



## CORPORATE SOCIAL RESPONSIBILITY POLICY POLÍTICA DE RESPONSABILIDAD SOCIAL EMPRESARIAL



Euskaltel is the leading telecommunications group in Northern Spain. Its mission is to provide an integral response to the communication needs of individuals and help companies to attain greater productivity by providing them with information management and communication tools, thus contributing to the social and economic development of the Autonomous Community in which it operates.

The Board of Directors of the Euskaltel Group, pursuant to Article 4 of the Regulations of the Board of Directors is tasked with approving the strategy of the Company and the organisation required for its implementation. Therefore, the Board of Director reserves the right to approve general policies and strategies, including adopting the Corporate Social Responsibility policy.

The Euskaltel Group believes that Corporate Social Responsibility must contribute to and be aimed at creating value for all its stakeholders, while at the same time upholding the commitments and values deployed in the mission. The firm commitment to local issues, transparency, excellence in management, Good Corporate Government, respecting human rights, gender equality and opportunities for people, ensuring the suppliers are in line with the CSR policies and responsible tax contribution.

Euskaltel has thus developed a Corporate Social Responsibility policy that has enabled it to consolidate a socially responsible, sustainable and grouped business project taking the current regulatory framework, the Agenda 2030, the Paris Climate Agreement and the CNMV Good Governance Code into account.

The Euskaltel Group has implemented its responsible business project with the following objectives:

- a) Help to generate a climate of confidence and transparency with partners and shareholders.
- b) Foster professional and personal growth of the people in a good working environment to achieve motivated and skilled human capital.
- c) Give value and opportunity for growth to the strategic and local suppliers of the Group.
- d) Offer the best communication solutions to customers to increase their satisfaction and foster responsible consumption and thus fulfil their needs and expectations.
- e) Excellent management of all environmental aspects.
- f) Comply with tax commitment to help to contribute to the sustainability of the Company by acting as a responsible company that generates confidence in the local environment.
- g) Ensure a responsible governance model as a Group.
- h) Responsibly communicate to the Group's stakeholders to achieve convergence between the values of the Group and social expectations.
- i) Contribute to the socio-economic development of the local environment by implementing social commitment measures with its stakeholders.

This policy is implemented through a Corporate Social Responsibility Master Plan approved by the Board of Directors of the Group every two years, which thus adds consistency to the adopted model.

Euskaltel es el Grupo de telecomunicaciones líder en el norte del Estado que tiene como misión responder de manera integral a las necesidades de comunicación de las personas y ayudar a la mayor productividad de las empresas, facilitándoles herramientas de comunicación y gestión de la información, contribuyendo al desarrollo económico y social de la Comunidad en la que opera.

El Consejo de Administración del Grupo Euskaltel, de conformidad con el artículo 4 del Reglamento del Consejo de Administración, tiene atribuida la misión de aprobar la estrategia de la Sociedad y la organización precisa para su puesta en práctica. A tal fin, el Consejo de Administración se reserva la competencia de aprobar las políticas y estrategias generales y, entre otras, de aprobar la política de Responsabilidad Social Corporativa.

El Grupo Euskaltel considera que la Responsabilidad Social Empresarial debe contribuir y debe estar orientada a la creación de valor para todos sus grupos de interés, manteniendo al mismo tiempo los compromisos y valores desplegados en la misión y teniendo en cuenta para ello el compromiso firme con lo local, la transparencia, la excelencia en la gestión, el Buen Gobierno Corporativo, el respeto a los Derechos Humanos, la igualdad de género y oportunidades de las personas, el alineamiento de los proveedores con las políticas RSC y la contribución responsable a la fiscalidad.

Con esta consideración general, Euskaltel ha desarrollado una política de Responsabilidad Social Empresarial que le permita consolidar un proyecto empresarial agrupado, sostenible y socialmente responsable tomando como referencia para ello el marco regulatorio vigente, la Agenda 2030, el Acuerdo de Clima de París y el Código de Buen Gobierno de la CNMV.

El Grupo Euskaltel desarrolla su proyecto empresarial responsable con los siguientes objetivos:

- a) Contribuir a generar un marco de confianza y transparencia con socios y accionistas.
- b) Fomentar el crecimiento personal y profesional de las personas en un buen entorno de trabajo para conseguir un capital humano cualificado y motivado.
- c) Dar valor y oportunidad de crecimiento a los proveedores locales y estratégicos del Grupo.
- d) Ofrecer las mejores soluciones de comunicación a los clientes para incrementar su satisfacción y fomentar el consumo responsable cumpliendo con ello sus necesidades y expectativas.
- e) Gestionar de manera excelente todas las dimensiones medioambientales.
- f) Cumplir con los compromisos fiscales para contribuir al sostenimiento de la Sociedad actuando como empresa responsable que genera confianza en el entorno local.
- g) Asegurar un modelo de Gobernanza responsable como Grupo.
- h) Comunicar de forma responsable a los grupos de interés del Grupo para alcanzar una sintonía entre los valores del Grupo y las expectativas sociales.
- i) Contribuir al desarrollo socio-económico del entorno local desarrollando actuaciones de compromiso social con sus grupos de interés.

