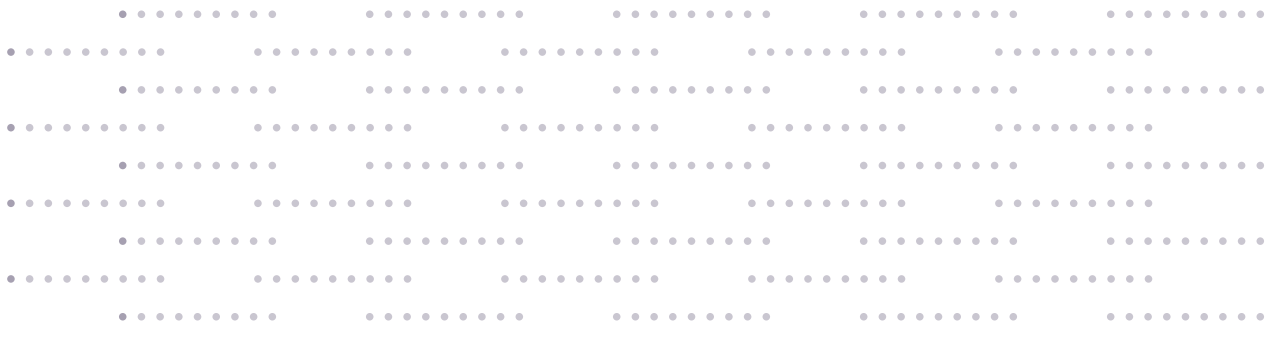




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..... **Management Statement**

The Teldat Management has the responsibility of formulating the company strategy and the general policy lines, elaborating programs and setting goals so all the activity included in the social policy is met and in particular they must approve, among other things, the Social Responsibility Policies.

Teldat's contribution to sustainable development is implemented through the principles and practices of social responsibility to meet the needs and expectations of its stakeholder groups.

Faithful to the corporate objective of creating wealth and welfare for society, Teldat adopts responsible business ethics, which are structured on this document.

..... **Company Vision**

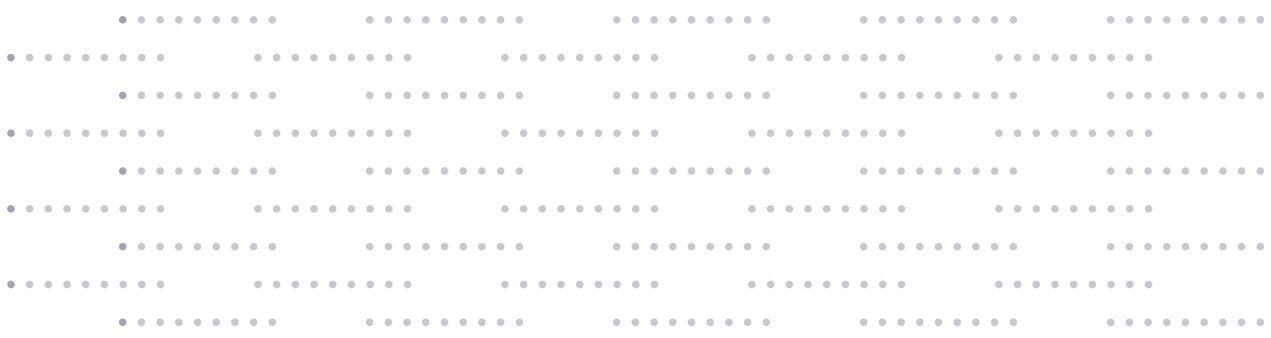
Teldat wants to become the European Leader in Enterprise Communications, including mobility, smart voice and network virtualization solutions for critical sectors such as finance, utilities, retail and public administration.

..... **Mission**

Deliver the best corporate communications technology to solve customers generic and specific needs.

..... **Corporate Principles**

- Satisfy our customers needs with the highest quality products adapted to their requirements.
- Contribute to the social and cultural improvement of the community through honest business activity.
- Build a company of which we can all be proud with intelligence, knowledge effort, team work and trustful relationships between employees and management.



CORPORATE SOCIAL RESPONSIBILITY

ENVIRONMENT



Teldat, as a designer and supplier of voice, image and data transmission and access devices, is fully aware of its responsibility in terms of respecting the environment during the course of its business activities. For this reason, a key aspect of the company's business strategy is to contribute to the conservation of natural resources and sustainable development.

In an effort to uphold maximum respect for the environment, Teldat has undertaken several actions in recent years. The company implemented an UNE EN-ISO 14001:2004-compliant Environmental Management system in 2009, which was recently adapted to comply with the new 2015 version of the standard. This led to the implementation of risk-based thinking and the life cycle perspective in all of its business processes and in the organization's context.

Teldat also involves its suppliers in its environmental goals, informing them of the special requirements that they must meet in this regard to become product or service suppliers.

The content of this Corporate Responsibility Guide on the Environment underlines the company's commitment to respecting the environment and fostering sustainable development practices. Thanks to this commitment, preserving the environment and conducting its business activity in a responsible and sustainable way have become yet one more of Teldat's goals.

This guide, which reflects Teldat's environmental Corporate Social Responsibility policy, is a basic manual designed to govern the actions of all departments in the company in this regard.

It acts as an external presentation by reflecting the company's values regarding the health of the environment around it.

The fact that workers can access and learn about the information contained in this guide gives them increased confidence and guidance as to how to proceed in this area.

In addition, it sets the criteria for measuring, calculating, quantifying, and establishing internal evaluation systems to monitor Teldat's activities regarding environmental issues.

This Corporate Social Responsibility guide describes the company's environmental commitments, as well the strategic lines of action in this regard.



Preliminary considerations

The scientific community (endorsed by various studies) estimates that approximately 90% of the activities that humans engage in affect the environment. Any action or decision taken by a company affects the environment whether by using natural resources – inputs such as raw materials, energy, etc. –, or in outputs, by contaminating. Businesses must contribute to sustainable development, i.e., meet current needs without compromising future generations.

The following concepts and definitions serve as a useful reference framework to establish the context within which this corporate social responsibility guide is intended to be used:

Climate change

A change in the state of the climate and/or in its variability that can be identified by changes in the mean and/or the variability of these properties, persisting for an extended period (typically decades or longer).

Energy efficiency

Decreasing energy intensity by changing the activities that demand energy inputs. Energy savings can be realized by technical, organizational, institutional and structural actions and by changed behavior.

Environmental management

The sum of measures planned and carried out in order to use the least possible amount of energy, while maintaining all the levels of comfort (in offices and buildings) and production (in factories). It is, therefore, an organized procedure for forecasting and controlling energy consumption, which aims to obtain the highest possible energy efficiency without reducing the level of benefits obtained.

