

## Update of Compliance Declaration

The Management Board and the Supervisory Board of Telefónica Deutschland Holding AG (the "Company") last issued a compliance declaration pursuant to section 161(1) AktG (German Stock Corporation Act - *Aktiengesetz*) on 9 / 10 March 2021.

Due to compliance of the Management Board remuneration with the recommendation in G.8 of the German Corporate Governance Code (GCGC), which only allows an adjustment of the targets or comparison parameters within the framework of the recommendation in G.11 of the GCGC, the deviation from G.8 is now deleted and the Compliance Declaration is updated as follows:

1. In G.7 the GCGC recommends that the Supervisory Board shall establish performance criteria for the forthcoming financial year for each Management Board member covering all variable remuneration components; besides operating targets, such performance criteria shall be geared mainly to strategic targets. This recommendation was and will be partially deviated from with regard to timing. As the end of the previous financial year is waited for first in order to be able to adjust performance criteria accordingly if necessary, the Supervisory Board will not establish said criteria before a given financial year but at the beginning of a given financial year only.
2. In G.9 the GCGC recommends that target achievement shall be comprehensible in terms of both its rationale and amount. This recommendation was and will be deviated from. As regards comprehensibility, the Company will not make any statements that exceed the statutory obligations (in particular section 162 AktG), because in the case of strategically important targets, comprehensibility may be op-posed by confidentiality interests of the Company.
3. In G.10 the GCGC recommends that granted long-term variable remuneration components shall be accessible to Management Board members only after a period of four years. This recommendation was and will be deviated from. As the Company is operating in an extremely volatile and innovative market environment, enabling the Management Board members to avail themselves of the granted long-term variable remuneration components before expiry of a period of four years is appropriate.
4. In G.12 the GCGC recommends that, in the event of termination of a Management Board member's contract, the disbursement of any remaining variable remuneration components attributable to the period up until contract termination shall be based on the originally agreed targets and comparison parameters, and on the due dates or holding periods stipulated in the contract.

This recommendation was and will be partially deviated from because in share-based programs of Telefónica, S.A. Management Board members are entitled to participate in due to their service agreement, this is provided for otherwise. In the view of the Management Board and of the Supervisory Board, a participation of the Management Board members in share-based programs of Telefónica, S.A. is strategically reasonable.

5. In G.17 the GCGC recommends that the remuneration shall take appropriate account of the larger time commitment related to chairing and being a member of committees. This is partly deviated from. All members and chairpersons of the committees with regular meetings (Audit Committee and Remuneration Committee) receive additional remuneration. In the view of the Company, a distinction compared to other committees that are active only occasionally is appropriate.

27 July 2021

The Management Board

26 July 2021

The Supervisory Board