

Telefónica Deutschland
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Convening of the Annual General Meeting

on 19 May 2022



Disclosures pursuant to § 125 (5), Sentence 1 AktG in conjunction with Table 3 of the Implementing Regulation (EU) 2018/1212

Part A Specification of the message

A1	Unique identifier of the event	f5fb594227acec11812d005056888925
A2	Type of message	Invitation to Annual General Meeting

Part B Specification of the issuer

B1	ISIN	DE000A1J5RX9
B2	Name of issuer	Telefónica Deutschland Holding AG

Part C Specification of the meeting

C1	Date of general meeting	19 May 2022
C2	Time of general meeting	8.00 UTC (10.00 CEST)
C3	Type of general meeting	Annual General Meeting
C4	Location of general meeting	URL to the Company's shareholder portal for following the Annual General Meeting in video and audio and for exercising shareholder rights: www.telefonica.de/agm. Location of the Annual General Meeting as defined by the German Stock Corporation Act: in the offices of Telefónica Deutschland Holding AG, Georg-Brauchle-Ring 50, 80992 Munich
C5	Record date	12 May 2022
C6	Uniform Resource Locator (URL)	www.telefonica.de/agm

Telefónica Deutschland Holding AG

Munich

WKN: A1J5RX

ISIN: DE000A1J5RX9

Convening of the Annual General Meeting

We hereby invite our shareholders to

**the Annual General Meeting, which is held as virtual General Meeting
without physical presence of the shareholders and their proxies,**

taking place on 19 May 2022, at 10:00 hours (Central European Summer Time – CEST).

The Annual General Meeting will be held exclusively as a virtual General Meeting without physical presence of the shareholders and their proxies (with the exception of the proxies nominated by the Company) at the offices of Telefónica Deutschland Holding AG, Georg-Brauchle-Ring 50, 80992 Munich, Germany (place of the General Meeting within the meaning of the German Stock Corporation Act (AktG)). For further information on the rights of the shareholders and their proxies, please refer to the "Further Information and Notices" reproduced under section III.

I. Agenda

- 1. Submission of the adopted annual financial statements of Telefónica Deutschland Holding AG and the approved consolidated financial statements including the combined management report, in each case as of 31 December 2021, the descriptive report of the Management Board pursuant to sections 289a, 315a German Commercial Code (HGB) and the report of the Supervisory Board each for the financial year 2021**

The above mentioned documents as well as the proposal by the Management Board for the distribution of net retained earnings can be found on the internet at www.telefonica.de/agm.

- 2. Resolution on appropriation of balance sheet profit**

The Management Board and the Supervisory Board propose to resolve as follows:

"The net retained earnings for the year shown in the adopted annual financial statements of Telefónica Deutschland Holding AG as of 31 December 2021 in the amount of

EUR	545,419,898.74
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will be distributed as follows:

Distribution of a dividend in the amount of EUR 0.18 for each share entitled to dividends, in total

EUR	535,419,898.74
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Profit carried forward

EUR	10,000,000.00
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The dividend is due for payment on 24 May 2022."

- 3. Resolution on the discharge of the members of the Management Board**

The Management Board and the Supervisory Board propose to resolve as follows:

"The members of the Management Board in financial year 2021 are discharged for this period."

- 4. Resolution on the discharge of the members of the Supervisory Board**

The Management Board and the Supervisory Board propose to resolve as follows:

"The members of the Supervisory Board in the financial year 2021 are discharged for this period."

- 5. Resolution on the appointment of the auditor and the group auditor for the financial year 2022, as well as the auditor for a potential review of the half-year financial report for the first six months of the financial year 2022 and any other potential interim financial information**

The Supervisory Board proposes, based on the recommendation of its Audit Committee, to pass the following resolutions:

- "PricewaterhouseCoopers GmbH Wirtschaftsprüfungsgesellschaft, with its registered seat in Frankfurt am Main (Munich office), is appointed as the auditor and group auditor for the financial year 2022, as auditor for a potential review of the condensed financial statements and interim management report contained in the half-yearly financial report as of 30 June 2022 and as auditor for a potential review of potential additional interim financial information pursuant to section 115 para. 7 German Securities Trading Act (WpHG) for the financial year 2022."
- "PricewaterhouseCoopers GmbH Wirtschaftsprüfungsgesellschaft, with its registered seat in Frankfurt am Main (Munich office), is appointed as auditor for a potential review of potential additional interim financial information pursuant to section 115 para. 7 German Securities Trading Act (WpHG) for the financial year 2023, provided that such review is conducted prior to the next Annual General Meeting."

The Audit Committee has stated that its recommendation is free from improper influence by third parties and that no clause limiting the selection options has been imposed on it within the meaning of Article 16 para. 6 of the EU Statutory Audit Regulation (Regulation (EU) № 537/2014 of the European Parliament and of the Council of 16 April 2014 on specific requirements for the statutory audit of public interest entities and repealing Commission Decision 2005/909/EC).

6. Resolution on the approval of the remuneration report for the financial year 2021 prepared and audited in accordance with section 162 German Stock Corporation Act (AktG)

The Management Board and the Supervisory Board submit to the Annual General Meeting the remuneration report of Telefónica Deutschland Holding AG for the financial year 2021, as set out in the information item 6 of the agenda below, prepared in accordance with section 162 German Stock Corporation Act (AktG) and audited by the auditor PricewaterhouseCoopers GmbH Wirtschaftsprüfungsgesellschaft, Frankfurt am Main, in accordance with section 162 para. 3 German Stock Corporation Act (AktG), as well as the auditor's opinion, and propose to resolve as follows:

"The remuneration report of Telefónica Deutschland Holding AG for the financial year 2021, prepared and audited in accordance with section 162 German Stock Corporation Act (AktG), is approved."

7. Resolution on the adjustment of the remuneration of the Supervisory Board together with the corresponding revision of § 20 of the Articles of Association and resolution on the remuneration system for the members of the Supervisory Board

The remuneration of the Supervisory Board determined to date and the remuneration system for Supervisory Board members approved by Annual General Meeting 2021 shall be amended with effect from 1 January 2022. The amended system is to be submitted to the Annual General Meeting for approval.

The remuneration of the Supervisory Board was last amended by the Annual General Meeting on 20 May 2020. The Annual General Meeting on 20 May 2021 confirmed the remuneration and at the same time approved the remuneration system for the members of the Supervisory Board. Against the background of steadily increasing demands on the Supervisory Board's control and advisory activities and in view of the Supervisory Board remuneration of comparable companies, the Management Board and Supervisory Board are of the opinion that from 1 January 2022 the members of all Supervisory Board committees – and not just the members of the two main committees as previously – should receive additional remuneration. This is to take appropriate account of the importance and time involved in committee work. To this end (i) the members of the Related Party Transaction Committee are to receive an additional EUR 7,500.00 per year, its Chairman EUR 13,000.00; (ii) the members of the Nomination Committee an additional EUR 3,000.00 per year, its Chairman EUR 6,000.00; (iii) and the members and Chairman of the Mediation Committee an additional EUR 1,000.00 per meeting of the Mediation Committee attended.

The correspondingly adjusted abstract remuneration system with the disclosures pursuant to sections 113 para. 3 sentence 3, 87a para. 1 German Stock Corporation Act (AktG) is reproduced below under II.B.

The Management Board and the Supervisory Board are of the opinion that the level of remuneration and the structure of the remuneration system for the Supervisory Board are appropriate in view of the duties of the members of the Supervisory Board and the situation of the Company, and that the Supervisory Board receives remuneration that is in line with market practice and, as it were, moderate.

The Management Board and Supervisory Board therefore propose to resolve as follows:

"a) § 20 para. 2 of the Articles of Association ("Remuneration of the Supervisory Board") shall be reworded as follows:

"(2) For their activities in the committees of the Supervisory Board, the Supervisory Board members receive additionally per financial year:

- (a) the Chairman of the Audit Committee EUR 45,000.00, unless the Chairman of the Supervisory Board chairs the Audit Committee; each other member of the Audit Committee EUR 10,000.00,
- (b) the Chairman of the Remuneration Committee EUR 13,000.00; each other member of the Remuneration Committee EUR 7,500.00,

- (c) *beginning with the financial year 2022 the Chairman of the Related Party Transactions Committee EUR 13,000.00; each other member of the Related Party Transactions Committee EUR 7,500.00,*
 - (d) *beginning with the financial year 2022 the Chairman of the Nomination Committee EUR 6,000.00; each other member of the Nomination Committee EUR 3,000.00,*
 - (e) *beginning with the financial year 2022 the Chairman of the Mediation Committee EUR 1,000.00 per meeting of the Mediation Committee attended; each other member of the Mediation Committee EUR 1,000.00 per meeting of the Mediation Committee attended."*
- b) The remuneration arrangements for the members of the Supervisory Board, which are specifically set out in Article 20 of the Articles of Association, as amended by the above proposed resolution, and which are based on the abstract remuneration system set out below under II.B., are approved."

8. Election to the Supervisory Board

The terms of office of Mr Peter Löscher, Mr Pablo de Carvajal González, Ms María García-Legaz Ponce, Mr Ernesto Gardelliano, Mr Michael Hoffmann, Mr Julio Linares López and Ms Stefanie Oeschger as members of the Supervisory Board representing the shareholders will end at the close of this Annual General Meeting. New elections are therefore necessary. All the aforementioned Supervisory Board members are available for re-election for a further term of office.

Furthermore, the member of the Supervisory Board elected by the Annual General Meeting on 9 May 2017 as a shareholder representative, Mr Peter Erskine, resigned from his office as a member of the Supervisory Board with effect from 31 December 2021. Mr Peter Erskine was elected as a shareholder representative on the Supervisory Board for the period until the end of the Annual General Meeting in 2022, which resolves on the discharge for the financial year 2021. By resolution of the Munich Local Court on 30 December 2021 Mr Jaime Smith Basterra was appointed as a shareholder representative on the Supervisory Board of the Company with effect from 4 January 2022, to succeed Mr Peter Erskine, who has resigned, until the expiry of his term of office pursuant to section 11 para. 2 of the Articles of Association. The term of office of Mr. Peter Erskine would have expired at the end of this Annual General Meeting. Mr. Jaime Smith Basterra is available for re-election for a further term of office.

Pursuant to section 11 para. 1 of the Articles of Association, the Supervisory Board of Telefónica Deutschland Holding AG consists of 16 members and, in accordance with sections 96 paras. 1 and 2, 101 para. 1 German Stock Corporation Act (AktG) in conjunction with section 7 para. 1 of the German Co-Determination Act of May 4, 1976 (MitbestG), the Supervisory Board shall be composed of eight members to be elected by the General Meeting and eight members to be elected by the employees, as well as at least 30 % women and at least 30 % men. The minimum gender ratio is generally to be met by the Supervisory Board as a whole. The shareholder representatives objected to the overall fulfillment in accordance with section 96 para. 2 sentence 3 German Stock Corporation Act (AktG). The minimum quota for this election must therefore be fulfilled separately by the shareholder side and the employee side and is at least two women and at least two men in each case.

At the time of the announcement of the convening of this Annual General Meeting, the Supervisory Board comprises two women and six men on the shareholder side. On the basis of separate fulfillment, the minimum quota requirement is therefore currently fulfilled on the shareholder side and would continue to be fulfilled following the election of the proposed candidates.

The Supervisory Board proposes to resolve as follows:

- „1.) **Mr Peter Löscher,**
with residence in Munich, Germany,
entrepreneur,
- 2.) **Mr Pablo de Carvajal González,**
with residence in Madrid, Spain,
Head of the Legal Department and Global Head of Regulation of Telefónica, S.A., Madrid,
- 3.) **Ms María García-Legaz Ponce,**
with residence in Madrid, Spain,
Head of the Office of the Chairman of the Board and member of the Executive Committee of Telefónica, S.A., Madrid,

- 4.) **Mr Ernesto Gardelliano,**
with residence in Madrid, Spain,
Group Controller & Planning Director of Telefónica, S.A., Madrid,
- 5.) **Mr Michael Hoffmann,**
with residence in Munich, Germany,
Dipl.-Kaufmann, self-employed,
- 6.) **Mr Julio Linares López,**
Resident in Madrid, Spain,
Member of the Board of Directors of Telefónica Brasil S.A., Sao Paulo;
non-executive director of Telefónica de España, S.A.U., Madrid;
non-executive director of Telefónica Móviles España, S.A.U., Madrid,
- 7.) **Ms Stefanie Oeschger,**
with residence in Zurich, Switzerland,
Interim Manager of CEMBRA Money Bank AG, Zurich,
- 8.) **Mr Jaime Smith Basterra,**
with residence in Madrid, Spain,
(Executive) Chairman of the Board of Directors of Moldava Consulting SL., Madrid,

are each elected as shareholder representatives on the Supervisory Board of Telefónica Deutschland Holding AG.

Mr Michael Hoffmann and Mr Julio Linares López are to be elected, each with effect from the end of this Annual General Meeting, for the period until the end of the Annual General Meeting in 2024 which resolves on the ratification of actions for the financial year 2023. The election of the other candidates shall in each case take effect from the end of this Annual General Meeting until the end of the Annual General Meeting which resolves on the discharge for the fourth financial year after the beginning of the term of office. The financial year in which the term of office begins shall not be counted for this purpose. "

The aforementioned election proposals are based on the recommendation of the Nomination Committee of the Supervisory Board and take into account the objectives resolved by the Supervisory Board for its composition as well as the competence profile developed by the Supervisory Board for the entire body; they are also in line with the diversity concept pursued by the Company.

Mr Peter Löscher, Mr Michael Hoffmann, Ms Stefanie Oeschger and Mr Jaime Smith Basterra are considered independent of the Company and its Management Board and independent of any controlling shareholder.

Mr Michael Hoffmann, Mr Ernesto Gardelliano, Mr Jaime Smith Basterra and Mr Thomas Pfeil are each financial experts with expertise in the areas of accounting and auditing.

The members of the acting Supervisory Board agree that it shall be proposed to the Supervisory Board to (re-) elect Mr Peter Löscher as Chairman of the Supervisory Board.

The Nomination Committee proposes the re-election of the two candidates Mr Michael Hoffmann and Mr Julio Linares López for a limited term of office only, as Mr Michael Hoffmann will no longer be considered independent as of financial year 2024 and Mr Julio Linares López exceeds the regular age limit specified in the objectives for the composition of the Supervisory Board. The re-election for the shortened term is considered appropriate due to the wealth of experience and networking expertise of Mr. Julio Linares López and Mr Michael Hoffmann's particular knowledge and experience in the application of accounting principles, regarding sustainability matters of specific importance for the Company including sustainability reporting and internal control and risk management systems, to ensure that the competence profile and composition objectives of the entire Supervisory Board are met and under consideration of the limited duration for a transitional phase.

Elections shall be conducted by way of individual voting.

The curricula vitae of all candidates, which in each case provide information in particular on relevant knowledge, skills and professional experience, are accessible at www.telefonica.de/agm from the day on which the Annual General Meeting is convened.

