

# Supervisory Board Report for the Financial Year 2022

## Dear Shareholders,

We look back on a year that presented companies in Germany and around the world with major unexpected challenges. The war in Ukraine, some dramatic increases in energy and living costs for business and society, and the consequences of the Corona pandemic influenced the global economic situation. They complemented to long-term developments such as the fight against climate change and the digital transformation, and against this backdrop took on a new dynamic. At the same time, we are seeing global supply chains and trade relations reorganize.

In this difficult macroeconomic environment, Telefónica Deutschland completed an extraordinarily successful financial year 2022. The team successfully implemented the three-year "Investment for Growth" strategy program. The investments in network and service are paying off and translating into continued operational momentum and very good financial numbers. With around 1.2 million additional mobile contract customers, the company has gained further market share.

Telefónica Deutschland made significant progress in network expansion: The Federal Network Agency could be informed that the roll-out obligations were met to the extent legally and factually possible and the roll-out of the 5G network was advanced significantly faster than originally planned. By the end of 2022, Telefónica Deutschland will supply more than 80 percent of the German population with the very fast mobile communications standard. The magazine connect<sup>1</sup> has awarded the "very good" rating to Telefónica Deutschland's network at the end of 2022 for the third time in a row. The progress made in network expansion in combination with a leading price-performance offering is convincing many customers in Germany. Customer satisfaction remains high and customers' willingness to switch remains low.

This operational development is reflected in the financial figures. With an increase of around 6 percent, revenue rose above the EUR 8 billion mark for the first time in the company's history, with a further improvement in adjusted operating profit OIBDA. Telefónica Deutschland is fully committed to sustainability as a success factor in its business, even in a volatile market environment. The commitment to improving environmental,



**Peter Löscher**

*Chairman of the Supervisory Board of  
Telefónica Deutschland Holding AG*

social and governance (ESG) criteria remains a top priority for the company.

In the spirit of good corporate governance, the Supervisory Board collaborated well with the Management Board with regard to all significant topics on the basis of trustful cooperation, advised it in managing the company and fulfilled its controlling responsibilities in the reporting period.

It thus consistently and responsibly performed its duties as set out by law, the Articles of Association and the by-laws.

## Composition of the Supervisory Board

The company's **Supervisory Board** consists of 16 members, of which eight are shareholder representatives and eight are employee representatives.

At the beginning of the financial year 2022, the Supervisory Board consisted of the following members: Peter Löscher (Chairman), Christoph Braun (Deputy Chairperson) as well as

<sup>1</sup>Connect mobile communications network test, issue 1/2023: "very good" (894 points); in total, one "outstanding" rating and two "very good" ratings were awarded (915 and 894 points)

the Supervisory Board members Martin Butz, Pablo de Carvajal González, María García-Legaz Ponce, Ernesto Gardelliano, Cansever Heil, Christoph Heil, Michael Hoffmann, Julio Linares López, Stefanie Oeschger, Thomas Pfeil, Joachim Rieger, Dr. Jan-Erik Walter and Claudia Weber.

Following the resignation of Peter Erskine as of 31 December 2021, Jaime Smith Basterra was appointed by the court as a member of the Supervisory Board and shareholder representative with effect from 4 January 2022. He has expertise in the fields of accounting and auditing and is independent of the Company and its Management Board as well as of the controlling shareholder. At the Annual General Meeting on 19 May 2022, all shareholder representatives on the Supervisory Board were re-elected.

Further information, including curricula vitae of the members of the Supervisory Board, can be found on the Company's website at [www.telefonica.de/supervisory-board](http://www.telefonica.de/supervisory-board).

In accordance with the recommendation of C.10 of the German Corporate Governance Code, the member Michael Hoffmann, who is independent of the controlling shareholder as well as of the Company and the Management Board, is the Chairman of the Audit Committee.

In accordance with section 100 para. 5 of the German Stock Corporation Act (AktG), the Supervisory Board included at least one member with expertise in the field of accounting and auditing, Michael Hoffmann, and at least one further member with expertise in the field of accounting and auditing, Ernesto Gardelliano, in the reporting period. In addition, Thomas Pfeil as a long-standing member of the Audit Committee and Jaime Smith Basterra also have corresponding expertise. The members of the Supervisory Board as a whole were familiar with the sector in which the Company operates.

