



telecable



Grupo Euskaltel

SUSTAINABILITY REPORT AND
NON-FINANCIAL INFORMATION STATEMENT

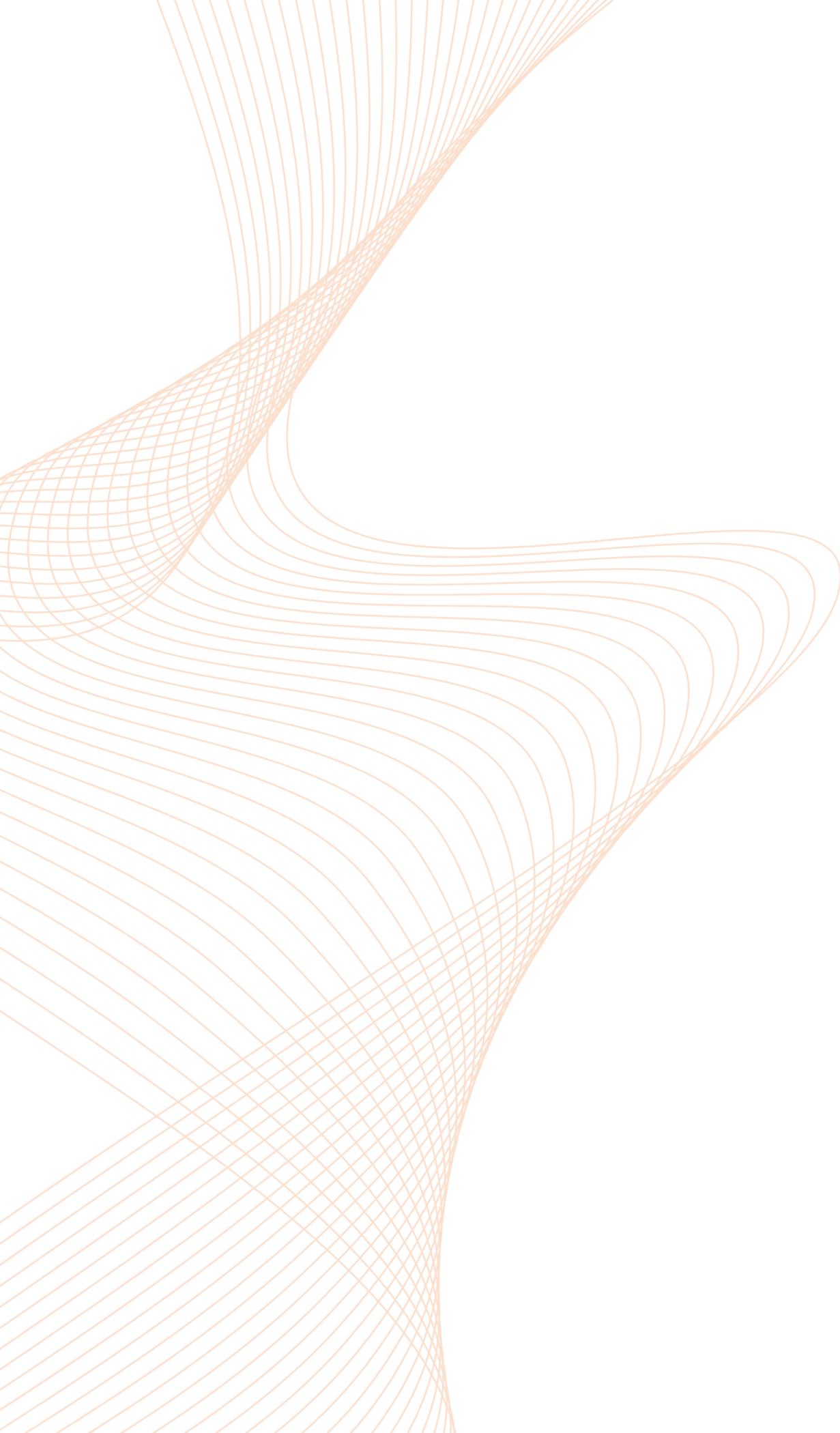
2020
EUSKALTEL GROUP

**TOWARDS A
SUSTAINABLE DIGITAL
TRANSFORMATION.
TELECOMMUNICATIONS
BY AND FOR PEOPLE**



(Free translation from the original in Spanish. In the event of discrepancy, the Spanish-language version prevails.)

FEBRUARY 2021



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LETTER FROM THE CHAIRMAN AND CEO

// ***Committed to a digital and sustainable society***

In the current uncertain and changing pandemic environment, it is impossible for the presentation of this Euskaltel Group Sustainability Report to overlook the most important factor determining our lives and our economic activity, which came into effect on 14 March 2020 when a state of emergency was declared in Spain to manage the crisis caused by COVID-19.

This crisis has overwhelmed our healthcare system and touched everyone's lives to a lesser or greater extent. The pandemic has brought changes in habits in human, labour and social relations and has accelerated the digital transformation of our society. Remote working, video conferences, remote learning, e-commerce, mass digital entertainment and all kinds of cloud services and cybersecurity have become part of our lives in a most extraordinarily rapid and natural way. We are now a digital society.

As a company that is responsible for the social and economic development of the territories and communities in which we operate, we have launched a crisis plan with the primary goal of strengthening and ensuring telecommunications services for families and businesses, as well as providing, by working with other institutions, connectivity for people with fewer resources.

From those initial moments of uncertainty, when being connected became a priority need for both people and businesses, we have guaranteed a quality connection. Since then, more than 800 professionals in the Group and our partners have worked daily to monitor, strengthen and reshape the network to absorb the exceptional increases in traffic that have arisen. Here I want to publicly express our thanks to our teams for the hard work they have put in to allow all of our customers to stay connected with excellent standards.

The digital transformation across every area of society highlights the importance of the work carried out by the companies of the Euskaltel Group to provide the most advanced telecommunications networks in Europe and which are now playing a fundamental role.

Telecommunications has been one of the “essential” sectors that have shouldered a large part of the responsibility to keep the world turning. The role of operators in this complex situation has been based on ensuring the quality of the services that allow businesses to continue to operate and families to remain connected, making social isolation measures more bearable.

Telecommunications has been one of the “essential” sectors that have shouldered a large part of the responsibility to keep the world turning

At the Euskaltel Group, we have taken a responsible approach to our role as a leading, responsible and accessible telecommunications operator, as described in the pages of this Sustainability Report and Non-Financial Information Statement.

The clearest example of this is that in 2020, under full lockdown, we completed one of the most important milestones in our history, namely the launch of Virgin Telco, through which we have executed our national expansion strategy to reach 85% of the Spanish market in which we did not have a presence. We now deliver our services to more than 20 million households in Spain, exceeding our forecasts by the end of 2020, becoming the only nationwide operator to be headquartered outside of Madrid. Thanks to Virgin Telco we can now propose a different way of consuming premium telecommunications products, adapting ourselves to the needs of every generation and new digital households.

Our expansion through Virgin Telco outside of our traditional markets (the Basque Country, Galicia and Asturias) is the fundamental pillar of our 2020-2025 Business Plan. We have not deviated from this business plan, despite the complex circumstances caused by COVID-19, because our development is based on a strategic long-term vision. In March, we presented the key points of the plan, which sees the main financial and business indicators growing profitably in the coming years, primarily based on the execution of our expansion plan, through which we will more than double the volume of our current customer base for both fixed-line and mobile services.

This five-year period is also the timeline for the Euskaltel Group Strategic Sustainability Plan 2020-2025, approved this year, which is our roadmap to strengthen our positioning in terms of sustainability. Structured around five pillars, with 22 lines of action and 81 specific actions, it is intended to generate value for our stakeholders taking into account our unwavering commitment to localism, transparency, management excellence, good corporate governance, respect for human rights, gender equality and the responsible payment of taxes.

Once again, we have renewed our membership of the Global Compact, sharing the need to incorporate the ten universal principles related to human rights, work, the environment and anti-corruption. We share the goal for ethical management based on the ten principles to help achieve the Sustainable Development Goals (SDGs) through our actions.

This year, our commitment to sustainability has been realised through our membership of the European Green Recovery Alliance, standing alongside other companies, institutions, NGOs, well-known public and private sector figures, as well as everyday citizens, to support a greener, more prosperous, healthy and sustainable economy and society over time.

This year, our commitment to sustainability has been realised through our membership of the European Green Recovery Alliance

Our belief in ethical management has received noteworthy recognition in 2020 after we were included in the FTSE4Good IBEX sustainability stock market index, one of the world's most prestigious sustainability indices, which identifies leading Spanish companies for their CSR practices and is designed to provide investors with information about companies that comply with the best environmental, social and corporate governance (ESG) practices around the world.

We have taken on board the most advanced good corporate governance models and made important progress by incorporating two new independent female directors to our Board of Directors, enhancing the company's governing body in terms of the models and recommendations for an equal and independent membership structure.

In this review of our activities, it is worth noting that this year we celebrated the 25th anniversary of Euskaltel and Telecable. During this period, we have become one of the most important telecommunications groups in Spain, with an integrated and multi-disciplinary organisation. With this experience under our belts, it is no coincidence that we are taking on other projects to strengthen our technological leadership, such as the creation of a specific artificial intelligence unit, BAI Analytics, to accompany and advise businesses on adapting to the new data-driven economy.

In 2021, we are facing technological challenges that we have already started working on, and in which we are making significant headway, such as 5G technology. We are proud to be leading the "5G Euskadi" project, a consortium of 13 companies, which has been selected under the Spanish government's grants programme to develop and implement this new technology. This is the first real 5G pilot project in the Basque Country and stems from a commitment to promote innovation and the industrial transformation of the leading businesses and technology centres in the Basque Country. This experience will position the Basque Country and its business environment among the most advanced regions for developing this technology.

We therefore have enormous challenges ahead. This year, 2021, will continue to be shaped by the health situation, with the vaccine being the most important element in the fight against the virus. Nevertheless, it is clear to us that society will be digital and that the Euskaltel Group will be there to create the necessary conditions so that people can make the most of the opportunities in this new world. As a socially responsible company, we will continue to play our role prioritising management excellence and our dedication for service.

*José Miguel García Fernández, CEO
Xavier Iturbe Otaegi, chairman*



EUSKALTEL

We are the leading telecommunications company in northern Spain, with a value proposition that comprehensively addresses the communications needs of individuals, institutions and companies across the whole of Spain.

With more than 25 years of experience in the market, we are leaders in fibre optics and convergent telecommunications services in the territories in which we operate through our five brands: Euskaltel, R, Telecable, RACCTel+ and Virgin Telco.



2020 IN FIGURES

ECONOMIC PERFORMANCE		679M€ economic value generated	461M€ economic value distributed	218M€ economic value retained	697M€ revenue	0.44€ earnings per share
TEAM		581 employees	21,383.5 training hours	45.27% women		
CUSTOMERS		823,313 private customers	13,827 SMEs	2,159 large companies	7.5 average customer satisfaction	
SUPPLIERS		347 local suppliers ¹	279 national suppliers ²	100% of suppliers assessed on ESG criteria		
ENVIRONMENT		72.44% reduction in greenhouse gas emissions	44.33% reduction in paper consumption	22.8% reduction in water consumption		
SOCIETY		3,135 social contribution	70 collaboration with organisations through donations and sponsorship	39 memberships of associations	120.16M€ contributed to public administrations through tax and contributions	
CORPORATE GOVERNANCE		99.65% of employees trained in the Code of Ethics	98.62% of the team trained in the Group's anti-corruption policy	0 cases of corruption confirmed		



¹ 50.80% of our total suppliers, representing 52.89% of total purchases
² Representing 38.07% of total purchases

MAIN MILESTONES OF 2020

February Agreement to use the Virgin brand

We signed an agreement to use the Virgin brand in Spain, helping to accelerate our national expansion plan reaching 85% of the Spanish market in which we were not present and capable of serving more than 20 million households.

March Agreement for the connectivity of people and businesses

As telecommunications operators, we signed an agreement with the Spanish government in which we voluntarily agreed to a series of commitments linked to our business in order to guarantee the connectivity of people and businesses for the duration of the state of emergency declared by Royal Decree 463/2020 of 14 March.



March Presentation of the Business Plan 2020-2025

We presented our Business Plan 2020-2025, which will guide our development in the coming years, focused on the execution of our national expansion strategy in order to access new growth opportunities.



May Launch of Virgin Telco



As a result of our agreement with the Virgin Group, we launched Virgin Telco as a brand that offers flexibility, simplicity, quality, proximity and honesty with a competitive range of quality quad-play services.

May Anti-bribery Management System certified

We obtained Aenor certification for our Criminal Risk and Anti-bribery Management System under the ISO 37001 standard, which validates our management to prevent, detect and combat the existence of corruption and bribery related practices.

June Membership of the Green Recovery Alliance

We joined the European Green Recovery Alliance, which calls on governments, businesses, institutions, NGOs, leading public and private sector figures, as well as private individuals, to focus their efforts on a social recovery and a sustainable economy.

June Incorporation of Euskaltel into the FTSE4Good IBEX index

We have been included in the FTSE4Good IBEX sustainability stock market index, one of the world's most prestigious sustainability indices, which identifies leading Spanish companies for their CSR practices.



FTSE4Good



July 25th Anniversary of Euskaltel

We are celebrating 25 years of Euskaltel, during which time we have grown and evolved within the telecommunications sector, creating value and driving development in the Basque region. This anniversary coincides with the celebration of a quarter of a century of Telecable as an operator of advanced telecommunications in Asturias.

November Criminal Risk Management Model certified

We obtained Aenor certification for Compliance Management Systems under the UNE 19601 standard for our Criminal Risk and Anti-bribery Management System, which accredits the measures that we have implemented in the company to prevent crimes from being committed in our operations.

December New focus on our responsible management: Sustainability Policy and Sustainability Strategic Plan 2020-2025

We have created a new Sustainability Policy that formalises our commitment to our stakeholders and to sustainable growth, which we will put into practice in the coming years through the implementation of the Sustainability Strategic Plan 2020-2025.



December AENOR certification for Anti-COVID-19 protocols at Euskaltel, R and Telecable offices

This external endorsement verifies that the different safety measures adopted by the company since the start of the health crisis not only abide by the recommendations, but also the requirements that are periodically established by institutions in relation to prevention and hygiene.

ABOUT US

As a leading company in the telecommunications and digital services sector in northern Spain, we are firmly committed to our stakeholders and to the digital transformation as a route towards sustainable development.

Our Sustainability Report reflects the guidelines and results of the management of the Euskaltel Group, which goes beyond our purely corporate performance and positively impacts our environment.

The information presented here relates to 2020, a year defined by the COVID-19 pandemic that has been a watershed moment both economically and socially around the world. It is a disruptive event that has put us in a new scenario, which radically influences companies' business models and the work that we will carry out under the "new normal", in which we are being called upon to play a leading role.

1.1. OUR HISTORY

In 2020 we celebrated Euskaltel's 25th anniversary. A quarter of a century of operations and commitment to the Basque Country, where we have grown and evolved, expanding our range and establishing ourselves in new regions through a process of integrating with new companies and brands, taking our services nationwide.



- 1995 *Incorporation of Euskaltel.*
- 1999 *Launch of the mobile service and cable television.*
- 2004 *First operator to launch interactive TV.*
- 2005 *One of the first companies in the country to obtain OHSAS 18000 certification for occupational health and safety.*
- 2006 *First operator to offer all of its services via its own networks (fixed-line and mobile).*
- 2008 *Youngest company and the first in the sector to obtain the "Q de Oro" award for management excellence.*
- 2011 *For the first time in its history, Euskaltel has its own mobile telephony frequencies after acquiring the 10 MHz block of the 2.6 GHz frequency in the Ministry of Industry's auction.*
- 2014 *Euskaltel launches new multi-device television.*
- 2015 *Stock market flotation and acquisition of R, the cable operator in Galicia.*
- 2017 *Acquisition of Telecable, the operator in Asturias, and creation of the Euskaltel Group.*
- 2018 *Alliance between Euskaltel and RACC to create the RACctel+ brand with a presence in Catalonia.*
- 2019 *Incorporation into the IBEX Medium Cap index.*
- 2020 *Business Plan 2020-2025.*
- 2020 *Launch of Virgin Telco.*





Through our Euskaltel, R, Telecable, RACCTel+ and Virgin Telco brands, we offer our services to a market of more than 20 million households, exceeding the expectations announced in the Business Plan 2020-2025 (18.4 million households).

We provide ICT solutions to cover the complete communications cycle of our residential and corporate customers with a wide range of technological services that span fibre, fixed-line and mobile telephony, digital TV and broadband, through to digital transformation processes, cloud solutions, IoT (Internet of Things), big data, artificial intelligence, technology for smart cities and Industry 4.0.



In 2020 we signed an agreement with Orange that provides us with access to 5G technology as a virtual mobile operator starting from 1 January 2022. Under this agreement, we can guarantee our customers access to the most advanced mobile telecommunications services via a quality 5G network, and we can ensure the necessary capacity to respond to users' new needs for mobile data services in the future.

In this same area, it is worth highlighting the "5G Euskadi" project, in which we are a coordinating partner and which has been selected under the Spanish government's grants programme to develop and implement this new technology. This initiative, undertaken alongside 13 other companies and technology centres, will allow us to position ourselves as a real 5G technology provider in the residential and corporate segments, and will make the industrial sector in the Basque Country more competitive in the future.

1.2. THE BUSINESS

We are the leading convergent telecommunications group in northern Spain, founded and developed around our firm commitment and roots in the territories in which we operate, which are principally the Basque Country, Galicia and Asturias. We carry out our activities in these markets through the operators Euskaltel, R Cable and Telecable, and more recently in the regions of Navarre, La Rioja, León, Cantabria and Catalonia. In May 2020, as a result of our expansion strategy, we launched the Virgin Telco brand to operate in the other parts of Spain where we did not previously have a presence.

Our value chain is made up of a human team consisting of 581 professionals and a chain of 683 suppliers, of which 50.81% come from the Basque

Country, Galicia and Asturias, regions in which we have a larger presence, reflecting our commitment to the economic development of the communities in which we operate.

We have achieved a solid position in the technology and digital market across the whole of Spain thanks to our range of telecommunications products and services. Through our Euskaltel, R, Telecable, RACCTel+ and Virgin Telco brands, we offer our services to a market of more than 20 million households, exceeding the expectations announced in the Business Plan 2020-2025 (18.4 million households). In 2020 we were chosen by more than 823,300 private customers, 13,800 SMEs and 2,100 large companies across the whole of Spain.



Our activities during 2020 have been influenced by the impacts imposed by the COVID-19 pandemic. However, this situation has not prevented us from moving ahead with the expansion plan for the rest of Spain through the Virgin Telco brand, which began operating in the telecommunications market at the end of May with a message based on honesty, proximity, good service and agility and with a policy to create a flexible range of products and services that enables customers to decide exactly what products they wish to contract.

As a result of the restrictive measures taken by governments in 2020 to contain the spread of COVID-19, the global economy has been significantly impacted.

In this scenario, the telecommunications sector has shown itself to be essential to maintain connectivity for people and businesses. In our case, we have successfully met the challenge of keeping our networks operational in order to absorb the increase in traffic generated by our customers' growing communication and entertainment needs.

In addition to this important network-related challenge, the imposition of restrictions on the portability of telecommunications services in Spain during the lockdown (March-May 2020) also impacted operators' activities, resulting in a slowdown in the rate of new customer registrations, which was offset to a similar extent by lower rates of customer departures due to less competitive pressure, resulting in a stable customer base overall.

According to the latest quarterly figures published by the regulator, revenues from retail services between January and September this year fell by 6% to €17.256 bn compared to the same period in 2019, highlighting the impact of the COVID crisis.

The combined market share of the top three operators (Movistar, Vodafone and Orange) continued to fall for mobile telephony and broadband, to the benefit of other operators in the market.

1.3. CORPORATE CULTURE

Throughout our history, we have had a corporate philosophy based on strengthening the link between the Group's growth and generating a visible, tangible and measurable contribution in terms of social, economic and environmental value to society and our stakeholders.

We are working to improve communication for people and businesses, and access to information technologies. We are driving the digital transformation of society based on our differentiated range of convergent telecommunication products and services, continuously adapting to emerging needs. Our social commitment makes us a significant player that generates social and economic value in the regions where we are present.



The activities that we carry out are guided by our corporate values of proximity, honesty, innovation and agility. These enable us to reflect a corporate identity based on excellence, productivity and leadership in all our actions.

Our social commitment makes us a significant player that generates social and economic value in the regions where we are present.



1.4. STRATEGIC POSITIONING: BUSINESS PLAN 2020-2025

We have developed a national expansion plan designed to access new and profitable growth opportunities on which we will base the company's positive growth in customer numbers and profitability.

Our historical presence in the markets of northern Spain account for 15% of the total national telecommunications market. We were therefore unable to serve some 85% of the market, despite having extensive experience in the sector. This clear opportunity, combined with the ease of access to third-party networks through wholesaler agreements, led to the launch of Virgin Telco in 2020, the Group's new national brand that will sit alongside our regional brands (Euskaltel, Telecable, R and RACCTel+), bringing the Group new opportunities for expansion.

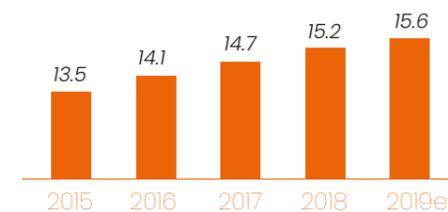
We have developed a national expansion plan designed to access new and profitable growth opportunities on which we will base the company's positive growth in customer numbers and profitability.

The Spanish broadband and TV market represents an opportunity for growth

The Spanish market has grown year-on-year for fixed broadband and TV and this trend is expected to continue as broadband and TV penetration in Spain is below the European average.

In parallel to this growth, it is worth noting that around four million customers change operator every year in Spain, which represents a significant growth opportunity for the company at a national level.

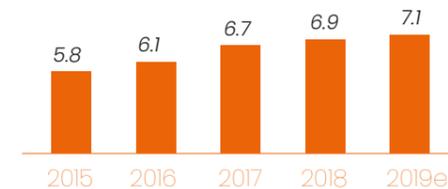
SPANISH BROADBAND MARKET
BROADBAND LINES
In millions of lines



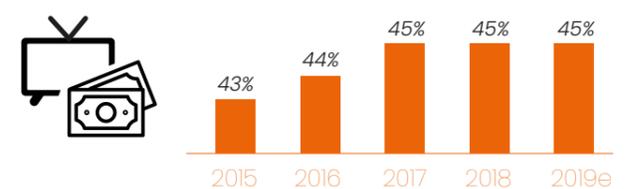
SPANISH BROADBAND MARKET
GROWTH OPPORTUNITIES
In millions of lines



SPANISH PAY-TV MARKET
CUSTOMER EVOLUTION
In millions of customers



SPANISH PAY-TV MARKET
BROADBAND PENETRATION
As a percentage of broadband lines

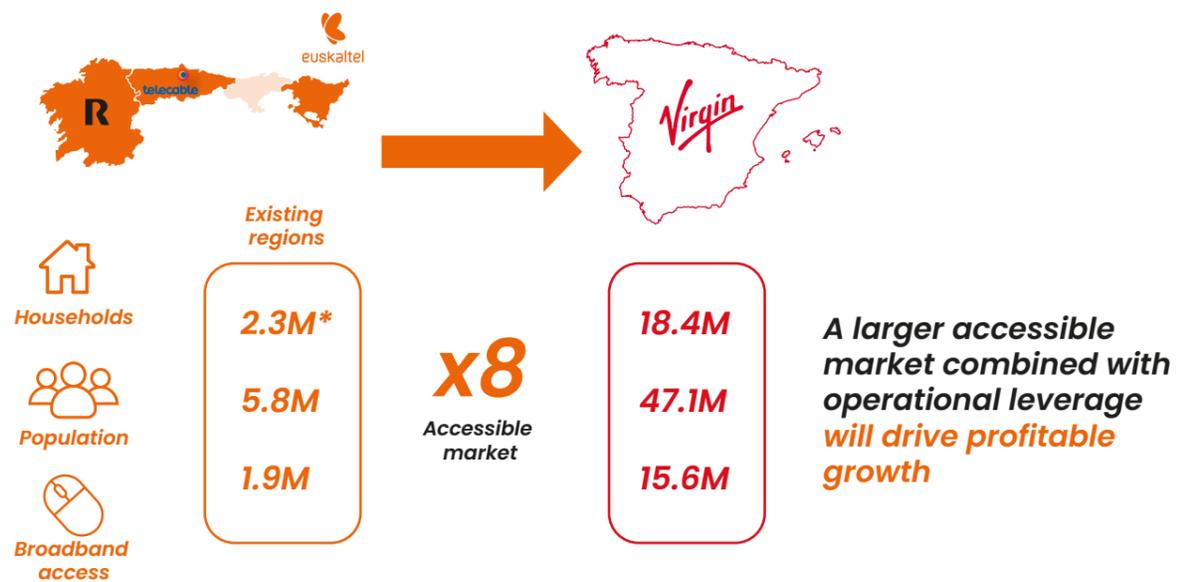


Source: CNMC, company estimates

Nationwide expansion multiplies the market that is accessible by the company

Our national expansion is being carried out using the Group's existing capabilities and the networks of third-party operators in order to multiply our accessible market eightfold.

Our main competitive advantages are that we have the platforms, capabilities, wholesaler agreements for access to third-party networks, more than 25 years of experience operating at a high level of quality and service, and a solid brand such as Virgin Telco to offer a high quality service across the whole Spanish market.



Source: CNMC, INE; the existing regions include figures for the Basque Country, Galicia and Asturias
* Households with own network

The Virgin Telco offer from Euskaltel is a proposition with clear value

The strength of the Virgin Telco brand, combined with market knowledge, service quality and the high value of our products, creates a differentiated position that adds value to the customer by combining quality service at a competitive price with clear and flexible offers for high-speed broadband, mobile telecommunications with generous data volumes, and a powerful TV offering.



