

Information on item 7 of the agenda: system for remuneration for members of the supervisory board

Information according to sections 113 para. 3 sentence 2, 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 sentence 1 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 (audit committee and remuneration committee) 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 receive additionally EUR 7,500.00 per year, the chairman of the remuneration committee an additional EUR 13,000.00 per year.

Committee Remuneration

Chairman of the audit committee	Ordinary members of the audit committee	Chairman of the remuneration committee	Ordinary members of the remuneration committee
+ EUR 45,000.00 p.a.	+ EUR 10,000.00 p.a.	+ EUR 13,000.00 p.a.	+ EUR 7,500.00 p.a.

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 of the 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) Beginning with the financial year 2020 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.
- (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.