Driving digital transformation

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Non-financial information statement

Responsible Company Report 2018

25/2/2019

euskaltel R telecable

Grupo Euskaltel

Contents

Our commitment: create value and help to develop society

Through this letter, which leads our Responsible Company Report, we address shareholders, customers, suppliers, institutions, enterprises and, in general, all those who work with the Group and the wider society. In short, those who make the Euskaltel Group possible.

In 2018, we continued to grow and develop a corporate culture based on proximity, honesty, innovation and efficiency, corporate values that are our calling card in the Basque Country, Galicia, Asturias and the markets where the business is expanding. These values underlie our daily work as we pursue our mission to generate value by means of a comprehensive response to communication needs and improvements in business productivity, contributing towards economic and social development in each of our territories.

This cross-organisational culture makes us a benchmark for customer care, commitment and support, without losing sight of opportunities to grow and develop in new businesses and geographic markets.

We have achieved this in a scenario of digitalisation and fierce competition in the telecommunications industry in the form of ongoing improvements in the range and quality of products and services targeted at each market segment, increased speed and aggressive pay television marketing.

In the Euskaltel Group, 2018 saw huge progress in the Group's overall integration and efficiency improvements while protecting our special features in each territory and the emotional bonds to all of our brands; Euskaltel in the Basque Country, R in Galicia and Telecable in Asturias. 2018 was also a year of expansion into other neighbouring regions, beginning with Navarre and planning our expansion into León, Cantabria and La Rioja. We also reached an agreement with RACC in Catalonia to market our products and services among its members under the brand RACCtel+. By expanding our horizons in this way, our company will enter over one million new homes in 2019 and we expect these new markets to account for 8% of revenue in 2022. This expansion strategy is in line with our Strategic Plan 2017-2019, based on operational excellence, distinctive experience, diversified growth and protecting customer value.

"**We will carry on working to enhance our leadership in our territories, investing to assure the best experience for customers, whether consumers or businesses, while bolstering our growth ambitions through more innovative products and services in an increasingly digital environment; expansion into new territories is gaining momentum so as to become a more competitive operator while staying focused on shareholder value**".

FRANCISCO ARTECHE
Euskaltel Group's CEO

3

Sustainable business growth has borne fruit, our turnover having increased considerably in the markets into which we have expanded, and we expect to have a sustainable operating cash flow above 30% of sales as from 2020. Our Business Plan to 2022 forecasts double-digit growth in dividends and a reduction in net debt to below 3.5x Ebitda.

Technological advancements in devices and software, the extension of fixed and mobile communications networks and the efficiency achieved in the industry have allowed universal access to a new digital society in which we all have a device near to us which provides access to a new world of opportunities for work, leisure, consumption… There is no doubt that digitalisation is now a pre-eminent strategic agenda item for companies in all business sectors, both as a threat to competitiveness or business model disruption and as an opportunity.

In recent years, technology has taken giant leaps and the Euskaltel Group has witnessed and participated in this progress. Our business has evolved mainly thanks to active listening to stakeholders through close ties with our local territories, which demand more efficiency, speed, simplicity and innovation.

We are still focusing on digital development by extending infrastructures and building relevant skills in our human capital. We have launched new products and services based on new sensory, data processing or artificial intelligence technologies to be applied to Big Data, the

"The Euskaltel Group is focused on creating value for all its stakeholders and on socio-economic development: contributing creativity, creating job opportunities, generating pride in belonging and highlighting social commitment".

ALBERTO GARCÍA ERAUZKIN
Euskaltel Grupo's Chairman

Internet of Things or Digital Homes that will improve our daily lives. We can already visualise the new generations of fixed and mobile (5G) networks that will allow greater capacity to process data, connect more devices and control them with low latency (thus assuring a real-time response). The new digital reality also offers huge transformation opportunities for our people. We have made a significant investment to digitalise our work so as to continue to offer the best service and uphold our commitment to better understand our customers. We are developing new ways of working and collaborating so as to facilitate a work-life balance and enhance work efficiency and productivity based on technology and connectivity. We believe that the first step in digital transformation must be our own processes and our daily activities, involving our professionals so as to also provide customers with an optimal service. This also answers the need to attract and retain the best talent in a society in which 35% of workers are currently millennials and want to work for organisations that put social improvement before profit making.

Our achievements in the past year include adaptation to the General Data Protection Regulation (GDPR), which is a relevant milestone in our industry. We also implemented a unified compliance model as a further step in our commitment to an ethical and responsible culture in the organisation. We continued to update the Equal Opportunities Policy across the Group. We remain committed to excellence in environmental management as part of the fight against climate change, contributing towards Sustainable Development Goals (SDGs) 12 "Responsible consumption and production" and 13 "Climate action". Through these initiatives, we are strengthening the Group's culture and aligning our business with market best practices.

Another important milestone in 2018 was the completion of our CSR Master Plan, all the proposed actions having been implemented. We are now working to develop a new plan centred on contributing to the Sustainable Development Goals through actions that seek to boost economic, so-cial and environmental value creation, focusing particularly on SDGs 8 and 9 on economic growth and innovation, respectively, as a result of our

activities as a communications operator, and without forgetting SDG 17 on partnerships to fulfil Agenda 2030, SDG 5 regarding female leadership or SDGs 12 and 13 referred to above. This also reflects our commitment as a member of the UN Global Compact.

All this progress is attributable to a committed team and the trust shown by our shareholders and investors. The customer loyalty that ensues helps us to keep growing. Each of the people that place their trust in us forms part of the Euskaltel Group's success. Thanks to their support, we have become a leading telecommunications operator in our markets. We remain committed to growing together, considering each territory's needs and providing an excellent service.

The Euskaltel Group has made efforts to lead the development of state-of-the-art telecommunications networks, bringing the territories in which we operate to the forefront of connectivity and business digitalisation in Europe. In 2019, we will adopt the same approach, including our contribution to drive digitalisation in the Basque economy and sustained, sustainable growth in our country.

We will employ our talent to generate digital solutions that improve the daily lives of people and companies while offering value to our customers, our people, our shareholders and, in short, all of society, as a reflection of our responsibility for and commitment to their development and well-being.

Alberto García Erauzkin
Chairman

Francisco Arteche
Chief Executive Officer

Leaders in northern Spain

The Euskaltel Group is the leading telecommunications group in convergent offerings in northern Spain thanks to a strong commitment to and roots in the Basque Country, Galicia and Asturias. This position has been boosted in the past year as a result of expansion into Navarre and Cantabria, markets in which the business is conducted through the operators Euskaltel, R and Telecable.

Group Euskaltel in 2018

THE GROUP'S CURRENT SITUATION

13,053
SME customers

1,744
corporate customers

6.000,000
inhabitants
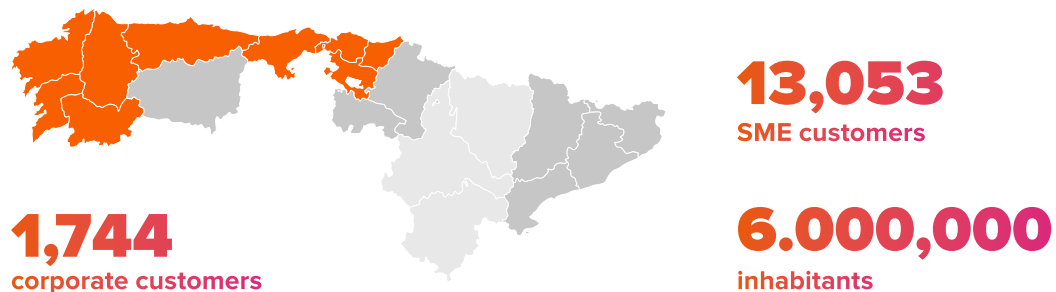
The telecommunications group offers its services to a market of 6 million people, serving over 770,001 residential customers and companies. Euskaltel, R and Telecable are leaders in optic fibre (broadband, phones, pay TV and convergent telecommunications services) in the territories in which they operate, with a solid customer base and complementary business models. A mobile phone operator with its own 4G licence in the Basque Country, Galicia and Asturias, it has thelargest own optic fibre network deployed in the market.

The Euskaltel Group has also invested in ongoing professional training, motivation and the work climate in recent years. The Group has 697 employees with an average age of around 44 and generates over 4,200 indirect jobs in the Basque Country, Galicia and Asturias.

The Euskaltel Group in figures, main indicators

676 M€
economic value generated

482 M€
economic value distributed

194 M€
economic value retained

691.6 M€
revenue

0.35€
earnings per share

697
employees

2 M€
R&D&i investment

770,001
customers

30,081
training hours

429
local suppliers. Over 10 new partnerships

7.8
investor satisfaction

+300
investor interactions in 2018

Since the Euskaltel Group's admission to trading in 2015, major challenges have been overcome in order to meet commitments made to shareholders. In a little over three years, the Euskaltel Group has reached three significant milestones: flotation, creation of the leading telecommunications group in northern Spain and implementation of a consistent shareholder remuneration policy.

Leading the digital roll-out in the Basque Country, Galicia and Asturias

In 2018, the Euskaltel Group pressed on with sustainable growth by completing the Telecable integration and began to expand neighbouring the markets of Navarre and Cantabria, having reached 843 homes. The figures show acceptance in the Navarre and Cantabria markets for the Euskaltel brand and a position that favours the acquisition of the Basque operator's products and services.

The sum of the capacities of the operator's three undertakings (Euskaltel, R and Telecable) will allow the business to grow and gain strength while taking on leadership of the digital roll-out in the Basque, Galician and Asturian societies. 2018 was a year of consolidation and growth for the Group, which took a forward step towards achieving strategic objectives and consolidating its position as northern Spain's leading telecommunications group.

The Euskaltel Group seeks to create value for all its stakeholders and stimulate economic and social development in the territories in which it operates. The keys to the growth achieved in 2018 are the Group's strong ties to these territories and the most advanced telecommunications offering for customers, homes, companies and institutions.

MILESTONES DURING THE YEAR

Expansion plan in Navarre and Cantabria with 4,372 new customers

Brand creation RACCtel+ for the expansion into Catalonia

Stabilisation of residential business in the three regions (Basque Country, Galicia and Asturias)

EBITDA growth thanks to the achievement of the promised synergies and efficiencies +29.5 M€ in 2018

Revenue growth (69.4 M€ / 11.1% YoY), net profit growth (13.1 M€)

Solid free cash flow generation, 17.9% of revenue in 2018 or 124 M€

"**The company has always sought to offer customers the best quality at the most efficient price. We aim to carry on providing the best telecommunications experience and to stay at the forefront of innovation and digital transformation, as a key partner in accompanying companies, institutions and individuals through their new technological challenges.**"

FRANCISCO ARTECHE
Euskaltel Group's CEO

Pillars of our strategic plan

1.
Expansion plan to drive growth.

2.
Simplification, platform integration and digitalisation.

Grupo Euskaltel

4.
The best customer experience, retaining our B2C leadship.

3.
Return to growth in B2B.
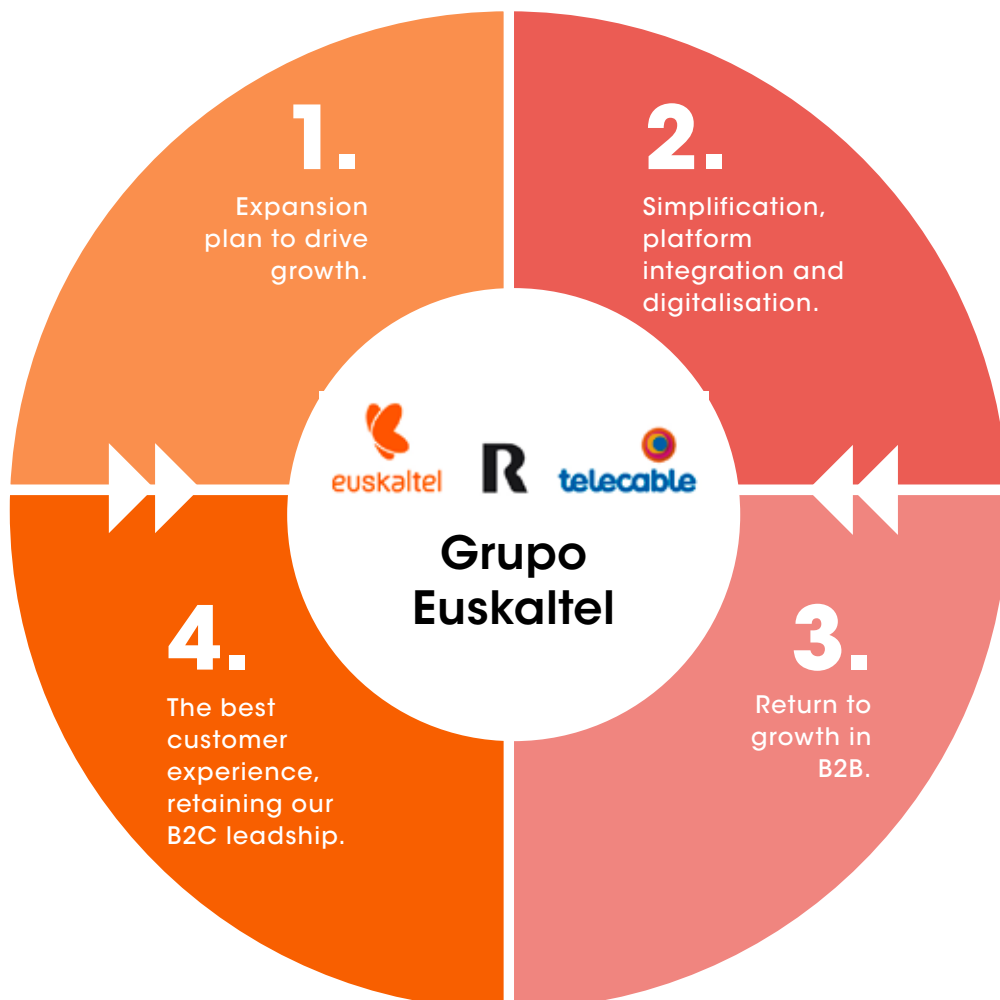
THE PILLARS AND LINES OF THE EUSKALTEL GROUP'S STRATEGIC PLAN

Strategic pillars / Chapters of the Report	1 Organisational and Cultural Capital	2 Human Capital	3 Customers	4 Natural Capital	5 Relationships	6 Intellectual Capital
Diversified growth	◆				◆	◆
Operational excellence	◆	◆		◆		◆
Distinctive experience			◆			◆
Customer value protection			◆			◆
ODS	8 16 9 10	3 5 8 9 10	8 9 10 11 12 17	12 13	8 9 17	8 9 10 11

1.
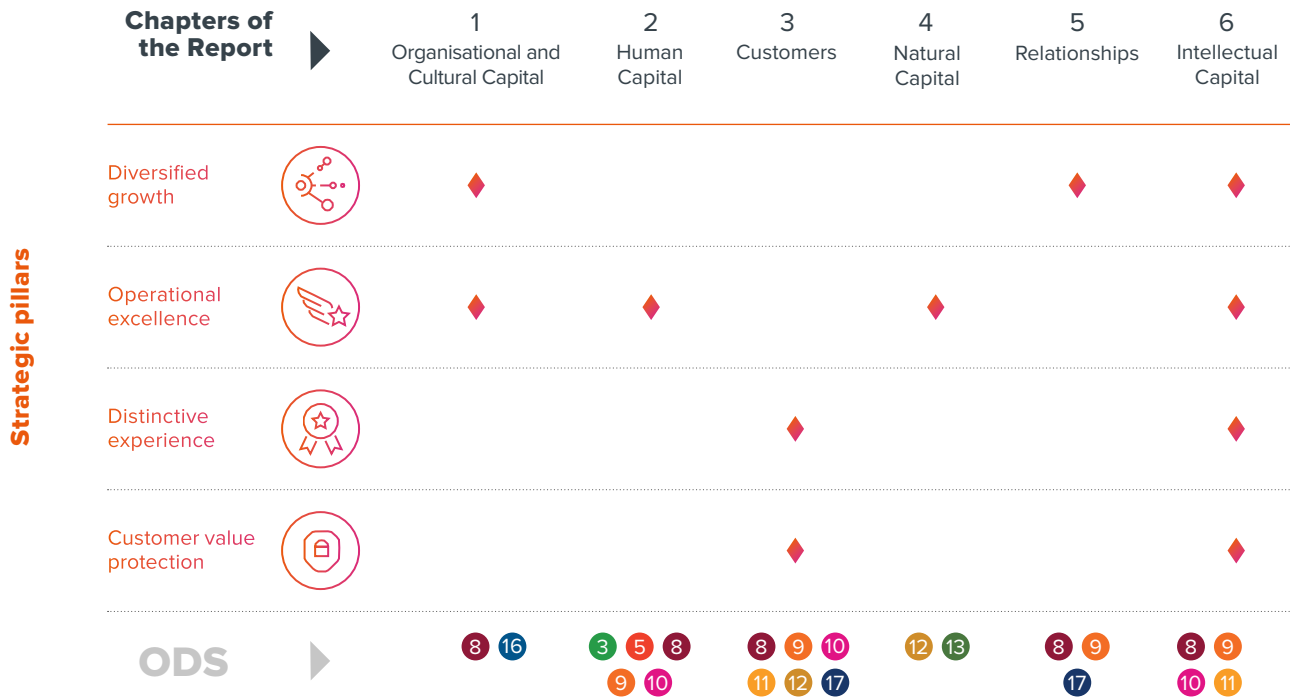
Expansion plan to drive growth

The most relevant growth factor in 2018 was the inclusion of Telecable in the Euskaltel Group. The consolidation of the investee Telecable in the Euskaltel Group's balance sheet brought growth in all the Basque operator's business areas. What is more, the Company will enter five new markets in 2019 under an ambitious plan of strategic partnerships with the main players, which will assure growth in the near future and the potential to reach 10 million homes throughout Spain.

The approach that includes expansion into neighbouring regions has allowed the Euskaltel Group to penetrate new zones and open new points of sale, such as the stores in Ansoain, Pamplonaand Castro. In Navarre, penetration reached 8.2% in some areas

towards the end of 2018 and is expected to rise to 20% by 2022.

The Euskaltel Group will also enter a total of 200,000 homes in León and Cantabria thanks to the agreement to use Orange's fibre. Under the R brand, penetration is forecast at between 4% and 6% in the last two markets in 2019, rising to 12% in 2022. The Euskaltel Group will also begin to market its services in La Rioja, where it expects to reach a further 85,000 homes.

In December, the Euskaltel Group and the RACC launched a new brand, RACCtel+, through which northern Spain's leading telecommunications operator will offer an integrated service to 600,000 homes in Catalonia. The extension of this agreement entails the Euskaltel Group's en-

try into the Catalan market, with a portfolio of over 900,000 potential customers.

The Group's strategy has a dual focus. Firstly, the expansion of network coverage in areas that still cannot access the service in the Group's natural markets where it already does business, that is the Basque Country, Galicia and Asturias; secondly, the expansion of the Group's services in neighbouring regions such as Navarre, Cantabria and Catalonia (under the RACCtel+ brand). The Euskaltel Group has also drawn up an expansion plan to enter new markets during 2019 with a high penetration capacity, thanks to its experience and proven model. Specifically, in the near future the Euskaltel Group will begin to operate in León, Cantabria and La Rioja, in addition to the Basque Country, Galicia and Asturias.

"**The first steps taken beyond our local markets have shown our ability to strongly penetrate new markets using an efficient CAPEX model. This initial success has encouraged us to increase our plans to expand in terms of both areas covered and commercial penetration.**"

FRANCISCO ARTECHE
Euskaltel Group's CEO

New territories
The Euskaltel Group will enter five new markets in 2019: Navarre, León Cantabria, Catalonia and La Rioja, besides our markets in the Basque Country, Galicia and Asturias. Through this territorial expansion plan, the Euskaltel Group's target market keeps on growing.

● Euskaltel Group's current territories Euskaltel
● Áreas de expansión del Grupo Euskaltel
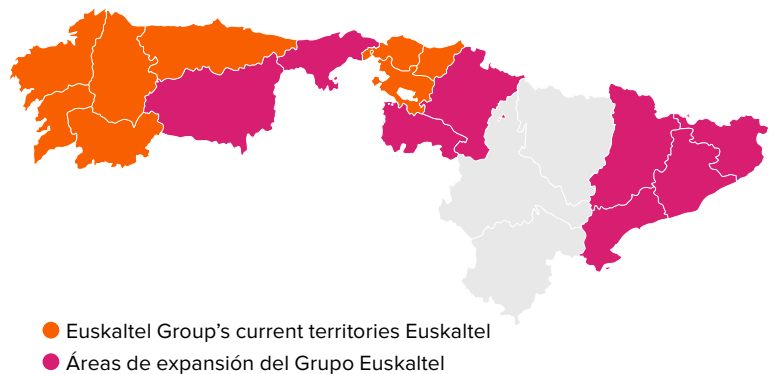
THE PILLARS OF THE EXPANSION STRATEGY

- **Discipline**
- **Aggregate value**
- **Marketing speed**

- **Capacity to leverage brand value**
- **Consistency with the global strategy**

2. Simplification, platform integration and digitalisation

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Besides integration and expansion, in 2018 the Group worked towards simplifying, integrating platforms and digitalising its subsidiaries, a key project for internal resources to be managed in a dynamic and efficient way. With this aim, the Euskaltel Group is taking steps to achieve more streamlined structure following the acquisition of R and Telecable so as to become a more efficient and competitive operator.

- Operating expenditure
- Costs to sell
- Capex (Investment)

41%

53%

6%
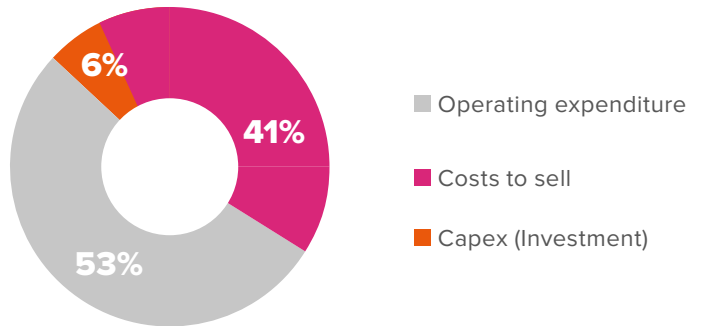
Synergies valued at
18,4 M€

3. Return to growth in B2B

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One of the main strategic pillars is the return to B2B growth. 2018 was the first year in the past six in which B2B revenue growth in large accounts and SMEs was over 5%. This growth is the fruit of a unified commercial strategy, new products and services, digital transformation, strategic partnerships and a global scope.

In line with these objectives, the Euskaltel Group is at the forefront of innovation and digital transformation, and is a key partner in accompanying companies, institutions and individuals through their new technological challenges. With this in mind, the Company has developed services ranging from the Internet, fixed-line and mobile phones, digital TV and broadband to digital transformation processes, IoT (Internet of Things) solutions, technology for Smart Cities and Industry 4.0. These will be the keys to the Group overcoming the main challenges it faces, together with 4K technology deployment, WiFi audits in customer homes and content quality, among others.

4. The best customer experience while retaining our B2C leadership

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The Euskaltel Group is firmly committed to offering the best customer experience. The Group's B2C leadership has been retained thanks to customer experience enhancement. Assurance of the best CEX brought positive net customer registrations in 2018, reflecting the solidity of the Group's customer base.

With the objective of giving consumers the best telecommunications experience in their homes, the Euskaltel Group continues to improve and forge new partnerships with the main market players for its television, WiFi and mobile phone services, while paying full attention to customer care. As is already the case with Netflix, the Company will offer a broad catalogue of third-party shopping services in the near future.

At present, the Group provides customers with the best broadband experience based on the DOCSIS 3.1 network's high technological capacity, supplemented by the best Wi-Fi experience in home and businesses, as well as in the street.

"**The Euskaltel Group is working on a number of strategic agreements with leading companies to take our expansion plan forward towards new markets and also within our product portfolio, keeping user experience at the very centre of the entire process.**"

FRANCISCO ARTECHE
Euskaltel Group's CEO

The best TV experience is provided through the Deco 4K and the agreements signed with worldwide content leaders such as Netflix. In mobile communications, growth is underpinned by the sound performance and improvements in mobile telephony, the possibility of financing mobile device purchases and the launch of the 4G service, all of which have contributed to the success of this service.

The company is in constant evolution to simplify and improve user experience through a clear commitment to digitalisation, process efficiency and innovation. The Euskaltel Group has launched Netflix carrier billing in its 4K Android TV decoders to facilitate sign-up and payments in the Video On Demand platform by means of a single invoice. The company will provide this new service to all users with 4K decoders, where it currently has a market share of over 80% in Spain.

The Euskaltel Group leads industry transformation by listening actively to customer needs and offering the high-quality services and content that consumers demand. The company was the first operator in Spain to introduce 4K Android TV decoders in July 2017, providing an open platform that has enabled over 80,000 homes to quickly access OTT content and services since its launch. By the end of 2018, 50% of the Euskaltel Group's customer base will have installed these decoders.

The Euskaltel has managed to achieve ambitious organic and inorganic objectives in record time since its stock market flotation in 2015 to become a genuine multi-regional platform, deeply rooted in its main markets but fully prepared to enter and grow in new areas. The Euskaltel Group is competing in an immersive scenario that offers new challenges but also huge opportunities. The Group's strategy designed to achieve its main objectives is clear and comprehensive, grounded in the entire organisation's commitment to value generation through customer experience, growth and efficiency. The implementation of this strategy will assure sustainable value creation for shareholders in the medium-to-long term.

**Diversified
growth**

**Operational
excellence**

Distinctive
experience

Customer value
protection

Organisational and cultural capital

The Euskaltel Group's organisational and cultural capital, founded on diversified growth and operational excellence, is a fundamental aspect of the strategy. 2018 saw the consolidation of the Group's organisational and cultural structure through the integration of all its businesses.

Helping to expand a solid, responsible culture

Our mission is focused on generating value, responding comprehensively to communication needs and helping businesses boost productivity by providing them with information management and communication tools, thereby contributing to social and economic development in our community.

91% executives from the local community

100% acceptance of the Code of Ethics in 2018

91% acceptance of the Anti-Corruption Policy

866 hours of Anti-Corruption Policy and Code of Ethics training

SGDs to which it contributes

The Euskaltel Group's institutional activities are designed to show responsibility and proximity to its stakeholders, shareholders, customers, society, suppliers and people.