Source: Internal analysis

1.5. OUR RESPONSE TO THE CHALLENGES OF COVID-19

In March 2020, the World Health Organisation declared the COVID-19 Coronavirus outbreak to be a pandemic due to its rapid spread around the world, affecting more than 150 countries. Most governments took restrictive measures to contain the spread, such as social distancing, confinement, restricting people's free movement, closing public and private premises (except those providing staple goods and healthcare), closing borders and drastically reducing air, maritime, railway and land transport.

This reaction significantly affected the global economy by interrupting or slowing down supply chains and significantly increasing economic uncertainty.

The responsibility that comes from our commitments to our stakeholders prompted us to act in the fields in which we operate, taking specific measures to mitigate the negative impacts caused by the COVID-19 pandemic.



COVID-19 MEASURES

1

We expanded the services available to our customers and we are working to keep them safe in our stores

- ✓ Free children's channels and film channels
- ✓ Free 30 GB monthly voucher for customers
- ✓ Boosted data capacity for customers with special circumstances
- ✓ TV app accessible to people in hospital
- ✓ Strict health and safety measures in stores

2

We put the focus on the health and safety of our team

- ✓ Remote working for ≈100% of employees
- ✓ Verification of the Anti-COVID-19 protocol set up for our workforce

3

We guarantee the continuity of our services

- ✓ We created a Business Continuity Committee
- ✓ Remote working for systems maintenance providers, maintaining efficiency and timeliness
- ✓ Critical activities identified and controlled

4

We publicly commit ourselves to connectivity and a sustainable recovery

- ✓ We signed the Green Recovery Alliance manifesto
- ✓ We signed a commitment with the leading national telecoms operators

5

We collaborate with public and social institutions to reduce the impact of the pandemic in society

- ✓ Allocation of free lines to retirement homes
- ✓ We collaborate with social initiatives to eliminate connectivity barriers
- ✓ We opened up virtual training platforms for client companies
- ✓ We rebroadcast religious services using artificial intelligence solutions

OUR COMMITMENT TO SUSTAINABILITY

We believe that sustainability is inherent in business activities. Accordingly, based on our responsibility to create and share value with our shareholders, we are fundamentally committed to localism, management excellence, good corporate governance, transparency, respect for human rights, equality between people, the alignment of suppliers with our environmental, sustainability and governance (ESG) policies, and the responsible payment of taxes.



2

2.1. RESPONSIBLE MANAGEMENT MODEL

We plan our operations with the aim of excellence in the company's different processes, thereby working to achieve the main goal of our business, namely customer satisfaction. We know that to achieve this objective, it is important to maintain open and amicable relationships with all of our stakeholders and to manage our activities from an economic, social and environmental perspective, which are the tenets of our sustainability strategy.

We are therefore developing and implementing the Euskaltel Group Responsible Management Model across the organisation based on the identification of potential impacts and risks to sustainability that arise in our activities, while developing and applying a series of commitments, policies, management procedures and mitigation measures designed to influence the identified impacts.



We plan our operations with the aim of excellence in the company's different processes, thereby working to achieve the main goal of our business, namely customer satisfaction.

Our Responsible Management Model is based on implementing sustainable practices across all our activities, promoting their application throughout our value chain, from our partners through to our customers. We take into account the recommendations issued by the external sustainability initiatives that we join, in developing every aspect of our business strategy.



Our Responsible Management Model is based on implementing sustainable practices across all our activities, promoting their application throughout our value chain, from our partners through to our customers.

We also collaborate in local actions to promote a sustainable transformation:



Public-private partnership agreement 2016-2020 (Euskaltel) to **manage the Basque Ecodesign Center**, launched in 2012 and promoted by IHOBE (the Basque government's environmental management company).



IZAITE, the Association of Basque Companies for Sustainability, a non-profit association made up of companies that are committed to **sustainable development and corporate social responsibility**.



Framework collaboration agreement between the Alboan Foundation and the Euskaltel Group for the **"Conflict-free technology"** initiative.



Club Asturiano de Calidad, an association seeks to raise awareness, train and promote change in organisations to **improve their management in areas such as quality, the environment and social responsibility**.

We have been part of the prestigious global FTSE4Good IBEX sustainability index, which independently recognises the company's responsibility and is a leading tool in the market for investors seeking companies that have a positive impact on society.

Since June 2020, we have been part of the prestigious global FTSE4Good IBEX sustainability index, which independently recognises the company's responsibility and is a leading tool in the market for investors seeking companies that have a positive impact on society. This valuable recognition endorses our efforts to incorporate the best governance and sustainability practices into our management.



INTEGRATED MANAGEMENT SYSTEM

The Euskaltel Group bases its organisation on an integrated management system, having successfully implemented its systems under ISO quality, environment, information security, occupational health and compliance standards and the National Safety Scheme, as well as systems required by law, such as billing quality and service quality.

Implementing and certifying the management systems in our companies ensures compliance with continuous improvement criteria and the established legislation, and ensures the effectiveness and improvements of the management mechanisms that we apply in the different areas of the Group's organisation.



Quality Management Model

- Service Quality
- Billing Quality
- Information Security



Environmental Management Model

- Materials, Waste and Water Management
- Energy Management
- Climate Change Management



Employee Health and Safety Management Model

- Healthy company

2.2. SUSTAINABILITY STRATEGIC PLAN 2020-2025

We take on board the principles and recommendations defined in the initiatives that we participate in to promote global sustainability (United Nations' Global Compact and Agenda 2030, "CEO por la Diversidad" Commitment, the Green Recovery Alliance...), applying them to our internal operations through the Euskaltel Group's Sustainability Policy that we approved and 2020 to establish a reference framework to support the management of social and environmental impacts, while also promoting transparency, ethical conduct and dialogue with stakeholders.

Euskaltel Group's Sustainability Policy that we approved and 2020 to establish a reference framework to support the management of social and environmental impacts, while also promoting transparency, ethical conduct and dialogue with stakeholders.



We have created the Euskaltel Group Sustainability Strategic Plan 2020-2025 to put this set of responsibilities into practice, which is our roadmap to strengthen the Group's position in relation to sustainability and support the Business Plan 2020-2025. This new strategic framework defines and gives structure to the development of new solutions to be implemented in our operations in response to the challenges facing society, reducing the risks inherent in the company's business and strengthening our role as an agent for change.

The Euskaltel Group's Sustainability Strategic Plan 2020-2025 is structured around five strategic pillars, with 22 lines of action and 81 specific actions.

STRATEGIC SUSTAINABILITY PLAN 2020-2025



2.3. SUSTAINABLE DEVELOPMENT GOALS

As signatories to the United Nations' Global Compact, our actions seek to identify specific aspects to which we can make a significant contribution through our operations.

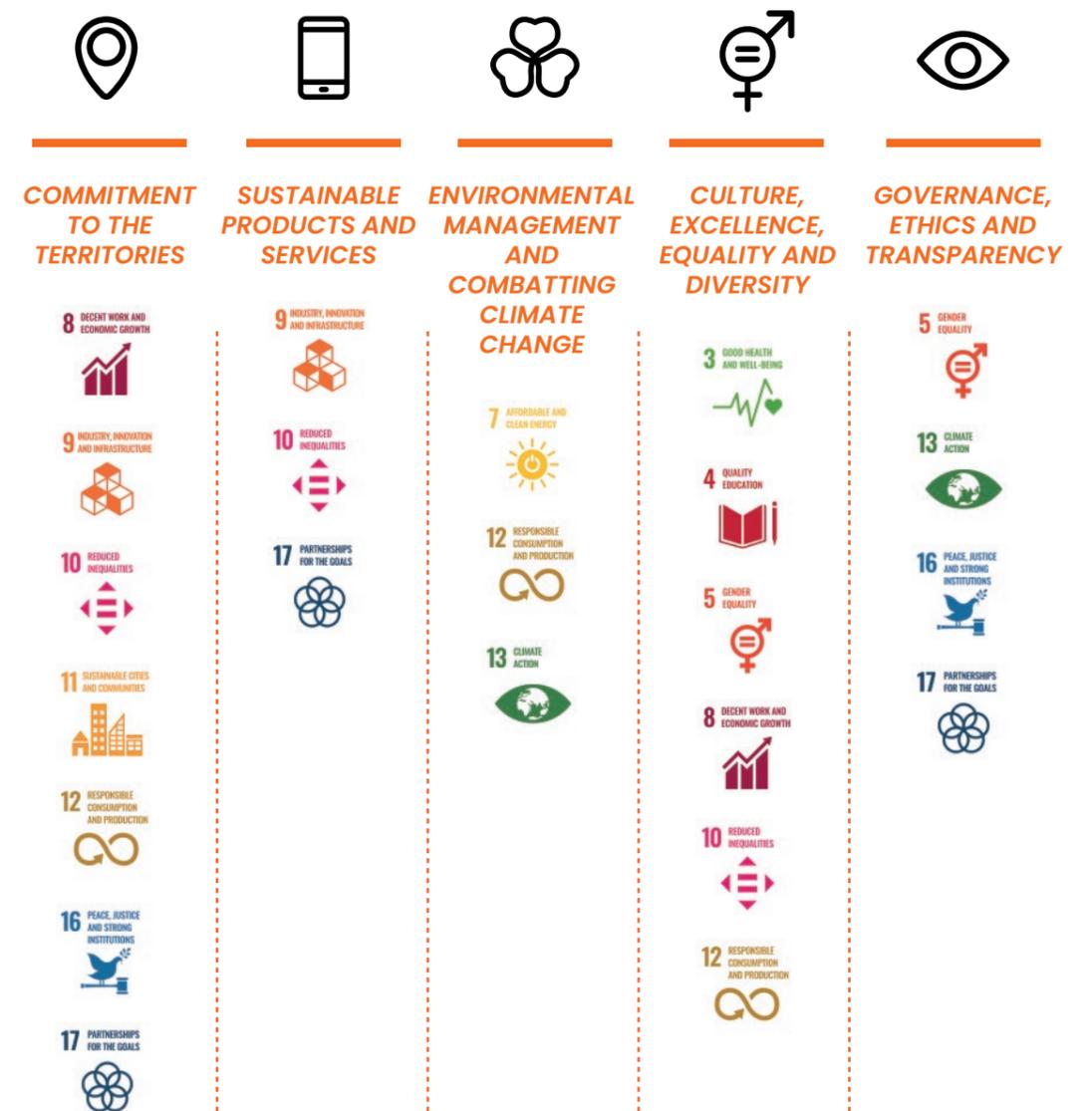
The goals and actions of the Sustainability Strategic Plan 2020-2025 and their application through the different management models enables us to contribute to various Sustainable Development Goals (SDGs), which in turn serve as a reference when designing and implementing policies and actions to deal with common challenges that all economic agents are facing.

The goals and actions of the Sustainability Strategic Plan 2020-2025 and their application through the different management models enables us to contribute to various Sustainable Development Goals



Consequently, each of the five pillars of our sustainability strategy contains objectives and specific actions that positively impact a certain set of SDGs:

STRATEGY SUSTAINABILITY PLAN 2020-2025 **ALIGNED WITH THE SDGs**



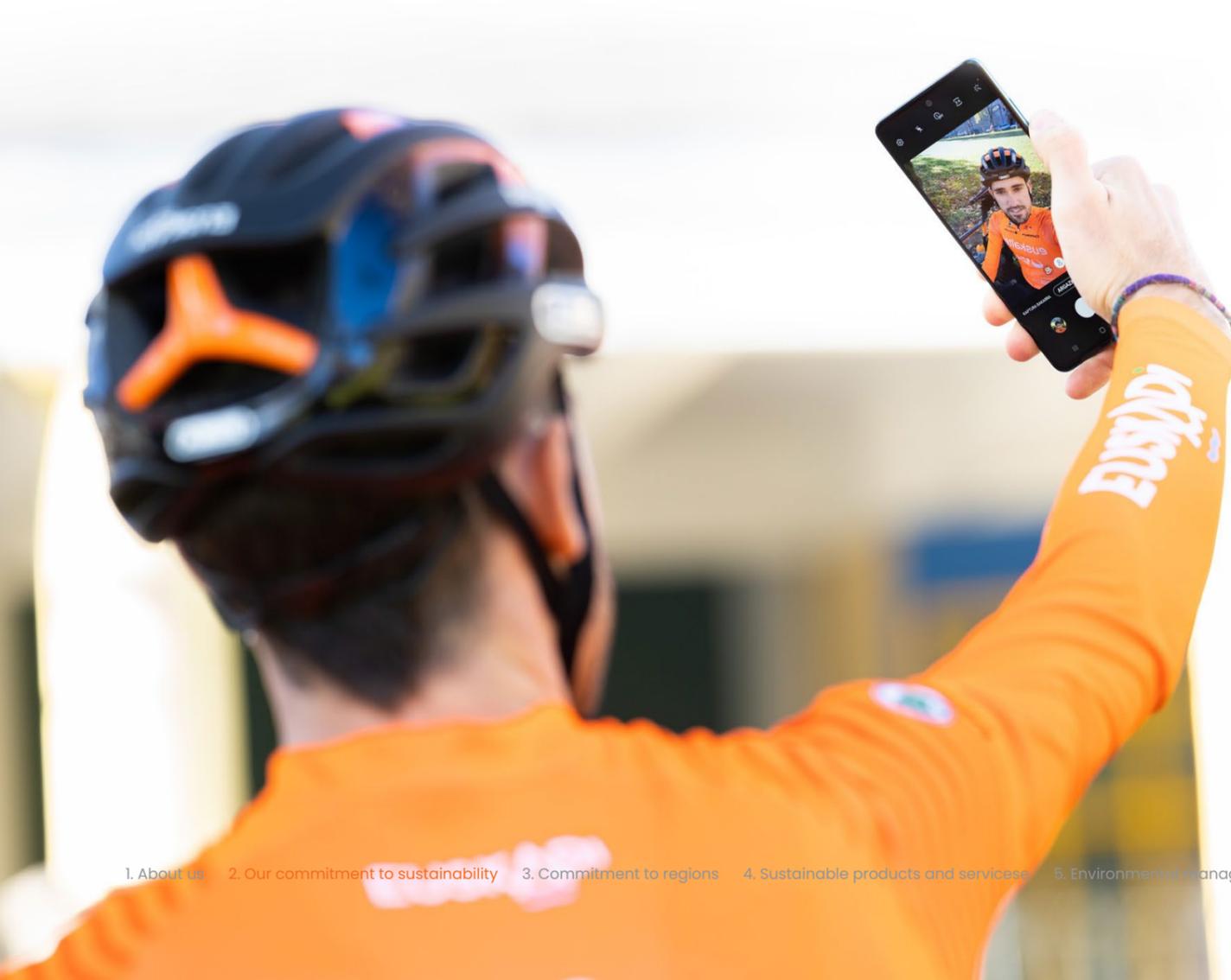
2.4. OUR STAKEHOLDERS

As leaders in the telecommunications sector over a large part of Spain, and guided by our priority to address the needs of our stakeholders, we strive to maintain constant dialogue with all of our partners, based on the importance of forging trustworthy and respectful relations with all of them.

In the Euskaltel Group, we manage our stakeholders according to the potential positive and negative impacts that our activities could have on each of them, and this is reflected in our Sustainability Policy and Code of Ethics.

We have specific channels for dialogue with each group, through which we have free-flowing and two-directional communication at all times. We strengthen, move closer, diversify and innovate in our contact channels and methods with all stakeholders in order to enhance our relations with them and to progress towards our strategic objectives and our commitment to the digital transformation.

STAKEHOLDER	WHY ARE THEY IMPORTANT TO THE EUSKALTEL GROUP?	COMMUNICATION CHANNELS
CUSTOMERS	<i>Our lifeblood. Communications by and for people and companies. We work to provide them with access to technology through a close and trustworthy relationship.</i>	<i>Social networks and the Internet. Customer support by telephone, online or in person. Customer surveys.</i>
PEOPLE	<i>The people that make up our teams are the drivers that move our company and enable us to achieve our mission.</i>	<i>Direct contact, in person and virtual meetings, working committees, corporate intranet, internal collaborative channels and email.</i>
SUPPLIERS	<i>Allies on our mission to provide communication and technology to our customers. They help us to maintain a sustainable value chain. Stability, trust and fairness are cornerstones in the commercial relationships with our suppliers.</i>	<i>Regular meetings with business and purchasing managers. Email.</i>
SOCIETY	<i>We help to build a more prosperous community, generating opportunities for access and connectivity that take into account users' expectations and needs.</i>	<i>Social networks and the internet.</i>
SHAREHOLDERS	<i>They help us to achieve the growth and economic stability that we need to fulfil our commitments. Relationship based on good corporate governance and transparency.</i>	<i>A set of channels for reporting, communication and contact via the CNMV, the investor relations department, the corporate website, and the General Shareholders' Meeting.</i>
ADMINISTRATION	<i>Regulatory bodies and public administrations, from local through to international, are important allies to our business.</i>	<i>We communicate with public administrations through in-person meetings, attendance at forums, institutional sponsorships and membership of sector associations.</i>



MATERIALITY

The identification and monitoring of the most important issues, both for the Group and our stakeholders, is a fundamental task for taking corporate governance decisions, designing strategic plans and defining content in corporate reporting processes.

The circumstances caused by the COVID-19 pandemic and the situation that has arisen, have driven us to review our materiality analyses to update our previous analyses with the aim of understanding the impact that the socio-health crisis has had on the different areas of our business.

From the analysis carried out, the following list of material sustainability aspects has been obtained for the Euskaltel Group:

GRAPHIC MATERIAL ASPECTS 2020



1. COMMITMENT TO REGIONS

- 1.1. Responsible network rollout
- 1.2. Local development and commitment to the environment
- 1.3. Responsible management of the supply chain



2. SUSTAINABLE PRODUCTS AND SERVICES

- 2.1. Accessibility
- 2.2. Brand identity and responsible marketing
- 2.3. Sustainable and inclusive products
- 2.4. Customer satisfaction and support and multi-channel approach
- 2.5. Digital transformation and innovation



3. ENVIRONMENTAL MANAGEMENT AND COMBATING CLIMATE CHANGE

- 3.1. Responsible resource consumption
- 3.2. Combating climate change and biodiversity
- 3.3. Circular economy



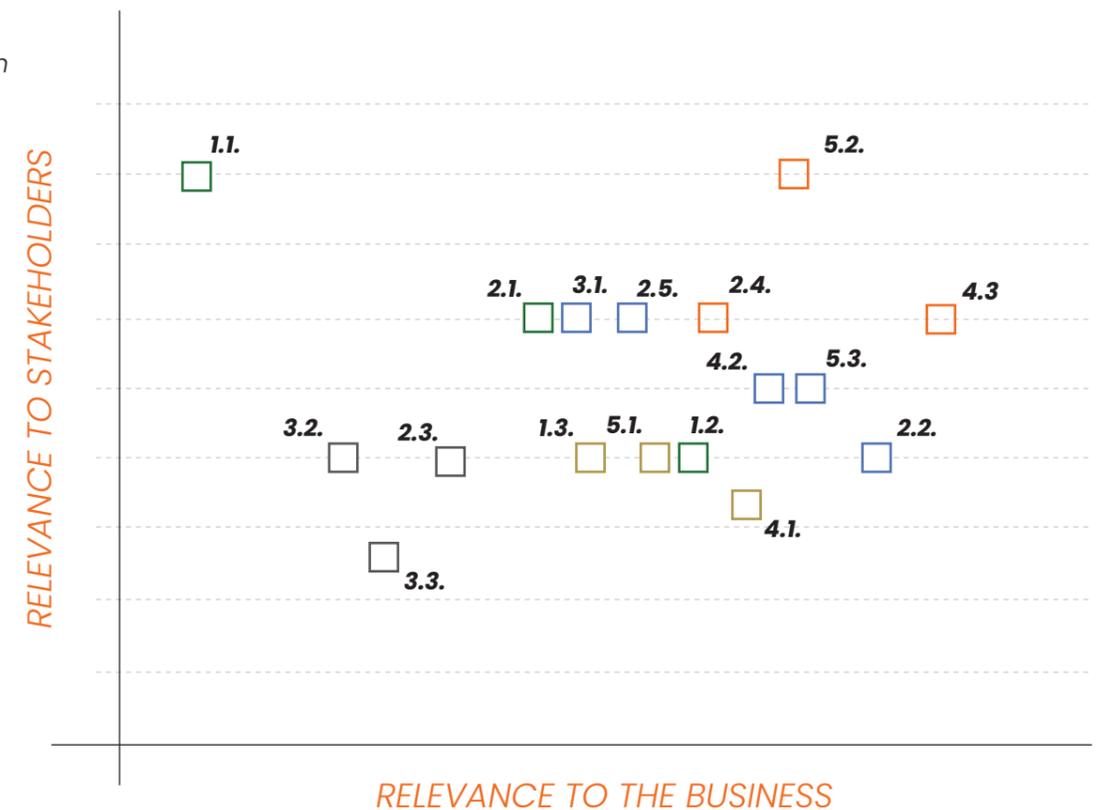
4. CULTURE, EXCELLENCE, EQUALITY AND DIVERSITY

- 4.1. Employee experience
- 4.2. Diversity and equality
- 4.3. Health and well-being



5. GOVERNANCE, ETHICS AND TRANSPARENCY

- 5.1. Human rights
- 5.2. Confidentiality, data protection and cyber-security
- 5.3. Good governance, ethics and transparency



COMMITMENT TO REGIONS

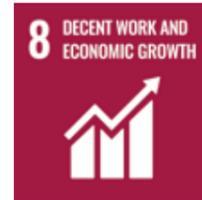
One of the hallmarks that identifies and motivates us in our actions is our commitment to the development of the regions in which we operate. We therefore get involved in society in a proactive way, developing numerous programs and initiatives in the territories where we are based. The common denominator for all these actions is our contribution to social, economic and technological progress.

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The economic value that we generate year-on-year enables us to support progress in the local communities where we operate by creating direct and indirect jobs, while maintaining a committed supply chain that is aligned with our values. The responsibility to our environment that we have also leads us to collaborate in charitable, cultural and other initiatives carried out in our communities, and to establish alliances with public institutions to tackle society's common problems.

We have therefore incorporated specific actions into our Sustainability Strategic Plan 2020-2025 to improve our purchasing certification and traceability procedures, as well as to measure our social contribution and to continue responding to the consequences of the pandemic, providing support to our customers and society in general. These actions will define our conduct in society in the coming years.



We support activities that encourage entrepreneurship and digitalisation among young people through the Euskaltel Foundation.



We support initiatives that promote equal opportunities and social integration through sport and culture.



52.9% local suppliers
 Supplier certification model based on quality, occupational safety, environmental management and information security criteria.



We participate in numerous associations that work to promote business cooperation and encourage technological innovation and quality.



More than €6.4 million invested in rolling out new fibre networks, especially in rural areas.

We are collaborating with public institutions and NGOs to ensure connectivity for the most vulnerable groups during the COVID-19 pandemic.



We sponsor sports and cultural events and organisations in our home territories.



We collaborate with the WATS Teams initiative for a violence-free sporting environment.

We require our suppliers to accept and observe our internal regulations (Code of Ethics, Anti-corruption Policy, etc).



3.1. CONTRIBUTION TO THE TECHNOLOGICAL DEVELOPMENT OF THE REGIONS

In 2020, we successfully carried out important actions to continue to strengthen the technological support for our products and services, and improve access to a quality network in our regions.

It is worth highlighting in this area our investment to roll out new fibre networks, which in 2020 exceeded €6.4 million, providing access to our network to more than 33,000 new households. Some 69% of this investment was in rural areas, providing fibre access to new zones in 75 rural populations in Galicia and Asturias and to new municipalities such as Cariño, Antas de Ulla, Noia, Cambados, Padrón or Carballo in Galicia, among others, and Somiedo, Sobrescobio and Teverga in Asturias.

We have also invested €3 million in infrastructure for the launch of Virgin Telco, and a further €2.2 million in improvements to our networks in response to increased traffic primarily driven by COVID-19.



It is worth highlighting in this area our investment to roll out new fibre networks, which in 2020 exceeded €6.4 million



3.2. RESPONSIBLE SUPPLY CHAIN MANAGEMENT

Our supply chain, in which the largest procurement volume is from purchasing services, technology and network operations, is characterised by its local ties and its local and national proximity.

Of the 683 suppliers that we use, 347 are from the Basque Country, Galicia or Asturias, and account for 52.89% of total purchases. Furthermore, an additional 279 suppliers come from elsewhere in Spain, representing 38.07% of the total volume of purchases. Lastly, some 57 international suppliers complete our supply chain, of which only 16 are outside of the European Union.



SUPPLY CHAIN DISTRIBUTION IN 2020

	% PURCHASES	Nº OF SUPPLIERS
LOCAL SUPPLIERS FROM THE BASQUE COUNTRY, GALICIA AND ASTURIAS.	52.89%	347
OTHER NATIONAL SUPPLIERS	38.07%	279
INTERNATIONAL	9.04%	57

To ensure the traceability and control of the entire supply chain, we use the Supplier Certification and Evaluation Model to monitor purchases and procurement, which enables us to detect incidents and areas for improvement in our supplier operations and management. This model, which is part of our Integrated Management System, contains quality criteria based on the ISO 9001 standard, environmental management criteria based on the ISO 14001 standard, occupational safety criteria according to the ISO 45001 standard, and information security criteria according to the ISO 27001 standard.

During the supplier certification process, we evaluate aspects related to their quality and solvency, which enables us to develop a procurement process that offers full guarantees and is based on equitable and honest selection principles. This model requires us to periodically evaluate suppliers according to their capacity to supply products according to the requirements defined in our orders. This supplier management is fundamental for continuously improving the relationship with our suppliers and to improve the impact of the supply chain on the services that we provide to our customers.

