

TELEFÓNICA EUROPE B.V.

EUR 750,000,000 UNDATED 6.5 YEAR NON-CALL
DEEPLY SUBORDINATED GUARANTEED FIXED RATE RESET SECURITIES

UNCONDITIONALLY AND IRREVOCABLY GUARANTEED ON A
SUBORDINATED BASIS BY

TELEFÓNICA, S.A.

DEED OF COVENANT

THIS DEED OF COVENANT is made on 24 November 2021

BY

- (1) **TELEFÓNICA EUROPE B.V.** a private company with limited liability incorporated under the laws of The Netherlands, having its corporate seat in Amsterdam, The Netherlands and its registered office at Zuidplein 112, H. Tower, 13th floor, 1077XV Amsterdam, The Netherlands and registered with the Trade Register of the Dutch Chamber of Commerce under number 24269798 (the "**Issuer**")

IN FAVOUR OF

- (2) **THE RELEVANT ACCOUNT HOLDERS** (as defined below).

WHEREAS

- (A) The Issuer has authorised the creation and issue of EUR 750,000,000 Undated 6.5 Year Non-Call Deeply Subordinated Guaranteed Fixed Rate Reset Securities (the "**Securities**"). Telefónica, S.A. (the "**Guarantor**") has authorised the giving of its guarantee in relation to the Securities.
- (B) The Securities will be in bearer form and in the denomination of EUR 100,000. The Securities will initially be issued in the form of a temporary global security (the "**Temporary Global Security**"), which will be exchangeable for a permanent global security (the "**Permanent Global Security**", together with the Temporary Global Security, the "**Global Securities**") in the circumstances specified in the Temporary Global Security. The Permanent Global Security will in turn be exchangeable for securities in definitive form ("**Definitive Securities**"), with interest coupons and a talon attached, in the circumstances specified in the Permanent Global Security.
- (C) Each Global Security (as defined below) will be delivered to a common depositary for Euroclear Bank SA/NV ("**Euroclear**") and Clearstream Banking S.A. ("**Clearstream, Luxembourg**").
- (D) The Issuer and the Guarantor will, in relation to the Securities, enter into a fiscal agency agreement (as amended or supplemented from time to time, the "**Fiscal Agency Agreement**") with The Bank of New York Mellon, London Branch (the "**Fiscal Agent**", which expression includes any successor fiscal agent appointed from time to time in connection with the Securities) and the other paying agents named therein.
- (E) The Issuer wishes to make arrangements for the protection of the interests of the Relevant Account Holders in the event that the Global Securities become void in accordance with their terms.

THIS DEED OF COVENANT WITNESSES as follows:

1. **INTERPRETATION**

1.1 **Definitions**

In this Deed of Covenant the following expressions have the following meanings:

"**Clearing System**" means each of Euroclear and Clearstream, Luxembourg;

"**Conditions**" means the terms and conditions of the Securities (as scheduled to the Fiscal Agency Agreement and as modified from time to time in accordance with their terms), and any reference to a numbered "**Condition**" is to the correspondingly numbered provision thereof;

"**Determination Date**" means the date on which the Temporary Global Security or the Permanent Global Security becomes void in accordance with its terms;

"**Direct Rights**" means the rights referred to in Clause 2 (*Direct Rights*);

"**Entry**" means any entry which is made in the securities account of any Relevant Account Holder with a Clearing System in respect of the Securities represented by the Temporary Global Security or the Permanent Global Security;

"**Principal Amount**" means, in respect of any Entry, the aggregate principal amount of the Securities to which such Entry relates; and

"**Relevant Account Holder**" means any account holder with a Clearing System which at the Determination Date has credited to its securities account with such Clearing System one or more Entries in respect of the Temporary Global Security or the Permanent Global Security, except for either Clearing System in its capacity as an account holder of the other Clearing System.

1.2 **Other defined terms**

Terms defined in the Conditions have the same meanings in this Deed of Covenant.

1.3 **Clauses**

Any reference in this Deed of Covenant to a Clause is, unless otherwise stated, to a clause hereof.

1.4 **Headings**

Headings and sub-headings are for ease of reference only and shall not affect the construction of this Deed of Covenant.

1.5 **Legislation**

Any reference in this Deed of Covenant to any legislation (whether primary legislation or regulations or other subsidiary legislation made pursuant to primary legislation) shall

be construed as a reference to such legislation as the same may have been, or may from time to time be, amended or re-enacted.