Information pursuant to section 125 para. 1 sentence 5 German Stock Corporation Act (AktG)

- re 1.) At the time of the announcement of the convening of this Annual General Meeting, Mr Peter Löscher is not a member of any other statutory supervisory boards, but is a member of the following comparable domestic and foreign supervisory bodies of business enterprises:
- Member of the supervisory board of Koninklijke Philips N.V., Amsterdam, Netherlands;
 - Independent, non-executive member of the Board of Directors of Telefónica, S.A., Madrid, Spain;
 - Non-executive member of the Board of Directors of Thyssen-Bornemisza Group AG, Zurich, Switzerland;
 - Non-executive Director of Doha Venture Capital LLC, Doha, Qatar.
- re 2.
to 4.) At the time of the announcement of the convening of this Annual General Meeting, Mr Pablo de Carvajal González, Ms María García-Legaz Ponce and Mr Ernesto Gardelliano are not members of any other supervisory boards required to be established by law or of any comparable domestic or foreign supervisory bodies of business enterprises.
- re 5.) At the time of the announcement of the convening of this Annual General Meeting, Mr Michael Hoffmann is member of the supervisory board and chairman of the audit committee at Westwing Group SE, Munich.
- re 6.) At the time of the announcement of the convening of this Annual General Meeting, Mr Julio Linares López is not a member of any other statutory supervisory boards, but is a member of the following comparable domestic and foreign supervisory bodies of business enterprises:
- Member of the Board of Directors and Chairman of the Strategy Committee of Telefónica Brasil S.A., São Paulo, Brazil;
 - Non-executive director of Telefónica de España S.A.U., Madrid, Spain;
 - Non-executive director of Telefónica Móviles España S.A.U., Madrid, Spain.
- re 7.) At the time of the announcement of the convening of this Annual General Meeting, Ms Stefanie Oeschger is not member of any other statutory supervisory boards or comparable domestic or foreign supervisory bodies of business enterprises.
- re 8.) At the time of the announcement of the convening of this Annual General Meeting, Mr Jaime Smith Basterra is not a member of any other statutory supervisory boards, but is a member of the following comparable domestic and foreign supervisory bodies of business enterprises:
- Independent non-executive member of the Board of Directors and Chairman of the Audit and Control Committee of the (not listed) Cetin Group N.V., Amsterdam, Netherlands.

Disclosures in accordance with the recommendations of the German Corporate Governance Code (GCGC)

The personal and business relationships of the proposed candidates with the Company, the corporate bodies of the Company and a shareholder with a material interest in the Company that the Supervisory Board considers relevant for the election decision are disclosed as follows:

- re 1.) Mr Peter Löscher is an independent, non-executive member of the Board of Directors as well as Chairman of the Audit and Control Committee, member of the Strategy and Innovation Committee and member of the Nomination, Remuneration and Corporate Governance Committee and of the Executive Commission of Telefónica, S.A., Madrid, Spain, the indirect majority shareholder of Telefónica Deutschland Holding AG. Mr Löscher also holds shares in Telefónica, S.A. Madrid, Spain.

- re 2.) Mr Pablo de Carvajal González serves as General Counsel and Global Head Regulatory Affairs and as a member of the Executive Committee of Telefónica, S.A., Madrid, Spain, the indirect majority shareholder of Telefónica Deutschland Holding AG. Mr de Carvajal González holds shares in Telefónica, S.A., Madrid, Spain, and participates in an employee stock option program of Telefónica, S.A., Madrid, Spain.
- re 3.) Ms María García-Legaz Ponce serves as Chief of Staff (Head of the Office of the CEO (Chairman of the management board)) and as a member of the Executive Committee at Telefónica, S.A., Madrid, Spain, the indirect majority shareholder of Telefónica Deutschland Holding AG. Ms García-Legaz Ponce holds shares in Telefónica, S.A., Madrid, Spain, and participates in an employee stock option program of Telefónica, S.A., Madrid, Spain
- re 4.) Mr Ernesto Gardelliano is Group Controller & Planning Director of Telefónica, S.A., Madrid, Spain, the indirect majority shareholder of Telefónica Deutschland Holding AG. Mr Gardelliano also holds shares in Telefónica, S.A., Madrid, Spain, and participates in an employee stock option program of Telefónica, S.A., Madrid, Spain.
- re 5.) Mr Michael Hoffmann: none
- re 6.) Mr Julio Linares López is a member of the Board of Directors and Chairman of the Strategy Committee of Telefónica Brasil S.A., São Paulo, Brazil, a non-executive director of Telefónica de España S.A.U., Madrid, Spain and a non-executive director of Telefónica Móviles España S.A.U., Madrid, Spain, each of which are affiliates of the indirect majority shareholder of Telefónica Deutschland Holding AG, of Telefónica, S.A., Madrid, Spain. He is also a member of the Board of Trustees of the Telefónica Foundation (Fundación Telefónica), Madrid, Spain. Mr Linares López holds shares in Telefónica, S.A., Madrid, Spain.
- re 7.) Ms. Stefanie Oeschger: none
- re 8.) Mr Jaime Smith Basterra: none. Mr Jaime Smith Basterra holds shares in Telefónica, S.A., Madrid, Spain.

According to their assessment, all candidates have sufficient time to perform their duties on the Supervisory Board of Telefónica Deutschland Holding AG.

9. **Resolution on the authorization to acquire and use treasury shares with the option to exclude shareholders' subscription rights**

Currently, the Management Board is not authorized to acquire and use treasury shares pursuant to section 71 para. 1 no. 8 German Stock Corporation Act (AktG). Such authorization limited until 18 May 2027 pursuant to section 71 para. 1 no. 8 German Stock Corporation Act (AktG) shall be created.

The Management Board and the Supervisory Board propose to resolve as follows:

„a) **Authorization to acquire treasury shares**

Telefónica Deutschland Holding AG is authorized, with the consent of the Supervisory Board, to acquire treasury shares of the Company until 18 May 2027 in an amount of up to 10 % of the share capital of the Company existing at the time of the granting of the authorization or – if this value is lower – at the time of the exercise of the authorization. The shares acquired on the basis of this authorization, together with other treasury shares held by Telefónica Deutschland Holding AG or attributable to it pursuant to sections 71d and 71e German Stock Corporation Act (AktG), may at no time exceed 10 % of the respective existing share capital.

The authorization may be exercised in full or in part, once or several times, in pursuit of one or more purposes by the Company, but also by companies dependent on it or in which it holds a majority interest, or by third parties for its or their account.

b) **Types of acquisition**

At the discretion of the management board, the acquisition may be effected (1) via the stock exchange, (2) by means of a public purchase offer addressed to all shareholders, or (3) by means of a public invitation to submit offers for sale. The following provisions apply in this case:

- (1) If the shares are purchased on the stock exchange, the purchase price per share paid by the Company (excluding incidental costs) may not be more than 10% higher or lower than the stock market price. The relevant stock exchange price shall be the stock exchange price of the shares of the Company in XETRA trading (or a comparable successor system) determined by the opening auction on the respective trading day or – if no opening auction takes place – the first paid price of the shares of the Company in XETRA trading (or a comparable successor system) on the respective trading day.
- (2) If the shares are acquired by means of a public purchase offer, the purchase price offered or the limits of the purchase price range per share (excluding incidental costs) may not exceed the stock market price by more than 10% or fall below it by more than 20%. The relevant stock market price shall be the arithmetic mean of the closing prices (or – if a closing price is not determined on the relevant day – of the last paid price) for the shares of the Company in XETRA trading (or a comparable successor system) on the last three trading days of the Frankfurt Stock Exchange prior to the date of publication of the purchase offer.
- (3) If the shares are purchased by means of a public invitation to submit offers for sale, the purchase price per share (excluding incidental costs) may not exceed the stock market price by more than 10% or fall below it by more than 20%. The relevant stock market price shall be the arithmetic mean of the closing prices (or – if a closing price is not determined on the relevant day – of the last price paid) for the shares of the Company in XETRA trading (or a comparable successor system) on the last three trading days of the Frankfurt Stock Exchange prior to the date of acceptance of the offers to sell.

If, after publication of a public purchase offer or a public invitation to submit offers to sell, there are significant price deviations from the purchase or selling price offered or from the limits of any purchase or selling price range, the offer or invitation to submit offers to sell may be adjusted. In this case, the average price of the last three trading days prior to the public announcement of any adjustment shall be used as a basis. The offer to purchase or the invitation to submit offers to sell may provide for further conditions.

The volume of shares to be acquired in the context of a public purchase offer or a public invitation to submit offers for sale may be limited. If a public purchase offer or a public invitation to submit offers for sale is over-subscribed, the shares may be purchased in proportion to the shares subscribed or offered in each case; the right of shareholders to tender their shares in proportion to their shareholdings is excluded in this respect. Preferential acceptance of small lots of up to 100 shares tendered per shareholder and commercial rounding to avoid fractional shares may be provided for. Any further right of shareholders to tender shares is excluded in this respect.

c) **Use of treasury shares**

The acquisition for the purpose of trading in treasury shares is excluded. The authorization may be exercised for any legally permissible purpose, in particular in pursuit of one or more of the purposes set out below:

- (1) Treasury shares may be sold in a way other than via the stock exchange or by means of an offer directed to all shareholders, provided the selling price per share payable in cash is not significantly lower than the stock market price of the Company's shares (section 71 para. 1 no. 8 German Stock Corporation Act (AktG) in conjunction with section 186 para. 3 sentence 4 German Stock Corporation Act (AktG)). In this context, the pro rata amount of the share capital represented by the shares sold on the basis of this authorization may not exceed a total of 10% of the share capital either at the time this authorization is granted or at the time it is exercised. This volume limit of 10% of the share capital shall also include other shares of the Company issued or sold with exclusion of subscription rights from the time this authorization becomes effective in direct or analogous application of section 186 para. 3 sentence 4 German Stock Corporation Act (AktG). Furthermore, shares of the Company shall be included which are or can still be issued to service conversion or option rights or to fulfill conversion obligations arising from convertible bonds or bonds with warrants, insofar as the bonds were issued during the term of this authorization on the basis of other authorization in corresponding application of section 186 para. 3 sentence 4 German Stock Corporation Act (AktG) with exclusion of subscription rights.
- (2) Treasury shares may be sold for non-cash consideration, in particular in connection with the acquisition of companies, parts of companies, equity interests in companies or business combinations as well as the acquisition of other assets, including rights and receivables.

- (3) Treasury shares may be used to fulfill option or conversion rights or conversion obligations issued by the Company or by companies dependent on it or in which it holds a majority interest.
 - (4) Treasury shares may be offered for purchase or transferred to employees and members of the Management Board of the Company and to employees and members of the management of companies affiliated with the Company within the meaning of section 15 German Stock Corporation Act (AktG) in connection with share-based payment programs and may also be used to fulfill purchase, subscription or option rights to shares in the Company granted or to be granted to employees and members of the Management Board of the Company or to employees and members of the management of companies affiliated with the Company. Insofar as treasury shares are to be offered, promised or transferred to members of the Management Board of the Company in this connection under the agreed arrangements for Management Board remuneration, the Supervisory Board shall be authorized accordingly, whereby the Management Board employment or executive body relationship must exist at the time of the offer, promise or transfer. The details of the remuneration for the members of the Management Board shall be determined by the Supervisory Board.
 - (5) Treasury shares may be used to implement a so-called scrip dividend by selling them in return for the full or partial transfer of the shareholder's dividend entitlement.
 - (6) The Management Board is authorized, with the approval of the Supervisory Board, to retire treasury shares in whole or in part without any further resolution by the Annual General Meeting. The redemption shall be effected by way of a simplified procedure by way of a capital reduction or in such a way that the share capital remains unchanged and, in accordance with section 8 para. 3 German Stock Corporation Act (AktG), the notional interest of the remaining shares in the share capital is increased. Pursuant to section 237 para. 3 no. 3, 2nd half German Stock Corporation Act (AktG), the Management Board is authorized to adjust the number of shares in the Articles of Association accordingly. The retirement may also be combined with a capital reduction; in this case, the Management Board is authorized to reduce the share capital by the pro rata amount of share capital represented by the retired shares, and the Supervisory Board is authorized to adjust the number of shares and the share capital in the Articles of Association accordingly.
- d) If, with the approval of the Supervisory Board, treasury shares are used for one or more of the purposes set out in lit. c (1) to (5), shareholders' subscription rights shall be excluded unless otherwise determined by the management when deciding on such use.
- e) The authorizations under lit. c) may be exercised once or several times, in whole or in part, individually or jointly, and the authorizations in lit. c) (1) to (5) may also be exercised by dependent companies or companies majority-owned by Telefónica Deutschland Holding AG or by third parties acting for their account or for the account of the Company."

Report of the Management Board to the Annual General Meeting on item 9 of the agenda pursuant to sections 71 para. 1 no. 8 sentence 5, 186 para. 4 sentence 2 German Stock Corporation Act (AktG)

With regard to item 9 of the agenda for the Annual General Meeting on 19 May 2022, the Management Board has submitted a written report on the reasons for the possible exclusion of subscription rights pursuant to section 186 para. 4 sentence 2 German Stock Corporation Act (AktG), which is reproduced below under II. C. and will be available on the website www.telefonica.de/agm from the time the Annual General Meeting is convened. The report will also be accessible during the Annual General Meeting.

II. Further information and reports

A. Remuneration Report of Telefónica Deutschland Holding AG for the financial year 2021

2021 Remuneration Report

I. Introduction

The remuneration report describes the structure and design of the remuneration of the management board and supervisory board of Telefónica Deutschland Holding AG and discloses the remuneration awarded and due to each current and previous member of the management board and supervisory board in the 2021 financial year on an individualised basis. The report complies with the regulatory requirements of section 162 of the German Stock Corporation Act (AktG) and takes the recommendations of the German Corporate Governance Code (GCGC), as amended on 16 December 2019, into account.

The remuneration report and the attached opinion on the audit of the remuneration report by PricewaterhouseCoopers GmbH Wirtschaftsprüfungsgesellschaft in accordance with the requirements of section 162 (3) AktG are available on the [website of Telefónica Deutschland](#).

Rounding of numerical values in the remuneration report can mean that the addition of individual values does not exactly correspond to the total stated and that percentages do not reflect exactly the values to which they relate.

II. Review of the 2021 financial year

There were no changes in the composition of the management board in financial year 2021. Markus Haas was reappointed as a member of the company's management board and as the new Chief Executive Officer (CEO) of Telefónica Deutschland Holding AG with effect from 1 January 2017 until the end of 31 December 2019. At its meeting on 18 February 2019, the supervisory board resolved the further appointment of Markus Haas as CEO with effect from 1 January 2020 until the end of 31 December 2022. Valentina Daiber, Nicole Gerhardt, Alfons Lösing, Wolfgang Metze, and Markus Rolle were appointed as management board members of the company with effect from 1 August 2017 until the end of 31 July 2020. At its meeting on 30 September 2019, the supervisory board resolved their further appointment with effect from 1 August 2020 until the end of 31 July 2023. New service contracts were concluded for the duration of their respective new appointment. In addition, Mallik Rao (Yelamate Mallikarjuna Rao) was newly appointed as a member of the management board of the company with effect from 15 October 2019 until the end of 31 December 2022. His service contract was concluded for the duration of the appointment.

Against the backdrop of the entry into force of the statute to implement the second shareholder rights directive into national law (ARUG II) and following the preliminary referral by the remuneration committee, the supervisory board carried out a review of the management board's remuneration system in the 2021 financial year. As a result of this review, various remuneration-related components were added or revised. In particular, a maximum remuneration for the management board members was set in accordance with section 87a (1) sentence 2 Note 1 AktG. In addition, the malus regulations already provided for in the remuneration system were specified and supplemented by clawback regulations for the entire amount of the variable remuneration. Moreover, if statutory requirements are met, in particular in special and exceptional circumstances, the supervisory board is entitled to temporarily derogate from the remuneration system pursuant to section 87a (2) sentence 2 AktG, if the derogation is in the interest of the long-term wellbeing of the company.

The adjusted remuneration system of the management board was resolved by the supervisory board on 22 February 2021 and submitted to the Annual General Meeting of Telefónica Deutschland on 20 May 2021 for approval in the context of the shareholders' consultative vote (say on pay). The resolution was approved with 84.72 % of the votes. The remuneration system applies to all management board service contracts that are to be newly concluded or renewed as of the date of the Annual General Meeting. The remuneration system as adjusted and published in accordance with the legal requirements is therefore not yet applicable to the management board service contracts valid for the 2021 financial year, all of which were concluded before the approval of the remuneration system by the Annual General Meeting.

The supervisory board's remuneration system was also approved at the 2021 Annual General Meeting with 99.94 % of the votes. The detailed presentation of the remuneration systems of the management board and the supervisory board are available on the [Telefónica Deutschland website](#).