WEEE

WEEE are waste from electrical and electronic equipment, including the materials, parts, consumables and sub-assemblies which are part of them, from private households and professional uses.

Greenhouse effect

The greenhouse effect is the phenomenon by which certain gases, which are components of the planetary atmosphere, retain part of the energy that the planet's surface emits by having been heated by solar radiation.



Greenhouse gases

Greenhouse gases (GHG) are those gases whose presence in the atmosphere contribute to the greenhouse effect. The main ones occur in the atmosphere naturally, although human activity can increase their concentrations. However, there are also some artificial gases (a by-product of industry) that fall within this concept.

Carbon footprint

The carbon footprint is the total amount of greenhouse gas emissions (GHGE) caused by an individual, organization, event or product. In other words, it is a measure of environmental impact, usually expressed in carbon dioxide emissions.

ICT footprint

The ICT footprint normally refers to the carbon footprint from information and communication technologies, throughout their entire life cycle: from sourcing the raw materials, through production, transport and all the way through to the final product (devices, networks and services) being sold and used by customers and recycled or disposed of at end of life.

Transfer of technology

The exchange of knowledge, equipment and associated software, money and goods between interested parties, which leads to the spreading of technology for adaptation or mitigation.

Commitment

Managing a business' relationship with the environment and its surroundings starts with an assessment of the company's potential impact on the environment in order to prevent or mitigate any adverse effects. For Teldat, this means following an environmental policy and making a detailed commitment to:

- Protect and conserve the environment.
- Evaluate the environmental risks of all the company's activities.
- Apply environmental criteria when planning and making decisions about things that affect the environment.
- Comply with European, state and autonomous community regulations regarding the company's business activity.
- Implement necessary tools to prevent contamination.
- Use resources such as water, paper and energy sensibly; reduce waste generation and emissions; favor recycling. Follow the 3Rs rule (reduce, reuse, recycle) wherever



.....

possible.

- Implement training and awareness-raising programs aimed at encouraging all staff to achieve the proposed environmental objectives.
- Encourage and require suppliers, employees and customers to follow good environmental practices.
- Promote research and development aimed at preserving the environment and the distribution of scientific and technological findings.
- Collaborate with business sector entities and public administrations to define sustainable economic activity.

Strategic lines

The lines of action that Teldat has defined in terms of environmental protection are the result of a classification that distinguishes between those relating to the operations carried out by the company and those related to its products and services; both focused on calculating and reducing the company's ICT carbon footprint.

Operations:

• Energy consumption and emissions

- Water
- Biodiversity
- Local and accidental contamination
- Materials, chemicals and waste

Products:

- Product use
- End of product life
- Customer health and safety
- Environmental services and defense

Operations

1 - Emissions and energy consumption:

Energy consumption plays a key role in the development of all manufacturing sectors. The importance and impact of energy consumption on the environment mean that energy should be used with high efficiency, low environmental impact and at the lowest possible cost.



The close correlation between business and industrial development and increased energy consumption and increased greenhouse gas emissions (GHGE) has generated significant environmental impacts and a strong dependence on external energy sources. Renewable energies can help break this correlation, thereby contributing to sustainable development, i.e., creating an economy that makes more efficient use of its resources, is greener and more competitive. Energy saving practices, responsible consumption, efficient use of natural resources and emissions reduction actions are essential to establishing Teldat's energy policy.

Teldat is fully committed in this regard, so reducing energy consumption inside the company through responsible use, investing in energy-efficient equipment and implementing energy saving measures to control emissions is the guiding principle that directs its Social Responsibility policy in this area.

Teldat's commitments regarding energy use and reducing pollutant emissions are structured along the following lines of action:

- **Energy efficiency and saving in lighting:**

- Type of lighting.
- Choice of light bulbs.
- Choice of power.
- Renewing and maintaining light energy sources.
- Educating workers.

- **Energy efficiency and saving in office equipment:**

- Selecting energy-efficient devices.
- Establishing rules that encourage responsible use.
- Renewing and maintaining office equipment.
- Educating workers.



- **Efficiency and savings in heating and air conditioning systems in offices and facilities:**

- Choosing energy-efficient air conditioning equipment.
- Making use of and maintaining constructive and natural elements of air conditioning/heating and thermal insulation.
- Rationalizing the use of heating and air conditioning systems.
- Maintaining and renewing heating and air conditioning equipment.
- Educating workers.

- **Reduction of emissions in company, worker and supplier vehicles**

- Vehicle maintenance plan.
- Promoting distance working wherever possible.
- Promoting public transport and less contaminating vehicles.
- Encouraging suppliers and transporters to reduce pollutant emissions in their vehicles.

- **Energy management in Teldat:**

- Recording energy usage data.
- Analyzing energy use and consumption.
- Identifying points for improvement.

2 - Water

When it comes to water, there are three aspects that taken together determine the importance of managing it efficiently: it is indispensable, irreplaceable and its reserves are unpredictable. All fields of human activity (with business being one of them) are dependent on this resource and affected by these three things.

Even when businesses don't use water directly in their production, as is Teldat's case, saving and using water efficiently is essential to establishing a Corporate Social Responsibility policy on the environment. Together with air, water is one of the resources that foster a strong environment.



Managing this resource in accordance with Teldat's Corporate Social Responsibility policies provides substance to the company's commitment to the environment. It also contributes to cost savings, innovation capacity, increased efficiency and transmitting the environmental message about the responsible uses of water to other equally important but less obvious environmental areas, both among employees within the company and other agents such as stakeholders, other companies and even civil society.

Teldat's environmental commitments regarding responsible water use and saving water are structured along the following lines of action:

- **Efficiency and savings in water consumption**

- Internal rules on responsible water usage.
- Maintaining and renewing sanitation equipment.
- Raising employee awareness about responsible water use.

- **Water management in Teldat:**

- Recording water consumption data.
- Analyzing water use and consumption.
- Identifying points for improvement.

3 - Biodiversity

Biological diversity is key to the environment in which we live and develop our activities. Our subsistence and development depend to a large extent on biodiversity and ecological balance. Food, health, energy and our way of life are strongly linked to the planet's biological diversity. The loss of one species – animal or plant – can have disastrous consequences for the rest of the life chain.

The operations undertaken by Teldat during the course of its business activities, by belonging to the ICT sector, do not have an impact on any field that directly affects biodiversity. Despite this, Teldat, within its policy of commitment to the environment, works to monitor and improve all aspects that could in any way relate to biodiversity:



- **Climate protection**

- Implementation of consumption reduction policies.
- Implementation of asset reuse policies.
- Implementation of waste reduction policies.
- Implementation of waste recycling policies.
- Raising employee awareness.

