

## REPORT BY THE AUDIT AND CONTROL COMMITTEE ON RELATED-PARTY TRANSACTIONS WITH DIRECTORS AND SIGNIFICANT SHAREHOLDERS OF EUSKALTEL, S.A. DURING 2020

### 1. Purpose of the report

Recommendation 6 of the Code of Good Governance for Listed Companies approved by the Spanish National Securities Market Commission on 18 February 2015 and revised in June 2020 recommends that listed companies draw up and publish on their website, with adequate notice of the Ordinary General Shareholders' Meeting, certain reports, including the report by the Audit and Control Committee on related-party transactions.

As per articles 4.5.E.e) and 38 of Euskaltel, S.A.'s Board of Directors Regulations, it falls within the remit of the Company's Board of Directors to approve, subject to a report from the Audit and Control Committee, the related-party operations as defined by the prevailing legislation at the given time.

Article 38 of these Regulations adds that the Board of Directors and the Audit and Control Committee shall ensure that transactions carried out between the company or Group companies and the directors, significant shareholders or respective related individuals, will be carried out under market conditions and respecting the principle of equal treatment of shareholders who are in the same conditions.

In the case of transactions carried out during the normal course of company activity which are habitual or recurring, it will be sufficient to obtain a general prior authorisation for the line of operations and their conditions of execution from the Board of Directors, subject to a favourable report from the Audit and Control Committee.

However, the authorisation of the Board of Directors shall not be deemed necessary in relation to those transactions that meet the following three conditions simultaneously:

- (i) they are carried out under contracts with standardised conditions which are applied on a mass scale to a large number of customers;
- (ii) they are carried out at generically established prices or tariffs by the supplier of the goods or service provider in question; and
- (iii) the amount thereof is less than one percent (1%) of the Company's annual revenue, based on the audited annual accounts for the last year ended prior to the transaction.

The authorisation must be submitted for approval by the General Shareholders' Meeting when it refers to a transaction with a director valued at over ten percent (10%) of the company assets.

The Company shall report transactions referred to in this article in the cases and with the scope established by Law.

On the other hand, in accordance with article 5.3.(iv).c) of the Audit and Control Committee Regulations, prior to the Board of Directors adopting the corresponding decision, the Committee shall report thereto on related-party transactions, as defined in the prevailing legislation at the given time.

In light of the above, Euskaltel's Audit and Control Committee has prepared this report for presentation at the Ordinary General Shareholders' Meeting to be called in the near future.

## **2. Related-party transactions in 2020**

### **2.1. Contracting of Norbolsa, Sociedad de Valores, S.A., among other entities, under the Euro Commercial Paper Programme**

For the purposes of the Euro Commercial Paper Programme for promissory note issuance, it was proposed to hire Norbolsa, Sociedad de Valores, S.A. to act as dealer.

This was deemed to be a related-party transaction since Norbolsa is a subsidiary of Kutxabank, shareholder owning a significant stake in Euskaltel.

After the corresponding analysis, the Audit and Control Committee concluded that the transaction was carried out under market conditions and reported favourably.

Other than the transactions described above, Euskaltel, S.A. and the Euskaltel Group companies have not carried out other transactions with shareholders holding significant stakes which, in accordance with prevailing legislation or the Board of Director Regulations, have required prior authorisation by the Board of Directors in 2020.

Derio, 22 February 2021.