The Euskaltel Group is people-focused and aligned with the Sustainable Development Goals (SDGs) so as to make a more efficient, direct contribution to developing a fairer society with less inequalities and more development opportunities. The SDGs serve as references when designing and implementing policies and actions in response to different needs.

This action philosophy reflects the Group's mission to make the Company a trailblazer in the local economy, generate business opportunities, influence employment, lead the country's networks of business associations, generate confidence and pride in belonging, foment social commitment and digital development in the Basque, Galician and Asturian societies and boost competitiveness and cooperation among public and private organisations. In short, the Group's mission is to make a clear contribution to the achievement of SDG 8.

The Group also strives to enhance transparency and meet the best corporate governance practices in order to build a solid, strong organisation that stimulates loyalty and trust in all our stakeholders. Through its corporate policies and the development of new internal operating systems in the Company, the Euskaltel Group made further progress towards SDG 16 in 2018.

Corporate governance

Good corporate governance allows the Euskaltel Group to achieve its leadership vision by contributing global ICT solutions tailored to market needs, with a department that works ethically and transparently, subject to internal and external control and verification.

This good corporate governance seeks the greatest possible transparency, effectiveness, drive and control across the entire organisation. This means assimilating a set of values, principles and standards that regulate the functioning and organisation of the administrative bodies, as well as relationships with the Company's share-holders, the purpose being to assure the best possible pursuit of the corporate objects while meeting the shareholders' common interests.

The Euskaltel Group's corporate governance system is founded on a commitment to best practices in good governance, business ethics and social responsibility in all areas. In recent years, corporate governance has become a key to good management and social responsibility in companies, the Euskaltel Group being a benchmark for the roll-out of business models and measures that guarantee good governance in the organisation.

Approval of New Corporate Policies

As part of its good corporate governance activities, the Euskaltel Group's Board of Directors has approved a policy on auditor contracting and relations, together with the commitment to promote the highest levels of external auditor independence and, in any event, avoid relationships that could give rise to a conflict of interests. The Group also wishes to put in place suitable auditor communication channels to ensure that any issues that may jeopardise the auditor's independence or causes of incompatibility stemming from personal situations or professional services may be reported.

The Equal Opportunities Policy has also been reviewed and updated so that it is unified and applicable across the Group. This policy includes the strategic objective of building employment relations based on equal opportunities, non-discrimination and respect for diversity. Specifically, the Board of Directors considers equality between men and women to be one of the core values of the organisation.

The Euskaltel Group has a number of specific policies governing stakeholder relations, including applicable values and principles:

Key policies and procedures in the Euskaltel Group's strategy

Code of Ethics
Develops the corporate values andprinciples of the companies that form the Group and lays down conduct guidelines that are binding on the Euskaltel Group's Board of Directors, professionals and suppliers.

Instructions for Behaviour
The Euskaltel Group's Code ofEthics includes conduct guidelines, in addition to compliance withlegislation applicable to the business activities.

Ethics Channel
The Group's professionals, customers, suppliers and third parties have at their disposal a good faith mechanism to securely and confidentially report alleged facts or actions that they feel could infringe the Code of Ethics and Instructions for Behaviour, corporate governance rules or applicable external legislation or regulations. The channel is also employed to request information, make queries or clarify matters related to prevailing legislation.

Integrated Management System Policy
This covers the Group's policies deployed in the processes need to assure customer satisfaction, protect and improve the environment, and address all kinds of risks and well-being issues. It includes the Environmental Policy, together with the Quality and Occupational Safety Policies.

Corporate Social Responsibility Policy
This allows the consolidation of a consistent, sustainable and socially responsible business project in line with the current regulatory framework, the 2030 Agenda, the Paris Climate Agreement and the CNMV's Code of Good Governance.

Anti-Corruption Policy
A tool to promote the Group's compliance with anti-corruption and anti-bribery legislation, fomenting honesty as a corporate value against any form of bribery or corruption.

Equal Opportunities Policy
This aims to achieve an environment that favours a work-life balance for the Group's professionals and, in particular, real equality for women and men, while observing the laws in each country and international best practices.
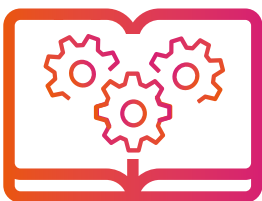
All the Group's policies are revised and, if applicable, updated so as to obtain the desired outcome.

Other relevant policies and rules underpinning the Euskaltel Group's strategy

Director Selection Policy.

Policy on Communication and Contacts with Shareholders, Investors and Proxy Advisors.

Director Remuneration Policy.

Corporate Fiscal Policy.

Euskaltel Group's Policy on Auditor Contracting and Relations.

Euskaltel S.A.'s Internal Code of Conduct in Stock Markets.

Board of Directors' Regulations.

General Shareholders' Meeting Regulations.

Risk management, ethical culture and good governance

The Euskaltel Group's values

Proximity

Honesty

Innovation

Efficiency

In view of the increasing significance of corporate governance in the international arena, the Euskaltel Group is taking further steps to enhance corporate governance and comply with the CNMV's Code of Good Governance in Listed Companies.

The main risks identified in the Euskaltel Group are classed as strategic, operational, compliance, information or cybersecurity risks. The starting point when identifying these risks is the analysis and assessment of factors that can have an adverse impact on the fulfilment of business objectives, resulting in a map of the main risks grouped in categories and an assessment of potential impact and probability. The Group's risk management process then requires a certain response to those factors and the roll-out of control measures necessary for the reaction to be effective. The

Euskaltel Group's risk map has been reviewed to lay the foundations for the new Risk Management Model, making changes that reflect the Group's own development, market trends and industry trends.

The Risk Control and Management Policy assures the Euskaltel Group's stability and continuity, laying down basic principles, key risk factors and general framework for risk management and control. This policy is developed and supplemented by specific internal policies or rules for certain Group units or areas, as mentioned in the previous section on corporate governance.

The main progress achieved in risk management, ethical culture and good governance in 2018 is described below:

Implementation of a Unified Compliance Model

Among other matters, 2018 saw the integration of three companies engaged in the same business but with differences relating to culture, organisation, applicable legislation and territorial scope. For the purposes of integrating Organisational and Cultural Capital, the Euskaltel Group developed a model that simultaneously addressed integration and compliance, which was deployed across the Group to strengthen the culture of ethics and regulatory compliance, while also bolstering independence and efficiency. This model is another step in the Group's commitment to promote an ethical culture oriented towards preventing actions that could generate liability for the organisation, thereby enhancing good governance and risk management as a basis for business sustainability, grounded in compliance with applicable external and internal regulations.

Full adaptation to the GDPR

The Euskaltel Group has successfully implemented an intensive action plan to comply with Regulation (EU) 2016/679 of the European Parliament and of the Council of 27 April 2016 (GDPR) on the protection of natural persons with regard to the processing of personal data and on the free movement of such data, applicable as from May 2018.

The Group took steps during the year to bring the most critical requirements of the new data

100%
acceptance of the Code of Ethics in 2018

91%
access to training and acceptance of the Anti-Corruption Policy

116
leaders trained face-to-face in regulatory compliance

866
hours of Anti-Corruption Policy and Code of Ethics training

protection regulation into its procedures, including training actions for all employees.

Ongoing employee training

In 2018, a representative number of the Euskaltel Group's professionals received training in leadership skills so as to foment and boost management and leadership skills within the Group. This training shared with over 100 professionals the importance of knowing and applying the Euskaltel Group's internal rules, particularly the Code of Ethics, as well as transmitting it to their teams through their leader roles.

A number of communiqués were distributed to the employees during 2018, forming part of the Compliance Communication Plan, as a tool to involve all the Euskaltel Group's workforce in the culture of ethics and regulatory compliance. Employees were reminded of the existence of documents such as the Code of Ethics, Instructions for Behaviour, Anti-Corruption Policy, Ethics Channel and Criminal Compliance Roles and Responsibilities, highlighting their significance and accessibility. These documents are currently available to the Group's professionals in each of the relevant intranets and the Code of Ethics, Instructions for Behaviour, Ethics Channel and Anti-Corruption Policy are posted on each Group company's website, accessible both to employees and all other stakeholders.

During 2018, all the Euskaltel Group's professionals received external expert training on the Code of Ethics, Instructions for Behaviour and Anti-Corruption Policy through an online study process that ended with a test to evaluate their ethical culture and good governance skills. This training included information and examples relating to regulatory compliance and the Group's compliance model so as to encourage the professionals to become involved in and responsible for developing a culture of ethics and regulatory compliance, observing the essential values

and principals of the Code of Ethics.

Internal training was also provided on the Code of Ethics prior to acceptance by all the professionals by means of a questionnaire.

Finally, a note was distributed to all the employees on the acceptance of hospitality and gifts, as well as a letter to all the suppliers addressing the corporate culture and, in particular, the approach to rejecting gifts that could affect impartiality or objectivity, or influence a commercial relationship with people in the Euskaltel Group.

Development of GRC tools

In 2018, the Euskaltel Group implemented a GRC tool supporting the entire Internal Control over Financial Reporting (ICFR) system so as to assure efficient management of internal control through traceability and the correct assignment of responsibilities for the assessment of pre-defined financial risks and controls. The Euskaltel Group is also developing a GRC (Governance, Risk and Compliance) tool that will allow a single framework to be put in place to effectively manage risks based on a model for crime prevention, identification of corporate risks and correct General Data Protection Regulation management.

Extension of the Ethics Channel to stakeholders

The scope of the Ethics Channel was increased in 2018 to provide third parties with a tool to confidentially report both doubts or queries related to the Group's activities and alleged facts or actions they consider could infringe the Code of Ethics and Instructions for Behaviour, or any other rules included in the Euskaltel Group's corporate governance system, as well as applicable external legislation or regulations. The Ethics Channel may be accessed through each of the Group companies' intranets by all the professionals and by means of their websites by stakeholders.

Shareholder structure and Board composition

At 31 December 2018, the Euskaltel Group has the following shareholder structure:

15%
Zegona Limited

11%
Corporación
Financiera Alba

4.48%
Abanca

49,41%
Other

20,11%
Kutxabank

The Euskaltel Group's shareholder structure
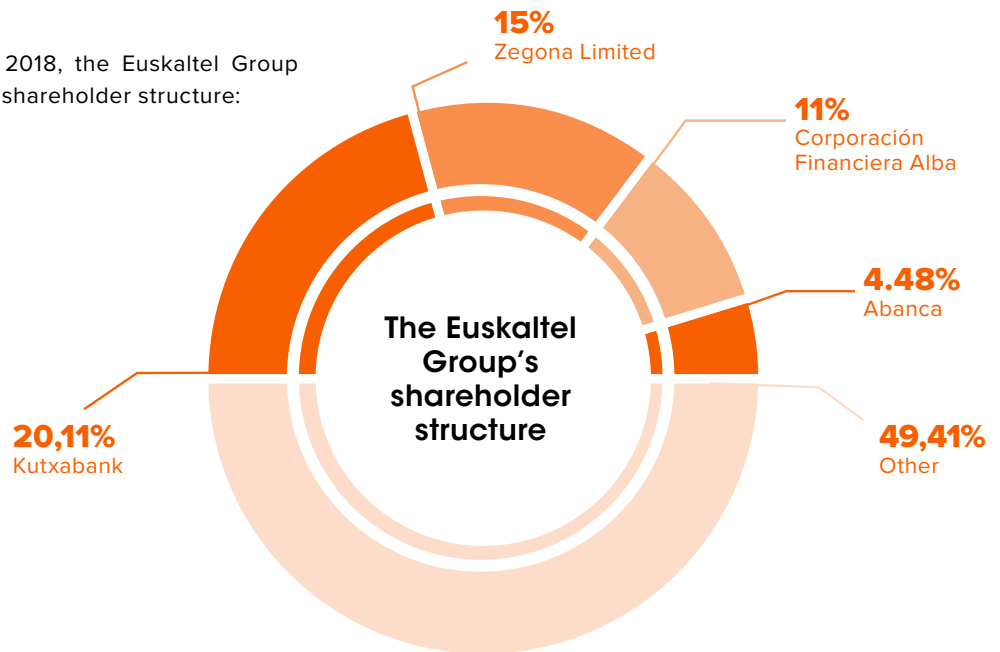
Board of Directors

The Board of Directors has 12 members (3 women and 9 men), 2 of whom are executive directors (Chairman and CEO), 4 are nominee directors and 6 are independent. 11 directors are aged over 50.

The Board of Directors, in a plenary meeting, has the authority to approve the Company's general policies and strategies and, particular, (i) the strategic or business plan, as well as management objectives and annual budgets; (ii) investment and funding policy; (iii) definition of the structure of the group of companies; (iv) corporate governance policy; (v) corporate social responsibility policy; (vi) risk control and management policy, including tax risks, and the periodic monitoring of the internal information and control systems; (vii) dividend and treasury share policy, particularly related limits.

The Board of Directors entrusts day-to-day management to the Chairman, the Chief Executive Officer and the Management Team, as well as the dissemination, coordination and general implementation of the Company's policies and guidelines, in order to focus on the definition, supervision and monitoring of the general policies, strategies and guidelines to be followed by the Company and its Group.

The Board of Directors meets as often as is appropriate to properly perform its duties and at least six times per year, holding at least one meeting each calendar quarter.

There are three Board committees:
• Audit and Control Committee.
• Appointments and Remuneration Committee.
• Strategy Committee.

The committees have no executive functions but rather act as information and consultation bodies, authorised to inform, advise and propose within their scope of action, which is governed by the Bylaws and their own internal regulations (Audit and Control Committee Regulations, Appointments and Remuneration Committee Regulations and Strategy Committee Regulations). Their main task is to assist, inform and raise proposals to the Board of Directors on matters assigned to them by the Bylaws, Board Regulations or their own internal regulations.

Directors' remuneration is subject to the prevailing Directors' Remuneration Policy approved by the General Shareholders' Meeting and is overseen by the Appointments and Remuneration Committee. This remuneration is set out in the Annual Report on Directors' Remuneration published by the Group.

The companies R Cable y Telecomunicaciones Galicia, S.A.U. and Telecable de Asturias, S.A.U. each has a sole administrator (Euskaltel, S.A.), an office that is not remunerated.

Board of Directors performance evaluation

In 2017, the Board of Directors and the Audit Committee each conducted self-assessment processes that led to a number of proposed improvements, some of which were implemented in 2018 and others are in progress.

A Board evaluation exercise is a continuous improvement tool, so the assessment process conducted in 2018 with the help of an external advisor has served to measure the degree of implementation of those improvements and to detect new improvement proposals in each aspect evaluated and described below.

The mandatory annual Board evaluation process was carried out in 2018 with the assistance of an independent external advisor so as to comply with recommendation 36 of the Code of Good Governance in Listed Companies, which states that the Board of Directors will be assisted in the evaluation every three years by an external consultant.

The following aspects were assessed:
- Strategic control.
- Risk management.
- Business monitoring.
- Work procedures.
- Board composition.
- Board operations.
- Committee evaluation.
- Performance of Bylaw roles.
- Individual performance of directors.

Phases of the Board evaluation process

- The initial planning phase involved meetings to discuss the situation, review documents and prioritise the relative significance of each aspect. This led to the preparation of questionnaires to gather information from and communicate with the Board members, as well as a specific work plan.

- In the second phase, the information, opinions and inputs from the Board members were compiled and draft Diagnosis and Recommendations were drawn up, presented and discussed by the Appointments and Remuneration Committee.

The process included a specific, separate assessment of the Audit and Control Committee, using the CNMV's Technical Guide 3/2017 as a reference.

The findings of both evaluation processes were highly satisfactory based both on the opinions of the members and the examination of structure, policies and procedures applied.

Executive Chairman's functions

- Oversight and assessment of the Chief Executive Officer's performance.
- Management, oversight and evaluation of the Secretary and Vice-Secretary to the Board of Directors.
- Executive management of responsibility for corporate development, subject to the Board's final approval.
- Involvement in the definition of strategy proposals to the Board of Directors.
- Oversight and coordination of the Group's corporate communication and external relations (Institutional Relations and Investor Relations).
- Oversight of the Internal Audit and Compliance Department (Internal Audit, Compliance and Data Protection), which reports directly to the Audit and Control Committee.

CSR management

The Euskaltel Group's corporate social responsibility management is based on its ties to and identification with the local community, social commitment, operational excellence and responsible management as the essential pillars of a sustainable, socially responsible undertaking that is valued by all its stakeholders. This approach has been continuously developed and implemented through actions and plans on the way to reaching significant milestones. During times of expansion, the Group CSR management has been taken into account as a key factor when building a solid, responsible and sustainable organisation. Each year, the Board of Directors is informed of the Group's economic, social and environmental performance.

With this mind, the strategy has been based on the CSR 2016-2018 Master Plan in recent years, the main purpose of which has been to align the Group's CSR vision, policy and culture in times of growth and change. The Master Plan and related strategic lines have also been adapted to new requirements identified by stakeholders, which increasingly emphasise responsible management and are more diverse, with different backgrounds and concerns. The CSR Plan monitoring approach has been put in place by the CSR Process team, formed by the departments engaged in tasks related to the defined areas of corporate social responsibility. In 2018, when that plan came to an end and in order to lay the foundations for the CSR 2019-2022 Master Plan, the Group's main targets and opportunities in the new working environment were studied and conclusions were drawn to enhance CSR management.

Assessment of fulfilment of 2018 commitments

Fully integrate Telecable into the Group.

Launch a new risk map, reflecting the new Risk Management model.

Design a criminal risk organisation and management model: review and unification of the Group's criminal risk map and preparation of a Criminal Risk Guide.

Implement anti-corruption controls.

2018

We have accomplished...

Launch the Group's Diversity Policy.

The Board of Directors reviews the Corporate Social Responsibility Policy.

Train and build aware in the Group's professionals in relation to the Code of Ethics and Instructions for Behaviour.

Degree of fulfilment of commitments undertaken

◯ Fulfilled   ◯ Advanced   ◯ In progress   ◯ Initiating measures

Contribution to the Sustainable Development Goals (SDGs)

One of the main objectives of the new CSR 2019-2022 Plan will be to lay the foundations for corporate social responsibility management in connection with the Group's contribution to the Sustainable Development Goals, aligning strategies with the SDGs. The Group will seek to quantify its contribution to the great economic, social and environmental challenges facing humankind. The Euskaltel Group is committed to the local 2030 Agenda in the Basque Country, Galicia and Asturias so as to develop and deploy solutions and technology that will stimulate sustainable development.

In recent years, an in-depth understanding of the SDGs has been gained and shared with our employees through internal campaigns and assimilation into the corporate culture. With the focus on the priority SDGs 8 "Decent work and economic growth" and 9 "Industry,

innovation and infrastructure", two goals entirely aligned with the Group's business, in 2018 the Company took steps to launch initiatives to achieve these objectives through over 150 partnerships to promote technology start-ups and develop local entrepreneurial talent.

Senior management also provided essential support for these activities and the integration of the goals into our strategy. Thanks to this, in 2018 began to set concrete targets measured by means of specific indicators to bring the Company's objectives fully into line with the SDGs. The SDGs are in turn an opportunity to identify future business areas, increase the value of business sustainability, strengthen stakeholder relationships, keep abreast of policy development, stabilise societies and markets, and employ a common language with a shared purpose.

2019 Commitments

Integrated development of the GRC tool for the management of corporate, compliance and data protection risks.

Deployment of the GRC tool for the management of regulatory compliance risks (in addition to criminal risks, already analysed in 2018), cyber risks and tax risks.

Diversity Policy implementation.

2019

We are going to work on ...

Compliance certification.

Update of the Directors' Remuneration Policy.

Fulfilment of expansion plan targets to drive growth.

Diversified
growth

**Operational
excellence**

Distinctive
experience

Customer value
protection

Human capital

The Group's human capital has a direct impact on operational excellence. In 2018, the focus was placed on digitalising processes and the digital transformation of the workforce so as to provide tools to achieve more efficient processes and more effective work, equipping employees with digital devices that facilitate their daily tasks.

Contributing to egalitarian and sustainable local development

We want to help local economic development through quality, inclusive employment and foment a good work climate using tools that facilitate daily work and programmes that motivate our teams.

697 employees   **99.9%** indefinite contracts

41% women

33 new hirings

551 employees with new equipment digital   **30** meeting rooms fitted out for videoconferences

100% employees trained in occupational risk prevention

SGDs to which it contributes

In 2018, the Euskaltel Group focused on a far-reaching digital transformation of the processes and tools employed by our people. This "inward" digitalisation will allow our professionals to carry out their work more efficiently regardless of the location. Through the renewal of equipment and addition of mobile devices such as laptops and smartphones, the Group's workforce can adopt new ways of working, balance work and life, and provide a better service to customers.

The 697 people that form part of the Euskaltel Group are a highly-skilled team that demand and value efficient processes and digital development, as reflected in the work climate surveys conducted. Our professionals have increasingly diverse profiles adapted to industry and market needs, which provides the Group with considerable human capital value, assuring operational excellence in our services, as envisaged in Strategic Plan 2017-2019.

Ongoing training, diverse talent attraction and retention management, and the promotion of the Group's own culture, influencing the local community and stimulating local economic development, are key aspects of our contribution to the Sustainable Development Goals on decent work and economic growth, gender equality, reduced inequalities and innovation, among others.

Promotion of quality employment

—

697
total employees

41%
women

59%
men

99.9%
indefinite
contracts

100%
employees
receiving
performance
evaluation

14
average length
of service

44
average age
of workforce

5%
churn rate

The Euskaltel Group is formed by 697 people in three main businesses: Euskaltel, R and Telecable. The Group's activities also generate 4,200 indirect jobs thanks to our strategic partnerships.

The Euskaltel Group and employment

The Euskaltel Group's human capital is comprised 41% of women and 59% of men, with an average age of 44 and a team of 697 people. The Company foments flexible working hours to strike a work-life balance and stable employment, 99.9% of the workforce having indefinite employment contracts.

The Euskaltel family also has a direct impact on over 4,200 jobs thanks to the Group's strategic partnerships with local suppliers in the Basque Country, Galicia and Asturias, creating value and synergies with other local enterprises.

The Group's structure is based on corporate areas which manage the entire Company's affairs. Proximity to customers and local communities is assured by maintaining brand identity (Euskaltel, R and Telecable) and direct knowledge of their needs and expectations.

Corporate values

The Group's values include the identity of three convergent brands that share proximity to customers, honesty with all stakeholders, the search for innovation to enhance services and efficient processes. For the Euskaltel Group, identification with these values is critical, since the behaviour of the Company's people is distinctive and delivers differential value for our stakeholders. This is why new joiners are told of the significance of this behaviour and it is included in the professional career model that will be implemented in 2019.

The Euskaltel Group's values

Proximity

Honesty

Innovation

Efficiency

Identification with these values is critical, since the behaviour of the Company's people is distinctive and delivers differential value for our stakeholders.

Work-life balance

The Group's Strategic Plan places great emphasis on matters related to a work-life balance, which is also one of the aspects in most demand according to work climate surveys. Besides flexible working hours compatible with family life, an aspect that sets the Group apart from other comparable companies, the digital transformation of employees has helped to achieve a more effective balance, allowing professionals to work anywhere. The digitalisation of work and cloud migration not only facilitates processes but are also great assets for employees' personal lives.

Digital transformation of operations

The Group took a huge step in 2018 in its digital transformation, beginning by equipping the Company's people with the tools needed to manage the cultural shift towards process digitalisation, interaction with colleagues and the way in which information is processed, among other aspects.

The keys to digital transformation, beyond technology, are the people that form the Euskaltel Group. So our professionals have to be trailblazers in this change process.
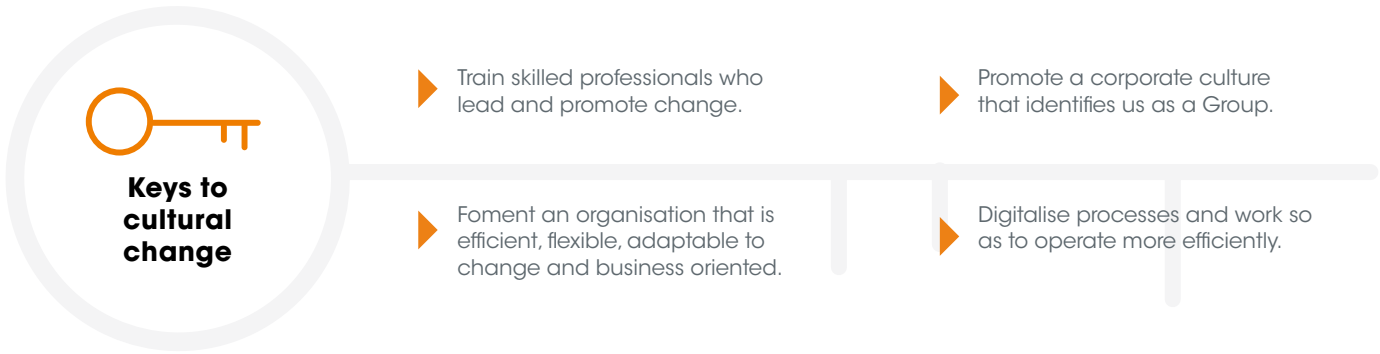
Process digitalisation

2018 was decisive in the shift to a new digital culture due to new digital tools such as Office 365, the deployment of mobile devices for employees (laptop and new smartphones) and the fitting-out of 30 meeting rooms for video conferencing. All this drive towards a new digital culture is already changing the way teams work and interact on a daily basis.

As established in Strategic Plan 2016-2019, the digitalisation process is the basis for a multitude of programmes addressing strategic goals to lead the cultural change, so involving the workforce is one of the first steps to be taken. One of the most representative moves in process digitalisation was the creation of a single Employee Portal for all the Group's employees,

where they may manage and consult working hours, holidays, professional data, remuneration and performance evaluations, among other aspects. This allows them to complete different formalities that were previously handled offline. Training and development of each of the Group's professionals will also be managed through this portal in the near future.

Keys to cultural change

▶ Train skilled professionals who lead and promote change.

▶ Promote a corporate culture that identifies us as a Group.

▶ Foment an organisation that is efficient, flexible, adaptable to change and business oriented.

▶ Digitalise processes and work so as to operate more efficiently.