- **Preservation of biodiversity**

- Promoting environmental respect and commitment to sustainability among suppliers whose activities directly affect biodiversity.
- Use of sustainable resources.
- Decreased dependence on paper in the company's internal and external communications.

4 - Local or accidental contamination

Due to the nature of Teldat's products and services, this aspect has no environmentally sensitive parameters within the company's business activity.

5 - Materials, chemical and waste

The materials and products used in office activities have different degrees of environmental impact, both in terms of their production and in terms of their use and end of life.

Cutting the amount of waste generated by using the least amount possible of non-recyclable and high-environmental impact chemicals and materials is the way to achieve a proper management of this aspect.



Teldat's commitment to waste management and responsible chemical and material use is guided by the three Rs (reduce, reuse and recycle), and is structured along the following lines of action:

- **Choice of chemicals and materials**

- Choosing chemicals and materials that have a low environmental impact in production, use and end of life.

- **Use of chemicals and materials**

- Using chemicals and materials responsibly, disturbing the environment as little as possible.

- **Waste and waste treatment**

- Identifying normal collection and special collection waste.
 - Separate bins for collection of different wastes for further treatment.
 - Raising employee awareness.

- **Waste management in Teldat:**

- Recording waste collection data.
 - Assessment of the selection, use and actions for recycling and waste management.



Products

Each stage in a product's or service's life cycle affects the environment (sourcing the raw materials, production, distribution, use and waste).

Studying the life cycle of a product or service is necessary to evaluate its potential impact on the environment throughout that cycle by quantifying the use of resources like energy, raw materials, water, etc., and environmental emissions into the air, water and ground.

In its commitment to improving the environment and reducing the ICT footprint of its products and services, Teldat has established the following action areas in relation to the life cycle of its products and services.

1 - Product use

All products placed on the market affect the environment at numerous points in their life cycle.

For the ICT manufacturing sector, which Teldat belongs to, the sourcing of raw materials, energy consumption and hazardous waste production arising from use are the areas where products have the most environmental impact. Regarding use, in the strict sense of the term, the most important aspect when evaluating environmental impact is the dependence on electrical energy consumption for product operation.

Having said that, the ICT manufacturing sector is one of the sectors that produces the most products and solutions that become the main levers available to governments, companies and citizens to achieve an environmentally friendly balance between productivity and sustainability.

In terms of the environmental impact arising from the use of products and services that Teldat puts on the market, the company's lines of action are centered on **offering products with a lower environmental impact**. This is achieved by integrating environmentally relevant aspects into the design phase of all products.

2 - End of product life (WEEE)

Teldat prioritizes creating information and communications systems that are environmentally friendly at every stage of their life cycle – from the design phase right through to their destination at end of life.



The sensitive points for any product at end of life are the waste – known as WEEE – and the ability of its component parts to biodegrade or be recycled.

Reducing the environmental impact of end-of-life products placed on the market is a cross-cutting goal of Teldat's commitment to the environment. Within this framework, Teldat's strategy is focused on the following lines of action:

- **Devices**

- Environmentally friendly design to facilitate reuse and recycling of parts and components following current regulation guidelines.
- Providing customers with information, guides and documents on reuse and recycling established in the applicable regulations.

- **Suppliers and manufacturers**

- Choosing suppliers and manufacturers that are committed in this regard.

- **WEEE product management**

- Recording and properly managing WEEE waste collection.
- Adhesion to a Collective System of Expanded Producer Responsibility (SCRAP), both to comply with legal requirements and to contribute to the proper recycling, studies and research on the collection, treatment and management of WEEE, disclosure of information regarding collection, treatment and control of this type of waste, etc.

3 - Customer health and safety

The guarantees Teldat provides on its products go beyond the pleasure that comes from using them, extending to customer health and safety during these activities. For this, Teldat imposes a rigorous control on final components and products and is fully up to date on the latest studies, reports, warnings and regulations that may have an influence in this area.



Teldat's activities in this regard are centered on the following lines of action:

- **Evaluation of potential risks and actions**

- Providing appropriate information on risks posed by components and risks associated with their use.
- Continually monitoring and updating this information.
- Changing components and manufacturing when advised or imposed in said information.

- **Information to customers**

- Providing detailed and updated instructions on how to use the products properly and safely.
- Providing health and safety warnings on the equipment (where necessary).

In the field of electrical safety and electromagnetic compatibility (EMC), all Teldat equipment have the CE marking (complying with current European legislation and in particular with the EN-55032, EN-60950-1 and EN-62368-1 standards) and/or the UL/ FCC marking (complying with the UL-60950-1 and UL-62368-1 standards), in addition to other markings required in the destination country.

4 - Environmental promotion and defense

As an inseparable part of its main business activity, Teldat promotes responsible and sustainable use of its products among its suppliers and manufacturers. This is achieved through its environmental management policy and communications to all suppliers and manufacturers when they start collaborating with Teldat.



CORPORATE SOCIAL RESPONSIBILITY

EMPLOYMENT AND
HUMAN RIGHTS



Teldat, a corporate group that employs 294 people, is well aware of its responsibility when it comes to the welfare of its employees and its commitment to the upholding of human rights. Observing worker rights and human rights is a key aspect of the Company's business strategy.

The content of this Corporate Social Responsibility Guide on Labor and Human Rights reflects the Company's commitment to enforce the provisions laid down in labor laws and the Declaration of Human Rights as a means to foster a positive human and working environment through sustainable development practices. In light of the foregoing, the welfare of all employees and the efficient and professional performance of all tasks is a key Teldat goal.

This guide details Teldat's Corporate Social Responsibility for matters linked to employment and humanitarian policies. It governs how all departments should act in this respect, serving as a basic manual of sorts.

It also allows us to share our values with third parties, as well as our commitment to staff well-being.

Teldat's Corporate Social Responsibility Guide on Labor and Human Rights contains all relevant management and performance pledges, as well as the necessary lines for policy action.



Preliminary considerations

A socially responsible company understands the importance of labor and human rights and, within its sphere of action, enforces their observance and protection.

This commitment is both global and cross-sectoral, involving not only the company itself but the stakeholders it may rely on while conducting business operations.

The following concepts and definitions provide a useful backdrop to this guide:

Corporate Social Responsibility

Business management strategy according to which companies make decisions based on environmental, social and sustainability factors.

Interest groups or stakeholders

Groups or collectives that can be affected by a company or its activities, or which may have an influence on the latter. They are the agents involved in business activities or influenced by it.

