



dstelecom

# ENVIRONMENTAL, SOCIAL AND GOVERNANCE POLICY



# INTRODUCTION TO DSTELECOM

## Environmental, Social and Governance Declaration

dstelecom is a telecommunications operator that builds and operates Europe's first and largest multi-operator FTTH fiber optic network. Founded in 2008, we embarked on a mission to construct a fiber optic backbone connecting 11 municipalities in Northern Portugal. By 2010, we secured an international public tender by the Portuguese Government to build, manage, operate and maintain new generation networks in 44 municipalities in the North and 35 in the Alentejo and Algarve regions. This fiber-optic infrastructure was completed by the end of 2013, encompassing 250,000 households.

Within a few years, we more than doubled our infrastructure and 770,000 families across more than 140 municipalities can now access telecommunications services from all retail operators in Portugal. We continue to expand, aiming to reach 1 million households by 2024.

dstelecom is heralded as a benchmark in the industry, a status achieved by maintaining the neutrality of our business model and delivering quality service anchored in cutting-edge technologies.

Our most significant achievement and asset is the trust of the market. And this asset remains paramount for our business development and fuels our ambition. Every Portuguese telecom operator is now a client of dstelecom, validating and appreciating our business's neutrality and transparency.



# WHY

Our mission is to break down geographical barriers, ensuring all Portuguese - from coastal to inland regions - have equal opportunities to connect with the world via digital highways. We aim to create conditions to anchor and attract residents, entice investments and spawn more opportunities in the regions where our network exists, especially in less densely populated areas.

# AMBITIONS

Expand the FTTH network footprint in Portugal in current areas and neighboring municipalities.

Replicate our core business's multi-operator model (FTTH network) for mobile networks. In areas where we already operate, we aim to establish a wireless network catering to all retail operators in Portugal under a neutral host logic, ensuring both the passive and active components of a multi-operator wireless network.

Grow to adjacent technological areas like global communication infrastructures, long-haul terrestrial optical fiber networks and management of sensorized submarine cables.

Enhance our connectivity services portfolio with satellite communications and leverage our POPs' widespread locations to offer Edge Computing services to clients.

Export our multi-operator business model to other regions. Become a wholesale telecom operator providing retail operators worldwide with fixed, mobile and satellite telecommunication services.

# OUR BELIEFS

01

We believe people-centric workplaces bring bigger organizational growth, yield better results, make employees more dedicated and happier and result in more satisfied customers.

We believe in diversity's strength and importance in fostering innovation. We advocate for seeking and championing diversity and inclusion.

02

03

We believe and support the corporate ethics as the heart of corporate governance.

We believe we have the opportunity, power and obligation to contribute positively and build a sustainable, prosperous world.

04

05

We believe our FTTH infrastructure fosters social equality and access to communication services, preventing rural exodus and drawing investments and prosperity to regions and ensures consumers in these regions receive the same portfolio quality and services as urban areas, pivotal in territorial cohesion.

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06



# OUR COMMITMENT

At dstelecom, we are steadfastly committed to adopting sustainable and responsible practices across all our operations and interactions. Guided by our beliefs, we incorporate Environmental, Social and Governance (ESG) factors into our business practices, operational processes and investment decisions. We are taking steps to comprehend our day-to-day activities' sustainability risks and integrate ESG strategies and factors throughout our investments' lifecycle.

Our commitment to ESG practices surpasses mere compliance. At dstelecom, we perceive it as a long-term responsibility towards our stakeholders, environment and society. We are devoted to shaping a greener, more inclusive and ethical future.



# OUR COMMITMENT

## ON ENVIRONMENT

Climate change is real. Scientific evidence for the warming of the climate system is unequivocal. The current warming trend is especially significant because it is undeniably the result of human activities since the mid-20th century and is proceeding at an unprecedented rate spanning the millennium. Human activities have indisputably warmed the atmosphere, ocean and land, causing swift and widespread changes across the atmosphere, ocean, cryosphere and biosphere.


dstelecom is keenly aware of the global climate crisis and is committed to minimizing our business's environmental impacts. We understand that our commercial activities impact the society and environment around us. We have the opportunity, power and obligation to ensure a positive impact and help shape a sustainable, prosperous world.

