Telefónica

Deutschland

Telefónica Deutschland Holding AG
Annual (virtual) General Meeting on 20 May 2021

Explanations of the rights of shareholders pursuant to sections 122 para. 2, 126 para. 1, 127, 131 para. 1 German Stock Corporation Act (AktG) in conjunction with section 1 COVID-19 Act

Preliminary remark

Against the background of the ongoing Covid-19-pandemic the management board has decided, with the approval of the supervisory board, to hold the annual general meeting of the Company on 20 May 2021 as a virtual general meeting in accordance with section 1 para. 1, 2 of the Act on Measures in Corporate, Cooperative, Association, Foundation and Condominium Law to Combat the Effects of the COVID 19 Pandemic of 27 March 2020, as last amended by the Act on the Further Shortening of the Residual Debt Exemption Procedure and the Adjustment of Pandemic-Related Provisions in the Law on Companies, Cooperatives, Associations and Foundations, and in the Law on Tenancy and Leases of 22 December 2020 (hereinafter the "COVID-19 Act") without the physical presence of the shareholders and their proxies. The validity of the COVID-19 Act was extended to 31 December 2021 by the Ordinance on the Extension of Measures in the Law of Companies, Cooperatives, Associations, Foundations and Condominiums to Combat the Effects of the COVID-19 Pandemic of 20 October 2020. The shareholders and their proxies (with the exception of the proxies nominated by the Company) may therefore not physically attend the annual general meeting. The decision of management board to hold the general meeting as a virtual general meeting also has an impact on the shareholder rights explained below.

1. Act on Measures in Company, Cooperative, Association, Foundation and Condominium Law to Combat the Effects of the COVID 19 Pandemic (Art. 2 of the Act to Mitigate the Consequences of the COVID 19 Pandemic in Civil, Insolvency and Criminal Procedure Law of 27. March 2020, Federal Law Gazette I 2020, p. 569, extended until 31 December 2021 by the Ordinance on the Extension of Measures in the Law on Companies, Cooperatives, Associations, Foundations and Condominiums to Combat the Effects of the COVID-19 Pandemic (GesRGenRCOVMVV) of 20. October 2020, Federal Law Gazette I 2020, p. 2258, and amended by the Act on the Further Shortening of the Residual Debt Exemption Procedure and on the Adaptation of Pandemic-Related Provisions in Company, Cooperative, Association and Foundation Law as well as in Tenancy and Lease Law of 22 December 2020, Federal Law Gazette I 2020, p. 3328) ("COVID-19 Act").

Article 2

Act on Measures in Corporate Law, the Law Governing Cooperatives, Associations, and Foundations, and Condominium Property Law to Combat the Effects of the COVID-19 Pandemic (excerpt)

Section 1

Stock Corporations; Limited Partnerships with Shares; European Companies (SEs); Mutual Insurance Companies (excerpt)

(1) Decisions regarding shareholder participation in the annual meeting of shareholders via electronic communications pursuant to section 118 para. 1 sentence 2 of the Stock Corporation Act (Aktiengesetz) (electronic participation), casting votes via electronic communications pursuant to section 118 para. 2 of the Stock Corporation Act (postal voting), supervisory board member participation by means of audio and video transmission pursuant to section 118 para. 3 sentence 2 of the Stock Corporation Act, and allowing audio and video transmission pursuant to section 118 para. 4 of the Stock Corporation Act can be made by the company's management board even where such authority has not been granted under the articles of association or rules of procedure.

(2) The management board can decide that the annual meeting of shareholders is to be held as a virtual meeting without the physical presence of the shareholders or their authorized representatives, provided that

1. the audio and visual transmission covers the entire general meeting,
2. the shareholders are able to exercise their voting rights via electronic communications (postal voting or electronic participation) as well as by appointing proxies,
3. the shareholders are granted a right to raise questions by way of electronic communication,
4. waiving the requirement of personal appearance at the meeting, the shareholders exercising their voting rights in accordance with no. 2 are given the opportunity, section 245 no. 1 of the Stock Corporation Act notwithstanding, to object to a resolution to be decided on at the annual meeting of shareholders.

