



ANTI-CORRUPTION POLICY OF THE EUSKALTEL GROUP

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INTRODUCTION

The Euskaltel Group, defined as the companies that form part of the Group whose parent company within the meaning of the law is Euskaltel S. A., expressly rejects all forms of corruption and is committed to preventing, deterring and detecting bribery and corruption.

This document, which forms part of the Euskaltel Group's Corporate Governance System, lays down an Anti-Corruption and Anti-Bribery Policy as an instrument to promote compliance with anti-corruption legislation throughout the Group. It implements one of the fundamental values of the Group's Code of Ethics, honesty, in respect of any form of bribery or corruption.

This Policy draws on international standards on corporate accountability and anti-corruption policies, including the policies of the OECD, the United Nations Convention against Corruption (UNCAC), the US Foreign Corrupt Practices Act (FCPA) and the UK Bribery Act. While these standards are guiding references, the key basis of this document is the Spanish Criminal Code, which prohibits bribery- and corruption-related conduct. Following one of its latest reforms – contained in Organic Law 1/2015 of 30 March – the Criminal Code specifically defines corruption offences, establishes harsher punishments for cases involving government institutions, and includes, in accordance with guidelines set forth by supranational bodies – most notably the EU – the offence of corruption between private individuals.

Based on these standards, the Euskaltel Group's Code of Ethics, this document and other regulations and policies establish prevention instruments to promote a culture of regulatory compliance in the Euskaltel Group. This means complying not only with applicable external laws and regulations, but also with the highest ethical principles at all times.

Promoting a culture of compliance entails acknowledging that the Group and its reputation are affected not only by the behaviour of corporate Directors, but also by the behaviour of the Euskaltel Group's Professionals, i.e. the people employed by the Euskaltel Group companies. The Policy set out in this document must therefore be complied by each and every one of the Group companies in all their activities.



1. PURPOSE

The purpose of this Policy is to establish behaviour guidelines for compliance with external laws and regulations and with the regulations which the Euskaltel Group has voluntarily submitted to in connection with bribery and other forms of corruption.

2. SCOPE

This document is applicable to and binding on the members of the Board of Directors of Euskaltel S. A. as the controlling company of the Euskaltel Group for the purposes of the law, and on the people employed by the Euskaltel Group, irrespective of their position within the organisation, their geographical or functional location and the Euskaltel Group company for which they directly provide their services (the Professionals).

It is also applicable to any third parties that supply goods and/or products of any kind, or provide services for the Euskaltel Group, or that in any way act on behalf of the Euskaltel Group, including suppliers, subcontracted companies and/or independent professionals, whichever the nature of the services provided and the territory in which they operate (the Suppliers). The Euskaltel Group will provide this Policy to its Suppliers for acceptance and compliance.

The Euskaltel Group will deliver regular briefings and training on the scope and implementation of this Policy to its intended addressees.

The intended addressees of this Policy will hereafter be collectively referred to as "Regulated Parties" in this document.

3. APPROVAL, MONITORING AND REVIEW

This Policy will be effective from the date of its approval by the Board of Directors.

Its contents and implementation will be periodically monitored and reviewed by the Regulatory Compliance Officer. Any changes and improvements considered appropriate will be carried out, subject to approval by the Board of Directors.

4. POLICY

The Euskaltel Group expressly and indisputably declares that it will not tolerate government- or business-related corruption or bribery of any kind, degree or level, and that it prohibits corruption and bribery in any of its forms, whether it is carried out directly or indirectly through third parties. .

4.1. DEFINITIONS OF BRIBERY AND CORRUPTION

Bribery and corruption are not univocally defined. The following is a list of behaviours classified in the Spanish Criminal Code as offences related to these two concepts. They include:

- ❑ bribery (active) and extortion (passive bribery) of public officials and/or in the private sector;
- ❑ corruption, embezzlement and misappropriation;
- ❑ influence peddling; fraud and negotiations and other activities which are prohibited to public officials;
- ❑ abuse of official and private functions;
- ❑ payments for competitive advantage;
- ❑ unlawful funding of political parties;
- ❑ manipulation and fraud in town and country planning;
- ❑ money laundering and false documents.

Notwithstanding the above, the following definitions are provided for the purposes of this policy:

- **Bribery** means any offer, promise, giving, agreement, acceptance or solicitation of an advantage as an incentive for an unlawful act or as a breach of trust;
- ❑ **Corruption** means any abuse of an entrusted power for private gain aimed at obtaining an undue advantage, financial or otherwise, for the person committing it or for another person or organisation, including the companies of the Euskaltel Group. This definition covers corruption in the public and private sectors, as well as corruption among private individuals.



Bribery and corruption in the public and private sectors **are criminal offences. The Criminal Code** provides severe penalties for behaviour relating to these offences, both for individuals and organisations. In the case of organisations, responsibility attaches to criminal activities committed for their benefit by individuals who are their legal representatives, including instances where the organisation has seriously breached its duty to supervise, monitor and control the actions of the offending individual.