Apart from our duty to build a better, more sustainable world, we firmly believe that this path.

We commit to engaging and mobilizing all workers in setting and monitoring targets, implementing the defined plan to achieve carbon neutrality, increasing energy efficiency, promoting responsible and sustainable acquisition and strategies for waste reduction and management.

Our industry recognizes our policies and measures as exemplary in the environment. We design and shape our networks to reduce the consumption of natural and energy resources and minimize ecological and visual impact.





Each year, we invest resources that allow us to reduce energy consumption and transition to renewable energy sources. To that, we are replacing network equipment and air conditioning units with more efficient models to decrease energy usage. We also have been investing in studying other natural cooling methods for our POPs using passive cooling solutions, such as geothermal energy or PCM (Phase Change Materials).

We have strengthened our renewable solar energy production program for our POPs annually. We've reduced carbon emissions through Carsharing and the "I am a responsible driver" program. Within the dst campus, we use electric vehicles for the movements and visits of our people.

We recycle and reuse materials, infrastructure, supports and underground infrastructure, refraining from using ecologically scarce materials. The nature of our business - multi-operator infrastructure - while creating technical and economic synergies is inherently environmentally efficient, avoiding duplicate infrastructures and materials.

We have established an Environmental Observatory to observe best practices from other industries and propose to the Administration the rapid implementation of policies, measures and investments to keep dstelecom a leader in all ESG practices. We also implemented various sustainability measures in our offices, including waste recycling and sorting programs, water drums to eliminate bottled water usage, motion sensor lighting and other energy-saving initiatives.

By adopting remote work agreements and technology, we've reduced the environmental footprint of our office spaces and decreased the need for many of our workers to commute and travel.

This document is a declaration of ESG policy and principles and a formal commitment from our management team on behalf of the entire organization.



# OUR COMMITMENT

## ON SOCIAL | People

dstelecom is a people-centered company. We focus on people by placing individuals, whether workers, customers, or partners, at the center of our strategies and operations. This focus isn't just about considering the interests of the people working with us or those for whom we develop services but also profoundly integrating them into the company's mission, vision and values.


Therefore, we apply an "empathy lens" to our strategy to better understand the needs and aspirations of those who create and benefit from our services.

We acknowledge that our greatest asset is our people and by taking care of them, we're doing the ethically right thing and building a solid foundation for long-term success and sustainability. We invest heavily in recruiting and selecting our people, valuing and respecting all team members and fostering a healthy and inclusive work environment.

We do this because we aim to create a strong organizational culture. We firmly believe that a consistent and robust organizational culture is key to our competitive advantage and the guarantee of long-term success. Just as customers are drawn to quality products and services, talented individuals are attracted to solid cultures.

Our recruitment policies are responsible for promoting equal opportunities and diversity. We value diversity as a pillar of our culture, believing it strengthens us and fosters innovation.





We invest in our workers' continuous growth and development, ensuring they reach their full potential and offering opportunities for internal mobility and career progression.

We genuinely care about our workers' health and well-being. Aware of its importance for our workers' happiness and health, we actively promote a balance between professional and personal life and offer a healthy working environment, a balanced hybrid work regime and mental health programs.

We promote open and transparent communication at all organizational levels, encouraging feedback and worker participation in decision-making. We foster an environment where communication is valued and sharing concerns and aspirations is encouraged.

We value diversity and promote inclusion, recognizing that diverse and inclusive teams are more innovative and effective. We believe that diversity strengthens us. We acknowledge and appreciate the breadth of human experience and strive to celebrate it. Pursuing and promoting diversity and inclusion means tapping into the most significant source of innovation.

