

Risk Management and Control Policy

**Approved by the Board of Directors
of El Corte Inglés, S.A.
on 26 February 2020**

Version 3.1 (29 October 2025)

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1. Introduction

By resolution of its Board of Directors, El Corte Inglés (hereinafter referred to as the 'ECI Group', the 'Group' or the 'Organisation'), in its capacity as a public interest entity pursuant to the provisions of Law 22/2015, of 20 July, on Auditing, and Royal Decree 877/2015, of 2 October, amending the Regulations thereof, has expressed its commitment to aligning with the best practices of corporate governance and complying with the requirements and recommendations established by the regulatory authorities, particularly those outlined in Technical Guide 1/2024, of 27 June, issued by the National Securities Market Commission (CNMV).

In accordance with best practices in corporate governance, the Board of Directors has approved the Charter of its Audit and Control Committee, granting it the authority to supervise the Internal Audit, Compliance, Internal Control and Risk Management functions.

This document reflects the commitment and involvement of the Board of Directors and the governing bodies of the ECI Group in establishing a common framework for action that enables the Organisation to respond proactively to the risks and threats to which it may be exposed.

2. Purpose

The purpose of this Policy is to establish the basic principles and the general framework for the identification, assessment, control and management of all types of risks to which the Group may be exposed. It also seeks to integrate the efforts of all business areas under a shared approach, whereby the first line is responsible for managing its own risks, under the supervision of the Risk Function.

The Board of Directors of El Corte Inglés, S.A. is ultimately responsible for determining the Group's Risk Control and Management Policy, with the aim of identifying and assessing the main risks that may affect the ECI Group and of organising the appropriate internal control, information and dissemination systems for their management, mitigation and periodic reporting to the governing bodies.

Given the inherent risks associated with its operations, the ECI Group considers it essential to develop and maintain a robust Risk Control and Management System to ensure the effective identification, assessment, management and mitigation of the most significant risks. This system not only seeks to mitigate risks that may have a negative impact on the Organisation, but also to identify and enhance opportunities that capture added value and contribute to the achievement of the Group's strategic objectives and the execution of its business plans. In addition, the System ensures the provision of accurate and timely information to the governing bodies, thereby facilitating well-informed decision-making aligned with the corporate strategy.

This Policy is developed and supplemented by the other internal regulations established in relation to specific risks, corporate functions or business activities of the Group.

3. Scope of Application

This Policy is mandatory and applies globally to all companies comprising the El Corte Inglés Group, across all activities, regardless of the country in which they are carried out, as well as to the affected stakeholder groups.

This commitment shall be formalised as set out in section 8, 'Awareness and Statement of Compliance', of this Policy.

4. General Principles of Risk Management and Control

The Group's risk management and control principles provide the fundamental basis for ensuring that risks are managed consistently, proactively and in line with the Group's strategic objectives. These principles ensure a common approach across the Organisation, and promote transparency, accountability and continuous improvement in risk identification and mitigation:

- **Protecting Value and Creating Opportunities:** Risk management aims not only to mitigate negative impacts, but also to enhance growth opportunities and protect the value created by the Organisation, while safeguarding its reputation. It must actively contribute to the achievement of the Group's strategic objectives and the sustainability of its business model.
- **Integration into Decision-Making:** Risk management shall be integrated into all organisational processes, particularly strategic and operational decision-making. Each area shall identify, manage and mitigate its own risks, under the supervision of the Compliance and Risk Control Department.
- **Systematisation and Structure:** Formal mechanisms shall be established to identify, assess and manage risks in a systematic and structured manner. This includes developing processes and controls that enable continuous and dynamic risk assessment.
- **Homogeneity and Consistency:** Risk management and control needs to be consistent across the Group and in line with other specific policies and the business model. A common definition of risk should be adopted to ensure that all threats to the objectives are addressed in a consistent manner.