## Composition of the Management Board

At the beginning of the financial year 2022, the **Management Board** of Telefónica Deutschland Holding AG consisted of seven members: Markus Haas, Chief Executive Officer (CEO), Markus Rolle, Chief Financial Officer (CFO), Valentina Daiber (Chief Officer Legal and Corporate Affairs), Nicole Gerhardt (Chief Human Resources Officer and Labour Director ("Arbeitsdirektorin")), Alfons Lösing (Chief Partner & Wholesale Officer), Wolfgang Metze (Chief Consumer Officer) and Mallik Rao (Yelamate Mallikarjuna Rao; Chief Technology & Information Officer).

The Supervisory Board of Telefónica Deutschland Holding AG has agreed with Chief Consumer Officer Wolfgang Metze on an early resignation from office on 2 June 2022. Until the end of the reporting period and at the beginning of the new financial year, the Chief Executive Officer Markus Haas led and continues to lead the division on an interim basis.

## Cooperation between the Management Board and Supervisory Board

The Management Board and Supervisory Board cooperate in a trusting manner in all relevant matters within and outside of Supervisory Board meetings and in the interest of the company.

In the reporting period, the Supervisory Board advised and monitored the Management Board in accordance with legal requirements.

The Management Board involved the Supervisory Board in all material decisions in a timely manner, submitted reports to the Supervisory Board in oral and written form and provided additional information when required, if necessary also by means of an expert opinion from external advisors. Where approval by the Supervisory Board was required by law, the articles of association or the by-laws, this was given after intensive consultation, examination and discussion in the Supervisory Board and – where relevant – in the committees set up by the Supervisory Board for this purpose.

In addition, the Management Board provided the Supervisory Board monthly with a written report, which covered, in particular, relevant financial key performance indicators (KPIs).

During the reporting period, the Chairman of the Supervisory Board regularly exchanged information with the Management Board, in particular with the CEO. Thus, regular alignment meetings took place between the Chairperson of the Supervisory Board and the CEO. They discussed the current status and future development of the company, the progress of ongoing important projects, such as on the digital transformation of the IT architecture, strategy, business policy, corporate planning, risks and opportunities and its management, as well as compliance, governance and sustainability (ESG) - topics. Furthermore, there is a lively exchange between the Chairperson of the Supervisory Board and the CEO outside of regular meetings. The Chairman of the Supervisory Board informed the other members of the Supervisory Board about important topics discussed.

In addition to the meeting activities, pre-alignment meetings for the respective meetings and other information provided to the Supervisory Board by the Management Board during the year, an annual strategy workshop was again held in which the strategy of the company was analysed in the light of current developments and for each Management Board department and discussed and coordinated in an informal setting. In that context, it was discussed how corporate responsibility and ESG (Environmental, Social, Governance) are included in the Company's operations and strategy and the strategy and its implementation were reflected.

# Meetings of the Supervisory Board

In 2022, the Supervisory Board held five regular meetings and two extraordinary meetings. Also in view of the ongoing pandemic situation, two meetings were held in person, with the option of virtual participation via video conference if members were unable to attend. Five meetings were held as virtual meetings by video conference. The regular discussions of the Supervisory Board focused in particular on the presentation of the current situation of the Company, including in the individual business areas, and key strategic issues. The Supervisory Board also met regularly without the Management Board, at least at each regular meeting. These meetings dealt with internal Supervisory Board issues such as the effectivity survey and training of the Supervisory Board, the composition and composition of its committees, and also issues relating to the Management Board.

In 2023, there has been one regular Supervisory Board meeting so far. The meeting on the financial statements for the financial year 2022 was held on 17 February 2023. In addition to financial topics, the meeting on the financial statements also dealt in particular with the preparation of the 2023 Annual General Meeting, as well as the remuneration report for the financial year 2022. In the internal part of the meeting the Supervisory Board dealt, among other things, with the Supervisory Board's report on the financial year 2022.

