

# RISK MANAGEMENT POLICY OF MOBLY S.A.

## INTRODUCTION

The activities of Mobly S.A. (i) intermediation, import, export and retail trade of furniture and household items in general; (ii) assembly services related to the object mentioned in item (i); (iii) retail trade of construction materials in general; (iv) retail trade of construction materials not previously specified; (v) intermediation in the sale of insurance guarantees and the like; (vi) assignment of the right to use customizable software; (vii) interest in other companies as a member or shareholder; (viii) road cargo transportation, except for dangerous products and intermunicipal, interstate, and international moves; (ix) cargo agency; (x) cargo transportation logistics organization; (xi) furniture industrialization; (xii) warehousing of goods for third parties; and (xiii) general warehousing and logistics operator. The Company recognizes that its operations involve certain risks, which are managed by different departments at the prevention, identification and correction levels, in accordance with several business strategies and internal policies approved by the Company's senior management.

This Company risk management policy ("**Policy**") describes the manner in which the Company identifies, assesses, monitors and manages the risks to which the Company is subject.

### 1 Purposes

- 1.1 This Policy establishes the principles and parameters to be observed with respect to the Company's risk management process in order to identify, assess, prioritize and manage Risks (as defined below).
- 1.2 This Policy also describes the risk management process, the communication procedures and the responsibilities of the Company's main corporate bodies.

### 2 Scope

- 2.1 This Policy is binding on all departments and employees of the Company. The Company's subsidiaries must also comply with the provisions set forth herein.

### 3 References

- 3.1 The following documents shall be taken into consideration for the application and interpretation of the terms of this Policy:
  - (i) COSO – ERM: Committee of Sponsoring Organizations of the Treadway Commission – Enterprise Risk Management Framework;
  - (ii) The Code of Ethical Conduct;
  - (iii) The Company's Information Disclosure Policy;
  - (iv) The Company's Securities Trading Policy; and
  - (v) The Company's Related-Party Transactions Policy.

## 4 Definitions

### **“Risk Appetite”**

means the level of risk associated with achieving the Company’s objectives. Periodically, the Board of Directors assesses and reviews the level of acceptable risk assumed by the Company as a whole to ensure that the balance between risk and benefit is appropriately managed and aligned with.

### **“Risk Assessment”**

means the quantitative or qualitative assessment of the nature and magnitude of risk relative to the Company’s objectives. The assessment is based on known or contingent vulnerabilities and threats, as well as the likelihood that the threats will materialize and the potential impact on the Company.

### **“Risk Management”**

means the process of assessing and responding to risk related to the Company’s business with a view to reducing such risks to acceptable levels. Risk management is part of the assessment process and uses the results arising from such process to make decisions on whether to accept risks or take action to reduce them.

### **“Risk”**

means the uncertainty related to certain events and their potential outcome that may have a significant effect on the Company’s activities. All of the Company’s activities may pose some risk arising from potential threats or failure to realize opportunities, which may harm, prevent, affect or interfere with the achievement of the corporate objectives.

### **“Strategic Risk”**

means the risk of implementing a wrong, inadequate or ineffective strategy that fails to achieve the Company’s objectives.

### **“Operational Risk”**

means the risk of loss due to failures, deficiencies or inadequacy of processes, including product distribution and delivery logistics and efficient inventory management, or deficiencies or inadequacy of personnel and internal systems supporting the Company’s activities or, further, external events, including, but not limited to, compliance risk associated with inadequacy or deficiency in agreements, as well as sanctions due to non-compliance with laws and regulations and compensation for damages caused to third parties resulting from the Company’s activities. It also includes internal and external frauds.

### **“Image Risk”**

means the risk of loss arising from negative exposure of the brand on social networks through complaints, messages and comments posted by clients.