III. Remuneration of the management board in financial year 2021

1. Remuneration Governance

In accordance with section 87 (1) AktG, the supervisory board determines the remuneration of management board members, ensuring that it appropriately reflects the responsibilities and performance of each management board member, as well as the company's economic situation, and does not exceed the usual remuneration without a specific reason. In addition, the remuneration structure is to be oriented towards the promotion of the sustainable and long-term development of the company.

The supervisory board reviews the appropriateness of the management board remuneration on a regular basis, taking into account the recommendations of the remuneration committee. The supervisory board uses both a horizontal comparison with management board members of peer companies and a vertical comparison with employees of Telefónica Deutschland.

To evaluate the appropriateness on a horizontal level, the supervisory board considers TecDAX companies as a peer group because Telefónica Deutschland is listed in this index and it includes the largest exchange-listed national technology companies, as well as any other relevant companies. In the year under review, the supervisory board considered all TecDAX companies.

The senior management and the workforce of the German group is taken into account for evaluating appropriateness on a vertical level. In this process, both the current ratio of the management board's remuneration compared to the remuneration of senior management and the workforce as a whole, as well as the change of the ratio over time is assessed. Furthermore, the supervisory board takes the respective employment conditions such as working hours and holiday periods into account.

2. Overview of the remuneration system applicable in the 2021 financial year

The remuneration system for the management board is comprised of fixed and variable components, which add up to the total compensation of a management board member. Fixed remuneration comprises base salary, fringe benefits and pension commitments. Variable remuneration components comprise the one-year variable remuneration (Bonus I) and the components with long-term incentive effects. These include in particular the Telefónica Deutschland Performance Share Plan (Bonus II) and the Telefónica, S.A. Performance Share Plan (Bonus III). In addition, there are further components with a long-term incentive effect, namely the Telefónica, S.A. Restricted Share Plan as a special remuneration instrument in individual situations and the possible participation of the management board members in the employee participation program of Telefónica, S.A.

The following table provides an overview of the regularly applied remuneration components and contract components:

Component		Description
Fixed remuneration component	Fixed salary	Fixed remuneration paid out in twelve equal monthly amounts
	Fringe benefits	Mainly company car, insurance, D&O insurance with deductible, and other allowances
	Pension commitment	Financing contribution in the amount of a percentage of the annual fixed salary stipulated in the management board service contract, which is invested in a reinsured support fund
Variable remuneration component	One-year variable remuneration (Bonus I)	- One-year cash bonus 70 % Telefónica Deutschland component 80 % financial performance criteria 30 % Revenues 30 % OIBDA (Operating Income Before Depreciation and Amortization) 20 % Free Cash Flow (FCF) 20 % non-financial performance criteria (Environmental, Social and Governance targets) 8 % Net Promoter Score (NPS) 5 % Reduction of CO₂ emissions 3 % NPS Gap 3 % Reputation of the company (RepTrak Pulse) 1 % Proportion of women in management positions 30 % Telefónica, S.A. component - Cap: 150 % of the target bonus
	Telefónica Deutschland Performance Share Plan (Bonus II)	(Virtual) Performance Share Plan - Three-year performance period - Performance criteria 50 % Relative Total Shareholder Return (rTSR) 40 % Free Cash Flow (FCF) 10 % Neutralized CO₂ emissions - Target achievement: 0 % to 100 % (Cap) - Cap: 200 % of the grant value - Payout in cash
	Telefónica, S.A. Performance Share Plan (Bonus III)	- Performance Share Plan - Three-year performance period - Performance criteria 50 % Relative Total Shareholder Return (rTSR) of Telefónica, S.A. 40 % Free Cash Flow (FCF) of Telefónica, S.A. 10 % Neutralized CO₂ emissions of Telefónica, S.A. - Target achievement: 0 % to 100 % (Cap) - Payout in shares by Telefónica, S.A.

The supervisory board ensured that the grant value of the long-term incentive components always exceeds the target amount of the one-year variable remuneration in order to have the target remuneration structure oriented towards a sustainable and long-term development of the company. In addition, the supervisory board ensured that the fixed and variable remuneration components which are linked to the success of Telefónica Deutschland significantly outweigh those components that are linked to the success of Telefónica, S.A. At the same time, Telefónica Deutschland has a strategic interest in belonging to an economically successful group of companies and benefiting from the associated synergies, and therefore, 30 % of the one-year variable remuneration (Bonus I) in financial year 2021 depended on the economic success of Telefónica, S.A. In order to meet this strategic interest, including in the long term, the supervisory board may approve the participation of the management board members in the Telefónica, S.A. long-term share-based remuneration programs (Telefónica, S.A. Performance Share Plan (Bonus III), Restricted Share Plan, employee participation program). In financial year 2021, the Telefónica, S.A. Performance Share Plan (Bonus III) accounted for 33 % of the grant value of the long-term incentive components for the CEO and 50 % for the ordinary management board members.

3. Remuneration components in financial year 2021 in detail

3.1. Fixed remuneration components

3.1.1. Fixed salary

The annual base salary is a fixed remuneration paid out in twelve equal monthly amounts.

3.1.2. Fringe benefits

In addition, the management board members receive fringe benefits. These primarily include a company car, life insurance and accident insurance, travel allowances, reimbursement of social security payments, compensation for committee work and other allowances.

No other fringe benefits were granted to the management board members in financial year 2021.

In addition, the company has taken out D&O insurance (directors & officers liability insurance) for the benefit of the management board members with a deductible of 10 % of the loss up to one and a half times the annual fixed salary of the respective management board member.

3.1.3. Pension commitment

All management board members in office in the year under review, with the exception of Alfons Lösing, participate in the company's pension plan. This is a support fund commitment. They receive an annual financing contribution in the amount of 20 % of the annual fixed salary, which is invested in a reinsured support fund. Each year, the management board members may choose between six specified pension packages, which hedge the risks of surviving dependants' pension, work disability, and old-age to varying degrees. Besides the statutory guaranteed interest, there is no further interest guarantee. The management board members have the option to choose between a one-off payment, payment in three or six instalments or the drawing of a pension. The old-age pension or payout is received by the management board members when they have reached the age limit and left the services of the company.

Alfons Lösing was given a direct commitment in accordance with the pension guidelines of the Essener Verband (EV), which consists of two elements. As a first element, Alfons Lösing receives a fixed financing amount for the so-called BOLO (contribution-based benefit ordinance of the EV). There is a specific retirement age. Furthermore, surviving dependants' and work disability pension benefits are approved. As a second element, Alfons Lösing receives a pension from the company in accordance with the benefit ordinance B of the EV. Commitments are also provided for retirement, surviving dependants' and work disability pensions. The benefits from the commitments which are not covered by the pension insurance association are insured within the scope of a reinsurance policy.

Service cost and the present value of the existing pension obligations recognized by the company as at 31 December 2021 pursuant to IAS 19 are shown individually for each management board member in the following table:

Pension commitment in k€

IAS 19

	Service cost		Present value of pension obligations	
	2021	2020	2021	2020
Markus Haas	158	143	2,060	2,156
Valentina Daiber	67	61	539	508
Nicole Gerhardt	66	61	255	212
Alfons Lösing	80	75	2,970	3,130
Wolfgang Metze	89	82	302	261
Mallik Rao	1	2	104	3
Markus Rolle	88	82	1,026	1,073

3.2. Variable remuneration components

3.2.1. One-year variable remuneration (Bonus I)

The one-year variable remuneration (Bonus I) is an annually granted cash bonus that incentivizes business success in the respective financial year. The target amount equals 100 % of annual base salary for the Chief Executive Officer and 65 % of annual base salary for ordinary management board members. The payout amount is calculated at the end of the financial year as the product of the target amount and a target achievement factor, which can have a minimum value of 0 % and a maximum value of 150 % depending on the annual performance. The members of the management board can therefore receive a maximum payment of 150 % of the respective target bonus (cap). The payment is made in cash after the end of the respective financial year.

The target achievement factor consists of two components: The first component is based on the annual success of Telefónica Deutschland (Telefónica Deutschland component) and has a weighting of 70 %. The second component is based on the annual success of Telefónica, S.A. (Telefónica, S.A. component) and has a weighting of 30 %.



a) Telefónica Deutschland component

The key performance indicators (KPIs) relevant for measuring the Telefónica Deutschland component, their weighting, target values and target achievement curves are determined annually by the supervisory board. The target values are derived from the strategic planning. Both financial and non-financial performance criteria (ESG criteria; Environmental, Social, Governance) have been defined for financial year 2021. The financial performance criteria are weighted at 80 % overall, and the non-financial performance criteria are weighted at 20 %.

The following overview presents the performance criteria applied in financial year 2021 for Bonus I as well as their weighting and description:

Category	Performance criterion	Weighting	Description / Relation to corporate strategy
Financial	Revenues	30 %	The development of revenues is a key indicator of the success of the company. Revenues depict the total value of the operational activity and are therefore a key indicator of the success of our products' and services' sales on the market. To appropriately incentivize the achievement of our revenue growth targets, the supervisory board has integrated this into Bonus I for the 2021 financial year.
	OIBDA	30 %	The profitability of the operating activities is measured by OIBDA (Operating Income before Depreciation and Amortization). OIBDA provides a comprehensive view of the income and expense structure. To reflect both absolute growth and the strategic relevance of profitable growth, OIBDA has been implemented in Bonus I.
	Free Cash Flow (FCF)	20 %	Free cash flow (FCF) provides information about the change in available financial funds, which provide enablement to make investments in growth, to promote the expansion of the network as well as product development, to pay dividends or service debt, for example.
Non-financial	Net Promoter Score (NPS)	8 %	The NPS is used as a metric for customer experience. It measures the customer's propensity to recommend a service or product to others.
	Reduction of CO ₂ emissions	5 %	CO ₂ emissions include both direct emissions from fuels usage and the leakage of refrigerant gases produced in assets directly controlled by the company, as well as indirect emissions from energy consumption (mainly electricity).
	NPS Gap	3 %	The NPS Gap measures the difference between the NPS of Telefónica Deutschland and the NPS of the top competitor.
	Reputation of the company (RepTrak Pulse)	3 %	The reputation of the company in society community is measured using RepTrak Pulse. Reputation is measured on the basis of the emotional attachment of stakeholders to Telefónica Deutschland using a specially developed algorithm that takes into account perceptions of esteem, admiration, trust, and overall feeling.
	Proportion of women in management positions	1 %	As part of ongoing efforts to promote diversity at Telefónica Deutschland, the proportion of women in management positions will be further increased. This proportion is determined on the basis of senior management appointments at Telefónica Deutschland and so serves as an objective measure of gender equality.

If the actual value of a performance criterion falls below a minimum threshold, the target achievement factor for this performance criterion equals 0 %. If the minimum threshold is met, the factor is 50 %. If the target value is reached 100 %, the factor is 100 %. If the target value is exceeded, the factor increases up to an upper limit, which for financial year 2021 is 125 %. Intermediate values of target achievement are not linearly interpolated, but calculated according to a target achievement curve set by the supervisory board. The target achievement curve assigns a target achievement factor to the value actually achieved for each performance criterion. In order to create an increased incentive for the simultaneous achievement of all annual targets, the supervisory board has specified for financial year 2021 that those factors below 120 % will be increased to 120 % if all targets are achieved. The OIBDA target achievement factor will be increased from 125 % to 140 %, if the OIBDA target achievement is at least 105 % and the target achievement for revenues is at least 98 %.

The sum of the weighted target achievement factors determines the Telefónica Deutschland component, which equals 113.8 % in financial year 2021, and is based on the following target achievements for the individual performance criteria:

Category	Performance criterion	Weighting	Target achievement
Financial	Revenues	30 %	102 %
	OIBDA	30 %	103 %
	Free Cash Flow (FCF)	20 %	108 %
Non-financial	Net Promoter Score (NPS)	8 %	100 %
	Reduction of CO ₂ emissions	5 %	25 % ¹
	NPS Gap	3 %	53 %
	Reputation of the company (RepTrak Pulse)	3 %	106 %
	Proportion of women in management positions	1 %	90 %

(1) Since we aim at a reduction of emissions, the target achievement curve is in reverse order: Target achievements above 100 % imply underperformance, target achievements below 100 % imply overperformance.

b) Telefónica, S.A. component

The supervisory board determines the target achievement factor for Telefónica, S.A. component with due discretion. Such discretion shall be guided by the business performance of Telefónica, S.A. in the respective year. For financial year 2021, the supervisory board has set a target achievement factor of 110.0 %.

c) Summary: Target achievement factor and payout amounts for Bonus I 2021

Based on the target achievement factor for the Telefónica Deutschland component and the target achievement factor for the Telefónica, S.A. component, the target achievement factor for Bonus I for financial year 2021 equals 112.6 %, which results in the following payout amounts:

Bonus I 2021

	Target amount in €	Target achievement factor in %	Payout amount in €
Markus Haas	770,000	112.6	867,020
Valentina Daiber	212,550		239,331
Nicole Gerhardt	208,650		234,940
Alfons Lösing	278,200		313,253
Wolfgang Metze	283,400		319,108
Mallik Rao	234,000		263,484
Markus Rolle	278,200		313,253

3.2.2. Components with a long-term incentive effect

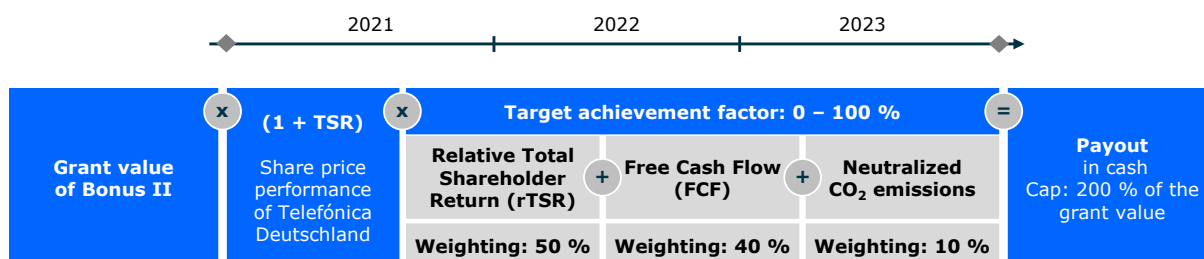
The long-term incentive components are share-based remuneration programs. The first two components are the Telefónica Deutschland Performance Share Plan (Bonus II) and the Telefónica, S.A. Performance Share Plan (Bonus III). The total grant value for the two components per year equals 120 % of annual base salary for the Chief Executive Officer, and 66 % for ordinary management board members.

Further components with a long-term incentive effect are the Telefónica, S.A. Restricted Share Plan as a special remuneration instrument in individual situations and the possible participation of the management board members in the Telefónica, S.A. employee participation program.

In addition, the Deferred Bonus Plan is reported on in the following. The Deferred Bonus Plan was replaced by the Telefónica Deutschland Performance Share Plan (Bonus II) for all new grants from financial year 2020 onwards, and is therefore a retrospective Bonus II. The performance period of the tranche of this plan allocated in financial year 2018 ended in financial year 2021.

a) Telefónica Deutschland Performance Share Plan (Bonus II): Tranche 2021–2023

Bonus II is a Virtual Performance Share Plan of Telefónica Deutschland. The 2021–2023 tranche of Bonus II was allocated to the management board members for 1 January 2021. Since the performance period will not end until the end of 2023, this variable remuneration component can only be fully reported about in the remuneration report of the 2023 financial year. The grant value is 80 % of the base salary for the Chief Executive Officer and 33 % of the base salary for ordinary management board members. The payout after the end of the three-year performance period equals the product of the respective grant value, a TSR-factor (1+TSR), which reflects the development of the share price (total shareholder return (TSR)) of Telefónica Deutschland over the plan term, and a target achievement factor, which can range between 0 % and 100 % (cap). The payout is limited to 200 % of the grant value (cap) and is made in cash.



aa. TSR factor (1 + TSR)

Total shareholder return ("TSR") means the percentage change in the share price over the plan term assuming that (gross) dividends paid per share during the plan term were directly reinvested. For the calculation of the TSR factor (1+TSR), the Total Return Index at the end of the performance period (defined as the average of daily Total Return Index values over the last 30 trading days of the performance period) is divided by the Total Return Index at the beginning of the performance period (defined as the average of daily Total Return Index values over the last 30 trading days prior to the beginning of the performance period). The calculation may be adjusted to reflect changes in the share capital (if any) during the performance period.