Human rights

Set of prerogatives awarded to all human beings (regardless of their personal circumstances or conditions) characterized by their universality, inalienability, indivisibility, and interdependence. They appear in the Universal Declaration of Human Rights ratified and adopted by the UN General Assembly on 10 December 1948. The importance of having inherent rights as a person (independent from any political power) is that governments and States cannot award them but must recognize and enforce them.

Labor rights

Set of principles and regulations that govern the relationship between employers, workers, trade unions and the State. Labor Law is the branch that focuses on the governance of human-related aspects in the workplace.

Discrimination at work

To discriminate is to separate some people from the rest by drawing a distinction (be it positive or not). Discrimination at work is particular to the workplace and must be related to aspects thereof.

Direct discrimination in the workplace

Occurs when a person is differentiated and treated unfavorably in the workplace due to religious beliefs, social status, gender, political ideas, or cultural background.



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Indirect discrimination in the workplace

Occurs when, during the hiring process, persons are discriminated against and discarded due to religious beliefs, social status, gender, political ideas, or cultural background, indirectly preventing them to enter the labor market on equal terms.

Harassment at work

Systematic and pervasive behavior, on the part of a manager or colleague, where a given person is subjected to psychological violence in the workplace.

Occupational health

The universal right to health is set out in the Universal Declaration of Human Rights and the International Covenant on Economic, Social and Cultural Rights. According to the applicable legislation, companies must guarantee a healthy and safe work environment. To this end, occupational risks, accidents, and diseases must be prevented.

Commitment

The Company undertakes to observe the labor and human rights that have been internationally recognized while performing its business activity, identify critical points to prevent any risks that may affect them and minimize any potential adverse consequences. In the case of Teldat, this is achieved through an ethical labor and employment policy, as well as the commitment to:

- Respect and uphold the human rights mentioned in the International Bill of Human Rights and the provisions set forth in the Declaration on fundamental principles and rights at work issued by the International Labor Organization (ILO).
- Promote diversity and guarantee genuine equality of opportunity.
- Make sure no child or forced labor is being used.
- Guarantee and promote a work environment that is free from discriminatory acts, attitudes, or ideas on the grounds of gender, ethnicity, religious beliefs, age, disabilities, illness, sexual orientation, nationality, civil status, socio-economical background, or political opinions.
- Guarantee the workplace is free from health or occupational risks and ensure employees are kept safe.
- Ensure freedom of association and the right of workers to join trade unions, go on strike or opt for collective bargaining.
- Comply with the labor laws in force.
- Protect the right to privacy and ensure all data is being used responsibly.
- Come up with mechanisms to promote a healthy work-life balance.



- Pay a fair and equitable wage to people that hold similar positions in comparable contexts.

Strategic lines

The relevant guidelines from an employment and human rights perspective are categorized according to internal factors related to human resources and internationally recognized human rights. The Company is committed to observing and guaranteeing the latter across all corporate areas.

Human resources:

1. Occupational health and safety
2. Working conditions
3. Bargaining and agreements
4. Training and promotions

Human rights:

1. Child or forced labor
2. Discrimination and harassment
3. External incidents involving human rights

Human resources.

1. Occupational health and safety

Companies and employers are legally obliged to guarantee the health and safety of their employees through occupational risk prevention, thus avoiding potential accidents and illnesses in the workplace that could negatively impact the life quality of employees. To achieve this goal, companies have to implement health and safety measures based on the identification and assessment of risks, as well as on the legal provisions in force. In the European Union, obligations stem from the Council Directive on the introduction of measures to encourage improvements in the safety and health of workers at work (Framework Directive 89/391).

Occupational health and safety are cross-sectoral matters that cover the prevention of risks associated to each activity. The main goal is to achieve and maintain the highest degree of health and safety in the workplace. To do this, adequate working conditions must be fostered to avoid accidents at work and occupational illnesses.



In line with the above, companies and/or employers must perform qualified risk assessments and decide which measures need to be implemented in the event a particular action is needed. According to the International Labor Organization (ILO), occupational health and safety refers to the social, mental, and physical well-being of workers. Therefore, the goal is not only to prevent possible accidents and diseases, but to identify potential risks and implement adequate prevention and control measures in the workplace.

Teldat believes it must play an open and dynamic role, and provide the necessary resources and monitoring tools, to guarantee the well-being of its employees. As part of its commitment to occupational health and safety, the Company has focused on the following:

1.1. General measures

- Identification of job positions.
- Risk assessment.
- Staff training.
- Designation of employees responsible for ensuring Teldat's policy on occupational health and safety is enforced.
- Coordination with contractors and subcontractors.
- Policies involving pregnant women and risks observed in the workplace.

1.2. Hygiene

- Lighting.
- Temperature control and monitoring of thermal stress in the workplace.

1.3. Safety

- Investigation of accidents.
- Creation of emergency plans.

1.4. Ergonomics and psychology

- Assessment of the manual handling of loads.
- Analysis of the risks associated to data display screens.



1.5. Health monitoring

- Medical check-ups.
- Vaccination.
- Cleaning and disinfection of work and common areas.

2. Working conditions

There is scientific evidence that supports that the health and well-being of employees improves when work is performed under optimal conditions. To work is an inherent human ability. It is an important aspect of personal development and helps shape our character. Therefore, to perform tasks in optimal conditions improves our general health and well-being.

The term “working conditions” refers to any aspect of the job that can affect the well-being of workers (including, in addition to safety and environmental factors, matters related to the way the workload and company organization is structured). They are, therefore, linked to the working environment itself and the manner in which tasks are performed.

Drafting a specific policy on safety and environmental conditions, occupational risk monitoring and prevention, workloads and task planning is essential to guarantee the well-being of employees as they perform their assigned tasks.

Companies usually have detailed guidelines on measures to improve and monitor safety and environmental conditions, providing sufficient funding and drafting cross-cutting policies (frequently recorded in a separate section of CSR reports or memos). However, the manner in which tasks are to be performed is often described far more vaguely and in a less peremptory fashion.

The opinions of employees regarding the work climate are crucial when it comes to labelling a professional activity as a «job well done». Scientific studies have proven that the positive impact work can have on the health of workers not only depends on objective conditions but is also linked to the way tasks are perceived by employees. In view of the above, for working conditions to be considered good, objective and subjective factors need to be brought together.

A multifactorial approach is necessary when trying to improve the working conditions and achieve better people management (including inter-personal relationships) in a manner employees perceive as positive. When done right, work can really contribute to a person’s well-being.