In 2020, we selected a sample of 110 suppliers based on the result of the previous year's evaluations, the purchase volume during the 2019 fiscal year and the importance/criticality of the supply in the value chain of our companies. The user areas of these suppliers issued assessments of 86% of the selected sample, identifying areas for improvement and requesting their transfer to 18 of the suppliers and the cessation of commercial activity with one of them. As a result, we conclude that there is a high level of satisfaction with 61% of the positive evaluations.

Likewise, all suppliers receive the Code of Ethics, the Conduct Instructions and the Anti-corruption Policy for the Group, to inform them about all of the requirements that they must fulfil to become part of our supply chain, engaging them in our commitments in terms of ethics and due diligence. This shared responsibility is formalised in the Internal Regulations Awareness and Acceptance document of the Euskaltel Group, through which we request their express acceptance of our Code of Ethics, the Conduct Instructions, the Anti-corruption Policy, and the Commitment to Equality, which we send to them during the contracting process. In 2020, we worked with 59 new suppliers who have accepted the Group's Code of Ethics and Internal Regulations.

Furthermore, in the case of contracts with specific impacts, such as construction work and its environmental impacts, clauses or requirements are inserted that are tied to signing the contract. In 2020, three new suppliers were evaluated on environmental criteria.

The supplier certification process enables us to confirm that there are no negative environmental or social impacts in our supply chain.

3.3. CREATION OF ECONOMIC VALUE

Since the start of our business, all Group companies share a commitment to encourage the development of the communities in which they operate and promote growth in these communities by creating wealth and wellbeing among all those that participate in our activities.

INDICATOR	2019	2020
ECONOMIC VALUE GENERATED	669 Million €	679 Million €
Revenue	668,303 Thousand €	677,785 Thousand €
Other operating income	404 Thousand €	139 Thousand €
Financial income	610 Thousand €	1,574 Thousand €
ECONOMIC VALUE DISTRIBUTED	471 Million €	461 Million €
Procurement	33,895 Thousand €	35,260 Thousand €
Work carried out for other companies	128,939 Thousand €	145,977 Thousand €
Wages and salaries	58,713 Thousand €	42,107 Thousand €
Other Operating Expenses	120,724 Thousand €	128,211 Thousand €
Financial expenses	49,888 Thousand €	60,460 Thousand €
Dividendos	55,329 Thousand €	55,327 Thousand €
Corporate income taxes and duties	23,452 Thousand €	-6,465 Thousand €
ECONOMIC VALUE RETAINED	198 Million €	218 Million €
REVENUE	686 Million €	697 Million €
EARNINGS PER SHARE	0.35 €	0.44 €
PROFITS BEFORE TAX (PBT)	71,518 Thousand €	66,704 Thousand €
NET PROFIT	62,018 Thousand €	79,366 Thousand €
PUBLIC SUBSIDIES RECEIVED	929 Thousand €	154 Thousand €



Maintaining solvent and stable growth also means progressively increasing our contribution to the public purse by paying taxes, levies and contributions.

INDICATOR	2019	2020
TAX ON PROFITS PAIDIVA E IGIC	16.755.926 €	23.449.336 €
VAT AND IGIC	58.375.535 €	59.960.964 €
TASAS E IAE	31.388.703 €	22.773.439 €
LEVIES AND IAE	16.044.861 €	13.972.895 €

3.4. SOCIAL DEVELOPMENT

3.135
thousands of euros

Invested in collaborative and associative actions with local organisations through sponsorship and patronage in 2020

The initiatives that we collaborate with seek to recognise the importance of technological development and the promotion of equal opportunities and social integration by means of educational, cultural, charitable and sporting events and activities.

The collaborations, sponsorships and alliances that we enter into, offer an indispensable lever to develop our strategy, seeking to become closer and be more committed to the local communities in which we operate. Our goal therefore lies in reassessing the bond between people and companies, encouraging the creation of a more personal relationship in which we support the development of the communities in which we carry out our activities.

The initiatives that we collaborate with seek to recognise the importance of technological development and the promotion of equal opportunities and social integration by means of educational, cultural, charitable and sporting events and activities.

Some €3.135 million was invested in collaborative and associative actions with local organisations through sponsorship and patronage in 2020. Despite the exceptional situation this year, which in general prevented the organisation of mass events, we have maintained our commitment to collaborate with those actions and activities that have been able to take place by adapting their format to the safety restrictions at any given time.



INVESTMENT IN SOCIAL COLLABORATION AND ASSOCIATION ACTIONS IN 2020

DONATIONS AND SPONSORSHIPS OF FOUNDATIONS AND NON-PROFIT ASSOCIATIONS	1,751 thousands of €
OTHER SPONSORSHIPS	1,242 thousands of €
CONTRIBUTION THROUGH PARTICIPATION IN ASSOCIATIONS	142 thousands of €
TOTAL SOCIAL CONTRIBUTION	3,135 thousands of €

EUSKALTEL FOUNDATION

The Euskaltel Foundation is a private non-profit organisation that was set up to help create and encourage better relations between people and companies by promoting the use and creation of information and communication technologies (ICT) and the development of local communities.

Through the Euskaltel Foundation we connect to society and we realise our commitment to promoting technology and science among young people.

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The central focus of the Euskaltel Foundation's activities in 2020 was the "Encounters" network, which needed to be adapted due to COVID-19. The wide range of issues that we have examined in these technological "Encounters" include artificial intelligence, big data, cyber-security, Internet of Things (IOT), innovation, start-ups, the environment, industry 4.0, diversity, robotics, drones, ethical hacking, and other issues that address the educational needs identified in our society.

These events allowed new content to be generated that has been used in the Basque Country (Euskal Encounter 28, Araba Encounter 07 and Gipuzkoa Encounter 14) and in Galicia (XGN R Encounter 20) to create new initiatives and projects such as GameguneTV and Gamegune Online, as well as to organise various conferences and workshops for different segments of society.



SUPPORT FOR EDUCATION AND DIGITALISATION

FIRST LEGO LEAGUE



This was the first international robotics tournament held in the Basque Country organised by the Innobasque, the Basque agency for innovation, with the collaboration of the Euskaltel Foundation. Through this tournament, we want to offer a different perspective of the scientific and technological world, motivating young people to discover the enjoyment of creativity and innovation.

UNI ENCOUNTER



Conferences related to new technologies organised by the Uni Eibar-Ermua secondary school (Gipuzkoa). The 16th Uni Encounter took place in February encompassing different educational and technical activities such as talks given by influential people in the field of information technology, practical workshops and online gaming competitions.

HETEL



As a strategic ally of Hetel (the Association of vocational education schools in the Basque Country), the Euskaltel Foundation is committed to vocational education and the promotion of scientific careers among young people using teamwork, problem solving and collaboration between different schools.

KAIXO MUNDUA.EUS – TECHNOLOGY SCHOOLS



The Euskaltel Foundation participates in the KaixoMundua.eus initiative of the PuntuEUS Foundation to promote the creation of websites and digital training for young people aged between 12 and 18.

SAREAN.EUS – ONLINE MAGAZINE



Digital magazine promoted by the PuntuEUS Foundation, with which we collaborate, which serves as a meeting point for the digital world. Leading experts and collaborators work on a broad range of topics related to the digital environment in order to inform, entertain and promote technology culture in the Basque Country and establish its own points of reference.

ENTREPRENEURSHIP

BIND 4.0.



This is a meeting point for innovative start-ups and large companies to drive the digital transformation of industry and accelerate the consolidation of innovative initiatives through real projects with important customers.

VIDEOGAME ENTREPRENEURSHIP



Support for creating new careers for young people interested in the videogame industry, through participation in the organisation of the F2P Campus Vitoria-Gasteiz, together with the Basque government, the provincial government of Álava and Vitoria-Gasteiz city council for videogame development training.

SPONSORSHIP OF CULTURAL ACTIVITIES

We support culture by contributing to important cultural institutions such as the Guggenheim Museum, the Kursaal, the Artium and the Pobo Galego Museum; and the organisation of concerts, music and film festivals, such as the Zinema Express Film Festival, Resurrection Fest Online, the Gijón Film Festival, the Gaztea Errepidean concert or the Ópera de Oviedo Foundation.

We take special interest in those initiatives that, in addition to promoting art and culture, also address social concerns. One such example is Zinegoak, the international LGBTQ+ film and theatre festival held in Bilbao, which seeks to raise awareness and normalise sexual diversity through culture.

We collaborate with events, initiatives and activities related to research, dissemination and the recognition of innovative and technological knowledge, such as Expofarma Digital or GaliciaTIC.

Furthermore, as part of our commitment to our regions, we support actions that promote their cultural and linguistic identity. We therefore collaborate with the Ikastolas Federation to organise the Fiestas del Euskara that promote the use of the Basque language, and we sponsor the Go!azen TV series aimed at young people on the Basque ETB-1 television channel. We have also provided steadfast support for Durangoko Azoka, the Basque book and record fair, which in 2020 was held in a virtual format due to the pandemic. In Galicia we supported the prominent cultural event, Xacobeo 21, which will be one of the pillars for reactivating the wider economy in Galicia.



SPORTS SPONSORSHIP

Another side of our commitment to society takes the form of numerous sponsorship actions aimed at supporting local sport in the communities where we have the greatest presence. We sponsor the Euskaltel-Euskadi cycling team, a traditional collaboration with the Euskadi Foundation that we have brought back in 2020 despite the difficult conditions caused by the pandemic, which has led to the postponement or suspension of numerous races scheduled for the year. We also support major sporting clubs such as Club Básquet Coruña, Real Sociedad, Athletic Club de Bilbao, Sporting de Gijón, Club de Bilbao Basquet, Club Athletic de Osasuna and Baint Comunicación. Through the Bizkaia Bizkaialde Foundation, we help Basque sports clubs that need help to remain viable to access the highest competitive levels.

We recognise the indisputable role that sport plays in promoting educational values, integration and social development. We collaborate with initiatives that promote messages of respect, tolerance and friendship, such as WATS Team, an initiative that works to eradicate violence in the sporting arena. Moreover, in line with our corporate values and the belief that equal opportunities should be extended to every area of our lives, we dedicate a large part of our sporting sponsorship to strengthening women's sports, working with the clubs Real Sociedad Femenino, SD Eibar Femenina, Telecable Hockey Club and Athletic de Bilbao Femenino to raise awareness of equality in the world of sport.

Similarly, we promote the social integration of people with disabilities supporting football clubs such as the Osasuna Foundation, Bilbao University, Hernani Rugby, Celta Integra and Deportivo Genuine, which integrate people with disabilities in the world of sport. We therefore try to do our part to overcome two important challenges for the progress of our society, namely the inclusion and integration of everyone.



SOLIDARITY ACTIONS

Our contribution as a company to the world of social responsibility also includes our participation and collaboration in solidarity initiatives. In 2020 we would highlight our alliance with the Association of Mos Employers (AEMOS) to launch a project for women who have been victims of violence to provide them with computers and internet connections, giving them free data cards and plans from R, with the intention of supporting the training, monitoring, tutoring and job-seeking support that AEMOS carries out with 31 gender violence victims in the district of Vigo, under the umbrella of the INSERE ACTIVA 4 job placement program financed by the Department of Equality of the regional government of Galicia.

We also collaborated with the Cespa Foundation (which operates in Asturias supporting the social reintegration of people at risk of exclusion); the concert organised by the José Cardín Foundation (Asturias), which donated the funds raised from ticket sales for the concert to charitable causes; and with COCEMFE, the Spanish Confederation of People with Physical and Genetic Disabilities, to promote the inclusion of people with disabilities in every area of society.



COVID actions

In line with our social commitment, during the pandemic we carried out actions to support the existing and future functioning of organisations that, in turn, contribute to promoting well-being and ensuring connectivity between people.



We collaborate with public institutions and social organisations that focus on supporting connectivity and technology (routers, sim cards, data vouchers, tablets, mobiles...) for the most underprivileged groups, students without access to online resources and people in hospital:

- During the first stage of the COVID-19 crisis, we launched various initiatives to promote connectivity for the Group's customers and access to entertainment content during the lockdown. For example, until the end of the state of emergency period, Euskaltel customers were able to **freely activate 15 GB worth of vouchers on their mobile lines**. This initiative was designed to ensure mobile internet availability, especially for **employees in the healthcare sector or in groups with frontline jobs**.
- Free telephone lines for the 65 retirement homes in Gipuzkoa as part of the provincial government's "Abrazos Virtuales" initiative, so that they could communicate with their families.
- Access to online television platforms for all people in hospital, regardless of whether they were customers or not. In the first 15 days, more than 1,000 people activated this free service.
- Special collaborations with public institutions and local organisations:
 - Provision of two hundred 50 GB Sim cards to the Basque government for all special-needs students.
 - Provision of 500 Sim cards to the government of Navarre in response to its call to help combat the educational digital divide and provide access to education to students in Navarre during the lockdown, as well as for hospitals and people experiencing exclusion.
 - Donation of readers, headphones and mobile chargers to the Bilbao Fire Brigade in order to make people's hospital stays more bearable.
 - Contribution of modems and tablets to SD Eibar Fundazioa as part of a joint action with the Red Cross and Eibar Town Council, to be handed over to 59 underprivileged families in the municipality so that their children could continue their studies online.
 - Agreement with the Bishopric of Bilbao to install artificial intelligence systems to broadcast religious services live on the Bishopric's website during Easter week, as COVID-19 had prevented the public from attending these services.
- **Collaboration with the "Rastreador de Voluntarios" initiative**, to put people that needed support during lockdown in contact with volunteers that could help with their needs.
- Strengthening of residential customer service and corporate technical support platforms to respond to employees' remote working needs.

ALLIANCES WITH ASSOCIATIONS

We are members of organisations and associations that establish alliances in the economic, business, social and environmental fields, and that share our goal of progressing towards a digital transformation.

Contributing to the technological development of our region, which means supporting businesses with our resources and our experience as a telecommunications company, is one of the basic pillars of our management approach. This has been our approach throughout our history, working and actively collaborating with different business organisations and associations, mainly in the Basque Country, Galicia and Asturias. In 2020 we belonged to 39 associations. These alliances have been maintained and strengthened, even when we have been overtaken by the circumstances caused by the pandemic.

Supporting businesses with our resources and our experience as a telecommunications company, is one of the basic pillars of our management approach

MAIN ASSOCIATIONS TO WHICH THE EUSKALTEL GROUP BELONGS

Associations that **promote innovation:**

- GAIA. Basque Association of Knowledge and Applied Technology Industries
- Asociación Cluster TIC Galicia
- Basque Ecodesign Center
- Asociación Cluster TIC Asturias
- Fundación CITIC
- Cluster Audiovisual Galego
- INNOBASQUE. Basque Innovation Agency
- Goierri Valley

Associations for **management excellence:**

- Euskalit. Basque Foundation for Quality
- IZAITE. Association of Basque Companies for Sustainability
- Club Asturiano de Calidad Instituto Vasco de Competitividad
- Spanish network of the United Nations Global Compact
- ASCOM. Spanish Compliance Association
- APD. Association for Management Progress

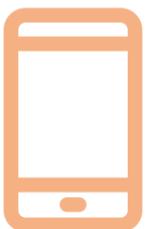
Employers' associations:

- Círculo de Empresarios Vascos
- Círculo de Empresarios de Galicia
- Federación Asturiana de Empresarios
- CEBEK. Business Confederation of Bizkaia
- ADEGI. Association of Businesses of Gipuzkoa
- SEA Empresas Alavesas

SUSTAINABLE PRODUCTS AND SERVICES

At the Euskaltel Group we work to stay at the cutting-edge of telecommunications and to continue being the preferred telecommunications company in a highly competitive sector. We therefore strive to meet the communication needs of our customers and to adapt our portfolio of products and services to the ever-changing demands of the market.

As part of our Sustainability Strategic Plan 2020-2025 we intend to strengthen and enhance the sustainable attributes of our products, focusing on the universal accessibility and digital inclusion of our services, customising them as much as possible in order to encompass every group, with a vision of diversity and scalability. We also include actions to innovate our products and improve our support and security for our customers.



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We develop and provide advanced technology services that are adapted to the new communication needs of people and businesses.

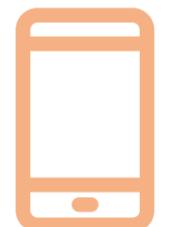
We helped our customers to overcome mobility restrictions during the initial phase of the pandemic, improving the services contracted and offering free products.



We continue to invest in expanding and modernising our networks, and have already invested more than €3 billion.



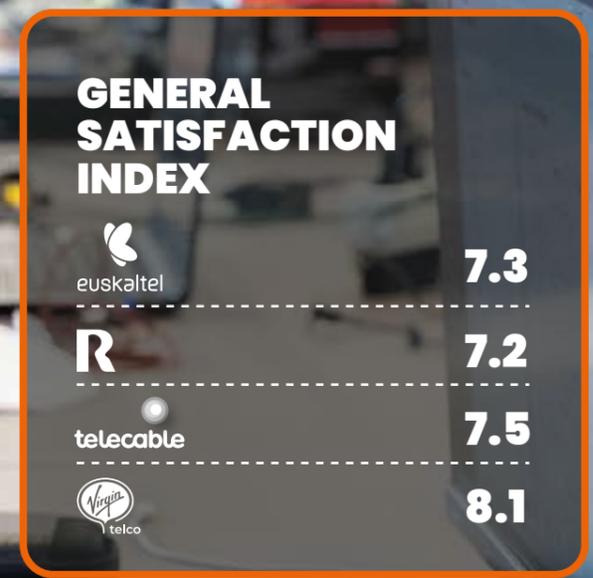
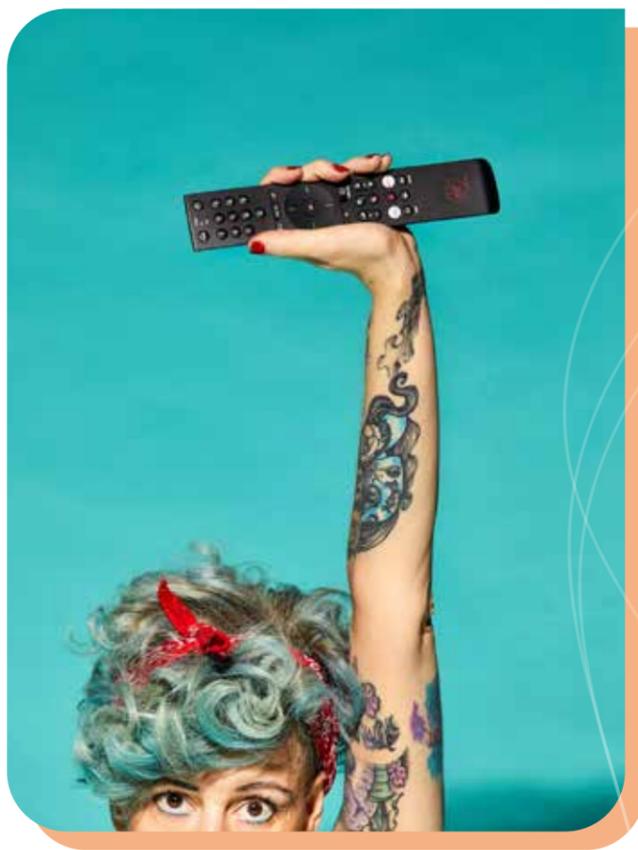
We launched product and service offers at affordable prices, adapted to specific needs: *the July offer and our Internet Commitment.*



4.1. WE ADAPT OUR OFFER TO THE CUSTOMER'S NEEDS

We offer our customers all types of technology and communications solutions and the best service experience. This offer is supported by our robust and cutting-edge infrastructure, our portfolio of innovative and multifunctional products, and our accessible and reliable service channels.

Our solid value proposition, which is present in all of our brands, generates high levels of customer satisfaction.



Offering the highest quality telecommunications under the best market conditions, adapting our offer to our private and corporate customers' needs

In 2020, we continued to make progress towards our goal of offering the highest quality telecommunications under the best market conditions, adapting our offer to our private and corporate customers' needs, expanding and improving our competitiveness and service quality.

WE MEET COMPANIES' TECHNOLOGICAL NEEDS

Given companies' new requirements in the social and economic environment imposed on us by the current health recommendations and that have led to new ways of connecting people and businesses, technological tools have been shown to be fundamental to ensuring business continuity, the coordination of teams and protecting people. In this scenario, we are constantly working to develop and provide new products and advanced services in response to the current situation.

Virtual occupational training platform



In April 2020, we launched a training platform across all of our brands so that our companies can continue to implement professional development plans for their employees. This proved to be especially useful during the lockdown period over several months of this year. This tool was the result of an agreement with the Basque company Fit Learning and was designed to maintain our training actions within our companies, while also effectively facilitating remote working:

- Euskaltel Learning
- #formaciónR
- #FormaciónTelecable

The response from client companies has been extremely positive, as reflected in the high scores from users that participated in an initial free program consisting of five exceptional and useful content blocks in this health crisis scenario: "The best advice for remote working", "Motivational tools", "Teams", "Effective management of virtual meetings" and "Cyber-security".





In June we hired a group of professionals for our corporate customer area that specialise in the use and development of artificial intelligence tools and solutions, which is enabling us to offer direct artificial intelligence services designed to enhance our corporate customers' businesses and expand the catalogue of services that they already enjoy. Thanks to this initiative, we are focusing on meeting one of the primary needs in business organisations: access to machine learning solutions and artificial intelligence that until now were only available to major international firms. The incorporation of new tools at an affordable price allows smaller companies to obtain greater efficiency in their existing processes and business development, and consequently to improve their competitiveness.



Mileva

In November we launched the Mileva platform as a convergent solution for the digital strategy of our corporate customers, and as the basis for rapidly developing digital solutions and services in which any type of device can be treated as a sensor, with algorithms capable of identifying patterns, predicting future behaviours or learning from examples. We are developing strategies that enable businesses to complete their existing relational databases so that they can exploit this data in a broader, more effective and profound way. This modernisation process facilitates the evolution of new analytical capabilities, enabling the input from multiple sources and data variables at high speed and in real time, while also having the processing capacity and the necessary tools to effectively exploit all of the existing data.



Solución Pymes (SMEs)

Since February, our corporate customers have had access to "Solución Pymes", our convergence solution for a cloud-based switchboard that allows small and medium-sized companies to access a range of pay-per-use communications that encompass mobile telephony with unlimited calls, VOIP and extensible internet access for other services and which can be adapted to the needs of each business.



Corporate Mobile Tariff

A flexible tariff specifically designed for companies, which can adapt the tariff, minutes and data package to the consumption profile of each user.



NEW PRODUCTS FOR PRIVATE CUSTOMERS

The offers this year have been designed around how to respond to the changing needs of our customers. The pandemic has lengthened the amount of time we are at home and has changed our leisure and working habits. Consequently, this year on-demand TV has become particularly important and the need to have good data connections in our first homes (and in our second homes) has led the offer from our operators, adapting it to these new needs in our society.

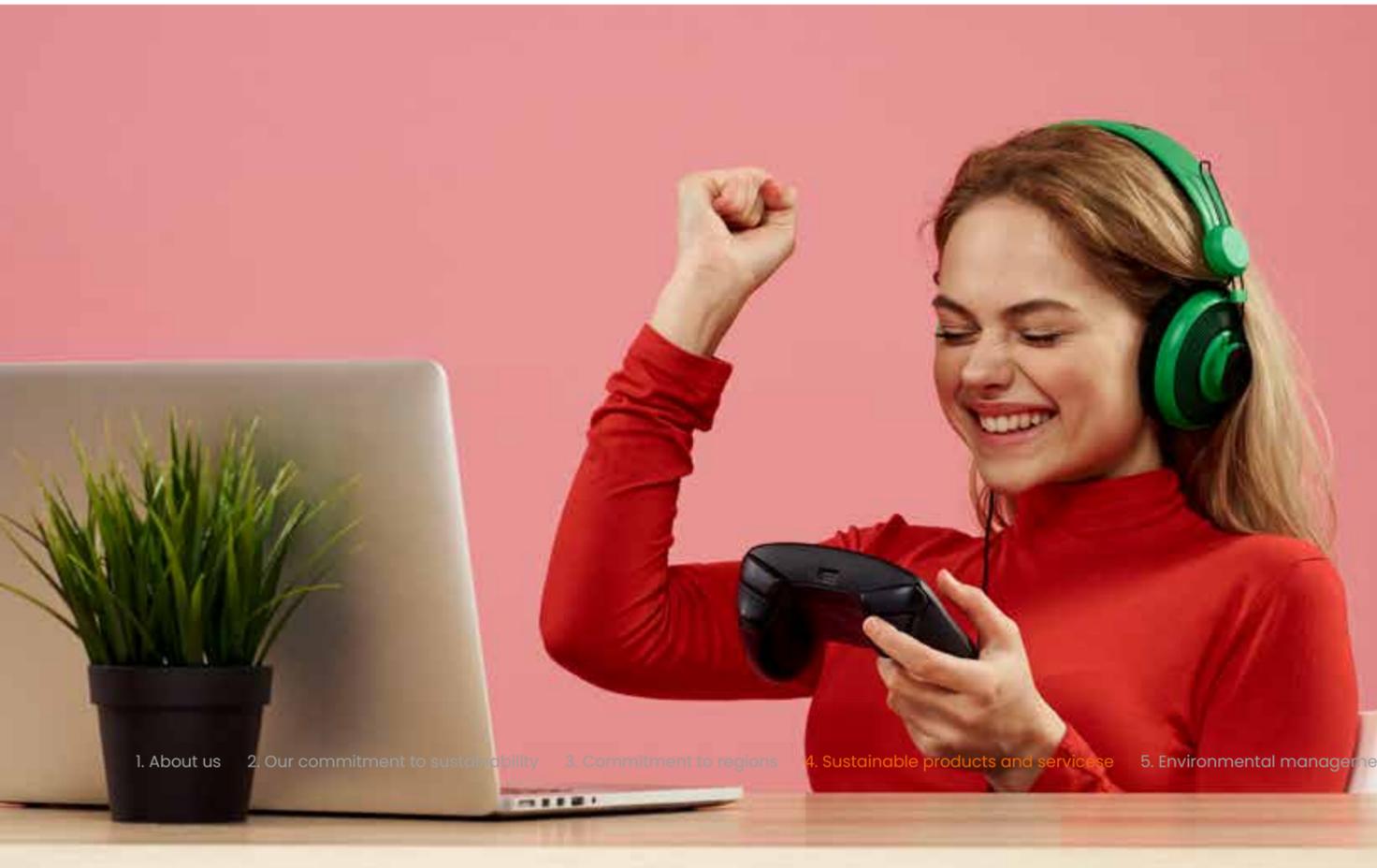
The aim of our new products and services and commercial proposals is to provide a strong product, with a value offer for all our customers, a goal that represents one of the strategic pillars of the company, with the commitment to offer the best quality telecommunications at the most competitive prices in the market.