The consideration of total shareholder return in the performance measurement aligns the interests of the management board directly with those of the shareholders, and creates an incentive for a sustainable and long-term increase in the company's value.

ab. Target achievement factor

The achievement level of performance criteria determines the target achievement factor. For the 2021–2023 tranche of Bonus II, the supervisory board selected the relative total shareholder return (rTSR) of Telefónica Deutschland compared to a peer group (50 % weighting), the free cash flow (FCF) of Telefónica Deutschland (40 % weighting), and the neutralized CO₂ emissions of Telefónica Deutschland (10 % weighting) as performance criteria. The sum of the weighted target achievement factors of the selected performance criteria results in the target achievement factor for the 2021–2023 tranche.

Relative Total Shareholder Return (rTSR)

Relative TSR is an external, capital market-oriented performance criterion and as such promotes the alignment of interests with shareholders. The supervisory board has selected the companies that were included in the STOXX Europe 600 Telecommunications Index (with the exception of Telefónica, S.A.) as at 1 January 2021 as the peer group for measuring the relative TSR for the 2021 – 2023 tranche. Comparing the stock return with other telecommunications companies creates an incentive to compete in the long term and outperform the peer group.

The target achievement factor for relative TSR depends on how the total shareholder return of Telefónica Deutschland Holding AG has developed over the three-year period compared to the total shareholder return of the peer group. If the total shareholder return of Telefónica Deutschland Holding AG is below the median of the peer group, the TSR target achievement factor is 0 %. If the median is reached, the TSR target achievement factor is 30 %. The TSR target achievement factor is increased by linear interpolation to up to 100 % if the total shareholder return of Telefónica Deutschland Holding AG reaches the upper quartile of the peer group.

Free Cash Flow (FCF)

In view of the importance of free cash flow (FCF) for Telefónica Deutschland, the supervisory board has also incorporated this key figure as a performance criterion in the 2021 – 2023 tranche of Bonus II.

The FCF target achievement factor corresponds to the average of annual target achievement factors, which can be between 0 % and 100 % depending on the achievement of annual targets for free cash flow (annual budget figures). If the annual target is met by less than 90 %, the annual target achievement factor is 0 %. If 90 % is met, the annual target achievement factor is 50 %. The annual target achievement factor will increase to up to 100 % if the annual target has been met 100 % or exceeded. The respective annual targets for free cash flow are set by the supervisory board at the start of the respective financial year.

Neutralized CO₂ emissions

Telefónica Deutschland is committed to sustainability and consequently to the reduction of greenhouse gas emissions in its business decisions. The goal of net zero emissions, i.e. full offsetting of generated emissions through the purchase of CO₂ certificates and related projects to absorb CO₂ from the atmosphere, is expected to be achieved by 2025 according to the responsible business plan. The supervisory board has implemented this strategic goal of CO₂ neutralization in Bonus II as an additional performance criterion, which creates extra incentives for target achievement. CO₂ emissions include both direct emissions (e.g. fuel consumption) and indirect emissions (e.g. electricity consumption).

The target achievement factor for neutralized CO₂ emissions depends on how much emissions were actually neutralized at the end of the performance period: If the target value for 2023 is met by less than 90 %, the target achievement factor is 0 %. If 90 % is met, the target achievement factor is 50 %. The target achievement factor will increase to up to 100 % using linear interpolation if the target value has been met 100 % or exceeded. The supervisory board has stipulated the additional condition that gross emissions in year 2023 must be reduced by a certain percentage compared to 2015.

b) Deferred Bonus Plan (retrospective Bonus II): Tranche 2018 – 2021

The Deferred Bonus Plan is a deferred bonus that was last granted in 2019. According to this plan, the management board members were promised an amount equal to a percentage of their annual fixed salary as a bonus. The management board member has the right to the full amount (cap) after a period of three years if the total shareholder return of Telefónica Deutschland Holding AG is in the upper quartile of the total shareholder return of the peer group comprising the DAX 30 companies. Each management board member has the right to receive 50 % of this amount if the total shareholder return of Telefónica Deutschland Holding AG corresponds to the median of the peer group. If the total shareholder return of Telefónica Deutschland Holding AG lies between the median and the upper quartile, the amount paid out is calculated on a linear proportional basis. If the total shareholder return of Telefónica Deutschland Holding AG lies below the median, there is no entitlement to payments.

Participation in the Deferred Bonus Plan, which was granted in 2018 and whose performance period ended in the 2021 financial year (tranche 2018 – 2021), did not result in any payout since the total shareholder return of Telefónica Deutschland Holding AG was below the median of the peer group.

Bonus II tranche 2018 - 2021

	Grant value in €	Target achievement factor in %	Payout amount in €
Markus Haas	560,000	0.0	0
Valentina Daiber	99,000		0
Nicole Gerhardt	99,000		0
Alfons Lösing	132,000		0
Wolfgang Metze	132,000		0
Mallik Rao ¹	0		0
Markus Rolle	132,000		0
Cayetano Carbajo Martín ²	99,000		0

(1) Member of the management board since 15 October 2019

(2) Former member of the management board (until 08 November 2019)

c) Telefónica, S.A. Performance Share Plan (Bonus III): Tranche 2021–2023

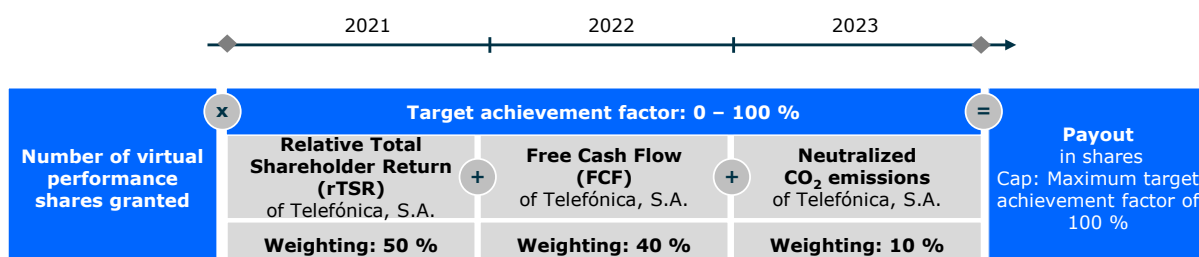
aa. Allocation of the 2021–2023 tranche

Bonus III is a Performance Share Plan of Telefónica, S.A. The 2021–2023 tranche of Bonus III was allocated to the management board members for 1 January 2021. Since the performance period will not end until the end of 2023, this variable remuneration component can only be fully reported about in the remuneration report of the 2023 financial year. The grant value is 40 % of the base salary for the Chief Executive Officer and 33 % of the base salary for ordinary management board members. The grant is made with virtual performance shares of Telefónica, S.A. For the calculation of the number of virtual performance shares granted, the grant value is divided by the weighted average Telefónica, S.A. share price of the last 30 trading days prior to the start of the performance period.

Bonus III tranche 2021 - 2023

	Grant value in €	Share price at grant in €	Number of virtual performance shares granted
Markus Haas	308,000	3.5168	87,579
Valentina Daiber	107,910		30,684
Nicole Gerhardt	105,930		30,121
Alfons Lösing	141,240		40,161
Wolfgang Metze	143,880		40,912
Mallik Rao	118,800		33,780
Markus Rolle	141,240		40,161

The number of real shares actually received from Telefónica, S.A. after the end of the 3-year performance period equals the product of the number of granted virtual performance shares and a target achievement factor, which can range between 0 % and 100 %, depending on the achievement level of performance criteria. The management board members can therefore receive a maximum entitlement to 100 % of the originally granted virtual performance shares in the form of real shares (cap). For plan participants who are also members of the executive committee of Telefónica, S.A. (applicable for Markus Haas), a holding period of two years for 100 % of the vested shares after taxes is provided for. However, in addition to a settlement in shares, the supervisory board reserves the right to settle the claims in cash.



ab. Target achievement factor for the 2021–2023 tranche

The achievement level of performance criteria determines the target achievement factor. For the 2021–2023 tranche of Bonus III, the relative total shareholder return (rTSR) of Telefónica, S.A. compared to a peer group (50 % weighting), the free cash flow (FCF) of Telefónica, S.A. (40 % weighting), and the neutralized CO₂ emissions of Telefónica, S.A. (10 % weighting) were selected as performance criteria. The sum of the weighted target achievement factors of the selected performance criteria results in the target achievement factor for the 2021–2023 tranche.

Relative Total Shareholder Return of Telefónica, S.A.

A group consisting of global telecommunication companies was defined as the peer group for measuring the relative TSR for the 2021–2023 tranche of Bonus III: América Móvil, BT Group, Deutsche Telekom, KPN, Liberty Global, Millicom, Orange, Proximus, Swisscom, Telecom Italia, Telenor, Telia Company, TIM Brasil, Vodafone Group.

The target achievement factor for relative TSR depends on how the total shareholder return of Telefónica, S.A. has developed over the three-year period compared to the total shareholder return of the peer group. If the total shareholder return of Telefónica, S.A. is below the median of the peer group, the TSR target achievement factor is 0 %. If the median is reached, the TSR target achievement factor is 30 %. The TSR target achievement factor is increased by linear interpolation to up to 100 % if the total shareholder return of Telefónica, S.A. reaches the upper quartile of the peer group.

Free Cash Flow (FCF) of Telefónica, S.A.

The FCF target achievement factor corresponds to the average of annual target achievement factors, which can be between 0 % and 100 % depending on the achievement of annual targets for free cash flow (annual budget figures). If the annual target is met by less than 90 %, the annual target achievement factor is 0 %. If 90 % is met, the annual target achievement factor is 50 %. The annual target achievement factor will increase to up to 100 % if the annual target has been met 100 % or exceeded. The respective annual targets for free cash flow are determined annually.

Neutralized CO₂ emissions of Telefónica, S.A.

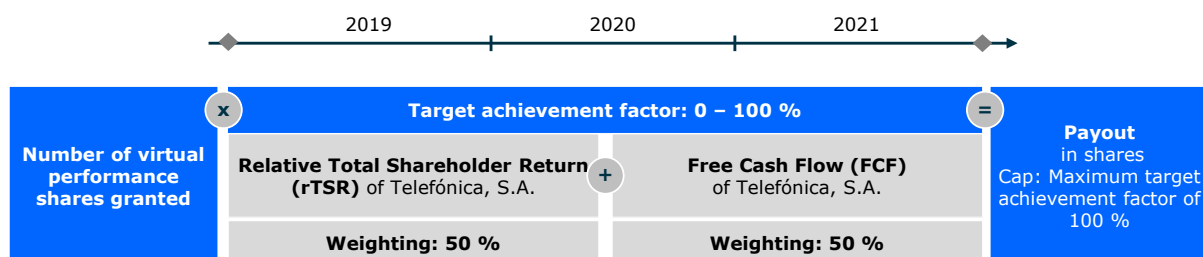
The increased importance of sustainability targets was also taken into account in Bonus III, and with the neutralization of CO₂ emissions of Telefónica, S.A., a further ESG target was integrated as a performance criterion. Consequently, ESG targets are now included as performance criteria in three primary variable remuneration components.

The target achievement factor for neutralized CO₂ emissions depends on how much emissions of Telefónica, S.A. were neutralized at the end of the performance period: If the target value for 2023 is met by less than 90 %, the target achievement factor is 0 %. If 90 % is met, the target achievement factor is 50 %. The target achievement factor will increase to up to 100 % using linear interpolation if the target value has been met 100 % or exceeded. The additional condition was set that gross emissions in year 2023 must be reduced by a certain percentage compared to 2015.

d) Telefónica, S.A. Performance Share Plan (Bonus III): Tranche 2019 – 2021**aa. Allocation of the 2019–2021 tranche**

The three-year performance period of the 2019–2021 tranche of Bonus III ended at the end of financial year 2021. The grant value allocated for 1 January 2019 was 40 % of the base salary for the Chief Executive Officer and 33 % of the base salary for ordinary management board members (except Mallik Rao who did not receive a grant for his work in 2019, i.e. for the limited period from 15 October 2019 to 31 December 2019). The grant was made with virtual performance shares of Telefónica, S.A. For the calculation of the number of virtual performance shares granted, the grant value was divided by the weighted average Telefónica, S.A. share price of the last 30 trading days prior to the start of the performance period.

The number of real shares actually earned after the end of the 3-year performance period equals the product of the number of granted virtual performance shares and a target achievement factor, which can range between 0 % and 100 %, depending on the achievement level of performance criteria. The management board members can therefore receive a maximum entitlement to 100 % of the originally granted virtual performance shares in the form of real shares (cap). For plan participants who are also members of the executive committee of Telefónica, S.A. (applicable for Markus Haas), a holding period of 12 months for at least 25 % of the vested shares after taxes is provided for.



ab. Target achievement factor and vested shares for the 2019 – 2021 tranche

The achievement level of performance criteria determines the target achievement factor. For the 2019 – 2021 tranche of Bonus III, the relative total shareholder return (rTSR) of Telefónica, S.A. compared to a peer group (50 % weighting) and the free cash flow (FCF) of Telefónica, S.A. (50 % weighting) were selected as performance criteria. The sum of the weighted target achievement factors of the selected performance criteria results in the target achievement factor for the 2019 – 2021 tranche.

Relative Total Shareholder Return of Telefónica, S.A.

A group consisting of global telecommunication companies was defined as the peer group for measuring the relative TSR for the 2019 – 2021 tranche of Bonus III: América Móvil, BT Group, Deutsche Telekom, KPN, Millicom, Orange, Proximus, Swisscom, Telecom Italia, Telenor, Telia Company, TIM Brasil, Vodafone Group.

The target achievement factor for relative TSR depends on how the total shareholder return of Telefónica, S.A. has developed over the three-year period compared to the total shareholder return of the peer group. If the total shareholder return of Telefónica, S.A. is below the median of the peer group, the TSR target achievement factor is 0 %. If the median is reached, the TSR target achievement factor is 30 %. The TSR target achievement factor is increased by linear interpolation to up to 100 % if the total shareholder return of Telefónica, S.A. reaches the upper quartile of the peer group.

The development of the TSR over the performance period was below the median of the peer group resulting in a target achievement factor of 0.0 % for the relative TSR performance criterion.

Free Cash Flow (FCF) of Telefónica, S.A.

The FCF target achievement factor corresponds to the average of annual target achievement factors, which can be between 0 % and 100 % depending on the achievement of annual targets for free cash flow (annual budget figures). If the annual target is met by less than 90 %, the annual target achievement factor is 0 %. If 90 % is met, the annual target achievement factor is 50 %. The annual target achievement factor will increase to up to 100 % if the annual target has been met 100 % or exceeded. The respective annual targets for free cash flow were determined annually.

For the free cash flow performance criterion, an average target achievement factor of 100.0 % was achieved.