The management board is at liberty to decide after due consideration and at its discretion how it answers questions; it may also stipulate that questions submitted electronically shall be received no later than one day before the shareholders' meeting. Motions and nominations from shareholders that must be made available pursuant to section 126 or section 127 of the German Stock Corporation Act are considered submitted during the meeting if the shareholder who submits the motion or nomination has been properly legitimated and registered for the shareholders' meeting.

(6) The management board's decisions as set out in (1) through (5) require the approval of the supervisory board. Section 108 para. 4 of the Stock Corporation Act notwithstanding and irrespective of the provisions in the articles of association or rules of procedure, the supervisory board can vote on resolutions of approval in writing, by telephone, or other comparable form without its members being required to be physically present.

(7) Additionally, the provision set out in section 243 para. 3 no. 1 of the Stock Corporation Act notwithstanding, a legal action to set aside a resolution adopted at the annual meeting of shareholders may not cite violations of section 118 para. 1 sentences 3 through 5, para. 2 sentence 2, or para. 4 of the Stock Corporation Act, the violation of formal notification requirements as per section 125 of the Stock Corporation Act, or violation of subsection (2) herein as its foundation, except where willful misconduct on the part of the company can be shown.

2. Motions for additions to the agenda in accordance with section 122 para. 2 German Stock Corporation Act (AktG)

Pursuant to section 122 para. 2 German Stock Corporation Act (AktG), shareholders whose combined shares amount to at least one twentieth of the share capital or a nominal value of EUR 500,000.00 (this corresponds to 500,000 non-par value shares at Telefónica Deutschland Holding AG) may request that additional items are added to the agenda and published. Since the pro rata amount of EUR 500,000.00 at Telefónica Deutschland Holding AG is lower than 5% of the share capital, reaching the pro rata amount of EUR 500,000.00 is sufficient. An explanation or a proposed resolution has to be enclosed with each additional agenda item. Pursuant to section 122 para. 2 German Stock Corporation Act (AktG) in conjunction with section 122 para. 1 sentence 3 German Stock Corporation Act (AktG) the petitioners must prove that they have been owners of the shares at least 90 days before submitting the request and that they will remain the owners of the shares until the management board has made a decision about the motion. When calculating this 90-day period there are certain set-off options to which reference is specifically made pursuant to section 70 German Stock Corporation Act (AktG). Furthermore, the provisions of section 121 para. 7 AktG shall apply mutatis mutandis to the calculation of the time limit, i.e. the day of receipt of the demand shall not be counted and a shift from a Sunday, Saturday or a public holiday to a preceding or following working day shall not be considered. Furthermore, sections 187 to 193 German Civil Code (BGB) are not to be applied accordingly.

Such requests must be made in written form (section 126 of the German Civil Code (BGB)) to the management board and must be received by the Company no later than 30 days prior to the virtual annual general meeting (not counting the day of the annual general meeting and the day of receipt), this is by no later than 24:00 hours (CEST) on 19 April 2021. Please send such requests to the following address:

Telefónica Deutschland Holding AG
- Management Board -
Georg-Brauchle-Ring 50
80992 Munich
Germany

Requests for additions to the agenda that are to be announced will - insofar as they have not already been announced with the convening notice - be announced in the Federal Gazette without delay after their receipt by the Company and forwarded for publication to such media as can be expected to disseminate the information throughout the entire European Union.

They will also be published on the Company's website at www.telefonica.de/agm and communicated to the shareholders.

The relevant sections of the German Stock Corporation Act are as follows:

Section 122 of the German Stock Corporation Act: Convening a meeting upon the request of a minority

(1) A general meeting shall be convened if shareholders whose aggregate holding is not less than one-twentieth of the share capital require such meeting in writing, stating the purpose and grounds; such request shall be addressed to the management board. The articles of association may provide that the right to request a general meeting is to depend on another form and on holding a lower proportion of the share capital. The applicants have to prove that they have been shareholders for at least 90 days prior to the day of the receipt of the demand and that they will continue to hold the shares until the decision of the managing board regarding their request is made. Section 121 para. 7 shall apply correspondingly.

(2) In the same way shareholders, whose shares amount in aggregate to not less than one-twentieth of the share capital or represent a proportional amount of not less than 500,000 Euro, may request to have items placed on the agenda and published. Every request for a new agenda item must be accompanied by an explanation of the reasons therefor or a proposed resolution. The request in accordance with sentence 1 must be received by the Company at least 24 days, in case of public companies at least 30 days prior to the general meeting; whereby the day of the receipt is not counted.