The offers this year have been designed around how to respond to the changing needs of our customers



Launch of Virgin Telco

We launched Virgin Telco in May 2020 as a new telecommunications services brand in Spain. Its differentiating value lies in its offer of quad-play services of premium quality fixed-line and mobile telephony, internet and television with a flexible format based on the consumer's needs. With Virgin Telco we are moving away from unnecessary bundling, empowering customers with the ability to decide how to configure their bundle of services, contracting only what they want and need.



Competitive offers adapted to the customer

In January and July we launched convergent offers with the goal of offering lower prices to the customer and improved data usage options. These offers, which are also adapted in terms of prices and conditions for the customer base, allow us to deliver more attractive and competitive prices in the market.

Furthermore, in June we launched the Second Homes promotion for people that need an internet connection in their second home.



Internet Compromiso

In December, we began selling Mesh Wifi equipment across all of our brands, marking a significant qualitative jump in the customers' browsing and internet connection experience. These devices enable a single and faster Wi-Fi network to be created, with greater stability against service interruptions and with 100% coverage in customers' homes thanks to Mesh technology.



Netflix



In October we launched the new Netflix Fan service in Virgin Telco, consisting of bundling the Netflix OTT service together with fibre. Customers that contract Netflix Fan receive an extra 10 GB free on one of their mobile lines in addition to being able to watch all Netflix content.

By teaming up with Netflix, a global leader in the distribution of streaming content, we can significantly improve the bundling of our services, offering a much more extensive content catalogue.

Mesh Wifi

This is the product that we have designed to respond to the connection needs demanded by families in which students have to continue their studies online, as well as staying in close contact with their families, even in situations of isolation caused by COVID-19. It is specifically designed for customers on lower incomes or at risk of exclusion in order to reach all groups of society and thereby help to eliminate the existing digital and social divide.



COVID actions

We have rapidly and effectively launched a series of measures to keep our customers' communications services 100% operational, while also ensuring people's security and helping to slow the spread of the virus.

- **Technical Support.** Since the start of the exceptional measures put in place on 14 March, 800 people from the technical and network area have been working to constantly reshape the network and absorb the exceptional volumes of traffic, equivalent to up to 40% in fixed broadband and 50% in mobile voice communications. We also carried out geographical redundancy measures for the centres from which the services are managed, diversification of technical resources and operational plans for diverting activity to provide services remotely or from other locations.
- **Quality and user experience.** Maintenance and permanent surveillance of the network to guarantee telecommunications quality and a good user experience.
- **Investment in one of the most advanced networks in Europe.** We continue to invest in constructing a quality network, having invested more than €3.0 billion to date. This is illustrated by our important work to provide the Basque Country, Galicia and Asturias with one of the most advanced telecommunications networks in Europe, which has proved to be essential and played a fundamental role during this health crisis. This powerful network has enabled us to scale up our services at any given time.



■ Free products and services for customers:

- **Access to children's channels and film channels from our TV offering for all users, regardless of the bundle they may have contracted.**
 - **Addition of a special educational series in the History channel into the on-demand video service, aimed at students.**
 - **A free 30 GB of mobile data for people that are unable to use the fixed-line network.**
 - Incorporation of new channels into the pay-TV offer (such as the Surf Channel) for all users.
 - Strengthening our entertainment offer with 100 new free film titles into our on-demand video catalogue.
 - Teams: Campaign that we launched in July with Microsoft, providing all corporate customers with free access to Teams Trial for a period of six months in order to meet their needs in their search for tools that support remote working and remote collaboration during the COVID-19 lockdown period.
- **Corporate customer service:** We have strengthened and scaled up the network to guarantee that companies have service continuity following the increase in remote working. We have also enabled VPN accesses, cloud solutions, etc. for our customers in record time.

4.2. CUSTOMER SERVICE

We have a customer support system that allows us to understand and deal with the different needs and concerns of both private and corporate customers. The channels through which we receive and respond to their communications include telephone lines, the internet, an app, email, a forum, social networks (Twitter, Facebook, LinkedIn, Instagram) and the in-person service in our stores.

We record, analyse, solve and respond to all interactions with our customers, applying the relevant processes according to the nature of each communication, whether these relate to customer complaints, formalities requested by customers, management of terminals, faults, service provision, or billing and collections.

We try to resolve all complaints during the first interaction with the customer and we always try to engage with the customer directly via telephone. Using service quality audits, we control the correct resolution and communication with the customer regarding the agreed solutions, which combined with the appropriate follow-up and classification of all incidents, enables us to improve our customer interactions.

Every quarter, we publish details about complaints, their evolution and resolution times on the websites of our operators, publishing service quality indicators as established in the Service Quality Order (IET/1090/2014), in accordance with the guidelines set by the Secretariat of State of Telecommunications and Digital Infrastructure.

COMPLAINTS REPORTS

The image shows three orange rounded rectangular buttons stacked vertically. Each button contains a logo on the left and a QR code on the right. The top button features the 'euskaltel' logo. The middle button features a large white letter 'R'. The bottom button features the 'telecable' logo.

4.3. SERVICE QUALITY, PRIVACY AND INFORMATION SECURITY

To offer our customers the highest quality service, we have a Quality Management System and Policy that are certified under the ISO 9001 standard (implemented in Group companies), which form part of our Integrated Management System.

Furthermore, R Cable and Telecable Telecomunicaciones have additional certifications that verify their efficient performance in managing their services and ensure the efficiency and continuity of their activities:

- ISO 20000-1 Management System for the Information Technology Service
- ISO 18295 Customer Contact Centre Services
- ISO 22301 Business Continuity Management System

At the start of 2020, we defined a new Business Continuity Policy for the whole of the Euskaltel Group, marking the starting point to roll out the Business Continuity System certified in R Cable and Telecable across all Group activities and companies.

We have an Information Security Management System and Policy certified in accordance with the ISO 27001 standard for each of the companies in the Group, as a tool for managing the information security risk inherent in our business.



This Information Security Management System is the reference framework to define, manage, administer and implement the necessary risk management mechanisms and procedures to achieve the appropriate level of protection for the critical nature of the company's physical and information assets.

Furthermore, we have a privacy policy for customers, a privacy policy for web and app users (which includes a policy for marketing to non-customers), and a Data Protection Risk Management System implemented in each Group company. We can therefore ensure maximum control of the personal information and data provided by our customers, and we are compliant with the General Data Protection Regulation.

With regards to the security of our customers and companies in general, we publish specific articles with security recommendations, we participate in events to raise awareness, and we share best practices in relation to cyber-security. We are responsible for putting into the market equipment manufactured by third parties, assuring ourselves that the equipment that we both purchase and sell complies with prevailing legislation, especially in relation to electromagnetic fields. In 2020, there were no incidents of non-compliance related to health and safety impacts from products and services.

ENVIRONMENTAL MANAGEMENT AND COMBATTING CLIMATE CHANGE

Environmental management and combating climate change are fundamental pillars in our Sustainability Strategic Plan 2020-2025, acting as levers for the transformation towards a responsible business model. Our goal is to align the business model with our commitments and environmental goals, making carbon neutrality and emissions reductions a priority to responsibly manage the environmental impacts inherent in our business.

This strategy is backed by our Environmental Management System (part of the Integrated Management System), which includes the Environmental Policy and our SDG commitment, focusing our attention in the sphere of environmental management on the use of less polluting energies and efficient and responsible resource use.

To achieve these goals, our environmental strategy is divided into three key action lines:

- Combating climate change and efficient resource use
- Circularity and management of electronic waste
- Promotion of environmental certifications and initiatives



 **COVID actions**

We have added the "Green Recovery Alliance" to our environmental-related commitments, which seeks to recover from the European Union's health and economic crisis by making sustainability a fundamental priority in the implementation of measures and policies by governments that are aligned with sustainability criteria.



- At the end of 2020, 100% of our electricity came from *guaranteed renewable sources*.**
- We carry out energy audits *at our facilities*.**
- Energy Management System certified by AENOR in accordance with the *ISO 50001:2018 standard*.**



- We measure our carbon footprint as an organisation and we have applied to register in the *Register of carbon footprints, offsets and absorption projects of the Ministry for Ecological Transition*.**
- We have reduced our GHG emissions *as a result of measures to purchase renewable energy*. In 2020 these fell by *72.44% compared to 2019*.**
- Every year we take part in the *Climate Change Survey by the Carbon Disclosure Project (CDP)*.**



- Environmental Management System certified by AENOR in accordance with the *ISO 14001:2015 standard*.**
- Environmental declarations in accordance with the *EMAS regulation*.**
- We reduce our water consumption, cutting it by *22.80% in 2020 compared to 2019*.**



5.1. EXCELLENCE IN ENVIRONMENTAL MANAGEMENT DRIVEN BY OUR ROOTS

Our commitment to environmental management excellence is put into practice through our Environmental Management System (based on the ISO 14001 standard and the EMAS Regulation) that is used in all Group companies, and the Energy Management System and Policy (developed according to the ISO 50001 standard) that have been implemented in R Cable and Telecable.

These instruments act as a universal mechanism across the entire value chain, underpinning the rollout of our sustainability strategy horizontally through production and service provision processes, and vertically through the organisational structure.

We have certifications that accredit the suitability of our environmental management against recognised international standards:

- ISO 14001 on environmental management in Group companies
- ISO 50001 on energy management in R Cable and Telecable Telecomunicaciones.

In addition, every year we file our environmental declarations with the administration, validated by AENOR under the EMAS Regulation, maintaining our participation in the EU's Eco-Management and Audit Scheme (EMAS).

ENVIRONMENTAL DECLARATIONS AND CERTIFICATIONS



WE EVALUATE OUR ENVIRONMENTAL IMPACT

Every year we carry out an assessment of the environmental aspects associated with our activities according to the criticality of the associated environmental impacts, taking into account both direct and indirect aspects, as well as normal, abnormal and emergency conditions.

We focus our efforts on minimizing and controlling the significant environmental aspects, which we take into account when defining our environmental objectives. The most significant environmental aspects for the Group resulting from the evaluation carried out for 2020 are the generation of waste and energy consumption.

In addition, each Group company analyses the services provided to customers based on a life cycle approach, including the impact of their services in their use by customers.

As the Group does not own any land in biodiversity-rich habitats, in 2020 we have not recorded any impacts on biodiversity in protected areas, heritage sites or biosphere reserves. Consequently, we do not have a negative impact on areas that contain habitats for endangered species.

The application of the precautionary principle from an environmental perspective is based on maintaining and reviewing our environmental management systems (EMAS, ISO 14001, ISO 50001), which are externally certified by AENOR and annually renewing these certificates. Furthermore, as part of our civil liability policy, we have coverage for accidental contamination.

We invest a significant amount to consolidate our environmental management. In 2020, we allocated a total of €61,786 to a range of services and improvements in this area.



ENVIRONMENTAL MANAGEMENT SPENDING (€)



- Consultancy and audits
- Investment (replacement of heating and cooling equipment)
- Waste management



5.2. RESPONSIBLE CONSUMPTION OF NATURAL RESOURCES

The efficient use and consumption of natural resources (electricity, water and fuel) plays an important role in our environmental commitment. We therefore use our environmental and energy management system to systematise the work of measuring and evaluating the activities we carry out and to identify opportunities for improvement.

Como otra evidencia del compromiso del Grupo con el consumo responsable, tanto las Juntas de Accionistas, como el evento Euskal Encounter (promovido en colaboración con la Fundación Euskaltel) se realizan bajo la certificación "Erronka Garbia" para eventos sostenibles, intentando limitar al máximo el consumo de recursos en la realización de estos eventos.

The efficient use and consumption of natural resources plays an important role in our environmental commitment.



ENERGY CONSUMPTION

In 2020, energy audits were carried out on Euskaltel Group facilities to optimise energy consumption and costs and to improve energy management. These audits were performed according to the methodology established in the UNE-EN 16247 standard, applying the scopes defined in RD 56/2016 and the 2012/27/EU Directive on efficiency.

The works carried out have allowed us to analyse the way in which our facilities consume energy, detect inefficiencies, construct an energy assessment, calculate indicators and develop a series of energy-saving measures, establishing priority criteria for putting these into action based on potential savings, profitability and the company's strategic interests.

The technology on which the expansion of the Virgin Telco brand is based also involves a reduction in the impact per customer (in climate change terms), estimated to be 85% lower per customer, year and Gbps.

In 2020, the total energy consumed by the Group was 68,134.50 Mwh, a reduction of 0.86% over 2019. Our energy intensity was also reduced, from 22.77 kwh/product in 2019 to 21.36 kwh/product in 2020.

TOTAL ENERGY CONSUMPTION (Mwh)



■ Natural gas
 ■ Diesel
 ■ Electricity

TOTAL ANNUAL ENERGY CONSUMPTION:

2018	68,004.15 Mwh
2019	68,724.66 Mwh
2020	68,134.50 Mwh



Reducing the impact of our electricity consumption is one of the most important aspects of our environmental strategy. We have an Energy Management System to improve the efficiency of our energy consumption and reduce our carbon footprint, through which we define an annual Energy Efficiency Plan that includes the measures established to reduce our electricity and fuel consumption. The Group's electricity consumption in 2020 was 67,408,12 Mwh, some 0.25% higher than the previous year, but for a volume of services that increased by 5.7%.

ELECTRICITY CONSUMPTION

2018	66,356.56 Mwh
2019	67,242.46 Mwh
2020	67,408.12 Mwh

We use fuel (diesel) to operate generators, we use vehicles for employees to travel on company work, and natural gas for heating in Asturias. In these cases, we apply measures to generate savings and rationalise their use in order to optimise journeys using the smallest possible number of vehicles while promoting the use of collaborative tools to facilitate communication and collaboration between employees in different locations.

In 2020, our total fuel consumption was 726.38 Mwh (608.21 Mwh in diesel and 118.17 Mwh in natural gas), some 50.99% less than in 2019. This reduction is a direct result of the suspension of journeys with company vehicles and a significant reduction in journeys in private cars carrying out company work, especially in Galicia and Asturias, due to the measures that were taken to protect people's health and safety against COVID-19.

TOTAL FUEL CONSUMPTION (Mwh)



50.99%
reduction in fuel consumption

- Natural gas
- External diesel
- Internal diesel¹

TOTAL ANNUAL FUEL CONSUMPTION:

2018	1,647.59 Mwh
2019	1,482.20 Mwh
2020	726.38 Mwh

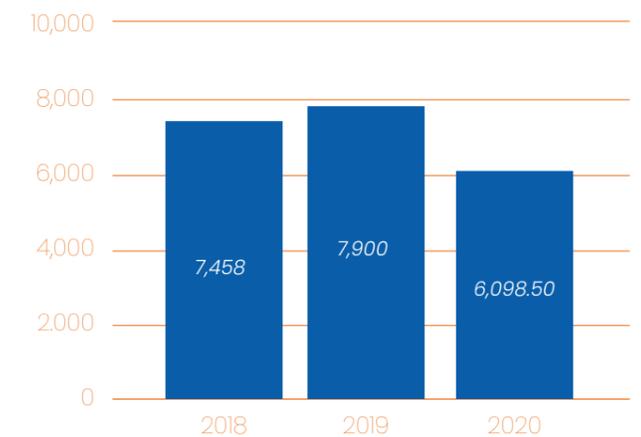
WATER CONSUMPTION

In the area of water consumption, our supply comes from various municipal networks where the different companies of the Euskaltel Group are located and is primarily used by company employees, as well as other secondary uses such as garden irrigation, cleaning buildings and for use in cooling equipment in telecommunications networks. We have installed aerators in taps to reduce our water consumption.

In 2020, the Group's water consumption fell by 22.80%, from 7,900 m3 in 2019 to 6,098.50 m3 last year.

22.80%
reduction in water consumption

WATER CONSUMPTION (m³)

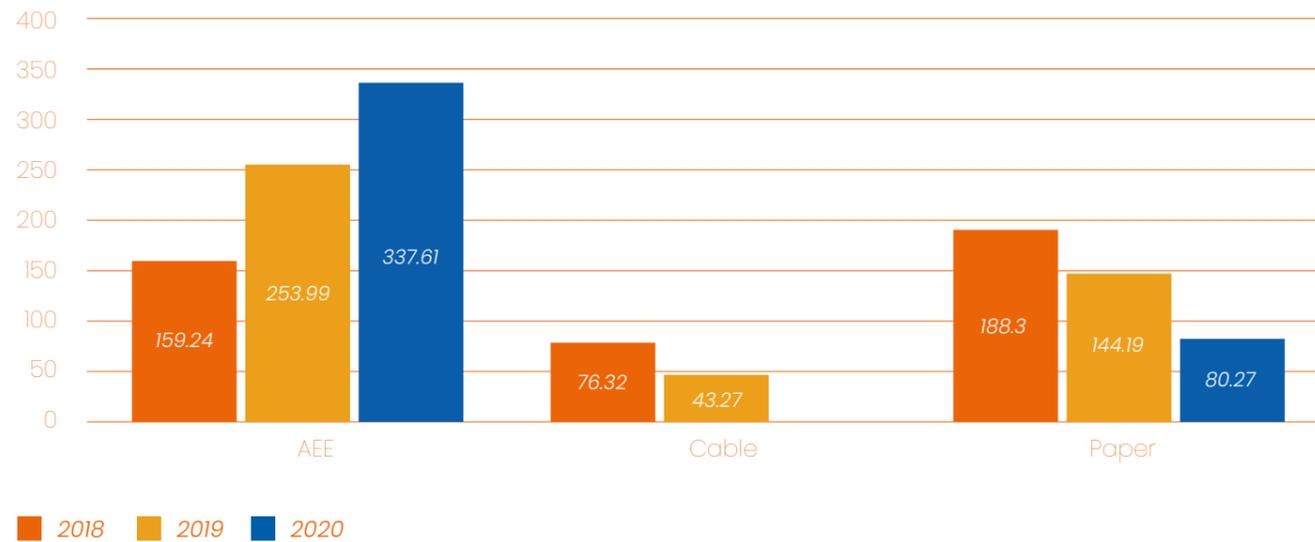


¹The figure for internal diesel consumption in 2019 has been corrected due to an error in the transcription of the previously published figure.

CONSUMPTION OF MATERIALS

The most significant items in our consumption of materials are electrical and electronic apparatus, which includes decoders, cable modems and routers. In 2020, the consumption of this equipment was 337.61 tons (an increase of 32.92% compared to 2019) due to the change of equipment by customers (mass migrations of customers to new generation equipment) and the equipment needed to launch Virgin Telco. However, since 2019, we have reduced the consumption of cable as this has been incorporated into contracts with our installation providers.

CONSUMPTION OF MATERIALS (Tn)



Another item with significant consumption is paper, primarily used in communications with customers. In 2020 we started monitoring the paper consumed by customer billing as well as for payment forms and service suspension letters. Overall, we have significantly reduced our paper consumption by 44.33% as a result of the actions taken to encourage electronic billing among our customers. Consequently, in 2020, some 89.4% of bills issued were electronic, 8.4% more than in 2019 (when we issued 81% of bills in this format).

89.4%
online billing

44.33%
reduction in paper consumption

5.3. COMBATTING CLIMATE CHANGE

We have a formal commitment, reflected in our Sustainability Strategic Plan 2020-2025, to the environment and efficient resource use. We have therefore defined a roadmap to reduce our impact, which focuses on implementing measures to achieve two main goals: to responsibly manage the environmental impacts of our operations, and adapt our business model towards carbon neutrality and emissions reductions.

We have identified electricity consumption as one of the Group's significant environmental aspects. This, combined with cooling gas emissions and fuel consumption, have an impact on atmospheric pollution.

We therefore calculate the carbon footprint, measuring the direct and indirect emissions of our activities in order to establish annual CO2 emissions reduction plans, and produce calculations and reports on the greenhouse gas emissions controlled by the organisation.

We have also applied to the Spanish Ministry for the Ecological Transition (MITECO) to be registered in the Register of carbon footprints, offsets and absorption projects. This annual emissions calculation is verified by a third-party and analysed to find ways of reducing these emissions.

Furthermore, as a result of Euskaltel's participation in the initiative by the Basque government and IHOBE (the Basque Ecodesign Center that promotes eco-design among other issues), we are carrying out projects to analyse and improve the carbon footprint of our most popular products and services. The Euskaltel Group also calculates and manages the organisation's environmental footprint.

We have taken part in the Climate Change Survey of the Carbon Disclosure Project (CDP) every year since 2016. Through the activities described in this survey, in 2020 our rating was upgraded to "B" in relation to managing our environmental and climate impact, improving on our rating obtained in 2019 (B-).

We have taken part in the Climate Change Survey of the Carbon Disclosure Project (CDP). Through the activities described in this survey, in 2020 our rating was upgraded.



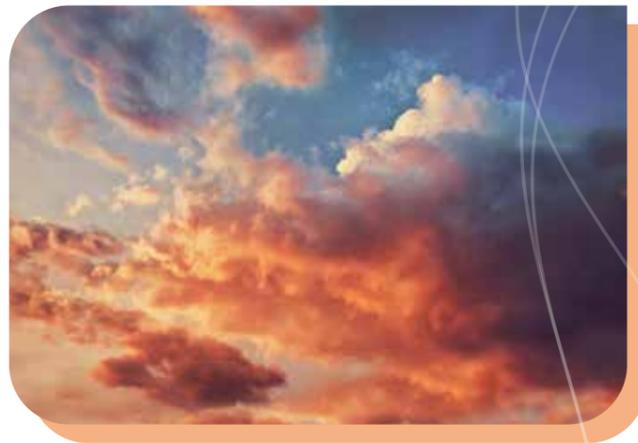
CARBON FOOTPRINT AND OTHER EMISSIONS

We calculate direct emissions (Scope 1), meaning those emissions generated and controlled by the Group; indirect emissions (Scope 2), which come from the generation of electricity consumed by the organisation; as well as external indirect emissions associated with our employees' transport (Scope 3).

We also monitor emissions of cooling gases, produced by leaks in air conditioning systems on which we carry out maintenance work. In accordance with prevailing legislation, we have a plan to replace fluorinated gases, so that when gases need to be recharged, only authorised gases are used in this equipment when applicable.

In the case of combustion emissions, SO₂ and NO_x emissions from fuel consumption are produced by generators and company vehicles in different companies.

In 2020, the Group's total greenhouse gas emissions were 4,606.22 TnCO₂eq, a reduction of 72.44% compared to 2019 when they totalled 16,713.20 TnCO₂eq. This significant reduction is mainly the result of the purchase of 100% renewable electricity that we have gradually introduced across Group companies, preventing the indirect emissions associated with electricity consumption.



GROUP GHG EMISSIONS IN 2020

GHG EMISSIONS ¹		2018	2019 ²	2020
DIRECT GHG EMISSIONS (SCOPE 1)	CO ₂	192.49 Tn. CO ₂ eq.	254.38 Tn. CO ₂ eq.	127.52 Tn. CO ₂ eq.
	CH ₄	0.02 Tn. CO ₂ eq.	0.02 Tn. CO ₂ eq.	0.01 Tn. CO ₂ eq.
	N ₂ O	0.15 Tn. CO ₂ eq.	0.19 Tn. CO ₂ eq.	0.08 Tn. CO ₂ eq.
	HFC	1,078.56 Tn. CO ₂ eq.	558.93 Tn. CO ₂ eq.	930.37 Tn. CO ₂ eq.
	PFC	0.00 Tn. CO ₂ eq.	0.00 Tn. CO ₂ eq.	0.00 Tn. CO ₂ eq.
	SF ₆	0.00 Tn. CO ₂ eq.	0.00 Tn. CO ₂ eq.	0.00 Tn. CO ₂ eq.
	Total	1,271.22 Tn. CO ₂ eq.	813.517 Tn. CO ₂ eq.	1,057.99 Tn. CO ₂ eq.
INDIRECT GHG EMISSIONS (SCOPE 2) ³	CO ₂	21,560.80 Tn. CO ₂ eq.	15,580.81 Tn. CO ₂ eq.	3,438.81 Tn. CO ₂ eq.
GHG EMISSIONS INTENSITY (2)	CO ₂	7.76 Tn. CO ₂ e./prod.	5.16 Tn. CO ₂ e./prod.	1.08 Tn. CO ₂ e./prod.
OTHER INDIRECT EMISSIONS (SCOPE 3)	CO ₂	331.40 Tn. CO ₂ eq.	318.87 Tn. CO ₂ eq.	109.42 Tn. CO ₂ eq.
TOTAL EMISSIONS (SCOPES 1+2+3)	CO ₂	23,163.42 Tn. CO ₂ eq.	16,713.20 Tn. CO ₂ eq.	4,606.22 Tn. CO ₂ eq.

OTHER GROUP ATMOSPHERIC EMISSIONS IN 2020

OTHER ATMOSPHERIC EMISSIONS	2018	2019	2020 ⁴
SO ₂	0.0009 Tn.	0.0014 Tn.	0.0006 Tn.
NO _x	0.7215 Tn.	1.1802 Tn.	0.7039 Tn.
SOLID PARTICLES	0.0612 Tn.	0.0790 Tn.	0.0371 Tn.
	0.78 Tn.	1.2606 Tn.	0.7415 Tn.