4.2. RISK AREAS FOR THE GROUP

The Euskaltel Group has assessed the risks of bribery and/or corruption in all aspects of its businesses and operations, and has identified the following vulnerable areas:

- ❑ Facilitation payments
- ❑ Bribes
- ❑ Improper payments and gifts
- ❑ Suppliers
- ❑ Sponsorships and partnerships
- ❑ Accounting records
- ❑ Preferential treatment and conflicts of interest
- ❑ Anti-trust practices

This list is non-exhaustive. All Regulated Parties must bear in mind this Policy's general anti-corruption and anti-bribery guiding principle in all their behaviour and dealings that may affect the Euskaltel Group in any situations not included in this list.

This risk assessment will be periodically reviewed and updated to accommodate any changes in circumstances. Any proposed amendments will be submitted to the Board for approval.

4.3. SPECIFIC RISKS

4.3.1. Facilitation payments

The Group prohibits facilitation and expedition payments.

Facilitation payments are small, unofficial, improper payments made to a public official to secure or expedite a routine or necessary action to which the payer is entitled, such as issuing permits, licences, official authorisations or inspections connected with the performance of a contract.



Even if a payment offered or solicited is small, it remains a bribe unless it is permitted or required by the law specifically and in writing.

For the above purposes, the meaning of "public official" includes any person who works for or represents any international, state or local government organisation, and any person who works for a public company owned by a state or local government.

4.3.2. Bribes

The meaning of this concept has been defined above. The Euskaltel Group is committed to the highest standards of business integrity, and it will operate fairly and transparently in all its business relations.

The Group prohibits any payment made to any recipient to secure business or to influence a business decision in favour of any of the Group companies.

Contracting is one of the most vulnerable operational areas in terms of bribery. The Euskaltel Group guarantees that the selection process of all external advisors, agents and/or intermediaries whose participation is often needed in the Group's operations will be fair and that honesty and integrity will be maintained in all contractual business relations. The payment of fees to any of these will therefore not be illegal, unless it involves any kind of incentive for improper behaviour.

4.3.3. Gifts, hospitality and other benefits

The Directors and Professionals of the Euskaltel Group must not solicit, offer or receive from third parties, including but not limited to customers, suppliers and government institutions, any gifts, hospitalities and/or other benefits that may alter their impartiality, affect their objectivity or otherwise influence them in a professional business relationship.

Gifts, hospitality and other benefits may not be used to obtain undue advantage or as a subterfuge for unlawful transactions. They must in all cases be subject to the principle of proportionality and customary practice.



Any internal standards established by the clients or suppliers of the Euskaltel Group which differ from the contents of this Policy must be taken into consideration, in order to avoid damaging the reputation of any third parties.

For the purposes of this Policy, reasonable travel, accommodation and subsistence expenses paid by companies which invite Euskaltel Group companies to attend promotional business events will be accepted, provided that they are not offered to individuals but to a group of customers or potential customers, and they are in line with customary business practice.

Invitations as described in the previous paragraph for customers and potential customers to attend promotional business events and training days organised by Euskaltel Group companies will likewise be acceptable for the purposes of this Policy.

It is considered normal and acceptable for Regulated Parties to attend, in the ordinary conduct of business, conferences, meetings, art and sporting events, and/or corporate sponsorship events aimed at stimulating networking and good relationships between the Group companies and their business contacts, provided that there is no intention to distort the course of ordinary business operations. It is equally considered normal and acceptable for Euskaltel Group companies to invite Suppliers and customers, in the ordinary conduct of business, to attend conferences, meetings, art and sporting events and/or corporate sponsorship events aimed at stimulating networking and good relationships between the Group companies and their business contacts.

Should any doubts arise as to whether an offer is acceptable, the person concerned must reject it or, if appropriate, consult his or her immediate supervisor within the organisation or the Compliance Officer, or have recourse to the Hotline. If it is impossible to refuse a gift, hospitality or benefit, the matter must be reported to the Compliance Officer, who will inform the Regulatory Compliance Committee.

4.3.4. Suppliers

To the extent that the Euskaltel Group companies may be held liable for the acts and omissions of persons and companies with which they have business relations, the Group will require its suppliers and potential suppliers to comply strictly with the applicable legislation.

The Euskaltel Group analyses the legal and financial circumstances of its suppliers and will implement the necessary procedures to examine their performance in the area of corruption as a safeguard against the risk associated with illegal and corrupt payments.

The Euskaltel Group's companies will not engage in business or contract with persons and companies potentially posing risks of bribery or compliance with anti-corruption legislation and/or this Policy.