- **Transparency and Reporting:** Risk management and control procedures shall include clear and effective mechanisms for reporting to the governing bodies and stakeholder groups, ensuring fluid and transparent communication regarding risks, their impacts and the mitigation actions and/or internal controls in place.
- **Segregation of Duties and Independence:** A clear segregation shall be ensured between the areas responsible for risk management (first line) and those responsible for supervision and support (second line), while preserving the full independence of the Internal Audit Function (third line) in the performance of its assurance activities, thereby ensuring that control, supervision and assurance are carried out impartially.
- **Adaptability and Continuous Improvement:** The risk management system shall be dynamic and continuously adapt to changes in the internal and external environment. It shall be periodically reviewed to incorporate new methodologies and best practices, as well as to adjust to changing circumstances.
- **Regulatory Compliance:** Risk management shall operate in compliance with applicable laws and regulations, as well as with the principles set out in the Corporate Governance System, the Code of Ethics and the Group Regulatory Compliance Programme.
- **Participation and Training:** The involvement of the entire Organisation in risk management is essential to maintain an effective and up-to-date system. The Organisation shall promote a risk culture and provide training.

5. Risk Factors

In general terms, risk refers to the possibility of an event occurring that could prevent the effective implementation of the Organisation's strategies and affect the achievement of its business objectives.

The ECI Group is inherently exposed to the following risk factors, which are categorised according to their nature:

- **Strategic Risks:** Risks that may arise as a result of opting for a particular strategy, as well as those derived from external or internal sources, which could have a significant impact on the achievement of the objectives set out in the Group's Strategic Plan and its long-term vision.
- **Operational Risks:** Risks that arise due to inadequacies or failures in processes, systems and/or internal controls. Examples of operational risks include, among others, the physical security of assets, errors in the design and development of operations, lack of service quality control, failures in the security of infrastructures and systems, as well as the loss of key personnel and other risks related to human resources and technology (technological changes, cybersecurity, etc.).

- **Financial Risks:** Risks related to adverse situations in the environment or in the financial markets, including fluctuations in interest rates, foreign exchange rates, credit and liquidity, tax-related risks, as well as other risks related to the reliability of the preparation and availability of financial information, both internal and external, that is relevant to the Group.
- **Compliance Risks:** Risks arising from the obligation to comply with national or international legal requirements affecting the Group (civil, commercial, criminal, administrative, etc.), as well as with its internal regulations and with the codes of conduct or best practices to which it has voluntarily adhered

6. Risk Management and Control System

The Risk Management and Control System (RMCS) comprises the strategies, processes and information procedures necessary for the development and implementation of the Risk Management and Control Policy.

The El Corte Inglés Group's RMCS is structured around the Three Lines Model, which ensures effective and coordinated risk management. The First Line consists of the operational and business areas, which are considered the risk owners. The Second Line is made up of the corporate functions, which provide oversight, guidance and tools to support the proper management of risks across the different areas. Finally, the Third Line, led by the Internal Audit Function, ensures an independent assessment of the effectiveness of the system and of the controls implemented within the Organisation.

Each area of the Organisation (First Line) is responsible for managing its own risks, including the processes of identification, assessment, prioritisation and definition of mitigation strategies. The Risk Function, as part of the Second Line, provides the necessary oversight and guidance, ensuring that the areas have the appropriate tools and follow an approach consistent with the Group's risk policy.

In addition, the Risk Function, through a bottom-up approach, collects and consolidates information on the individual risks of each business and operational area in order to define and update the Corporate Risk Map. This approach ensures that the specific characteristics and risks of each area are reflected in the Corporate Risk Map.

