

PROCUREMENT 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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I. INTRODUCTION

The Board of Directors of LORCA TELECOM BIDCO, S.A. (hereinafter the Company) has the power, which cannot be delegated, to determine the general policies and strategies of the Company. In accordance with the above, it is the Board that is competent to design the procurement policy to be applied to the Company and the companies of its group (hereinafter, MASMOVIL Group).

II. PURPOSE

The purpose of the Procurement Policy is to establish a global framework for the control and management of the risks resulting from the activities of the procurement of goods, equipment and materials and the contracting of works and services throughout the MASMOVIL Group, in accordance with the risk control and management policy.

III. SCOPE

The Procurement Policy is applicable to all activities related to the procurement of goods, equipment and materials and to the contracting of works and services by the businesses managed by the companies of the MASMOVIL Group (hereinafter referred to as Procurement).

All types of procurement are covered, regardless of the amount and whether or not they are made under a formal procurement process, except for the provision of services between companies in the MASMOVIL Group, which will be formalised in the corresponding intra-group contracts.

IV. ORGANISATIONAL PRINCIPLES IN THE PROCUREMENT MANAGEMENT

- i. Procurement management will be centralized in the Company through the procurement area.
- ii. In accordance with the ethical commitment of the MASMOVIL Group, a culture of honesty and transparency based on the principle of "zero tolerance" towards the commission of illegal acts and situations of fraud and the application of the principles of ethics and responsible behaviour will be promoted in the management of Procurement.
- iii. Any irregular situation that a supplier, or potential supplier, of Grupo MASMOVIL detects should be brought to the attention of the letterbox

codigoeticoproveedor@masmovil.com, which is supervised by the Group's Compliance Officer.

- iv. In situations in which a possible irregularity or conflict of interest occurs or may occur, as established in the Code of Ethics, the employee affected shall inform his immediate supervisor and the Company's ethics letterbox, i.e. canaletico@masmovil.com, in writing, and shall refrain from intervening, influencing or participating in the Procurement process, as well as from accessing the confidential information affecting said conflict.

- v. Procurement procedures or instructions will be formalized that clearly assign the responsibilities in management and the levels of delegation of authority in each of the phases of the Procurement process, taking into account that
 - The authorisation of purchases must always be in accordance with the internal procurement procedure and the formalisation of purchases must in all cases be in accordance with the internal powers of attorney policy of the MASMOVIL Group.
 - All Procurement operations exceeding one million (1,000,000 euros) must be approved by the Chief Executive Officer and a report shall be made by the Procurement Management to the Chief Executive Officer at least once a year.
 - All contracts for strategic consulting services of the companies of the MASMOVIL Group must be subject to the authorisation of the Chief Executive Officer. Strategic consultancy shall be understood as any consultancy that has an impact on the structure of the MASMOVIL Group, or on its organisation, and on the group's own strategy.

V. PROCEDURAL PRINCIPLES IN PROCUREMENT MANAGEMENT

The management of Procurement with third parties in the MASMOVIL Group will be addressed through the following phases:

- a) Planning of requirements requests.

- b) Request for proposals.
- c) Evaluation of offers and award proposal.

- d) Formalization of the Contract, Framework Contract or Order.
- e) Monitoring, reception, control and release of payments.
- f) Establishment of Delegated Procurements criteria.

The development of the Procurement procedure is implemented through the Procurement procedure in which the Delegated Procurements criteria and specialities are established. In relation to Delegated Procurements, these must comply with the same policies and authorisation processes as the rest.

VI. PROCUREMENT ETHICS

All suppliers must accept, as part of their contractual or pre-contractual documents, the Supplier Code of Ethics and the clauses relating to anti-corruption prevention.

In addition, all employees or subcontracted personnel working for the Procurement Department, in addition to the guidelines defined in the Company's Code of Ethics, must accept the specific Rules of Conduct for the Procurement Department which provide guidance to be able to carry out their work with the highest standards of quality in their practices and applying the Procurement Policy described here.

The Procurement Management is responsible for maintaining an active relationship with suppliers and ensuring a control of the associated risks.

All information regarding suppliers, business volumes, prices, terms and conditions in commercial agreements are considered strategic and confidential and therefore cannot be displayed or disseminated without the prior authorisation of the Purchasing Department.