2. **DIRECT RIGHTS**

If a Global Security becomes void in accordance with its terms, each Relevant Account Holder shall acquire against the Issuer all rights ("**Direct Rights**") which such Relevant Account Holder would have had in respect of the Securities if, immediately before the Determination Date, it had been the holder of Definitive Securities, duly executed, authenticated and issued, in an aggregate principal amount equal to the Principal Amount of such Relevant Account Holder's Entries including (without limitation) the right to receive all payments due at any time in respect of such Definitive Securities as if such Definitive Securities or (as the case may be) the relevant Coupon(s) had been duly presented and (in the case of a Coupon or final redemption of a Definitive Security) surrendered on the due date in accordance with the Conditions of the relevant series of Securities. Anything which might prevent the issuance of Definitive Securities in an aggregate principal amount equal to the Principal Amount of any Entry of any Relevant Account Holder shall be disregarded for the purposes of this Clause 2, but without prejudice to its effectiveness for any other purpose. Notwithstanding the above, nothing herein shall entitle any Relevant Account Holder to receive any payment in respect of any Global Security which has already been made.

3. **EVIDENCE**

3.1 **Records**

The records of the relevant Clearing System shall, in the absence of manifest error, be conclusive as to the identity of each Relevant Account Holder and the Principal Amount of such Relevant Account Holder's Entries at any time. Any statement issued by a Clearing System as to its records shall, in the absence of manifest error, be conclusive evidence of the records of the relevant Clearing System for the purposes of this Clause 3.1 (but without prejudice to any other means of producing such records in evidence).

3.2 **Determination Date**

If a Clearing System determines the Determination Date, such determination shall be binding on all Relevant Account Holders with such Clearing System.

4. **DEPOSIT OF DEED OF COVENANT AND PRODUCTION OF COPIES**

A duly executed original of this Deed shall be deposited with and held by the Fiscal Agent to the exclusion of the Issuer until the date on which complete performance by the Issuer of the obligations contained in this Deed and in the Securities occurs. The Issuer hereby acknowledges the right of every Relevant Account Holder to production of this Deed. A certified copy of this Deed may be obtained by any Relevant Account Holder from the Fiscal Agent, during normal business hours, at its specified office at the expense of such Relevant Account Holder.

5. **ENFORCEMENT OF RIGHTS**

Any Relevant Account Holder may protect and enforce his or her Direct Rights (in the court specified in Clause 10 (*Law and Jurisdiction*) below) without the necessity of

using the name of or obtaining any authority from any predecessor in title upon the basis of a statement by a Clearing System as provided in Clause 3 (*Evidence*) above and a certified copy of this Deed as provided in Clause 4 (*Deposit of Deed of Covenant and Production of Copies*) above without the need for the production of the actual records of the Clearing System or of this Deed. Any such statement and certificate shall be binding, except in the case of manifest error, upon the Issuer and all Relevant Account Holders. Accordingly, any Relevant Account Holder is entitled to the performance of his or her Direct Rights (including, without limitation, the right to receive principal, interest and any other amounts due) to the exclusion of any other person, and the unconditional and irrevocable performance in full by the Issuer to such Relevant Account Holder shall discharge the Issuer from any obligations in respect of such Direct Rights. This Clause shall not limit any right of any Relevant Account Holder upon payment of a reasonable charge to the production of originals of the records held by any Clearing System or this Deed.

6. STAMP DUTIES

The Issuer shall pay all stamp, registration and other taxes and duties (including any interest and penalties thereon or in connection therewith) which are payable upon or in connection with the execution and delivery of this Deed of Covenant, and shall, to the extent permitted by law, indemnify each Relevant Account Holder against any claim, demand, action, liability, damages, cost, loss or expense (including, without limitation, legal fees and any applicable value added tax) which it incurs as a result or arising out of or in relation to any failure to pay or delay in paying any of the same.

7. BENEFIT OF DEED OF COVENANT

7.1 Deed Poll

This Deed of Covenant shall take effect as a deed poll for the benefit of the Relevant Account Holders from time to time.

7.2 Benefit

The obligations expressed to be assumed by the Issuer herein shall ensure for the benefit of each Relevant Account Holder, and each Relevant Account Holder shall be entitled severally to enforce such obligations against the Issuer.

7.3 Assignment

The Issuer may not assign or transfer all or any of its rights, benefits and obligations hereunder except for the purpose of and followed by a reconstruction, amalgamation, reorganisation, merger or consolidation of the Issuer on terms approved by an Extraordinary Resolution of the Holders.