Based on the target achievement factors for relative TSR and FCF, the target achievement factor for the 2019 – 2021 tranche of Bonus III equals 50.0 %:

Performance criterion	Weighting	Year	Target achievement	Target achievement factor
Relative Total Shareholder Return (rTSR)	50 %	2019 - 2021	below median	0.0 %
Free Cash Flow (FCF)	50 %	2019	101 %	100.0 %
		2020	113 %	100.0 %
		2021	135 %	100.0 %
		Ø Free Cash Flow target achievement factor		100.0 %
Tranche 2019 - 2021 target achievement factor				50.0 %

The table below provides an overview of the key elements of the 2019 – 2021 tranche, including the number of vested shares after the end of the performance period:

Bonus III tranche 2019 - 2021

	Grant value in €	Share price at grant in €	Number of virtual performance shares granted	Target achievement factor in %	Number of vested shares	Share price as of 31 Dec 2021 in €	Value as of 31 Dec 2021 in € ¹
Markus Haas	280,000	7.6086	36,800	50.0	18,400	3.8520	70,877
Valentina Daiber	99,000		13,011		6,506		25,059
Nicole Gerhardt	99,000		13,011		6,506		25,059
Alfons Lösing	132,000		17,348		8,674		33,412
Wolfgang Metze	132,000		17,348		8,674		33,412
Mallik Rao ²	0		0		0		0
Markus Rolle	132,000		17,348		8,674		33,412
Cayetano Carbajo Martín ³	84,625		11,121		5,561		21,419

(1) Preliminary value as of 31 December 2021 since the shares had not yet been transferred to the respective stock account at the time the report was prepared, i.e. the final value of the shares was not yet available

(2) Mallik Rao did not receive a grant for his work in 2019, i.e. for the limited period from 15 October 2019 to 31 December 2019.

(3) Former member of the management board; grant value pro rata temporis for the calendar year due to the termination of the contract as of 08 November 2019

e) Telefónica, S.A. Performance Share Plan (Bonus III): Other committed shares from previous tranches

For plan participants who are also members of the executive committee of Telefónica, S.A. (applicable for Markus Haas), a holding period of 12 months applies to at least 25 % of the vested shares after taxes from the Bonus III, which was granted in the 2018 financial year, vested at the end of the 2020 financial year (tranche 2018 – 2020), and which was settled by Telefónica, S.A. in the 2021 financial year. Accordingly, the holding period for 2,232 shares of the 8,925 shares vested for Markus Haas after taxes from the tranche 2018 – 2020 ended at the end of the 2021 financial year.

f) Telefónica, S.A. Restricted Share Plan

In order to attract or retain qualified candidates for the management board, the supervisory board has the option to grant them an amount under the Restricted Share Plan on a one-time or recurring basis, for example, to compensate them for forfeited compensation claims at their previous employer. Therefore, this plan serves as a special compensation instrument.

The plan term according to the Restricted Share Plan is between one and five years. At the beginning of the term, the participant receives a certain number of virtual shares of Telefónica, S.A. at an amount, which corresponds to a certain proportion of the participant's annual base salary. At the end of the term, the participant receives a certain percentage of the virtual shares originally granted in the form of real shares of Telefónica, S.A. The percentage corresponds to the proportion of the active employment period in the total plan term and is therefore between 0 % and 100 %, i.e. the plan participant can only be entitled to a maximum of 100 % of the initially granted virtual shares in the form of real shares (cap). The vesting of the shares requires an active employment relationship for at least 12 months during the plan term and an active employment relationship at the time of settlement by Telefónica, S.A. The supervisory board may determine further requirements. In addition to a settlement in shares, the supervisory board reserves the right to settle the claims in cash.

At the beginning of financial year 2020, Mallik Rao received a one-time grant of virtual shares in the amount of EUR 160,000 under the Restricted Share Plan as compensation for expired share entitlements with his previous employer. Half of the virtual shares granted has a term of two years, the second half of the grant has a term of three years. The term of the first half of the virtual shares expired on 31 December 2021. As Mallik Rao met the requirements, the corresponding shares vested after the end of the financial year.

Restricted Share Plan

	Grant value in €	Share price at grant ¹ in €	Number of virtual shares granted	Plan term	Share of active employment relationship	Number of vested shares	Share price at transfer date in €	Value at transfer date in € ²
Mallik Rao	160,000	6.6723	11,990	01 Jan 2020 to 31 Dec 2021	100%	11,990	3.9760	47,672
			11,990	01 Jan 2020 to 31 Dec 2022	Disclosures will be made after the end of the plan term			

(1) Average share price of Telefónica, S.A. over the last 30 trading days before the start of the plan term

(2) The shares were transferred to Mallik Rao's stock account as of 13 January 2022.

g) Telefónica, S.A. employee participation program

Management board members are entitled to participate in the Telefónica, S.A. employee participation program (global employee share plan (GESP)) or any subsequent program with the consent of the supervisory board. The most recent employee participation program was in place from August 2019 to July 2021. During the first year, the participant invested a monthly sum of between EUR 25 and EUR 150 to buy shares in Telefónica, S.A. at the relevant market price. Subsequently, a holding period of one year was provided for. At the end of the holding period, the participant received one share in Telefónica, S.A. free of charge for every two shares purchased.

Markus Haas was the only member of the management board to participate in this tranche. Based on his investment of EUR 1,800 (purchase of 335 shares), he received 167.5 shares with a total value of EUR 659 (share price of EUR 3.9315 at transfer date) free of charge by Telefónica, S.A. upon expiry of the program in August 2021.

3.3. Malus and clawback regulations

The service contracts of the management board members provide for various regulations under which the supervisory board can withhold (malus) or reclaim (clawback) variable remuneration in justified cases.

With regard to the one-year variable remuneration (Bonus I), the supervisory board can adjust the Bonus I by means of a malus factor in the event of breach of duty by the management board member in accordance with the contracts of Valentina Daiber, Nicole Gerhardt, Alfons Lösing, Wolfgang Metze, and Markus Rolle, which have been in force since 1 August 2020.

With regard to the long-term remuneration components, the plan terms of the Telefónica Deutschland Performance Share Plan (Bonus II) also include a compliance-based malus regulation. The conditions of the Performance Share Plan of Telefónica, S.A. (Bonus III) include a malus regulation and a clawback regulation. These regulations apply not only in the event of compliance violations, but also when the original measurement of target achievement is found to be incorrect due to misrepresentations of financial reporting or other events subsequently detected.

In line with the remuneration system approved at the 2021 Annual General Meeting, all new management board service contracts to be concluded or renewed will include both malus and clawback provisions for the total amount of the variable remuneration.

In the 2021 financial year, the supervisory board did not identify any reasons for applying the malus or clawback regulations, which is why no reduction or reclaim of variable remuneration was made by the supervisory board.

3.4. Commitments in the event of (premature) termination of management board membership

3.4.1. Early termination of the service contract

The management board service contracts of the incumbent Management Board members contain a clause stipulating that, in the event of premature termination of the service contract without good cause, the agreed payments to the management board member in question should not exceed two years of remuneration and in no case the remuneration for the remaining period of the contract (severance cap). If a contract is ended prematurely for a reason attributable to the management board member, that member has no claim to any payments.

3.4.2. Treatment of multi-year variable remuneration components

The Telefónica Deutschland Performance Share Plan (Bonus II) provides for a payment according to the due dates specified in the contract in the event of termination of a management board service contract. The share-based programs of Telefónica, S.A., however, provide that payment is made upon exit.

3.4.3. Change of control

In the event of a change of control, management board members are entitled to extraordinarily terminate their service contract after giving three months' notice to the end of any given month and to resign from their position as a member of the management board. This right of extraordinary termination may only be exercised in the six months following the date of change of control. In this case, the company pays the management board member a one-off severance payment in the amount of one year's base salary and the most recently paid one-year variable remuneration (Bonus I). This payment must not, however, exceed the remuneration that would have been payable up to the end of the contract.

3.4.4. *Post-contractual non-compete clause*

A one-year non-competition covenant has been agreed with the management board members. During the term of the post-contractual non-competition covenant, management board members will receive compensation equal to 50 % of the most recently received contractual remuneration. The company may at any time waive compliance, in which case the obligation to pay the remuneration ends six months after the waiver has been declared. In addition, for the contracts of Valentina Daiber, Nicole Gerhardt, Alfons Lösing, Wolfgang Metze, and Markus Rolle, which have been in force since 1 August 2020, severance pay received in connection with the termination of the service contract will be offset against the compensation. In line with the remuneration system approved at the 2021 Annual General Meeting, all new management board service contracts to be concluded or renewed will include such offsetting rule.

3.4.5. *Death benefit*

If a management board member dies during the term of the service contract, the widow/widower and the children, if they are under 27 years of age, may claim as joint and several creditors the continued payment of the full amount of the annual base salary for the month of death and the six subsequent months. These payments, however, may in any case not continue beyond the end of the contract term.

3.5. **Individualised disclosure of the remuneration of the management board**

The following tables present the remuneration awarded and due in accordance with section 162 AktG as well as the target remuneration of the individual management board members.

3.5.1. *Remuneration awarded and due in accordance with section 162 AktG*

The following tables present the remuneration awarded and due to the individual members of the management board in office in the year under review in accordance with section 162 AktG. The disclosure follows a vesting based interpretation; the remuneration awarded and due includes all remuneration components whose performance measurement has been completed, for which all conditions precedent and subsequent have been met or expired and which have been fulfilled at the end of the financial year. This does not depend on whether the payment has already been made in the financial year or afterwards.

In the disclosure for financial year 2021, these are:

- the base salary paid out in the 2021 financial year,
- the fringe benefits accrued for the 2021 financial year,
- the Bonus I calculated for the 2021 financial year, which will be paid in the 2022 financial year,
- the Bonus II granted in the 2018 financial year and calculated in the 2021 financial year, which will be paid in the 2022 financial year,
- the Bonus III granted in the 2019 financial year and calculated at the end of the 2021 financial year, which will be settled by Telefónica, S.A. in the 2022 financial year,
- the shares vested under the Restricted Share Plan of Telefónica, S.A. at the end of the 2021 financial year, and
- the shares transferred by Telefónica, S.A. under the employee participation program in the 2021 financial year.

In addition, the service cost for the pension commitments under IAS 19 are stated for the 2021 financial year. Moreover, the tables include the relative share of the remuneration components in the total remuneration.

Remuneration awarded and due in the financial year

	Markus Haas Chief Executive Officer (CEO) since 18 Sept 2012 / CEO since 01 Jan 2017				Valentina Daiber Chief Officer for Legal and Corporate Affairs since 01 Aug 2017			
	2021		2020		2021		2020	
	in k€	in %	in k€	in %	in k€	in %	in k€	in %
Fixed salary	770	45	770	48	327	53	311	56
Fringe benefits	11	1	15	1	21	3	19	3
One-year variable remuneration	867	50	770	48	239	39	202	36
Bonus I 2020	-	-	770	-	-	-	202	-
Bonus I 2021	867	-	-	-	239	-	-	-
Multi-year variable remuneration	72	4	64	4	25	4	23	4
Bonus II 2017 - 2020	-	-	0	-	-	-	0	-
Bonus II 2018 - 2021	0	-	-	-	0	-	-	-
PSP / Bonus III 2018 - 2020 ¹	-	-	64	-	-	-	23	-
PSP / Bonus III 2019 - 2021 ²	71	-	-	-	25	-	-	-
RSP 2020 - 2021/2022	-	-	-	-	-	-	-	-
Employee participation program	1	-	-	-	-	-	-	-
Total remuneration according to § 162 AktG	1,720	100	1,619	100	612	100	555	100
Pension service cost	158	-	143	-	67	-	61	-
Total remuneration (including pension service cost)	1,878	-	1,763	-	679	-	617	-

Remuneration awarded and due in the financial year

	Nicole Gerhardt Chief Human Resources Officer since 01 Aug 2017				Alfons Lösing Chief Partner and Wholesale Officer since 01 Aug 2017			
	2021		2020		2021		2020	
	in k€	in %	in k€	in %	in k€	in %	in k€	in %
Fixed salary	321	53	309	56	428	51	412	53
Fringe benefits	23	4	23	4	62	7	62	8
One-year variable remuneration	235	39	201	36	313	37	268	35
Bonus I 2020	-	-	201	-	-	-	268	-
Bonus I 2021	235	-	-	-	313	-	-	-
Multi-year variable remuneration	25	4	23	4	33	4	30	4
Bonus II 2017 - 2020	-	-	0	-	-	-	0	-
Bonus II 2018 - 2021	0	-	-	-	0	-	-	-
PSP / Bonus III 2018 - 2020 ¹	-	-	23	-	-	-	30	-
PSP / Bonus III 2019 - 2021 ²	25	-	-	-	33	-	-	-
RSP 2020 - 2021/2022	-	-	-	-	-	-	-	-
Employee participation program	-	-	-	-	-	-	-	-
Total remuneration according to § 162 AktG	604	100	555	100	836	100	772	100
Pension service cost	66	-	61	-	80	-	75	-
Total remuneration (including pension service cost)	670	-	616	-	917	-	847	-

Remuneration awarded and due in the financial year

	Wolfgang Metze Chief Consumer Officer since 01 Aug 2017				Mallik Rao Chief Technology and Information Officer since 15 Oct 2019			
	2021		2020		2021		2020	
	in k€	in %	in k€	in %	in k€	in %	in k€	in %
Fixed salary	436	51	415	55	360	43	360	48
Fringe benefits	69	8	46	6	162	19	154	21
One-year variable remuneration	319	37	270	35	263	32	234	31
Bonus I 2020	-	-	270	-	-	-	234	-
Bonus I 2021	319	-	-	-	263	-	-	-
Multi-year variable remuneration	33	4	30	4	48	6	0	0
Bonus II 2017 - 2020	-	-	0	-	-	-	-	-
Bonus II 2018 - 2021	0	-	-	-	-	-	-	-
PSP / Bonus III 2018 - 2020 ¹	-	-	30	-	-	-	-	-
PSP / Bonus III 2019 - 2021 ²	33	-	-	-	-	-	-	-
RSP 2020 - 2021/2022	-	-	-	-	48	-	-	-
Employee participation program	-	-	-	-	-	-	-	-
Total remuneration according to § 162 AktG	857	100	761	100	833	100	748	100
Pension service cost	89	-	82	-	1	-	2	-
Total remuneration (including pension service cost)	947	-	843	-	834	-	749	-

Remuneration awarded and due in the financial year

	Markus Rolle Chief Financial Officer since 01 Aug 2017			
	2021		2020	
	in k€	in %	in k€	in %
Fixed salary	428	53	412	56
Fringe benefits	29	4	21	3
One-year variable remuneration	313	39	268	37
Bonus I 2020	-	-	268	-
Bonus I 2021	313	-	-	-
Multi-year variable remuneration	33	4	30	4
Bonus II 2017 - 2020	-	-	0	-
Bonus II 2018 - 2021	0	-	-	-
PSP / Bonus III 2018 - 2020 ¹	-	-	30	-
PSP / Bonus III 2019 - 2021 ²	33	-	-	-
RSP 2020 - 2021/2022	-	-	-	-
Employee participation program	-	-	-	-
Total remuneration according to § 162 AktG	803	100	730	100
Pension service cost	88	-	82	-
Total remuneration (including pension service cost)	891	-	812	-

(1) The target achievement factor was 50%. The resulting shares were transferred as of 30 March 2021

(2) Preliminary value as of 31 December 2021 since the shares had not yet been transferred to the respective stock account at the time the report was prepared, i.e. the final value of the shares was not yet available

3.5.2. Target remuneration

In addition to the remuneration awarded and due, the following tables show the target remuneration of the individual management board members for the 2021 financial year and, for better comparability, for the 2020 financial year as well. The target remuneration describes that remuneration which is contractually agreed in the event of 100 % target achievement.