(3) If any such request is not complied with, the court may authorize the shareholders who made the request to convene a general meeting or publish such items. At the same time the court may appoint the chairman of the meeting. The notice of the meeting or the publication shall refer to such authorization. An appeal may be made against the decision of the court. The applicants have to prove that they will continue to hold the shares until the decision of the court is made.

(4) The Company shall bear the costs of the general meeting and, in the case of paragraph (3), also the court costs if the court grants the application.

Section 124 of the German Stock Corporation Act: Publication of requests for supplements; proposals for resolutions (excerpt)

(1) If the minority has requested pursuant to section 122 para. 2 that items shall be added to the agenda, these items shall be published either upon convening the meeting or immediately following receipt of the request. Section 121 para. 4 shall apply analogously; moreover, section 121 para. 4a shall apply analogously to public companies. Publication and submission shall be made in the same way as applicable for convening the meeting.

Section 121 of the German Stock Corporation Act: General provisions (excerpt)

(7) In case of deadlines and dates which are calculated back from the date of the meeting, the day of the meeting itself shall not be included in the calculation. Adjourning the meeting from a Sunday, Saturday or a holiday to a preceding or following working day shall not be an option. Sections 187 to 193 of the German Civil Code (Bürgerliches Gesetzbuch) shall not be applied analogously. In case of unlisted companies, the articles may provide for a different calculation of the deadline.

Section 70 of the German Stock Corporation Act: Computation of the period of shareholding

If the exercise of rights arising from a share shall require the shareholder to have been the holder of the share for a certain period of time, the right to claim transfer from a bank, a financial services institution or an enterprise active according to section 53 para. 1 sentence 1 or section 53b para. 1 sentence 1 or para. 7 of the Banking Act (KWG) shall be deemed equivalent to ownership. The period during which the share was owned by a predecessor in title shall be attributed to the shareholder, if he acquired the share without consideration from his fiduciary, as universal successor, upon severance of co-ownership, or as a result of a transfer of assets pursuant to section 13 of the Insurance Supervision Act (Versicherungsaufsichtsgesetz) or section 14 of the Building Savings Bank Act (Gesetz über Bausparkassen).

3. Countermotions and election proposals by shareholders in accordance with sections 126 para. 1, 127 German Stock Corporation Act (AktG) in connection with section 1 para. 2 sentence 3 COVID-19 Act

Pursuant to section 126 para. 1 German Stock Corporation Act (AktG), any shareholder of the Company may submit a countermotion to a proposal made by the management board and/or the supervisory board relating to a specific item on the agenda. Countermotions must be made available on the website subject to the provisions of section 126 paras. 1 and 2 German Stock Corporation Act (AktG), provided they have been received by the Company at the address provided below no later than 14 days prior to the virtual annual general meeting (not counting the day of the annual general meeting and the day of receipt), this is by no later than 24:00 hours (CEST) on 5 May 2021.

Moreover, any shareholder may submit an election proposal for the election of the auditor or the election of members of the supervisory board subject to the provisions of section 127 German Stock Corporation Act (AktG). Election proposals must be made available on the website subject to the provisions of sections 127 and 126 para. 1 and para. 2 German Stock Corporation Act (AktG), provided they have been received by the Company at the address provided below no later than 14 days prior to the virtual annual general meeting (not counting the day of the annual general meeting and the day of receipt), this is by no later than 24:00 hours (CEST) on 5 May 2021.

Countermotions or election proposals from shareholders must be sent to the following address:

Telefónica Deutschland Holding AG
Investor Relations
Georg-Brauchle-Ring 50
80992 Munich
Germany

or e-mail: hauptversammlung@telefonica.com

No countermotions or election proposals otherwise addressed will be considered.

Motions and election proposals from shareholders that are required to be made available will be made available on the Company's website at www.telefonica.de/agm, including the name of the shareholder and any reasons given, provided that the other requirements for an obligation to publish in accordance with sections 126 and 127 German Stock Corporation Act (AktG) are met. Any comments by the management board on any countermotion and election proposals will also be published at the aforementioned internet address.