New ways of working

The digital revolution has shifted the way people work and stakeholder relations towards more interactive, instantaneous and efficient contacts. Digital transformation and process digitalisation have therefore led to new ways of working that promote a work-life and go beyond telework.

The Euskaltel Group is studying new approaches to work as a philosophy that adds value to employees' daily activities. Smart working, which is still under development, follows the premise that technology must improve employee experience and is intended as a new approach to work with technology as the basis, commencing with the digitalisation of work.

The first smart working actions began in 2018, using the following levers of mobility, teamwork and digitalisation to increase productivity, work-life balance and satisfaction.
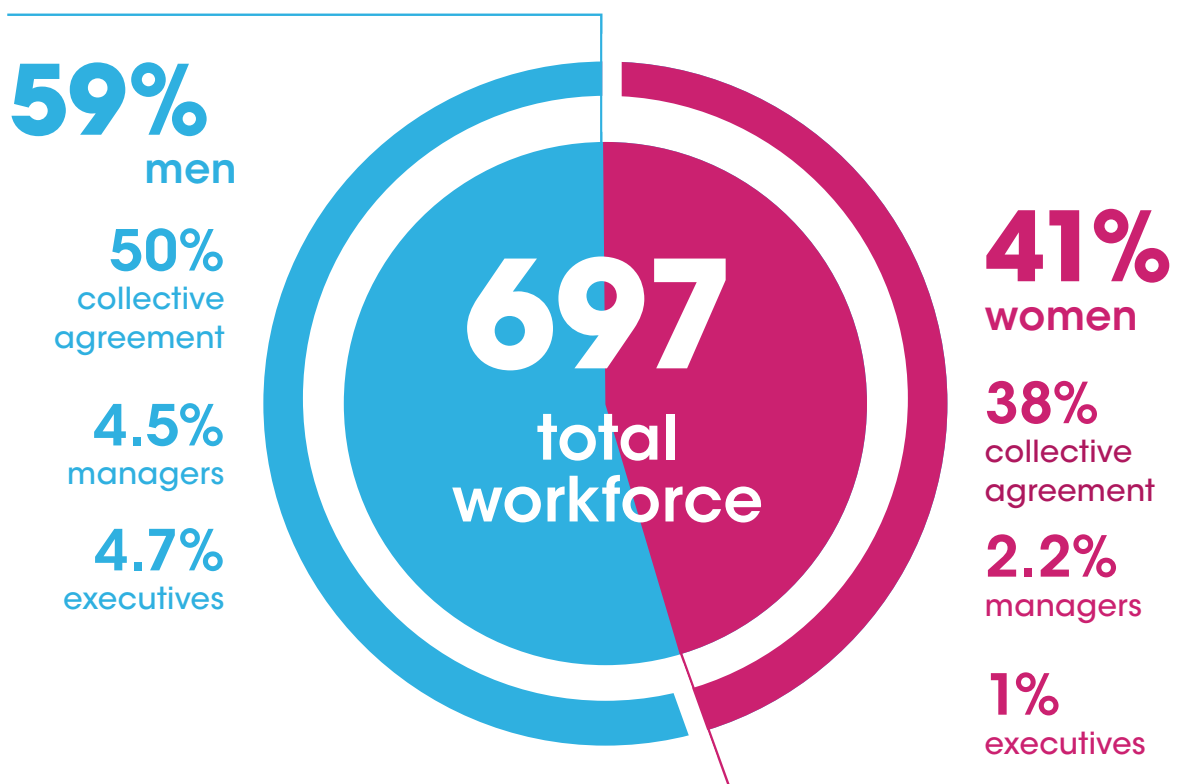
Smart working actions 2018

▼

• Favour mobility through mobile devices.

• Increase teamwork using collaboration tools such as Office 365.

• Introduction of new platforms that allow process digitalisation in the people management arena.

Diverse talent development

The Euskaltel Group firmly believes that the keys to success in the industry are a solid human team that has an easily recognisable corporate culture, ongoing training in line with their skills in a collaborative environment and suitable digital tools to address the cultural change.

59%
men

50%
collective agreement

4.5%
managers

4.7%
executives

697
total workforce

41%
women

38%
collective agreement

2.2%
managers

1%
executives

Diversity and equality

In 2018 the Group continued to implement programmes to encourage equal opportunities and employee diversity, in the broadest sense, across the Organisation's categories.

The Euskaltel Group has a balanced workforce from a gender viewpoint, which is noteworthy in a company operating in an advanced technology sector, with a highly qualified workforce whose skills are constantly being updated.

Equality of opportunity is also encouraged, it being understood that any vacant position should be covered by the most appropriate profile, irrespective of gender, age, cultural background or nationality. Euskaltel's Equality Plan aims to ensure due respect for the principle of equal treatment and equal opportunities for men and women, as well as to improve equivalence in this area. Work is being carried out on the remuneration model applying the same approach, on the basis that the same categories should meet similar conditions both inside the Company and in comparison with other industry companies, thereby avoiding any salary gap. These matters are set out in Euskaltel's Equality Plan which was released in May 2018 and which seeks to safeguard and encourage an inclusive, respectful and diverse environment.

The Group's human resource management is based on respect for human rights and the rejection of any type of discrimination, encouraging equal opportunities, facilitating freedom of association and the right to collective bargaining and rejecting, in its area of influence, forced labour, particularly where child labour is involved.

The Group has continued to develop programmes to encourage equal opportunities and diversity.

All employees have expressly accepted the Code of Ethics which is posted on the intranet and web site of each Group company, and have access to the Ethics Channel via the relevant intranet. Using this channel, they can report any kind of discrimination they identify in the Euskaltel Group's diversity management.

Training and development plans

The development of talent is a cornerstone of the Strategic Plan, in order to provide distinctive service and be an attractive business. Hiring and retaining talent is connected to continuous professional training in a sector in which the updating of knowledge is increasingly important.

TalenTU
The Euskaltel Group has in place a programme offering growth and professional development opportunities called TalenTU, through which the Training Plans are carried out. The TalenTU programme seeks not only to manage and develop talent, but also to maintain it in the long term, since its challenge as an organisation is to ensure that the Group has the right capacities at the right time to achieve its strategic objectives. The TalenTU Programme is supported by various projects:

- Designing a leadership model that will transform the company.

- Designing a professional development itinerary for each professional, taking into account the stage to which they have progressed in their own careers.

- Designing new ways of attracting young talent.

Leadership

5
Competencies of a good leader
▼

1. Personal consistency

2. Capacity to develop and motivate individuals and teams

3. Executive capacity

4. Strategic vision

5. Capacity to transform

Within the TalenTU Programme, the Euskaltel Group has a leadership development plan which aims to ensure that the Organisation's leaders acquire competencies such as transformation capacity, strategic vision, executive capacity or the capacity to develop and motivate teams, all of which are necessary to fulfil their role in the company.

In this respect, during 2018 the programme centred on implementing leader-coach skills initiatives to train them in communication capacities such as listening, clear communication, etc. Seven editions have been carried out, involving 116 persons who have devoted 2,526 training hours to improving their leadership skills.

Women with Talent
A women's leadership programme called Women with Talent has also been developed, with the encouragement of the Group's Management Committee.

Its aim is to focus on the importance of the role played by women in the Euskaltel Group. This programme consists of competency development training modules, inspiring meetings, support and follow-up sessions, work breakfasts and lunches and the presentation of a final project with the aim of enhancing the image of women leaders in the Organisation. The programme covered a period of around nine months in which 14 women took part, devoting 681 hours to training.

In June 2018, prior to its launch, an impact session was held with the entire company aimed at strengthening the commitment to make progress in equality and in the promotion of female leadership.

Finally, CEO breakfasts with leaders are an important initiative that seek to involve the Company's leaders in strategic matters and transmit corporate values through them.

Professional Development

The Euskaltel Group is aware that the world is changing due to the arrival of the digital revolution and therefore the content of work posts is also changing. For this reason, by means of the TalenTU Programme, the Group has launched an initiative to adapt and customise the knowledge and skills that will be required in the workplace, designing a professional career model that will enable an itinerary to be laid out for each employee's professional development.

This year, 30,081 training hours have been taught, comprising 12,553 hours of technical/technological training, 13,731 hours of language training and 3,797 hours of skills training. As the sales activity is the main axis for achieving the Group's results, professionals in this area have been provided with support in the form of training aimed at helping them to achieve their objectives, with 222 hours devoted to this type of training.

In addition, through the development plans, the evaluation model takes into account the skills required for each type of worker depending on their structural position and the area in which they work, assigning them suitable objectives and competencies which are monitored on a half-yearly basis.

Our employees' professional development is not over when their contract ends. Thanks to our outplacement programme, the Group offers six months of personalised orientation to find a new job. Four people took part in this programme in 2018.

Finally, Euskaltel's Equality Plan includes a training policy to promote educational actions with specific modules on effective equality between men and women.

30,081
training hours

43.16
average hours' training per employee

Capturing young talent

The Euskaltel Group's focus on contributing to the development of economic growth and promoting local employability is the basis of one of the main initiatives for capturing talent developed by the Company, through collaboration with Universities, Vocational Training Centres and Foundations for labour integration in the Basque Country, Galicia and Asturias. This collaboration with educational institutions has a double purpose:

- To help in students' work orientation. To this end, student visits are arranged from vocational training centres and secondary schools in which day-to-day working practices are explained.

- To provide information on employment options and professional profiles, sharing the most relevant projects on which the Group is working with the students.

Thanks to these collaborations, in 2018 a total of 43 persons have been taken on for practical training under Educational Cooperation arrangements, and a total of 14 student visits have been carried out involving various educational centres.

The Group also collaborates in initiatives such as the Foro Tecnolóxico de Emprego or the Foro Empleo in order to bring together companies and future technology graduates from the universities of Vigo and Oviedo, among others, or in fairs with Group brand stands such as the Feira Internacional de emprego of Finde.U, also in Vigo.

This close relationship through which mutual knowledge is shared is, in turn, a junction for combining academic and business training through work experiences using initiatives to encourage trainee recruitment, work orientation talks and student visits to the company.

Since 2017 the Group has also had an "employer brand" to enhance its engagement with employees and the recruitment of young talent.

43
trainees

14
visits by students from various educational centres

employer brand since 2017

Working environment and welfare

Working environment

The working environment is one of the most relevant factors for Euskaltel Group employees, as is reflected in the latest Work Climate Surveys and in other analyses. For this reason the Group has carried out various initiatives that promote a good working environment:
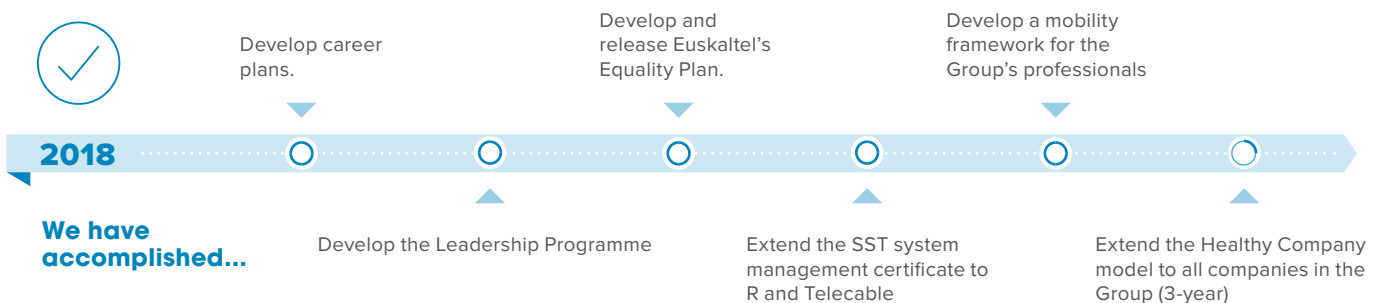
- Work-life balance and working time arrangement policy: Euskaltel's Equality Plan lays down the requirement for the analysis and continuous updating of the company's existing work-life balance measures, constantly collecting information on the real needs of the workforce in each case. It also sets out the commitment to promote courses on work-life balance and equality policies, in order to promote cultural changes among staff with respect to these matters

- Flexible timetables when arriving at and leaving the offices and work centres of the Euskaltel Group.

- Internal mobility: the Group facilitates mobility, rotation and internal promotion through the TalenTU project, covering vacancies with Company personnel that seek to improve their knowledge and acquire new professional skills. In 2018, 15 employees were involved in internal rotation.

The working environment is one of the most relevant factors for employees in the Euskaltel Group.

- Participation and teamwork: as one of the most highly valued aspects in the working climate survey, the Group encourages teamwork and the exchange of experiences with colleagues from different areas.

Assessment of compliance with 2018 commitments

2018

We have accomplished...

Develop career plans.

Develop and release Euskaltel's Equality Plan.

Develop a mobility framework for the Group's professionals

Develop the Leadership Programme

Extend the SST system management certificate to R and Telecable

Extend the Healthy Company model to all companies in the Group (3-year)

Grados de cumplimiento de los compromisos adquiridos

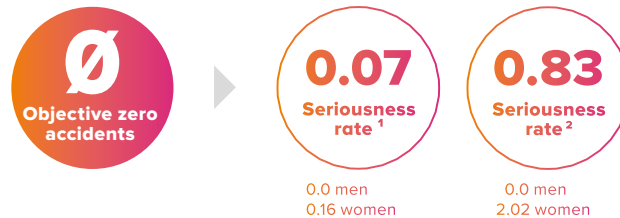○ Fulfilled   ○ Advanced   ○ In progress   ○ Initiating measures

Healthy Company

One of the main initiatives that foster a good working climate in the Organisation is the implementation of the Healthy Business model throughout the Group. This model aims to contribute to improving employees' health by implementing the principal means of prevention and detection of illnesses at Group facilities.

To build the Healthy Company model on a corporate basis, in 2018 the prevention management model implemented in Euskaltel was extended to R and Telecable, certifying the entire Group with respect to the OHSAS 18001 standard.

Euskaltel also maintains its objective of taking the gender perspective into account in occupational risk prevention, as provided in its Equality Plan. The measures include not making trips and transfers of residence during pregnancy, providing work posts that are compatible with risk pregnancies if necessary, analysing psycho-social risk surveys based on variables of gender and age, or providing training on Occupational Health and Safety from a gender perspective, among others.

ACCIDENT RATE

Ø Objective zero accidents

0.07 Seriousness rate [1]
0.0 men
0.16 women

0.83 Seriousness rate [2]
0.0 men
2.02 women

(1) Days' work lost per thousand hours worked.
(2) Accidents requiring absence per million hours worked

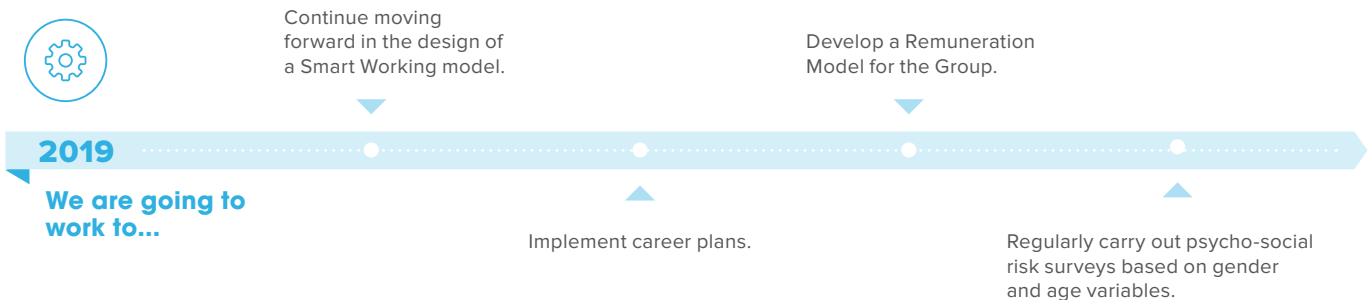| Number of accidents and days lost per accident									
	2016			2017			2018		
	■	■	■	■	■	■	■	■	■
Accidents requiring absence	0	0	0	0	1	1	0	1	1
Accidentes w/o absence	1	0	1	2	2	4	2	0	2
Days lost	0	0	0	0	45	45	0	80	80

■ Men   ■ Women   ■ Total

ABSENTEEISM [3]

2.2 2016

2.07 2017

1.39 2018

(3) Absenteeism is calculated by obtaining the percentage of hours lost solely due to common illness with respect to the total number of hours worked.

2019 Commitments

Continue moving forward in the design of a Smart Working model.

Develop a Remuneration Model for the Group.

2019
We are going to work to...

Implement career plans.

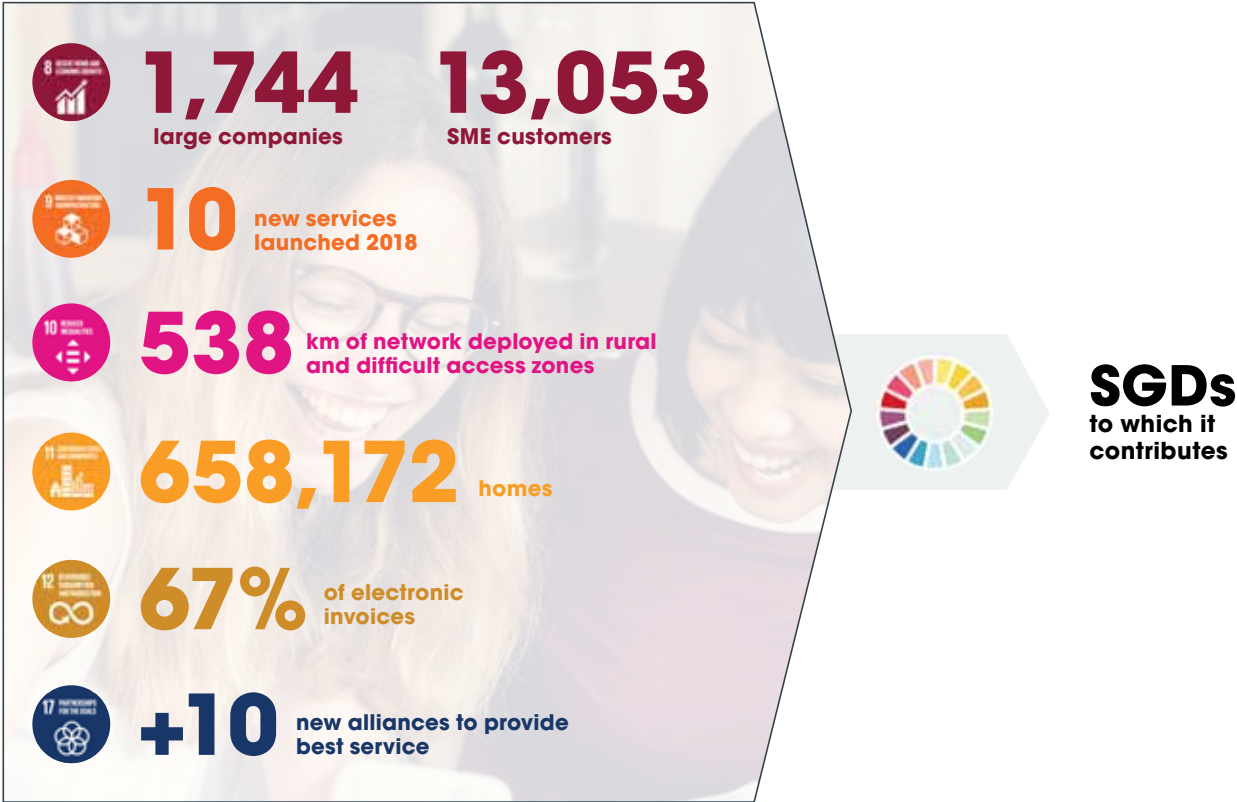Regularly carry out psycho-social risk surveys based on gender and age variables.

Customers

The Customer area is essential for the distinctive experience and customer value protection strategic pillars, since it includes the main levers and lines of action related to their achievement. In 2018 various actions were implemented with the aim of increasing user satisfaction, such as the improvement of physical stores and communication channels with customers.

Contributing to responsible and distinctive consumption

We wish to integrate our corporate values of proximity, honesty, innovation and efficiency into our dealings with customers, with the aim of being recognised by them as a distinctive brand that cares about offering the best service in the territories in which we operate.

1,744 large companies

13,053 SME customers

10 new services launched 2018

538 km of network deployed in rural and difficult access zones

658,172 homes

67% of electronic invoices

+10 new alliances to provide best service

SGDs to which it contributes

In 2018 the Group continued to work on offering a distinctive experience for customers, paying particular attention to measuring their satisfaction and identifying their needs. In addition, in the expansion process being carried out by the Euskaltel Group particular attention has been paid to these details in order to penetrate the new market.

For this reason, the Customer Experience programme has again been one of the main lines of action and was extended in 2018 to cover all the business lines and territories in which the Euskaltel Group operates. By means of active listening and the measurement of user satisfaction, the Euskaltel Group aims to promote innovation and the necessary infrastructures to contribute to the development of sustainable cities and communities, with responsible production and consumption.

Bearing in mind that the Group is the leader in the north of Spain, with Euskaltel, R and Telecable being leaders in the Basque Country, Galicia and Asturias respectively, its contribution to the Sustainable Development Objectives is essential to achieve the 2030 Agenda set in each of the Autonomous Regions.

Distinctive customer experience

Process digitalisation has enabled the Euskaltel Group to achieve greater proximity with its customers, which is one of the corporate values that best defines and distinguishes the Group. In addition, in 2018 A new CRM (Customer Relationship Management) was implemented to improve two-way communication with customers, making it easier to know their needs, expectations and level of satisfaction with the service received. Customers also enjoy direct communication with the Group through the website, where they have a personalised portal to consult consumption, billing and new personalised offers. Communication has also been intensified in stores to establish a direct and personal relationship between the Group and users.

In addition, the Group enhances user management through business continuity (ISO22301), service (ISO 20000-1), customer care (UNE-EN 15838), data security (ISO 27001) and product quality (ISO 9001) certificates.

Meetings with corporate customers

During the year the Euskaltel Group has encouraged the transfer of technical know-how through meetings with corporate customers, with three objectives:

1. Ascertain companies' technological needs for carrying out their business activities in order to advise them on the services that can help them to improve their business models.

2. Explain and discuss the main trends in the digital transformation area.

3. Strengthen close relations and enhance the concept of a telecommunications company that accompanies its customers along the path to digitalisation.

The meeting format is in line with the type of customer and the objective to be achieved (Business & Breakfast, Technology Seminars, Workshops). Around 75 persons attended these meetings during 2018.

770,001
customers

70.8%
satisfaction

78%
homes with more than 3 products

+5
NPS in R

+90k
surveys completed

Customer Experience Programme

The loyalty of the Group's customers is one of its main assets, since this gives rise to a sustainable competitive advantage. For the Group, customer satisfaction is key to their loyalty and therefore it strives continuously to offer, more than a service, an experience that links the customer with the brand and its corporate values.

The Customer Experience (CEX) Programme is based on corporate values and studies the ten key moments in the Group-customer relationship process. All customer opinions expressed through satisfaction surveys, reasons for churn, brand image studies and the observation of daily experiences are brought together in an action plan which aims to provide ever-improving service and ascertain market trends. In 2018 the Customer Experience team was made up of 107 persons who measure satisfaction at each of the key moments and work to resolve any unsatisfactory experiences, enabling the Group to continuously improve. At the end of 2018 over 90,000 surveys had been answered by the Group's customers, with an average satisfaction level of 70.8%.

In addition, in 2018 the Group began to measure the NPS (Net Promoter Score) and the ENPS (which takes loyalty into account) in order to attain a 360º view of its customers and find out their relationship with the three brands. The NPS guides these efforts towards the fulfilment of the Strategic Plan 2017-2019 as the main axis, taking into account the results of high-level decision making since it analysed how the various action levels impact loyalty and the Group brands' market share. This year the study revealed that customer care and trust in the brand are the greatest strengths, and highlighted the technical service provided in the three businesses.

The strengths of the Group's brands are: Euskaltel "brand strength", R "satisfaction" and Telecable "ease of use of services". The +5 NPS and +10 ENPS in R should be noted, its customers being the most satisfied in all the factors analysed.

Platinum Contact Centre Awards 2018

Telecable Asturias received an award for the best customer experience. This recognition rewarded the knowledge and creativity applied in the implementation of processes for improving customer service. This success was due to customer accompaniment the use of cutting-edge digital transformation technology and a highly motived and trained human team.

+10 ENPS in R

Experiential stores

In 2018 the Group made a considerable effort to enhance the customer experience through the remodelling of the Euskaltel stores in The Basque Country and the opening of new stores in its expansion towards Navarra, as well as in La Coruña, the main R store having been completely refurbished. The Retail Transformation Plan took into account the incorporation of new services, with improved work systematics and better results in terms of experience and conversion, aligning customer experience with the Group's corporate values: proximity, honesty, innovation and efficiency.

The store transformation has been accompanied by a specific training and communication plan for professionals, as well as a remuneration model that values customers' experience. Campaigns have also been carried out that reflect the proximity between the public and store professionals, who are willing to answer any questions from customers.

Training in stores

in 2018, R, Euskaltel and Telecable stores hosted free courses to learn how to get the most out of mobile devices. This initiative encourages access to smartphones for people of all ages, while promoting responsible use.

Most stores now have the following characteristics:

Tools that provide the store with measurement systems that improve efficiency and experience: traffic counters, waiting time management tools, devices for measuring NPS, satisfaction and recommendation.

STORE TOOLS

NEW CUSTOMER SERVICE MODEL

Guaranteeing the best experience for customers: in-store work systematics for professionals, customer service model by phases and roles, and in-store staff functions, among others.

Experiential stores

NEW DESIGN

Of shopping areas, in line with the new experience provided and the customer service model: new services, spaces that distribute customer flows, location in high visibility areas, etc.

NEW SERVICES

with the aim of ensuring that customers can find everything they need in the store, without being diverted to other channels: in-store claims management, smartphone set-up, equipment collection, fast check-out fo issues lasting less than five minutes, etc.

KEY INDICATOR MEASUREMENT

Through the implementation of a uniform dashboard which is updated daily using data such as store traffic, attention time, waiting time, customer experience, etc.

"We are firmly committed to giving our customers the best experience: the best experience in broadband, based on the high technological capacity of the DOCSIS 3.1 network, complemented with the best Wi-Fi experience at home, at work and outdoors; the best TV experience supported by the Deco 4K and the agreement we are concluding with worldwide content leaders like Netflix; and the best mobile service for families in our markets. This global best experience continues to position us as the preferred operator in our markets and ensures a stable customer base".