Target remuneration

	Markus Haas Chief Executive Officer (CEO) since 18 Sept 2012 / CEO since 01 Jan 2017		Valentina Daiber Chief Officer for Legal and Corporate Affairs since 01 Aug 2017		Nicole Gerhardt Chief Human Resources Officer since 01 Aug 2017	
	2021	2020	2021	2020	2021	2020
	in k€	in k€	in k€	in k€	in k€	in k€
Fixed salary	770	770	327	311	321	309
Fringe benefits	11	15	21	19	23	23
One-year variable remuneration	770	770	213	202	209	201
Bonus I 2020	-	770	-	202	-	201
Bonus I 2021	770	-	213	-	209	-
Multi-year variable remuneration	924	924	216	216	212	212
Bonus II 2020 - 2022	-	616	-	108	-	106
Bonus II 2021 - 2023	616	-	108	-	106	-
PSP / Bonus III 2020 - 2022	-	308	-	108	-	106
PSP / Bonus III 2021 - 2023	308	-	108	-	106	-
RSP 2020 - 2021/2022	-	-	-	-	-	-
Pension service cost	158	143	67	61	66	61
Total remuneration	2,633	2,622	843	810	830	805

Target remuneration

	Alfons Lösing Chief Partner and Wholesale Officer since 01 Aug 2017		Wolfgang Metzke Chief Consumer Officer since 01 Aug 2017		Mallik Rao Chief Technology and Information Officer since 15 Oct 2019	
	2021	2020	2021	2020	2021	2020
	in k€	in k€	in k€	in k€	in k€	in k€
Fixed salary	428	412	436	415	360	360
Fringe benefits	62	62	69	46	162	154
One-year variable remuneration	278	268	283	270	234	234
Bonus I 2020	-	268	-	270	-	234
Bonus I 2021	278	-	283	-	234	-
Multi-year variable remuneration	282	282	288	288	238	398
Bonus II 2020 - 2022	-	141	-	144	-	238
Bonus II 2021 - 2023	141	-	144	-	119	-
PSP / Bonus III 2020 - 2022	-	141	-	144	-	-
PSP / Bonus III 2021 - 2023	141	-	144	-	119	-
RSP 2020 - 2021/2022	-	-	-	-	-	160
Pension service cost	80	75	89	82	1	2
Total remuneration	1,131	1,099	1,165	1,100	995	1,147

Target remuneration

	Markus Rolfe Chief Financial Officer since 01 Aug 2017	
	2021	2020
	in k€	in k€
Fixed salary	428	412
Fringe benefits	29	21
One-year variable remuneration	278	268
Bonus I 2020	-	268
Bonus I 2021	278	-
Multi-year variable remuneration	282	282
Bonus II 2020 - 2022	-	141
Bonus II 2021 - 2023	141	-
PSP / Bonus III 2020 - 2022	-	141
PSP / Bonus III 2021 - 2023	141	-
RSP 2020 - 2021/2022	-	-
Pension service cost	88	82
Total remuneration	1,105	1,064

3.6. Remuneration of former members of the management board

The remuneration awarded and due to former management board member Cayetano Carbajo Martin (Chief Technology Officer until 08 November 2019) amounts to EUR 21,419 in financial year 2021. The amount results from 5,561 shares, which vested from the participation in a multi-year variable remuneration plan of Telefónica, S.A. (PSP / Bonus III 2019 – 2021). The stated amount is a preliminary value as of 31 December 2021 since the shares had not yet been transferred to the stock account at the time the report was prepared.

In addition, five former members of the management board or former members of management received pension payments in the following amounts: (1) EUR 213,129, (2) EUR 40,265, (3) EUR 98,141, (4) EUR 6,177, and (5) EUR 21,402. In accordance with section 162 (5) sentence 2 AktG, no personal information is provided for the aforementioned former members of the management board if they left the management board or the company's management before 31 December 2011.

IV. Remuneration of the supervisory board in financial year 2021

1. Overview of the remuneration system

The members of the supervisory board of Telefónica Deutschland Holding AG receive a fixed annual remuneration (fixed remuneration) as suggested in G.18 sentence 1 German Corporate Governance Code (GCGC). The structure of supervisory board remuneration as purely fixed remuneration strengthens the independence of the supervisory board and provides a counterweight to the structure of the management board remuneration.

The fixed annual remuneration for an ordinary member is EUR 30,000.00. In accordance with the recommendation in G.17 GCGC and due to the greater time commitment of these roles, the chairperson and vice-chairperson of the supervisory board receive increased fixed remuneration: The chairperson of the supervisory board receives EUR 100,000.00 and the vice-chairperson of the supervisory board receives EUR 50,000.00 per annum.

The chairpersons and the members of the committees of the supervisory board, which meet regularly (audit committee and remuneration committee), shall receive a separate committee remuneration in accordance with G.17 GCGC on account of the regular, additional time required. The chairperson of the audit committee shall receive EUR 45,000.00 per annum in addition to the fixed remuneration of an ordinary member, unless the chairperson of the supervisory board is the chairperson of the audit committee. The members of the audit committee receive an additional EUR 10,000.00 per year. The ordinary members of the remuneration committee receive an additional EUR 7,500.00 per annum, while the chairperson of the remuneration committee receives an additional EUR 13,000.00 per annum.

Remuneration components	Ordinary member of the supervisory board	Vice-chairperson of the supervisory board	Chairperson of the supervisory board
Fixed remuneration p.a.	EUR 30,000	EUR 50,000	EUR 100,000
	Ordinary member of the committee	Vice-chairperson of the committee	Chairperson of the committee
Remuneration of audit committee p.a.	+ EUR 10,000	+ EUR 10,000	+ EUR 45,000¹
Remuneration of remuneration committee p.a.	+ EUR 7,500	+ EUR 7,500	+ EUR 13,000

(1) Unless the chairperson of the supervisory board chairs the audit committee.

Supervisory board members who did not serve as a member or the chairperson of the supervisory board or a committee for the entire financial year shall receive remuneration on a pro rata temporis basis. Three members of the supervisory board who also have an executive role in one of the Telefónica, S.A. Group companies waive their remuneration entirely.

The company reimburses each member of the supervisory board for expenses incurred in the performance of his or her duties. In addition, the supervisory board members are reimbursed for any value added tax. Furthermore, the company has taken out a directors and officers liability insurance policy (D&O insurance) for the benefit of the supervisory board members, which covers the legal liability arising from their supervisory board activities.

2. Individualised disclosure of the remuneration of the supervisory board

The remuneration awarded and due to the members of the supervisory board in financial year 2021 is broken down into the individual remuneration components below. There was no remuneration awarded and due to former members of the supervisory board in financial year 2021.

Remuneration of the Supervisory Board

	2021					2020				
	Fixed remuneration		Committee remuneration		Total remuneration	Fixed remuneration		Committee remuneration		Total remuneration
	in k€	in %	in k€	in %	in k€	in k€	in %	in k€	in %	in k€
Peter Löscher Chairman Member since 01 April 2020	100	100	-	-	100	74	100	-	-	74
Christoph Braun Deputy chairman Member since 01 July 2016	50	100	-	-	50	50	100	-	-	50
Martin Butz Member since 17 May 2018	30	75	10	25	40	30	75	10	25	40
Pablo de Carvajal González Member since 25 July 2018	-	-	-	-	-	2	100	-	-	2
Peter Erskine ¹ Member since 19 May 2016	30	100	-	-	30	30	100	-	-	30
María García-Legaz Ponce Member since 07 June 2018	-	-	-	-	-	2	100	-	-	2
Ernesto Gardelliano ² Member since 05 October 2020	-	-	-	-	-	-	-	-	-	-
Cansever Heil Member since 03 April 2019	30	100	-	-	30	30	100	-	-	30
Christoph Heil Member from 03 June 2013 to 17 May 2018; since 03 April 2019	30	100	-	-	30	30	100	-	-	30
Michael Hoffmann Member since 05 October 2012, Chairman of the Audit Committee and Remuneration Committee	30	34	58	66	88	30	38	48	62	78
Julio Linares López Member since 16 October 2017	30	100	-	-	30	30	100	-	-	30
Stefanie Oeschger ³ Member since 03 October 2020	30	100	-	-	30	7	100	-	-	7
Thomas Pfeil Member since 03 June 2013	30	75	10	25	40	30	75	10	25	40
Joachim Rieger ⁴ Member since 31 October 2014	30	100	-	-	30	30	100	-	-	30
Dr. Jan-Erik Walter Member since 03 June 2013	30	80	8	20	38	30	80	8	20	38
Claudia Weber Member since 03 June 2013	30	80	8	20	38	30	80	8	20	38

(1) Peter Erskine resigned from office with effect from the end of 31 December 2021.

(2) Ernesto Gardelliano was appointed to the Supervisory Board as a shareholder representative by court order with effect from 05 October 2020 and by resolution of the Annual General Meeting on 20 May 2021.

(3) Stefanie Oeschger was appointed to the Supervisory Board as a shareholder representative by court order with effect from 03 October 2020 and by resolution of the Annual General Meeting on 20 May 2021.

(4) In addition to the remuneration pursuant to section 20 of the articles of association of Telefónica Deutschland Holding AG, Joachim Rieger received for his work as a member of the supervisory board of the subsidiary TGCS Essen & Potsdam GmbH a remuneration of EUR 2,232 in 2021 (2020: EUR 4,500).

V. Comparative presentation of remuneration trends and earnings performance

In accordance with section 162 (1), sentence 2 Note 2 AktG, the following table shows the remuneration trend for the members of the management board, the members of the supervisory board and the other employees in comparison to the earnings performance of the company.

The average remuneration of employees is based on the personnel expenses in the financial year and takes into account all active employees in the Telefónica Deutschland Group on a full-time equivalent basis below the management board. Earnings performance is shown with a key figure of the Telefónica Deutschland Group, the operating income before depreciation and amortization (OIBDA) adjusted for exceptional effects. In addition, the profit (loss) of Telefónica Deutschland Holding AG is shown in accordance with HGB.

Comparative presentation

	2021	2020	Change 2021/2020
	in k€	in k€	in %
As at 31 December 2021 active members of the Management Board			
Markus Haas	1,720	1,619	6.2
Valentina Daiber	612	555	10.3
Nicole Gerhardt	604	555	8.9
Alfons Lösing	836	772	8.4
Wolfgang Metze	857	761	12.7
Mallik Rao	833	748	11.4
Markus Rolle	803	730	10.0
As at 31 December 2021 former members of the Management Board			
Cayetano Carbajo Martin (until 08 November 2019)	21	23	-5.5
As at 31 December 2021 active members of the Supervisory Board			
Peter Löscher ¹	100	74	35.2
Christoph Braun	50	50	0.0
Martin Butz	40	40	0.0
Pablo de Carvajal González	-	2	-
Peter Erskine	30	30	0.0
María García-Legaz Ponce	-	2	-
Ernesto Gardelliano ¹	-	-	-
Cansever Heil	30	30	0.0
Christoph Heil	30	30	0.0
Michael Hoffmann	88	78	12.1
Julio Linares López	30	30	0.0
Stefanie Oeschger ¹	30	7	306.7
Thomas Pfeil	40	40	0.0
Joachim Rieger	30	30	0.0
Dr. Jan-Erik Walter	38	38	0.0
Claudia Weber	38	38	0.0
Employees			
Average	82	82	0.5
Earnings performance			
Telefónica Deutschland Group:			
Operating income before depreciation and amortisation (OIBDA), adjusted for exceptional effects (in EUR million)	2,411	2,319	3.9
Telefónica Deutschland Holding			
AG: Loss (previous year: profit) according to HGB (in EUR million)	(37)	16	(>100%)

(1) Entry during fiscal year 2020

Telefónica Deutschland Holding AG

For the Management Board

For the Supervisory Board

Markus Haas
CEO

Peter Löscher
Chairman of the Supervisory Board

Markus Rolle

Valentina Daiber

Nicole Gerhardt

Alfons Lösing

Wolfgang Metze

Mallik (Yelamate Mallikarjuna) Rao

Report of the independent auditor on the formal audit of the remuneration report pursuant to § 162 Abs. 3 AktG

To Telefónica Deutschland Holding AG, Munich

Opinion

We have formally audited the remuneration report of the Telefónica Deutschland Holding AG, Munich, for the financial year from January 1, 2021 to December 31, 2021 to determine whether the disclosures pursuant to § [Article] 162 Abs. [paragraphs] 1 and 2 AktG [Aktiengesetz: German Stock Corporation Act] have been made in the remuneration report. In accordance with § 162 Abs. 3 AktG, we have not audited the content of the remuneration report.

In our opinion, the information required by § 162 Abs. 1 and 2 AktG has been disclosed in all material respects in the accompanying remuneration report. Our opinion does not cover the content of the remuneration report.

Basis for the opinion

We conducted our formal audit of the remuneration report in accordance with § 162 Abs. 3 AktG and IDW [Institut der Wirtschaftsprüfer: Institute of Public Auditors in Germany] Auditing Standard: The formal audit of the remuneration report in accordance with § 162 Abs. 3 AktG (IDW AuS 870). Our responsibility under that provision and that standard is further described in the "Auditor's Responsibilities" section of our auditor's report. As an audit firm, we have complied with the requirements of the IDW Quality Assurance Standard: Requirements to quality control for audit firms [IDW Qualitätssicherungsstandard – IDW QS 1]. We have complied with the professional duties pursuant to the Professional Code for German Public Auditors and German Chartered Auditors [Berufssatzung für Wirtschaftsprüfer und vereidigte Buchprüfer – BS WP/vBP], including the requirements for independence.

Responsibility of the Management Board and the Supervisory Board

The management board and the supervisory board are responsible for the preparation of the remuneration report, including the related disclosures, that complies with the requirements of § 162 AktG. They are also responsible for such internal control as they determine is necessary to enable the preparation of a remuneration report, including the related disclosures, that is free from material misstatement, whether due to fraud or error.

Auditor's Responsibilities

Our objective is to obtain reasonable assurance about whether the information required by § 162 Abs. 1 and 2 AktG has been disclosed in all material respects in the remuneration report and to express an opinion thereon in an auditor's report.

We planned and performed our audit to determine, through comparison of the disclosures made in the remuneration report with the disclosures required by § 162 Abs. 1 and 2 AktG, the formal completeness of the remuneration report. In accordance with § 162 Abs 3 AktG, we have not audited the accuracy of the disclosures, the completeness of the content of the individual disclosures, or the appropriate presentation of the remuneration report.

Munich, March 29, 2022

PricewaterhouseCoopers GmbH
Wirtschaftsprüfungsgesellschaft

Stefano Mulas	ppa. Birgit Wicke
Wirtschaftsprüfer	Wirtschaftsprüferin
(German Public Auditor)	(German Public Auditor)

B. Information on agenda item 7: System for remuneration for members of the Supervisory Board

Information according to sections 113 para. 3 sentence 3, 87a para. 1 sentence 2 German Stock Corporation Act (AktG)

The members of the Supervisory Board of Telefónica Deutschland Holding AG receive a fixed annual remuneration (fixed remuneration) as suggested in G.18 German Corporate Governance Code (GCGC). The design of the Supervisory Board remuneration as a mere fixed remuneration strengthens the independence of the Supervisory Board and provides a counterweight to the structure of the Management Board remuneration.

The fixed annual remuneration for an ordinary member is EUR 30,000.00. In accordance with the recommendation in G.17 GCGC and due to the increased time commitment for these roles, the Chairman of the Supervisory Board and his deputy receive an increased fixed remuneration:

The Chairman of the Supervisory Board receives EUR 100,000.00 and the deputy Chairman of the Supervisory Board EUR 50,000.00 per year.

Fixed Remuneration

Ordinary Member of the Supervisory Board	Deputy Chairman of the Supervisory Board	Chairman of the Supervisory Board
EUR 30,000.00 p.a.	EUR 50,000.00 p.a.	EUR 100,000.00 p.a.

The chairmen and the members of the committees of the Supervisory Board which meet regularly receive separate committee remuneration in accordance with G.17 GCGC and due to the regular additional time required.

In addition to the fixed remuneration of an ordinary member, the Chairman of the Audit Committee receives EUR 45,000.00 per year, unless the Chairman of the Supervisory Board holds the chairmanship of the Audit Committee.

The members of the Audit Committee receive an additional EUR 10,000.00 per year. The ordinary members of the Remuneration Committee and the ordinary members of the Related Party Transactions Committee receive additionally EUR 7,500.00 per year, the Chairman of the Remuneration Committee and the Chairman of the Related Party Transactions Committee an additional EUR 13,000.00 per year. The members of the Nomination Committee receive additionally EUR 3,000.00 per year, the Chairman of the Nomination Committee receives EUR 6,000.00 per year.

The members of the Mediation Committee receive without differentiation additionally EUR 1,000.00 per meeting attended.