## Material topics dealt with by the Supervisory Board

The first regular meeting of the Supervisory Board in the financial year 2022 was the balance sheet meeting on financial year 2021. It took place on **21 February 2022**. The focus of this meeting was the review and approval of the annual and consolidated financial statements and the combined management report for the financial year 2021 as well as the treatment of the dependency report and the non-financial report and proposals for the distribution of profit. In addition to these topics, the Supervisory Board dealt in particular with the strategic priorities for 2022 in general and in particular in the areas of Legal & Corporate Affairs, B2C, CTIO, HR and business partner business. The agenda for the Annual General Meeting on 19 May 2022 and the draft version of the remuneration report were also discussed. In the **internal** part of the meeting, the Supervisory Board dealt in particular with the extension of the Management Board service contract of CEO Markus Haas and the Supervisory Board compensation system. Furthermore, the Supervisory Board dealt with the report of the Supervisory Board on the financial year 2021.

At the Supervisory Board meeting on **9 May 2022**, the agenda included in particular the position of the Company in the first quarter, financial topics (in particular the results for Q1 and the financial statements of the direct subsidiaries), an update on the areas B2C, CTIO, HR, and Legal & Corporate Affairs. The

Supervisory Board also dealt with the Corporate Responsibility Report. In the **internal** part of the meeting, topics included the extension of the Management Board service agreement of CTIO Mallik Rao, the upcoming 2022 Annual General Meeting, and the Supervisory Board's annual training plan.

The terms of office of the shareholder representatives on the Supervisory Board ended at the end of the Annual General Meeting on 19 May 2022. All of them were re-elected at the Annual General Meeting. Immediately after the Annual General Meeting, a Supervisory Board meeting was held on **19 May 2022**. At this meeting, Peter Löscher was re-elected Chairman of the Supervisory Board. The Supervisory Board resolved amendments to the by-laws for the Supervisory Board. In addition, the Supervisory Board elected the shareholder representatives on the committees after the end of their respective terms of office at the end of the Annual General Meeting and resolved to update the compliance declaration in accordance with section 161 of the German Stock Corporation Act (AktG).

At the extraordinary Supervisory Board meeting on **31 May 2022**, the Supervisory Board dealt in particular with the agreement in connection with the resignation of Management Board member and CCO Wolfgang Metze.

At the meeting on **20 July 2022**, the Management Board reported, among other things, on the situation of the Company in the second quarter and the impact of the war in Ukraine, particularly also in connection with energy supply. Topics of the meeting also included opportunities in the business area, status and development of the retail and partner business, financial topics including Q2 results and guidance options in view of the successful financial year. Furthermore, risk management and the annual audit plan were topics of the meeting. In the **internal** part of the meeting, the Supervisory Board dealt in particular with compensation and corporate governance issues, such as the amendments to the German Corporate Governance Code in the reporting year, an addition of sustainability expertise to the Supervisory Board competence profile, and the upcoming annual Supervisory Board effectivity survey. In addition, the succession planning for the Management Board was discussed.

At the meeting on **28 October 2022**, the Supervisory Board focused in particular on the Company's situation in the third quarter, the energy procurement strategy, and, as at every meeting, the status of roll-out obligations until the end of the year. In addition, the Management Board presented status and developments of the retail and partner business, gave an update on CTIO topics, HR topics and financial topics, in particular Q3 results, guidance options in view of the successful financial year and the Long Term Business Plan. Furthermore, the Legal & Corporate Affairs Update covered in particular frequency topics and key non-financial reporting issues. The **internal** part of the meeting dealt, among other things, with Management Board topics such as the engagement of the new Chief Commercial Officer Andreas Laukenmann and the contract extensions for ordinary Management Board members Alfons Lösing, Markus Rolle, Valentina Daiber and Nicole Gerhardt. In addition, the

Compliance Declaration 2022 was resolved and the upcoming preparation of the qualification matrix for the Supervisory Board was discussed.