A countermotion and its grounds need not be made available if one of the grounds for exclusion pursuant to section 126 para. 2 AktG applies.

An election proposal needs not be made accessible if one of the grounds for exclusion pursuant to section 126 para. 2 AktG applies. In addition to the reasons stated in section 126 AktG, the management board also need not make an election proposal accessible if the proposal for the election of supervisory board members or auditors does not state their names, occupation and place of residence (section 124 para. 3 sentence 4 AktG) or if the proposal for the election of supervisory board members is not accompanied by information on their membership in other statutory supervisory boards (section125 para. 1 sentence 5 AktG).

Motions or election proposals from shareholders that are required to be made available pursuant to sections 126, 127 German Stock Corporation Act (AktG) in connection with section 1 para. 2 sentence 3 COVID-19 Act shall be deemed to have been made at the annual general meeting if the shareholder making the motion or submitting the election proposal is duly authorized and has registered for the annual general meeting.

The relevant sections of the German Stock Corporation Act upon which those share-holder rights are based and which also set forth under which preconditions countermotions and election proposals do not need to be made available are as follows:

Section 126 of the German Stock Corporation Act: Propositions by shareholders

(1) Information on shareholders propositions, including the respective shareholder's name, as well as the underlying reasons for the proposition and statements, if any, by the Management need only be given to the beneficiaries pursuant to section 125 para. 1 through 3, if the shareholder submits to the company at the address specified his countermotion stating the reasons for it to a proposal of the executive management board and the supervisory board concerning a specific agenda item at the latest 14 days prior to the general meeting. The day of the receipt is not counted. Public companies have to publish the propositions on their webpage. Section 125 para. 3 applies accordingly.

(2) Information on a countermotion and the reasons therefor need not be given, if:

1. the management board would by reason of giving such information become criminally liable;
2. the countermotion would result in a resolution of the general meeting which would be unlawful or in breach of the articles;
3. the grounds contain statements which are manifestly false or misleading in material respects or which are defamatory;
4. a countermotion of such shareholder based on the same facts has already been communicated to a general meeting of the company pursuant to section 125;
5. the same countermotion of such shareholder on essentially identical grounds has already been communicated pursuant to section 125 to at least two general meetings of the company within the past five years and at such general meetings less than one-twentieth of the share capital represented voted in favour of such countermotion;
6. the shareholder indicates that he will neither attend nor be represented at the general meeting; or
7. within the past two years at two general meetings the shareholder failed to move or cause to be moved on his behalf a countermotion communicated by him.

The statement of grounds need not be communicated if it exceeds 5,000 characters.

(3) If several shareholder make countermotions in respect of the same resolution, the management board may combine such countermotions and their statements of grounds.

Section 127 of the German Stock Corporation Act: Nominations by shareholders

Section 126 shall apply analogously to nomination by a shareholder for election of supervisory board members or auditors. Such nomination need not be supported by statement of grounds. Nor need the executive management board give notice of such nomination if it fails to contain the particulars required by section 124 para. 3 sentence 4 and section 125 para. 1 sentence 5. The management board is to supplement the nomination by a shareholder of candidates for the supervisory board of companies listed on the stock exchange, to which the German Co-Determination Act (MitbestG), the Act on the Co-Determination by Employees in the Supervisory Boards and Management Boards of Mining Enterprises and Enterprises in the Iron- and Steel-Producing Industry (MontanMitbestG), or the Amending Act on Employee Co-Determination in the Iron- and Steel-Producing Industry (MontanMitbestGErgG) applies, by the following substantive content:

1. Indication of the requirements stipulated by section 96 para. 2,
2. Whether an objection has been raised against the fulfilment of the ratio by the supervisory board as a whole pursuant to section 96 para. 2, third sentence, and
3. The number of seats on the supervisory board that must be filled, at a minimum, by women and men, respectively, in order to fulfil the requirement as to the minimum ratio pursuant to section 96 para. 2, first sentence.

Section 124 of the German Stock Corporation Act: Publication for requests for supplements; proposals for resolutions (excerpt)

(3) […] The nomination for the election of supervisory board members or auditors shall state their name, profession and domicile. […]

Section 125 of the German Stock Corporation Act: Communications to shareholders and Members of the Supervisory Board (excerpt)

(1) […] In case of listed companies details on the membership in other supervisory boards to be established pursuant to statutory provisions must be added to any nomination for the election of supervisory board members; details on their membership in comparable domestic and foreign controlling bodies of enterprises shall be added.