8. PARTIAL INVALIDITY

If at any time any provision hereof is or becomes illegal, invalid or unenforceable in any respect under the laws of any jurisdiction, neither the legality, validity or enforceability of the remaining provisions hereof nor the legality, validity or enforceability of such provision under the laws of any other jurisdiction shall in any way be affected or impaired thereby.

9. NOTICES

9.1 Address for notices

All notices and other communications to the Issuer hereunder shall be made in writing (by letter or fax) and shall be sent to the Issuer at:

Zuidplein 112
H Tower, 13th floor
1077 XV Amsterdam
The Netherlands

Fax: +31 20 575 3373
Attention: Finance Manager

or to such other address or fax number or for the attention of such other person or department as the Issuer has notified to the Holders of Securities in the manner prescribed for the giving of notices in connection with the Securities.

9.2 Effectiveness

Every notice or other communication sent in accordance with Clause 9.1 (*Notices – Address for notices*) shall be effective upon receipt by the Issuer *provided, however, that* any such notice or other communication which would otherwise take effect after 4.00 p.m. on any particular day shall not take effect until 10.00 a.m. on the immediately succeeding business day in the place of the Issuer.

10. LAW AND JURISDICTION

10.1 Governing law

This Deed of Covenant and any non-contractual obligations arising out of or in connection with it are governed by and construed in accordance with English law.

10.2 English courts

The courts of England have exclusive jurisdiction to settle any dispute (a "**Dispute**"), arising out of or in connection with this Deed of Covenant (including a dispute relating to the existence, validity or termination of this Deed of Covenant or any non-contractual obligation arising out of or in connection with this Deed of Covenant) or the consequences of its nullity.

10.3 Appropriate forum

The Issuer agrees that the courts of England are the most appropriate and convenient courts to settle any Dispute and, accordingly, that it will not argue to the contrary.

10.4 Rights of the Relevant Account Holders to take proceedings outside England

Clause 10.2 (*Law and Jurisdiction - English courts*) is for the benefit of the Relevant Account Holders only. As a result, nothing in this Clause 10 prevents the Relevant Account Holders from taking proceedings relating to a Dispute ("**Proceedings**") in any

other courts with jurisdiction. To the extent allowed by law, the Relevant Account Holders may take concurrent Proceedings in any number of jurisdictions.

10.5 Dutch Power of Attorney

If the Issuer is represented by an attorney or attorneys in connection with the signing and/or execution and/or delivery of this Deed or any agreement or document referred to herein or made pursuant hereto and the relevant power or powers of attorney is or are expressed to be governed by the laws of The Netherlands, it is hereby expressly acknowledged that such laws shall govern the existence and extent of such attorney's or attorneys' authority and the effects of the exercise thereof.

10.6 Service of Process

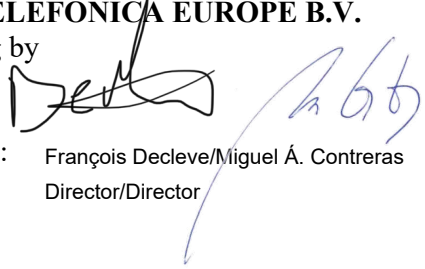
The Issuer agrees that the documents which start any Proceedings and any other documents required to be served in relation to those Proceedings may be served on it by being delivered to Telefónica Digital Limited, Highdown House, Yeoman Way, Worthing, West Sussex, BN99 3HH, United Kingdom or, if different, its registered office for the time being or at any address of the Issuer in England at which process may be served on it, or to such other person with an address in England and/or at such other address in England as the Issuer may specify by notice in writing to the Relevant Account Holders. Nothing in this paragraph shall affect the right of any Relevant Account Holder to serve process in any other manner permitted by law. This Clause applies to Proceedings in England.

11. MODIFICATION

The Fiscal Agency Agreement contains provisions for convening meetings of Holders of Securities to consider matters relating to the Securities, including the modification of any provision of this Deed of Covenant. Any such modification may be made by supplemental deed poll if sanctioned by an Extraordinary Resolution and shall be binding on all Relevant Account Holders.

IN WITNESS whereof this Deed of Covenant has been executed by the Issuer and is intended to be and is hereby delivered on the date first before written.

EXECUTED as a deed)
by **TELEFÓNICA EUROPE B.V.**)
acting by)

A handwritten signature in blue ink, appearing to be 'F. Decleve' or 'M. Contreras', written over the text 'acting by' and extending down towards the 'Title:' line.

Name: François Decleve/Miguel Á. Contreras
Title: Director/Director