



Internal control

Telefónica, S.A.

June 20th , 2022

Internal Control

According to the established in our **Business Principles** regarding Internal Control and Risk Management, we have laid down appropriate controls to evaluate and manage all relevant risks for Telefónica. Internal control is integrated in the daily activity of our Company, in all areas and within each scope of action, ensuring the achievement of operational objectives with accurate information and in strict compliance with the law, as well as assessing risks, defining insurance structures for possible contingencies and supervising these activities. Our risk management process uses the Company's strategy and objectives as the basis for identifying the main risks. It is supervised by the Internal Audit area, which is an independent area of the Company's management responsible for ratifying, through timely evidence, that our internal control and risk management structures are working properly.

The main areas of action covered by the Internal Audit Unit include **coordinating the Telefónica Group's Regulatory Framework** by supervising the process for defining internal regulations, as it is established in our Policy for the elaboration and organisation of the Regulatory Framework. In turn, the Regulatory Framework **promotes actions that favour the updating and communication of said standards**. We also detect the needs and opportunities for improvement, modification or updating of existing internal regulations, proposing lines of action to those responsible. And we provide support and advice to the internal standards manager in relation to the drafting and implementation of the standard. The main areas of action covered by the Internal Audit Unit include coordinating the Telefónica Group's Regulatory Framework by supervising the process for defining internal regulations, as it is established in our Policy for the elaboration and organisation of the Regulatory Framework. In turn, the Regulatory Framework promotes actions that favour the updating and communication of said standards. We also detect the needs and opportunities for improvement, modification or updating of existing internal regulations, proposing lines of action to those responsible. And we provide support and advice to the internal standards manager in relation to the drafting and implementation of the standard.

For more information:

- Internal Control Policy
- Policy for the elaboration and organisation of the Regulatory Framework of Telefónica Group



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