The Group's procedures to establish which third parties may pose such risks will consider the following non-exhaustive list of warning signs:

- Dealings or proposed dealings in business areas and countries with a history of bribery and corruption (according to the Corruption Perceptions Index published by Transparency International, a global civil society organisation leading the fight against corruption);
- ❑ Poor or non-existent anti-bribery policy or a refusal to co-operate with any request or question made to the third party;
- ❑ Poor or non-existent records of monitoring compliance with its own anti-bribery policy;
- ❑ Extensive use of third party agents and intermediaries, particularly in matters with a history of bribery and corruption;
- ❑ A client or public official requesting the use of a specific agent or intermediary;
- ❑ Odd payments or unexplained accounts in financial records (if available for review);
- ❑ Rumours or reports of improper practices and/or solicitation of bribes;
- ❑ False or misleading documentation;
- ❑ Adverse press coverage on business dealings; and
- ❑ Evidence of extravagant gifts or expenses.

Regulated Parties must ensure that third parties under their supervision comply with this Policy, and report any suspected breaches of contractual obligations or unlawful conduct.

4.3.5. Sponsorships and partnerships

The Euskaltel Group's commitment to the communities of the different territories where it operates is reflected in its sponsorships and partnerships, among other initiatives.

Sponsorships and/or partnerships should not be engaged in by or on behalf of the Group companies if they are or may in any way be interpreted as a means of buying influence in relation to any situation which may have an impact on the Euskaltel Group's business.



Sponsorships by or on behalf of any of the Euskaltel Group's companies will only be engaged in for bona fide charitable or public relations reasons and will not be made in circumstances where there is or may be any inference of undue influence.

Sponsorships should only be offered if they are supported by reasonable and transparent selection criteria.

Any charitable sponsorship or partnership by or on behalf of any Group company is subject to prior approval as established in the internal procedures of the individual Group companies.

4.3.6. Accounting records

The Euskaltel Group's Basic Principles include the duty to prepare reliable financial reports based on the principles of existence and occurrence of transactions and completeness of information.

In order to prevent bribery, the accounting books of the Group companies will at all times provide true, complete and accurate information on their operations. The inclusion of irregularities and/or false entries in accounting records or reports for fraudulent purposes is expressly prohibited.

The Euskaltel Group prohibits establishing any accounts that are not recorded in the official books, recording non-existent expenses and using false documents.

All financial transactions carried out by the Euskaltel Group are supported by appropriate verifiable documents. All documents used to prepare financial statements are retained for the legally established period.

4.3.7. Preferential treatment and conflicts of interest

The Euskaltel Group prohibits the use of positions of power in any of the Group's companies to obtain advantages for relatives and/or friends as payment for favours rendered to a third party.

The Directors and Professionals of the Group are required to give precedence to the interests of the Group over personal interests and over the interests of any third parties that may influence their decisions. They are expressly forbidden to use business relations stemming from the Euskaltel Group for their own benefit and/or for the benefit of relatives or friends.



EXAMPLES:

1. Gifts, benefits and hospitality received could give rise to conflicts of interest if they make the recipients feel obliged to repay them by granting undue advantages which are not in the best interests of the Euskaltel Group.
2. Financial investments may give rise to conflicts of interest if the investors could favour business relations with companies in which they have invested. For example, in a tender procedure, they could favour a particular business partner who owns a significant number of shares over other, more qualified suppliers.
3. Employing relatives or friends may lead to conflicts of interest where relatives or close acquaintances may be favoured over other, more qualified persons because they feel it is a moral obligation.
4. Contracting public officials may lead to conflicts of interest. Although companies can legitimately benefit from the experience and expertise of former and current public servants, their contracting must be closely supervised.

4.3.8. Anti-trust practices

The Euskaltel Group prohibits anti-trust practices (i.e. practices against competition) in the form of business agreements and practices that restrict competition, including horizontal practices (between competitors at the same level of the supply chain, fixing prices or limiting production) and vertical practices (e.g. between a manufacturer and a distributor), and also in the form of abuse of a dominant position.

The Group rejects any activities constituting unfair competition practices, anti-competitive behaviour, as well as agreements between competing companies to fix prices or market conditions.

The Euskaltel Group expressly prohibits activities aimed at facilitating situations of market monopoly and/or limited free competition.



5. HOTLINE

Professionals who have any doubts about this Policy and/or situations arising in connection with this Policy should consult their supervisor within the organisation, the Compliance Officer, or have recourse to the Hotline available in all the Group companies. Suppliers may submit their doubts and queries through the Hotline or they may approach their contact point at Euskaltel.

Professionals and Suppliers must report any unlawful conduct or conduct that could in any way constitute a breach of this Policy through the Hotline.

6. DISCIPLINARY REGIME

Failure to comply with this Policy may result, once substantiated and assessed for seriousness, in liability and/or the imposition of sanctions as provided in the applicable legislation, the regulations included in the Euskaltel Group's Corporate Governance System and/or any Disciplinary Regime established in the relevant Company Agreement.