

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 30 September/2 October 2019.

The Management Board and the Supervisory Board of the Company hereby declare, pursuant to section 161(1) AktG, that the recommendations of the German Corporate Governance Code as amended on 16 December 2019 (“GCGC”) and published in the *Bundesanzeiger* (Federal Gazette) on 20 March 2020 will be complied with in future with the following exceptions and that they have been complied with - to the extent required by the GCGC - since the last compliance declaration.

1. As G.3 GCGC is new, the composition of the peer group has not been disclosed so far. It is intended to implement the recommendation in the future.
2. 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.
3. In G.8 the GCGC recommends that subsequent changes to the target values or comparison parameters shall be excluded. This recommendation was and will be deviated from, because the way in which contracts are drafted does not exclude subsequent changes to the targets or comparison parameters. In the view of the Supervisory Board and of the Management Board, this is necessary because the Company is operating in an extremely volatile and innovative market environment and because, in the interest of the Company’s sustainable development, changes to the Company’s strategy must also be possible during an assessment period for the variable remuneration components. Such changes to the company policy the necessity of which is in the best interest of the Company shall not be hindered or delayed by pecuniary interests of the Management Board members. For this reason, it is in particular the Supervisory Board that is of the opinion that flexibility in relation to the targets and comparison parameters is necessary.
4. 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 opposed by confidentiality interests of the Company.
5. 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.

6. 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.
7. 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.

25 September 2020

The Management Board

The Supervisory Board