Committee Remuneration

	Ordinary Member	Chairman
Audit Committee	+ EUR 10,000.00 p.a.	+ EUR 45,000.00 p.a.
Remuneration Committee	+ EUR 7,500.00 p.a.	+ EUR 13,000.00 p.a.
Related Party Transactions Committee	+ EUR 7,500.00 p.a.	+ EUR 13,000.00 p.a.
Nomination Committee	+ EUR 3,000.00 p.a.	+ EUR 6,000.00 p.a.
Mediation Committee	+ EUR 1,000.00 per meeting attended	+ EUR 1,000.00 per, meeting attended

Members of the Supervisory Board who have not served as member or chairperson of the Supervisory Board or a committee for the entire financial year shall receive a pro rata remuneration.

The remuneration is payable four weeks after the end of the financial year.

Each member of the Supervisory Board shall be reimbursed for expenses incurred in the performance of his or her duties. In addition, the members of the Supervisory Board will be reimbursed for any VAT if applicable.

In addition, the Company has concluded a pecuniary loss liability insurance policy (D&O insurance) for the benefit of the members of the Supervisory Board which covers the statutory liability arising from the Supervisory Board activity.

Pursuant to section 113 para. 3 German Stock Corporation Act (AktG), a resolution shall be passed on the remuneration of the members of the supervisory board, including the underlying remuneration system, at least every four years. The corresponding resolution may also confirm the current remuneration. If the Annual General Meeting does not approve the remuneration system, a revised remuneration system must be submitted at the latest at the subsequent Annual General Meeting.

The boards regularly assess whether the remuneration of the members of the Supervisory Board is appropriate, taking into account their tasks and the situation of the company. A horizontal market comparison is used to assess adequacy. The boards also consult independent external experts.

The rules stipulated in the by-laws for the Management Board and the Supervisory Board for dealing with conflicts of interest are adhered to in the procedures for setting up, implementing and reviewing the remuneration system.

The remuneration of the members of the Supervisory Board is regulated exclusively in section 20 of the Company's articles of association, which reads as follows:

§ 20 Supervisory Board Remuneration

- (1) Each member of the Supervisory Board receives a fixed annual remuneration in the amount of EUR 30,000.00, the Chairman of the Supervisory Board receives EUR 100,000.00 and his deputy EUR 50,000.00.
- (2) For their activities in the committees of the Supervisory Board, the Supervisory Board members receive additionally per financial year:
 - (a) the Chairman of the Audit Committee EUR 45,000.00 unless the Chairman of the Supervisory Board chairs the Audit Committee; each other member of the Audit Committee EUR 10,000.00,
 - (b) the Chairman of the Remuneration Committee EUR 13,000.00, each other member of the Remuneration Committee EUR 7,500.00,
 - (c) beginning with the financial year 2022 the Chairman of the Related Party Transactions Committee EUR 13,000.00; each other member of the Related Party Transactions Committee EUR 7,500.00,
 - (d) beginning with the financial year 2022 the Chairman of the Nomination Committee EUR 6,000.00; each other member of the Nomination Committee EUR 3,000.00,
 - (e) beginning with the financial year 2022 the Chairman of the Mediation Committee EUR 1,000.00 per meeting of the Mediation Committee attended; each other member of the Mediation Committee EUR 1,000.00 per meeting of the Mediation Committee attended.
- (3) The remuneration pursuant to paragraphs 1 and 2 shall be due for payment four weeks after the end of the financial year.
- (4) Supervisory Board members who belong to the Supervisory Board or any committee or who chair the Supervisory Board or any committee for only part of the financial year shall receive in each case the remuneration pro rata temporis.
- (5) Each member of the Supervisory Board shall be reimbursed for expenses incurred in the performance of his or her duties. In addition, the members of the Supervisory Board shall be reimbursed for any value added tax payable on the reimbursement of expenses or on the remuneration of the Supervisory Board to the extent that they are entitled to invoice the Company for value added tax separately and exercise this right.
- (6) The Company may conclude a pecuniary loss liability insurance policy (D&O insurance) for the benefit of the members of the Supervisory Board at normal and reasonable market conditions, which covers the statutory liability arising from the Supervisory Board activity.

C. Report of the Management Board to the Annual General Meeting on item 9 of the agenda pursuant to section 71 para. 1 no. 8 in conjunction with section 186 para. 4 sentence 2 German Stock Corporation (AktG)

Agenda item 9 contains the proposal of the Management Board and Supervisory Board to authorize the Company pursuant to section 71 para. 1 no. 8 German Stock Corporation Act (AktG) to acquire treasury shares itself or via dependent companies or companies majority-owned by the Company or via third parties acting on its or their behalf up to an amount of 10% of the current share capital or – if this value is lower – of the share capital of the Company existing at the time the authorization is exercised.

In accordance with sections 71 para. 1 no. 8, 186 para. 4 sentence 2 German Stock Corporation Act (AktG), the Management Board submits a written report on this matter which is published below:

There is currently no effective authorization. To create room for maneuver, the temporary authorization is to be renewed for a period of five years.

Types of acquisition

The proposed resolution on item 9 of the agenda provides for the Management Board to be authorized, with the prior approval of the Supervisory Board, to acquire treasury shares representing a maximum of 10% of the share capital existing at the time the resolution is adopted or – if lower – at the time the authorization is exercised, thus exhausting the legal framework for such authorizations. The shares must be purchased on the stock exchange, by means of a public purchase offer to all shareholders or on the basis of a public invitation to all shareholders to submit offers for sale. The principle of equal treatment under the German Stock Exchange Act must be observed in each case. The acquisition via the stock exchange may also be carried out as part of a structured buy-back program with which a credit institution or an enterprise operating pursuant to section 53 para. 1 sentence 1 or section 53b para. 1 sentence 1 or para. 7 of the German Banking Act (KWG) or a syndicate of such credit institutions or enterprises is commissioned.

In the case of the public invitation to all shareholders to submit offers for sale, the addressees of this invitation may decide how many shares they wish to offer to the Company and at what price (if a price range is specified).

If the shares are purchased by means of a public purchase offer addressed to all shareholders or by means of a public invitation to submit offers for sale, the volume of the offer or invitation to submit offers for sale may be limited. This may result in the volume of shares in the Company offered by shareholders exceeding the volume of shares demanded by the Company. In this case, an allocation must be made on a quota basis. In this context, it shall be possible to carry out a reallocation according to the ratio of the shares subscribed or offered in each case (tendering quotas) instead of according to participation quotas, because the acquisition procedure can be technically better handled in this way within an economically reasonable framework. In addition, it should be possible to provide for preferential acceptance of small lots of up to 100 tendered shares per shareholder. This possibility serves to avoid fractional amounts when determining the quotas to be acquired and small residual amounts and thus to facilitate the technical handling of the share buyback. A de facto impairment of small shareholders can also be avoided in this way. Finally, it should be possible to provide for rounding in accordance with commercial principles in order to avoid arithmetical fractions of shares. In this respect, the acquisition quota and the number of shares to be acquired by individual tendering shareholders can be rounded as necessary to represent the acquisition of whole shares in terms of processing. The Management Board and Supervisory Board consider the exclusion of any further tender rights of shareholders to be objectively justified.

The respective price offered or the limits of the purchase price range per share determined by the Company (excluding incidental acquisition costs) may not be more than 10% higher and may not be more than 20% below than the arithmetic mean of the closing prices of the Company's shares in the XETRA trading system (or a comparable successor system) on the Frankfurt Stock Exchange on the last three trading days prior to the date of the public announcement of the offer or the date of acceptance of the offers to sell. If there are significant deviations in the relevant price after publication of a public offer directed to all shareholders or a public invitation to all shareholders to submit offers to sell, the purchase offer or invitation to submit offers to sell may be adjusted. In this case, the arithmetic mean of the closing prices on the last three stock market trading days prior to the public announcement of the adjustment shall be used. The purchase offer addressed to all shareholders or the invitation to submit offers to sell addressed to all shareholders may provide for further conditions.

Use of treasury shares

The proposed possibility of selling or using treasury shares serves to simplify the raising of funds. Pursuant to section 71 para. 1 no. 8 sentence 5 German Stock Corporation Act (AktG), the Annual General Meeting may also authorize the Management Board to dispose of treasury shares in a form other than via the stock exchange or on the basis of an offer to all shareholders. According to the proposed resolution, the Management Board also requires the prior approval of the Supervisory Board for the use of treasury shares.

In the alternative proposed here under item 9 lit. c) no. (1) of the agenda, the prerequisite is that the treasury shares are sold in accordance with section 186 para. 3 sentence 4 German Stock Corporation Act (AktG) at a price which is not significantly lower than the stock market price of essentially equivalent shares in the Company already listed at the time of the sale. This makes use of the option of a simplified exclusion of subscription rights, which is permitted by law and customary in practice. The idea of protecting shareholders against dilution is taken into account by the fact that the shares may only be sold at a price which is not significantly lower than the relevant stock market price. The final selling price for the treasury shares will be determined shortly before the sale. The Management Board – with the approval of the Supervisory Board – will set the discount on the stock market price as low as possible in the light of the market conditions prevailing at the time of placement. The discount on the stock market price will in no case exceed 5% of the stock market price. In view of the strong competition on the capital markets, the possibility of selling treasury shares with subscription rights excluded and in a form other than via the stock exchange or by means of an offer to all shareholders is in the interests of the Company. For the Company, this opens up the opportunity to offer treasury shares quickly and flexibly to national and international investors, to expand the shareholder base and to stabilize the value of the share. The sale at a purchase price not significantly lower than the stock market price and the limitation of the proportion of treasury shares that can be sold under this type of exclusion of subscription rights to a maximum of 10% of the share capital (at the time the authorization becomes effective and at the time it is exercised) ensure that the financial interests of the shareholders are adequately protected. Other shares issued or sold during the term of the authorization with exclusion of subscription rights in direct or analogous application of section 186 para. 3 sentence 4 German Stock Corporation Act (AktG) shall be counted towards the maximum limit of 10% of the share capital. Shares to be issued to service option and/or conversion rights or obligations under bonds with warrants and/or convertible bonds and/or profit participation rights shall also be included, provided that these bonds or profit participation rights are issued during the term of this authorization with exclusion of subscription rights in corresponding application of section 186 para. 3 sentence 4 German Stock Corporation Act (AktG). As the treasury shares are placed close to the stock market price, each shareholder can in principle acquire shares on the market at approximately the same conditions in order to maintain his shareholding quota.

In accordance with the resolution proposed under item 9 lit. c) no. (2) of the agenda, the Company also has the option to offer available treasury shares as consideration for the acquisition of non-cash contributions, in particular in connection with the acquisition of companies, parts of companies, equity interests in companies or business combinations, other assets or claims to the acquisition of other assets including rights and receivables against the Company as consideration. The authorization proposed here is intended to give the Company the necessary room for maneuver to be able to exploit opportunities for such acquisitions or mergers quickly and flexibly. The proposed exclusion of subscription rights takes this into account. In determining the valuation ratios, the Management Board and Supervisory Board will ensure that the interests of the shareholders are adequately protected. In particular, they will be guided by the stock market price of the Company's shares when measuring the value of the treasury shares granted as consideration. However, in order not to call into question the results of negotiations once they have been reached as a result of any fluctuations in the stock market price, no systematic link to a stock market price is planned.

Furthermore, the authorization under item 9 lit. c) no. (3) of the agenda provides that the treasury shares acquired on the basis of the proposed authorization may be used, excluding shareholders' subscription rights, to fulfill conversion and/or option rights or conversion obligations under convertible bonds or bonds with warrants issued by the Company or its Group companies in which the Company directly or indirectly holds a 100% interest. The proposed resolution does not create a new authorization to grant further conversion and/or option rights. It merely serves the purpose of giving the management the option of using treasury shares in whole or in part to fulfill conversion and/or option rights or conversion obligations already established on the basis of other authorizations instead of using conditional capital. There will be no burdens for the shareholders that go beyond the dilution effects possibly associated with an exclusion of subscription rights when issuing convertible bonds and/or bonds with warrants. Rather, the flexibility of the Management Board is merely increased in that it does not necessarily have to service convertible bonds and other instruments from conditional capital, but can also use treasury shares for this purpose if this appears more favorable in the specific situation in the interests of the Company and its shareholders. Conversion and/or option rights or conversion obligations which could be serviced by treasury shares do not currently exist, but could be established, for example, on the basis of the authorization granted by the Annual General Meeting on 21 May 2019 to issue convertible bonds and other instruments.

Repurchased treasury shares may be used in connection with share-based payment programs in accordance with item 9 lit. c) no. (4) of the agenda. The issue of shares to employees of Telefónica Deutschland Holding AG or its affiliated companies within the meaning of sections 15 et seq. German Stock Corporation Act (AktG) as well as to members of the Management Board of Telefónica Deutschland Holding AG provides the company with adequate scope for action. There is currently no share-based remuneration program for employees. The remuneration system for the members of the Management Board provides for the Telefónica Deutschland Performance Share Plan as a component for long-term remuneration. Depending on the share price development of Telefónica Deutschland Holding AG and defined performance criteria, a payment can be made in cash or optionally in shares of Telefónica Deutschland Holding AG at the end of a three-year performance period. It is possible at any time that the Company will create share-based remuneration programs for employees and further programs for Management Board members in the future. Shares to be granted under future programs may also be used under the proposed authorization. The Supervisory Board shall decide on the further details regarding the design and the service method of the Telefónica Deutschland Performance Share Plan.

In addition, the Management Board is to be authorized under item 9 lit. c) no. (5) of the agenda to use treasury shares in a way other than by offering them to all shareholders to pay a so-called scrip dividend. In the case of a scrip dividend using treasury shares, shareholders are offered to assign to the Company their claim to payment of the cash dividend arising from the resolution on the appropriation of profits adopted by the Annual General Meeting in exchange for treasury shares. The implementation of a stock dividend using treasury shares can be carried out as an offer directed to all shareholders, with subscription rights and in compliance with the principle of equal treatment. In the practical implementation of the stock dividend, only whole shares are offered to the shareholders for subscription in each case; with regard to the portion of the dividend entitlement which does not reach or exceed the subscription price for a whole share, the shareholders are referred to the subscription of the cash dividend and cannot receive any shares to this extent. An offer of partial rights or the establishment of trading in subscription rights or fractions thereof does not normally take place because the shareholders receive a pro rata cash dividend instead of the subscription of treasury shares. However, the Management Board is also to be authorized to exclude shareholders' subscription rights in connection with the implementation of a stock dividend in order to be able to implement the stock dividend on optimum terms. Depending on the capital market situation, it may be advantageous to structure the implementation of the stock dividend using treasury shares in such a way that the management board, while offering all shareholders entitled to dividends treasury shares for subscription in return for the assignment of their dividend claim in compliance with the general principle of equal treatment (section 53a German Stock Corporation Act (AktG)), thus economically granting shareholders a subscription right, legally excludes shareholders' subscription rights to new shares. Such exclusion of subscription rights enables the stock dividend to be implemented on flexible terms. In view of the fact that all shareholders are offered the treasury shares and excess dividend amounts are settled by cash payment of the dividend, an exclusion of subscription rights in this case appears justified and appropriate.

Finally, the treasury shares acquired on the basis of this authorization resolution may be retired by the Company in accordance with the resolution proposed under item 9 lit. c) no. (6) of the agenda without a new resolution of the Annual General Meeting being required for this purpose. Pursuant to section 237 para. 3 no. 3 German Stock Corporation Act (AktG), the Annual General Meeting of a company may resolve to cancel its fully paid-up non-par value shares without this necessitating a reduction in the Company's share capital. The authorization proposed here expressly provides for this alternative in addition to the retirement with capital reduction. The retirement of treasury shares without a capital reduction automatically increases the notional interest of the remaining non-par value shares in the Company's share capital. The Management Board is therefore also to be authorized to make the necessary amendment to the Articles of Association with regard to the number of non-par value shares that changes as a result of a retirement.