7. Roles and Responsibilities within the RMCS

- **Risk Managers:** Risk managers are the individuals directly responsible for risk management within the operational and business areas. They shall identify, assess, prioritise and mitigate the risks associated with their activities. They shall implement and operate the internal controls established to mitigate the identified risks. In addition, they shall report periodically on the status of risks and corrective actions, providing updated information to the Risk Control Function. Their objective is to ensure that risks remain within the tolerance limits established by the Organisation.
- **Senior Management:** Senior Management provides the necessary resources to the First Line to ensure effective risk management. It oversees risk exposure, using Key Risk Indicators (KRIs) where risks are subject to monitoring, and regularly reviews risk reports to ensure alignment with the Group's strategic objectives. It is also responsible for analysing the root causes of risk incidents that exceed defined thresholds and for coordinating the definition of corrective action plans in collaboration with the operational areas. Its role includes promoting an organisational culture that fosters proactive risk management.
- **Risk Control Function:** Of a corporate nature, the Risk Control Function supervises and assesses the risk management activities carried out by the First Line, ensuring that risks are managed consistently and in line with the Corporate Policy. It provides guidelines, methodologies and tools to promote a risk management culture throughout the Organisation and to ensure the standardisation of risk management processes across the Organisation. It also consolidates information from individual risk maps in order to prepare the Corporate Risk Map, providing a comprehensive and up-to-date view of the Group's risk profile. In addition, it performs ongoing monitoring of key risks and reports to the Audit and Control Committee and Senior Management. To facilitate the fullest exercise of their capacity for initiative, the Group's Chief Compliance and Risk Officer shall be supported by the Executive Compliance and Risk Control Committee, an executive, decision-oriented body composed of the heads of the main business and corporate areas, as well as the Chief Compliance and Risk Officer.
- **Audit and Control Committee:** The Audit and Control Committee oversees the Risk Control Function, ensuring that its operation is aligned with best practices and the Group's requirements. It approves the methodologies for risk management, including identification, assessment and mitigation procedures, as well as the plans proposed by Senior Management. It proposes the risk appetite and tolerance framework to the Board of Directors for approval and analyses and validates the Corporate Risk Map prior to its submission to the Board of Directors, ensuring that critical risks are properly mapped, prioritised and controlled.

These responsibilities in relation to risk management and control are set out in the Charter of the Audit and Control Committee.

- **Board of Directors:** The Board of Directors is ultimately responsible for the proper functioning and effectiveness of the Risk Management and Control System, ensuring that the Risk Management Policy is aligned with the Group's strategic objectives and that the system operates effectively across all areas. It establishes the risk appetite and tolerance limits, reviews and approves the risk management strategies proposed by the Audit and Control Committee, and approves the Corporate Risk Map, ensuring that risks are managed within acceptable tolerance levels. It also ensures that the Organisation has a robust governance system in place to identify, manage and report risks in a transparent and effective manner.

8. Awareness and Statement of Compliance

Compliance with ethical rules and standards represents both a corporate commitment and a strategic objective for the Organisation; therefore, all Members of the Organisation are expected to be familiar with and adhere to the contents of this Policy.

This commitment shall be formalised through:

- i. Statements of compliance with the principles set out herein by Members of the Organisation, through their adherence to the **High Ethical Standards**.
- ii. **Formal agreements or acknowledgements** by the governing bodies of the companies within the Corte Inglés Group, in accordance with applicable internal regulations.

Such agreements and their renewals shall be notified to the El Corte Inglés Group's Compliance and Risk Control Department.

In the event of significant changes to this Policy (i.e. changes that require formal approval from the Board of Directors of El Corte Inglés, S.A.), the preceding commitments shall be formally renewed.

The Organisation shall respond promptly to any breach of the provisions set out in this Policy, in accordance with its internal regulations and in compliance with all applicable legislation.

9. Reporting of Non-Compliance

Any Member of the Organisation, Business Partner or Third Party with a direct relationship and a legitimate commercial or professional interest who becomes aware of a breach of this Policy, or who has doubts as to whether an observed practice may constitute an unlawful act, whether in the public or private sector, shall immediately contact the Compliance and Risk Control Department of the El Corte Inglés Group via the Ethics Channel, using any of its available means of communication:

- **Digital Channel:**

The El Corte Inglés Group's digital channel can be accessed via the following website:

<https://www.elcorteingles.es/informacioncorporativa/es/gobierno-corporativo/etica-y-cumplimiento/>

This access is available on the corporate website and additionally on the NEXO intranet for Members of the Organisation.