True to its commitment to staff members, Teldat offers working conditions that, on top of preventing injuries or professional-related diseases by means of occupational risk prevention and environmental measures, foster and enhance all positive aspects that contribute to the health and well-being of workers and are positively perceived by them. Against this backdrop, within its scope of action and after having analyzed the safety and environmental elements detailed in the previous section, Teldat focuses on the following:



• • • • • • • •

2.1. Organization of work

- Diversity when hiring. Selection of candidates according to their capacities and qualification.
- Knowledge sharing and exchanges. Foster integration and provide a platform where older workers can bring their experience to the table and new hires state-of-the-art techniques.
- Promotion of teamwork and new forms of work organization based on participatory models.
- Remuneration and incentives that match the job position and type of work performed.
- Creation of stable jobs (opting for job relocation or redeployment, where possible).

2.2. Ancillary policies

- Corporate organization of recreational and leisure activities.
- Appointment of mentors to facilitate the integration of new employees.
- Breakfasts with Senior Management to discuss ideas in a relaxed manner.
- Follow-up meetings with HR to address possible needs (with a monthly, quarterly, and/or annual frequency)
- Training programs.
- Formal meeting with Senior Management within the first three months of being recruited.
- Prizes for development actions.

2.4. Management of working conditions.

- Registering of information related to working conditions.
- Regular review of the system's efficiency.
- Identification of areas where improvements could be made and setting of new targets.

3. Bargaining and agreements

The rights and obligations stemming from the employment relationship between workers and employers are governed by national rules and regulations (like the Workers' Statute), collective bargaining agreements, the will of the parties laid down in the employment contract (provided it serves a lawful purpose and does not contain less favorable conditions than those set forth in the Law or collective bargaining agreements) and local and professional customs and practices.



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4. Internal promotion and training

In-house training is a very powerful tool for companies that wish to strengthen professional development and retain talent over time. It also has a positive impact on the evolution of the company itself.

In-house training programs allow employees to gain personal and professional skills that enable them to perform their job better and with adequate means (to avoid any problems in terms of balancing work and family life). Professionals that work in companies where they feel appreciated and valued are less likely to switch jobs and continue their careers in firms that mainly focus on profits and economic results.

Internal promotion programs give employees an extra incentive and open the door to new challenges and opportunities. It also allows Management to show appreciation for those that work hard. Internal promotion programs stop workers from feeling stuck or burned out by providing new goals. Moreover, they help retain talent and profit from the knowledge accumulated over the years.

As part of its strategy to foster trust, Teldat relies on both approaches: internal promotion and training.

4.1. Internal promotion

- Offering employees in-house training.
- Assessment and, where applicable, acceptance of internal training proposals submitted by employees.
- Participation in the training system set up by the Spanish Employment Service.

4.2. Training management

- Information records related to training programs, offers, and results.
- Regular review of the internal promotion and training systems.
- Creation of a dynamic control plan.

Human rights

1. Child and forced labor

Child labor refers to the exploitation of children through any form of work that deprives them of their childhood, interferes with their ability to attend regular school, and is mentally, physically, socially, or morally harmful.

Forced labor refers to situations in which persons are coerced to work through the use of violence or intimidation.



Child labor and forced labor are often inextricably linked: they share the same geographic areas, industries, and are rooted in poverty and discrimination. As a matter of fact, the link between the two is so strong that approximately half of those engaged in forced labor are children.

Regarding this area of Corporate Social Responsibility, Teldat has set up a rigorous control system and no situations where the Company is at risk have been identified. We are firmly opposed to hiring underage or forced workers and will not partner-up or work with companies (or providers) that are currently being investigated or have been fined for violating this principle.

2. Discrimination and harassment

To discriminate is to draw a distinction or differentiate between people (regardless of whether it is positive or negative). We talk about discrimination at work when this takes place in the workplace and for matters related to it.

Discrimination in the workplace can be direct (a person is singled out and shunned at work for reasons stemming from personal characteristics) or indirect (hiring processes have been set up in such a way that people with certain characteristics are automatically discarded, which effectively prevents them from entering the labor market on equal terms).

Workplace harassment can be defined as a systematic and pervasive behavior where a given person is subjected to psychological violence. The person responsible can be a manager, colleague, or subordinate. The abuse can take the form of verbal or written communications, non-verbal actions, etc., posing a serious risk to the dignity and integrity of the victim.

Workplace discrimination can also be considered a form of harassment.

Whereas discriminatory attitudes are based on personal characteristics (i.e., gender, religious beliefs, political ideas, etc.), harassing practices often vary in the means used to exert abuse (lack of respect, insults, an unreasonable workload, isolation, personal or professional slander, etc.).

As part of its commitment to uphold human rights and guarantee the well-being of its employees, Teldat has drafted strict policies to combat harassment and discrimination in the workplace.

Teldat prides itself in the creation of an open and trusted work environment in which potential instances of harassment and/or discrimination can be easily identified and uncovered (without negative repercussions for whistleblowers).

Moreover, and in accordance with the applicable legislation, Teldat has drafted a series of Action Protocols that teach employees how to act if they believe they are being harassed or discriminated against.



2.1. Action protocol on discrimination

- Creation of a safe reporting channel all employees can access.
- Commitment regarding the confidential treatment of the data provided, except when requested as evidence in an administrative or legal proceeding.
- Receipt of the complaint.
- Investigation: facts, evidence, witnesses, dates.
- Testimony of the parties involved.
- Outcome of proceedings: disciplinary inquiry or filing of the matter.
- Penalty.

2.2. Action protocol on harassment

- Creation of a safe reporting channel all employees can access.
- Commitment regarding the confidential treatment of the data provided, except when requested as evidence in an administrative or legal proceeding.
- Receipt of the complaint.
- Investigation: facts, evidence, witnesses, dates.
- Testimony of the parties involved.
- Outcome of proceedings: disciplinary inquiry or filing of the matter.
- Penalty.

3. External incidents involving human rights

Regarding this area of Corporate Social Responsibility, Teldat has set up a rigorous control system and no situations where the Company is at risk have been identified. We are firmly opposed to hiring underage or forced workers and will not partner-up or work with companies (or providers) that are currently being investigated or have been fined for violating this principle.



CORPORATE SOCIAL RESPONSIBILITY

ETHICS AND BUSINESS INTEGRITY



The world is currently facing dramatic changes due to the demise of old paradigms. As a result, the overall perspective is changing and so is the manner in which companies operate. Businesses need new solutions to help them carry out their activities now that the transition process is irreversible, and the working conditions and scenarios have been forever reshaped.

When it comes to the Company's shift in attitude towards ethics, the most relevant element has been the way in which companies have embraced and assimilated globalization during the 21st century.