¹ A proprietary tool is used to calculate GHG emissions. To calculate the HCFC, HFC and SF₆ emissions in equivalent CO₂ tonnes, the Global Warming Potential (GWP) figures published in European Regulation (EC) n° 517/2014 are used.

² The GHG emissions for 2019 have been recalculated using the emissions factors provided by MITECO for 2019.

³ The indirect emissions figure for 2020 has been recalculated using the MITECO electricity mix for 2019.

⁴ In 2020, SO₂, NO_x and PM emissions are calculated using data included in the European Environment Agency's 'EMEP/EEA air pollutant emission inventory guidebook 2020'.

ENERGY EFFICIENCY AND EMISSIONS OFFSETTING

To minimize the impact of energy consumption, we have defined an Energy Management System based on the ISO 50001 standard that enables us to continuously improve our energy performance, having certified the Energy Management System for the data-processing centres in Asturias. As part of this system, every year we define an energy efficiency plan that sets out the actions to be developed during the year to improve the Group's performance in this area.

In 2020, we carried out energy audits of the facilities of Group companies to identify energy-saving measures that will allow us to improve their energy efficiency. We also launched a process to change our energy suppliers to prevent the greenhouse gas emissions associated with electricity consumption, signing agreements with our suppliers to purchase renewable energy in the long term so that by the end of 2020 all of the electricity we consumed came from guaranteed sources.

To illustrate the impact of this change, a comparison analysis of the life-cycle of the virtual data centre (VDC) in the Basque country has been carried out based on renewable energy purchases. It estimates a 44% reduction in the environmental impact of the VDC service per unit in the climate change category (ReCipe Midpoint), when comparing its electricity consumption based on traditional sources and against a renewable mix.

Furthermore, to offset our environmental impact, we collaborated with the Lurguia Fundazioa Foundation to plant 500 trees and shrubs as part of the forestry restoration project in the Urdaibai biosphere reserve. Our contribution led to an estimated 10,000m² of land being planted with trees.



5.4. CIRCULAR ECONOMY AND WASTE MANAGEMENT

Our commitment to responsibly manage the resources that we use to carry out our business includes a firm commitment to the circular economy, prioritising reuse over recycling or elimination in the management of our equipment, wherever possible.

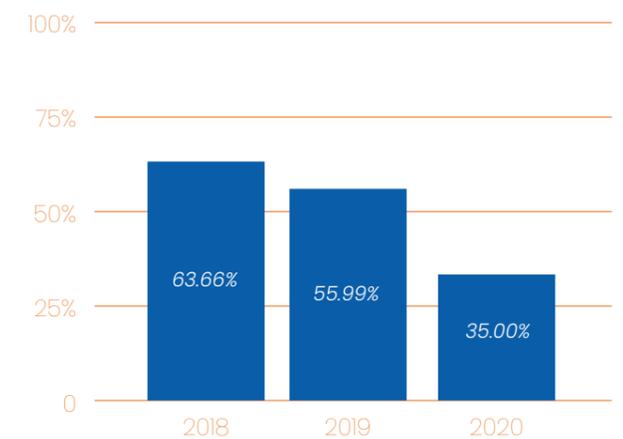
In 2020, we reused 35% of our equipment, 37.49% less than in 2019 due to the migration of customers to equipment with new technologies and due to the launch of Virgin Telco (which requires the use of specific equipment) with a small customer base and therefore a low rate of returns/departures and faults. Both circumstances reduced the rotation of equipment and increased the consumption of electronic and electrical apparatus.

The percentage of products sold for which the packaging materials were recovered at the end of their useful life in 2020 was 0.49% (71.68% less than in 2019, when the figure was 1.73%).

In those cases when reuse is not possible, materials are recycled and sent to an authorised manager, achieving a significant reduction in the generated waste at the end of the process and the lowest possible environmental impact.

This desire to maximize the reuse of materials stems from our responsibility to reduce our environmental impact. We have identified waste generation as one of the most significant environmental aspects that we need to manage, because we handle waste that is classified as hazardous, such as lead acid batteries, and mainly waste electrical and electronic equipment (WEEE). Therefore, in addition to adopting specific measures to reduce the consumption of materials and consequently the amount of waste generated, we dedicate the necessary resources to ensure that this waste is treated in accordance with prevailing environmental legislation.

% PRODUCTS REUSED



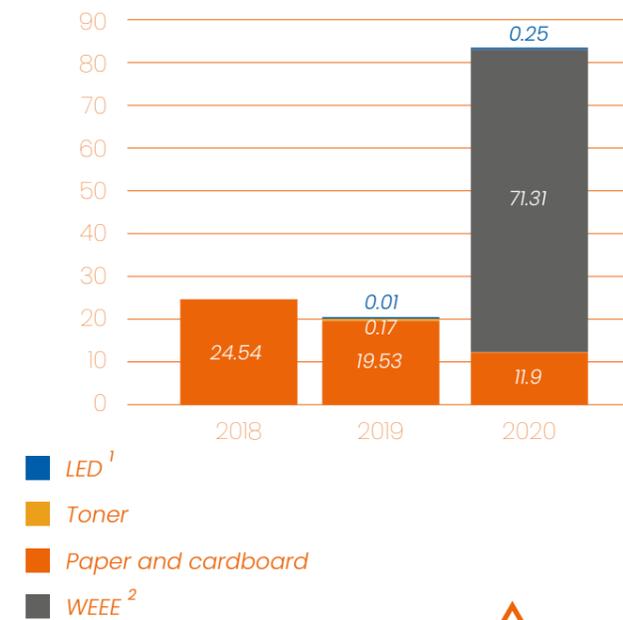


In 2020, a study was carried out on the classification of waste electrical and electronic equipment (WEEE) with the Purchasing area and equipment manufacturers. As a result, the classification of WEEE has been changed and can now be managed as non-hazardous waste.

All hazardous waste, including lead batteries, are sent to authorised waste managers primarily in the Basque Country, Galicia and Asturias.

We continue to record and manage waste devices and IT equipment as hazardous waste. In 2020 we reduced the generation of hazardous waste by 61.4%, from a total of 279.49 tons in 2019 to 107.88 tons in 2020.

NON-HAZARDOUS WASTE (Tn)



HAZARDOUS WASTE (Tn)



TOTAL HAZARDOUS WASTE

2018	24.54 Mwh
2019	19.70 Mwh
2020	83.46 Mwh

TOTAL HAZARDOUS WASTE

2018	190.37 Mwh
2019	279.49 Mwh
2020	107.88 Mwh

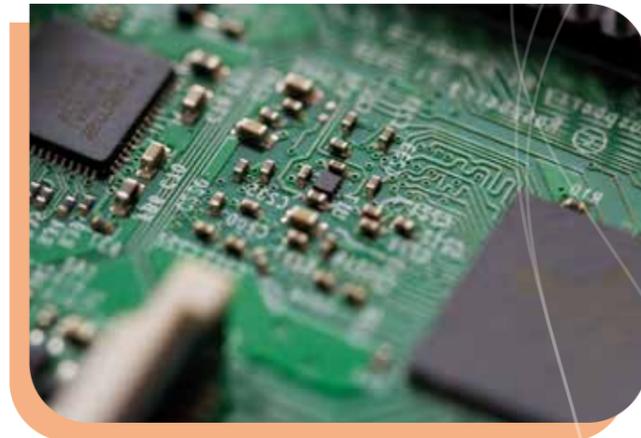
¹ The figure from the 2019 report was 0.52. This lumped together the figure for fluorescents (a hazardous waste) and LEDs (non-hazardous waste). In 2020 they have begun to be treated differently and the criteria have been applied to 2019.
² From 2020, following changes in legislation, we now treat WEEE as non-hazardous waste.
³ The figure from the 2019 report was 41.93. A total of 0.074 tons delivered as scrap to the producer in Asturias was not included.
⁴ The figure from the 2019 report was 237.07. In the EMAS verification, the weight of two IBCs had been included as waste.

WASTE ELECTRICAL AND ELECTRONIC EQUIPMENT

In our sector, the nature of our services demands innovation and new generation equipment that we install for our customers, which means that electrical and electronic equipment becomes a growing source of waste.

We take measures to reduce the impact of the generation of Waste Electrical and Electronic Equipment (WEEE), using initiatives that prioritise equipment reuse over recycling, such as reconditioning customers' equipment that exceeds the established requirements, and recycling the remainder by sending it to authorised WEEE managers.

Customer equipment, such as decoders, cable modems or routers, that exceed the established requirements are therefore recovered and reconditioned, which reduces the impact of the consumption of these materials. In those cases when reuse is not possible, they are recycled and sent to an authorised manager, achieving a significant reduction in the generated waste at the end of the process and the lowest possible environmental impact.



LEAD ACID BATTERY WASTE

We use lead batteries to ensure the continuity of the power supply both in the network and in corporate buildings. These batteries become hazardous waste at the end of their useful life. The current battery replacement policy is based on replacing them during corrective maintenance work due to faults or loss of capacity which could compromise service availability at the facilities where they are located. Under this policy, it is normal that the distribution of this waste is uneven between years, with peaks occurring in the quantity of this waste as the stock of batteries ages.

CELLULOSIC WASTE

Cellulosic waste from paper and cardboard is generated by office activities. This waste is sent to specialist companies that transport it to plants to be crushed and subsequently sent to an authorized manager. Paper is destroyed as it may contain confidential information.

WASTE FROM WORKS AND INSTALLATIONS

Prior to contracting third parties to work on projects, we work to raise awareness and inform them of our commitment to the circular economy and to reduce and responsibly manage waste, carrying out inspections of works contractors.

CULTURE, EXCELLENCE, EQUALITY AND DIVERSITY

Our approach to people management is based on defining corporate policies developed around the conditions established in the collective bargaining agreements that apply in the companies that make up the Group. Accordingly, we design and implement internal management mechanisms that help to create an equitable and safe working environment and good working conditions for our team, in addition to ensuring compliance with employment legislation.

In our determination to promote a working environment that prioritize talent, diversity and respect, and in which all our professionals feel their needs and aspirations are taken seriously, through our new sustainability strategy we have proposed measures that help to improve the organisational conditions, with a commitment to continuous improvement, beginning with communication actions that generate trust and transparency in the management of people (opinion survey, action plan and communication plan).



Over the last two years, our integrated organisation needed to be reviewed in order to become more efficient, to provide better customer service and to achieve our goal of national expansion. We have therefore reviewed the organisational structure, updating job definitions, and the roles and organisational levels, following the internationally recognised Global Grading System (GGS) from Willis Watson Towers that uses a range of factors to assign each job and each person a position and a role within the company. Such factors include functional knowledge, business knowledge, leadership, problem resolution, impact on the business and interpersonal skills.

This model is helping us to enhance our existing performance assessment model and is the basis for analysing the compensation received by our team under the same model. Accordingly, to improve our non-financial information reporting, in this report we are presenting our employee figures for 2020 according to the results of this update, which is detailed in section 8.2 of the Appendices.



- **Occupational Health and Safety Management System certified by AENOR in accordance with the ISO 45001:2018 standard.**
- **We established the Anti-COVID-19 protocol, certified by AENOR, in our Euskaltel, R Cable and Telecable offices.**
- **KRT Saludable 4.0 Project**



- **45.27% women on the team.**
- **New equality plans.**
- **Social collaborations to promote gender equality.**



- **Aflora and Familia plans.**
- **Subcontracting services to Special Employment Centres.**
- **Social collaborations to integrate people with different abilities.**



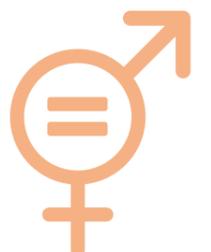
- **Collaborations with universities, forums and technology conferences to disseminate our innovation and technological knowledge.**
- **21,384.5 hours of training given to our team to develop personal skills, languages and technical capabilities.**



- **99.69% of our team has a permanent, full-time contract.**
- **Ties with universities and internship programmes to promote the employability of young people.**



- **We inform our team about our actions in relation to sustainability and we share knowledge and recommendations about contributing to sustainable development.**



6.1. OUR TEAM

The generation and maintenance of employment in the Group's home territories (the Basque Country, Asturias and Galicia) is one of the fundamental pillars in our contribution to the socio-economic development of these communities, both in terms of direct and indirect employment through our supplier network.

At the end of 2020 we had a human team consisting of 581 professionals, with a gender balance, specifically 45.27% women and 54.73% men, with diversity in terms of age and professional specialisations.

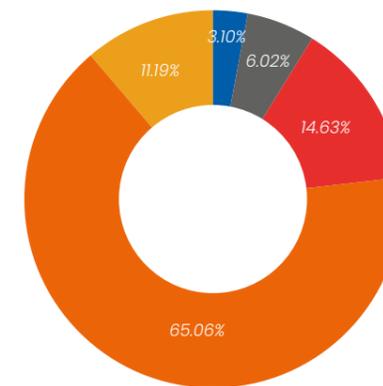
It is worth noting that the Group's management team consists of the Management Committee and the extended Management Committee and 100% of this team comes from Spain.



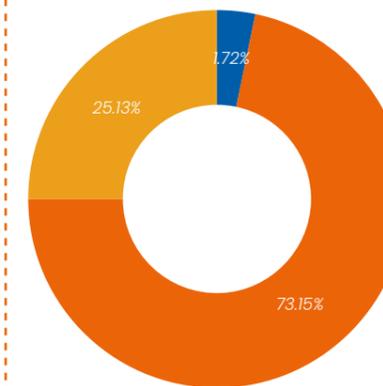
The following shows the distribution of our staff and the variations that occurred during 2020 (excluding the President and CEO).

This year the staff has been distributed following the GGS methodology that allows us to define the different roles existing in the company.

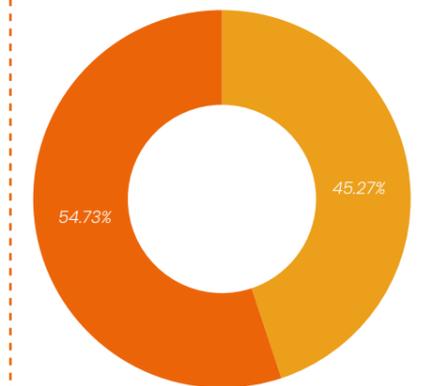
OUR TEAM IN 2020



- Directors
- Support staff
- Technical staff
- Management
- Middle management



- <= 30 years
- > 30 and <= 50
- >= 51 years



- Men
- Women



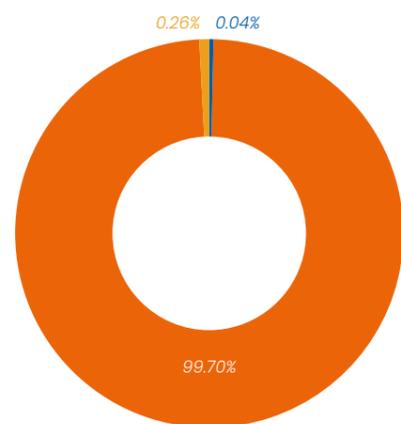
6.2. EMPLOYEE EXPERIENCE

QUALITY EMPLOYMENT

We are committed to providing quality employment and 99.70% of our workforce has permanent contracts – virtually our entire workforce contracted under this format and in full-time employment.

Furthermore, in 2020 we had 27 new joiners and reduced the employee turnover rate to 5.16% (8.65% less than in 2019), with a turnover rate due to voluntary departures of 3.10%.

DISTRIBUCIÓN DE LA CONTRATACIÓN



- Average full-time temporary contracts
- Average part-time temporary contracts
- Average full-time permanent contracts

FLEXIBLE AND VARIABLE SALARY

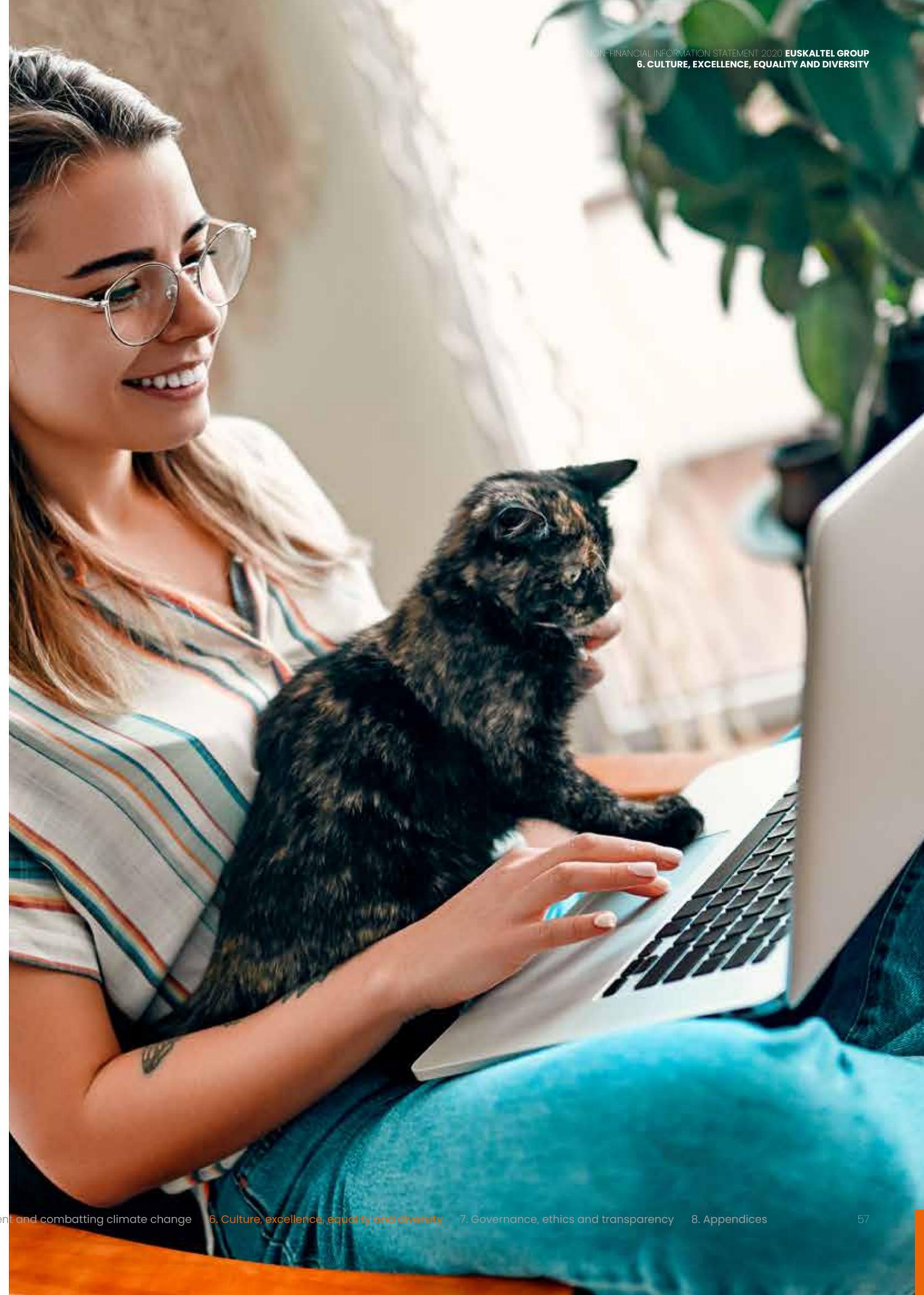
The management of remuneration at the Euskaltel Group is based on criteria of objectivity, external competitiveness and internal quality. The collective bargaining agreements of our companies specify the financial conditions that apply to the people covered by them.

All of our companies have a flexible remuneration package, consisting of different elements according to the tax structure in each region. Our professionals can choose between different products that best suit their needs or interests.

Furthermore, a variable salary percentage is set for every person at the Euskaltel Group that is received annually based on their performance appraisal for which a series of quantitative targets are set that help guide the organisation towards achieving its common goals.

We take all individual remuneration review decisions objectively, so that compensation is fair according to the level of responsibility and the contribution to the company's objectives.

In order to prevent any type of remuneration inequality based on gender, every year we carry out a salary analysis based on the Willis Towers methodology, which allows us to identify potential cases of inequality between men and women that hold identical positions. In section 8.2 of the appendices, we present the average remuneration of the people in the Euskaltel Group in 2020 and the analysis of the wage gap carried out for this period.



TRAINING

Up-to-date knowledge is a constant requirement in our company, not only due to the evolution of technology but also due to the period of integration and transformation that we are going through, which requires our professionals to be ready to lead and take on new challenges.

The situation generated by the pandemic has forced us to significantly reorganise the training plans of our team, in terms of the orientation of programs and in the way that they are imparted, increasing the number of training sessions given virtually.

This is illustrated by the implementation of an online format for language courses and the launch of our new online training platform at the end of 2020, which strengthens this training format in the company, making training available to more professionals, and allowing time spent on training to be managed more flexibly.

Planning our annual training begins with identifying the needs of each area, which enables us to prepare the Annual Training Plan with the participation of all of the company's employees.

Within the personal skills block, we would highlight one particular training action to help adapt to the situation caused by the pandemic, entitled "Adapted Company, the new normal following COVID-19", aimed at the corporate customer area to help customers make the most of the capabilities offered by technology.

To develop our technical skills, in order to reinforce our technological and innovative capabilities, we have strengthened our training in VDCs, the public cloud and technologies from manufacturers such as VMWare, Microsoft or CISCO; as well as in internet architecture and protocols such as IPV6. This has been in addition to obtaining and renewing certificates in project management fields, such as the PMP certificate, or in specific technologies such as Microsoft Azure or others such as VMWare or Fortinet. Another field at the forefront is data science, which has led us to train ourselves in Power BI, Python, Google Analytics and Fire Fase.

In addition to the various training activities, we provide our teams with information about actions carried out by the Group in relation to environmental management, social commitment and ethical conduct, engaging them in our commitment to sustainable development using the usual communication channels (email, our intranet working area called SharePoint, Microsoft Teams). We therefore share information and practical recommendations about how to contribute, for example, to combating climate change and responsibly consuming natural resources.

21,383.5
TRAINING
HOURS

533h hours of personal skills
14,035.5h hours of technical skills
6,815h hours in languages



3.3 out of **4**
 Average satisfaction
 of the team regarding
 training received

PROFESSIONAL DEVELOPMENT

The implementation of the GGS will enable us to build and realise a performance model for our Employee representatives play a fundamental role within our team of professionals as spokespeople for their collective needs. The company has regular social dialogue, which this year has been reflected by the number of extraordinary meetings held with the health and safety committees of the three regions to manage the extraordinary measures taken in response to COVID-19, as well as by the collective bargaining meetings held during 2020. The following have been signed as a result of these negotiations:

We currently have a target-based appraisal model. The process begins by setting the targets and defining two appraisal periods, one intermediate in order to monitor the status of the targets, and a final appraisal that completes the annual evaluation cycle. Every person in the company is given a performance appraisal.

Under this new model, every person is assigned a position on a scale according to the GGS and a role based on the level of responsibility that they have in the company. Specific responsibilities are assigned to each role.

When an employee takes on a new role, new responsibilities shall be assigned to that person, who must work towards consolidating them.



PARTICIPATION AND SOCIAL DIALOGUE

Following the organisational changes carried out in 2019 that primarily sought to unify the organization, it was deemed important to ask our employees about their level of satisfaction. Accordingly, all of the Group's people were invited to participate in the satisfaction survey in February.

Subsequently, in addition to presenting the results to the Executive Committee and to employees' legal representatives, the results were discussed with employees, segmented into small mixed groups to encourage them to share their opinions about day-to-day issues in their work and to supplement the conclusions of the survey with contributions from people from the company's different areas and regions.

The conclusions obtained from the results of the satisfaction survey and from the team meetings provided us with valuable information, which was essential to prepare an action plan that during 2020 and 2021 is helping us to focus on internal corporate and operational communications to consolidate the organization and develop leadership, to achieve the ultimate objective of generating and strengthening a sense of pride in belonging to the Group.

Employee representatives play a fundamental role within our team of professionals as spokespeople for their collective needs. The company has regular social dialogue, which this year has been reflected by the number of extraordinary meetings held with the health and safety committees of the three regions to manage the extraordinary measures taken in response to COVID-19, as well as by the collective bargaining meetings held during 2020. The following have been signed as a result of these negotiations:

- Equality Plan for R Cable and Telecable, approved in April
- Equality Plan for Euskaltel, approved in July
- Collective bargaining agreement for R Cable and Telecable, signed in December.

The signing of the 2nd Collective Bargaining Agreement with R Cable and Telecable integrates the employment conditions for the centres in Asturias and Galicia, which to date were governed by two different agreements, namely the Sector Collective Agreement for Fibre Optic Concession Companies, with its improvements, and the 1st Collective Agreement with R Cable Galicia.

The 2nd Collective Bargaining Agreement for Euskaltel S.A. continues to apply to the Euskaltel workforce. Nevertheless, the collective bargaining committee set up in 2020 continues to work towards agreeing a new legal document.

Some 85.37% of the people in our team are covered by the Group's collective bargaining agreements, excluding managers and directors.



WORKING HOURS AND WORK-LIFE BALANCE

As a company we believe that flexibility is a key element for managing and organising our working hours, always respecting the prevailing legislation and the applicable collective bargaining agreements that govern the working days specified in the working day calendar each year.

Flexible working hours allow each person to adapt their timetable to their work-life balance needs and this is available to 100% of the workforce. The collective bargaining agreement signed for the centres in Galicia and Asturias also include flexibility in terms of the workplace location, allowing employees to work remotely for five days during a week with a maximum five days per month. Nevertheless, the socio-health circumstances caused by the COVID-19 pandemic have led to remote working becoming commonplace, reinforcing the need for the Euskaltel Group to work on a digital disconnection policy during 2021, for which the main aspects were already included in the collective bargaining agreement signed in December. We will therefore take a closer look at training and raising awareness among our professionals regarding the reasonable use of digital media and the prevention of digital fatigue.

