

CORPORATE POLICY ON CONFLICTS OF INTEREST

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The Euskaltel Group is the corporate group composed of those companies legally forming part of the trading group whose parent company is Euskaltel S.A. Any references in this policy to the Euskaltel Group or to Euskaltel must be understood to apply to each and every one of the individual companies comprising it.

This document, which forms part of the corporate governance system of the Euskaltel Group, elaborates on the Code of Ethics of the Group in what regards possible situations of conflict of interest that may affect both members of the Euskaltel Board of Directors (the Directors) and those conducting their professional activity in the Euskaltel Group (the Professionals).

The purpose of this policy is to establish the basic principles that must govern the actions of the Directors and Professionals of the Euskaltel Group in possible situations of conflict of interest, broadly speaking, without seeking to establish a detailed enumeration of all the possible situations of this type. In case of doubts about this policy, or about a possible conflict of interest, Directors must address the Appointments Committee or the Board of Directors, while Professionals must consult the Regulations Compliance Officer or the Group Ethics Channel.

Definition of "Situation of Conflict of Interest"

The Code of Ethics of the Euskaltel Group establishes Euskaltel Group interests as having priority over personal interests. Independence in relation to interests outside the Group is a basic requirement for proper compliance with the responsibilities and functions of Directors and Professionals, who must give priority to Euskaltel Group interests as against personal or third-party interests that could influence their decisions.

In this sense, a situation of conflict of interest is considered to arise where the interests of the Euskaltel Group may come into direct or indirect collision with the personal interests of the Director or the Professional.

The personal interests of the Director or Professional refer to interests that affect either him/her personally, an individual related to him/her, or a legal person in which s/he exercises a position of representation or management or in which s/he holds any responsibility, whether or not for compensation.

Having a conflict of interest does not require acting or having acted in one sense or another with respect to the interests in conflict, but refers to a situation that, by the fact of its occurrence, may bring interests other than those of the Group into conflict for the persons involved. Conflict of interest thus occurs regardless of what decision or final action such conflict emerges from, whether or not this is beneficial to Group interests.

This notwithstanding, adopting a professional decision or performing an act contrary to Group interests (whether or not in a situation of conflict of interest), in any case, would constitute a decision or act contrary to the Code of Ethics, with specific effects that would not exclude penal consequences, depending on its nature.

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The persons related to a Director and/or professional to whom the definition of a situation of conflict of interest applies are the following:

- Their spouses or those persons in analogous relations.
- Their ascendants, descendants, and siblings, or those of their spouse.
- The spouses of their ascendants, descendants and siblings.
- Companies where, either in their own persons or through a representative, they may be in any of the positions contemplated in the first section of Article 42 of the Business Code.
- Entities where they exercise an administrative or management position or from where they receive consideration of any sort, for any reason.

In cases where those persons who may have a conflict of interest represent legal persons, the following shall be considered related parties, in addition to those previously mentioned:

- Those partners who, in relation to the legal person, are in any of the positions contemplated in the first section of Article 42 of the Business Code.
- *De jure* or *de facto* administrators, receivers, and representatives holding general powers of attorney from the legal person represented.
- Those companies forming part of the same group as the legal person and their partners.

Types of Situations of Conflict of Interest

There are many situations of conflict of interest, with none of them ruling out another. In any event, in cases where the conflict of interest is, or may reasonably be expected to be, of such nature as to represent a situation of permanent structural conflict, it will be understood that the Director or Professional is not in the ideal position required to exercise his functions.

Directors as well as Professionals of the Euskaltel Group are obliged to avoid situations of conflict of interest, and to report them for detailed evaluation as soon as they are known. Such evaluation notwithstanding, the following circumstances of conflict of interest, in particular, are expressly prohibited, whether these occur on one's own behalf or that of a related party:

- Conducting transactions with the Group (except for ordinary operations performed under standard client conditions, of little importance).
- Using the name of the Group or invoking the position occupied in it to conduct private operations.
- Using Group assets, including confidential information, the services procured from third parties, and the services of its professionals for private operations.
- Taking advantage of Group business opportunities.
- Obtaining advantages or consideration of any sort in relation to the performance of one's responsibilities from third parties other than the Group.
- Conducting activities on one's own account or for third parties that entail effective, actual or potential competition with the Group.
- Rendering services as a consultant, advisor, executive, employee or counselor to another entity competing with the Group.

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- Negotiating or concluding contracts with related parties on behalf of the Group.
- Maintaining commercial or administrative and management relations with a Group supplier.
- Exercising supervision over, or reviewing or influencing the recruitment or performance evaluation of a related party.

Other situations of conflict of interest are those arising from applying the laws in force or internal regulations, such as for instance, those contained in the Internal Regulations of Conduct in Securities Markets, or in specific agreements with third parties, where other, more specific terms may be defined. In these cases, attention shall be paid to the provisions of the pertinent Regulations or specific Agreements.

General Principles of Action

Directors and Professionals of the Euskaltel Group must avoid any situation of conflict of interest. In any event, Directors and Professionals of the Group shall observe the following general principles of action in case of situations likely to be considered conflicts of interest:

Independence

Directors and Professionals of the Group shall, at all times, act professionally, be loyal to the Group and its shareholders, and act independently in relation to their own interests or those of third parties, abstaining, in any event, from prioritizing their interests over those of the Group.

Abstention

Directors and Professionals of the Group shall abstain from participating in the deliberation and voting of resolutions or decisions in which they, or those persons and entities related to them, may have a direct or indirect conflict of interest, barring – only in the case of Directors – those resolutions or decisions affecting them as Group administrators.

The duty to abstain specifically includes access to confidential information that may affect the conflict of interest and the issuance of instructions to persons hierarchically dependent in any way on Group Professionals.

Communication and Transparency

Directors and Professionals of the Group shall transparently report any situation of potential conflict of interest as soon as possible, in accordance with the specific principles of action.

Shareholders shall be informed of any conflicts of interest affecting the Group Directors through the report on the Annual Financial Statements for the business year.

Confidentiality

Matters related to possible situations of conflict of interest reported by the interested parties shall be dealt with confidentially with respect for personal privacy, and a record of such situations compliant with these conditions shall be kept.

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Specific Principles of Action

With regard to conflicts of interest, the Directors of the Group shall be governed as set forth in the Regulations of the Board of Directors and the delegated committees to which they belong, as the case warrants. Any clarification or question related to a possible conflict of interest on the part of a Group Director is the competence of the Appointments and Compensations Committee.

As regards the Professionals of the Group, Regulations Compliance shall establish procedures and implement this policy within the Group in the exercise of its functions, within the general framework of the Group Code of Ethics.

An unreported conflict of interest is contrary to the Code of Ethics. Hence, should there be knowledge of any situation of this sort, the attention of the Regulations Compliance Officer or the Ethics Channel must be called.

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