This phenomenon gives companies the chance to operate easily in a global market, relocate and broaden their geographical scope. Technological developments and the opening up of financial markets have widely contributed to the emergence of this new corporate framework.

Globalization has opened up new spaces and offered companies opportunities to increase their power and presence in a wide variety of areas (both economic and social).

This increase in power, however, has also resulted in additional responsibilities since companies have greater capacity to respond to the expectations society places on them (such as employment generation, greater social and economic well-being, environmental care, community building, enforcing human rights leading by example, or increasing the number of free markets).

Globalization has also increased awareness of telecommunication solutions and the positive/negative use that can be made of them, helping discussion forums reach unprecedented levels.

Corporate Social Responsibility principles have been instituted to lay out a satisfactory and comprehensive Code of Conduct that provides an updated ethics framework to corporations. The result is a text that, without having the peremptoriness of statutory regulations, has been drafted by the main enforcement agents: the companies themselves.

Ethical business provisions recorded under a CSR guide go beyond traditional expectations and include company perceptions on what acceptable business practices entail.

Thus, business ethics becomes the set of rules, values, and principles a company voluntarily observes and match the provisions that apply to the actions of individuals. It covers both individual and collective actions within the Company.

The content set forth in this Corporate Social Responsibility Guide on Business Ethics and Integrity underlines Teldat's commitment to adopt, without any exception, an ethical



Code of Conduct that includes the values, principles, and standards to be observed at the corporate and individual level.

This Corporate Social Responsibility Guide covers all values, principles, and fundamental rules on the matter applicable to all Teldat departments. As such, it can be considered a basic manual of sorts.

Moreover, since it includes the Code of Conduct to be observed by the Company at all times (and that all providers and agents are expected to follow as well), it can be construed as a calling card for the public.

The fact that workers can learn about and access the information contained in this guide gives them confidence and a defined set of guidelines to follow in matters related to ethical behavior.

In addition, it sets the criteria the Company must apply when measuring, calculating, quantifying, and establishing internal assessment systems to monitor the level of compliance with Teldat's Code of Business Ethics.

Teldat's Corporate Social Responsibility Guide on Business Ethics and Integrity contains all relevant management and performance pledges, as well as the necessary lines for policy action.



Preliminary considerations

A socially responsible company understands the importance of the values and principles embedded in business ethics and, within its sphere of action, enforces their observance and protection.

This commitment is both global and cross-sectoral, involving not only the company itself but the workers that act on its behalf and the stakeholders it may rely on while conducting business operations.

The following concepts and definitions can prove useful in order to provide a backdrop to corporate social responsibility on ethical matters:

Moral

Set of customs within a community related to the goodness or wickedness of human acts.

Ethics

Theoretical and philosophical reflection on the goodness and wickedness of human acts. It is the theoretical construction of morals, used to establish all relevant behavioral patterns and models.

Business ethics

Enforcement, at corporate level, of the values and principles of action shared by a plural society.

Code of Business Ethics

Compilation of ethical values, principles and ethical standards that make up the organizational structure of a company.

Globalization

According to the International Monetary Fund (IMF), it is the growing economic interdependence of countries worldwide through the increasing volume and variety of cross-border transactions in goods and services, freer international capital flows, and more rapid and widespread diffusion of technology.

Corruption

Abuse of power for personal gain.

Bribery

Initiative to carry out an act of corruption on the part of the person in charge of making the payment.

Extortion

Initiative to carry out an act of corruption on the part of the person receiving the payment.



Fair competition

Activities performed at the same time as other sector companies and with the same goals, but in accordance with good commercial practices and in good faith.

Socially responsible marketing

Corporate communication tool that combines product offer and production goals and the Company's environmental, ethical, and social performance targets.

Commitment

The Company's desire to adopt a Code of Business Ethics provides the following advantages:

- Generates a working environment in which employees are far more likely to feel a part of the Company, are motivated and wish to develop their careers there.
- Provides internal coherence that helps prevent potential conflicts and resolve those that could not be avoided in a quick and easy manner.
- Minimizes the risk of potential criminal offenses and instances of corporate crime.

In accordance with its commitment to corporate social responsibility principles and values, the good commercial practices in place, and in addition to the present Corporate Social Responsibility Guide, Teldat has drafted a Code of Business Ethics that is publicly accessible and contains the following pledges:

- Meet customer needs offering high-quality products that encompass all requirements and specifications.
- Contribute to the community's social and cultural improvement by operating honestly.
- Build a Company all employees can be proud of, focusing on knowledge, intelligence, teamwork and trust among employees and managers.
 - Build confidence and credibility.
 - Ensure respect for the individual.
 - Create an open and honest culture characterized by responsible communications.
 - Top-down approach for the setting of guidelines.
 - Strictly observe legal provisions.
 - Avoid conflicts of interest.
 - Prioritize substance over form.
 - Be loyal.



Strategic lines

Teldat's lines for policy action on business ethics and integrity revolve around the following topics:

1. Corruption
2. Fair competition practices
3. Responsible communications
4. Information security and data protection

1. Corruption

Corruption can be defined as an abuse of power for personal gain. When at least one of the parties involved is a company or corporation, we talk about corporate crime. The latter is the subject of explicit wording in the UN Global Compact.

The UN Global Compact is a voluntary initiative based on CEO commitments to implement ten basic sustainability principles that allow responsible companies to operate with integrity and according to a value system.

According to principle 10, "Businesses should work against corruption in all its forms, including extortion and bribery".

Although corruption seems to be a matter to be solved via legislation and at State level, it is a relevant matter for corporations since companies can be both victims and offenders. By favoring those that engage in a corrupt activity (regardless of whether they are the most suitable option or not), corruption distorts fair competition.

The presence of corruption in commercial transactions effectively cancels fair competition and, as a result, the proper functioning of a plural market capable of meeting all kinds of requirements on equal terms and at prices regulated by demand.

When a company is guilty of corruption, or its reputation is tarnished by a related event, it faces legal risks, personal risks deriving from the individual actions of employees, operational and financial risks.

As part of its commitment to adopt a policy for ethical behavior that encompasses all of its actions, Teldat acknowledges that the anti-corruption strategies of the private sector are closely tied to Corporate Social Responsibility practices and focus on internal prevention measures that are individually and voluntarily implemented, duly supported by a control mechanism.



Teldat also believes that risk assessment is one of the key elements within the due diligence process of corporations when fighting against corruption (be them actual or potential risks). This assessment must be carried out on the basis of variables that highly impact the level of risk (such as size, sector, countries in which the Company operates, scope of its supply chain, ties with Public Administrations through grants, loans, or contracts, etc.).

