services digital network (ISDN) lines and circuits, "fixed wireless" and Voice over IP accesses.

"FTRs" or Fixed termination rates is an established fixed network tariff that applies when a customer makes a call to someone in a network operated by another operator.

"FTTH" or Fiber to Home is a telecommunications technology that consists of the use of fiber optic cabling and optical distribution systems for the provision of Internet services, Telephony IP and Television (IPTV) to homes, businesses and companies.

"FTTx" is a generic term for any broadband network architecture that uses optical fiber to replace all or part of the metal local loop.

"Gbps" means Gigabytes per second.

"GHz" means gigahertz.

"ICT" or information communication technology is the acquisition, processing, storage and dissemination of vocal, pictorial, textual and numerical information by a microelectronics-based combination of computing and telecommunications.

"Interconnection revenues" means revenues received from other operators which use Telefónica's networks to connect to or finish their calls and SMS or to connect to their customers.

"Internet and data accesses", "Fixed broadband accesses" or "FBB accesses" include broadband accesses (including retail asymmetrical digital subscriber line (ADSL), very high bit-rate digital subscriber line (VDSL), satellite, fiber optic and circuits over 2 Mbps), narrowband accesses (Internet service through the PSTN lines) and the remaining non-broadband final customer circuits. Internet and data accesses also include "Naked ADSL", which allows customers to subscribe for a broadband connection without a monthly fixed line fee.

"IoT" or Internet of Things refers to technologies that allow both mobile and wired systems to communicate with other devices with the same capability.

"IPTV" or Internet Protocol Television refers to distribution systems for television subscription signals or video using broadband connections over the IP protocol.

"ISDN" or Integrated Services Digital Network is a format commonly used for transmitting information through a digital high speed connection.

"Local loop" means the physical circuit connecting the network termination point at the subscriber's premises to the main distribution frame or equivalent facility in the fixed public telephone network.

"LTE" or Long-Term Evolution is a 4G mobile access technology.

"Market share" is the percentage ratio of the number of final accesses over the existing total market in an operating area.

"Mb" means Megabytes.

"MHz" means megahertz.

"MMS" or Multimedia Messaging Service is a standard messaging system allowing mobile phones to send and receive multimedia content, including sound, video and photos.

"Mobile accesses" include accesses to the mobile network for voice and/or data services (including connectivity). Mobile accesses are categorized into contract, prepay and IoT accesses.

"Mobile broadband" includes Mobile Internet (Internet access from devices also used to make voice calls such as smartphones), and Mobile Connectivity (Internet access from devices that complement fixed broadband, such as PC Cards/dongles, which enable large amounts of data to be downloaded on the move).

"MTR" or mobile termination rate is an established mobile network tariff that applies when a customer makes a call to someone in a network operated by another operator.

"MVNO" or mobile virtual network operator is a mobile operator that provides mobile services through another mobile operator. An MVNO pays a determined tariff to such mobile network operator for using the infrastructure to facilitate coverage to its customers.

"Net adds/Net loss" is the difference between the customer base as of the end of a certain period compared to December 31 of the prior year.

"OTT services" or over the top services means services provided through the Internet (such as television and video streaming).

"Pay TV" includes cable TV, direct to home satellite TV (DTH) and IPTV.

"p.p." means percentage points.

"PSTN" is Public Switched Telephone Network.

"Revenues" means net sales and revenues from rendering of services.

"Service revenues" are total revenues minus mobile handset sales. Service revenues are mainly related to

telecommunication services, especially voice- and data revenues (SMS and data traffic download and upload revenues) consumed by Telefónica's customers.

"SIM" means subscriber identity module, a removable intelligent card used in mobile handsets, USB modems, etc. to identify the user in the network.

"Smart Wi-Fi" is an application in which users can control their Wi-Fi network and the devices connected to it from their mobile.

"SMS" means short messaging service.

"STB (Set-top box)" is a device that converts a digital television signal to analogue for viewing on a conventional set, or that enables cable or satellite television to be viewed.