- **Postal address:**

El Corte Inglés, S.A.
Compliance and Risk Control
Hermosilla, 112
28009 Madrid

- **Compliance and Risk Control Department – Phone number:** 91 401 85 00
- **Request for a face-to-face or remote meeting**

The information communicated through this Channel is confidential, as is the identity of reporting persons acting in good faith, whose cooperation the Organisation appreciates and in respect of whom it guarantees the absence of retaliation of any kind.

In addition, the Compliance and Risk Control Department may act on its own initiative by investigating any indication of non-compliance with this Policy.

10. Approval, Effective Date and Updating

This Policy shall enter into force on the date of its approval by the Board of Directors of El Corte Inglés, S.A.

This Policy shall be kept up to date over time. To this end, it shall be reviewed regularly, on an annual basis, and on an extraordinary basis where necessary, and in any event as promptly as possible in the event of changes to the Group's strategic objectives or to internal or external regulatory requirements that require its update or amendment.

The Compliance and Risk Control Department shall be responsible for assessing any proposed amendments, with the support of the Compliance and Risk Control Committee.

In addition, where such changes are significant, they shall be submitted for approval to the Board of Directors, following a proposal from the Audit and Control Committee.

11. Dissemination

Once approved by the Board of Directors of El Corte Inglés, S.A., this Policy shall be made available on NEXO for all Members of the Organisation and on the corporate website for all ECI Group stakeholders.

Likewise, the Compliance and Risk Control Department shall promote the necessary actions to ensure its proper dissemination and awareness.

12. Control, Monitoring and Supervision

12.1 Control and Monitoring

The Compliance and Risk Control Department shall be responsible for controlling and continuously monitoring compliance with the provisions of this Policy, in accordance with the procedure set out in the Charter and the Regulations of the Compliance Function Bodies.

12.2 Supervision

The Internal Audit Function shall review the Group's Criminal Compliance Management System to the extent that the Annual Audit Plan approved by the Audit and Control Committee includes work related to such system, and, on an extraordinary basis, in the event of incidents or the identification of irregularities. Following such audits, the Internal Audit Function shall issue the corresponding report, including recommendations where opportunities for improvement are identified.

Any opportunities for improvement that may be identified as a result of these reviews shall be considered as part of the continuous improvement process of the Criminal Compliance Management System.

VERSION HISTORY

Version 1.0 approved by the Board of Directors on 26/Feb/2020

Version	Date of amendment	Purpose of the amendment	Sections affected
2.0	24/Feb/2021	<ul style="list-style-type: none"> - Include the characteristics of the Committee to support the development of the Risk Management and Control Function 	<ul style="list-style-type: none"> - Roles and Responsibilities within the Risk Management and Control System
2.1	30/Nov/2022	<ul style="list-style-type: none"> - Adapt the system to the recent integration of the Risk Control and Management area under the Regulatory Compliance Department. 	
2.2	28/Jun/2023	<ul style="list-style-type: none"> - Include reporting channels for non-compliance in accordance with Law 2/2023. - Include an express reference to the responsibility for control and supervision of the Compliance Function and the Internal Audit Function. 	<ul style="list-style-type: none"> - Reporting of Non-Compliance - Control, Monitoring and Supervision
3.0	30/Oct/2024	<ul style="list-style-type: none"> - Align policy with the requirements of the Corporate Sustainability Reporting Directive - Principles - Explain in detail the Risk Management and Control System - Include a reference to the new internal rules governing Group companies' adherence to the Corporate Policies. - Update digital channels for reporting non-compliance. - Include 'Dissemination' section 	<ul style="list-style-type: none"> - General Principles of Risk Management and Control - Risk Management and Control System - Awareness and Statement of Compliance - Reporting of Non-Compliance - Dissemination
3.1	29/Oct/2025	<ul style="list-style-type: none"> - Establish a common framework for action - Define basic principles and integrate the efforts of the areas - Segregate functions - Expand the definition of roles and responsibilities 	<ul style="list-style-type: none"> - Introduction - Purpose - General Principles of Risk Management and Control - Roles and Responsibilities

Last revision, 29 October 2025