The applicable legislation in each territory places particular emphasis on maternity-related leave. It is therefore worth highlighting the postnatal maternity leave that allows women to return to work, with a six-hour day, without a reduction in salary during their child's first year, the option to accumulate breastfeeding days, or leave for family care.

In 2020, 22 people in our team benefited from parental leave (12 men and 10 women), one more person than in 2019.

All of our companies apply the measures established in each of the collective-bargaining agreements in relation to holidays, general leave, time off, leaves of absence and maternity and paternity leave.



ATTRACTING TALENT

We develop programs to attract, sign and retain talent from the market, hiring the professionals that we need to develop our business.

We have agreements with the leading universities in each of our territories that enable us to offer academic internships to their students and support them when looking for work. This collaboration also extends to various foundations to offer young people collaboration grants and to accompany them during their first working experiences.

We have continued our collaborations in this area with forums, universities, university chairs and specific actions to promote technology-related development among women and STEM professions, although this has been achieved through a greater online presence due to the pandemic.



JEPE 2020 of the Faculty of Engineering of the Basque Country

We participated with the Faculty of Engineering of the Basque Country, presenting to students the activities that we carry out and the opportunities for work. These conferences provide students with the chance to speak to company representatives and to submit their CVs, establishing initial contact in their search for employment.

Chair at the University of Oviedo

The Telecable Chair for Video and New Generation Networks seeks to promote and strengthen the relationship between the University of Oviedo and our Telecable brand through an innovation campus with activities linked to R&D+i projects, training and the exchange of knowledge between the company and the University, as well as student internships.

2nd edition of CyberSec@GAL

First cyber-security forum in Galicia, with a roundtable session with technology specialists from Galicia. We are promoting this forum through the R Chair with the Universities of Vigo and A Coruña. This second edition will examine the risks of remote working.

20th Edition of the Employment Technology Forum at the University of Vigo

This is a joint project between the three engineering colleges of the University of Vigo in which we participate to hire young telecommunications and IT engineers, as well as those with degrees in maths and physics.

Chair at the Universities of A Coruña and Vigo

Collaboration aimed at promoting cultural, scientific and technological development regarding IT security and to seek practical applications in Galician society.

3rd Cyber-security Forum in Galicia

We are collaborating closely with the Cyber-Security Forum in Galicia, which at its edition in 2020 featured a talk by the Chief Information Security Officer of the Euskaltel Group.

Technology Conferences 2020

Collaboration at a new edition of the Technology Conferences, in which we share the latest developments, trends and possibilities offered by the latest technology with our corporate customers.

Galicia TIC

We are participating in a themed seminar that will examine the need for businesses to adapt to the new digital reality.

Collaborations to employ students and recent graduates

Universidad de A Coruña Foundation, Universidad de Oviedo Foundation, Venancio Salcines Foundation, Novia Salcedo Foundation, IFFE Business School, NETT Digital School, University of the Basque Country and University of Deusto, University of Vigo, University Masters in Telecommunications Engineering at UPV.

Masters in Innovation and Strategy at the University of A Coruña and Masters in Cyber-security 4.0 at UPV

We are collaborating and participating as speakers and by financing internships to promote the development of Masters students.

Our **TalenTU** program is specifically designed for young people. With one year of professional development, this program offers the possibility of professional and salary growth. In 2020 we incorporated just one person through this program due to the effects of the pandemic. However, the normal figure for the TalenTU program is far higher.

In line with the needs of the market and the company, we also hire for more senior profiles by publishing job offers, using social networks, or hiring specialist consultants for more specific cases.

In all cases, when we hire a new person, they begin an on-boarding process that facilitates their integration into the company, which includes a presentation about the company, the handover of documentation and the provision of training in matters such as the GDPR, occupational health and safety, quality, cyber-security or the Code of Ethics.



6.3. MANAGEMENT OF DIVERSITY AND EQUAL OPPORTUNITIES

Our strategic objectives include the development of labour relations based on equal opportunities, non-discrimination and respect for diversity.

We formalize this commitment in our Equal Opportunities Policy, approved by the Group's Board of Directors in order to establish the basic principles for creating a favourable working environment that facilitates the work-life balance of our employees, and effective equality between men and women in particular.

As a result of this commitment, the equality plans for Euskaltel, R Cable and Telecable were signed in 2020, negotiated with employees under the framework of the Equality Committee, and which represent our operating guidelines to ensure a lack of direct or indirect discrimination in procedures, tools and actions relating to the company's different management processes. We have therefore established the following general objectives, which are largely shared by both plans:

- Implement the commitment to equality involving our stakeholders by means of specific actions and tangible elements.
- Apply criteria of merit, ability and suitability for the job in our recruitment, selection and hiring processes, ensuring equal treatment and opportunities, in turn encouraging a balanced representation of both genders across all areas of our business.
- Incorporate the gender perspective into the process of continuous training, including specific actions for raising awareness and training in relation to equality between men and women.
- Implement promotion and internal mobility processes that are based on criteria of merit, ability and suitability for the job.
- Guarantee the transparency of the company's remuneration system and its appropriateness with regards to the principles of equality.
- Adopt a model for organizing working times and work-life balance with joint responsibility that reflects peoples' needs, without prejudice to their professional development and the service provided.
- Implement actions with a gender perspective that have an impact on society, primarily seeking to counteract stereotypes and prejudices.
- Expressly formalize our rejection of any kind of violence against women and our firm commitment to protect and support any victim of gender violence that may be employed by the company.
- Ensure a healthy working environment that is free from sexual harassment or harassment on gender grounds.

The equality plans for Euskaltel, R Cable and Telecable were signed in 2020, negotiated with employees under the framework of the Equality Committee, and which represent our operating guidelines to ensure a lack of direct or indirect discrimination in procedures, tools and actions relating to the company's different management processes.





In line with the last two objectives, we have prepared a protocol against gender violence and harassment on gender grounds, which will be implemented during 2021.

Furthermore, the new equality plans include annual statistics, broken down by gender, of all work-life balance measures, to monitor these better and improve decision-making.

In accordance with the objective to raise awareness around equality, as established in the Equality Plans, three courses have been organised with various sessions for all Group employees.

It is worth noting that our work to promote equality between men and women, and respect for diversity, extends to the social commitment that we have with the communities in which we are present. The best example of this is our contribution to sporting and cultural initiatives that raise the profile of women's sport (Telecable Hockey Club, Real Sociedad Femenino, SD Eibar Femenina and Athletic Club de Bilbao Femenino) and gender diversity (Zinegoak Film Festival).



1,169h
equality training

- Awareness around equality
- Training for the Equality Committee
- Basic aspects of equal opportunities

INTEGRATION OF DIVERSE ABILITIES

We have created the Familia Plan and the Aflora Plan for our team, as part of our commitment to the social and occupational integration of groups with functional and intellectual disabilities.

The Aflora Plan is designed to deal with any previously unrecognised disabilities in people already employed by Euskaltel, although no such cases occurred during 2020.

The Family Plan consists of financial support for employees who are responsible for people with disabilities, to participate in workplace integration programmes and leisure activities.

Our commitment to integrating people with disabilities is not limited to the internal management of the company. We get involved in initiatives that seek to promote diversity and equality in companies, such as "CEO por la Diversidad". This determination also applies to our external collaborations, whether for people with physical, cognitive or sensory disabilities, by supporting sports teams for people with functional diversity such as R.C. Deportivo Genuine, Celta Integra, Deportivo Genuine, the Osasuna Foundation, the University of Bilbao or Hernani Rugby, for example.

We subcontract reception, mail room and customer call-answering services to special work centres, generating stable employment by renewing our corporate contracts with these centres. We therefore contribute to the creation of jobs for people with disabilities, suitable for their abilities, in response to Legislative Royal Decree 1/2013 of 29 November. In terms of direct hires, in 2020, one person with disabilities formed part of the Euskaltel Group.

Furthermore, to ensure the accessibility of people with physical limitations to our facilities, Euskaltel buildings have the necessary adaptations to make them safe and convenient.

We have created the Familia Plan for our team, as part of our commitment to the social and occupational integration of groups with functional and intellectual disabilities.



6.4. WELLBEING AND HEALTH OF OUR TEAM

To manage the well-being and health of our people, we have implemented a certified Occupational Health and Safety Management System and Policy as part of our Integrated Management System, which enables us to provide the most effective control and prevention measures to ensure the safety, health and well-being (physical, mental and social) of the people in our team.

In 2020, the certification of the Occupational Health and Safety Management System was successfully migrated to the new ISO 45001 standard. In addition to complying with prevailing legislation, this certification is a guarantee of the effectiveness and continuous improvement of our preventive management system for all of the people that we come into contact with, whether employees, customers or suppliers.

In 2020, we have standardized the management of occupational health and safety in Galicia and Asturias, taking steps to extend the same model to the Basque Country so that the level of prevention and safety is the same across all Group companies.

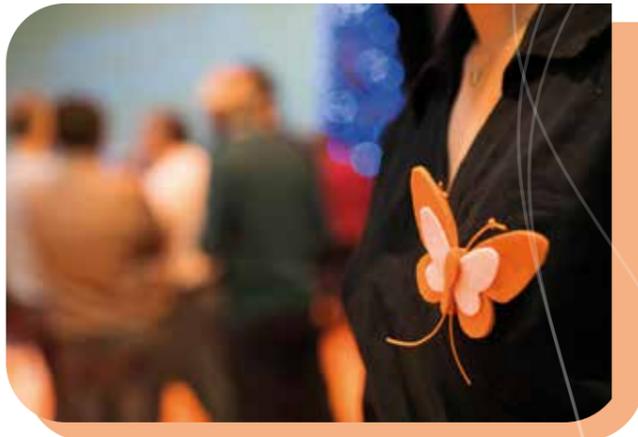
We have three health and safety committees, in Asturias, Galicia and the Basque Country, dedicated to managing and monitoring initiatives carried out in this field, through which we have coordinated and maintained constant and open dialogue to deal with the new requirements and needs arising from the COVID-19 crisis.

Our professionals in the occupational health and safety area have worked to design and implement a specific protocol (the Euskaltel Group Anti-Covid 19 Protocol) with measures to prevent infections in the working environment, which has been certified by AENOR.

As part of the COVID operating protocol, we provide an antibody test once the public health services register the infection after COVID-19 has been contracted, to ensure that people no longer actively have the virus before re-entering the workplace.

As a result of our management in this area, we have recorded only one occupational accident without leave and no cases of occupational illnesses.

In 2020, we recorded a total of 21,076.30 hours of absenteeism, equivalent to 2.11% of the total hours worked, which refers to the recovery period from common illnesses.



A HEALTHY COMPANY

Since 2019, we have been developing the KRT Saludable 4.0 project that promotes preventive health actions to enable our team to better understand their state of health, helping to detect illnesses early and encourage healthy habits. The following notable initiatives were carried out in 2020:

- Cardio-protection of all work centres not located in urban areas.
- Medical check-ups that include a wide range of tests offered to the workforce every year, including cancer screening, free of charge.
- Flu vaccination campaign.

COVID CERTIFICATE



COVID actions

One of the most important lines of action in the context of the pandemic has been the actions taken to ensure the health of our employees. **At a basic level, 100% of the workforce and 90% of the customer service groups can carry out their functions working remotely, which was already in place prior to the state of emergency**, while 70% of sales positions were kept active as they were essential services, according to Royal Decree Law 10/2020 of 29 March, operating on a reduced timetable and with all required safety measures.

In this scenario, we are constantly issuing messages about the responsible use of telecommunications to prevent periods of congestion in certain services, with the aim of improving the experience rather than generating concerns around service outages.

- **Reinforce the use of landlines for voice calls, for those confined at home.**
- **Use the home Wi-Fi network to access the internet.**
- **Use collaborative tools** (Skype, Teams, WhatsApp, etc) for voice calls.
- **Avoid sending large files and send links instead.**
- **Download large files at off-peak times** (when there are low levels of traffic).
- **Use audio-conferencing instead of video-conferencing.**

Furthermore, to maintain and guarantee a favourable working environment and conditions for our employees, we have developed different tools that focus on the health of our remote working employees. This includes the implementation of a consultation account specifically dedicated to COVID-19 related matters, and a specific Share-Point for health and well-being, thereby ensuring a constant flow of information that is particularly accessible regarding a wide range of issues that are particularly relevant to remote working, such as guidelines on ergonomics and postural health, recommendations to promote mental health, advice on healthy eating or suggestions about keeping physically active.

Likewise, through the Group's Anti-Covid-19 Protocol, preventive measures and hygiene recommendations have been established in work centres and at customer locations to ensure the health and safety at all Group work centres and for the Group's customers that do not have their own protocol, as well as for all residential customers.

GOVERNANCE, ETHICS AND TRANSPARENCY

Transparency, ethics and responsible management are the values that guide our corporate governance in performing the control and management functions of the Group's activities and in our shareholder relations.

As part of our Strategic Plan 2020-2025, we seek to promote a culture of integrity and responsibility across all territories, in all operations and among every person that forms part of the Group, developing an ethical, transparent and trustworthy business model.

We are therefore working to develop and update our corporate policies in ESG matters, applying the recommendations of the CNMV on good governance and strengthening corporate governance. A good example of our progress is the Sustainability Policy recently approved by the Board of Directors.

We are therefore strengthening our commitment to diligence and transparency in reporting non-financial information and accountability, consolidating our position as a responsible company for our stakeholders.





- **Appointment of two new female directors, bringing women's representation on our Board of Directors to 40%.**



- **Accountability in financial and non-financial matters.**
- **Criminal Compliance and Anti-bribery Model certified by AENOR in accordance with the UNE 19601 and ISO 37001 standards.**
- **Training in our Code of Ethics and Anti-corruption Policy.**
- **New Sustainability Policy.**



- **We have joined the Green Recovery Alliance that supports an economic recovery focused on combatting climate change.**



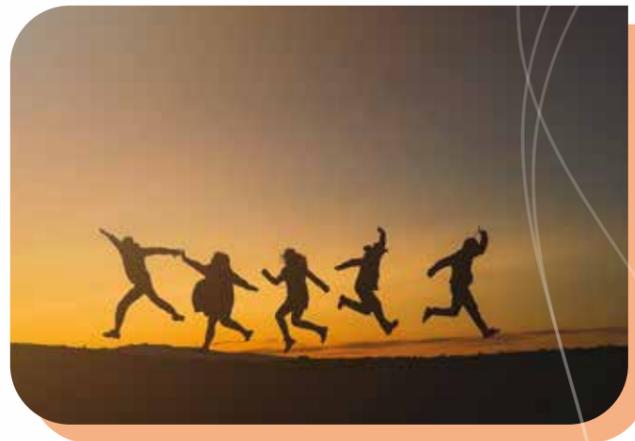
- **Strategic Sustainability Plan 2020-2025.**
- **We have joined the FTSE4Good IBEX index.**



7.1. TRANSPARENT MANAGEMENT WITH OUR STAKEHOLDERS

One of the most important milestones in developing our commitment to responsible management and transparent communication with our stakeholders, was the publication of our first Sustainability Report in 2006, as an exercise in accountability and self-evaluation for our stakeholders in order to continuously improve our business. Since then, we have continued this work to compile and publish our performance and contribution to sustainable development in our annual reports, exercising our responsibility for transparency with all interested parties.

Similarly, in order to prioritise transparency in our stakeholder relations, we continue to publish on our corporate websites the policies that govern the different organisational spheres of the Group and the certifications that accredit our management systems.



7.2. CORPORATE GOVERNANCE MODEL

We base the Corporate Governance Model of the Euskaltel Group on our commitment to the best corporate governance, business ethics and corporate responsibility practices in every area of the company.

At the top level, the Corporate Governance System is primarily based on the company's bylaws, corporate policies and the regulations of the company's governing bodies.

We have a Code of Ethics and Conduct Instructions, and have implemented a criminal prevention system, a Criminal Risk Management System and an Anti-bribery Management System, certified by AENOR under the UNE 19601 and ISO 37001 standards respectively. We also have a Corporate Compliance Policy and a Corporate Anti-corruption Policy, as well as a Tax policy and the Corporate Conflicts of Interest Policy.

With regards to the Board of Directors, our highest governance body, it is governed by the Board of Directors Regulations, as well as the Director Selection Policy, the Director Remuneration Policy and the Auditor Contracting and Relations Policy.

Furthermore, to ensure that market abuse rules are upheld and to guarantee equal treatment of shareholders in an identical situation, we have a Policy on Communication and Contact with Shareholders, Institutional Investors and Proxy Advisors.

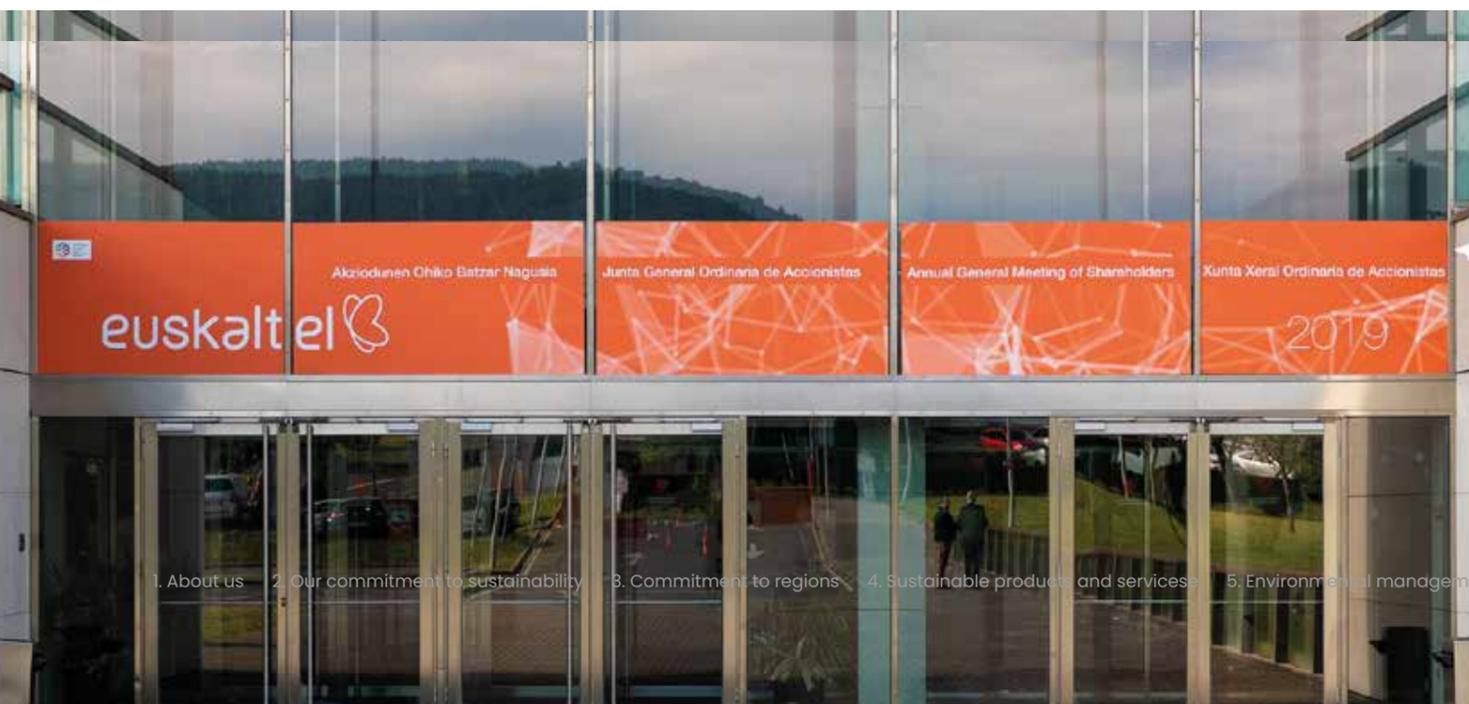
BOARD OF DIRECTORS

The Board of Directors of the Euskaltel Group has the broadest powers and authority to administer and represent the company. It approves the corporate strategy and the organisation structure needed to implement it. It also oversees and controls the senior management so that it achieves the objectives set and respects the corporate purpose and interests of the Group.

The Board of Directors consists of ten directors (four women and six men), of which one is an executive director (CEO), four are nominee directors, four are independent and one is external (non-executive chairman), as well as the Secretary and Vice-secretary to the Board.

In September 2020, the Extraordinary General Shareholders' Meeting of the Euskaltel Group appointed Ms. Beatriz Mato Otero and Ms. Ana García Fau as independent directors. These new appointments mean that the structure of the Board of Directors better adheres to the rules on good corporate governance by having a more balanced composition (40% women) thanks to the appointment of these two new female directors, the independent directors, and the reduction in the number of Board members to ten.

The structure of the Board of Directors better adheres to the rules on good corporate governance by having a more balanced composition (40% women) thanks to the appointment of these two new female directors, the independent directors, and the reduction in the number of Board members to ten.



All of the members of the Board of Directors are external directors, with the exception of the CEO, Mr José Miguel García Fernández, who is an executive.

MEMBERS OF THE BOARD OF DIRECTORS

MEMBERS	POSITION	CATEGORY	DATE FIRST APPOINTED
D. Xabier Iturbe Otaegi	Non-executive Chairman	External	29-10-2019
D. José Miguel García Fernández	CEO	Executive	10-07-2019
D. Eamonn O'Hare	Director	Nominee	10-07-2019
D. Robert Samuelson	Director	Nominee	10-07-2019
Kartera 1, S.L, representada por Dña. Alicia Vivanco González	Director	Nominee	27-06-2016
Corporación Financiera Alba, S.A, representada por D. Javier Fernández Alonso	Director	Nominee	01-06-2018
Dña. Belén Amatriain Corbi	Director	Independent	31-03-2015
D. Iñaki Alzaga Etxeita	Director	Independent	31-03-2015
Dña. Beatriz Mato Otero	Director	Independent	29-09-2020
Dña. Ana García Fau	Director	Independent	29-09-2020
D. José Ortiz Martínez	Non-executive Secretary		27-11-2019
Dña. Cristina Sustacha Duñabeitia	Non-executive Deputy-secretary		25-02-2020

The Board of Directors entrusts the management and day-to-day administration of the company to the CEO and the management team, including the dissemination, coordination and general implementation of the Company's management policies and guidelines, in order to focus on the definition, supervision and monitoring of the policies, strategies and general guidelines to be followed by the Group.

ORGANISATION OF THE BOARD OF DIRECTORS

The functioning and organization of the Group's Board of Directors is governed by the Board of Directors Regulations, which contain the operating principles of the Board, the basic rules around its organization and functioning, and the rules of conduct for its members, in order to provide the highest level of transparency, efficiency, dedication and control in their duties to administer, supervise and represent the company's interests.

The responsibilities assumed by the Board of Directors include approval of the policies and general strategies of the Group, and in particular, the strategic or business plan, the investment and financing policy; definition of the Group's corporate structure; the sustainability policy; the risk management and control policy, including tax risk, as well as regularly monitoring the internal reporting and control systems; the dividend policy, the treasury stock policy, and their limits in particular.

Likewise, the Board of Directors Regulations define the obligation to annually assess the functioning of the Board and the quality of its work, the functioning of its committees, and the performance and contribution of each director.

In parallel, the functioning of the Board is supported by specific committees with particular responsibilities according to the operating scope for which they are created, which are described further on, and in line with the following policies applicable to the Board:

- DIRECTOR SELECTION POLICY:** Intended to encourage an appropriate composition of the Board of Directors, guaranteeing in a public, specific and verifiable manner that proposals for appointing or re-electing members are based on a prior analysis of the Board of Directors' needs. It establishes criteria that encourage diversity of knowledge, experience and genders in its composition, seeking to achieve an appropriate balance, as well as meritocracy among the most qualified candidates.
- DIRECTOR REMUNERATION POLICY:** approved by the General Shareholders' Meeting and overseen by the Remuneration committee, it establishes a remuneration system for directors that is intended to promote the long-term profitability and sustainability of the Group, and incorporates the necessary precautions to prevent excessive risk-taking and reward for poor results.
- AUDITOR CONTRACTING AND RELATIONS POLICY:** This establishes the general principles of the relationship between the Board of Directors and the Group in general, with the accounts auditor.

COMMITTEES OF THE BOARD OF DIRECTORS

The Board of Directors has created three committees: the Audit and Control Committee, the Appointments Committee and the Remuneration Committee. None of these committees hold executive functions but act as information and consultation bodies, with powers to report, advise and make proposals within their scope of action. They are governed by the company's bylaws and their own internal regulations.

Their main task is to assist, inform and formulate proposals to the Board of Directors on the matters that may be assigned to them at any given time, and they comprise between three and seven external directors (nominee or independent).



AUDIT AND CONTROL COMMITTEE:

This committee is assigned functions relating to supervising the effectiveness of the Group's internal controls, as well as its risk management systems and the preparation and presentation of financial and non-financial information, among others. It is governed by the Audit and Control Committee Regulations.



APPOINTMENTS COMMITTEE

This is the body responsible for defining the functions and skill sets required by the Board of Directors; to establish the goal for balanced gender representation on the Board; and to draw up guidelines about how to achieve this objective, as well as to submit proposals to the board to appoint independent directors, to be put to the General Shareholders' Meeting, among other responsibilities. Its functioning is governed by the Appointments Committee Regulations.



REMUNERATION COMMITTEE

Its primary responsibilities are focused on proposing to the Board of Directors the remuneration policy for directors and senior managers, as well as the individual remuneration and other contractual conditions of executive directors. Similarly, it is responsible for ensuring remuneration transparency and the inclusion of information about directors' remuneration in the annual report, in the Annual Corporate Governance Report and in the Annual Directors Remuneration Report. Its functioning is governed by the Remuneration Committee Regulations. Every year, we publish the Directors Remuneration Report for the Euskaltel Group, which includes information about the average remuneration of directors, as well as information about the composition and determination of this compensation.