FRANCISCO ARTECHE
Euskaltel Group's CEO

Personalised services

In 2018 the Euskaltel Group continued to create an emotional bond with customers through the launch of new products and increasingly personalised services, seeking to respond to the main demands of users both at home and on the move.

In addition to providing high quality services, the products and services designed and developed by the Euskaltel Group have addressed the customers' real needs, responding to their demands, bringing us closer together and achieving a level of personalisation that allows us to forge strong, lasting relations.

WiFi 360
Due to the importance and universal presence of Wi-Fi services inside and outside the home, during 2018 the Euskaltel Group developed new functionalities and improvements in order to offer a comprehensive Wi-Fi service.

WiFi Home and SOS WiFi
Through the WiFi Home and SOS WiFi services, the Group offers it customers an audition of the Wi-Fi service in all new customer installations, enabling the optimisation of home wife services and the inclusion of new and better equipment, in particular the introduction of MESH technology.

3ollosR/Euskaltel Life
Increasing IoT functionalities, the Euskaltel Group has incorporated new elements into the service, such as heating control and continuous recording. The mobile localisation and alert service has also been developed and launched, which provides information on people's location in a simple, non-intrusive manner for all customers.

Voice assistant
The development of the Group's own voice as-sistant commenced in 2018. This would enhance apps thanks to the incorporation of vocal interface and would also entail the creation of new products that will change how customers interact with services, such as TV.

"WiFi Vacaciones" and "Internet Conmigo"
In 2018 the "WiFi Vacaciones" service in Euskaltel and "Internet Conmigo" service in R were also improved with an increase to 15 GB in the two data credits for high-value customers, compared with 5 GB offered to date.

Land-line and mobile offer
New convergent offer
During 2018 the Group has worked on the joint launch in the three territories of a new convergent offer tailored to the market and customers' needs with a specific set of services, benefits, content and equipment that seeks to cover users' needs and therefore increase their satisfaction with and commitment to the brand. It was launched in December in Euskaltel and will be rolled out in the three territories during the first quarter of 2019.

Unlimited credit
During the summer of 2018 the new unlimited mobile data packs were launched in Euskaltel and R, which allow certain content to be enjoyed, depending on the pack chosen, without having to pay for the data consumed: unlimited Whatsapp & Social Networks, unlimited Music, unlimited Video and unlimited Weekends.

International credit
In 2018 a new international call credit service was introduced for both land-line and mobile calls that caters for a segment of customers that need to contact people abroad on a regular basis.

Other services
Telecable T-Ayud@
In July, a technical support service for residential customers was launched, which includes a 24-hour incident resolution guarantee, an annual review of the Wi-Fi service, equipment set-up and maintenance, advice and re-

3,6

media de productos que contrata el

96%

de los clientes

commendations for the best use of the Telecable services and free travel by technicians to customers' homes.

Promotions for students
For another year, R and Telecable have launched simple offers without any tie-in period tailored to the student-user sector, offering high speed at a lower price.

Improved 4G Roaming service
In 2017, EU roaming started being included in

customers' national rates. As an improvement to the 4G roaming service, since the summer of 2018 customers of the three brands have begun to enjoy 4G technology when travelling abroad (where it is available).

New Internet projects
Docsis 3.1
As a broadband leader, this new technology has been available since the end of 2018 in almost all of the Euskaltel Group's area. This equipment represents a major step forward in the evolution of services in terms of functionalities and efficiency of broadband internet access.

New alliances
Agreement with Microsoft
The Euskaltel Group and Microsoft have reached a strategic agreement to promote the digital transformation of corporate customers and the Company's internal digitalisation. The Euskaltel Group wishes to make available to its customers all the opportunities offered by technology to increase their competitiveness and maximise the potential of an innovative technological ecosystem, with services that ensure a rapid, safe and effective response to changes in the market, while continuing to guarantee availability, efficiency and quality, irrespective of the organisation's size.

New agreements on TV content
Netflix
The Euskaltel Group has integrated the Netflix application into its 4K decoders and is the first operator in Spain to incorporate a direct access from its remote control, enabling the integration of this service into the operator-customer bill.

Football in Galicia and Navarra
An agreement has been reached with La-

Liga to include the LaLiga 123 TV channel in Galicia and Navarra. This channel broadcasts football content 24 hours a day, highlighting the broadcasting of 10 live matches per day from the 2nd Division.

TV display unification

Work has been undertaken to unify contracts with content providers in order to standardise the content proposal in the three brands.

Disney Pop Pick & Play

An agreement has been reached with Disney to incorporate new non-linear content in the Euskaltel Group's content offer. It includes previews prior to broadcast on the linear channel, full seasons of series and games.

Evolution of the TV service

Android TV

At the year end, the Euskaltel Group's Android TV decoders numbered more than 83,000 in total, making it the reference operator in the national market for this equipment. The Group has also worked with the suppliers Technicolor and Sagemcom in order for their decoders to be marketed across the entire Euskaltel Group, which entails the advantage of not being dependent on a single supplier.

Equipment integration

A network integration has been carried out to optimise processes and offer TV customers a better service. In this integration, the current service has been maintained and convergent decoders that can be also used in the growth process have been selected and validated.

Continue watching

This new service has been launched which improves user experience in the TV service, since it allows customers to continue viewing non-linear contents that that they had not watched in full.

New services for companies

Professional WiFi

WiFi is an increasingly critical service for small businesses due to the growing number of activities it supports (wireless POS terminals, sensors, mobile device connections, etc.). This service is based on fully managed professional equipment, offering greater coverage and capacity for simultaneous connections.

3Ollos/Euskaltel LIfe

In 2018 the IoT digital home initiatives were extended to businesses, allowing customers to enjoy the sensorization of their organisations: surveillance cameras, temperature sensors, access control or energy efficiency, among others.

Telco Solutions for SMEs

The services offered to SMEs grew considerably in 2018, including a convergent and unified telecommunications offer in any location thanks to the agreement to utilise the Orange fibre network or the Telefónica FTTH NEBA.

"Mi primer contrato" and "Nativos R"

Children begin using mobile telephones at an increasingly early age. Accordingly to the latest studies, nearly 30% of children under 10 have a mobile telephone. For this reason, the Euskaltel Group has developed initiatives such as Mi primer contrato, a written commitment on mobile telephone use, or Nativos R, free informative talks on new technologies to encourage responsible use, complemented by other parents' experiences and advice aimed at conveying certain values to the family's younger children.

During Christmas in 2018 these campaigns were relaunched with the aim of making families aware of the importance of sensible mobile telephone use by children. The Nativos R actions were carried out during the last quarter of the year in eight locations in Galicia. The last talk was in December. This initiative is part of the measures taken under the Digitalent Plan of AMTEGA (Agency for the Technological Modernisation of Galicia).

Accessibility

In 2018 Euskaltel launched a new public website tailored to mobile devices and tablets, adapting content for improved reading and web browsing.

In addition, this website has been created with a new design system based on Atoms that will enable progress in the construction of accessible web components and facilitate the usability of the entire digital environment.

The Group has development the site with the help of expert web app usability agencies to design an adaptation project for people with vision difficulties by applying technology as the Company's main inclusion method.

Responsible advertising

The Euskaltel Group, based on one of its corporate values, promotes and encourages an honest relationship with all stakeholders. In this respect, clarity in rates and responsible advertising are essential to carry out its activities.

To monitor responsible advertising, the Group performs annual billing quality audits and notifies customers of rate changes two months in advance, one month being required by current regulations. By means of these control tools, the Group seeks to strengthen its relations with customers and foster transparency in its relationships.

Branching out into new markets

At the year end, a total of over 4,500 contracts had been concluded in the new areas in which the Euskaltel Group has started to operate. During 2018 three new stores were opened in The Basque Country and the expansion into new territories such as Navarra and Castro Urdiales (Cantabria) has continued, culminating in five experiential stores by the year end. In addition, in 2019 the Group is preparing to branch out into new areas such as León, Cantabria and La Rioja. An agreement has also been reached with the RACC of Catalonia to provide Euskaltel Group convergent services to all members, under the RACCtel + brand. To reach new customers, the Group has designed new alternative channels such as stands or shop trucks that bring the brand closer to end-customers.

Sustainable products and responsible network deployment

The Euskaltel Group has carried out various initiatives during 2018 to provide its customers with the best service, implying increased coverage, inclusiveness and sustainability, developing access in rural areas and causing the lowest possible environmental impact. During the year the network has grown by 673 km , with the aim of improving speed and access to online communications.

The main activities carried out are described below:

Access to the WiFi network by Paradores de Turismo
Telecable will handle access to the WiFi network by the Spanish Paradores de Turismo hotel chain. This service will be provided in more than 90 establishments around Spain, as well as for its central offices.

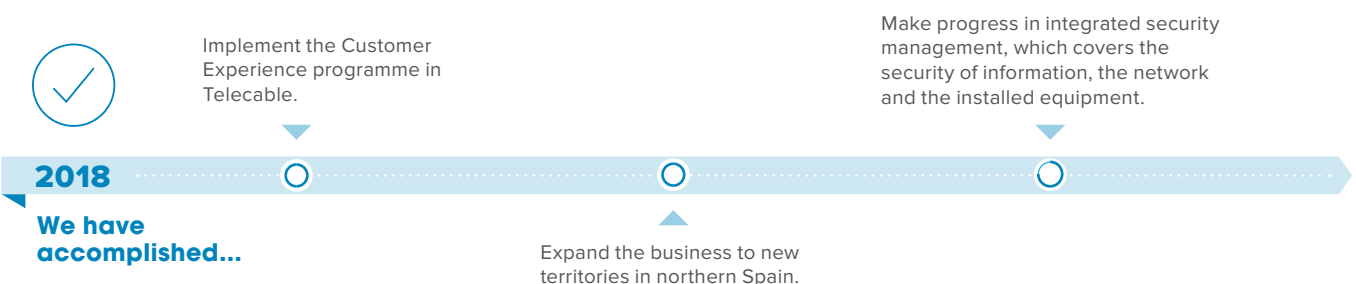### Network deployment in rural and difficult access areas
In 2018, R commenced activations in Galician locations such as Miño, Abegondo, Cerceda or Muros which have been added to the 118 Galician municipalities and 935,000 properties able to receive ultrafast Internet access subsidised by the ERDF. The Group thus facilitates access to advanced services for population centres in which no other operator offers these services, helping to overcome the digital divide caused by geographical dispersion and terrain difficulties.

Overcoming the digital divide
R and Telecable have been awarded an implementation project to provide high-speed and very high-speed broadband services in areas of Galicia and Asturias without any current or planned coverage, with the aim of providing low density populations with the necessary communication services. The PEBA Plan will enable the extension of new generation networks to rural areas, with 32,000 new properties and a positive impact on the territory, enhancing their digital development. R has sponsored and participated in Mobile Week Coruña; over one week and in various parts of Coruña and the surrounding areas, events (talks, workshops, conferences, exhibitions, etc.) were held to involve the community in the technological revolution.

Assessment of compliance with 2018 commitments

Implement the Customer Experience programme in Telecable.

Make progress in integrated security management, which covers the security of information, the network and the installed equipment.

2018

We have accomplished...

Expand the business to new territories in northern Spain.

Grados de cumplimiento de los compromisos adquiridos

◯ Fulfilled ◯ Advanced ◯ In progress ◯ Initiating measures

Mercado de la Cosecha

Together with Hijos de Rivera and Gadisa, R has taken part in this rural support action in which, over two days, culture and innovation are combined and visitors are offered new products by innovative Galician companies that display and test their new products. R provides Internet services to this fair and has a stand with traditional games for children.

Collaboration with Tucycle

Telecable has collaborated as a technological partner in this innovative sustainable urban mobility project in Gijón. Through this application, users can use the bicycles distributed around the city for as long as they require. Since its launch more than 11,000 users have enjoyed the service, contributing to sustainable mobility and reducing pollution in the city.

Collaboration with the Galicia Federation of Associations of Persons with Hearing Difficulties

Under a collaboration agreement, R offers preferential conditions in the contracting of telecommunications services for people with hearing difficulties. Thanks to this collaboration, regular contacts are maintained to check that the services meet these persons' needs.

Collaboration with the city council of Donostia-San Sebastián for the care of the elderly

Euskaltel has entered into a collaboration agreement to support the development of the "OKen-casa" pilot project, whose objective is to create a digital support system for caregivers of dependent elderly people. It also aims to provide the public authorities in charge of the community health area with data analysis mechanisms that help make their management more efficient and anticipatory. This project was one of 15 selected to be part of the ADINBERRI programme within the Etorkizuna Eraikiz strategy of the Guipuzkoa provincial government, the purpose of which is to support R&D+i activities in the region's Silver Economy.

Responsible network deployment

To build or deploy the Network, the Euskaltel Group has policies for the selection and reuse of all the equipment required to offer the service, with the aim of generating the lowest possible environmental impact, complying with all applicable environmental regulations (waste, electrical and electronic equipment, etc.).

Replacement and removal of Internet equipment

In 2018, the Euskaltel Group provided its customers with a new model using WiFi AC technology to improve user experience, removing old equipment and assuming responsibility for the waste generated by these replacements.

2019 Commitments

Extend the Customer Experience programme to other key services in the Company and for all its territories, including the Expansion.

Continue the expansion of the business across Spain.

2019

We are going to work to...

Increase the certificates that guarantee suitable integrated security management.

Natural Capital

The commitment to excellence in environmental management and the development of the Environmental Master Plan allows the Euskaltel Group to effectively address environmental challenges through the management of its environmental footprint when providing its services.

Contributing to our daily efforts to achieve an environmentally sustainable digital business

We are aware of the environmental challenges we face, which is why we strive to promote a responsible attitude, to continuously improve management of the environmental aspects of our activity and to reduce the Group's environmental impact in a context of growth and technological change.

63.8% reconditioned equipment

-38% reduction in hazardous waste

100% green electricity supply at the Group's headquarters as from 2020

SGDs to which it contributes

The Euskaltel Group has continued to develop its Environmental Master Plan in 2018, reflecting its commitment to the struggle against climate change and its effects, and the efficient use of resources. The Plan, together with the Integrated Management System Policy that includes the Environmental Policy, is the main guideline for Natural Capital in its contribution to the Sustainable Development Goals (SDGs), focusing in particular on SDG 12 "Responsible Production and Consumption" and 13 "Climate Action". This Master Plan lays down guidelines aimed at reducing the Group's carbon footprint, improving environmental management and therefore enhancing the contribution to the 2030 Agenda in each of the autonomous regions in which the Euskaltel Group is present.

Environmental strategy and SDGs
Alignment of environmental strategy with sustainable development goals.

AGAINST CLIMATE CHANGE

Deployment of policies to reduce environmental impact
for the Group's activities, promoting good environmental practices; this includes an analysis of the environmental impact of products on their launch and an analysis of the products' environmental footprint.

GREEN COMUNICATION

GREEN ORGANIZATION

GREEN PRODUCT

Communication and dialogue with all interested parties
(stakeholders), based on transparency, veracity and commitment in the preparation and reporting of the activities carried out through theCorporate Responsibility Report and the EMAS Environmental Statement.

Analysis of products' environmental impact
when they are launched and analysis of products' environmental footprint to improve the environmental dimension of the Euskaltel Group's products and make customers aware of these actions.

During the year several synergies were identified among the Group's three businesses and new high quality services have been implemented which are increasingly efficient and environment-friendly.

Lastly, the Group has continued to implement its environmental management system in accordance with internationally recognised standards and certificates and with the highest compliance standards, such as the ISO 14001 certificate implemented in the three Group companies during 2016-2018.

Actions against climate change

The Euskaltel Group has a public commitment towards caring for the environment which is materialised through its Environmental Master Plan. One of the pillars of the environmental strategy is to act against climate change, with initiatives to reduce impacts that affect greenhouse gas emissions.

In addition, through its support for initiatives such as forming part of the #PorElClima Community, the Group is involved in a pioneering initiative that brings together the commitments of individuals, companies, organisations and public administrations that contribute through their actions to the struggle against climate change in accordance with the guidelines set by the Paris Agreement.

Likewise, corporate buildings are also becoming increasingly efficient and sustainable, implementing measures such as the purchase of green energy for supplying corporate buildings. The agreement for the Basque Country with Iberdrola guarantees long-term energy purchases (Power Purchase Agreement) for the supply of electricity based on renewable assets. This agreement was the first PPA signed between an energy company and a telecommunications operator in Spain.

The Euskaltel Group takes part in the Basque Eco-design Centre, an entity based in The Basque Country that operates within a collaboration framework between private sector companies and the Basque Government, which in 2018 has carried out three main lines of activity:

• Corporate Environmental Footprint and integration in Environmental Management Systems (EMS).

• Environmental traction in the supply chain.

• Reputation and green marketing.

Greenhouse gas emissions and climate change

In line with its strategy against climate change and as a necessary step for the reduction of CO_2 emissions, the Euskaltel Group calculates the carbon footprint of its activities and has applied to the Ministry for the Ecological Transition to be entered in the carbon footprint, compensation and absorption project register. A Greenhouse Gas report has therefore been drawn up which quantifies both direct and indirect emissions.

The Group makes and publishes the annual calculations of GHG emissions, defines a plan for their reduction and has them verified by a qualified third party. The Group calculates emissions that are controlled by the organisation, both direct emissions from sources belonging to or controlled by the organisation (scope 1) and indirect emissions derived from the generation of the electricity consumed (scope 2). In the Euskaltel Group, the main CO_2 emissions are due to indirect emissions. Therefore, the main efforts and measures implemented relate to green energy consumption and the reduction of energy consumption.

As well as being an exercise in transparency, measuring the carbon footprint implies a public commitment towards the objective of minimising GHG emissions. Accordingly, the Group establishes emission reduction plans annually which mainly consist of measures to reduce the consumption of electricity and fuel.

Link to EMAS III certificate

https://www.euskaltel.com/webektest/GaleriaCorporativo/Documentos/nosotros/responsabilidad_social/2018/2018-declaracion-ambiental.pdf

Managing environmental impact

In addition to its commitment to fight climate Change, the Euskaltel Group is responsible for implementing environmental management that minimises negative environmental impacts, encouraging good environmental practices across the Group.

The Group's Environmental Policy is the basis for the Company's environmental management, included in the Management System Policy that also includes the Quality and Health and Safety policies.

On a complementary basis, the Euskaltel Group's commitment to environmental management excellence was the starting point for establishing an Environmental Management System in accordance with ISO 14001 (certified by AENOR since 1999). Accordingly, and with the objective of always being in line with the Basque Environmental Strategy, Euskaltel decided on a voluntary basis to join the EMAS III Regulations in 2004. Since 2018, all Group companies have adhered to the EMAS regulation.

The verified EMAS III Environmental Statements of the Euskaltel Group companies highlight their commitment to transparency with stakeholders.

Likewise, for the second consecutive year the Euskaltel Group General Shareholders' Meeting was held under 'Erronka Garbia' certification, granted by the Basque Government for organising the General Meeting with a focus on environmental sustainability. The holding of the 2018 General Meeting under this sustainability and environmental protection approach has resulted in its participation in a reforestation project in the Urdaibai Biosphere Reserve. This emission compensation project aims to minimise the potential negative impacts of the organisation of the General Meeting on the environment, reflecting its commitment towards environmental protection in the area in which it operates.

See Euskaltel's environmental statement l

https://www.euskaltel.com/webektest/GaleriaCorporativo/Documentos/nosotros/responsabilidad_social/2018/2018-declaracion-ambiental.pdf

See R's environmental statement

https://legal.mundo-r.com/legal/sites/default/files/imce/pdfs/declaracion-ambiental-gal.pdf

See Telecable's environmental statement

https://web.telecable.es/documents/36258/487475515/Declaraci%C3%B3n+medioambiental+TELECABLE+DE+ASTURIAS+firmado.pdf/6ed081b9-0dd4-4feb-8d03-231079121a1d

The Group assesses each environmental issue based on the criticity of the impact associated with it, bearing in mind both direct and indirect aspects and ordinary, extraordinary and emergency conditions. Key environmental aspects are those on which minimisation and control efforts have been focused, and which the Group has emphasised when defining environmental objectives. Each of the Group's companies has its own key aspects, the consumption of energy and the generation of hazardous waste (lead-acid batteries) being common to the three companies.

The Euskaltel Group is aware of the impact of energy consumption by its activities and therefore has chosen to implement an Energy Management System based on the UNE-EN ISO 50001 Standard, the purpose of which is to continuously improve management of energy consumption and reduce Greenhouse Gas (GHG) emissions. In 2018, GHG emissions rose by 1,294 Tn. CO_2 equivalent (5.6%) on 2017, taking into account scopes 1 and 2, due to the increase in services provided. However, through the agreement with Iberdrola, Euskaltel plans to minimise its environmental footprint by purchasing green energy.

This is reflected in the roll-out of the 4G (LTE) network underway since 2015, on the basis of criteria that ensure responsible network deployment, in strict compliance with electromagnetic field regulations.

More information in Note 3.18 of the annual accounts

Resource consumption management

Efficiency in the use of resources is both an economic and an environmental issue. In recent years, the changing habits in resource consumption and the improvement in the efficiency of the Euskaltel Group processes have shown that it is perfectly possible to progress towards an efficient use of resources.

For this reason, the Group continues to promote the efficient use of resources (water consumption and energy consumption) and through the environmental and energy management systems implemented in the Group,

it is possible to measure, evaluate and act in order to continue implementing measures the enhance energy efficiency and optimise the consumption of resources in its operating processes.

To reduce fuel consumption, the Euskaltel Group has taken measures such as prioritising the use of company fleet vehicles instead of private cars when travelling for business reasons and the use of remote communication technology to prevent staff having to travel, leading to savings in travel and time. Addition-

The Euskaltel Group firmly believes that a company's function does not conclude wit the achievement of brilliant results, but that it must collaborate with and be fully committed to the growth of the community in which it operates and the society by which it is trusted.

ally, the Euskaltel Group has worked to raise awareness and publicise its commitment to excellence in environmental management through the ISO 14001 standard, planning and carrying out inspections of work contracted by the Group in which third parties may generate waste in order to encourage waste recycling.
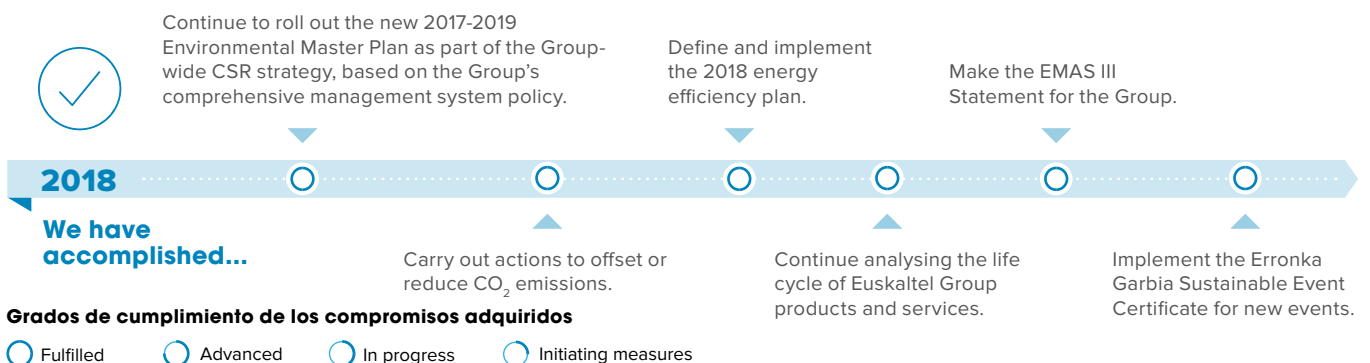
Circular economy

The commitment to responsible resource management is a key element in the Group's operations since, in the course of its business, the Euskaltel Group and the other companies in its sector market products which must be managed correctly when their useful lives expire, particularly electrical and electronic equipment (EEE) such as decoders, cable modems and routers. In addition, the innovation cycles of EEE are becoming shorter and the replacement of devices is accelerating, converting EEE into a growing source of waste. Measures must therefore be taken to prevent this waste from being generated and to encourage the reuse of equipment.

Aware of all this, the Group implements procedures for recycling and reusing equipment that encourage the elimination and reduction of waste, offering the necessary tools to generate the lowest possible impact on the environment. In this respect, of all customer equipment placed on the market in 2018, 63.8% was reconditioned, reducing future use of natural resources. Furthermore, with the same aim of reducing the quantity of resources generated directly or indirectly by its activity, in recent years the Euskaltel Group businesses have made available mobile device collection points in their stores, collaborating with the NGO Alboan.

Regarding other types of waste generated by the Group's activity (alkaline batteries, button batteries, etc.), employees can dispose of this waste generated in their homes by using the containers made available by the Group at their offices.

Assessment of compliance with 2018 commitments

Continue to roll out the new 2017-2019 Environmental Master Plan as part of the Group-wide CSR strategy, based on the Group's comprehensive management system policy.

Define and implement the 2018 energy efficiency plan.

Make the EMAS III Statement for the Group.

2018

We have accomplished...

Carry out actions to offset or reduce CO_2 emissions.

Continue analysing the life cycle of Euskaltel Group products and services.

Implement the Erronka Garbia Sustainable Event Certificate for new events.

Grados de cumplimiento de los compromisos adquiridos

○ Fulfilled   ○ Advanced   ○ In progress   ○ Initiating measures

2018 ENVIRONMENTAL FOOTPRINT DATA*

The trends in and results of the Euskaltel Group's environmental performance in terms of materials, energy and natural resources use, as well as the main wastes generated, are set out below.

GHG Emisiones (t. CO_2 eq.)

	2016	2017	2018
Direct (Scope 1)	915.83	1,184.85	1,255.04
Indirect (Scope 2)	9,479.44	21,893.41*	23,117.53
Other indirect emissions (scope 3)	259.60	320.40	332.72

* Data recalculated using the MITECO electric mix for 2017.