Due to all of the above, when combatting corruption at all operational levels, Teldat bases its action policy on the findings of external audits.

2. Fair competition practices

Free competition is one of the pillars of our production model and shapes the way in which our society is economically organized. It allows an unlimited number of companies manufacturing and offering products or services to a great number of free and duly informed consumers to operate.

For this to work, companies must compete among themselves in a manner in which the arm’s-length principle is observed.

When competition ceases to be free or it becomes unfair, the market suffers the consequences.

In line with the provisions on fair competition set forth in the applicable legislation, competitors ask for the arm’s-length principle to be respected and sometimes go as far as to request collaboration to improve market conditions for the benefit of all. Strategic alliances and sectoral partnerships are necessary to meet market needs. Cooperation between companies must prove beneficial to stakeholders.

The law protects free competition at two levels: it prevents the creation of monopolies or market-distorting agreements between companies (the highest tier), and it grants public authorities the necessary powers to monitor, denounce and sanction these practices in order to prevent companies from breaching the arm’s-length principle (lower tier). For a potential breach in competition to be looked into, the affected party must file a claim.

In addition to the strict enforcement of the limits set by law on business competition, Teldat has drafted a corporate social responsibility policy based on our production model that aims to foster respect and cooperation with other companies operating in the market. As a result, it voluntarily undertakes to adopt the following lines for policy action:



2.1. Enforcement of the legislation on business competition

- Reject any proposals involving anticompetitive agreements.
- Avoid abusing a dominant position, both internally and when it comes to collaborating entities.
- Reject any market-distorting acts and policies that are unfair to other companies.

2.2. Internal policy on responsible competition

- Collaboration with competition authorities in investigations and procedures the Company may be directly or indirectly involved in.

3. Responsible communications

Responsible communications are a key factor in Corporate Social Responsibility and must be preserved at all costs. Not only do they help bring our range of products closer to interested parties and share our corporate values and Code of Conduct (both by means of internal and external channels), but they help make all related activities public. One of the main CSR challenges is to improve business communications and help them become an extra corporate value.

Corporate Social Responsibility undertakings (i.e., corporate values, responsibilities and goals used to define actions and strategies that help strengthen and enhance a sustainable relationship with the environment and operate in an open, transparent and innovative manner) must be shared with staff (internal communications) and the public (external communications).

Within the framework of a Corporate Social Responsibility program, communications can fall in one of the following categories (depending on their scope):

- Internal communications are one of the main tools the Company has to spread its values and operating principles. Most stakeholders (i.e., workers, shareholders, providers, etc.) have access to this information when internal communication actions are effectively performed. It is crucial that employees identify with corporate values, as this reinforces their commitment and trust in the team they belong to. Corporate communications must be effectively broadcasted within the company before they can be shared externally.
- External communications are paramount when it comes to offering products and services but are also key to pass on corporate values and convey the Company's commitment to financial, social, and environmental sustainability.

Social marketing, which combines corporate social responsibility targets and selling strategies, is embedded in our external communications model. Its aim is to achieve customer satisfaction while taking a much broader view (i.e., understanding customers are an integral part of society that must be pleased with the process).



As a telecommunications company, Teldat is aware of the power of communication to bring people together and trigger change. It has therefore established a series of internal and external communication policies based on information transparency and accuracy, ensuring all messages are responsibly construed. The lines of action that define our communication and information policy are as follows:

- 3.1. Internal communications
 - Set up of an internal multidirectional communication channel.
 - Accessible and transparent information for employees on key goals or targets pertaining to a specific matter.
 - Pay attention to suggestions, contributions and proposals coming from employees.
 - Analysis of proposals involving changes or improvement measures submitted by employees.
- 3.2. External communications
 - Set up of external multidirectional communication channels for customers and related entities.
 - Accessible, effective, and accurate information on products and transactions.
 - Pay attention to suggestions, contributions and proposals coming from customers, consumers, and related entities.
 - Analysis of proposals involving changes or improvement measures submitted by customers, related entities, and consumers.

4. Data protection and information security

Information security refers to the pro-active and preemptive measures, well as any technologies and custody systems, set up by companies to store and protect information while ensuring its confidentiality, integrity, and availability.

Information security does not only cover computer data, since details can be filed and stored using different means and formulas.

Information security aims at keeping data safe and prevent their loss and unauthorized modification or disclosure.

When it comes to data protection, the goal is not to protect the data themselves but rather the content related to personal details in order to avoid an abusive use thereof.

In Spain, the Personal Data Protection Act aims at guaranteeing and protecting, with regard to the processing of personal data, the public freedoms and fundamental rights of individuals and, more specifically, their honor and personal and family privacy. As part of its commitment to uphold all legal provisions, Teldat has implemented all mandatory protocols. Moreover, in an effort to go beyond the minimum legal requirements, the Company has included data protection and information security among its chief CSR goals.



When it comes to implementing its measures, Teldat takes into account all processes, actions and actors involved in the handling and storage of information kept by the company (i.e., people, processes and technology).

Learn about the potential risks the information we work with is exposed to, determine who is responsible for each procedure, and set different levels of access to information are key factors according to Teldat. Thus, the Company has come up with the following lines of action to ensure data protection and information security:

4.1. Information security

- Definition of mandatory protocols in accordance with Spanish Organic Law 3/2018 on Personal Data Protection and guarantee of digital rights.
- Creation of information safekeeping and custody channels.
- Appointment of people in charge of ensuring the information is kept safe.
- User administration, access credentials and groups.
- Custody of data access permits.
- Designation of employees and definition of processes involved in information security.

4.2. Data protection

- Definition of mandatory protocols in accordance with Spanish Organic Law 3/2018 on Personal Data Protection and guarantee of digital rights.
- Appointment of people in charge of ensuring the information is kept safe.

4.3. Management and control of the data protection and information security program.

- Periodic review of the system.
- Analysis of the internal audits carried out.
- Analysis of the faults detected.
- Identification of areas where improvements could be made and setting of new targets.

CORPORATE SOCIAL RESPONSIBILITY

SUSTAINABLE PROCUREMENT



Sustainable procurement is a reflection of the assumption, on the part of a company, that not only its own activities should be directed by a social responsibility policy, but also the activities of the different agents that work with it in the market and that, with its contracting and purchases, it supports in some way.

With sustainable procurement, a company takes its social responsibility to the agents and companies that it works with rather than limiting this to its own acts. It will make every effort to avoid associating with those that breach not just what is stated in the relevant legal system, but also its corporate social responsibility criteria.

