

RISK MANAGEMENT AND CONTROL POLICY

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Policy approved by the Board of Director of Lorca Telecom, S.A. at its meeting of September 29th, 2022.

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1. INTRODUCTION

The Board of Directors of LORCA TELECOM BIDCO, S.A. (hereinafter, the “Group” or “MASMOVIL”), in accordance with the provisions of the Corporate Enterprises Act, is responsible for determining the policy of control and management of risks.

The risk management provides added value to the organization by providing specific responses to mitigate or avoid the risk, and in the appropriate cases, transferring them to a third party or accepting them. The current policy is based on a series of specific principles, which are derived from the experience, best practices and recommendations of Good Corporate Governance, and contribute to the objective of continuous improvement in business performance.

2. OBJECTIVE

The fundamental objective of this document is to define the Group's Policy of Control and Management of Risks, establishing the principles and guidelines that ensure that the risks that could affect the Group's strategies and obligations are at all times defined, identified by categories, quantified, communicated and, as far as possible, controlled.

3. SCOPE OF APPLICATION

The Risk Control and Management Policy is applicable to all the people who make up LORCA TELECOM BIDCO, S.A. and all the legal entities that make up its business Group, as well as the investees companies not integrated in the Group over which there is effective control.

4. DEFINITION OF RISKS

As a consequence of the activities carried out by the Group, there are risks inherent to the environment, regulatory framework and of transactions that must be identified and controlled through the risk management systems established by the Company.

MASMOVIL understands that the risk is any contingency, internal or external, which, if it becomes materialized, would prevent or hinder the achievement of the objectives set by the Group. In general, significant risks are considered to be those that have a medium-high impact and probability of occurrence in the achievement of the Group's strategic objectives and that imply the adoption of the necessary control measures to prevent such risks from materializing. For this, the control systems described in this

Policy have been designed. The risk factors to which the Group is generally subjected are:

- **FINANCIAL RISKS:** probability of occurrence of an event that has negative financial consequences for the Group. Specifically, MASMOVIL understands that there are risks related to financial reporting, the market, the exchange rate, the interest rate, the liquidity, the taxation, the indebtedness, the solvency and the credit.
- **REGULATORY RISKS:** probability of occurrence of an event related to compliance with the law and regulations that may negatively affect from either an economic or reputational point of view to the Group. Specifically, MASMOVIL understands that they are risks associated with the contracts, the legislation and regulation of the telecommunications sector, the litigations, the criminal risk prevention model and the protection of personal data.
- **STRATEGIC RISKS:** probability of occurrence of an event that has negative consequences on the Group's strategy. Specifically, MASMOVIL understands that they are risks related to the business model, the communication and the branding, the mergers and acquisitions, the innovation and transformation, the macroeconomic aspects and the planning and allocation of resources.
- **OPERATING RISKS:** probability of occurrence of an event related to the Group's operations that has negative consequences (economic, reputational, organizational ...). Specifically, MASMOVIL understands that they are external threats, commercial, logistical, organizational risks, related to suppliers and from systems and technology risks.
- **CORPORATE GOVERNANCE RISKS:** MASMOVIL understands that they are those risks derived from non-compliance with the Bylaws and Regulations of the Board and other delegated bodies of the Board, the Code of Ethics, the Group's internal regulations and, in general, the good governance recommendations.
- **REPUTATIONAL RISKS:** MASMOVIL understands that they are those risks derived from those activities that could have a negative impact on the Company's image.

5. PRINCIPLES

MASMOVIL's risk management principles are as follows:

- i. To respect the regulatory framework in force at all times and, in particular, the values established in the Code of Ethics and the Group's regulations.
- ii. To ensure that the Group's strategy takes into account the risks to achieve long-term objectives, provide the highest level of guarantee to shareholders and other stakeholders, and protect the Group's results and reputation.
- iii. To establish an effective and adequate organizational structure that ensures the effective and independent application of the Risk Control and Management Model, assigning the necessary financial, human and technical resources, which, regardless of their functional assignment, acts with capacity and independent judgment, reporting periodically to the administrative bodies, in the periodicity established.
- iv. To ensure that the risks that may affect the group are identified, evaluated, managed, recorded and, as far as possible, controlled.
- v. To develop and establish adequate policies and procedures for the control and management of the different risks that impact in the Group.
- vi. To establish the measures in place to mitigate the impact of the risks identified in the event that they may materialize.
- vii. To incorporate a supervision and surveillance model that guarantees the principle of separation between the management and oversight function, including when necessary the establishment of adequate audit or review mechanisms.
- viii. To create a culture of risk control in the organization, training all the people who make up MASMOVIL in risk control and management.

