

SUSTAINABILITY POLICY

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1. INTRODUCTION

Euskaltel is the leading convergent telecommunications Group in northern Spain. It has strong territorial ties and a well-founded commitment to the Basque Country, Galicia and Asturias, where it operates via the operators Euskaltel, R Cable and Telecable.

The Euskaltel Group has developed a national expansion plan with the aim of tapping into the areas of the Spanish market where the Group does not currently have a presence, thereby reaching more customers. The signing of a trade mark licensing agreement with the Virgin Group in February 2020 represents a major step towards growth in this market, as yet untapped by Euskaltel. Thus, the Virgin trade mark will coexist with the three regional brands established by the Group (Euskaltel, Telecable and R), bringing new expansion opportunities at a national level.

Throughout the development of its business strategy, the Euskaltel Group takes into account the guidelines set out by the UN Global Compact, the Paris Climate Accord, Agenda 2030 and the Sustainable Development Goals as leverage for the transformation towards a more sustainable world.

The Group considers that sustainability should make a contribution and be geared towards creating value for all stakeholders, and therefore it holds these commitments and values present throughout its mission and remains firmly committed to the local perspective, transparency, excellence of management, Good Corporate Governance, respect for Human Rights, gender equality and equal opportunities, as well as the alignment of suppliers with Corporate Social Responsibility policies and responsible contribution to taxation.

Along these lines, the Group has joined the “European Green Recovery Alliance” which aims to recover from the health and economic crisis in the European Union with sustainability at the forefront for Governments in the implementation of measures and policies aligned with the sustainability criteria. This manifesto is supported by the strategy developed in the European Green Deal based on the understanding of the competitiveness-environment dynamic in the pillars of digitisation, decarbonisation and resilience.

The Group has also reasserted its commitment to sustainability by recently being included in the FTSE4Good IBEX stock market index, one of the most prestigious in the world, which lists the leading Spanish Companies in terms of Corporate Social Responsibility practices. Forming part of this index is a major acknowledgement of the Group’s efforts to include best Sustainability practices in management.

This policy sets out a starting point for introducing a strong commitment that reflects the determination of the Euskaltel Group and its stakeholders to help create a more human, diverse and sustainable environment.

2.- PURPOSE AND SCOPE

The Euskaltel Group's main goal is to cater to society's communication needs and support greater productivity for businesses with greater transparency in communication and better information management, contributing to the economic and social development of the areas in which it operates.

This Sustainability policy aims to establish a reference framework that supports the management of social and environmental impacts, in the same way that it promotes transparency, responsible communication, ethical behaviour and dialogue with stakeholders.

The Sustainability goals form an integral part of the business strategy across ten priority areas:

- Contributing to the socio-economic development of the local environment by developing social action projects.
- Achieving carbon neutrality by 2030.
- Increasing the efficiency of resources and promoting new technologies to reduce environmental impacts.
- Helping create and foster connections among people, companies and initiatives through the use of ICT.
- Promoting personal and professional growth in a positive work environment to achieve qualified and motivated human capital.
- Protecting and promoting an inclusive, respectful and diverse environment through the Equality Plan.
- Bringing value and growth opportunities to local suppliers who are strategic to the Group and ensuring the supply chain meets the ESG criteria (Environmental, Social and Governance) established by the Group.
- Offering the best communication solutions to promote responsible consumption and meet customers' expectations.
- Ensuring the Group's Governance model is a responsible one.
- Helping generate a framework of trust and transparency with partners and shareholders.
- Promoting informative transparency and responsible communication with stakeholders.

The Group's aim is for directors, executives, senior staff and all Euskaltel Group personnel to be the ones who practice, actively promote and oversee the compliance of these principles and actions within their scope of responsibility, integrating them into their way of being, acting and speaking.

This Sustainability Policy is applicable to the companies in the Euskaltel Group and any others in which the Group holds a majority shareholding at a given time. In the companies in which the Euskaltel Group holds a non-majority shareholding, the majority shareholder must strengthen and promote actions in line with this Policy.

This Policy also applies to the members of the Board of Directors and all persons who work in the Euskaltel Group, regardless of the responsibilities they hold within the organisation, their geographical or functional location and the company to which they render their services (the Group Professionals).

The Euskaltel Group's Board of Directors, in accordance with article 4 of its Regulations, is tasked with approving the Company's strategy and the specific organisation for putting it into practice. For these purposes, the Board of Directors is responsible for approving the general policies and strategies and, inter alia, approving the Sustainability Policy.

3.- PRINCIPLES AND GUIDELINES

This Policy is developed within the 2020-2025 Strategic Sustainability Plan, which is based on the analysis of five strategic focus areas aimed at bolstering the position of the Group in relation to sustainability and supporting the Group's 2020-2025 Business Plan.



COMMITMENT TO THE REGIONS



SUSTAINABLE PRODUCTS AND SERVICES



ENVIRONMENTAL MANAGEMENT AND COMBATING CLIMATE CHANGE



CULTURE, EXCELLENCE, EQUALITY AND DIVERSITY



GOVERNANCE, ETHICS AND TRANSPARENCY

The specific objectives and challenges faced by the Group in terms of sustainability are set forth in the Plan, which covers all the brands comprising the Group and all areas of action.