Esta política se desarrolla a través de un Plan Director de Responsabilidad Social Empresarial aprobado bienalmente por el Consejo de Administración del Grupo, dotando así de consistencia al modelo adoptado.

**Alberto García Erauzkin**  
*Chairman - Presidente*



**GRUPO EUSKALTEL S.A.**

**Corporate Social Responsibility Policy Report**

**24 May 2016**



## **Corporate Responsibility of the Euskaltel Group**

The Euskaltel Group is the leader in convergent telecommunications services in the north of Spain, with a strong commitment to and roots in the Basque Country and Galicia, markets in which it does business through the operators Euskaltel and R.

The Euskaltel telecommunications group offers its services to a market of five million people, servicing more than 715,000 residential and business customers. Euskaltel and R are leaders in fibre optics (broadband, fixed and mobile telephony, pay TV and convergent telecommunications services) in the Basque Country and Galicia respectively, with a solid customer base and complementary business models. A mobile operator with its own 4G licence in the Basque Country and Galicia, it has the most widely deployed proprietary fibre optic network in its market.

In the last decade, the group devoted more than 140 million euros to research, development and innovation.

The Euskaltel Group has a team of 542 people, with an average age of approximately 43, and generates more than 3,500 indirect job positions in the Basque Country and Galicia.

The mission of the Euskaltel Group is to provide a complete response to people's telecommunications needs and to assist businesses with greater productivity, providing them with communications tools and information management and contributing to the economic and social development of the environments in which it does business.

Based on this general position of the Group, Euskaltel has developed a Corporate Social Policy that allows it to strengthen an enterprise that is sustainable, connected, coherent and socially responsible, and which looks to the current regulatory framework, the 2030 Agenda for Sustainable Development (based on the seventeen Objectives for Sustainable Development), the Paris Climate Agreement and the Good Governance Code of the National Securities Market Commission (*Comisión Nacional del Mercado de Valores*).

The Group believes that Corporate Social Responsibility should contribute to and focus on the creation of value for all of its stakeholders, to that end maintaining the commitments and values set out in its mission statement and keeping in mind its firm commitment to local communities, transparency, excellence in management, Good Corporate Governance, respect



for Human Rights, equality of gender and opportunity for people, alignment of suppliers with Corporate Social Responsibility policies and responsible contribution into the tax system.

2015 saw Euskaltel's initial public offering and, at year's end, the acquisition of the Galicia cable operator R, thereby achieving, in the words of the Group's Chair, two milestones that demonstrate our company's strength, soundness and capacity for growth.

As operators, we have based the Group's strategy on sustainable projects, with a special focus on people. Their knowledge, skills and abilities are the key to ensuring business competitiveness. The focus on customers and suppliers, the Good Governance policy, responsible environmental management, responsible payment of taxes, our social welfare activities, customer service in the language of the customer's choice, and excellence in management generally, are the foundations for our economic, environmental and social responsibility.

2015 also saw the consolidation of the Euskaltel Foundation, Euskaltel Konekta, with the mission of contributing to and fostering connections between people, businesses and initiatives in the context of the use of information technology.

At R, there was a strengthening of the Orballo Project, the mission of which was to carry out significant activities relating to people, customers, suppliers, the natural environment and shareholders, with the aim of proximity to the local surroundings and development of the economy.

Prior to the current 2016-18 Master Corporate Social Responsibility Plan, both companies had engaged in a series of prior activities clearly showing their commitment to Corporate Social Responsibility.

Thus, in 1999, Euskaltel obtained ISO 14001 certification for its environmental management system.

Euskaltel joined the United Nations Global Compact in 2003. Today, in 2016, the U.N. Global Compact Leaders Summit will take place in New York on 22-23 June, which will be a landmark in commencing business action on the new agenda of sustainable development. At the Summit, businesses of all sizes from around the world will show how they are innovating in their operations and strategies to promote the Sustainable Development Goals. In 2004 Euskaltel was also awarded EMAS environmental recognition and the Silver Q award for management based on the EFQM model. 2005 saw the issuance of the first Sustainability



Report, verified with A+ according to GRI, and, in 2008, it received the Golden Q award for excellence in management from the Basque Government.