DIRECTOR REMUNERATION REPORT: <https://www.euskaltel.com/CanalOnline/inversores/gobierno-corporativo>

7.3. SHAREHOLDER MANAGEMENT MODEL

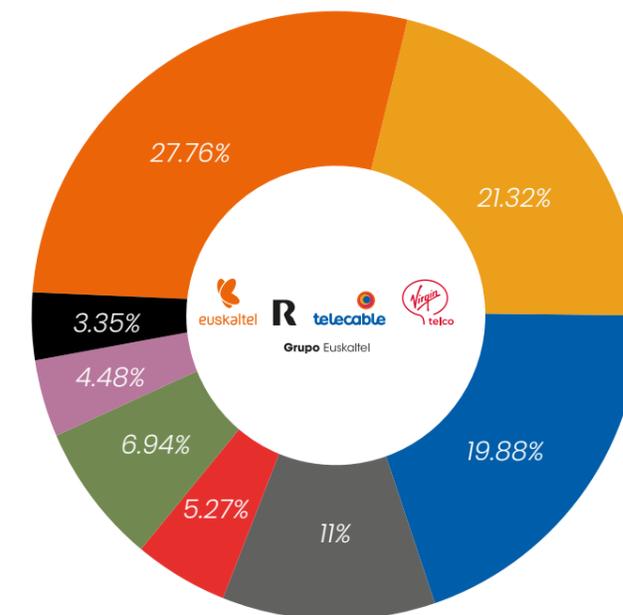
The model is structured at a global level around the Shareholder and Investor Communication and Contact Policy and is supplemented by the General Shareholders' Meeting Regulations and the Internal Code of Conduct in Stock Markets, which together make up the model for shareholder relations.

The key pillars of the Shareholder and Investor Communication and Contact Policy approved by the Board of Directors are complete respect for the laws against market abuse; and the equal treatment of shareholders that are in identical situations.

SHAREHOLDER STRUCTURE

The Euskaltel Group had the following shareholder structure as at 31 December 2020.

- ZEGONA COMMUNICATIONS PLC
- KUTXABANK, S.A.
- CORPORACIÓN FINANCIERA ALBA, S.A.
- CAPITAL RESEARCH AND MANAGEMENT COMPANY
- NN GROUP N.V.
- ABANCA CORPORACIÓN BANCARIA, S.A.
- CIAM
- REST



7.4. COMPLIANCE AND RISK MANAGEMENT MODEL

The compliance model of the Euskaltel Group, which was unified and updated in 2017 to incorporate the Group's companies and to create a single and coordinated compliance model, brings together the compliance models for managing criminal risk, bribery and corruption risk, and non-criminal risk.

RISK MANAGEMENT AND CONTROL SYSTEM

Risks are identified, prioritized and managed over time, enabling us to avoid any adverse effects and to constantly guarantee the best experience and service for our customers.

The basic principles that must govern the Group's actions to control and manage its risks and the key responsibilities of this management are governed by the Corporate Risk Management and Control Policy.

The scope of the Group's Corporate Risk Management and Control System applies to all companies in the group and encompasses the following types of risk, according to the potential source of the event:

- Strategic risks
- Financial risks
- Regulatory risks
- Sustainability-related risks
- Cyber risks
- Operating or operational risks
- Reputational risks
- Information risks

To maximize functionality and efficiency in managing corporate risks we have unified the models for managing risks related to the GDPR, the System for Internal Control of Financial Reporting, cyber-security, criminal risk and anti-corruption into a single leading international software tool that enables coordinated risk management and better internal management.

We use this tool to identify and evaluate risks, we establish controls to mitigate them, and in short we apply the risk management and control system, providing traceability to the control actions taken and recording the evidence to provide subsequent proof of their existence.



MANAGEMENT INSTRUMENTS OF THE COMPLIANCE MODEL

The Group's compliance management model includes the following instruments:

- Code of Ethics and the Ethics Channel
- Criminal and Anti-bribery Risk Management Model

These instruments establish the principles and guidelines for conduct that must apply to all Group personnel and those that work on behalf of the Group, in the performance of their daily work both inside and outside of the company. The Ethics Channel allows breaches of internal regulations and external regulations that apply to the Group to be confidentially reported, free from any reprisals, as well as to make compliance-related enquiries and to manage the risks of criminal activities, bribery and corruption in the Group.

CODE OF ETHICS

The Code of Ethics of the Euskaltel Group establishes the basic values and principles of corporate conduct that we apply to our operations and stakeholders relations.

CODE OF ETHICS PRINCIPLES



This is a key tool in our management, by establishing the conduct guidelines that must be upheld in every area of our business and that are therefore required from every person in the Group, from the Board of Directors to the employees, including our suppliers.

We have also established mechanisms for controlling and monitoring compliance with the Code of Ethics, which combined make up the Due Diligence Model, based on the dissemination, training and monitoring of the conduct of Group personnel, in accordance with the established principles and guidelines.

In 2020, 99.65% of our employees received training on the Code of Ethics and expressly agreed to comply with it.

We also use the Ethics Channel as a reporting and monitoring instrument, to clarify any doubts, deal with enquiries and to receive communications about potential violations. In 2020, a decision was made to review the Group's Ethics Channel to adapt it to Directive 2019/1937. During the year, 55 communications were received and processed by the Ethics Channel, although none of them involved criminal repercussions and all of them were fully resolved.

In 2020, 99.65% of our employees received training on the Code of Ethics and expressly agreed to comply with it.



CRIMINAL AND ANTI-BRIBERY RISK MANAGEMENT MODEL

The Criminal and Anti-bribery Risk Management Model for the Euskaltel Group, established in the Criminal and Anti-bribery Risk Prevention Manual, is one of the main management instruments that we use, together with other elements, to prevent crimes from being committed and to promote a corporate culture based on ethics and regulatory compliance and that opposes bribery and corruption.

In 2020, we provided general training about the Criminal and Anti-bribery Risk Prevention Manual to more than 485 employees in our Group. Furthermore, we provided training about the Anti-corruption Policy (in addition to training on the Code of

Ethics) as part of the compliance communication and training plan. In 2020, 98.62% of our team, a total of 573 people, completed anti-corruption training and expressly accepted the Group's Anti-corruption Policy.

In addition, our Board of Directors has approved the following policies as elements of the implementation and coverage of the provisions included in the Criminal and Anti-bribery Risk Prevention Manual:

- **CORPORATE CRIMINAL COMPLIANCE POLICY:**

Approved in July 2020, it forms part of the general framework of the organisation and management model for criminal risks and is an unequivocal expression of our zero tolerance position towards criminal activity in our operations.

- **CORPORATE ANTI-CORRUPTION POLICY:**

This brings together our specific management of the crimes of bribery and corruption. All of our employees expressly accept and agree to comply with this policy after receiving the respective training about its content.

- **CORPORATE TAX POLICY:**

We have a Corporate Tax Policy through which we expressly agree to promote the application of good tax practices and fulfilment of the corporate purpose, avoiding tax risks and inefficiencies in making business decisions, basing our relations with the tax authorities on the principles of transparency, trust, good faith and loyalty, and in accordance with the tax legislation in the different territories in which we operate.

- **CORPORATE CONFLICT OF INTERESTS POLICY:**

Approved by the Board of Directors, it implements the Group's Code of Ethics with regards to potential conflict of interest situations that could affect directors and Group employees; it defines the conflicts of interest situation, the types of situations and related persons for directors and employees; and it establishes the general and specific principles of conduct.

In 2020, our Criminal and Anti-bribery Risk Management Model obtained AENOR Criminal Risk Management System certification under the UNE 19601 standard, and Anti-bribery Management System certification under the UNE ISO 37001 standard, which certify our management in relation to detecting, preventing and combating conduct related to criminal activity in general, and corruption and bribery in particular.

The Criminal and Anti-bribery Risk Prevention Manual identifies 16 crimes in the Spanish Criminal Code that could arise from actions taken in the course of our business, encompassed under the broad definition of corruption, which includes money-laundering. For each of these risks, we assess the probability of them arising and their impact, and we establish the corresponding controls to prevent them.

In 2020, there were no incidents relating to breaches of the regulations or the good governance established by the Group.



In 2020, our Criminal and Anti-bribery Risk Management Model obtained AENOR Criminal Risk Management System certification under the UNE 19601 standard, and Anti-bribery Management System certification under the UNE ISO 37001 standard, which certify our management in relation to detecting, preventing and combating conduct related to criminal activity in general, and corruption and bribery in particular.

HUMAN RIGHTS

All Euskaltel Group activities, regardless of the location where they take place, comply with, promote and respect the human and labour rights established in national and international legislation, which underpin our operations and rules of conduct, which include:

- The Universal Declaration of Human Rights
- The United Nations' Global Compact
- The United Nations' Agenda 2030 for Sustainable Development and the 17 Sustainable Development Goals
- The OECD Guidelines for Multinational Enterprises
- The Tripartite Declaration of Principles concerning Multinational Enterprises and Social Policy, and the Social Policy of the International Labour Organisation

The due diligence of the Euskaltel Group in relation to human rights is structured around the following:

- Our Code of Ethics, which contains clauses relating to human rights that must be upheld by all members of the Group.
- Code of Ethics training given to all employees.
- The Ethics Channel, in which all employees can submit enquiries and are required to report actions that may involve human rights offenses. The Ethics Channel is available to all employees on the corporate intranet sites, and to all stakeholders on the corporate websites of the Group's companies.
- Obligation for all suppliers that join our supply chain to accept the contents of the Code of Ethics. The Ethics Channel is also available to them to report potential human rights violations in the sphere of their commercial relationship with the Group.

The Group's Code of Ethics and Ethics Channel cover all potential risks of human rights violations. Likewise, since our business and procurement volume are fundamentally local, national or within the European Union, there is no significant risk of a breach in this sphere within our supply chain.

In 2020, there were no reports of human rights violations made against the Euskaltel Group.

COVID actions

The Board of Directors and the senior management have taken measures to ensure the correct functioning and development of our business during the most serious months of the health crisis. The main actions carried out were:

- We **created a Continuity Committee** responsible for ensuring the continuity of our operations
- **Our suppliers that are responsible for the maintenance and evolution of our systems continued to perform their roles, operating remotely** while maintaining their usual efficiency and timeliness in resolving any issues.
- **We identified the critical activities for the continuity of our services**, and the managers of those areas were spread over different geographic locations.
- **We signed a commitment with the leading national telecoms operators and the government** to ensure connectivity for people and businesses.
- **Closed door shareholder meetings and virtual meetings** of the Board of Directors.

APPENDICES



8.1. ABOUT THIS REPORT

SCOPE OF THE INFORMATION

This sustainability report includes the key results from the activities that the Euskaltel Group carried out in relation to sustainability during 2020, during the period between 1 January and 31 December.

The scope encompasses the information for the Euskaltel Group, which comprises Euskaltel S.A. and its subsidiaries R Cable and Telecable Telecomunicaciones, S.A.U. and EKT Cable y Telecomunicaciones, S.L.U.

In this report we present our relationship with our stakeholders, our management of risk and the analysis of the positive impacts and contributions of our operations in economic, social and environmental matters. This report was prepared based on the financial and non-financial information reporting system that we have implemented in the Euskaltel Group, as well as the initiatives that we have carried out in the territories in which we operate.

We are publishing this report as a continuation of the last report published in 2020 in which we analysed our performance corresponding to 2019.

During this annual reporting period, we highlight the actions and indicators implemented as our contribution to achieving the Sustainable Development Goals (SDGs) and their objectives, through which we also address our corporate commitment to the ten Principles of the United Nations' Global Compact and its Agenda 2030.

CRITERIA FOR DRAWING UP THE REPORT

We have selected and included content in accordance with the principles and requirements defined by the most up-to-date versions of the GRI Standards, in their comprehensive option, and in line with the CNMV's Recommendations on Good Governance, and in particular those matters required by Law 11/2018 on non-financial and diversity reporting of 28 December.

The information presented expands on and is related to the content published in the Euskaltel Group website, its EMAS Environmental Declarations, the Annual Corporate Governance Report, and the Consolidated Financial Statements for 2020.

This report forms part of the Management Report of the Euskaltel Group and is therefore subject to the same criteria for its approval, filing and publication, in order to comply with the guidelines established in Law 11/2018.



KPMG Asesores, S.L.
 Torre Realia
 Plaça d'Europa, 41,43
 08908 L'Hospitalet de Llobregat
 Barcelona

Independent Assurance Report on the Sustainability Report and Non-Financial Information Statement of EUSKALTEL, S.A. and subsidiaries for 2020

(Free translation from the original in Spanish.
 In case of discrepancy, the Spanish language version prevails.)

To the shareholders of Euskaltel S.A.:

Pursuant to article 49 of the Spanish Code of Commerce, we have provided limited assurance on the Sustainability Report and Non-Financial Information Statement (hereinafter NFIS) for the year ended 31 December 2020, of Euskaltel, S.A. (hereinafter the Parent) and subsidiaries (hereinafter the Group) which forms part of the Group's Consolidated Management Report.

The NFIS includes additional information to that required by prevailing mercantile legislation concerning non-financial information, which has not been the subject of our assurance work. In this respect, our assurance work was limited exclusively to providing assurance on the information contained in table "Contents-Law 11/2018" in the accompanying NFIS.

Directors' responsibility

The Board of Directors of the Parent Company is responsible for the preparation of the NFIS included in the Group's Management Report. The NFIS has been prepared in accordance with prevailing mercantile legislation and selected Sustainability Reporting Standards of the Global Reporting Initiative (GRI Standards), in accordance with each subject area in table "Contents-Law 11/2018" of the aforementioned NFIS.

This responsibility also encompasses the design, implementation and maintenance of internal control deemed necessary to ensure that the NFIS is free from material misstatement, whether due to fraud or error.

The Parent Company's directors are also responsible for defining, implementing, adapting and maintaining the management systems from which the information required to prepare the NFIS was obtained.

Our independence and quality control

We have complied with the independence and other ethical requirements of the International Code of Ethics for Professional Accountants (including international independence standards) issued by the International Ethics Standards Board for Accountants (IESBA), which is founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behaviour.

KPMG Asesores S.L., a limited liability Spanish company and a member firm of the KPMG global organization of independent member firms affiliated with KPMG International Limited, a private English company limited by guarantee, Paseo de la Castellana, 259C - Torre de Cristal - 28046 Madrid

Reg. Mer Madrid, T. 14.972, F. 53, Sec. 8, H. M. 249.480, Inscrp. 1.ª N.I.F. B-82498650



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Our firm applies International Standard on Quality Control 1 (ISQC1) and accordingly maintains a comprehensive system of quality control including documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

The engagement team was comprised of professionals specialised in reviews of non-financial information and, specifically, in information on economic, social and environmental performance.

Our responsibility

Our responsibility is to express our conclusions in an independent limited assurance report based on the work performed.

We conducted our review engagement in accordance with the requirements of the Revised International Standard on Assurance Engagements 3000, "Assurance Engagements other than Audits or Reviews of Historical Financial Information" (ISAE 3000 Revised), issued by the International Auditing and Assurance Standards Board (IAASB) of the International Federation of Accountants (IFAC), and with the Performance Guide on assurance engagements on the Non-Financial Information Statement issued by the Spanish Institute of Registered Auditors (ICJCE).

The procedures performed in a limited assurance engagement vary in nature and timing from, and are less in extent than for, a reasonable assurance engagement, and consequently, the level of assurance provided is also lower.

Our work consisted of making inquiries of management, as well as of the different units and areas of the Parent that participated in the preparation of the NFIS, in the review of the processes for compiling and validating the information presented in the NFIS and in the application of certain analytical procedures and sample review testing described below:

- Meetings with the Parent's personnel to gain an understanding of the business model, policies and management approaches applied, the principal risks related to these matters and to obtain the information necessary for the external review.
- Analysis of the scope, relevance and completeness of the content of the NFIS for 2020 based on the materiality analysis performed by the Parent and described in the section "Materiality" considering the content required in prevailing mercantile legislation.
- Analysis of the processes for compiling and validating the data presented in the NFIS for 2020.
- Review of the information relative to the risks, policies and management approaches applied in relation to the material aspects presented in the NFIS for 2020.
- Corroboration, through sample testing, of the information relative to the content of the NFIS for 2020 and whether it has been adequately compiled based on data provided by the information sources.
- Procurement of a representation letter from the Directors and management.

Conclusion

Based on the assurance procedures performed and the evidence obtained, nothing has come to our attention that causes us to believe that the NFIS of Euskaltel, S.A. and subsidiaries for the year ended 31 December 2020 has not been prepared, in all material respects, in accordance with the contents



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included in prevailing mercantile legislation and with the GRI Standards selected in accordance with each subject area in the table "Contents-Law 11/2018" of the aforementioned NFIS.

Other issues

On February 25, 2020, other verifiers issued their independent verification report of the consolidated Non-Financial Information Statement of Euskaltel, S.A. and subsidiaries for the 2019 financial year in which they expressed a favourable conclusion.

Use and distribution

This report has been prepared in response to the requirement established in prevailing mercantile legislation in Spain, and thus may not be suitable for other purposes and jurisdictions.

KPMG Asesores, S.L.

[Signed on the original in Spanish]

Patricia Reverter Guillot

25 February 2021

8.2. DETAILED QUANTITATIVE INFORMATION ABOUT THE EUSKALTEL GROUP WORKFORCE

The distribution of our human team and the variations that occurred during 2020 (excluding the Chairman and CEO) are given below.

This year the workforce has been distributed according to the GGS methodology, which allows us to define the different roles in the company.

WORKFORCE DISTRIBUTION

WORKFORCE DISTRIBUTION BY GENDER AND AGE IN 2019 AND 2020

AGE	2019			2020		
	W	M	TOTAL	W	M	TOTAL
<= 30 YEARS	8	3	11	5	5	10
> 30 AND <= 50 YEARS	227	235	462	212	213	431
> = 51 YEARS	30	83	113	46	100	140
TOTAL GENERAL	265	321	586	263	318	581

WORKFORCE DISTRIBUTION BY GENDER AND PROFESSIONAL CATEGORY IN 2019 AND 2020

PROFESSIONAL CATEGORY 2019	W	M	TOTAL
DIRECTORS	44	22	26
MANAGEMENT	17	33	50
OTHER EMPLOYEES	244	266	510
TOTAL	265	321	586

PROFESSIONAL CATEGORY 2020	W	M	TOTAL
DIRECTORS	2	16	18
MANAGEMENT	14	21	35
MIDDLE MANAGEMENT	35	50	85
TECHNICAL STAFF	158	220	378
SUPPORT STAFF	54	11	65
TOTAL	263	318	581

ANNUAL AVERAGE CONTRACTS

DISTRIBUTION OF ANNUAL AVERAGE CONTRACTS BY GENDER IN 2019 AND 2020

CONTRACT TYPE	GENDER	2019	2020
PERMANENT FULL-TIME	WOMEN	277.08	262.90
	MEN	365.58	314.33
	Total permanent full-time	642.67	577.23
TEMPORARY FULL-TIME	WOMEN	1.25	0.25
	MEN	3.58	-
	Total temporary full-time	4.83	0.25
TEMPORAL PART-TIME	WOMEN	0.92	0.49
	MEN	1	1
	Total temporary part-time	1.92	1.49
AVERAGE TOTAL CONTRACTS		649.42	578.97

□ DISTRIBUTION OF AVERAGE ANNUAL CONTRACTS BY AGE IN 2019 AND 2020

CONTRACT TYPE ¹	AGE	2019	2020
PERMANENT FULL-TIME	<= 30 YEARS	12.5	7.70
	> 30 AND <= 50 YEARS	502.17	423.51
	> 50 YEARS	127.75	146.02
	Total permanent full-time	642.67	577.23
TEMPORARY FULL-TIME	<= 30 YEARS	4.67	0.25
	> 30 <= 50 YEARS	0.17	-
	Total temporary full-time	4.83	0.25
TEMPORARY PART-TIME	>= 51 YEARS	1.92	1.49
	Total temporary part-time	1.92	1.49
AVERAGE TOTAL CONTRACTS		649.42	578.97

□ DISTRIBUTION OF AVERAGE ANNUAL CONTRACTS BY PROFESSIONAL CATEGORY IN 2019 AND 2020

PROFESSIONAL CATEGORY 2019	PERMANENT FULL-TIME	TEMPORARY FULL-TIME	TEMPORARY PART-TIME
DIRECTORS	33.08	-	-
MANAGEMENT	57.67	-	-
OTHER PROFESSIONALS	551.92	4.83	1.92
TOTAL	642.67	4.83	1.92

¹ Figures for FTE employees

² To calculate this figure, we have taken into account new hires and departures that occurred during the year, including both voluntary and involuntary departures in the latter figure, using the following formula: $((\text{Number of departures} + \text{Number of new hires})/2)/\text{Total number of employees}$.

PROFESSIONAL CATEGORY 2020	PERMANENT FULL-TIME	TEMPORARY FULL-TIME	TEMPORARY PART-TIME
DIRECTORS	15.81	-	-
MANAGEMENT	37.67	-	-
MIDDLE MANAGEMENT	85.50	-	-
TECHNICAL STAFF	373.25	0.25	1.49
SUPPORT STAFF	65	-	-
TOTAL	577.23	0.25	1.49

VARIATIONS IN PERSONNEL

□ STAFF TURNOVER IN 2019 AND 2020

	2019	2020
GENERAL STAFF TURNOVER ²	13.81%	5.16%

□ NEW HIRES 2019 AND 2020

NEW HIRES	2019		2020	
	W	M	W	M
> = 30 YEARS	3	1	1	3
31 - 50 YEARS	4	11	8	13
> = 51 YEARS	1	2	1	1
SUBTOTAL GENDER	8	14	10	17
TOTAL	22		27	

□ INVOLUNTARY DEPARTURES FROM THE COMPANY BY AGE AND GENDER IN 2019 AND 2020

AGE ¹	2019			2020		
	W	M	TOTAL	W	M	TOTAL
> 30 AND <= 50 YEARS	17	22	39	5	4	9
> = 51 YEARS	6	23	29	3	4	7
TOTAL	23	45	68	8	8	16

□ INVOLUNTARY DEPARTURES FROM THE COMPANY BY GENDER AND PROFESSIONAL CATEGORY IN 2019 AND 2020

PROFESSIONAL CATEGORY 2019	W	M	TOTAL
DIRECTORS	3	12	15
MANAGEMENT	4	7	11
OTHER EMPLOYEES	16	26	42
TOTAL	23	45	68

PROFESSIONAL CATEGORY 2020	W	M	TOTAL
DIRECTORS	1	2	3
MANAGEMENT	1	4	5
MIDDLE MANAGEMENT	2	1	3
TECHNICAL STAFF	4	1	5
TOTAL	8	8	16

¹ There were no involuntary employee departures under the age of 30.

TRAINING HOURS

□ TRAINING HOURS BY GENDER, AGE AND PROFESSIONAL CATEGORY

PROFESSIONAL CATEGORY 2019	AGE	TRAINING HOURS		AVERAGE HOURS PER EMPLOYEE	
		W	M	W	M
Directors	31 - 50	239	329	60	25
	> = 51	49	864	25	48
Managers	31 - 50	258	853	16	43
	> = 51	46	450	15	41
Other employees	< = 30	397	311	40	44
	31 - 50	5,946	6,903	35	35
	> = 51	574	1,640	34	32
SUBTOTAL GENDER		7,509	11,350	28	35
TOTAL		18,857		32	

PROFESSIONAL CATEGORY 2020	AGE	TRAINING HOURS		AVERAGE HOURS PER EMPLOYEE	
		W	M	W	M
Directors	31 - 50	34.00	59.00	17.00	6.56
	> = 51	-	145.50	-	20.79
Management	31 - 50	206.50	545.50	22.94	38.96
	> = 51	188.50	111.50	37.70	15.93
Middle management	31 - 50	950.00	1,190.00	31.67	37.19
	> = 51	84.00	430.50	16.80	23.92
Technical staff	< = 30	244.00	246.00	48.80	61.50
	31 - 50	6,489.50	6,222.00	48.79	40.67
	> = 51	641.00	1,954.00	32.05	31.02
Support staff	< = 30	-	18.50	-	18.50
	31 - 50	997.00	133.50	26.24	26.70
	> = 51	423.50	69.50	26.47	13.90
SUBTOTAL GENDER		10,258.00	11,125.50	39.00	34.99
TOTAL		21,383.50		36.99	

REMUNERATION AND WAGE GAP

Based on the new structure resulting from the application of the Global Grading System (GGS) and in order to provide greater clarity and scope when presenting information about remuneration and the wage gap, the methodology used to calculate this information has been revised. Consequently, the calculation of average remuneration and the wage gap for 2020 has been made taking the following into account:

- New organisational structure.
- Inclusion of groups 17 and 16 with an impact on the business in the Management category.
- Global Grading System (GGS).
- Target salary (fixed and theoretical variable) excluding employee benefits and any long-term incentive plan accrued in previous years but paid in 2020.
- The Chairman and CEO are excluded from the analysis.

The calculation for 2019 has also been made using this methodology to make the information comparable.