-25%
commitment to reduce GHG emissions in 2020

Material and water consumption

Related to consumption of the most relevant materials for the organisation and the use of water

	2016	2017	2018
Papel (t)	141.11	155.78	188.23
Cable (t)	79.50	73.31	76.32
Equipment (t)	200.90	180.92	159.24
Water consumption (m^3)	6,039	8,138	7,296

-12%
consumption of equipment

Overall energy consumption

Related to electricity and use of diesel, both internally (generators and company vehicles) and externally (employee vehicles)

	2016	2017	2018
Electrical energy (Mwh)	57,133.77	65,939.54	66,356.56
Diesel (internal) (Mwh)**	563.41	531.11	602.17
Diesel (external) (Mwh)**/***	641.96	842.17	848.24
Natural Gas (MwH)	-	109.43	129.33
Energy intensity (kwh/producto)*	24.46	24.12	23.10
Total energy****	**58,339.14**	**67,422.24**	**67,936.30**

* Energy intensity is calculated by dividing total energy consumption by the number of products placed in the market.
** Diesel consumption in MWh is calculated using the conversion published in the GRI 3.1 Guide (1 tonne diesel = 43.33 G-Joules).
*** In the case of Telecable, a conversion factor of 0.084 l/km has been applied for diesel.
**** Electricity consumption has increased by 514 Mwh due to the rise in products supplied to customers, and energy intensity has decreased by 1 kwh/product, entailing a 4% reduction.

-4%
energy intensity

Waste generation

	2016	2017	2018
Non-hazardous waste			
Paper and card (t)	28.93	22.73	24.54
WEEE (t)	59.74	28.21	145.33
Hazardous waste			
Acid lead batteries (t)	39.33	59.69	37.23
Fluorescents (t)	0.60	1.06	0.43

-38%
reduction in hazardous waste

Compromisos para 2019

2019
We are going to work to...

Continue deploying the 2017-2019 Environmental Master Plan, as part of the company's group-wide CSR strategy based on the Group's comprehensive management system policy.

Define and implement the 2019 energy efficiency plan.

Renew environmental commitments acquired through certificates (EMAS and ISO 14001).

Develop awareness measures for waste.

Carry out actions to offset or reduce CO2 emissions reduction and management, as well as for energy saving.

PILLARS OF THE EUSKALTEL GROUP STRATEGY

Diversified growth

Operational excellence

Distinctive experience

Customer value protection

Relationships

The Euskaltel Group promotes diversified growth through institutional relations, sponsorships and public relations, encouraging the economic and social development of the communities in which it is present.

Contributing to the creation of alliances to generate sustainable development

We believe that the success of any relationship requires good communication and therefore our commitment is based on using technology to foster communications between people, creating alliances which contribute to the socio-economic development of the local community.

676M€ economic value generated

429 local suppliers

77 start-ups and innovation entrepreneurs supported

+150 entities collaborated with

SGDs to which it contributes

Relationships are based on the Euskaltel Group's mission and vision: being a telecommunications operator with cutting-edge services and a responsible management model which is committed to the local socio-economic environment. In short, it seeks to contribute to the socio-economic development of natural territories through business and social

encourage the development of innovative entrepreneurship in the local community and the development of projects related to SDG 9.

The Euskaltel Group considers that institutional activity is an essential tool for listening and committing to its stakeholders in the territories in which it operates, particu-

Euskaltel Group's mission and vision: being a telecommunications operator with cutting-edge services and a responsible management model which is committed to the local socio-economic community.

commitment. Commitment to local development is a distinguishing value of the Group in relation to its competitors, contributing significantly to SDG 8 through the Euskaltel, R and Telecable businesses. In this connection, the Euskaltel Group actively promotes alliances that contribute to the 2030 Agenda through SDG 17 for the sustainable development of the local communities in which it is present, promoting institutional alliances, sponsorships and Group public relations. In addition, with the Euskaltel Konekta Foundation as the primary player, initiatives are promoted that they

larly to regulate expectations and the fulfilment of its demands, seeking to implement them in the implementation of projects and initiatives. The Euskaltel Group therefore manages its relations with public administrations, companies, community players, customers and clusters, among others, from a full 360° vision that ensures a broader knowledge of institutions, associations, customers and partners in general, forming a network of alliances that generates synergies in institutional, business, sectoral and social collaborations.
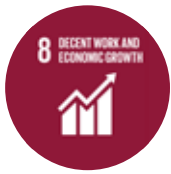
Towards sustainable economic growth

Through its Corporate Social Responsibility strategy the Group seeks to contribute to and be oriented towards the creation of value for all stakeholders, maintaining the commitments and values that underpin the organisation and taking into account its firm commitment towards local issues, transparency, management excellence, corporate governance, respect for human rights, gender equality and equal opportunities, the alignment of suppliers with Corporate Social Responsibility policies and a responsible contribution to taxation.

Responsible payment of taxes

The Group impacts the economic development of the Basque Country, Galicia, Asturias and Navarra through the tax contribution generated by its business, thereby fulfilling a double economic and social function and complying with the transparency principle.

Economic value generated (€ '000)	2016	2017	2018
Revenue	561,426	609,275	674,642
Other operating income	360	524	616
Financial income	37	228	918
	562 M€	610 M€	676 M€

Economic value distributed (€ '000)	2016	2017	2018
Purchases	26,245	22,946	33,457
Subcontracted work	103,520	109,463	127,980
Wages and salaries	38,365	42,452	45,847
Other operating expenses	122,149	151,438	143,363
Financial expenses	47,891	49,109	49,112
Dividends paid	0	54,665	49,603
Corporate income tax and other taxes	22,215	29,170	32,696
	360 M€	459 M€	482 M€

Economic value retained (€ '000)	202	151	194

TAXES PAID IN 2018

58 M€
VAT & GCIT

13 M€
Levies and business tax

26 M€
PIT & SS

15 M€
CIT

112
million euro in its own taxes and tax collected

Responsible supply chain management

The Euskaltel Group is committed to responsible supply chain management and therefore its efforts are centred on generating trusting and mutually beneficial relationships with local suppliers that facilitate their business relations.

429 local suppliers

737
2017

624
2016

2018

These business relations are carried out within the Group's compliance framework through the acceptance of the Company's code of ethics, which ensures that all business relations are carried out respecting key issues such as health and safety at work, service quality, respect for the environment and consumer protection. For this reason, in 2018 the acceptance of this code was included in all new contracts and with the main traditional suppliers. During the year suppliers have started to take part in the acceptance of the Group's code of ethics. The Euskaltel Group has also made a particular effort to convey the Company's corporate values and culture to the 781 suppliers with which it works. As operational efficiency and customer experience are key factors in the Euskaltel Group's day-to-day business, it is essential to ensure the success of providers' facilities and supplies and maintain close relations with local suppliers. This relationship is strengthened by enhancing the capacities that the Group offers its suppliers through training and the regular evaluations

suppliers of whom 55.5% exceced a purchase volume of €10,000. The high volume of services purchased means that purchases in the areas in which the Group operates have a significant weight, at 39.2%. The remaining purchases are made in other countries, due to the complexity of the sector. However, in a year of changes, growth and synergies, particular attention has been paid to maintaining lasting agreements and the impact on the surrounding economy, maintaining strategic alliances in the Basque Country, such as the one with ZTE Managed Services Southern Europe, which accounted for 14.3% of the total purchase volume. No other supplier exceeds 4%, to guarantee the viability and sustainability of the responsible business.

Finally, 2018 was characterized by the unification of the purchasing process. The management system features a tool under which 100% of suppliers (and their employees) rendering services at the Group's facilities are duly accredited. When selecting its suppliers, the Euskaltel Group takes into account, as a key factor, the existence of an environmental management system for the assignment of contracts, as well as energy consumption for both cost and environmental reasons.

[1] The decrease in the number of suppliers is due to an internal administrative change whereby administrative creditors such as lessors, sponsors, associations, etc. are no longer taken into consideration for accounting purposes.
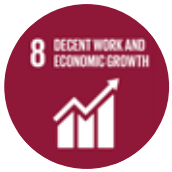
Social commitment towards the local community

+4M€
invested in sponsorship

+150
partnerships with local organisations

11
agreements with educational institutions

Main CSR initiatives

In 2018 the Euskaltel Group collaborated with more than 150 community organisations through its three businesses and 50 other entities thanks to the Euskaltel Konekta Foundation, supporting the technological development of the local community through the promotion of new technologies and forging relationships of trust with all stakeholders. The activities carried out by the Euskaltel Group in the Corporate Social Responsibility area can be grouped into four basic pillars that also define the Foundation's lines of action:

Projects to promote new technologies
Encounters network
The Euskaltel Group organises IT events where technology fans and professionals can share their knowledge. The 26th edition of the Euskal Encounter was held in the Bilbao Exhibition Centre at Barakaldo. The event was a great success, with 5,000 computers installed in the Centre and over 10,000 visitors. As a novelty, talks and workshops were organisedfocused on educa-

tional institutions and groups at risk of exclusion due to the digital divide. Cybersecurity was again the main issue, and was the motto of Euskal Encounter 2018. In 2018 the Gipuzkoa Encounter was also held in Tolosa and the Araba Encounter in Vitoria-Gasteiz, in addition to the XGN R Encounter in Silleda (Pontevedra) y the Technium R Encounter in Orense.

Gamegune
The Basque Country's oldest e-sports competition celebrated its 19th edition at the Europa Palace in Vitoria-Gasteiz. The format of the competition was changed, with a list of finalists being made up by invitation in addition to the direct places awarded in various face-to-face tournaments. The games chosen were HearthStone, CS:GO, Fifa19 and Clash Royale. To strengthen the tournament, the Gamegune Opens were held. These are tournaments and leagues from several video games that are held throughout the year and are open to anyone who wants to participate. This competition is arranged through an online platform.

Qué es la Fundación Euskaltel Konekta

The Euskaltel Konekta Foundation is a private non-profit organisation that helps to create and encourage connections between people, companies and initiatives in the context of the use of information and communication technologies through four strategic lines:

- Projects to promote new technologies
- Entrepreneurship and digital incubators
- Social technology
- Positioning of the Euskaltel Konekta brand.

R and Telecable Professorships

As a result of the agreements concluded with the universities of A Coruña, Vigo and Oviedo, two Professorships have been created related to the promotion of cultural, scientific and technological development, cybersecurity, video, new generation networks and, in general, the promotion of R&D+i projects and knowledge transfer. In 2018, 61 people attended these courses.

Support for knowledge and innovation in Universities

Through its Euskaltel Konekta Foundation, the Group has cooperated for many years with national and international universities, fostering the education and professional development of young people and promoting entrepreneurial culture and innovation within the new technologies framework. In addition, many of the social initiatives developed are implemented through agreements with educational institutions and in general with centres offering activities carried out in a family environment.

Women in Progress

With the aim of encouraging the choice of science degrees among female students, the Euskaltel Konekta Foundation has collaborated with the newspaper El Correo in the organisation of these conferences that were held in March at the Artium Museum in Vitoria-Gasteiz. For three days, 170 female students attended numerous lectures and workshops that sought to bring them closer to the world of technology.

Girls in Tech

In 2018 R worked with a global non-profit organisation focused on the commitment, education and empowerment of women in the technology area, participating in a webinar in which girls from different Galician schools and colleges were able to talk to women entrepreneurs who shared their experience of how they arrived in the technology sector.

Aula innova

Telecable has worked together with various educational institutions with the aim of promoting the development of young talent and entrepreneurship. For example, in 2018, through a sponsorship agreement with Jesuit Colleges in Asturias, a school was provided with technological equipment to be used in technology classes in exchange for the presence of the brand at the location.

Buber Sariak 2018

Internet & Euskadi Buber Sariak competition organised by the Internet & Euskadi Association. Prizes were awarded to the best Basque technological projects, with 9 awards going to projects in the Basque language, free software, gastronomy and tourism, citizen participation, the agricultural sector, the machine tool sector, innovation, internationalisation, business and trade.

First Lego League

International robotics competition where 1,200 participants aged between 6 and 16 years solved a real problem related to science, technology and innovation. It is organised by Innobasque, the Basque Innovation Agency, with the aim of awakening a vocation for science and technology among young people, an objective that the Foundation endorses. On this occasion the teams faced the challenge of researching the human water cycle, building and programming an autonomous robot. R also participated in the Galician version of this initiative, offering internet service at the event.

Global Innovation Day

Innobasque dedicated the latest edition of the Global Innovation Day to SMEs. This is the Basque Country's leading innovation event, which was held for the first time in San Sebastián. The edition focused on offering innovative solutions to SMEs, inspiring them to face new challenges. The Euskaltel Konekta Foundation was present at the conferences, debates and meeting spaces and worked on advising the 500 companies that visited their stand at the Kursaal in San Sebastian.

Innova

In April, the sixth Innova conference took place at the Guggenheim Museum, supported by the Foundation. It is the largest creativity and innovation forum in our country and aims to provide innovative tools and knowledge to businesses, professionals, entrepreneurs or students from different fields. There were more than 300 visitors and 29 lectures on such areas as digital marketing, communication, SEO, music, branding and creativity.

Entrepreneurship and Digital Incubators

Bind 4.0

Accelerator programme arranged by the Basque Government and aimed at driving the development of the best 4.0 Industry start-ups, fostering projects with the leading industrial companies and a comprehensive support programme. It also facilitates the identification of and contact with the best global talent, provides access to cutting-edge technologies and boosts the development of projects and 4.0 solutions. Euskaltel cooperated in two projects in this edition.

Orkestra

In collaboration with Orkestra (the Basque Competition Institute), the Group has taken part in the Digital Economy Professorship to prepare the DESI (Digital Society and Economy Index) Report, which provides a status report on the degree of maturity of digitalisation in Europe, Spain and The Basque Country.

StartUps Euskaltel, R and Telecable

Programmes that connect the technology, capacities and innovative community of Euskaltel, R and Telecable with StartUps, accelerators, customers and productive sectors. The aim is to make the technology, innovation and capabilities of the Euskaltel Group available to the young local companies selected.

Pont Up Store

Participation in the entrepreneurship fair whose main objective is provide opportunities to test products with the general public, supporting this entrepreneurial culture and providing new tools in workshops and competitions.

Innolab Bilbao

The Foundation has worked with Innolab Bilbao, an innovation platform supported by leading companies and institutions. Its objective is to create an ecosystem to generate employment in the digitization field, providing knowledge and solutions that local companies can incorporate into their business to become more competitive.

Plan Digitalent

A number of educational projects have been carried out by R, as a member of the Plan to promote Digital Talent in Galicia (Digitalent) implemented by the Galician regional government to help local social, labour and technological development. The main one is Crea R which

aims to foster entrepreneurial values and STEAM concepts among 7-13 year-old children through robotics workshops. In the same line, R is working on the development and start-up of the digital content accelerator Startups R DiCo Challenge that aims to generate employment in the sector and promote entrepreneurship and technological innovation in Galicia. In addition, under the AMTEGA (Agency for the Technological Modernisation of Galicia) plan, talks have been organised for the generation born before the digital era to demystify the utilisation of technology in these Nativos R chats.

Telecable – AJE Agreement

This is a collaboration agreement with the Association of Young Entrepreneurs of Asturias through which all members are offered special communications service conditions to help them grow and develop.

Collaboration with IDEPA and CEEI

Public-private partnership imitative with leading companies established in Asturias for the development of an innovative programme to enable acceleration and market traction for innovative start-ups.

En Conexión

First edition of the project organized by the ICT Cluster together with Telecable. This is an initiative to strengthen the synergies between innovative SMEs and Asturian trailblazer companies. Tecnología social.

Social technology

HETEL

The Group is a strategic ally of HETEL (Association of Vocational Training Centres), committed to professional training and the promotion of scientific careers among young people. Since 2009, HETEL has been developing the SHARE collaborative project in which about 60 students studying telecommunications systems and computer science from four different institutions participate every year. The students work in groups, advised by Euskaltel professionals, to develop the installation of various application servers in each centre, simulating a company with different locations.

Elhuyar

900 students from different colleges carried out scientific projects and research throughout the school year. The projects were presented to a jury that included Euskaltel Group professionals.

Health and welfare

Through technology, the Euskaltel Group is committed to the welfare of vulnerable people, carrying out various social action initiatives focused on the health of employees and other vulnerable groups.

Social technology alliances

In the Basque Country, Euskaltel belongs to organisations and associations that reinforce its image as an advanced telecommunications company, facilitate alliances in the economic, social and environmental areas and contribute to Euskaltel's digital society development goals. These include Ihobe, clusters GAIA and Eiken, Basque Ecodesign Center, EUSKALIT and DigitalES.

Brand positioning and sponsorships

The Euskaltel Group is convinced that sponsorships and public relations are vehicles for creating a solid and consistent brand. They are also a communication tool that help to bring closer, position and consolidate the commitment to local growth by creating emotional bonds. The main value of these actions is to develop and promote interactions with interest groups on the basis of proximity, commitment and business sustainability, thereby contributing to greater emotional bonding and to our image as a responsible company, and generating links between people and companies.

In these events in which the Euskaltel Group brands appear in friendly environments at acts and events designed for enjoyment, learning and gaining experience, and where this social payback can be observed, the creation of value for the Group is reflected in the value added to technology by and for people in all the facets developed by the Company.

Music festivals

The Group has been present in festivals such as the three organised by Last Tour in the Basque Country: BBK Live, Kutxa Kultur and Azkena Rock. Stands were installed offering Wi-Fi to the whole audience, promoting the band among a potential audience of more than 125,000 people.

For its part, R sponsored the Resurectionfest music festival, and, with the aim of publicising other disciplines such as local film art, it took part in the PlayDoc Documentary Festival, the FIC-BUEU short film festival and STREET STUNTS, one of the biggest urban culture festivals.

Cultural activities

In order to promote local culture, Euskaltel has sponsored various activities and institutions that share this same mission, such as the Sarean.eus Foundation project, which is a meeting point of digital media in Basque that aims to become a reference entity as a catalyst of technological culture. Similarly, R supports Galician culture in its day to day business on a transversal basis through specific initiatives such as financial support for the Museo do Pobo Galego to help in research, conservation, dissemination and promotion of Galician culture. In the language area, R has been a pioneer thanks to its commitment to the use of Galician in all its communications from the outset.

For R, the use of Galician is a natural step which coexists with the rest of its identity and forms part of the brand as a sign of closeness to clients in Galicia and its confidence in Galician society and culture. R's commitment to Galicia goes beyond the purely technological sphere, hence its permanent defence of the use of Galician in its relations with customers and also as a sign of its identity which is intimately linked to the brand and to innovation and development in Galicia. Accordingly, all communications, advertising

In these events, where Euskaltel Group brands appear in friendly environments and in enjoyable educational activities, the Group's value creation is reflected in the value added to technology by and for people.

and business promotions are conducted in Galician, as well as the internal wording of work sites, the website, invoices, contracts, social networks and blogs. The same can be said for the explanations and corporate presentations made in guided visits to R's main Operations Centre. This company has a department that is specifically responsible for ensuring the correct use of the Galician language in external communications, where professionals have access to dictionaries and manuals to facilitate these tasks.

R participates actively in the Linguistic Normalisation Plan developed by the Linguistic Policy Department of the Galician Regional Gover-

nment and forms part of the Galicia Empresa Foundation, which promotes the use of Galician in the business sector.

This approach is the result of the Euskaltel Group's language policy, which promotes respect for the different languages of the regions in which it operates in order to guarantee the use of the language chosen by its customers in their commercial relations. It therefore encourages internal training and activities to stimulate the use of the language.

In the same vein, Euskaltel has a Basque Plan which organises meetings and actions related to the knowledge and use of Basque throughout the year. In 2018 we can mention its membership of the Euskaraldia project, which was held across the Basque Country. This pioneering project, which enjoys the participation and support of the community in general, institutions, municipalities and public bodies, proposed a social exercise aimed at influencing the population's linguistic habits in relation to the use of Basque.

For its part, Telecable again supported the Metropoli Gijón 2018 Festival and the Gijón international film festival. In this latter festival, Telecable inaugurated its Telecable room at Yelmo cinemas, where attendees could enjoy films that had been screened at the San Sebastian Festival.

Sport activities

Sports sponsorship helps the three brands to form strong local bonds. Euskaltel sponsors the region's main male and female football teams: Athletic de Bilbao, Real Sociedad, Osasuna, Eibar and Alavés. It also lends its support to other sports such as the LaKantera International Skate Championship, women's surfing championships, women's basketball and popular races among others. For its part, Telecable supports women's sports through the Telecable Hockey Club. R supports the Obradoiro, Breogán, Leyma Coruña and Club Baloncesto Ourense basketball teams, and fosters a passion for these local teams among its stakeholders. R also supports other sports activities such as STREET STUNTS, slackline and bouldering.

Social events are also organized to promote adapted sports in collaboration with the Basque Federation of Adapted Sports and soccer, basketball and rugby championships are organised involving mixed teams in which players with intellectual disabilities are integrated. Local sports such as "pelota vasca" are also promoted through rural sports events.

Assessment of compliance with 2018 commitments

Carry out a satisfaction survey among analysts with the Investor Relations Area.

Consolidate agreements with Local Universities.

Review and implement the new CSR Master Plan 2016-18.

2018

We have accomplished...

Standardise relational activities in the three companies Euskaltel, R and Telecable.

Review the associative fabric from a corporate management viewpoint.

Consolidate the Euskaltel Konekta Foundation's activity within the Group.

Grados de cumplimiento de los compromisos adquiridos

◯ Fulfilled   ◯ Advanced   ◯ In progress   ◯ Initiating measures
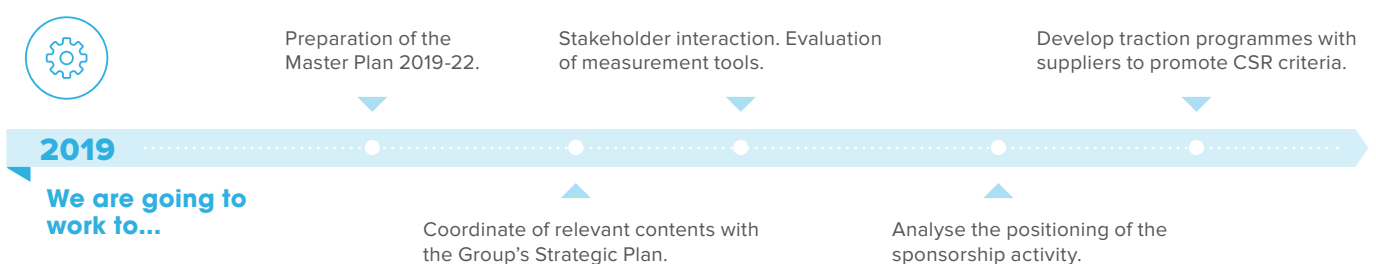
Solidarity initiatives

———

R collaborates with various social organisations through solidarity lotteries, collections of bottle-tops, employee donations through the Nómina Solidaria programme, clothing collection and awareness talks about the environment or plastic recycling. In total, thanks to over 30 initiatives, €2,116 was raised and the Group helped more than 2,000 people in Galicia at risk of social exclusion and victims of gender violence, among other groups. Most of these initiatives contribute to SDGs 8 and 9 "Decent work and economic growth" and "Industry, innovation and infrastructure" respectively.

In addition, Euskaltel promotes its commitment to local NGOs mainly through the SMS solidarity programme, which raised €25,755.6 and helped 14 organisations. It also cooperates directly with associations and makes VIP boxes available to entities that help people with intellectual disabilities. During 2018 there were other solidarity initiatives, such as bottle-top collections, a Christmas jumble-sale whose earnings were donated to the Aspace-Bizkaia association and participation in the EiTB Telemaratón to raise funds for lunch cancer research.

Associations

- Aop (Asociación De Operadores Para La Portabilidad)
- Adegi
- Aed-Asoc. Empresarias Y Directivas
- Aedipe
- Aguirre Lehendakari Center
- Apd
- Artium
- Ascom
- Asoc. Cluster De Las Tic De Galicia
- Asoc. Gran Area Comercial Obelisco
- Asociación A Pasaxe
- Asociacion De Amigos Do Cgac
- Asociacion De Empresarios Del Polígono De A Grela
- Asociación Empresarios Mos
- Bedc (Basque Ecodesign Center)
- Bilbao Metropoli 30
- Bind 4.0 - Gobierno Vasco
- Bizkaired (Asoc. Empresas De Bizkaia)
- Cable Labs
- Cableurope
- Camara De Comercio De Bilbao
- Cámara De Comercio Gijon
- Cebek
- Centro De Innovación Bilbao (Cib)
- Cespa

- Círculo De Empresarios Vascos
- Club Asturiano De Calidad
- Club Financiero Atlantico
- Club Financiero Vigo
- Cluster Audiovisual Galego
- Clustertic
- Confebask
- Confederación Empresarios A Coruña
- Confederacion Provincial De Empresarios De Pontevedra
- Contac Center
- Ctam Europe
- Digitales (Sustituye Ametic)
- Eiken Cluster Audiovisual
- Elhuyar
- Elkargi
- Euskalit
- Fade
- Foro De Gestión Y Finanzas
- Fund. Ctic
- Fund. Opera De Oviedo
- Fund. Valdes Salas
- Fund.jóvenes Empresarios
- Fundación Bancaria Bbk
- Fundación Citic
- Fundacion Galicia Empresa
- Fundación Gradiant

- Fundación Novia Salcedo
- Fundación Tecnalia Research & Innovation
- Fvem-Fed. Empresas Del Metal
- Gaia
- Gaia Netexchange
- Hamaika Telebista
- Ica (Instituto De Consejeros Administradores)
- Ihobe
- Inkolan
- Innobasque
- Izaite
- Kontsumobide
- Kursaal Eszena
- Mik (Mondragon Innovation & Knowledge)
- Museo Do Pobo Galego
- Orkestra -Instituto Vasco De Competitividad
- Guggenheim Museum Board ofTrustees
- Polo De Innovación De Envejecimiento
- Registro Oficial De Auditores De Cuentas
- Safelayer
- Sea
- Tecnalia
- Unirisco, S.c.r.s.a.
- Vicomtech

2019 Commitments

2019 — We are going to work to...

Preparation of the Master Plan 2019-22.

Coordinate of relevant contents with the Group's Strategic Plan.

Stakeholder interaction. Evaluation of measurement tools.

Analyse the positioning of the sponsorship activity.