6. RESPONSIBILITIES

The determination of the policy of control and management of risks, in accordance with current commercial regulations, is the responsibility of the Group's Board of Directors as a non-delegable power.

7. GROUP RISK MANAGEMENT AND CONTROL MODEL

The Control and Management Policy of risk and its principles are materialized through a Comprehensive System of Control and Management of Risks, based on the COSO

(Committee of Sponsoring Organizations of the Tradeway Commission's) model, which improves the organization's capacity to manage uncertainty scenarios and can be summarized in a continuous cycle consisting of the following five phases:

- i. Identification of risks in line with the Group's strategies.
- ii. Assessment and quantification of risks.
- iii. Design and implementation of the risk management system.
- iv. Continuous monitoring / updating of the Risk Map.
- v. Report to the Audit Committee / Board of Directors.

This Model has at least the following elements and tools that are intended to cover the Group's significant risks:

- i. Organization: the Model is supervised by Internal Audit, which will periodically report to the CEO or, as the case may be, to the Board of Directors regarding its effectiveness.
- ii. Identification of the risk universe (Risk Map): the Group's risk control and management model is based on the continuous review and updating of the company's risk map, which has been designed in line with the Group's strategies.

Once the risks are identified, they are classified according to their impact and probability of occurrence. Quantitative variables are used to weight the risks (eg economic impact, impact on valuations, etc.); semi-quantitative variables (e.g. impact on strategic objectives); and qualitative variables (e.g. impact on the internal operation of the company, reputational impact, etc.).

Given that risks cannot be completely eliminated, the Management Committee considers the necessary aspects to decide on the level of risk that is acceptable, based on the risk-benefit ratio, and creates a control structure that aims to maintain the risks within appropriate limits.

- iii. Action plans: once the risks have been identified and classified, will be formalized the corrective action plans necessary to mitigate said risks, also evaluating the residual risk and risk tolerance levels. Internal Audit will periodically monitor compliance with corrective action plans, as well as the expected implementation dates with each of the risk owners.
- iv. Policies and procedures: MASMOVIL has developed a series of Policies and Procedures that regulate the basic aspects of control that have been identified

in each of the Group's Business and Support Areas. These policies and procedures are periodically reviewed and updated.

- v. Code of Ethics and Ethics Mailbox: MASMOVIL maintains a Code of Ethics, approved by the Board of Directors that constitutes the framework of reference regarding the basic principles to which the companies that are part of the Group and all its employees and administrators in the development of their activities. Likewise, there is an Ethics Mailbox available to employees to file complaints related to non-compliance with laws, internal regulations, code of ethics and any other fact of a similar nature.
- vi. Limited power structure: MASMOVIL has a framework of powers of attorney detailed by scale of amounts and jointly or severally, which allows a limitation of the provision of funds, contracting and representation.
- vii. Internal Control System on Financial Information (ICFR): in order to adapt the internal control system on financial information to the best good governance practices, a series of tools have been developed that allow the following of the CNMV's recommendations and supervising its proper functioning:
 - Manual of Accounting Policies.
 - Narratives and Matrices of Risks and Controls for the key processes that have a significant impact on the group's financial statements.
 - Testing plan of controls (as a part of the Annual Internal Audit Plan).
 - Annual Internal Audit Report with the testing results and corrective action plan.
 - Policy for the review and approval of financial information.
- viii. Criminal Risk Prevention Manual: MASMOVIL has developed a criminal risk prevention manual that details the principles of management and prevention of offences in the Group. The main objective of the manual is to define the policies and rules of action and behavior that regulate the activity of MASMOVIL, as well as to define the control systems with the purpose of preventing the commission of the offences typified in the penal code.

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