

BOARD MEMBERS REMUNERATION POLICY

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

Created by
Secretary to the Board

Approved by
Board of Directors

1. INTRODUCTION AND OBJECT

The Board of Directors of LORCA TELECOM BIDCO, S.A.U. ("**MASMOVIL**" or the "**Company**") holds the non-delegable power to determine the Company's general policies and strategies and, in particular, the Board's own organization and operation and the approval and supervision of director remuneration, with the support of the Appointments and Remuneration Committee (the "Committee"), which is its internal body for information and consultation.

The Board of Directors recognizes transparency in all its actions as a key element in its corporate governance strategy, and this includes the remuneration for members of the Board. This director remuneration Policy (the "**Policy**" or the "**Director Remuneration Policy**") sets out the fundamental points and commitments of the Company and its Group on this matter.

2. GENERAL PRINCIPLES

This Remuneration Policy for Directors aims to ensure that administrators' remuneration is appropriate to the dedication and responsibility assumed, and in line with that paid in the market in comparable companies at national level, taking into consideration the long-term interest of all shareholders.

In particular, with regard to executive directors, the fundamental criterion is to offer remuneration systems aimed at attracting, retaining, and motivating the most outstanding professionals to help the Company meet its strategic objectives within the increasingly competitive and internationalized framework in which it operates. As a consequence, for the executive directors, the Policy aims to:

- i. Ensure that remuneration, in terms of its structure and overall amount, complies with best practice and is competitive with that of comparable entities.
- ii. Establish remuneration with objective criteria in relation to individual performance and the achievement of the Company's business objectives.
- iii. Include a significant annual variable component linked to the performance and achievement of specific, predetermined, quantifiable objectives aligned with the Company's corporate interest and strategic objectives.

- iv. Nurture and incentivize attainment of the Company's strategic objectives by incorporating long-term incentives, reinforcing continuity in the competitive development of the Group, its administrators and management team, encouraging motivation and loyalty, as well as retention of the best professionals.
- v. Establish appropriate maximum limits for any short- or long-term variable remuneration.

Without prejudice to all of the foregoing, the Director Remuneration Policy shall be adapted appropriately to match the economic circumstances and the national context.

3. COMPETENT BODIES

The Board of Directors, at the proposal of the Appointments and Remuneration Committee, is the competent body to set, within the overall limit established in the Articles of Association and in accordance with the law, the remuneration of directors, except for remuneration consisting of the delivery of Company shares or options on these or which is referenced to the value of the Company shares, which must be approved by the General Shareholders' Meeting.

Pursuant to articles 17 and 21 of the Articles of Association and the Regulations of the Board of Directors of the Company, respectively, the total maximum amount to be disbursed to the directors as remuneration for their duties shall be determined for each fiscal year by agreement of the General Meeting, and it may be different for each director. This amount shall remain in force until such time as any modification is approved. The determination of the remuneration for each director in their capacity as such shall be the responsibility of the Board of Directors, which shall take into account the effective dedication and duties and responsibilities attributed to each director, membership of Board Committees and other objective circumstances it considers relevant.

4. REMUNERATION STRUCTURE FOR DIRECTORS FOR THEIR ACTIVITY AS SUCH

The remuneration for directors for their activity as such, in other words, for those who do not perform executive duties, shall consist of a fixed annual amount. This must be consistent with market standards, as determined by the posts they hold within the Board of Directors and the committees to which they belong, as well as the posts held on those committees, if any, and

always taking into account the maximum director remuneration approved by the General Meeting.

The Company also pays the premiums for directors' civil liability policies.

It is stated for the record that directors who represent the Group's shareholders (proprietary directors) do not receive the fixed remuneration referred to in the preceding sections, nor any other type of remuneration, for their duties.

5. REMUNERATION STRUCTURE FOR EXECUTIVE DIRECTORS FOR THEIR PERFORMANCE OF EXECUTIVE DUTIES

As provided for in article 249.3 of the Capital Companies Act, the Company has entered into a contract with each director performing executive duties which identifies all the components of their remuneration, such as fixed or short-term variable remuneration, long-term incentives, social insurance systems, and benefits (such as health insurance and corporate vehicles).

The remuneration corresponding to executive directors for performing executive duties at the Company (which are therefore different from the duties related to their standing as members of the Board of Directors, although these are compatible and accumulable) is structured as follows:

- i. Fixed remuneration: this component must be in line with what is paid on the market by companies that are comparable in terms of their capitalization, size, ownership structure, and international reach. This remuneration includes benefits (payments in kind), such as individual availability of a corporate vehicle, medical insurance, fuel, life assurance, and meal vouchers.
- ii. Variable remuneration: Part of the remuneration of executive directors is variable, to strengthen their commitment to the Company and incentivize them to enhance their performance. This variable remuneration shall be linked, for the most part, to the attainment of financial, industrial, and operational objectives that are specific, predetermined, quantifiable, and aligned with the Company's corporate interest and its strategic objectives. There shall also be weighted personal performance objectives for executive directors. This remuneration includes participation in medium- and long-term incentives plans.

Assessment of the attainment of objectives and performance shall be the responsibility of the Appointments and Remuneration Committee, for which it may call on advice from an independent expert. This proposal shall be submitted to the Board of Directors for approval.

6. BASIC CONTRACT CONDITIONS FOR EXECUTIVE DIRECTORS

The Board of Directors sets the remuneration for executive directors for their executive duties and the other basic conditions their contracts should incorporate. These conditions include the following:

- i. Indefinite duration. Contracts with executive directors of the Company shall be of indefinite duration, and they envisage financial compensation for cases of termination of the contractual relationship with the Company, always provided that this termination does not take place exclusively at the initiative of the executive director nor as a consequence of a breach of their obligations.
- ii. Confidentiality and return of documents. A rigorous duty of confidentiality is established, both while the contracts are in force and after the relationship has been extinguished. Moreover, at the end of their relationship with the Company, executive directors must return all documents and objects related to their activity which are in their position to the Company.

7. PRINCIPLE OF FULL TRANSPARENCY

The Company's Board of Directors assumes the commitment to make effective the principle of full transparency for all remuneration items received by all directors, providing transparent, sufficient, and timely information in line with generally accepted good governance recommendations in the markets regarding directors' remuneration.

To this end, the Board of Directors has formulated this Policy and shall ensure transparency in directors' remuneration, setting out all the remuneration received by directors in a detailed and individualized manner in the Report to the Company's Annual Accounts, stating whether this is due to their standing as directors, their standing as executives, if any, or in any other capacity, that has been disbursed by the Company or other companies of the Group.

8. POLICY MONITORING

The Board of Directors shall periodically evaluate the effectiveness of this Policy and shall adopt the appropriate measures to remedy any deficiencies, making such modifications as it deems necessary.

The Appointments and Remuneration Committee shall verify compliance with the present Policy each year and report the results to the Board of Directors.

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