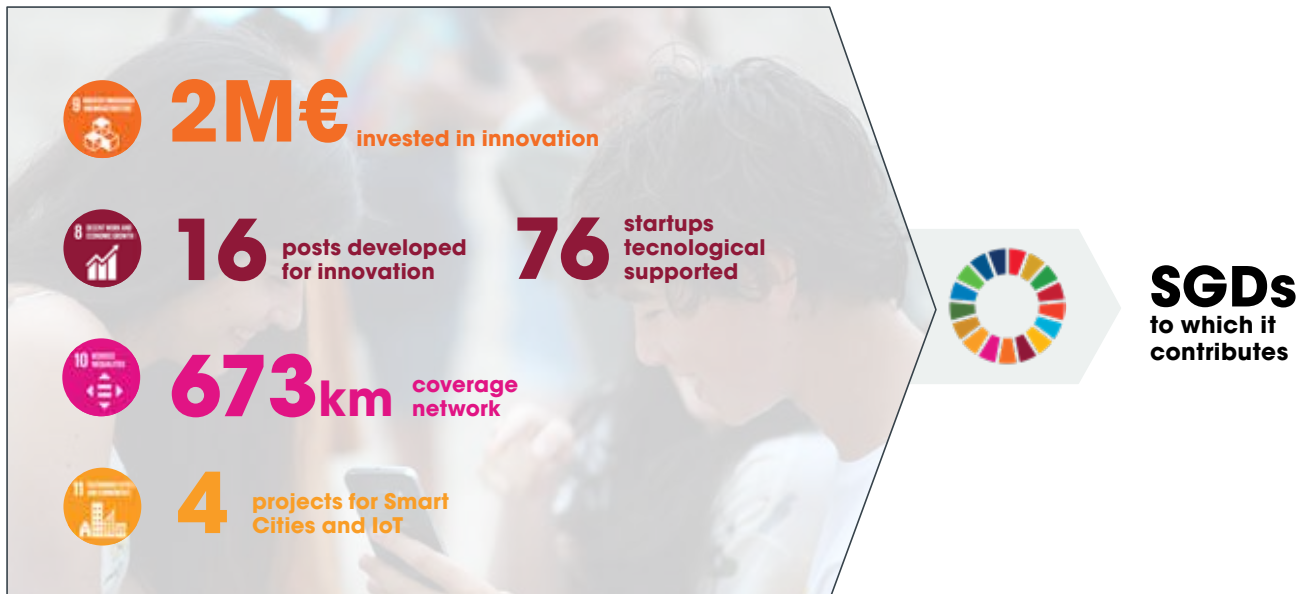Develop traction programmes with suppliers to promote CSR criteria.

6

Intellectual capital

Intellectual capital has a transversal impact across all the Strategic Plan pillars. In addition, innovation is one of the corporate values and is a key area for the Group as reflected in the materiality analysis carried out in 2018.

Contributing to innovation and the digital transformation of society

Ongoing innovation and the use of the latest technologies are essential for us as a telecommunication company since we have the aim and the duty to facilitate access to the most innovative tools and services in order to help our customers and stakeholders in their day-to-day tasks.

2M€ invested in innovation

16 posts developed for innovation

76 startups tecnological supported

673km coverage network

4 projects for Smart Cities and IoT

SGDs to which it contributes

In both the Strategic Plan and its corporate values, the Group is committed to cutting-edge innovation. Relations with all stakeholders require increasing process digitisation and the implementation of the efficiency derived from innovation, with the aim of heading forward as regards the Company's responsibility and sustainability and its area of influence.

By 2020, 16 million more jobs are expected to be created in Europe that require IT and communications skills.

A constantly developing business such as the Euskaltel Group, made up of highly qualified professionals, which establishes alliances with suppliers that are increasingly committed to sustainable development and which responds to the needs of customers who demand faster and more efficient products, must have a strategy for its contribution to Sustainable Development Goals and specifically, the major impact it generates in SDG 9 as one of the main objectives related to the Group's activity.

In 2018 the main services carried out have contributed, through innovation, to SDG 8 by enhancing working practices in all kinds of businesses, which have been able to incorporate new technologies into their day-to-day activities at a reasonable cost; to SDG 10 by reducing inequalities and fostering Internet access in rural areas; to SDG 11 by helping to transform cities on a sustainable basis with the latest technologies that help to harmonise life in urban areas; and finally to SDG 12 by encouraging responsible technology consumption through various initiatives and through increasingly efficient production processes, also taking into account responsible production in strategic alliances.

In addition, 16 million more jobs are expected to be created in Europe by 2020 that require competencies in information and communication technologies. The Euskaltel Group considers itself to be both a facilitator of this balanced transition and responsible for this digital transformation process. In this respect, the main objective of the Euskaltel Group during 2018 was to bring ICTs closer to society by encouraging the use of new technologies and promoting knowledge and responsible use of these technologies across the community. The Group has therefore made a strong commitment to technology innovation and R&D+i in order to achieve the best technological solution by and for people.

Innovation investment

The Euskaltel Group plays an important role in the Basque Country, Galicia and Asturias in the areas of technology, digital culture and digitalisation in both the business sector and in people's lives.

More and more businesses, sectors and activities are impacted by digital technologies and access to information, with consequences and effects that are still uncertain. Despite this, there is a general consensus that the growing digitisation of industries and the economy in general will contribute value by generating opportunities for the development of new business models that will bring about substantial changes in companies' value proposals, in their relations with customers and in the optimisation of production processes to generate greater efficiencies.

During 2018 the Euskaltel Group worked in partnership with other organisations on innovation associated with digitalisation in projects such as Innolab, innovation in digital content in Startup R DICO Challenge or innovation associated with aging in projects such as OKencasa. It also cooperated with technology centres (Tecnalia, Vi- comtech, Gradiant, etc.) with the aim of focusing and driving innovation in the territories in which it operates.

In this manner, the development of the digital economy also improves competition conditions in these geographical areas. For this reason, the digitalisation of the business community is one of the key factors to be considered in the smart specialisation strategies (RIS3) promoted by the governments of the regions in which the Euskaltel Group operates.

Within this framework, the Euskaltel Group collaborates with Orkestra (Basque Competition Institute) in the Digital Economy Laboratory with the commitment of identifying the challenges involved in carrying out the digital transformation efficiently and in contributing, on the basis of research, to Euskaltel becoming one of the leaders in this area. It also works together with key players, from a transformative research viewpoint, in order to promote the necessary policies and strategic mechanisms.

The Corporate Innovation Unit, made up of 16 persons, focuses on studying and analysing industry trends, new technologies, the Group's viability for supporting new projects and the right time for launching new services, among other matters. This team therefore focuses its research on creating new devices and services that incorporate all the possibilities offered by the digital transformation, with increasing emphasis on the capacity of technology to make a social and environmental contribution in the regions in which it operates.

2M€
invested in innovation

10
new services launched

Digital Transformation Alliances

The Euskaltel Group also bases its innovation on the creation of alliances with other technology specialists with the aim of facilitating the incorporation of technology into the services provided to customers. For this reason, it carries out various initiatives and supports universities and other organisations and companies through its business activities (Euskaltel, R and Telecable) and the Euskaltel Konekta Foundation, which supports, both financially and intellectually, the promotion of entrepreneurship and innovation research. The knowledge acquired by the Euskaltel Group through its own IoT, Big Data and RPA (Robot Process Automation) projects, as well as its network of alliances developed in recent years, have allowed it to undertake relevant projects with customers in the digital transformation area, with applications in the Pharmaceutical, Retail, Industry 4.0 and Smart Cities sectors. Some of the most outstanding initiatives in this respect are as follows:

- Smart Lugo, to which the Euskaltel Group contributes by providing Smart Parking and Smart Metering services.

- Smart Gijón, in which urban mobility reports are made based on data from the mobile network.

- The EDIXGAL Plan, through which R supports the Galicia regional government in the development of its digitalisation and promotion plan for STEAM vocations among young people.

- The R and Telecable Professorships focused on cybersecurity and the transfer of knowledge on new technologies.

- Projects such as Bind 4.0 or Innolab, in which the Euskaltel Konekta Foundation collaborates with the Basque Government, the Bilbao City Council and cutting-edge companies. The first involves the public-private accelerator programme aimed at driving the development of the best Industry 4.0 start-ups, fostering projects with leading industrial companies and taking part in a comprehensive support programme. The second consists of a business creativity forum involving the country's best innovation and digital business experts, in fields as diverse as digital marketing, new technologies, Internet and entrepreneurship.

Thanks to its commitment to attract young talent, the Euskaltel Group has also participated in the Dual Action Entrepreneurship Masters at Deusto University, this being a new experience in the university environment as it is implemented through a dual university-company learning process. In this respect, i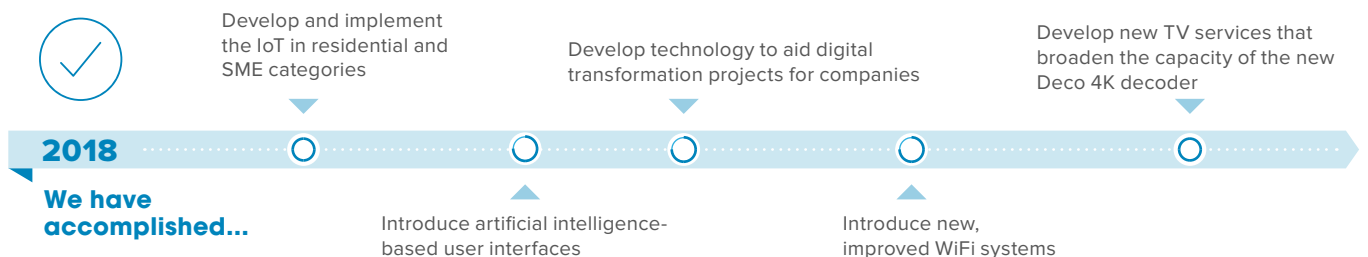n 2018 Euskaltel proposed to the participants a challenge related to the social area and an aging population, with the aim of proposing disruptive and innovative solutions. In addition, during the company training period, Euskaltel worked with two of the participants who developed intra-entrepreneurship projects with the company's support and advice.

Thanks to its commitment to young talent, Euskaltel has participated with other leading Basque companies in the Dual Action Entrepreneurship Masters at Deusto University, a new experience in the university environment involving dual university-company learning.

It worked for six months with two of the participants in the first edition of this Masters, who developed their intra-entrepreneurship projects with the support and advice of their Euskaltel colleagues.

During the second edition of the Masters, which began in September, Euskaltel proposed to the participants a challenge related to the social area and the aging population, with the aim of obtaining original and innovative solutions. For four days they worked on proposals to foster new economic activities related to the Silver Economy and digitalisation in the Basque Country, which they presented to their colleagues at Euskaltel.

Assessment of compliance with 2018 commitments

Develop and implement the IoT in residential and SME categories

Develop technology to aid digital transformation projects for companies

Develop new TV services that broaden the capacity of the new Deco 4K decoder

2018

We have accomplished...

Introduce artificial intelligence-based user interfaces

Introduce new, improved WiFi systems

Degree of compliance with the commitments undertaken

◯ Fulfilled   ◯ Advanced   ◯ In progress   ◯ Initiating measures

Key projects

One of the main objectives of the Euskaltel Group is to bring ICT closer to the community by promoting the use of new technologies and providing knowledge about these technologies and their responsible use. The Group therefore has a strong commitment to technological innovation and R&D+i with the aim of achieving the best technological solutions by and for people, promoting various initiatives and supporting universities through 11 agreements. The most noteworthy projects in the innovation field in 2018 were:

New content via Deco 4K

In 2018 several new developments were brought in for the decoder, highlighting the agreement with Netflix and Amazon Prime and the "Continue watching" function, which allows content to be frozen and enjoyed later on whenever the user wants. The Euskaltel Group is the first operator to launch Netflix in Spain with a direct access in the remote control.

Euskaltel Life

Like R's "Tres Ollos", Euskaltel has developed its own Internet of Things brand with a free service for all home Internet customers. To us it, all that is needed is a Central Unit and the sensors that most interest each user. Customers can thus receive information on everything that is happening in their homes and programme whichever functionalities they prefer, gaining in comfort and saving on consumption.

Smart Lugo

As one of the technological partners of the Lugo City Council, R has initiated the design of the Smart Lugo initiative within the Smart Cities project. The aim is to improve citizens 'quality of life and the efficiency of public services, as well as to encourage participation in and transparency through new channels.

Smart Gijón

The Group also provides reports on urban mobility in Gijón thanks to Telecable, based on data from the mobile network. The aim of this project is to carry out the Comprehensive Sustainable and Safe Mobility Plan for the city, complementing this Smart Cities project with the development of the TuCycle shared bike app.

Compromisos para 2019

Introduce artificial intelligence-based user interfaces

Develop new TV services that broaden the Deco 4K capacities

Continue implementing new improved WiFi systems

2019

We are goingi to work...

Develop technology and products to aid digital transformation projects for companies

Continue developing services based on IoT for residential and SME categories

7
Other information

About this Report

This Report has been drawn up on the basis of the financial and non-financial reporting system implemented in the Euskaltel Group and the initiatives developed in the regions in which it operates.

Scope and profile of the Report

The Euskaltel Group has drawn up this Responsible Company Report in accordance with the Global Reporting Initiative (GRI) guidelines, following the principles and content defined in the most recent edition of the GRI Standards applying the comprehensive option.

This is the international benchmark for the preparation of sustainability reports since all the most relevant issues for shareholders, customers, employees, suppliers, and society are covered, including comprehensive information on ESG (Environmental, Social and Governance) matters.

In order to comply with the GRI guidelines, the company carried out a materiality analysis to focus its reporting on those social, environmental and economic issues that are most relevant for its business and that influence the decisions of the Group's stakeholders. In addition, as signatories of the United Nations Global Compact, this Report includes the progress made in complying with the Principles established by that initiative. It focuses in particular on issues identified as relevant in the materiality analysis performed. The preparation and results of this analysis are disclosed below. The information

provided in this Report follows the basic line set out in the previous Responsible Company Report, in order to evaluate the Euskaltel Group's performance over time and to enable the comparison of the information disclosed for each period. In addition, in 2018 all the indicators of the three integrated businesses were incorporated for the first time into the Reporting system. All the data reported cover Euskaltel, R and Telecable since 1 January 2018. The CINFO data have not been taken into account in the Non-Financial Information Statement since they represent 0.11% of the business and therefore are not considered material.
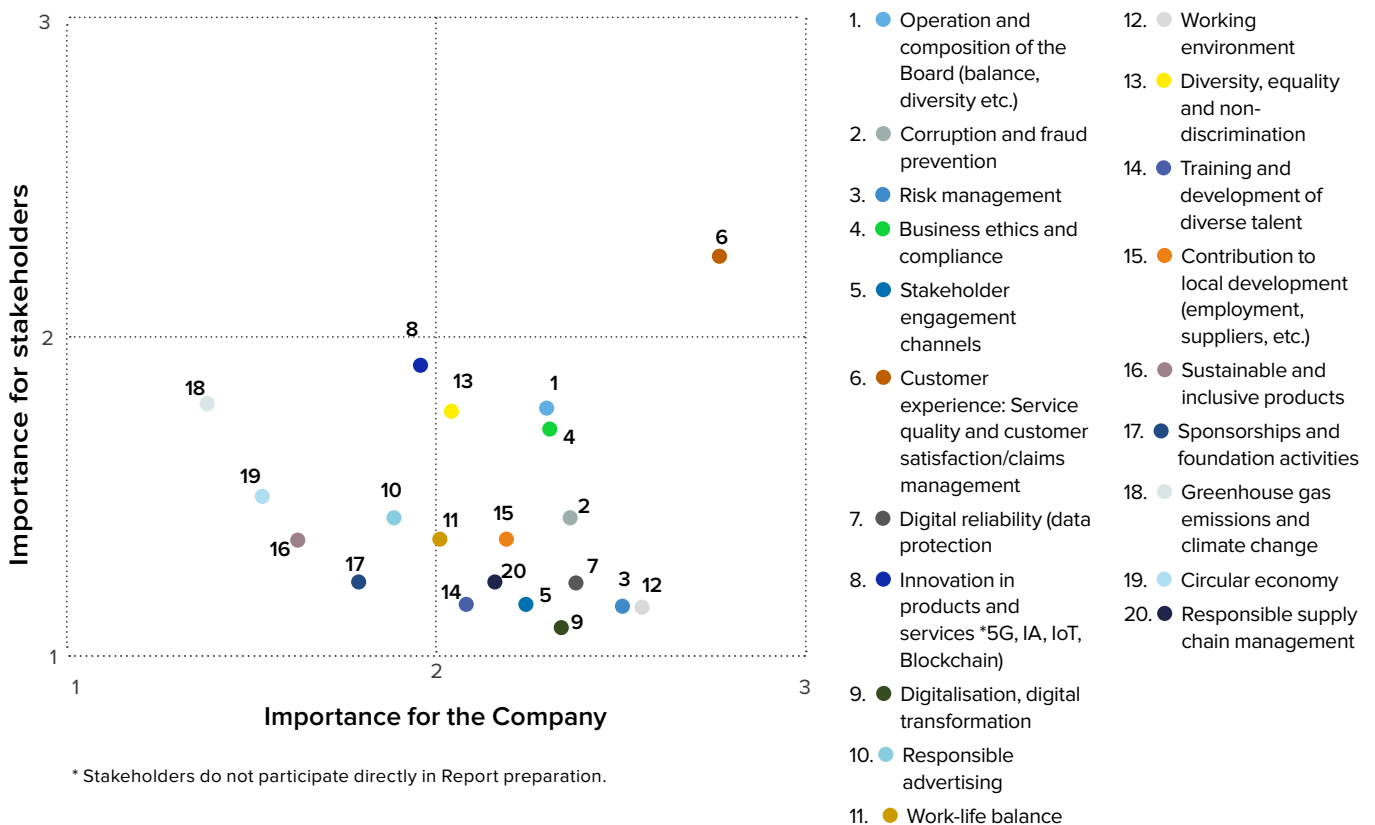
The content of this Report covers the information posted on the Euskaltel Group website, the EMAS Environmental Statement, the Annual Corporate Governance Report and the Consolidated Annual Accounts for 2018. It forms part of and is subject to the same approval, filing and disclosure requirements as the Management Report, in compliance with Law 11/2018 of 28 December on Non-Financial Information and Diversity. The new requirements of that law have also been taken into account in the Report. The Report also follows the CNMV Corporate Governance Recommendations.

Materiality Analysis

In 2018 the Euskaltel Group carried out a materiality analysis in accordance with GRI Standards. The first steps were to conduct an external analysis taking into account the main sector trends, a detailed press study related to the Euskaltel Group using the Factiva tool, the content posted on the Group's and competitors' websites, the information required by proxy advisors, the strategic lines of peer entities with respect to CSR, sector regulation and the information required by the main analysts on sustainability, basing the study mainly on the Dow Jones Sustainability Index (DJSI), the FTSE4GOOD and the CDP. The main needs and concerns of Euskaltel Group stakeholders were also taken into account, which were detected through the various communication channels available to employees, customers, the public, shareholders, suppliers and institutions, as well as the experience of the areas that are in daily contact with these stakeholders.

As a result of this analysis, 30 relevant issues were identified which gave rise, as a novelty this year, to matters such as the working environment, electromagnetic emission management and supplier satisfaction. An internal analysis of these 30 issues was then conducted through an evaluation by the various areas of the Euskaltel Group (Internal Audit, Communication, Finance, Legal Counsel, Compliance, Residential Marketing, Corporate Marketing, Network Team, Institutional Relations, Strategy, Human Resources, Purchases, Basque Country, Galicia Asturias Business and Investor Relations) which was weighted by the degree of importance of each of these matters with respect to the Group's operations and their impact on its reputation. From these internal and external studies 20 priority issues were obtained using the following matrix, which represents matters which are material to both the company and its stakeholders. The Responsible Company Report for 2018 has focused on these issues.

MATERIALITY MATRIX

* Stakeholders do not participate directly in Report preparation.

1. Operation and composition of the Board (balance, diversity etc.)
2. Corruption and fraud prevention
3. Risk management
4. Business ethics and compliance
5. Stakeholder engagement channels
6. Customer experience: Service quality and customer satisfaction/claims management
7. Digital reliability (data protection
8. Innovation in products and services *5G, IA, IoT, Blockchain)
9. Digitalisation, digital transformation
10. Responsible advertising
11. Work-life balance
12. Working environment
13. Diversity, equality and non-discrimination
14. Training and development of diverse talent
15. Contribution to local development (employment, suppliers, etc.)
16. Sustainable and inclusive products
17. Sponsorships and foundation activities
18. Greenhouse gas emissions and climate change
19. Circular economy
20. Responsible supply chain management

Stakeholder engagement

The Euskaltel Group bases its strategy and corporate values on its relations with its main stakeholders. This is a differentiating factor with respect to its competitors. For the Group it is essential to know the opinions, needs and concerns of its employees, customers, investors, suppliers and other stakeholders since business development is based on alliances with other companies, public administrations and the emotional bond with the community in general.

This is defined in the main Company's main CSR tools, such as the Group's Responsibility policy, which lays down the commitments and basic lines to be fulfilled by each player, or the CSR Master Plan, based on the expectations identified through consultations with stakeholders. In addition, the corporate values of proximity and honesty not only represent and define the conduct of the Group's professionals, but also reflect the quality of the relationships with the parties with which they collaborate.

The trusting environment generated by the Group and the value created in the territories in which it is present result from a detailed Communication Plan that includes all stakeholders and is based on the corporate values. The Group's communication is characterised by maintaining close relations with its market and opinion formers based on transparency and the proximity that Euskaltel, R and Telecable enjoy with their stakeholders in the Basque Country, Galicia and Asturias, respectively. This communication and stakeholder relations model has generated reputational capital and a brand image without comparison in the sector, achieving an extraordinary degree of identification with its market, which differentiates it from its competitors to a considerable extent.

To maintain these close and honest relations, the Euskaltel Group uses various platforms and fosters direct two-way dialogue through which customers, shareholders, employees and the public can express their needs and propose improvements. One of the main channels is the Ethics Channel, which is open not only to the Group's professionals but also to customers, suppliers and third parties, with the aim of resolving doubts or queries regarding behaviour within the Group or to report events or actions that might breach

the Code of Ethics and its Instructions for Behaviour and/or any other rules of conduct included in the Corporate Governance System of the Euskaltel Group, as well as the applicable external legislation or regulations.

The main customer channel is Customer Experience, a tool which has allowed the Group to get to know customers better in recent years and develop products and services in line with their needs. In addition, employees have

The Euskaltel Group bases its strategy and corporate values on the relationship with its main stakeholders, which is a differentiating factor compared with its competitors.

a number of tools for expressing their concerns or their satisfaction, such as the working environment surveys carried out annually. With regard to investors, through the Investor Relations area more than 300 interactions were carried out in 2018 through roadshows organised with the main brokers, conferences or breakfasts with analysts, mainly following the release of quarterly results. The first investor satisfaction survey was also launched in 2018, with a score of 7.8 out of 10. The smooth communications with the Investor Relations team were highlighted. In addition, following its success in 2017, an Investor Day is planned on a biennial or triennial basis, provided there is a relevant plan to share with the shareholders.

As a sign of the Group's close engagement, it has continued to build a network of trust with the community through its sponsorships, the development of the local culture and digitalisa-

tion through the actions of the Euskaltel Konekta Foundation. In addition, regular contact with the authorities enhances our knowledge of the local territory and the detection of major needs. Fluid, two-way relations are also maintained with the Group's suppliers, considered strategic allies and part of the enterprise, since without them the services provided could not be carried out. In this respect, the Purchases area plays an essential role in detecting their concerns and ascertaining supplier satisfaction throughout the supply chain, with respect to both the main allies and the small

companies that collaborate with the Group through ongoing direct contacts, the Ethics Channel and the annual supplier assessment under ISO 9001.

Finally, the open-door policy of the Management Team makes it easier to exchange information and present queries. In 2018, the main concerns addressed to the Board and Management related to the Group's expansion. In general, a growing interest in the quality of the working environment, equal opportunities and digitalisation has been detected through the different channels.

Main Euskaltel Group stakeholders and communication channels

Stakeholders		Communication tool	Main expectations identified
Society	**Social organisations, universities and educational centres, research centres, business community, local community, opinion formers, consumer associations and news media.**	■ Social networks ■ Relations with the media ■ Collaboration with universities and other institutions ■ Community Survey	Communication with society, social resposibility, capacity to generate value and business ethics.
Customers	**Corporate, residential, institutions and public sector.**	■ Páginas web de Euskaltel, R y Telecable ■ Aplicaciones móviles ■ Reclamaciones ■ Customer Experience	Management excellence, service quality, data privacy and rate transparency.
Professionals	**Professionals covered/not covered by a collective agreement, workers' representatives (WR), trainees and temporary employment agencies.**	■ Canales de comunicación interna ■ Intranet ■ Encuesta de satisfacción	Leadership, working environment, work organisation, professional development, equal opportunities and internal communication.
Suppliers and allies	**Distributors, fitters and contractors, strategic suppliers, operators, infrastructure providers.**	■ Community Survey	Local purchasing and transparency and equal opportunities.
Public Authorities	**Provincial councils, city councils, governments, supervisors, regulators, development agencies and sector agencies.**	■ Community Survey	Transparency, legal compliance, environmental management and people management.
Shareholders and investors	**Board, shareholders, analysts and investors, financers, press related to shareholders.**	■ Satisfaction survey ■ Investor Relations office ■ General Shareholders' Meeting	Reputational risk, financial results and proximity to shareholders and investors.
ALL		■ Ethic	Closeness and transparency with respect to all stakeholders in compliance with sector legislation and other applicable regulations.

Frequency ■ Continuous ■ Biennal ■ Annual

AENOR

AENOR Verification Statement for

GRUPO EUSKALTEL.

relating to the reporting of non-financial information in accordance with Law 11/2018corresponding for the year ended 31 December 2018

FILE: 1999/0485/GEN/04

GRUPO EUSKALTEL (hereinafter the company) has commissioned AENOR to carry out a verification under a limited level of assurance of the state of non-financial information (hereinafter NFI reporting), in accordance with Law 11/2018 amending the Commercial Code, the consolidated text of the Capital Companies Law approved by Royal Legislative Decree 1/2010, of 2 July, and Law 22/2015, of July 20, on Account Auditing, in matters of non-financial information and diversity (hereinafter, Law 11/2018), for the verification period of its activities, fiscal year ended December 31, 2018, included in the report dated 20/02/2019, which is part of this Statement.

AENOR, in accordance with the aforementioned Law, has carried out this verification as an independent provider of verification services.