At the Supervisory Board meeting on **15 December 2022**, the topics discussed included among other things a review of the very successful year 2022 for the company, the priorities for 2023, financial topics and the implementation of the energy strategy. The meeting focused on the Long Term Business Plan 2023-2024 and the resolution on the 2023 budget. Furthermore, an update was given on the CTIO area – including on the very good network test results and roll-out obligations – and business partner area, and on the agenda for the 2023 Annual General Meeting. The **internal** part of the meeting of the Supervisory Board dealt with Management Board succession planning and Management Board remuneration topics. The Supervisory Board dealt in particular with the extension of the Management Board service agreements of Management Board members Valentina Daiber (Chief Officer Legal and Corporate Affairs), Alfons Lösing (Chief Partner & Wholesale Officer), Markus Rolle (Chief Financial Officer) and Nicole Gerhardt (Chief Human Resources Officer). The results of the Supervisory Board's effectivity survey were discussed and appropriate measures identified. The Supervisory Board also dealt with its qualification matrix.

Where necessary, the Supervisory Board also passed resolutions outside of meetings, in particular by e-mail. For example, the Management Declaration, the final agenda for the 2022 Annual General Meeting and its implementation as a virtual meeting and various Management Board topics were passed in this way after respective pre-dealing in meetings held in person or in virtual meetings and in committees (where relevant).

## Committees of the Supervisory Board

As of 31 December 2022, the Supervisory Board has installed five committees: an Audit Committee, a Remuneration Committee, a Nomination Committee, a Related Party Transactions Committee and a Mediation Committee. The Audit Committee, the Remuneration Committee, the Related Party Transactions Committee and the Nomination Committee meet regularly, the Mediation Committee meets only as required and did not meet in the reporting year.

The **Audit Committee** is inter alia responsible for preparing the resolution of the Supervisory Board regarding the approval of the financial statements and the non-financial report, discusses the quarterly information and half-year reports with the Management Board, monitors the accounting processes and the audit of the financial statements, compliance (including data protection and information security) and the effectivity of the internal control system, the risk management system and internal audit systems. It furthermore is responsible for the coordination with and selection of the auditor as well as

assessing its independence and evaluation of the quality of the audit work.

The Audit Committee was enlarged from four to six members on 19 May 2022. During the reporting year, the audit committee consisted of the following members:

- Michael Hoffmann (chairman; independent financial expert)
- Martin Butz
- Ernesto Gardelliano (financial expert)
- Thomas Pfeil (financial expert)
- Stefanie Oeschger (independent) (from 19 May 2022) and
- Dr. Jan-Erik Walter (from 19 May 2022).

In 2022, the Audit Committee met four times, on 21 February, 9 May, 20 July and 28 October 2022. Two meetings were held as in-person meetings and two meetings were held as virtual meetings via videoconference. The topics discussed included, among other things, financial and non-financial reporting including sustainability issues (ESG), the financial results, other finance topics, internal audit, risk management, compliance, data protection, cyber security and business continuity management, and the assessment of quality of the auditor's work. Furthermore, the Supervisory Board's meeting on financial statements and corresponding recommendations to the full board were prepared.

In 2023, the Audit Committee met once, on 17 February 2023, with the focus on preparing the Supervisory Board's balance sheet meeting and recommending the auditor for resolution by the Annual General Meeting, which is scheduled for 17 May 2023.

During the reporting year, the Chairman of the Audit Committee maintained close contact with the auditors and internal (especially finance) departments as well as the Management Board also outside of meetings and informed the other members of the Audit Committee about important topics arising from this exchange. Furthermore, the Chairman of the audit committee regularly reports to the Supervisory Board on the activities of the audit committee.

During the reporting year, the **Remuneration Committee** consisted of the following members:

- Michael Hoffmann (chairman; independent)
- María García-Legaz Ponce
- Dr. Jan-Erik Walter and
- Claudia Weber.

The Remuneration Committee is entrusted with the preparation of topics relating to the remuneration of the Management Board and Supervisory Board. Insofar as Supervisory Board compensation is concerned, this applies only to the extent that

it falls within the remit of the Supervisory Board, particularly in the context of the "say on pay" requirements. The Remuneration Committee makes recommendations to the full Supervisory Board in this regard.