Section 96 Composition of the supervisory board (excerpt)

(1) The supervisory board shall be composed as follows:

In case of companies to which the German Co-Determination Act (MitbestG) applies: of members of the supervisory board representing the shareholders and the employees;

In case of companies to which the Act on the Co-Determination by Employees in the Supervisory Boards and Management Boards of Mining Enterprises and Enterprises in the Iron- and Steel-Producing Industry (MontanMitbestG) applies: of members of the supervisory board representing the shareholders and the employees and of further members;

In case of companies to which sections 5 to 13 of the Amending Act on Employee Co-Determination in the Iron- and Steel-Producing Industry (MontanMitbestGErgG) apply: of members of the supervisory board representing the shareholders and the employees and of one further member;

In case of companies to which the Act on One-Third Employee Representation in the Supervisory Board (DrittelbG) applies: of members of the supervisory board representing the shareholders and the employees;

In case of companies to which the Act on EmployeeCo-Determination in the Case of a Cross-Border Merger (MgVG) of 21 December 2006 (Federal Law Gazette (Bundesgesetzblatt) I p. 3332) applies: of members of the supervisory board representing the shareholders and the employees;

In case of any other companies: solely of members of the supervisory board representing the shareholders.

(2) In case of companies listed on the stock exchange, to which the GermanCo-Determination Act (MitbestG), the Act on the Co-Determination by Employees in the Supervisory Boards and Management Boards of Mining Enterprises and Enterprises in the Iron- and Steel-Producing Industry (MontanMitbestG) or the Amending Act on Employee Co-Determination in the Iron- and Steel-Producing Industry (MontanMitbestGErgG) applies, the supervisory board shall be composed of women at a minimum ratio of 30 percent and of men at a minimum ratio of 30 percent. The minimum ratio is to be fulfilled by the supervisory board as a whole. Where, prior to the election, the side of the shareholder representatives or the side of the employee representatives raises an objection with the chairman of the supervisory board, based on a resolution adopted by a majority, against the fulfilment of the ratio by the supervisory board as a whole, the minimum ratio for that election is to be fulfilled separately by the side of the shareholder representatives and by the side of the employee representatives. In all cases, the ratio is to be mathematically rounded up or down in order to achieve full numbers of persons. If, in the case of the ratio being fulfilled by the supervisory board as a whole, the higher ratio of women of one side is reduced subsequently and that side then objects to the fulfilment of the ratio by the supervisory board as a whole, this shall not cause the composition of the respective other side to be invalid. Where an election of members of the supervisory board by the general meeting and their delegation to the supervisory board violates the requirement as to the minimum ratio, this election shall be null and void. Where an election is declared to be null and void for other reasons, the elections performed in the meantime do not violate the requirement as to the minimum ratio in this regard. The acts governing co-determination set out in the first sentence are to be applied to the election of members of the supervisory board representing the employees.

4. Right for shareholders to ask questions in accordance with section 1 para. 2 sentence 1 no. 3, sentence 2 COVID-19 Act

In accordance with section 1 para. 2 sentence 1 no. 3, sentence 2 COVID-19 Act, shareholders are given the right to ask questions by way of electronic communication. The right to ask questions is only available to shareholders who have registered for the virtual annual general meeting in accordance with the provisions set out in the convening notice for the general meeting under section "Conditions for attending the virtual annual general meeting without physical presence and for exercising voting rights" in due time.

Contrary to section 131 German Stock Corporation Act (AktG) the management board decides how to answer the question at its due and free discretion. The management board may also summarize answers.

Questions must be submitted by **no later than 18 May 2021, 24:00 hours (CEST) (time of receipt)** by using the password protected internet service for the annual general meeting on the Company's website at www.telefonica.de/agm

With regard to the individual access details (access code and access password) required to use the password protected internet service for the annual general meeting, please refer to the section "Conditions for attending the virtual annual general meeting without physical presence and for exercising voting rights" in the convening notice.

No questions can be asked during the virtual annual general meeting.