In this sense, AENOR has carried out the present verification under the principles of integrity, independence, ethics, objectivity, professional competence and diligence, confidentiality and professional behaviour that are required based on the accreditations that it has, within the general scope of application of ISO/IEC 17021-1:2015 and ISO 14065, and individuals, such as the Accreditation granted by the United Nations Convention on Climate Change (UNFCCC) for verification and validation of Clean Development Mechanism (CDM) projects.

AENOR, as required by the aforementioned Law, declares that it has not participated in processes prior to the verification of the NFI reporting.

Company data: GRUPO EUSKALTEL

headquartered in:

PARQUE TECNOLÓGICO - EDIFICIO 809.

48160 DERIO (BIZKAIA)

AENOR

Representatives of the Organization for the purposes of statement of non-financial information: Mr. José Félix Gonzalo Camarero as Director of Quality, Environment, Welfare and Health.

GRUPO EUSKALTEL had the responsibility to report its non-financial information status in accordance with Law 11/2018. The formulation of the NFI reporting as well as its content is the responsibility of the Administrators of the company. This responsibility also includes the design, implementation and maintenance of the internal control considered necessary to allow the NFI reporting to be free from any material misstatement, due to fraud or error, as well as the management systems from which the necessary information is obtained for the preparation of the NFI reporting.

Purpose

The purpose of the verification is to provide interested parties with a professional and independent judgement about the information and data contained in the non-financial information statement of the aforementioned organization, prepared in accordance with Law 11/2018.

Scope of Verification

The Non-Financial Information Statement 2018 Responsible Company Report, dated 25/02/2019 of GRUPO EUSKALTEL, and companies included in the consolidated and related statements below:

EUSKALTEL, S.A.
R CABLE Y TELECOMUNICACIONES GALICIA, S.A.U.
TELECABLE DE ASTURIAS, S.A.U.
CINFO, CONTENIDOS INFORMATIVOS PERSONALIZADOS, S.L.

Materiality

For verification purposes, it was agreed to consider material discrepancies those omissions, distortions or errors that can be quantified and result in a difference greater than 5% with respect to the total declared.

Criteria

AENOR

The criteria and information that have been taken into account as a reference for carrying out the check have been:

1) Law 11/2018 of 28 December amending the Commercial Code, the revised text of the Capital Companies Law approved by Royal Legislative Decree 1/2010 of 2 July and Law 22/2015 of 20 July on the Auditing of Accounts, on non-financial information and diversity.

2) Standard ISAE 3000 (revised), relating to the commissioning of different insurances or the review of historical financial information.

3) The criteria established by the global sustainability reporting initiative at GRI standards when the organization has opted for this internationally recognized framework for the disclosure of information related to its corporate social responsibility.

AENOR expressly disclaims any responsibility for investment or other decisions based on this statement.

Verification process carried out

During the verification process carried out, under a limited level of assurance, AENOR conducted interviews with the staff in charge of collecting and preparing the non-financial information statement and reviewed evidence relating to:

- Activities, products and services provided by the organization
- Consistency and traceability of the information provided, including the process followed to compile it, sampling information on the reported one.
- Completion and content of the statement of non-financial information in order to ensure the completeness, accuracy and truthfulness of its content.

Conclussion

Based on the foregoing, in our opinion, there is no evidence to suggest that the statement of non-financial information included in the The Non-Financial Information Statement 2018 Responsible Company Report, dated 25/02/2019 and for the year ended December 31, 2018, is not a faithful representation of the GRUPO EUSKALTEL performance in social responsibility matters under Law 11/2018. Specifically, in relation to environmental, social and personnel issues, including the management of equality, non-discrimination and universal accessibility, human rights, the fight against corruption and bribery and diversity.

Madrid, 27 February 2019

GRI
tables

Standards	Description	Observations/direct reference (page)	Scope	SDG	Global Compact
GRI 101 Fundamentos					
101	Principles	Other information (p. 81)	Group		
GRI 102 Contenidos generales					
Perfil de la organización					
102-1	Name of the organisation	Euskaltel, S.A R Cable and Telecomunicaciones Galicia, S.A. Telecable de Asturias S.A.U.	Group		
102-2	Activities, brands, products and services	Euskaltel Group in 2018 (p. 6-8) Customers (p. 43-53)	Group		
102-3	Location of headquarters	Back cover	Group		
102-4	Location of operations	Euskaltel Group in 2018 (p. 6 and 11)	Group		
102-5	Ownership and legal form	Euskaltel, S.A. Organisational and Cultural Capital (p. 22)	Group		
102-6	Market served	Customers (p. 47-53) Euskaltel Group in 2018 (p. 6 and 11)	Group		
102-7	Scale of the organisation	Euskaltel Group in 2018 (p. (6 and 7) Human capital (p. 29)	Group		
102-8	Information on employees and other workers	See appendix 102-8 (p. 101)	Group	8	Principle 6
102-9	Supply chain	Relationships (p. 66) Euskaltel Group suppliers in 2018 were located in the EC, except for 14 that are in Canada (2), China (1), Colombia (1), Israel (1), Switzerland (1) and USA (8). See Appendix (p. 102)	Group		
102-10	Significant changes to the organisation and its supply chain	Letter from the Chairman and the CEO (p. 3 and 4) Euskaltel Group in 2018 (p. 6) Organisational and Cultural Capital (p. 23) Relationships (p. 66) Customers (p. 51)	Group		
102-11	Precautionary principle or approach	Organisational and Cultural Capital (p. 17-19) Section E of the Euskaltel Group's 2018 Annual Corporate Governance Report.	Group		
102-12	External initiatives	Letter from the Chairman and the CEO (p. 5) Natural Capital (p. 57) Relationships (p. 67-73) https://www.euskaltel.com https://blog.euskaltel.com http://konekta.euskaltel.com https://www.mundo-r.com https://blog.mundo-r.com https://www.telecable.es https://blog.telecable.es/	Group	17	
102-13	Membership of Associations	Relationships (p. 67-73) Other Information (p. 81)	Group	17	
Strategy					
102-14	Statement from senior decision-maker	Letter from the Chairman and the CEO (p. 2-5)	Group		
102-15	Key impacts, risks and opportunities	Organisational and Cultural Capital (p. 19-22) See Appendix (p. 106)	Group		

Standards	Description	Observations/direct reference (page)	Scope	SDG	Global Compact
Ethics and Integrity					
102-16	Values, principles, standards and norms of behaviour	Letter from the Chairman and the CEO (p. 3) Organisational and Cultural Capital (p. 17 - 19) Human Capital (p. 30)	Group	16	Principle 6
102-17	Mechanisms for advice and concern about ethics	In 2018, the Ethics Channel was implemented for the Group's professionals in order to communicate, in addition to any non-compliance, doubts or queries related to compliance and / or applicable regulations. This channel is accessible to professionals through the intranets of each of the Group's companies. Likewise, for the same purposes, the Ethics Channel is available for posting queries and clarifying doubts to any supplier, customer or third party outside the Euskaltel Group through the corporate websites of each Euskaltel Group company.	Group	16	Principle 6
Governance					
102-18	Governance structure	Organisational and Cultural Capital (p. 22-23)	Group		
102-19	Decision-making	Euskaltel Group in 2018 (p. 9-13) Other information (p. 81)	Group		
102-20	Executive-level responsibility for economic, environmental, and social issues	Organisational and Cultural Capital (p. 24 and 25)	Group		
102-21	Consulting stakeholders on economic, environmental and social issues	Other information (p. 83 and 84)	Group	16	
102-22	Composition of the highest governance body and its committees	Organisational and Cultural Capital (p. 17-23)	Group	5 16	
102-23	Chair of the highest governing body	Organisational and Cultural Capital (p. 22)	Group	16	
102-24	Nominating and selecting of the highest governance body	Organisational and Cultural Capital (p. 22)	Group	5 16	
102-25	Conflicts of interest	D.6 of the Annual Corporate Governance Report 2018 of the Euskaltel	Group	16	
102-26	Role of highest governance body in setting, values and strategy	Letter from the Chairman and the CEO (p. 3) Organisational and Cultural Capital (p. 19) Section E of the Euskaltel Group's 2018 Annual Corporate Governance Report contains further information.	Group		
102-27	Collective knowledge of highest governance body	Organisational and Cultural Capital (p. 23)	Group	4	
102-28	Evaluating the highest governance body's performance	Organisational and Cultural Capital (p. 23)	Group		

Standards	Description	Observations/direct reference (page)	Scope	SDG	Global Compact
Governance					
102-29	Identifying and managing of economic, environmental and social impacts	Section E of the Euskaltel Group's 2018 Annual Corporate Governance Report	Group	16	
102-30	Effectiveness of risk management processes	Section E of the Euskaltel Group's 2018 Annual Corporate Governance Report	Group		
102-31	Review of economic, environmental and social topics	Organisational and Cultural Capital (p. 24 and 25)	Group		
102-32	Highest governance body's role in sustainability reporting	The Board of Directors is responsible for the review and approval of this Responsible Company Report 2018, after verification by a third party.	Group		
102-33	Communicating critical concerns	The CEO and the CFO are entrusted with informing the Board of Directors of all aspects regarding the company's performance.	Group		
102-34	Nature and total number of critical concerns	In general terms, the matters taken to the Board during 2018 related to business in the three regions in which the Euskaltel Group operates, monthly management reports, preparation of the annual accounts, proposed distribution of profits, proposed dividend payment, regular public reporting, budgets and definition of objectives, approval of various annual reports, convening of the Annual General Meeting, preparation of proposed resolutions and relevant directors' reports, appointment of new Board members, appointment to Board offices (Secretary and Deputy Secretary), internal organisational structure, corporate policies, main legislative developments, consolidation and investee scope, major Euskaltel shareholders and information on corporate governance, among other matters.	Group		
102-35	Remuneration policies	Report on Euskaltel Directors' Remuneration 2018.	Group		
102-36	Process for determining remuneration	Report on Euskaltel Directors' Remuneration 2018.	Group		
102-37	Stakeholders' involvement in remuneration	Organisational and Cultural Capital (p. 22 and 23) Report on Euskaltel Directors' Remuneration 2018.	Group	16	
102-38	Annual total compensation ratio	The compensation ratio is 46%. Only employees covered by a Collective Agreement are included.	Group		
102-39	Percentage increase in annual total compensation ratio	By reference to employees under collective bargaining agreements, the best paid person's salary rose by 0%, whereas the rise was 2% according to the collective agreement, so the ratio is 0%.	Group		

Compensation analysis

	2016	2017	2018
Percentage	2.2%	2%	0%

Standards	Description	Observations/direct reference (page)	Scope	SDG	Global Compact
Stakeholder engagement					
102-40	List of stakeholders groups	Other information (p. 83 and 84)	Group		
102-41	Collective bargaining agreements	Human capital (p. 34) 88% of Euskaltel Group employees are covered by Collective Agreements Managers and Directors are excluded.	Group	8	Principle 1 and 3
102-42	Identifying and selecting stakeholders	Other information (p. 83 and 84)	Group		
102-43	Approach to stakeholder engagement	Customers (p. 43 and 44) Other information (p. 82-84) See Appendix (p. 101)	Group		
102-44	Key issues and concerns raised	Other information (p. 82)	Group		
Reporting practice					
102-45	Entities included in the consolidated financial statements	Organisational and Cultural Capital (p. 22) Other information (p. 81) Entities included in the consolidated financial statements are Euskaltel S.A (Group parent company), R Cable, S.A, Telecable de Asturias, S.A and Cinfo, S.L. (subsidiaries). On 11 July 2018 the existing shareholding in Cinfo was sold.	Group		
102-46	Defining report content and topic boundaries	Other information (p. 81)	Group		
102-47	List of material topics Restatements of information	Other information (p. 82)	Group		
102-48	Re expresiones de información	Other information (p. 81)	Group		
102-49	Changes in reporting	Other information(p. 81)	Group		
102-50	Reporting period	FY 2018	Group		
102-51	Date of most recent report	23 February 2018	Group		
102-52	Report cycle	Annual	Group		
102-53	Contact point for questions regarding the report	Back cover	Group		
102-54	Claims of reporting in accordance with GRI Standards	Verification Report (p. 85)	Group		
102-55	GRI Index	GRI Standards Table (p. 86-97)	Group		
102-56	External assurance	Verification Report (p. 85 and 86) The Euskaltel Group commissions an officially authorised company (AENOR) to verify non-financial information.	Group		
GRI 103 Management Approach					
103-1	Explanation of the material topic and its boundary		Group		
103-2	The management approach and its components	Management approach indicated in each part of this table.	Group	1 8 16	Principle 6
103-3	Evaluation of the management approach		Group		

Standards	Description	Observations/direct reference (page)	Scope	SDG	Global Compact
GRI 201 Economic Performance *Topic included in the materiality analysis and in the 2016-2018 CSR Plan of the Euskaltel Group. Management approach and evaluation included in Chapters 0, 1, 2 and 5.*					
201-1	Direct economic value generated and distributed	Relationships (p. 65)	Group	2 5 7 8 9	
201-2	Financial implications and other risks and opportunities due to climate change	Due to the nature of its activities, Euskaltel has a very low environmental impact on its surroundings. This influences the scope of the environmental objectives it sets and allows the Group to ensure that any potential risk for the company's activities is being properly managed. As the principal measurement of its impact on climatechange, the Euskaltel Group calculates its carbon footprint each year and prepares GHG emissions reports following a method established together with Ihobe (Public Environmental Management Corporation dependent on the Basque Government), where both direct and indirect emissions are quantified. Euskaltel also reports on risks and opportunities in the CDP report which is available at https://www.cdp.net/es/climate	Group	13	Principle 7 and 8
201-3	Defined benefit plan obligations and other retirement plans	All Euskaltel Group employees enjoy a number of welfare benefits related either to the products and services provided or to welfare, health and employee retirement contributions. The Euskaltel Group pays its employees' monthly Social Security contributions, based on their salaries, for the public welfare system.	Group	8	
201-4	Financial assistance received from the Government	In 2018, subsidies received totalled €12,758 thousand. In 2017, the figure was €64 thousand and €248 thousand in 2016	Group		
GRI 202 Market Presence *Topic included in the materiality analysis and in the 2016-2018 CSR Plan of the Euskaltel Group. Management approach and evaluation included in Chapters 0, 1 and 2.*					
202-1	Ratios of standard entry level wage by gender compared to local minimum wage	The ratio between the entry level wage and the local minimum wage in the Group in Group 2018 was 1.75 for women and 1.60 for men.	Group	1 5 8	Principle 1 and 6
202-2	Proportion of senior management hired from the local community	The Group's senior management team comprises the Chairman, CEO, the heads of the Decision Centres and the heads of the Function Departments . 91% of the senior management team are from the local community, i.e. Spain, the market in which it operates.	Group	8	Principle 6
GRI 203 Indirect Economic Impacts *Topic included in the materiality analysis and in the 2016-2018 CSR Plan of the Euskaltel Group. Management approach and evaluation included in Chapters 0, 3 and 5.*					
203-1	Infrastructure investments and services supported	The 2018 investment relating to customers and network deployment amounts to: €107,865,969. Customers (p. 41, 52 and 53)	Group	1 2 3 4 5 6 8 10 11 12 13 14 15	
203-2	Significant indirect economic impacts	Euskaltel Group bases its approach as an integrated telecommunications operator with an assured future development on the deployment of its own high capacity and capillarity network, which allows the provision of distinct high-value services.	Group	1 2 3 4 5 6 8 10 11 12 13 14 15	

Standards	Description	Observations/direct reference (page)	Scope	SDG	Global Compact
GRI 204 Procurement practices *Topic included in the materiality analysis and in the 2016-2018 CSR Plan of the Euskaltel Group. Management approach and evaluation described in Chapter 5.*					
204-1	Proportion of spending on local suppliers	Relationships (p. 66) See Appendix (p. 102)	Group	12	
GRI 205 Anti-corruption *Topic included in the materiality analysis and in the 2016-2018 CSR Plan of the Euskaltel Group. Management approach and evaluation described in Chapters 1.*					
205-1	Operations assessed for risks related to corruption	In 2018, the Group's distributors and suppliers with the largest billings and risk accepted and signed the Euskaltel Group Code of Ethics and Anti-corruption Policy.	Group	16	Principle 10
205-2	Communication and training about anti-corruption policies and procedures	Organisational and Cultural Capital (p. 15 and 20) Supervision of compliance with the code is entrusted to the Corporate Compliance Committee, which bears ultimate responsibility for the effective supervision and monitoring of the regulatory environment affecting the Group's business. During 2018, as part of a communication and training plan on regulatory compliance, training was given on the Euskaltel Group's Code of Ethics, for Behaviour and Anticorruption Policy both presentially and through the intranets of each Group company. Since September, communications have also been carried out within the Group concerning Compliance, on a structured and recurring basis.	Group	16	Principle 10
205-3	Confirmed incidents of corruption and measures taken	During 2018, no incidents occurred that involved a severe breach of regulations or of the good governance practices established in the Company.	Group	16	Principle 10
GRI 206 Anti-competitive Behaviour *Non-material issue for the Euskaltel Group.*					
206-1	Legal actions for anti-competitive behavior, anti-trust and monopoly practices	No official judgements or decisions were issued that affect the company in this regard.	Group	16	
GRI 301 Materials *Topic included in the materiality analysis and in the 2016-2018 CSR Plan of the Euskaltel Group. Management approach and evaluation described in Chapter 4.*					
301-1	Materials used by weight or volume	Natural Capital (p. 61)	Group	8 12	
301-2	Recycled input materials used	• Purchase of refurbished customer equipment vs. total equipment purchased: 2.10% in 2018. • Use of recycled paper vs. total paper used in all utilities: 1.70% in 2018. See appendix 301-2 (p. 101). • Reconditioned customer equipment vs. total equipment placed on the market was 63.84% (See 301-3).	Group	8 12	Principle 7 and 8
301-3	Reclaimed products and their packaging materials	Natural Capital (p. 60) See Appendix 301-3 (p. 101)	Group	8 12	Principle 7, 8 and 9
GRI 302 Energy *Topic included in the materiality analysis and in the 2016-2018 CSR Plan of the Euskaltel Group. Management approach and evaluation described in Chapter 4.*					
302-1	Energy consumption within the organisation	Natural Capital (p. 61)	Group	7 8 12 13	Principle 7 and 8
302-2	Energy consumption outside the organisation	Natural Capital (p. 61)	Group	7 8 12 13	Principle 7 and 8
302-3	Energy intensity	Natural Capital (p. 61)	Group	7 8 12 13	Principle 8

Standards	Description	Observations/direct reference (page)	Scope	SDG	Global Compact
GRI 302 Energy *Topic included in the materiality analysis and in the 2016-2018 CSR Plan of the Euskaltel Group. Management approach and evaluation described in Chapter 4.*					
302-4	Reduction of energy consumption	Natural Capital (p. 61) The Euskaltel Group has defined an energy efficiency plan for 2018, setting out the measures for saving both electricity and fuel. This plan foresees the following actions: • Rational use of lighting at central offices, with automatic shut-off features (at data processing centres) and continuation of other features (hallways and offices) • Installation of more energy-efficient equipment at the data-processing centres (servers) and consolidation of existing services. • Rational use of vehicles for work-related travel and travel between the different Euskaltel Group locations • Use of videoconferences for meetings between different Group locations, avoiding long-distance travel. Energy consumption has increased compared with 2017. However, energy intensity has decreased by 4.2 due to the rise in customer products.	Group	7 8 12 13	Principle 7, 8 and 9
302-5	Reduction in energy requirements of products and services	The consumption requirements of customer equipment are taken into account when these are officially approved (Group).	Group	7 8 12 13	Principle 7, 8 and 9
GRI 303 Water *Topic included in the materiality analysis and in the 2016-2018 CSR Plan of the Euskaltel Group. Management approach and evaluation described in Chapter 4.*					
303-1	Water consumption by source	Natural Capital (p. 61) El agua consumida proviene de la red de abastecimiento del Consorcio de Aguas del Gran Bilbao en el caso de Euskaltel y en el caso de R de las redes de la Empresa municipal de aguas de la Coruña S.A., Aqualia and Viaqua, dependiendo de la ubicación de los centros de trabajo. En el caso de Telecable, el agua procede de la Empresa Municipal de Aguas de Gijón S.A. en el caso de los edificios del Parque Tecnológico de Gijón; and en el caso del CPD de Oviedo de la red gestionada por FCC Aqualia, Concesionaria del Servicio de Agua and Saneamiento de Oviedo.	Group	6 12	Principle 7 and 8
303-2	Sources of water significantly impacted by water extraction	During 2018, no water sources were significantly affected by withdrawal of water by the Group.	Group	6 12	Principle 7 and 8
303-3	Agua reciclada and reutilizada	No recycled or reused water is used or consumed.	Group	6 8 12	Principle 8 and 9
GRI 304 Biodiversity *Non-material issue for the Euskaltel Group.*					
304-1	Operational sites owned, leased, managed in, or adjacent to, protected areas of high biodiversity value and areas outside protected areas	The Euskaltel Group does not own any land in areas of high biodiversity value. During 2018, no impacts were recorded in respect of biodiversity in protected, heritage or biosphere reserve areas. Consequently, no impacts occurred in areas serving as habitats to species at risk of extinction.	Group	6 14 15	Principle 8
304-2	Significant impacts of activities, products and services on biodiversity		Group	6 14 15	Principle 8
304-3	Habitats protected or restored		Group	6 14 15	Principle 8

Standards	Description	Observations/direct reference (page)	Scope	SDG	Global Compact
GRI 304 Biodiversity *Non-material issue for the Euskaltel Group.*					
304-4	IUCN Red List species and national conservation list species with habitats in areas affected by operations	The Euskaltel Group does not own any land in areas of high biodiversity value. During 2018, no impacts were recorded in respect of biodiversity in protected, heritage or biosphere reserve areas. Consequently, no impacts occurred in areas serving as habitats to species at risk of extinction.	Group	6 14 15	Principle 8
GRI 305 Emissions *Topic included in the materiality analysis and in the 2016-2018 CSR Plan of the Euskaltel Group. Management approach and evaluation described in Chapter 4.*					
305-1	Direct GHG (Scope 1) emissions	Natural Capital (p. 61) The emission sources considered in scope 1 are: use of fuel in generators and by company vehicles during work trips, plus emissions of fluorinated greenhouse gases. This also includes natural gas consumed by Telecable. See appendix 305-1 (p. 101)	Group	3 12 13 14 15	Principle 7, 8 and 9
305-2	Indirect GHG (Scope 2) emissions	Natural Capital (p. 61) The emission source considered in scope 2 is electricity consumption. See Appendix 305-2 (p. 101)	Group	3 12 13 14 15	Principle 7, 8 and 9
305-3	Other emissions Indirect GHG (Scope 3)	Natural Capital (p. 61) The emission sources considered in scope 3 are: fuel consumption derived from the use of non-Group means of transport used in business travel (employee-owned cars, aeroplanes, trains, taxis). See Appendix 305-3 (p. 101)	Group	3 12 13 14 15	Principle 8
305-4	Intensity of GHG emissions	Natural Capital (p. 61) Emission intensity is calculated without taking into account Scope 3 with respect to the total number of products. 2.4M in 2016, 2.9M in 2017 and 2.9M in 2018. See Appendix 305-4 (p. 101)	Group	12 13 14 15	Principle 8 and 9
305-5	Reduction in GHG emissions	Natural Capital (p. 58 and 61)	Group	12 13 15	Principle 8 and 9
305-6	Emissions of ozone-depleting substances	The Euskaltel Group does not produce, import or export gases that deplete the ozone layer. Since 2012, Euskaltel has implemented a plan to replace R-22 gases, whereby whenever a leak of this type of gas occurs, the equipment is either retired or recharged with other refrigerant gases that do not affect the ozone layer (R-434.A or R-424.A).	Group	3 12 13	Principle 8 and 9
305-7	NOx, SOx and other significant air emissions	See Appendix 305-7 (p. 101)	Group	3 12 13 14 15	Principle 8 and 9
GRI 306 Effluents and waste *Topic included in the materiality analysis and in the 2016-2018 CSR Plan of the Euskaltel Group. Management approach and evaluation described in Chapter 4.*					
306-1	Water discharge by quality and destination	The Euskaltel Group does not discharge industrial waste water. Sanitary and sewage water is discharged to the Consorcio de Aguas del Gran Bilbao water treatment system, in the case of Euskaltel, and to the Empresa Municipal de Aguas de la Coruña S.A., Aqualia and Viaqua networks for R, depending on the location of each work centre. Telecable discharges sanitary water into the waste treatment system of Empresa Municipal de Aguas de Gijón S.A. in the case of buildings at the Parque Tecnológico de Gijón, and the treatment network of FCC Aqualia, Concesionaria del Servicio de Agua y Saneamiento de Oviedo, in the case of the Oviedo DPC.	Group	3 6 12 14	Principle 7 and 8
306-2	Waste by type and disposal method	Natural Capital (p. 61)	Group	3 6 12	Principle 7 and 8
306-3	Significant spills	There have been no accidental spills in 2018.	Group	3 6 12 14 15	Principle 8

