

**Report of the Audit and Control
Committee of the Board of
Directors of Telefónica, S.A.
regarding Related-Party
Transactions**

Telefónica, S.A.

Fiscal Year 2025

REPORT OF THE AUDIT AND CONTROL COMMITTEE OF THE BOARD OF DIRECTORS OF TELEFÓNICA, S.A. REGARDING RELATED-PARTY TRANSACTIONS FOR FISCAL YEAR 2025

This document contains the Report of the Audit and Control Committee of the Board of Directors of Telefónica, S.A. (the “Company”) on related-party transactions for purposes of complying with the provisions of Recommendation 6 of the Good Governance Code of Listed Companies approved by the Spanish National Securities Market Commission (*Comisión Nacional del Mercado de Valores*) in February 2015 and revised in June 2020.

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

“Approval, after a report from the Audit and Control Committee, of related-party transactions upon the terms set forth in Article 37 of these Regulations, unless approval thereof is reserved to the shareholders acting at General Shareholders’ Meeting.

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

In this regard, and pursuant to the provisions of Article 29.f) of the aforementioned Regulations of the Board of Directors, *“No Director may directly or indirectly enter into professional or commercial transactions with the Company or with any of the companies of its Group, if such transactions are unrelated to the ordinary course of business or are not performed on an arm’s length basis, except for those transactions that are approved by the Company upon the terms set forth in the rules on related-party transactions established by law, the By-Laws and these Regulations”.*

As regards the rules on related-party transactions, the aforementioned Article 37 of the Regulations of the Board of Directors provides as follows:

- “1. *The Board of Directors, after a favorable report from the Audit and Control Committee, shall approve transactions of the Company or subsidiaries thereof with Directors, with shareholders owning 10% or more of the voting rights or represented on the Company’s Board of Directors, or with any other persons who should be considered related parties as provided by law, provided that they are considered related-party transactions under applicable law, and unless approval thereof is reserved to the shareholders acting at a General Shareholders’ Meeting. This power may not be delegated, except in the cases and upon the terms provided by law and Article 5.4 of these Regulations.*
2. *Where the Board of Directors has the power to adopt the resolution approving related-party transactions and this power has not been delegated, the affected Director or the Director representing or connected to the affected shareholder must abstain from participating in the deliberation and voting as provided by law.*
3. *If the Board of Directors delegates the approval of related-party transactions as provided by law and Article 5.4 of these Regulations, the Board of Directors shall establish in relation thereto an internal regular reporting and control procedure, in which the Audit and Control Committee shall participate, to verify the fairness and transparency of these transactions and, where appropriate, compliance with the applicable legal standards. The approval of these transactions shall not require a prior report from the Audit and Control Committee.*
4. *As regards related-party transactions for which approval is reserved to the shareholders at a General Shareholders’ Meeting, the proposed resolution on approval adopted by the Board of Directors must be submitted to the shareholders at the General Shareholders’ Meeting along with a statement as to whether it has been approved by the Board of Directors with or without the dissenting vote of a majority of the independent Directors.”*

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

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

Furthermore, as regards the Companies Act, and within the framework of the provisions of subsection 4 of Section 529 duovicies, the Board of Directors of the Company, at the meeting held on June 29 and 30, 2021, resolved, after a favorable report from the Audit and Control Committee, to establish a standard delegation for the approval of all related-party transactions that so allow, i.e.:

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

This delegation was made to the bodies or persons who are vested with powers for the execution thereof in accordance with the general powers-of-attorney in force at any given time and the applicable internal contracting rules of Telefónica, S.A. and the other companies of its Group, and in accordance with the functions they perform within the Telefónica Group (i.e., financial, telecommunications services and all those deriving from the day-to-day business of the Group).

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

Along these lines, the Audit and Control Committee and the Board of Directors have been informed semi-annually and have approved, when so required by law and/or the internal rules of the Company, the related-party transactions carried out throughout fiscal year 2025, also verifying the fairness and transparency of such transactions, as well as the fulfillment of all applicable legal criteria.

In view of all of the foregoing, it is hereby stated that during the fiscal year 2025 neither Telefónica, S.A. nor any company of its Group has entered into related-party transactions, within the meaning of Section 529 vicies of the Spanish Companies Act, other than those arising from the Group's ordinary course of business, except as indicated later, in the last paragraph of this report, with regard to transactions with related parties that are relevant and significant.

Furthermore, it is hereby stated that during the fiscal year 2025 neither Telefónica, S.A. nor any company of its Group has entered into related-party transactions with any member of the Board of Directors or with any member of senior management (including their Related Third Parties¹) other than those arising from the Group's ordinary course of business.

¹ The following shall be deemed Related Third Parties: (i) Close Relatives of the Director/Officer; (ii) persons acting in concert with the Director/Officer; and (iii) companies or entities in which the Director/Officer, the Close Relatives thereof or persons acting in concert therewith may exercise Control.

In this regard, all of the Company's Directors and all members of senior management have declared in the forms submitted for such purpose that they have only carried out transactions pertaining to the ordinary course of business of the Company, that is, transactions related to telecommunications services and/or arising from the ordinary business of the Telefónica Group, and that they have been carried out:

- i. under contracts with standardized terms that apply generally to a large number of customers,
- ii. at prices or rates generally established by the supplier of the good or service in question, and
- iii. whose amount has not exceeded, individually or in the aggregate, 200,000 euros.

Thus, and in relation to the foregoing, the significant and relevant transactions carried out by Telefónica Group companies with related parties are included in Note 11 (Related Parties) of the Consolidated Financial Statements (Consolidated Annual Accounts) of Telefónica, S.A. for 2025, as well as in section D of the Statistical Annex of the 2025 Annual Corporate Governance Report. Furthermore, transactions with associates and joint ventures are described in Note 10 (Associates and joint ventures) of the aforementioned Consolidated Annual Accounts, as well as in section D of the Statistical Annex of the Annual Corporate Governance Report.

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