The Remuneration Committee met six times in 2022, on 28 January, 25 March, 31 May, 1 July, 11 October and 25 November 2022. All meetings were conducted as virtual meetings via videoconference. The Remuneration Committee dealt intensively, among other things, with preparations for resolutions of the Supervisory Board on Management Board remuneration issues, the adjustment of the Supervisory Board remuneration system, and the remuneration report. The prepared resolutions also related in particular to the service agreements of the Management Board members, the termination agreement on the Management Board service agreement of Wolfgang Metze, and the implementation of the elements of the remuneration systems in remuneration components, including the proposal of concrete targets and review of the respective target achievement.

Furthermore, the Remuneration Committee also passed resolutions by e-mail outside of meetings during the reporting period.

The Chairman of the Remuneration Committee reported regularly on the activities of the Remuneration Committee at the internal part of the meetings of the Supervisory Board.

The **Nomination Committee** proposes suitable candidates to the Supervisory Board for election proposals to the Annual General Meeting. As of 31 December 2022, the Nomination Committee consisted of the following members:

- Peter Löscher (Chairman; independent)
- Pablo de Carvajal González
- Ernesto Gardelliano and
- Jaime Smith Basterra (independent) (from 19 May 2022).

The Nomination Committee met once in the reporting year 2022 on 21 February 2022 in the form of a virtual meeting via video conference. At this meeting it dealt with succession issues on the Supervisory Board. The composition criteria and requirements for members of the Supervisory Board, also in the context of the upcoming election of all shareholder representatives at the Annual General Meeting in 2022, were discussed. In this respect, it recommended Peter Löscher, Pablo de Carvajal González, María García-Legaz Ponce, Ernesto Gardelliano, Michael Hoffmann, Julio Linares López, Stefanie Oeschger and Jaime Smith Basterra to the full Supervisory Board as suitable candidates for the Supervisory Board's election proposal to the Annual General Meeting.

The Chairman of the Nomination Committee reports regularly on the activities of the Nomination Committee at the internal meetings of the Supervisory Board.

The **Related Party Transactions Committee** monitors and resolves on certain transactions with affiliated companies, in particular transactions with affiliated companies pursuant to sections 111a, b German Stock Corporation Act (AktG), instead of the full Supervisory Board. As a rule, the majority of its members have no conflicts of interest with regard to the controlling shareholder.

The Related Party Transactions Committee consists of the following five members:

- Peter Löscher (Chairman)
- Christoph Braun
- Pablo de Carvajal González
- Michael Hoffmann and
- Thomas Pfeil.

The Related Party Transactions Committee met three times in 2022, on 21 February 2022, 20 July 2022 and 15 December 2022. All meetings were held in the form of virtual meetings via video conference. At these meetings, the Related Party Transactions Committee dealt with the quarterly monitoring of transactions with affiliated companies and dealt with transactions with affiliated companies that did not trigger any disclosure obligations under section 111c of the German Stock Corporation Act (AktG).

The Chairman of the Related Party Transactions Committee reports regularly on the activities of the Related Party Transactions Committee at the meetings of the Supervisory Board.

As of 31 December 2022, the **Mediation Committee** with the responsibilities as defined in section 31 Co-Determination Act (Mitbestimmungsgesetz) consisted of the following members:

- Peter Löscher (Chairman)
- Christoph Braun
- Christoph Heil and
- Julio Linares López.

There was no need for the Mediation Committee to convene in the reported year.

## Attendance at Meetings

Insofar as members could not attend meetings of the Supervisory Board or relevant committee meetings in isolated cases, they were excused. They participated then in the passing of resolutions by written vote.

The individual meeting attendance during the financial year 2022 was as follows:

<b>Member of the Supervisory Board</b>	<b>Number of Meetings*</b>	<b>Attendance</b>	<b>Non-Attendance</b>	<b>Attendance Quota</b>
Peter Löscher	11	11	0	100%
Christoph Braun	10	10	0	100%
Martin Butz	11	11	0	100%
Pablo de Carvajal González	11	11	0	100%
María García-Legaz Ponce	13	11	2	85%
Ernesto Gardelliano	12	11	1	92%
Cansever Heil	7	7	0	100%
Christoph Heil	7	7	0	100%
Michael Hoffmann	20	18	2	90%
Julio Linares López	7	7	0	100%
Stefanie Oeschger	9	9	0	100%
Thomas Pfeil	14	14	0	100%
Joachim Rieger	7	7	0	100%
Jaime Smith Basterra	7	7	0	100%
Dr. Jan-Erik Walter	15	15	0	100%
Claudia Weber	13	13	0	100%
<b>Total</b>	<b>174</b>	<b>169</b>	<b>5</b>	<b>97%</b>