Standards	Description	Observations/direct reference (page)	Scope	SDG	Global Compact
GRI 306 Effluents and waste *Topic included in the materiality analysis and in the 2016-2018 CSR Plan of the Euskaltel Group. Management approach and evaluation described in Chapter 4.*					
306-4	Transport of hazardous waste	All hazardous waste, including used lead batteries, is collected by authorised waste management companies, primarily in the Basque Country, Galicia and Asturias and, in certain cases, in other regions of Spain. No hazardous waste has been shipped internationally.	Group	3 12	Principle 8
306-5	Water bodies affected by discharges and run offs	During 2018, the Group did not discharge any water affecting.	Group	6 14 15	Principle 8
GRI 307 Environmental compliance *Topic included in the materiality analysis and in the 2016-2018 CSR Plan of the Euskaltel Group. Management approach and evaluation described in Chapter 4.*					
307-1	Non-compliance with environmental laws and regulations	During 2018, no significant fines were received in this connection. Claims of an environmental nature are indicated in 103-2	Group	16	Principle 7 and 8
GRI 308 Supplier Environmental Assessment *Topic included in the materiality analysis and in the 2016-2018 CSR Plan of the Euskaltel Group. Management approach and evaluation described in Chapters 5.*					
308-1	New suppliers that were screened using environmental criteria	The supplier evaluation includes environmental criteria and is carried out by the Quality, Environment, Welfare and Health Department, given that the matters assessed in the regular evaluation include the results of the internal management system audits and the existence of an environmental management system, particularly for suppliers with a higher influence on the appraisal of the Group's environmental matters. Currently, efforts are being made to expand the environmental management system policies to all Group companies in 2018.	Group	12	Principle 9
308-2	Negative environmental impacts in the supply chain and actions taken	Based on the evaluations performed, the Euskaltel Group has not detected any supplier having significant negative environmental impacts.	Group	12	Principle 9
GRI 401 Employment *Topic included in the materiality analysis and in the 2016-2018 CSR Plan of the Euskaltel Group. Management approach and evaluation described in Chapter 2.*					
401-1	New employee hires and employee turnover	See Appendix 401-1 (p. 102)	Group	5 8	Principle 6
401-2	Benefits provided to full-time employees that are not provided to temporary or part-time employees	Human capital (p. 38 and 39) All Group workers and their immediate family members may access medical services in advantageous conditions.	Group	8	Principle 6
401-3	Parental leave	Figures for employees taking parental leave in recent years are as follows: [Men: 2016 = 11, 2016 = 13, 2018 = 10; Women: 2016 = 8, 2016 = 9, 2018 = 7]. The 17 employees returned at the end of their parental leave.	Group	5 8	Principle 6
GRI 402 Labour management relations *Topic included in the materiality analysis and in the 2016-2018 CSR Plan of the Euskaltel Group. Management approach and evaluation described in Chapter 2.*					
402-1	Minimal notice periods regarding operational changes	In general, operational changes are reported to the affected persons and the affected area prior to reflecting them on the official company organisational chart posted on the intranet.	Group	8	Principle 3
GRI 403 Occupational health and safety *Topic included in the materiality analysis and in the 2016-2018 CSR Plan of the Euskaltel Group. Management approach and evaluation described in Chapter 2.*					
403-1	Worker representation in joint health and safety committees	There is a Health and Safety Committee in each company, which represents 100% of the Group's workforce.	Group	3 8	

	2016	2016	**2018**
Men	11	13	**10**
Women	8	9	**7**

Standards	Description	Observations/direct reference (page)	Scope	SDG	Global Compact
GRI 403 Occupational health and safety *Topic included in the materiality analysis and in the 2016-2018 CSR Plan of the Euskaltel Group. Management approach and evaluation described in Chapter 2.*					
403-2	Types of injury and rates of injury, occupational diseases, lost days and absenteeism, and number of work-related fatalities	Human capital (p. 39) See Appendix 403-2 (p. 102) There have been no deaths due to accident or occupational disease in the last three years.	Group	3 8	
403-3	Workers with high incidence or high risk of diseases related to their occupation	No professional activities or job positions within the Group companies have been identified as having a high incidence or high risk of work-related illness.	Group	3 8	
403-4	Health and safety topics covered in formal agreements with trade unions	Human capital (p. 38 and 39) The labour agreements by which the three Group companies are governed contain a specific chapter on Health and Safety at work. Therefore, the percentage is 100%.	Group	3 8	
GRI 404 Training and education *Topic included in the materiality analysis and in the 2016-2018 CSR Plan of the Euskaltel Group. Management approach and evaluation described in Chapter 2.*					
404-1	Average hours of training per year per employee	Human capital (p. 37) The average number of hours training by position and gender expressed in the following table: |	Executives	Managers	Other professionals
---	---	---	---
Men	110.77	86.08	33.26
Women	99.65	146.18	35.31		Group	4 5 8	Principle 6
404-2	Programs for upgrading employee skills and transition assistance programs	Human capital (p. 36 and 37)	Group	4 8	
404-3	Percentage of employees receiving regular performance and career development reviews	Human capital (p. 29)	K and R	5 8	Principle 6
GRI 405 Diversity and equal opportunity *Topic included in the materiality analysis and in the 2016-2018 CSR Plan of the Euskaltel Group. Management approach and evaluation described in Chapter 2.*					
405-1	Diversity of governance bodies and employees	Organisational and Cultural Capital (p. 23) Human capital (p. 34 and 35) See Appendix 405-1 (p. 102)	Group	5 8 10	Principle 6
405-2	Ratio of basic salary and remuneration of women to men	In line with the Group's people management policy, salaries are determined on an individual basis; that is, each person is compensated in line with the responsibility assigned, their performance and their contribution of value to the company. No differences are established in respect of gender, age or other such factors.	Group	5 8 10	Principle 6
GRI 406 Non discrimination *Topic included in the materiality analysis and in the 2016-2018 CSR Plan of the Euskaltel Group. Management approach and evaluation described in Chapter 2.*					
406-1	Incidents of discrimination and corrective actions taken	In 2018, there were no incidents of discrimination or Group violation of Human Rights.	Group	5 8 16	Principle 6
GRI 407 Freedom of association and collective bargaining *Topic included in the materiality analysis and in the 2016-2018 CSR Plan of the Euskaltel Group. Management approach and evaluation described in Chapter 2.*					
407-1	Operations or suppliers in which freedom of association and collective bargaining may be at risk	Human capital (p. 34) The Group's business and purchasing volume are essentially local, so there is no significant risk of infringement.	Group	8 16	Principle 3

Standards	Description	Observations/direct reference (page)	Scope	SDG	Global Compact
GRI 408 Child Labour *Non-material issue for the Euskaltel Group.*					
408-1	Operations and suppliers at significant risk for incidents of child exploitation	Prevailing legislation guarantees this right. Article 6 of the Workers' Statute prohibits the employment of minors.	Group	8 16	Principle 5
GRI 409 Forced or compulsory labour *Non-material issue for the Euskaltel Group.*					
409-1	Operations and suppliers at significant risk for incidents of forced labour	Prevailing legislation guarantees this right. Employment must be offered freely, and employees must be free to leave their employment whenever they choose. Article 49 of the Employment Statute acknowledges the right of employees to leave their employment voluntarily whenever they choose to do so.	Group	8 16	Principle 4
GRI 410 Security practices *Topic included in the materiality analysis and in the 2016-2018 CSR Plan of the Euskaltel Group. Management approach and evaluation described in Chapter 2.*					
410-1	Security personnel trained in Human Rights policies or procedures	100% of the Euskaltel Group security personnel are duly identified and have received the requisite training in respect of Euskaltel's internal procedures and rules, the systems and equipment used, first aid and data protection.	Group	16	Principle 1 and 2
GRI 411 Rights of indigenous peoples *Non-material issue for the Euskaltel Group.*					
411-1	Incidents of violations involving rights of indigenous peoples and actions taken	In 2018, no groups of indigenous peoples were affected by the Group's activity.	Group	11 16	Principle 1
GRI 412 Human Rights assessment *Topic discussed in the materiality analysis and in the 2016-2018 CSR Plan of the Euskaltel Group. Management approach and evaluation described in Chapter 1.*					
412-1	Operations that have been subject to human right reviews or impact assessments	All Euskaltel Group centres are regularly inspected to ensure that occupational health and safety conditions are optimal.	Group	11 16	Principle 1
412-2	Employee training on human rights policies or procedures	Organisational and Cultural Capital (p. 15)	Group		Principle 1 and 2
412-3	Significant investment agreements and contracts that include human right clauses or that underwent human rights screening	There are no significant investment agreements that include Human Rights clauses or that have been subject to Human Rights analysis, with the exception of legal compliance in matters of security.	Group		Principle 1 and 2
GRI 413 Local Communities *Topic included in the materiality analysis and in the 2016-2018 CSR Plan of the Euskaltel Group. Management approach and evaluation described in Chapter 5.*					
413-1	Operations with local community engagement, impact assessment and development programmes	Relationships (p. 67-73)	Group	11	Principle 1
413-2	Operations with significant actual and potential negative impacts, on local communities	The Euskaltel Group does not have operations centres that have or might have negative impacts on local communities.	Group	1 2 11	Principle 1
GRI 414 Supplier Social Assessment *Topic included in the materiality analysis and in the 2016-2018 CSR Plan of the Euskaltel Group. Management approach and evaluation described in Chapter 5.*					
414-1	New suppliers were screened using social criteria	Given that suppliers are evaluated in respect of key corporate risks, the Group does not deem it necessary to conduct a further analysis focused on labour practices.	Group	5 8 16	Principle 2
414-2	Negative social impact in the supply chain and actions taken	The Group does not deem it necessary to conduct a further analysis focused on its social repercussion.	Group	5 8 16	Principle 2
GRI 415 Public Policy *Non-material issue for the Euskaltel Group.*					
415-1	Political contributions	The Euskaltel Group does not make contributions to political parties or their candidates.	Group		Principle 10

Standards	Description	Observations/direct reference (page)	Scope	SDG	Global Compact
GRI 416 Customer health and safety *Topic included in the materiality analysis and in the 2016-2018 CSR Plan of the Euskaltel Group. Management approach and evaluation included in Chapters 1 and 3.*					
416-1	Evaluation of the health and safety impacts of product and service categories	The Euskaltel Group is responsible for marketing equipment manufactured by third parties, ensuring that the equipment it acquires and sells complies with current legislation on electromagnetic fields.	Group	12	
416-2	Incidents of non-compliance concerning the health and safety impacts of products and services	No fines or penalties were received in this respect.	Group	16	
GRI 417 Marketing and labelling *Topic discussed in the materiality analysis and in the 2016-2018 CSR Plan of the Euskaltel Group. Management approach and evaluation described in Chapters 3.*					
417-1	Requirements for product and service information and labelling	All products provided by the Euskaltel Group are certified and meet the requirements set by different national and international bodies. The company complies with legal requirements regarding packaging labelling, in accordance with Law 11/1997 on packaging and packaging waste. All labels state that the company complies with prevailing legislation and that it contributes to the future management of waste generated by packaging. The Company also cooperates with the integrated management system organisation Ecoembes for this type of waste.	Group	12	
417-2	Incidents of non-compliance concerning product and service information and labelling	No fines or penalties were received in this respect.	Group	16	
417-3	Incidents of non compliance concerning communications	In 2018 Euskaltel received a penalty from the Secretary of State for Digital Progress due the nonfulfillment of the obligation to include certain price-related information in contracts for an amount of €39,000.	Group	16	
GRI 418 Customer privacy *Topic included in the materiality analysis and in the 2016-2018 CSR Plan of the Euskaltel Group. Management approach and evaluation included in Chapters 1 and 3.*					
418-1	Substantial complaints related to breaches of customer privacy and loss of customer data	No duly-grounded complaints of this kind were received in 2018.	Group	16	
GRI 419 Socio-economic compliance *Topic included in the materiality analysis and in the 2016-2018 CSR Plan of the Euskaltel Group. Management approach and evaluation included in Chapters 1 and 3.*					
419-1	Non-compliance with laws and regulations in the social and economic area	In 2018 the Secretary of State for Digital Progress initiated two disciplinary actions against Euskaltel due to its failure to comply with the deadline for managing cancellations of landline telephony services, involving a fine of €136,500, and mobile telephony services, involving a fine of €73,500. Claims received through consumer organisations are disclosed in the Appendix (p. 101).	Group	16	

GRI Standards Appendix

102-8 Employee information

Category	2016 Men	2016 Women	2016 Total	2017 Men	2017 Women	2017 Total	2018 Men	2018 Women	2018 Total
Executives	48	9	57	34	8	42	33	7	40
Management	66	34	100	34	16	50	31	15	46
Other Professionals	182	188	370	342	271	613	345	266	611
TOTAL	**296**	**231**	**527**	**410**	**295**	**705**	**409**	**288**	**697**

301-2 Recycled input materials used

	2016	2017	2018
Percentage	3.3%	2.8%	1.7%

301-3 Reclaimed products and their packaging materials

	2016	2017	2018
Percentage	35.5%	43.0%	63.8

305-1,2,3,4 Emissions

		2016	2017	**2018**	Unidades
Direct GHG (Scope 1)	CO_2 (*)	147.46	161.00	**200.99**	t. CO_2 eq.
	CH4 (*)	0.19	0.17	**0.24**	t. CO_2 eq.
	N_2O (*)	1.94	1.60	**2.41**	t. CO_2 eq.
	HFC (*) (**)	766.24	1,022.09	**1,087.48**	t. CO_2 eq.
	PFC (*) (**)	0.00	0.00	**0.00**	t. CO_2 eq.
	SF6 (*) (**)	0.00	0.00	**0.00**	t. CO_2 eq.
Indirect GHG (Scope 2)	CO_2 (*)	9,479.44	21,893.41	**23,117.53**	t. CO_2 eq.
Intensity of GHG emissions	CO_2	4.49	7.98	**8.30**	kg. CO_2 e./prod.
GHG emissions (Scope 3)	CO_2	259.60	320.40	**320.97**	t. CO_2 eq.

* To calculate GHG emissions the method and conversions of the Ihobe Stop CO2 tool are used.

** To calculate HCFC, HFC and SF6 emissions in equivalent CO2tonnes, the Atmospheric Heating Potential (AHP) published in European Regulation (EC) 517/2014 are used.

Environmental investment

	2016	2017	2018
Waste management (managers and media)	23,222	16,933	42,696
Consultancies and audits	14,728	9,881	5,471
TOTAL	**37,950**	**26,814**	**48,167**

305-7 Other significant atmospheric emissions (tonnes)

		2016	2017	**2018**
Other emissions in air	SO^2	0.0008	0.0007	**0.0009**
	NOX	0.6066	0.5719	**0.7200**
	Solid particles	0.0515	0.0485	**0.0611**

To calculate SO2, NOx and PM emissions, data included in the European Environment Agency Guide "EMEP / EEA air pollutant emission inventory guidebook 2013" are used.

Claims Euskaltel Group*

	2016	2017*	**2018**
Residential	**874**	1,220	**1,033**
Consumer Institutes and Offices and Consumer Associations	826	1,111	**956**
SESIAD	48	109	**77**
Empresarial	**76**	**122**	**88**
Consumer Institutes and Offices and Consumer Associations	66	101	**75**
SESIAD**	10	21	**13**
TOTAL	**950**	**1,342**	**1.121**

* Telecable claim data is included as from 1 January 2017

** SESIAD: Secretary of State for the Information Society and Digital Agenda

In 2018, one person with functional diversity worked in the Euskaltel Group

401-1 New employee hires and employee turnover

	Under 30		31 to 50		More than 50	
2016	3	0	0	0	2	0
2017	16	8	6	8	1	0
2018	4	2	17	6	4	0

External turnover index for 2018 by gender and age

	Under 30		31 to 50		More than 50	
2016	1	0	7	3	7	0
2017	3	3	16	8	13	2
2018	2	2	14	9	10	1

■ Men   ■ Women

Euskaltel Group suppliers

Company / Location	Suppliers	Local Suppliers	% Local Suppliers	% Purchase volumen
Euskaltel / Basque Country	430	200	46.5%	58.2%
R / Galicia	365	149	40.8%	28.6%
Telecable / Asturias	211	68	32.2%	13.3%
Group Euskaltel /Other regions	352	NA	NA	51.5%

* * The sum of the local suppliers for each of the three companies individually (Euskaltel, R and Telecable) would be 417, as can be seen in the table. However, the local supplier total is 429 since There are 12 suppliers that offer support at the Group level.

403-2 Types of accidents and rates of accidents at work, occupational diseases, days lost, and absenteeism

	Euskaltel absenteeism		R absenteeism		Telecable absenteeism		Total Group absenteeism	
2016	1.53	3.48	1.08	2.33	---	---	1.32	3.15
2017	1.23	3.43	1.39	2.08	1.99	2.12	1.51	2.86
2018	1.02	1.54	0.35	2.02	2.06	2.19	1.17	1.77

Accident seriousness and frequency rates in the Euskaltel Group by year and gender

	2016			2017			2018		
	■	■	Total	■	■	Total	■	■	Total
Seriousness rate	0.00	0.00	0.00	0.00	0.09	0.04	0.00	0.16	0.07
Frequency rate	0.00	0.00	0.00	0.00	2.00	0.83	0.00	2.02	0.83

■ Men   ■ Women

405-1 Composition of governance bodies and breakdown of employees per category according to gender, age group, minority group membership, and other indicators of diversity

		2016			2017			2018			Var. 2016-2018 by gender and age
		■	■	■	■	■	■	■	■	■	
>50	Men	25	10	23	46	12	20	57	16	21	62%
	Women	10	0	2	17	0	1	25	2	0	125%
31>50	Men	152	56	25	277	22	14	273	15	12	29%
	Women	173	34	7	244	16	7	231	13	7	17%
≤30	Men	5	0	0	19	0	0	15	0	0	200%
	Women	5	0	0	10	0	0	10	0	0	100%

■ Collective Agreement personnel   ■ Managers   ■ Executives

Contents required by Law 11/2018 of 28 December, which amended the Commercial Code, the revised Companies Act approved by Legislative Royal Decree 1/2010 of 2 July and Law 22/2015 of 20 July on Auditing, with respect to non-financial information and diversity.

Contents under Law 11/2018 INF		Standard used	Chapter of the report
Business Model	Description of Group's Business Model	GRI 102-2, 102-4, 102-6, 102-7, 102-15	1. Organisational and Cultural Capital
Information on environmental issues	Policies	GRI 103-2, 103-3	4. Natural Capital GRI Table (The environmental information is furnished on the basis of materiality, so no details are included on aspects such as noise, light pollution, food waste or biodiversity.)
	Main Risks	GRI 102-11, 102-15, 102-30, 201-2	
	General	GRI 102-11, 102-15, 102-29, 102-30, 102-31, 307-1	
	Pollution	GRI 103-2, 302-4, 302-5, 305-5, 305-7	
	Circular economy and waste prevention and management	GRI 103-2, 301-1, 301-2, 301-3, 303-3, 306-1, 306-2, 306-3	
	Sustainable use of resources	GRI 102-2, 103-2, 301-1, 301-2, 301-3, 302-1, 302-2, 302-3, 302-4, 302-5, 303-1, 303-2, 303-3	
	Climate Change	GRI 102-15, 103-2, 201-2, 305-1, 305-2, 305-3, 305-4, 305-5	
	Protection of biodiversity	GRI 103-2, 304-1, 304-2, 304-3, 304-4	
Information on social and personnel issues	Policies	GRI 102-35, 103-2, 103-3	2. Capital Humano GRI Table Tables Law 11/2018
	Main Risks	GRI 102-15, 102-30	
	Employment	GRI 102-7, 102-8, 102-35, 102-36, 103-2, 201-3, 202-1, 401-1, 401-3, 403-2, 405-1, 405-2	
	Health and safety	GRI 103-2, 403-2, 403-3, 405-2	
	Social Relation	GRI 102-41, 102-43, 402-1, 403-1, 403-4	
	Training	GRI 103-2, 404-1, 404-2	
	Accessibility	GRI 103-2	
	Equality	GRI 103-2, 404-2, 406-1	
Information on respect for human rights	Policies	GRI 103-2, 103-3, 410-1, 412-2	1. Organisational and Cultural Capital
	Main Risks	GRI 102-15, 102-30	
	Human rights	GRI 102-17, 103-2, 406-1, 407-1, 408-1, 409-1, 410-1, 411-1, 412-1, 414-2, 419-1	
Information related to the fight against corruption and bribery	Policies	GRI 103-2, 103-3, 205-2	1. Organisational and Cultural Capital
	Main Risks	GRI 102-15, 102-30, 205-1	
	Corruption and bribery	GRI 103-2, 201-1, 203-2, 415-1	
Information on company	Policies	GRI 103-2, 103-3	5. Relationships
	Main Risks	GRI 102-15, 102-30	
	The Company's commitment to sustainable development	GRI 102-13, 102-43, 201-1, 203-1, 203-2, 204-1, 413-1, 413-2	
	Subcontractors and suppliers	GRI 102-9, 103-3, 308-1, 308-2, 407-1, 409-1, 414-1, 414-2	
	Consumers	GRI 102-17, 103-2, 416-1, 416-2, 417-1, 418-1	
	Tax information	GRI 201-1, 201-4	

Tables Law 11/2018

Breakdown of involuntary sick leave by professional category, gender and age				
Men	**Euskaltel**	**R**	**Telecable**	**Group**
Executives				
≤ 30	0	0	0	**0**
31 > 50	0	1	0	**1**
> 50	1	2	1	**4**
Management				
≤ 30	0	0	0	**0**
31 > 50	0	1	0	**1**
> 50	2	0	0	**2**
Other professionals				
≤ 30	0	2	0	**2**
31 > 50	2	6	4	**12**
> 50	3	0	1	**4**
Total Men	**8**	**12**	**6**	**26**
Women				
Directivas				
≤ 30	0	0	0	**0**
31 > 50	0	0	1	**1**
> 50	0	0	0	**0**
Management				
≤ 30	0	0	0	**0**
31 > 50	0	0	0	**0**
> 50	1	0	0	**1**
Other professionals				
≤ 30	1	0	1	**2**
31 > 50	2	5	1	**8**
> 50	0	0	0	**0**
Total Women	**4**	**5**	**3**	**12**
TOTAL WORKFORCE	**12**	**17**	**9**	**38**

Desglose de las remuneraciones medias por categoría profesional, sexo and edad				
Men	**Euskaltel**	**R**	**Telecable**	**Group**
Executives				
≤ 30	-	-	-	**-**
31 > 50	129,567.04	192,821.93	166,044.86	**146,189.16**
> 50	144,943.98	-	173,851.17	**149,073.58**
Management				
≤ 30	-	-	-	**-**
31 > 50	76,826.56	85,384.63	-	**79,679.25**
> 50	81,627.25	100,501.31	-	**87,525.39**
Other professionals				
≤ 30	26,153.97	27,849.39	23,032.55	**26,528.98**
31 > 50	49,226.27	46,588.21	45,657.70	**47,072.71**
> 50	58,501.18	54,460.33	46,568.22	**54,439.33**
Total Men	**80,978.04**	**84,600.97**	**91,030.90**	**84,358.34**
Women				
Directivas				
≤ 30	-	-	-	**-**
31 > 50	128,385.74	-	-	**128,385.74**
> 50	-	-	-	**-**
Management				
≤ 30	-	-	-	**-**
31 > 50	72,257.30	68,474.07	-	**71,675.26**
> 50	64,883.17	-	-	**64,883.17**
Other professionals				
≤ 30	28,897.57	25,517.56	35,016.75	**28,431.40**
31 > 50	41,362.63	39,322.31	46,943.07	**41,930.95**
> 50	47,554.65	46,716.40	50,177.19	**48,360.33**
Total Women	**63,890.18**	**45,007.59**	**44,045.67**	**42,629.65**
TOTAL WORKFORCE	**72,434.11**	**64,804.28**	**67,538.29**	**63,494.00**

For the calculation of average salaries, both fixed and variable salaries are taken into account, excluding bonuses.

The salary gap reflected by the results is in line with the industry. Traditionally there have been more men in the Group's senior categories, due to their longer average length of service compared with women. However, in the technical categories of personnel covered by the Collective Agreement the salary gap is -7% and different initiatives are supported in collaboration with universities and educational centre to encourage the inclusion of women in the telecommunication field.

The blank boxes indicate that there are no employees of either gender in the corresponding professional category.

Breakdown of contract type by professional category, gender and age

	No. permanent contracts				No. temporary contracts			
Men	**Euskaltel**	**R**	**Telecable**	**Group**	**Euskaltel**	**R**	**Telecable**	**Group**
Executives								
≤ 30	0	0	0	**0**	0	0	0	**0**
31 > 50	8	2	2	**12**	0	0	0	**0**
> 50	18	0	3	**21**	0	0	0	**0**
Management								
≤ 30	0	0	0	**0**	0	0	0	**0**
31 > 50	10	5	0	**15**	0	0	0	**0**
> 50	11	5	0	**16**	0	0	0	**0**
Other professionals								
≤ 30	4	2	2	**8**	2	5	0	**7**
31 > 50	84	92	96	**272**	0	1	0	**1**
> 50	29	13	15	**57**	0	0	0	**0**
Total Men	**164**	**119**	**118**	**401**	**2**	**6**	**0**	**8**
Women								
Directivas								
≤ 30	0	0	0	**0**	0	0	0	**0**
31 > 50	7	0	0	**7**	0	0	0	**0**
> 50	0	0	0	**0**	0	0	0	**0**
Management								
≤ 30	0	0	0	**0**	0	0	0	**0**
31 > 50	11	2	0	**13**	0	0	0	**0**
> 50	1	0	0	**1**	0	0	0	**0**
Otras profesionales								
≤ 30	3	3	2	**8**	0	2	0	**2**
31 > 50	131	56	44	**231**	0	0	0	**0**
> 50	16	1	8	**25**	0	0	0	**0**
Total Women	**170**	**62**	**54**	**286**	**0**	**2**	**0**	**2**
TOTAL WORKFORCE	**334**	**181**	**172**	**687**	**2**	**8**	**0**	**10**

All of the Group's contracts are full-time, except for one man over 50 years of age working part-time in Telecable.

Total hours of training by professional category

	Executives	Management	Other professionals
Men	3,655.5	2,668.5	11,474
Women	697.5	2,192.8	9,393

Monitoring of the CSR Master Plan 2016-2018	
Line	**Achievement**
Relationship with the Board and shareholders	
Transparency, veracity, immediacy, consistency, equality and symmetry in the disclosure of information	○
Working with shareholders so that information practices and relationships with the markets are transparent, efficient and in line with corporate interests	○
People	
Training and collaboration with educational centres and universities	○
Remuneration policy and self-evaluation	○
Suppliers	
Relationship model with the supply chain	○
Application of responsible purchasing management policies	○
Customers (Corporate and Residential)	
Caring for disadvantaged customers	○
Confidentiality and service quality	○
Environment	
Excellence in environmental management (Green Organisation)	○
Legal compliance (Green Compliance)	○
Communication of environmental performance (Green Communication)	○
Responsible payment of taxes	
Responsible and ethical compliance with tax commitments	○
Maintenance of transparent structures and mechanisms	○
Corporate governance	
Organisation and Management Model	○
Transparency	○
Responsible communication	
Visibility and social involvement of CSR Master Plan 2016-2018	○
Disclosure and Communication	○
Contribution to society	
"Proximity and consistency in the Euskaltel Group's corporate messages"	○
Management tools oriented towards stakeholders	○

* The Group is currently working on the preparation of the CSR Master Plan 2019-2022.

Degree of compliance with the commitments undertaken

○ Fulfilled   ○ Advanced   ○ In progress   ○ Initiating measures