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| <b>“Information Technology System Infrastructure Risk”</b> | Means the risk of failures in information technology infrastructure services, including anomalies in third-party service indicators, servers, databases and endpoints, as well as slowdowns and oscillations in the platform, which may lead to the reduction or total or partial interruption of activities.   |
| <b>“Sales Risk”</b>  | Means the risk of oscillations in the transactions levels performed on the platform and in the Company’s stores, which may be limited to a specific segment or involve sales generally. Sales Risks may arise from a deficiency in the marketing strategy or incentives, problems involving a certain group of products, instabilities and failures in payment systems, checkout loading (in which case it will also be an Information Technology System Infrastructure Risk), as well as failures in merchandise and transportation. |
| <b>“Liquidity Risk”</b>                                    | means the risk of the Company’s lack of financial ability to pay its expected and unexpected, actual and future debts, including secured transactions, without affecting its day-to-day transactions and without incurring significant losses.  |
| <b>“Credit Risk”</b>                                       | means the risk relating to client default due to lack of financial ability to honor its debts, communication failures between the Company and its debtors, disagreements between the Company and its debtors about amounts due and others.  |
| <b>“Compliance Risk”</b>                                   | means the risk of being subject to any reputational or regulatory legal sanctions, or financial loss that the Company may suffer as a result of its failure to comply with applicable laws and regulations, internal policies, codes of conduct and good practice standards.  |
| <b>“Information Risk”</b>                                  | means the risk related to the loss, misuse or unauthorized disclosure of sensitive personal data or confidential information of clients, suppliers, business partners, internal or external shareholders that may cause harm or inconvenience to any individual, threaten the Company’s business or damage its reputation.  |
| <b>Payment Method Structural Risk</b>                      | means the risk related to the structural interruption of the transactions developed by the payment method companies that provide services to the Company, which may harm the payment flow related to the Company’s activities. The Payment Method Structural Risk is mitigated due to the fact that the Company has more than one payment method in   |

operation and can direct transactions from one system to another.

## Legal Risks

means the risk related to the occurrence of legal changes that may create obligations that burden or change the Company's way of working. It also means that unfavorable decisions in lawsuits or judicial, arbitration and administrative procedures may create relevant obligations for the Company.

## 5 Risk Management Process

5.1 Risk management is a crucial element of the Company's strategies as it provides a systematic process for identifying risks related to the Company's activities as well as to the market in which the Company operates. This process involves categorizing and assessing each risk and applying management controls to mitigate the risk, based on a judgment about the likely impact if no action is taken, combined with an assessment of the likelihood of reoccurrence of the risk. The risk detection and prevention framework is comprised as follows:



5.2 Based on the Committee of Sponsoring Organizations of the Treadway Commission – Enterprise Risk Management Framework (COSO), the Company establishes a risk management process that comprises the following components:

- (i) **internal environment** – conduct an analysis of the internal environment, by assessing how the risks and controls are perceived and handled by the Company's employees;
- (ii) **setting objectives** – defining strategic, operational, communication and reliability objectives, through a process of development and alignment between the prioritized the objectives and the Company's mission and principles;
- (iii) **event identification** – conducting analysis to identify events, internal and external factors that create actual or potential risks and may adversely affect the Company's business strategies and goals;
- (iv) **risk assessment** – to carry out risk analysis as a function of the objectives that may be impacted, as well as the likelihood of the risk occurring and its impact. As alternatives for risk assessment, the Company will carry out the comparison with

market references (benchmarking), as well as probabilistic and non-probabilistic models;

- (v) **risk response** – defining responses to risks by identifying and assessing possible alternatives, which may be: (i) avoid it; (ii) accept it; (iii) mitigate it; (iv) share it; or (v) transfer it, taking into consideration tolerance and Risk Appetite;
- (vi) **control activities** – to establish control activities, by means of the preparation of action plans aligned with the Company's policies and procedures, as well as the management of the implementation of the proposed actions, with the aim of ensuring that the responses to risks are carried out effectively;
- (vii) **information and communication** – establishing the information governance flow and defining the communication strategy, so that relevant information is identified, collected and communicated to the Company's employees, so that everyone can understand and carry out their roles and responsibilities with respect to the confrontation of the prioritized risks; and
- (viii) **monitoring** – to continuously monitor the integrity of the Risk Management by making modifications as necessary. In this way, the Company will be able to react actively pursuant to different and unexpected circumstances. Monitoring is carried out by means of ongoing management activities and independent evaluations.