STRATEGIC FOCUS AREA	AIM
Commitment to the regions	<ul style="list-style-type: none"> • To promote the development and growth of the local communities in which the Euskaltel Group operates, as well as to respond to the needs of stakeholders through active listening. • To strengthen and promote a responsible supply chain. • To boost brand value, integrating business reputation management.
Sustainable products and services	<ul style="list-style-type: none"> • To build a Euskaltel Group identity that integrates distinguishing attributes, linked to a responsible and sustainable business model that customers can appreciate. • To bring value to customers, contributing sustainability to strategies and business commitments.
Environmental management and combating climate change	<ul style="list-style-type: none"> • To manage the environmental impacts of the business responsibly. • To avail of a business model geared towards carbon neutrality and emission reduction.
Culture, excellence, equality and diversity	<ul style="list-style-type: none"> • To promote a climate and work culture of diversity; one that meets the needs, expectations and aspirations of the professionals. • To offer an attractive business culture, based on talent and with an active commitment to people (diversity, work-life balance, inclusion, professional development).
Governance, Ethics and Transparency	<ul style="list-style-type: none"> • To promote a culture of integrity and responsibility in all regions, all operations and among all members of the Euskaltel Group, developing an ethical, transparent and trustworthy business model as leverage for consolidating a sustainable business in the long term.

To ensure compliance with the goals and commitments and to monitor developments, the Group has set up a Responsible Management model and system. This Responsible Management model is based on identifying the possible sustainability impacts and risks inherent in the activities carried out by the Group and in the development and application of the commitments, policies, management procedures and mitigation measures necessary to act according to the impacts identified.

It also aims to maximise the efficiency of this management model by integrating all the management and monitoring systems established into a single, global, integrated management system. In this way, the management system audit model is standardised and a specific space is created in the corporate cloud for the purposes of systematising the monitoring of the improvement actions arising from the audits and enhancing communication with the departments involved.

The Euskaltel Group's Sustainability Team will ensure the policies and codes implemented in this area can be better supervised, and the progress made in relation to sustainability will be tracked, by means of a scorecard created and made available to the Board of Directors by the Audit and Control Committee, to enable risks to be assessed, opportunities identified and strategic decision-making facilitated.

The Sustainability Policy is distributed to the entire organisation, made available to stakeholders and reviewed every 5 years by the Group's Board of Directors, ensuring the adopted model remains consistent.

4. STAKEHOLDER ENGAGEMENT

The Strategic Sustainability Plan and its objectives have been developed based on the needs and expectations of the stakeholders identified through the different communication channels implemented for this purpose. Thus, the key issues and commitments for each stakeholder are established:

- **Employees:** The Euskaltel Group's relationship with people is grounded in supporting and protecting Human and Employment Rights, equal opportunities, data confidentiality and privacy, and protection against corruption in each of the activities affecting them.
In order to manage the dialogue with employees, regular meetings are held with both the management team and with other workers' committees and with the workers' legal representatives, in addition to providing direct communication channels for employees to convey their concerns and needs.

- **Customers:** The Euskaltel Group's relationship with its customers is based on quality and proximity to their needs, data confidentiality and privacy in each of the activities affecting them.

To guarantee communication with customers, the Group has a customer care system that enables customer needs to be met via phone, web, app, social networks and in-person.

- **Suppliers:** The relationship with suppliers is based on establishing balanced, stable and trusting relationships and upholding sustainability criteria in their commercial relations.

To deal with suppliers, meetings are arranged with Procurement Managers, as well as with the user and audit areas to conduct continuous monitoring of compliance with our sustainability standards.

- **Shareholders:** The relationship with shareholders is based on upholding the responsibilities of good governance and value creation and maintaining the criteria defined in terms of competitiveness, ethics, transparency, fair market competition and adherence to legislation in the performance of activities.

To ensure honest and direct communication with shareholders, a set of information, communication and contact channels has been implemented through the CNMV, the corporate website and the General Shareholders' Meeting, among others.

- **Government Entities:** The relationship with Government Entities, from local to international level, including the regulatory bodies in each geographical area, is founded on regulatory compliance criteria, transparency and trust-based cooperation, loyalty and good faith during the course of the activities affecting them.

We liaise with Government entities through in-person meetings, attendance at forums, institutional sponsorships and industry associations.

- **Society:** Relations with society as a whole are based on a commitment to act responsibly, sustainably and collaboratively from a social and environmental standpoint in the areas of influence of the organisation's activity.

The Euskaltel Group attends regular in-person meetings with local associations.

All Euskaltel Group activities are carried out with a responsible, truthful and transparent communication and advertising approach that respects the language rights of each region, does not engage in misleading, disloyal or illicit advertising practices, and rejects the use of offensive and sexist language.

By virtue of this Sustainability Policy, the Euskaltel Group reaffirms its commitment transparent communications management, in order to ensure integrity and convey full, clear and honest information on the activities undertaken.

ENTRY INTO FORCE

Euskaltel's Board of Directors approved the Corporate Social Responsibility Policy at its meeting held on 24 May 2016. In order to adopt the new features and trends in this subject matter as set forth in the Good Governance Code of listed companies revised in June 2020, and to bring this policy into alignment with the Euskaltel Group's 2020-2025 Strategic Sustainability Plan, the Corporate Social Responsibility Policy has been updated, including changing its name to the Sustainability Policy, and approved in its second version at the Euskaltel Board of Directors' Meeting held on 15 December 2020.