Sustainable procurement decisions do not only consist of purchasing a required product or service for a sustainable purpose. They involve taking into account other aspects related to the production conditions and method, the materials they are made of, the working conditions for workers or the direct and indirect consequences of their production or provision, both short- and long-term, on the environment.

Thus, the values of responsibility and sustainability, which are fundamental to society and companies like Teldat, are integrated into the company's entire production and supply chain and product and service life cycles to ensure that they are adhered to in all production phases (both internal and external).

For this, Teldat requires the contracting party to share and conduct itself in accordance with the same values and principles of responsible action that it sets for itself. It requests some requirements, specifications and conditions to ensure this prior to contracting, and maintains the necessary control afterwards in order to check whether this is carried out in practice.

Practicing sustainable procurement enables Teldat to create value for its purchasing processes. By efficiently managing its budget, it can contribute to broader policy objectives while satisfying a production need. It would be incongruent to ignore the social consequences of contracting works, supplies or services after making a corporate commitment to socially responsible action.

This Corporate Responsibility Guide on Sustainable Procurement follows from Teldat's undertaking to take the actions from its commitment to corporate social responsibility to the activities of external agents and companies that provide it with goods, services or outsourced actions, and necessary for its functioning and operation.

This guide, which reflects the Corporate Social Responsibility policy in terms of social and environmental requirements and Teldat's fundamental business performance values, principles and standards for suppliers, is the basic manual that directs and regulates the actions of all departments within the company in this area.



It is an external business card, reflecting the selection code for Teldat partners and suppliers, to which Teldat transfers its sustainability commitment.

It provides confidence for workers, who can learn and have constant access to the information in this guide in order to find out the guidelines for behavior in this area.

It sets out the conditions the company must follow when measuring, calculating, quantifying and establishing internal evaluation systems to control its actions with respect to Teldat's sustainable procurement policy.

The Corporate Social Responsibility guide on Sustainable Procurement in Teldat contains Teldat's performance and management commitments, as well as the business action guidelines in this area.



Previous considerations

A company committed to sustainable procurement is one that translates its social and environmental commitment to its entire supply or production chain, thus ensuring the sustainability of all its actions, both in its own internal processes and in those of others outside the company.

To define the context for integrating this corporate social responsibility guide in terms of responsible contracting, the following series of concepts and definitions will serve as a reference framework:

Supplier

A company or professional person that provides another company with the goods or services that are necessary to its production chain.

Production chain

A system of persons and companies related to each other by a succession of production, transformation and creation operations for a product that is offered to market.

Supplies

Articles that satisfy a production or consumption need.

Fair trade

A commercial system that aims to help countries with weaker economies to develop and eliminate poverty based on solidarity and the establishment of fair and ethical production, sale and purchasing conditions.

Commitment

As part of its commitment to sustainable procurement, Teldat sets forth the following code of conduct in this area:

- Require all companies and suppliers with which it has any sort of contract and that belong to its production and supply chain to comply with its Corporate Social Responsibility standards.
- Inform providers of these standards.
- Evaluate the suppliers that it wishes to integrate into the production and supply chain prior to contracting.
- Choose companies whose missions ensure that human rights and the environment are respected.



- Choose local suppliers, wherever possible, to minimize the carbon footprint from transporting goods while activating the local economy.
- Choose suppliers offering products with ecological or sustainable certificates and from fair trade.
- Prioritize contracting social companies.
- Favor long-lasting relationships and trust and interaction with the supplier.
- Look for suppliers with official environmental certifications.
- Periodically audit the suppliers that belong to the production and supply chain.
- Renounce or cancel any contact with any company or supplier agent that systematically violates Teldat's Corporate Social Responsibility standards.

Strategic lines

The lines of action in relation to Teldat's sustainable procurement activities are determined according to the following criteria:

- Suppliers' environmental commitments
- Suppliers' social commitments
- Suppliers' ethical commitments

1. Suppliers' environmental commitments

Environmentally-friendly or ecological procurement is based on incorporating environmental requirements in supply, works and service contracts. These include things like energy efficiency, using reusable products, minimizing emissions, proper waste management and all other requirements that Teldat sets itself in terms of corporate performance in environmental matters.

Teldat's action guidelines in this area consist of carrying out a preliminary study prior to contracting on these environmental commitments:

- The delivery of information on Teldat standards concerning environmental matters to the suppliers under study.
- A study of potential suppliers' standards in terms of environmental matters.
- A review of the information from suppliers regarding their operations with respect to key environmental parameters, where they apply, and on energy consumption and emissions, water consumption, biodiversity, pollution and waste management.
- In applicable and relevant cases, the information from suppliers regarding product use and lifetimes, and safety and health at the client's site will be reviewed.



2. Suppliers' social commitments

Social contracting considers aspects of the supplier's relationship with its employees, such as the quality of employment, gender perspective, hiring of disabled persons or hiring insertion companies and special employment centers, supporting the social economy, promoting equal opportunities and design and accessibility for everybody, promoting Corporate Social Responsibility and all other requirements that Teldat sets itself in terms of corporate performance in social matters.

Here, as in the previous point, Teldat's action guidelines consist of evaluating the commitments of potential suppliers prior to contracting in the field of social matters. For this, Teldat will:

- Deliver information on Teldat standards in social matters to the suppliers under study.
- Review the information from suppliers regarding human resources, with a focus on their work health and safety policies, working conditions, agreements and negotiations, as well as the training and promotion opportunities for their employees.
- Internal policies and actions to avoid absolutely and categorically any behavior that involves child or forced labor, discrimination for any reason, harassment or any other behavior that could in any way violate human rights will be particularly important.

3. Suppliers' ethical commitments

Ethical contracting includes the requirement for companies and suppliers to offer guarantees that they share the basic lines of the code of conduct that Teldat sets itself in terms of corporate performance.

Prior to contracting, Teldat will evaluate supplier commitments and policies by:

- Delivering information on Teldat standards on ethics and the corporate code of conduct to the suppliers under study.
- Studying supplier standards on ethics and conduct.
- Reviewing the information from suppliers regarding their operations with respect to the following points:
 - Corruption
 - Free competition practices
 - Responsible communication
 - Information security and data protection



4. Monitoring action.

While a commercial relationship with suppliers lasts, Teldat will maintain a vigilant attitude regarding compliance with the standards established by Teldat, in the matters described above – environmental, social and ethical – and suppliers' commitment to them.

In those cases where deviations from or a breach of these are detected, a warning will be sent to the supplier, which in the case of recidivism or in especially serious cases, could lead to a rescission of the contract and commercial relationship.

This Teldat Guide on Corporate Social Responsibility contains the commitments and main indicators that direct its action in this field, and has been prepared in accordance with ECOVADIS' content criteria.