VII. SUSTAINABLE PROCUREMENT

The Company has set itself environmental objectives such as protecting the environment and public health, conserving natural resources, reducing the environmental impact of hazardous materials and reducing CO2 emissions.

In order to meet these objectives, the Company will promote the use of LED lamps as well as sustainable goods and products such as efficient electronic equipment that meet environmental manufacturing standards.

The Company recognises the value of purchasing products with low toxic and hazardous product content that minimise environmental impact and requires its suppliers to support this effort where possible.

The Company will encourage the purchase of products with low consumption and energy efficiency labels.

The Company seeks to reduce the environmental impact of paper consumption by encouraging the purchase of recycled paper.

The Company recognises the value of purchasing sustainable products and requires its suppliers to support its efforts where possible.

The Company will keep a track record of the purchases affected by its sustainability, environmental, and energy management policy.

The Company will define and evaluate annual sustainable purchasing objectives, taking into account, among other things, the following aspects:

- Legal and other requirements.
- Significant environmental aspects.
- The best available technologies.
- Budget availability.

VIII. PREVENTION OF RISK FACTORS

This policy aims to prevent the risks described below:

- **Credit risk:** the possibility that a counterparty, whether a supplier or a contractor, fails to comply or defectively complies with its contractual obligations and produces, in the MASMOVIL Group, a loss of any kind.

- **Market risk:** any potential increase in the cost of purchases due to adverse movements in prices, including possible indexation to raw materials (e.g. of listed metals), or in the exchange rate of currencies.

- **Business risk:** technological and/or quality risk related to purchases:
 - Risk of acquiring products or services that are inappropriate or not properly adapted to the technical, operational or environmental needs of the business.

 - Technological risk derived from dependence on a single supplier.

 - Difficulty in finding suppliers in the market who are able to deliver the right products or services on time and which may lead to delays in meeting the business' objectives or regulatory obligations (penalties).

- **Operational risks:** direct or indirect economic losses caused by inadequate internal processes, technological failures, internal or external events, human error or fraud and, in particular, those associated with:
 - Failure to comply fully or partially with established procedures for transparent and competitive tendering.

 - Failures in internal controls.

 - Conduct of unauthorised or fraudulent operations (internal or external fraud), bribery or corruption.

 - Human or technical errors resulting from inadequate systems or procedures.

- **Reputational risks:** potential negative impact on the value of the Company or the MASMOVIL Group, as a result of behaviour below the expectations created in the different stakeholders or adverse external situation in which it may become involved as a result of operations associated with purchases.

Bad practices by suppliers or contractors, or their subcontractors or collaborators, which could impact on the reputation of the Company or the MASMOVIL Group, such as failure to comply with tax or fiscal obligations, bad labour practices or failure to comply with the principles established in the United Nations Global Compact.

- **Criminal risks:** possible commission of illegal acts, potentially generating criminal liability for companies of the MASMOVIL Group even when such acts have been carried out or propitiated by suppliers in breach of the Supplier's Code of Ethics or by employees of the MASMOVIL Group in breach of the Code of Ethics and other regulations applicable to them.

In addition, when selecting suppliers it is advisable to consider the following characteristics:

- That the percentage of sales of the supplier does not exceed the threshold identified in the control of non-financial risks and that its total turnover to the MASMOVIL Group does not exceed 40% of the total turnover of the supplier or the commercial group to which the supplier belongs.
- That the supplier indicates in its offer to the MASMOVIL Group the work it proposes to subcontract, as well as the names of possible subcontractors, for analysis in the context of the evaluated proposal, and the level of subcontracting preferably does not exceed 30% in relation to the total volume of work contracted.
- That the supplier is approved by the Procurement Department before being contracted.
- That attempts are made - considering the nature and amount of the purchase - to establish controls of risk and fraud of the supplier.

IX. REVIEW OF THE PROCUREMENT POLICY

The Company's Board of Directors will periodically evaluate the effectiveness of this policy through the MASMOVIL Group Compliance Officer and the Internal Audit. The Audit and Control Committee will also be informed in order to monitor the degree of compliance with this policy so that the Board can propose improvements.

Current version	<i>4.0</i>	
Log of Changes	Fecha	Versión
	<i>20/12/2017</i>	<i>1.0</i>
	<i>27/09/2018</i>	<i>2.0</i>
	<i>02/10/2020</i>	<i>3.0</i>
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