Shareholders' subscription rights to acquired treasury shares are excluded to the extent that these shares are used in accordance with item 9 lit. c) nos. (1) to (5) of the agenda in a way other than by sale via the stock exchange or by offer to all shareholders. In addition, in the event of a sale of treasury shares by way of an offer for sale to all shareholders, it shall be possible to exclude shareholders' subscription rights for fractional amounts. The exclusion of subscription rights for fractional amounts is necessary in order to be able to technically carry out the disposal of acquired treasury shares by way of an offer to shareholders. The treasury shares excluded from shareholders' subscription rights as fractional shares are either sold on the stock exchange or otherwise disposed of in the best possible way for the Company.

The Management Board will report to the Annual General Meeting on each utilization of the authorization.

III. Further information

Total number of shares and voting rights

The share capital of the Company amounts to EUR 2,974,554,993.00 and is divided into 2,974,554,993 non-par value shares. The total number of shares and voting rights is 2,974,554,993. The Company does not hold any treasury shares. This figure relates to the date of publication of this convening notice in the Federal Gazette (Bundesanzeiger).

Notes on the conduct of the virtual Annual General Meeting

Against the background of the ongoing COVID-19-pandemic, the Management Board has decided, with the consent of the Supervisory Board, to hold the Annual General Meeting of the Company on 19 May 2022 pursuant to section 1 paras. 1 and 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 in its currently applicable version, last amended by the Amendment Act of 10 September 2021 (BGBl. I 2021, p. 4147) (hereinafter "COVID-19 Act") as a virtual Annual General Meeting without the physical presence of the shareholders and their proxies.

Shareholders and their proxies (with the exception of the proxies nominated by the Company) may therefore not physically attend the Annual General Meeting.

The entire Annual General Meeting will be transmitted for the registered shareholders of Telefónica Deutschland Holding AG or their proxies in accordance with the following provisions on 19 May 2022 from 10:00 hours (CEST) live on the internet in the InvestorPortal on the Company's website at

www.telefonica.de/agm

in picture and sound. Shareholders or their proxies may exercise their voting rights exclusively by electronic vote (absentee voting (Briefwahl)) or by granting power of attorney to the proxies nominated by the Company.

In accordance with the following provisions, shareholders (and, if applicable, their proxies) can use the InvestorPortal to, among other things, register for the Annual General Meeting, exercise their voting rights by electronic absentee voting, grant powers of attorney to third parties and issue powers of attorney and instructions to the proxies nominated by the Company, submit questions and declare objections to be recorded in the minutes. Access authorization is required to use the InvestorPortal. Details can be found below in the section "Conditions for attending the virtual Annual General Meeting without physical presence and for exercising voting rights".

Conditions for attending the virtual Annual General Meeting without physical presence and for exercising voting rights

Only those shareholders who have registered for attendance in due time and who are registered in the shareholders' register for registered shares on the date of the registration deadline, i.e. on 12 May 2022, 24:00 hours (CEST), are entitled to exercise their rights as shareholders.

The registration must be received by the Company no later than 12 May 2022, 24:00 hours (CEST), at the following address:

Telefónica Deutschland Holding AG
c/o Computershare Operations Center
80249 Munich
E-mail: anmeldestelle@computershare.de

Alternatively, the registration can be effected via the InvestorPortal.

To facilitate the registration, a registration form will be sent to shareholders who are entered in the Company's share register no later than 0:00 hours (CEST) on 28 April 2022. This registration form is also available for download on the Company's website at www.telefonica.de/agm.

Access authorization is required to use the password protected InvestorPortal. Shareholders who are entered in the Company's share register no later than 28 April 2022, 0:00 hours (CEST) on will be sent their individual access data (access ID and access password) together with the registration documents for the virtual General Meeting. After the receipts of the registration documents, the Company offers its shareholders the opportunity to register online for the virtual Annual General Meeting via the InvestorPortal.

After the receipt of the registration document shareholders entered in the share register will be able to register for the virtual General Meeting using the other registration options (to the aforementioned address or e-mail address) until the registration deadline on 12 May 2022, 24:00 hours (CEST).

In relation to the Company, only those persons are considered shareholders who are registered as such in the share register. Accordingly, the right to participate in the virtual General Meeting and the number of voting rights to which a shareholder is entitled in the virtual General Meeting are determined by the status of the share register on the day of the virtual General Meeting. For technical reasons, however, on the day of the virtual Annual General Meeting and in the last six days prior the virtual Annual General Meeting, i.e. from 13 May 2022, 0:00 hours (CEST), up to and including 19 May 2022, 24:00 hours (CEST), no deletions and entries will be made in the share register (so-called registration stop). Therefore, the registration status of the share register on the day of the virtual Annual General Meeting corresponds to the status at the end of the registration deadline day, 12 May 2022, 24:00 hours (CEST) (technical record date). Trading in shares is not limited, the shares are not blocked due to the registration stop.

Intermediaries, shareholders' associations and voting right advisors, as well as persons treated as such in accordance with section 135 para. 8 German Stock Corporation Act (AktG), may only exercise the voting rights for shares as the holders of which they are entered in the share register but which do not belong to them, on the basis on an authorization. Further details are regulated in section 135 German Stock Corporation Act (AktG).

Video and audio transmission of the Annual General Meeting on the internet

Registered shareholders of Telefónica Deutschland Holding AG and their proxies can watch the entire Annual General Meeting on 19 May 2022 from 10:00 hours (CEST) live on the Internet in sound and picture on the InvestorPortal on the Company's website at

www.telefonica.de/agm

To activate the InvestorPortal, timely registration for the virtual General Meeting is required in accordance with the provisions set out above in the section "Conditions for attending the virtual Annual General Meeting without physical presence and for exercising voting rights".

Voting by electronic absentee voting

Shareholders may cast their votes by electronic absentee voting by way of electronic communication, even without attending the virtual General Meeting, using the InvestorPortal on the Company's website at www.telefonica.de/agm in accordance with the procedures provided for this purpose. This option of electronic absentee voting is available until the start of voting at the virtual Annual General Meeting on 19 May 2022. The same applies to any revocation or amendment of voting by absentee vote. In order to exercise voting rights, timely registration for the virtual Annual General Meeting is required in accordance with the provisions set out above in the section "Conditions for attending the virtual Annual General Meeting without physical presence and for exercising voting rights".

If an individual vote is held on an agenda item without this having been communicated in advance of the virtual General Meeting, an absentee vote cast on this agenda item shall also count in total as an absentee vote for each item on the individual vote.

Authorized intermediaries, shareholders' associations and proxy advisors or other persons treated as equivalent pursuant to section 135 para. 8 German Stock Corporation Act (AktG) may also use electronic absentee voting.

Procedure for casting votes by proxy

Shareholders are also entitled to vote by proxy, e.g. an intermediary, a shareholders' association or another person of their choice. Also in the case of a proxy, the shareholder or proxy must ensure registration in due time by the shareholder or proxy in accordance with the provisions set out above in the section "Conditions for attending the virtual Annual General Meeting without physical presence and for exercising voting rights".

The grant and revocation of the proxy authorization as well as the evidence of proxy authorization to the Company must be provided in text form (section 126b of the German Civil Code (BGB)) if neither an intermediary nor a shareholders' association, a voting rights advisor or any other person treated as such pursuant to section 135 para. 8 German Stock Corporation Act (AktG) is authorized to act as proxy.

The proxy can be declared to the person to be authorized or to the Company. A form that can be used to grant proxy will be sent to shareholders together with the registration documents for the virtual Annual General Meeting. Corresponding forms are also available for download at www.telefonica.de/agm.

The granting of a proxy by declaration to the Company or its revocation and the evidence of proxy authorization to the Company can be sent to the following address or e-mail address:

Telefónica Deutschland Holding AG
c/o Computershare Operations Center
80249 Munich
E-mail: anmeldestelle@computershare.de

In addition, granting, revocation and evidence of proxy can also be effected by using the InvestorPortal at the Internet address www.telefonica.de/agm.

Intermediaries, shareholders' associations, proxy advisors and other persons treated as such pursuant to section 135 para. 8 German Stock Corporation Act (AktG) may provide for different regulations regarding their own authorization. Section 135 German Stock Corporation Act (AktG) provides, among other things, that the proxy shall be granted to a specific proxy and shall be verifiably recorded by that proxy. The proxy statement must also be complete and may only contain declarations associated with the exercise of voting rights. Shareholders who wish to authorize an intermediary, a shareholders' association, a proxy advisor or any other person treated as such pursuant to section 135 para. 8 German Stock Corporation Act (AktG) are therefore asked to consult with the person to be authorized regarding the procedure for granting the proxy and the possibly required form of the proxy in good time.

Also authorized third parties cannot physically attend the Annual General Meeting. However, they may exercise their voting rights by electronic absentee voting or by (sub)authorization of the proxies nominated by the Company.

We offer our shareholders or their proxies the opportunity to authorize a proxy nominated by the Company who is bound to voting instructions to exercise their voting rights. In this case, too, timely registration is required in accordance with the above section "Conditions for attending the virtual Annual General Meeting without physical presence and for exercising voting rights".

A form that can be used for granting proxy and issuing instructions to the proxies appointed by the Company will be sent to shareholders together with the registration documents for the virtual Annual General Meeting. It can also be downloaded from the Company's website at www.telefonica.de/agm.

Authorizations and instructions to the proxies nominated by the Company may be sent by post or e-mail to the address or e-mail address stated above in this section by **no later than 18 May 2022, 24:00 hours (CEST)** (time of receipt).

In addition, proxy authorizations and instructions to the proxies nominated by the Company can be issued electronically by using the password protected InvestorPortal on the Company's website at www.telefonica.de/agm. This possibility is available until the beginning of voting procedure at the virtual Annual General Meeting on 19 May 2022. Even in the case of a written authorization and instruction of the proxies by means of the form sent with the registration documents, it is still possible to change the voting via the InvestorPortal after the expiry of the aforementioned deadline until the start of voting at the virtual Annual General Meeting.

For the revocation of the proxy authorization granted to proxies nominated by the Company or the amendment of instructions, the aforementioned information on the possibilities for transmission and the deadlines shall apply *mutatis mutandis*.

If the proxies nominated by the Company are authorized, they must in any case be given instructions for exercising the voting right. The proxies nominated by the Company are obliged to vote in accordance with the instructions given to them. The proxies nominated by the Company will not accept any authorizations to file objections to resolutions of the Annual General Meeting, to exercise the right to ask questions or to make motions.

If an individual vote is taken on an agenda item without this having been communicated in advance of the virtual annual general meeting, an instruction on this agenda item as a whole shall also be deemed to be a corresponding instruction for each item of the individual vote.

Further information on the exercise of voting rights

If the voting right is granted in due time both in text form and electronically via the InvestorPortal by means of a proxy and, if applicable, instructions to the proxies nominated by the Company or a credit institution, a shareholders' association, a voting rights advisors or any other person treated as such according to section 135 German Stock Corporation Act (AktG), only the declarations made electronically via the InvestorPortal shall be deemed binding, irrespective of the time of receipt.

If voting rights are issued in due time to the proxies nominated by the Company by several means (post, e-mail or electronically via the InvestorPortal) by way of proxy and instructions, the processing shall be subordinate to the declarations in the InvestorPortal but shall have priority over the declarations by other means. The following order applies to these declarations: 1. by e-mail, 2. by post.

A proxy issued in text form and, if applicable, instructions to the proxies of the Company shall take precedence over a power of attorney issued in text form and, if applicable, instructions to a bank, a shareholders' association, a voting rights advisor and other intermediary or equivalent pursuant to section 135 German Stock Corporation Act (AktG).

If intermediaries, shareholders' associations and voting right advisors, as well as persons treated as such pursuant to section 135 German Stock Corporation Act (AktG) is not prepared to act as proxy, the proxies nominated by the Company shall be authorized to act as proxies in accordance with the instructions.

The last revocation of a declaration received in due time shall be decisive.

Objection against a resolution of the General Meeting

Shareholders and their proxies who have exercised their voting rights by way of electronic absentee vote or by granting a proxy have the opportunity, during the virtual Annual General Meeting on 19 May 2022 until its closing by the chairman of the meeting, to declare an objection against a resolution of the Annual General Meeting to be recorded by the notary public via the password protected InvestorPortal at the Internet address www.telefonica.de/agm in accordance with section 1 para. 2 sentence 1 no. 4 of the COVID-19 Act in conjunction with section 245 no. 1 German Stock Corporation Act (AktG).

Information on 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.**Motions for additions to the agenda pursuant to 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 may request that additional items are added to the agenda and published. 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). In calculating this period the provisions of section 121 para. 7 German Stock Corporation Act (AktG) have to be observed.

Such requests must be made in written form (section 126 German Civil Code (BGB)) to the Management Board and must be received by the Company no later than 30 days prior to the virtual General Meeting (not counting the day of the General Meeting and the day of receipt), this is by no later than 24.00 hours (CEST), 18 April 2022. Please send such requests to the following address:

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

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

Pursuant to section 126 para. 1 German Stock Corporation Act (AktG), any shareholder may submit to the Company a countermotion to a proposal of the Management Board and/or Supervisory Board regarding a specific item on the agenda. Countermotions must be made available on the website in accordance with section 126 paras. 1 and 2 German Stock Corporation Act (AktG) if it is received by the Company at the address published below at least 14 days prior to the virtual Annual General Meeting (not including the day of the Annual General Meeting and the day of receipt), this is by no later than 24:00 hours (CEST) on 4 May 2022.

Moreover, any shareholder may submit an election proposal for the election of the auditor and/or the election of Supervisory Board members in accordance with section 127 German Stock Corporation Act (AktG). Election proposals must be made available on the website in accordance with the more detailed provisions of sections 127, 126 paras. 1 and 2 German Stock Corporation Act (AktG) if it is received by the Company at the address published below no later than 14 days prior to the virtual General Meeting (not counting the day of the General Meeting and the day of receipt), this is by no later than 24:00 hours (CEST) on 4 May 2022.

Countermotions or nominations by 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 addressed otherwise 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 the Internet address 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, 127 German Stock Corporation Act (AktG) are met. Any comments by the Management Board on any countermotion and election proposal will also be published at the aforementioned internet address.

Motions or election proposals from shareholders that are required to be made available pursuant to sections 126, 127 German Stock Corporation Act (AktG) in conjunction with section 1 para. 2 sentence 3 of the 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 registered for the Annual General Meeting.

Right for Shareholders to ask questions pursuant to section 1 para. 2 sentence 1 No 3, sentence 2 COVID-19 Act

Pursuant to section 1 para. 2 sentence 1 no. 3, sentence 2 of the COVID-19 Act, shareholders are given the right to ask questions by way of electronic communication. The right to ask questions is only available for shareholders and their proxies who have registered for the virtual General Meeting in accordance with the provisions set out above in the 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 questions at its due and free discretion. The Management Board may also summarize answers.

Questions must be submitted **no later than 17 May 2022, 24:00 hours (CEST)** (time of receipt), by using the InvestorPortal on the Company's website at www.telefonica.de/agm.

No questions can be asked during the virtual Annual General Meeting.

Beyond the conception of Section 1, 2 of the COVID-19 Act, the main contents of the speech of the Management Board will be accessible on the website of the Company not later than 16 May 2022.

Further explanations and information on the Company's website

All information required to be published pursuant to section 124a German Stock Corporation Act (AktG) as well as further explanations of rights of the 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 is available on the Company's website at www.telefonica.de/agm. After the end of the virtual Annual General Meeting, the voting results will also be published there.

Munich, in April 2022

Telefónica Deutschland Holding AG

The Management Board

Information on data protection for shareholders

Your personal data will be processed for the purposes of keeping the share register as prescribed by the German Stock Corporation Act, for communicating with you as a shareholder and for holding our virtual Annual General Meeting. In addition, your data will be used for related purposes and to fulfil other legal obligations (e.g. obligations to provide evidence or to retain records). Further information on data protection is available at

www.telefonica.de/agm