\* This includes the number of Supervisory Board and respective committee meetings. The work of the Supervisory Board which took place outside of meetings, is not reflected herein. The meetings of the full Supervisory Board with the Management Board and the internal meetings of the full Supervisory Board were counted separately in last year's report for the financial year 2021 because of separate invitations and agendas. For the financial year 2022, they are now counted jointly as two parts of one meeting.

The meetings of the Supervisory Board and its committees in the reporting year were held either as in-person meetings or as virtual meetings by video conference. Video conferences always included the option of dialling in by telephone. No meeting was held as a telephone conference. In the case of in-person meetings, it was possible to participate via video or telephone dial-in if someone was otherwise unable to attend.

The overview on the individual meeting attendance is also available on the Company's website at [www.telefonica.de/supervisory-board/members-attendance-at-meetings](http://www.telefonica.de/supervisory-board/members-attendance-at-meetings).

## Corporate Governance

Good corporate governance is essential for corporate success and is therefore in the interest of the company's shareholders. Further details on the corporate governance of Telefónica Deutschland Holding AG can be found in the Management Declaration pursuant to section 289f in connection with 315d German Commercial Code (HGB) in the Annual Report and on the company's website at <http://www.telefonica.de/management-declaration-2022>.

On 27/28 October 2022, the Management Board and the Supervisory Board approved a new Compliance Declaration pursuant to section 161 German Stock Corporation Act (AktG). The Compliance Declaration was published on the company's website at [www.telefonica.de/compliance-declaration-October-2022](http://www.telefonica.de/compliance-declaration-October-2022). Previous versions of the Compliance Declaration can be also found on the website.

Five of the 16 members of the Supervisory Board in the reporting year held positions in the administrative, management or supervisory bodies of the majority shareholder or its affiliated

companies. Both the Supervisory Board members and the Management Board members disclose potential conflicts of interest promptly to the Supervisory Board. In the reporting period, no conflicts of interest within the meaning of the German Corporate Governance Code arose.

As of 31 December 2022, the Supervisory Board comprised four female and twelve male members. Thus the Supervisory Board continues to fulfil the requirements of section 96 para. 2 German Stock Corporation Act (AktG) which the Supervisory also adopted for itself (a gender diversity quota of at least 30 %), which shall be fulfilled separately by shareholder and employee representatives side following a shareholder representative resolution. This quota was fulfilled during the entire financial year with two female members on the employee representative side and two female members on the shareholder representative side.

The minimum gender diversity quota for the Management Board to be fulfilled by 30 June 2022 is 25%. It was met throughout the whole financial year 2022 (two of seven, or as of 31 December six members are female). With more than one member, the requirements of the Second Management Positions Act (FüPoG II) are also (over-) achieved.

## Support of Members of the Supervisory Board

The members of the Supervisory Board are adequately supported when taking up their duties. In particular, an introduction to the activities of the Supervisory Board at Telefónica Deutschland takes place upon taking office. As part of

this introduction, the Supervisory Board office with legal advisors explain the practical and legal principles and also highlight specific issues relating to stock corporation law. Training and further development requirements of the Supervisory Board are regularly assessed during the course of its work. In the reporting year, general information was presented, in particular on corporate governance issues and new legal framework. Relevant individual legal topics (e.g. the new regulations on the virtual Annual General Meeting and the amendments to the German Corporate Governance Code in 2022) were also presented here. In conjunction with the strategy workshop, the company organized training sessions on new topics related to the Company's strategy, in particular on new requirements for corporate sustainability and ESG (Environmental, Social, Governance) reporting. Furthermore, the Supervisory Board was informed also interactively about new types of technical developments (future technologies), particularly in the network and 5G technology areas.