■ AVERAGE REMUNERATION BY GENDER AND AGE IN 2019 AND 2020

AGE RANGE	# M / W	2019			GAP	# M / W	2020		
		M	W				M	W	
Under 30	3 / 8	27,280	29,110	-7%	5 / 5	32,768	33,212	-1%	
30 to 50	235 / 227	52,432	45,171	14%	213 / 212	55,503	45,514	18%	
Over 50	83 / 29	78,066	53,721	31%	99 / 46	69,983	51,655	26%	

PROFESSIONAL CATEGORY	# M / W	2019			GAP	# M / W	2020		
		M	W				M	W	
Directors	15 / 2	183,474	161,267	12%	16 / 2	178,556	172,250	4%	
Management	21 / 8	94,248	88,902	6%	21 / 14	87,087	81,896	6%	
Middle management	99 / 53	59,292	55,584	6%	50 / 35	63,673	55,166	13%	
Technical staff	169 / 149	45,240	42,020	7%	219 / 158	48,677	43,363	11%	
Support staff	17 / 52	37,422	34,691	7%	11 / 54	34,976	35,519	-2%	

OCCUPATIONAL HEALTH AND SAFETY INDICATORS

ACCIDENT FIGURES IN 2019 AND 2020

ACCIDENT INDICATORS	2019			2020		
	W	M	TOTAL	W	M	TOTAL
No. accidents without leave ¹	2	1	3	1	-	1
General Frequency Rate	2.10	3.14	462	1.83	-	1
Severity Rate	0	0	0	0	0	0

DAYS AND HOURS OF ABSENTEEISM BY REGION IN 2019 AND 2020

	ABSENTEEISM HOURS	
	2019	2020
BASQUE COUNTRY	8,318.1	12,673.42
ASTURIAS	3,582	3,682.60
GALICIA	5,258.1	4,720.28
TOTAL	17,158.2	21,076.30

MEDICAL CHECK-UPS CARRIED OUT BY REGION IN 2020

	CHECK-UPS CARRIED OUT IN 2020		PERCENTAGE OF PEOPLE THAT ATTENDED THE CHECK-UPS	
	M	H	W	M
BASQUE COUNTRY	84	79	52.50%	53.02%
ASTURIAS	23	52	50.00%	70.27%
GALICIA	29	43	50.00%	45.74%
TOTAL	136	174	55.74%	54.89%
TOTALS	310		55.26%	

¹ There were no accidents that required leave during 2019 or 2020.

CUSTOMER SERVICE INDICATORS

FIXED-LINE AND INTERNET COMPLAINTS 2019 AND 2020

	BRAND/ QTR	2019				2020			
		T1	T2	T3	T4	T1	T2	T3	T4
COMPLAINT RESOLUTION TIME	EUSKALTEL	14.92	19.95	15.94	25.71	11.93	11.23	16.03	13.53
	R	13.92	23.13	31.92	33.99	26.04	19.94	21.14	11.24
COMPLAINT FREQUENCY	TELECABLE	17.22	11.17	20.66	17.05	15.86	13.82	14.79	16.95
	EUSKALTEL	2.76	1.88	2.05	3.39	4.14	3.58	3.49	2.82
BILLING COMPLAINTS	R	3.66	4.53	4.62	5.43	5.67	5.25	5.07	4.36
	TELECABLE	2.79	2.48	2.52	3.47	4.86	4.72	7.25	4.29
	EUSKALTEL	0.57	0.42	0.39	0.71	0.93	0.77	0.76	0.66
BILLING COMPLAINTS	R	0.67	0.93	1.1	1.15	1.18	1.3	1.16	1.09
	TELECABLE	0.62	0.55	0.54	0.9	1.34	1.23	1.95	1.15

8.3. CONTENTS OF GRI STANDARDS AND GLOBAL COMPACT

STANDARD	DESCRIPTION	RESPONSE TO THE INDICATOR / SECTION	GLOBAL COMPACT
GRI 101 BASES			
101	Principles	Page 78	
GRI 102 GENERAL DISCLOSURES			
<i>Organisation's profile</i>			
102-1	Name of the organisation	Pages 10 and 11 Page 78	
102-2	Activities, brands, products and services	Page 05	
102-3	Location of headquarters	Back cover	
102-4	Location of operations	Page 05	
102-5	Ownership and legal form	Page 78	
102-6	Markets served	Page 05	
102-7	Scale of the organisation	Page 05	
102-8	Information on employees and other workers	Page 56	Principle 6
102-9	Supply chain	Page 25	
102-10	Significant changes in the organisation and its supply chain	Page 25	
102-11	Precautionary principle or approach	Page 45	
102-12	External initiatives	Pages 27, 28, 29, 30 and 31	
102-13	Membership of associations	Pages 27, 28, 29, 30 and 31	
<i>Strategy</i>			
102-14	Statement from senior decision-maker	Pages 03, 04 and 05	
102-15	Key impacts, risks and opportunities	Pages 15, 16, 17, 18	
<i>Ethics and integrity</i>			
102-16	Values, principles, standards and norms of behaviour	Pages 08, 09 and 117	Principle 6
102-17	Mechanisms for advice and concerns about ethics	Pages 73, 74, 75 and 76	Principle 6

STANDARD	DESCRIPTION	RESPONSE TO THE INDICATOR / SECTION	GLOBAL COMPACT
Governance			
102-18	Governance structure	Page 70, 71 and 72	
102-19	Delegating authority	Page 70	
102-20	Executive level responsibility for economic, environmental and social topics	Pages 70, 71 and 72	
102-21	Consulting stakeholders on economic, environmental and social topics	Page 20	Principle 6
102-22	Composition of the highest governance body and its committees	Pages 70, 71 and 72	
102-23	Chair of the highest governance body	Page 71	
102-24	Nominating and selecting the highest governance body	Page 71	
102-25	Conflicts of interest	Page 75	
102-26	Role of highest governance body in setting purpose, values and strategy	Page 70	
102-27	Collective knowledge of highest governance body	Pages 70, 71 and 72	
102-28	Evaluating the highest governance body's performance	Pages 70, 71 and 72	
102-29	Identifying and managing economic, environmental and social impacts	Pages 16 and 17	
102-30	Effectiveness of risk management processes	Page 73	
102-31	Review of economic, environmental and social topics	Page 45	
102-32	Highest governance body's role in sustainability reporting	Pages 70, 71 and 72	
102-33	Communicating critical concerns	Page 73	
102-34	Nature and total number of critical concerns	Page 73	
102-35	Remuneration policies	Page 57	
102-36	Process for determining remuneration	Page 71	
102-37	Stakeholders' involvement in remuneration	Page 57	
102-38	Annual total compensation ratio	Pages 57 and 83	
102-39	Percentage increase in annual total compensation ratio	Pages 57 and 83	
Stakeholder engagement			
102-40	List of stakeholder groups	Page 20	
102-41	Collective-bargaining agreements	Pages 59 and 60	Principle 1 and 3

STANDARD	DESCRIPTION	RESPONSE TO THE INDICATOR / SECTION	GLOBAL COMPACT
102-42	Identifying and selecting stakeholders	Page 20	
102-43	Approach to stakeholder engagement	Page 20	
102-44	Key topics and concerns raised	Page 21	
Reporting practices			
102-45	Entities included in the consolidated financial statements	Page 78	
102-46	Defining report content and topic boundaries	Page 78	
102-47	List of material topics	Page 21	
102-48	Restatements of information	Page 78	
102-49	Changes in reporting	Page 78	
102-50	Reporting period	Page 78	
102-51	Date of most recent report	Page 78	
102-52	Reporting cycle	Page 78	
102-53	Contact point for questions regarding the report	Page 78	
102-54	Claims of reporting in accordance with the GRI Standards	Page 78	
102-55	GRI content index	Page 78	
102-56	External assurance	Page 78	
GRI 103 MANAGEMENT APPROACH			
103-1	Explanation of the material topic and its boundary	Page 21	
103-2	The management approach and its components	Pages 16 and 17	Principle 6
103-3	Evaluation of the management approach	Pages 16 and 17	
GRI 201 ECONOMIC PERFORMANCE			
201-1	Direct economic value generated and distributed	Page 26	
201-2	Financial implications and other risks and opportunities due to climate change	Page 26	
201-3	Defined benefit plan obligations and other retirement plans	Page 26	
201-4	Financial assistance received from government	Page 26	
GRI 202 MARKET PRESENCE			
202-1	Ratios of standard entry-level wage by gender compared to local minimum wage	Page 83	

STANDARD	DESCRIPTION	RESPONSE TO THE INDICATOR / SECTION	GLOBAL COMPACT
202-2	Proportion of senior management hired from the local community	Page 56	Principle 6
GRI 203 INDIRECT ECONOMIC IMPACTS			
203-1	Infrastructure investments and services supported	Page 24	
203-2	Significant indirect economic impacts	Page 26	
GRI 204 PROCUREMENT PRACTICES			
204-1	Proportion of spending on local suppliers	Page 25	
GRI 205 ANTI-CORRUPTION			
205-1	Operations assessed for risks related to corruption	Page 75	Principle 10
205-2	Communication and training about anti-corruption policies and procedures	Page 75	Principle 10
205-3	Confirmed incidents of corruption and actions taken	Page 06	Principle 10
GRI 206 ANTI-COMPETITIVE BEHAVIOUR			
206-1	Legal actions for anti-competitive behaviour, anti-trust and monopoly practices	In 2020 there were no legal actions related to anti-competitive, anti-trust or monopolistic practices.	
GRI 207 TAX			
207-1	Approach to tax	Page 26	
207-2	Tax governance, control and risk management	Page 26	
207-3	Stakeholder engagement and management of concerns related to tax	Page 26	
207-4	Country-by-country reporting	Page 26	
GRI 301 MATERIALS			
301-1	Materials used by weight or volume	Page 49	
301-2	Recycled input materials used	Page 51	Principle 7 and 8
301-3	Reclaimed products and their packaging materials	Page 51	Principle 7, 8 and 9
GRI 302 ENERGY			
302-1	Energy consumption within the organisation	Page 47	Principle 7 y 8
302-2	Energy consumption outside of the organisation	Page 47	Principle 7 y 8
302-3	Energy intensity	Page 47	Principle 8
302-4	Reduction of energy consumption	Page 47	Principle 7, 8 and 9
302-5	Reduction in energy requirements of products and services	Page 47	Principle 7, 8 and 9
GRI 303 WATER AND EFFLUENTS			
303-1	Interactions with water as a shared resource	Page 48	Principle 7 and 8
303-2	Management of water discharge-related impacts	At the Euskatel Group we do not discharge industrial waste water and sanitary water is discharged into the municipal sewerage network where our facilities are located.	Principle 7 and 8
303-3	Water withdrawal	Page 48	Principle 8 and 9

STANDARD	DESCRIPTION	RESPONSE TO THE INDICATOR / SECTION	GLOBAL COMPACT
303-4	Water discharge	At the Euskaltel Group we do not discharge industrial waste water and sanitary water is discharged into the municipal sewerage network where our facilities are located.	Principle 8 and 9
303-5	Water consumption	Page 48	Principle 8 and 9
GRI 304 BIODIVERSITY			
304-1	Operational sites owned, leased, managed in, or adjacent to, protected areas and areas of high biodiversity value outside protected areas	We do not own land in biodiversity-rich habitats and in 2020 we have not recorded any impacts on biodiversity in protected areas, heritage sites or reserves.	Principle 8
304-2	Significant impacts of activities, products and services on biodiversity		Principle 8
304-3	Habitats protected or restored		Principle 8
304-4	IUCN Red List species and national conservation list species with habitats in areas affected by operations		Principle 8
GRI 305 EMISSIONS			
305-1	Direct (Scope 1) GHG emissions	Page 50	Principle 7, 8 and 9
305-2	Energy indirect (Scope 2) GHG emissions	Page 50	Principle 7, 8 and 9
305-3	Other indirect (Scope 3) GHG emissions	Page 50	Principle 8
305-4	GHG emissions intensity	Page 50	Principle 8 and 9
305-5	Reduction of GHG emissions	Page 50	Principle 8 and 9
305-6	Emissions of ozone-depleting substances (ODS)	Page 50	Principle 8 and 9
305-7	Nitrogen oxides (NOX), sulphur oxides (SOX) and other significant air emissions	Page 50	Principle 8 and 9
GRI 306 WASTE			
306-1	Waste generation and related significant impacts	Page 52 and 53	Principle 7 and 8
306-2	Waste by type and treatment method	Page 53	Principle 7 y 8
306-3	Significant spillages	Pages 52 and 53	Principle 8
306-4	Waste that has prevented disposal	Pages 52 and 53	Principle 8
306-5	Waste for disposal	Pages 52 and 53	Principle 8
GRI 307 ENVIRONMENTAL COMPLIANCE			
307-1	Non-compliance with environmental laws and regulations	In 2020, there were no breaches of environmental laws and regulations	Principle 7 y 8
GRI 308 SUPPLIER ENVIRONMENTAL ASSESSMENT			
308-1	New suppliers that were screened using environmental criteria	Page 25	Principle 9

STANDARD	DESCRIPTION	RESPONSE TO THE INDICATOR / SECTION	GLOBAL COMPACT
308-2	Negative environmental impacts in the supply chain and actions taken	Page 25	Principle 9
GRI 401 EMPLOYMENT			
401-1	New employee hires and employee turnover	Pages 57, 80 and 81	Principle 6
401-2	Benefits provided to full-time employees that are not provided to temporary or part-time employees	We offer the same employment conditions to all employees, regardless of their contract type or working hours.	Principle 6
401-3	Parental leave	Page 63	Principle 6
GRI 402 LABOUR/MANAGEMENT RELATIONS			
402-1	Minimum notice periods regarding operational changes	In general, organisational changes are communicated to the employees and areas affected before they become official in the organisation charts published on companies' intranets, with no minimum notice period.	Principle 3
GRI 403 OCCUPATIONAL HEALTH AND SAFETY			
403-1	Occupational health and safety management system	Pages 65 and 66	
403-2	Hazard identification, risk assessment and incident investigation	Pages 65 and 66	
403-3	Occupational health services	Pages 65 and 66	
403-4	Worker participation, consultation and communication on occupational and safety	Pages 65 and 66	
403-5	Worker training on occupational health and safety	Pages 65 and 66	
403-6	Promotion of workers' health	Pages 65 and 66	
403-7	Prevention and mitigation of occupational health and safety impacts directly linked by business relationships	Pages 65 and 66	
403-8	Workers covered by an occupational health and safety management system	Pages 65 and 66	
403-9	Work-related injuries	Pages 65, 66 and 84	
403-10	Work-related ill health	Pages 65 and 66	
GRI 404 TRAINING AND EDUCATION			
404-1	Average hours of training per year per employee	Pages 58, 82 and 83	Principle 6
404-2	Programs for upgrading employee skills and transition assistance programs	Page 59	
404-3	Percentage of employees receiving regular performance and career development reviews	Page 59	Principle 6
GRI 405 DIVERSITY AND EQUAL OPPORTUNITIES			
405-1	Diversity of governance bodies and employees	Page 63	Principle 6
405-2	Ratio of basic salary and remuneration of women to men	Page 83	Principle 6
GRI 406 NON-DISCRIMINATION			
406-1	Incidents of discrimination and corrective actions taken	In 2020 there were no incidents of discrimination	Principle 6

STANDARD	DESCRIPTION	RESPONSE TO THE INDICATOR / SECTION	GLOBAL COMPACT
GRI 407 FREEDOM OF ASSOCIATION AND COLLECTIVE BARGAINING			
407-1	Operations and suppliers in which the right to freedom of association and collective bargaining may be at risk	Page 76	Principle 3
GRI 408 CHILD LABOUR			
408-1	Operations and suppliers at significant risk for incidents of child labour	Page 76	Principle 5
GRI 409 FORCED OR COMPULSORY LABOUR			
409-1	Operations and suppliers at significant risk for incidents of forced or compulsory labour	Page 76	Principle 4
GRI 410 SECURITY PRACTICES			
410-1	Security personnel trained in human rights policies or procedures	Page 73	Principle 1 and 2
GRI 411 RIGHTS OF INDIGENOUS PEOPLES			
411-1	Incidents of violations involving rights of indigenous peoples	There are no indigenous peoples within the scope of activity of the Euskaltel Group.	Principle 1
GRI 412 HUMAN RIGHTS ASSESSMENT			
412-1	Operations that have been subject to human rights reviews or impact assessments	The Code of Ethics and Ethics Channel cover all potential risks of human rights violations. For this reason, it has not been considered necessary to carry out an analysis of this matter among employees. Likewise, as most suppliers are governed by Spanish legislation, it has not been considered necessary to carry out human rights assessments in the supply chain.	Principle 1
412-2	Employee training on human rights policies or procedures	Page 76	Principle 1 and 2
412-3	Significant investment agreements and contracts that include human rights clauses or that underwent human rights screening	We do not have any significant investment agreements that include human rights clauses or that have undergone human rights screening.	Principle 1 and 2
GRI 413 LOCAL COMMUNITIES			
413-1	Operations with local community engagement, impact assessments, and development programmes	Pages 27, 28 and 29	Principio 1
413-2	Operations with significant actual and potential negative impacts on local communities	Pages 27, 28 and 29	Principle 1
GRI 414 SUPPLIER SOCIAL ASSESSMENT			
414-1	New suppliers that were screened using social criteria	Page 25	Principle 2
414-2	Negative social impacts in the supply chain and actions taken	Page 25	Principle 2
GRI 415 PUBLIC POLICY			
415-1	Political contributions	We do not make any kinds of contributions, financial or in kind, to political parties or their candidates.	Principle 10
GRI 416 CUSTOMER HEALTH AND SAFETY			
416-1	Evaluación de los impactos en la salud y seguridad de las categorías de productos o servicios	Page 42	

STANDARD	DESCRIPTION	RESPONSE TO THE INDICATOR / SECTION	GLOBAL COMPACT
416-2	Incidents of non-compliance concerning the health and safety impacts of products and services	In 2020, there were no incidents of non-compliance related to impacts on health and safety from products and services.	
GRI 417 MARKETING AND LABELLING			
417-1	Requerimientos para la información y el etiquetado de productos y servicios	All products supplied by the Euskaltel Group are certified and comply with the requirements established by different national and international organisations. We comply with the legal requirements on the processing of personal data of the products and services contracted by our customers, in accordance with the GDPR. We also comply with the legal requirements on the labelling of packaging of the equipment that we provide to our customers, in accordance with Law 11/1997 on packaging and packaging waste.	
417-2	Incidents of non-compliance concerning product and service information and labelling	Durante 2020, no han existido incidentes de incumplimiento relacionados con los impactos sobre la salud y la seguridad de los productos y servicios.	
417-3	Incidents of non-compliance concerning marketing communications	In 2020, Telecable was fined for the notification concerning tariff migrations in August 2019. The administration believes that the communication should have been clearer. The fine was €36,000.	
GRI 418 CUSTOMER PRIVACY			
418-1	Substantiated complaints concerning breaches of customer privacy and losses of customer data	In 2020, a total of 192 complaints were received from customers, sent directly to the DPO. No definitive sanctions were issued and there is only one infringement proceeding in progress.	
GRI 419 SOCIO-ECONOMIC COMPLIANCE			
419-1	Non-compliance with laws and regulations in the social and economic area	In 2020 a total of nine complaints were received from consumer organisations. The total fines were €19,500.	

8.4. CONTENTS OF LAW 11/2018

CONTENTS LAW 11/2018	REPORT SECTION	GRI
BUSINESS MODEL		
Business model, organisation, structure and business environment	Pages 10 and 11	GRI 102-2 GRI 102-7
Markets in which the company operates	Pages 05 and 10	GRI 102-3 GRI 102-4 GRI 102-6
Organisation's objectives and strategies	Pages 10, 11, 12 and 13	GRI 103 - 2
Main factors and trends affecting the organisation's future development	Page 10	GRI 102-15
GENERAL		
Reporting framework	Page 79	GRI 102-54
Principle of materiality	Page 21	GRI 102-46 GRI 102-47
SUSTAINABILITY MODEL		
Sustainability policies	Page 18	
Sustainability risks	Page 73	GRI 102-30
ENVIRONMENTAL INFORMATION		
Management approach: description and results of the policies related to these issues as well as the main risks related to these issues linked to the group's activities.	Page 45	GRI 102-15 GRI 103-2
General information		
Effects of the company's activities on the environment and on health and safety, evaluation procedures or environment certification	Page 45	GRI 102-15
Precautionary principle	Page 45	GRI-102-11
Resources dedicated to preventing environmental risk	Page 45	GRI 103-2
Provisions and guarantees for environmental risk	Page 45	GRI 103-2
Pollution		
Measures associated with carbon emissions	Page 50	GRI 103-2 GRI 305-7

CONTENTS LAW 11/2018	REPORT SECTION	GRI
Measures associated with light, noise and other pollution	Due to the nature of our activity, there are no impacts in terms of light or noise pollution	GRI 103-2
Circular economy and waste prevention and management		
Measures for prevention, recycling, reuse, other forms of recovery and disposal of wastes	Pages 51, 52 and 53	GRI 301-3 GRI 306-2
Actions to combat food waste	Due to the nature of our activities, food waste is not considered material and no corrective actions were carried out in this area	GRI 103-2
Consumption		
Water: consumption and supply	Page 48	GRI 303-1
Raw materials: consumption and reduction measures	Pages 49 and 51	GRI 301-1 GRI 301-3
Energy: consumption, energy efficiency measures	Page 47	GRI 302-1 GRI 302-3
Climate change		
Greenhouse gas emissions	Page 50	GRI 305-1 GRI 305-2 GRI 305-3
Climate change adaptation measures	Page 49	GRI 103-2
Emissions reduction targets	Pages 50 and 51	GRI 305-5
Biodiversity		
Conservation measures	We do not own any land in areas of high biodiversity value and in 2020, no impacts were recorded with respect to biodiversity on protected areas, heritage sites or reserves.	GRI 304-1 GRI 304-2 GRI 304-3
Impacts on protected areas		
SOCIAL AND PERSONNEL-RELATED INFORMATION		
Management approach: description and results of the policies related to these issues as well as the main risks related to these issues linked to the group's activities.	Pages 54 and 55	GRI 102-15 GRI 103-2
Employment		
Total number and distribution of types of employment contract	Pages 56 and 80	GRI 102-8 GRI 405-1
Total number and distribution of types of employment contract	Pages 57, 80 and 81	GRI 102-8
Number of dismissals by gender, age and professional category	Page 82	GRI 401-1
Average remuneration and evolution by gender, age and professional category or equal value	Page 83	GRI 103-2 GRI 405-2 Average remuneration and evolution by gender, age and professional category or equal value

CONTENTS LAW 11/2018	REPORT SECTION	GRI
Wage gap, remuneration for the same posts or the company's average remuneration	Page 83	GRI 103-2 GRI 405-2 with respect to the remuneration of women versus men by occupational category
Average remuneration of directors and executives	Page 83 Remuneration Report https://www.euskatel.com/CanalOnline/inversores/gobierno-corporativo	GRI 103-2
Right to disconnect policies	Page 60	GRI 103-2
Employees with disabilities	Page 65	GRI 405-1
Organisation of working hours		
Organisation of work	Page 60	GRI 103-2
Absenteeism hours	Page 65 and 84	GRI 103-2
Work-life balance measures	Page 60	GRI 103-2 GRI 401-3
Occupational health and safety		
Occupational health and safety conditions	Pages 65 and 66	GRI 103-2 GRI 403-1 (2018) GRI 403-3 (2018)
Occupational accidents, in particular their frequency and severity, as well as occupational diseases; disaggregated by sex	Page 84	GRI 403-9 (2018)
Labour relations		
Organisation of social dialogue	Page 59	GRI 103-2
Percentage of employees covered by a collective bargaining agreement by country	Page 59	GRI 102-41
Main content of collective bargaining agreements	Pages 59 and 65	GRI 403-4 (2018)
Training and professional development		
Policies implemented in the training area	Page 58	GRI 404-2
Total training hours by professional category	Pages 58, 82 and 83	GRI 404-1 in terms of total hours of training by professional category
Universal accessibility		
Universal accessibility for people with disabilities	Page 65	GRI 103-2
Equal opportunities		
Measures implemented to promote equality, equality plans and non-discrimination policy, and diversity management	Page 63	GRI 103-2

CONTENTS LAW 11/2018	RESPUESTA AL INDICADOR / PÁGINA	GRI
HUMAN RIGHTS		
Management approach: description and results of the policies related to these issues as well as the main risks related to these issues linked to the group's activities.	Page 76	GRI 102-15 GRI 103-2
Application of due diligence procedures		
Due diligence procedures on human rights and, if applicable, mitigation, management and remedies	Page 76	GRI 102-16 GRI 102-17
Reports of cases of human rights violations	Page 76	GRI 103-2
Promotion and fulfilment of ILO conventions related to the freedom of association and collective bargaining	Page 76	GRI 103-2
Elimination of discrimination in the workplace, forced or compulsory labour and child labour	Page 76	GRI 103-2
Combating corruption and bribery		
Management approach: description and results of the policies related to these issues as well as the main risks related to these issues linked to the group's activities.	Page 76	GRI 102-15 GRI 103-2
Measures taken to prevent corruption and bribery	Page 75	GRI 103-2 GRI 102-16 GRI 102-17 GRI 205-2
Anti-money-laundering measures	Page 75	GRI 103-2 GRI 102-16 GRI 102-17
Contributions to foundations and non-profit organisations	Page 27	102-13
SOCIETY		
Management approach: description and results of the policies related to these issues as well as the main risks related to these issues linked to the group's activities.	Pages 22 and 23	GRI 102-15 GRI 103-2
Local communities		
Impact of the company's activities: employment, local development, local populations and the region	Pages 25, 27, 28 and 29	GRI 204-1 GRI 413-1
Dialogue with the local community	Pages 20 and 27	GRI 102-43
Association or sponsorship actions	Pages 27, 28, 29, 30 and 31	GRI 103-2
Supply chain		
Inclusion of social, gender equality and environmental matters in the procurement policy	Page 25	GRI 103-2
Consideration in relations with suppliers and subcontractors of their social and environmental responsibility	Page 25	GRI 102-9 GRI 308-1 GRI 414-2
Supervision systems and audits and their results	Page 25	GRI 102-9
Consumers		
Consumer health and safety measures	Page 42	GRI 103-2
Complaints systems, complaints received and their resolution	Pages 42 and 84	GRI 103-2
Tax		
Profits obtained by country before taxes	Page 26	GRI 103-2
Tax on profits paid	Page 26	GRI 103-2
Public subsidies received	Page 26	GRI 201-4