Between 2011 and 2016, Corporate Social Responsibility has been managed under a management plan that, as of today, needs to be updated to conform to the requirements of a Listed Company.

Specifically, article 4, chapter 1 of the Regulations of the Board of Directors reserves to said body the power to approve policies and general strategies and, *inter alia*, to approve the Corporate Social Responsibility policy.

In the case of R, a policy of dialogue with stakeholders has also been strengthened during its market activities, thereby identifying areas of need and assistance for providing an appropriate response through projects, campaigns and valued activities. Also worthy of note are those milestones showing the consistency of its actions with Corporate Social Responsibility policies. R was created in 1998, with a clear commitment to Society and to Galicia. Between 2006 and 2015, it continued to be included in the GPTW (Great Place To Work) rankings as one of the best places to work and participated in the Corporate Social Responsibility Business Advisory Committee of the Autonomous Community of Galicia. The Orballo Project for the promotion and management of Corporate Social Responsibility was born in 2014 as a result of internal reflection.

## **Master Corporate Responsibility Plan**

Since being founded, the organisations which make up the Euskaltel Group have placed a high priority on connection to and identification with their surroundings, a clear social commitment, excellence and responsible management as basic cornerstones of their focus on becoming sustainable, socially responsible businesses valued within their respective spheres.

This commitment has been internalised and continuously developed, with actions and management plans that have allowed significant milestones to be achieved at both companies, albeit at a different pace and with differing degrees of progress.

This is the philosophy behind the current 2016-2018 Master Plan, which is created to align the Corporate Social Responsibility vision, policy and culture in both organisations and among their people in such a way as to unify and enhance interconnection and the generation of value for Stakeholders and a single Group Corporate Culture.



The framework of reference used by the Euskaltel Group to define the Plan covers three dimensions:

1. New demands deriving from international agreements and from being a listed company.
2. The creation of an aligned Group corporate culture.
3. And the commitments made with the Global Compact, the European EMAS Regulation and international standards such as ISO 14001:2015, in addition to complying with regulations of the Basque and Galician governments, respectively.

Consequently, the following framework of objectives is established for the Group's Master Corporate Social Responsibility Plan for the 2016-2018 period:

1. Establishment of strategic areas and lines of action in Corporate Social Responsibility for the Corporate Group in accordance with the new scenario.
2. Full integration of Social Responsibility into the Group's management model.
3. Alignment of the Corporate Social Responsibility Vision, Policy and Culture at both organisations and among their people.
4. Extension of Corporate Social Responsibility to stakeholders, with a special focus on our people.

Consistency of action, corporate alignment and internal and external leadership will constitute the fundamental pillars that will guide this Plan, with the goal of achieving a joint vision and commitment for the Group and its people on matters of Corporate Social Responsibility, as well as for achieving the goals set.

To that end, the corporate Stakeholder Map of Stakeholders has been unified in order to identify the strategic cornerstones for action by the Group: shareholders and Board of Directors, society, local authorities, supply chain, customers and people.

Once the cornerstones for action have been identified, the strategic areas for the Group on Corporate Social Responsibility matters have been identified, giving the methodological base on which to develop the macro lines of intervention, with the goals and lines of action for each relevant area and the indicators or basic KPIs that permit control and monitoring of the Plan.

These areas are:



1. Relations with the Board and shareholders
2. People
3. Suppliers
4. Business and residential customers
5. The environment
6. Being a responsible taxpayer
7. Corporate Governance
8. Responsible communication
9. Contribution to Society

The model for monitoring the Master Corporate Social Responsibility Plan will be created by setting up a Corporate Social Responsibility process team, to be made up of the departments engaging in activities in previously-defined areas of Corporate Social Responsibility. The proposed frequency will be bi-monthly, and the monitoring tools established for this purpose will be the Group's strategic Corporate Social Responsibility scorecards, the Corporate Social Responsibility scorecards of each department, the Corporate Responsibility Report, the Climate Survey, the Company Survey, the Internal Audits and the bi-monthly monitoring reports.

This Plan will in turn be elevated to the Group's Strategic Plan, due to its significance as a Corporate Policy of the Company.

Coordination of the Corporate Social Responsibility Policy will be managed by the Institutional Relations Division of the Corporate Group, which is to coordinate and call meetings of the Corporate Social Responsibility process team.

The Corporate Social Responsibility policy, its design and its development will be reviewed biannually by the Group's Board of Directors, thus giving consistency to the chosen model.