## Review of the Financial Statements 2022

Pricewaterhouse Coopers GmbH Wirtschaftsprüfungsgesellschaft audited the annual financial statements and the consolidated financial statements as well as the combined management report of Telefónica Deutschland Holding AG and the Group as of 31 December 2022 and provided each with an unqualified audit opinion. The annual financial statement of Telefónica Deutschland Holding AG and the combined management report for Telefónica Deutschland Holding AG and the Telefónica Deutschland Group were prepared in accordance with German commercial law. The consolidated financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) as they are applied in the European Union (EU) and the additional requirements which have to be applied in accordance with section 315e para 1 German Commercial Code (HGB). The auditor carried out the audit in accordance with section 317 German Commercial Code (HGB) considering German principles of proper auditing set by the Institute of Public Auditors in Germany (IDW).

The financial statement documentation of Telefónica Deutschland Holding AG and the Group, the separate non-financial Group report for Telefónica Deutschland Holding AG for the financial year 2022 as well as the respective auditor's reports and the Management Board's proposal for the distribution of profit were submitted to the Supervisory Board prior to the meeting on 17 February 2023 ("Bilanzsitzung"). The Audit Committee and the full Supervisory Board thoroughly reviewed the Annual Financial Statement ("Jahresabschluss"), the Group financial statements, the combined Management Report for Telefónica Deutschland Holding AG and the Group,

the separate non-financial Group report, the respective auditor's reports and the Management Board proposal for the distribution of profit and discussed the documents in detail together with the auditor on 17 February 2023. The auditor also reported on scope, material aspects and results of his audit. There was no report on material weaknesses of the internal control system and the risk management system. Management Board explained in this meeting besides the annual financial statement of Telefónica Deutschland Holding AG and the Group, the combined management report for Telefónica Deutschland Holding AG and the Group and the separate non-financial Group report. The Supervisory Board approved the auditor's findings in the audit reports and had no objections after its own assessment.

At its meeting on 17 February 2023, the Supervisory Board approved the annual financial statements of Telefónica Deutschland Holding AG and the consolidated financial statements together with the combined management report for the financial year 2022; the financial statement of Telefónica Deutschland Holding AG is thereby adopted.

## Relations to affiliated companies

The report on relations to affiliated companies (dependency report) as prepared by the Management Board pursuant to section 312 of the German Stock Corporation Act was also audited by the auditor. With respect thereto, the auditor issued the following unqualified opinion ("Uneingeschränkter Bestätigungsvermerk"):

"On the basis of our statutory audit and assessment, we confirm that

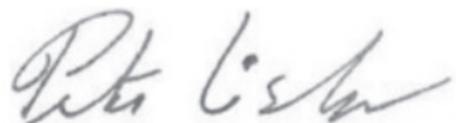
1. the factual disclosures provided in the report are correct,
2. the Company's consideration concerning legal transactions referred to in the report was not unduly high,
3. there are no circumstances indicating a materially different assessment of the measures referred to in the report than the assessment reached by the management board."

The dependency report as prepared by the management board and audited by the auditor as well as the audit report on the dependency report were submitted to the Supervisory Board and discussed in detail in the meeting on 17 February 2023 also with the auditor. Having reviewed the dependency report and the corresponding audit report, the Supervisory Board agreed with the results of the audit of the dependency report and as the result of its own assessment had no objections against the dependency report and the Management Board's declaration contained therein.

The Supervisory Board would like to thank the entire management board for their outstanding performance in the once again challenging financial year 2022 and for their cooperation, which has always been based on trust. We are particularly pleased that we were able to extend the contracts of all current Management Board members ahead of schedule during the financial year and have now been able to open the next chapter together. With Andreas Laukenmann, we will complete the excellent management team in the coming year. The Supervisory Board would also like to take this opportunity to thank Wolfgang Metze, who has played a key role in shaping the success story of Telefónica Deutschland in recent years. Furthermore, the Supervisory Board would also like to thank all Telefónica Deutschland Group employees, who once again showed outstanding commitment during this special period and made a very significant contribution to the success of the company.

Munich, 17 February 2023

On behalf of the Supervisory Board

A handwritten signature in black ink, appearing to read "Peter Löscher".

Peter Löscher  
Chairman of the Supervisory Board of  
Telefónica Deutschland Holding AG