"Tbps" means terabytes per second.

"Tracker" is a special server which contains the information needed for users to connect with other users.

"UBB" or **Ultra Broadband** is the fiber-to-the-premise broadband which is capable of giving a minimum download speed of 100 Mbps and a minimum upload speed of 50 Mbps.

"Voice traffic" means voice minutes used by Telefónica's customers over a given period, both outbound and inbound.

"VoIP" means voice over Internet protocol.

"VPN" or Virtual Private Network extends a private network across a public network and enables users to send and receive data across shared or public network.

"Wholesale accesses" means accesses Telefónica provides to other companies, who then sell services over such accesses to their residential and corporate clients.

Telefónica

PABLO DE CARVAJAL GONZÁLEZ, SECRETARY OF THE BOARD OF DIRECTORS OF TELEFÓNICA, S.A.

I HEREBY CERTIFY

That the Consolidated Financial Statements - Consolidated Annual Accounts- (Statement of Financial Position, Income Statement, Statement of Comprehensive Income, Statement of Changes in Equity, Statement of cash flows and Notes to the Consolidated Financial Statements (Consolidated Financial Statements) and the Consolidated Management Report (which includes the Consolidated Non-Financial and Sustainability information Statement) of Telefónica, S.A. and the subsidiaries composing its Group, corresponding to Fiscal Year 2025, have been approved by resolution of the Board of Directors of the Company validly adopted today.

That, in accordance with the provisions of article 253.2 of the Consolidated Text of the Spanish Corporate Enterprises Act, in accordance with article 44.6 of the Commercial Code, the Directors who are members of the Board of Directors of Telefónica, S.A. have signed the said documents on this sheet, the last of the said documents.

February 23, 2026

Secretary of the Board of Directors

Mr. Marc Thomas Murtra Millar
Chairman

Mr. Isidro Fainé Casas
Vice-Chairman

Mr. José María Abril Pérez
Vice-Chairman

Mr. Carlos Ocaña Orbis
Vice-Chairman

Registro Mercantil Provincia de Madrid, Hoja M-6164, Folio 21, Tomo 12.534, Inscripción 1359ª, del Libro de Sociedades, CIF: A-28/015865 Sede Social Gran Vía 28, 28013 Madrid.

Mr. Emilio Gayo Rodríguez
Chief Operating Officer

Mr. Olayan M. Alwetaid
Director

Ms. María Luisa García Blanco
Director

Mr. Peter Löscher
Director

Ms. Anna Martínez Balañá
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Mr. César Mascaraque Alonso
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Director

Ms. Solange Sobral Targa
Director

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STATEMENT OF RESPONSIBILITY FOR THE ANNUAL FINANCIAL INFORMATION

The Directors of Telefónica, S.A. state that, to the best of their knowledge, the Consolidated Financial Statements (Consolidated Annual Accounts) of Telefónica, S.A. and subsidiaries composing the Telefónica Group for Fiscal Year 2025, approved by the Board of Directors at its meeting of February 23, 2026 and prepared in accordance with applicable accounting standards, present a fair view of the assets, financial condition and results of operations of Telefónica, S.A. and of the companies included in its scope of consolidation, taken as a whole, and that the Consolidated Management Report (which include the Consolidated Non-Financial and Sustainability information Statement), contain a true assessment of the corporate performance and results and the position of Telefónica, S.A. and of the companies included in its scope of consolidation taken as a whole, as well as a description of the principal risks and uncertainties facing them.

Madrid, February 23, 2026

Mr. Marc Thomas Murtra Millar
Chairman

Mr. Isidro Fainé Casas
Vice-Chairman

Mr. José María Abril Pérez
Vice-Chairman

Mr. Carlos Ocaña Orbis
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Chief Operating Officer

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Director

Ms. Claudia Sender Ramírez
Director

Ms. Solange Sobral Targa
Director

Mr. Pablo de Carvajal González
General Secretary and Secretary of the Board of Directors