**5.3** The Company will ensure that there is sufficient flexibility to react quickly and to adequately mitigate the Risks. The Company recognizes that Risks may be effectively managed if such management is induced in the Company's culture.

**5.4** The risk management process will be carried out through internal and external audit with a view to minimizing the consequences of a risk occurring based on impact and likelihood, recognizing that the risk itself may not be eliminated.

## **6 Responsibilities**

### **6.1 Board of Directors**

The Company's Board of Directors will be responsible for:

- (i) determining the Risk Appetite and establishing the risk management culture within the Company, especially with respect to new initiatives and emerging risks;
- (ii) making key decisions with respect to the Company's risk management process, including those that may affect the Company's risk profile or exposure;
- (iii) evaluating the effectiveness of the internal controls system, with the advice of the Audit Committee;
- (iv) approving any changes to this Policy; and
- (v) reviewing, monitoring and approving the Company's overall risk management strategies and the papers and reports prepared by the Audit Committee and the internal controls and compliance divisions.

### **6.2 Board of Officers**

The Company's Board of Officers will be responsible for:

- (i) implementing the Company's strategies approved by the Board of Directors with respect to the Risk Management;

- (ii) proposing to the Board of Directors the Company's Risk Appetite;
- (iii) conducting a periodic review of this Policy and introduce any suggestions to the Board of Directors;
- (iv) periodically assessing the Risk Assessment by reporting any findings to the Board of Directors;
- (v) assessing and monitoring the Strategic Risk;
- (vi) identifying any Risks in advance and conduct the related Risk Management; and
- (vii) helping in the preparation of the related reports to the Risk Management.

### **6.3 Audit Committee**

The Company's Audit Committee will be in charge of:

- (i) reviewing the Company's compliance with the applicable laws, standards and regulations;
- (ii) assessing and analyzing the use and reliability of the internal controls, compliance and corporate risks;
- (iii) assessing the quality and effectiveness of the Risk Management, control and governance control of the company;
- (iv) inspecting the hired third parties' performance to give support to the designed staff to perform compliance, internal controls and corporate risk functions;
- (v) reviewing the Company's main policies, including the internal policies and the Code of Ethical Conduct, proposing any changes to the Board of Directors;
- (vi) coordinating and monitoring the whistleblower and ombudsman activities guaranteeing the autonomy, confidentiality and in an environment free from retaliations;
- (vii) assessing and monitoring the Credit Risk and Liquidity Risk;
- (viii) investigating and monitoring events that may harm the internal controls and the compliance policy of the Company; and
- (ix) providing ongoing training to the Company's personnel with a view to guarantee that they are capable of identifying, avoiding, assessing, monitoring and mitigating Risks.

### **6.4 Risks of Compliance, Internal and Corporate Controls**

The Company's employees designed to perform compliance, internal controls and corporate risks functions shall be in charge of:

- (i) establishing the Company's risk management process;
- (ii) coordinating and determining the guidelines to be followed with regard to compliance procedures, internal controls and corporate risk;
- (iii) preparing monthly reports describing the Company's Risks and the related Risk assessment, and submit them to the Audit Committee;
- (iv) assessing and monitoring the Compliance Risk, Operational Risk and Information Risk;

- (v) mapping and conducting compliance training for the areas of interest;
- (vi) assisting the ombudsman area in the investigation and analysis of the disciplinary actions to be applied as a result of the breach of the Company's Code of Ethics and Conduct;
- (vii) carrying out at least an annual review of the Company's internal controls system; and
- (viii) coordinating the internal work force aimed at detecting any Risks and monitoring the effectiveness of the Risk Management process.

## **6.5 Internal Audit**

The area/management responsible for the Company's internal audit will report directly to the Audit Committee, and will be in charge of:

- (i) monitoring, assessing and making recommendations aimed at improving the internal controls and the rules and procedures established by the managers;
- (ii) determining the extent of compliance with the rules, plans and procedures in effect;
- (iii) determining the degree of reliability, accounting and other information and data prepared within the Company; and
- (iv) assessing the Company's strategic and business risks; and
- (v) assessing the effectiveness, sufficiency and application of accounting, financial and operational controls.

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