This environment is also a pathway to attract and retain the best people at all company levels. We strive to create a workplace with mutual trust and respect, where everyone feels responsible for our company's performance and reputation. Our policies advocate responsible, non-discriminatory recruitment practices attentive to equal opportunities and diversity.

The sustainability of our success lies in our ability to align with the needs of our workers and customers consistently. By creating a strong and consistent culture, we will ultimately be more adaptable and resilient in times of change or crisis.



# OUR COMMITMENT

## ON SOCIAL | Community

dstelecom is a wholesale telecommunications operator. Over the past decade, we have built, operated and maintained the first and largest open and multi-operator fiber optic network, which now covers 770,000 homes in areas with significant digital needs (140 municipalities - half of mainland Portugal).

What does this mean? Our core business carries an implicit dimension of social responsibility in these underserved areas. Our infrastructure is the only FTTH (Fiber To The Home) infrastructure in these regions. Before we built our infrastructure, these communities lacked access to these digital highways in low population-density areas. As a result, these areas did not have access to high-speed telecommunications services.

Our FTTH infrastructure promotes social equality and opportunity in accessing communication services, preventing rural exodus, attracting investment and bringing prosperity to these areas. It ensures that end consumers in these areas have access to the same portfolio and quality of services offered in urban areas, enabling remote schooling and teleworking, thereby contributing significantly to territorial cohesion.







Our infrastructure has helped reduce regional disparities in our country like no other infrastructure or public policy has. dstelecom's contribution to the social and economic development of the municipalities where we operate (especially regarding wealth creation, employment, investment attraction, technological development and population retention) is highly valued by local authorities and the public. dstelecom digitally bridges populations to the world and reducing the digital divide has contributed to the inclusion and prosperity of these communities.

Connecting populations in these technologically underserved areas requires significant investment. Decisions are not made solely based on profitability. We have been working with local authorities to set priorities and create a network infrastructure that connects key municipal institutions and government entities such as municipal libraries, museums, schools, swimming pools, fire stations and theaters.

Decisions are made considering profits and the impact on people and the community. This ongoing engagement with communities is a hallmark of our DNA.



# OUR COMMITMENT

## ON GOVERNANCE

dstelecom's management team is fully committed to ethically, transparently and responsibly strengthening corporate governance. This begins with strict compliance of all relevant laws and regulations, establishing comprehensive risk management procedures and implementing solid anti-corruption measures and ethical procurement practices.

We promote integrity and professionalism throughout dstelecom and take pride in leading by example, setting the right tone from the top of our organization.

**We believe and advocate that business ethics are at the heart of corporate governance.** Honesty, trust, transparency and fairness are core values at dstelecom. We firmly believe that our business's success depends on our trust in our employees, customers and shareholders.

We earn credibility by honoring our commitments, demonstrating honesty and integrity and achieving company goals through honorable conduct. The management is responsible for showcasing the importance of this code of conduct through their actions.

Ethical behavior doesn't just happen; it results from the clear and direct communication of behavioral expectations, shaped from the top and demonstrated by example.



dstelecom's management and employees will always exhibit the highest integrity, truthfulness and honesty to maintain personal and corporate reputations and inspire trust in their actions.

We implement measures and procedures (Employee Ethical Conduct Code, Supplier Conduct Code) to protect dstelecom's reputation and everyone working with us. We refrain from dealing with third parties linked to organizations or countries with restrictive laws or sanctions.

dstelecom's commitment to integrity starts with complying with laws, rules and regulations where we do business. At dstelecom, our responsibility towards national and international ESG legislation is recognized by monitoring current compliance and actively managing future ESG regulatory risks.

We strive to have a transparent, fair and professional dialogue with our employees, business partners and shareholders. We value our transparent and equitable relationship with our shareholders, ensuring the appropriate sharing of accurate information.

dstelecom will always conduct its business competently, fairly, impartially and efficiently.





# ESG STRATEGY FOCUS IS DIRECTED TOWARD FOUR MAIN PILLARS

01

As a human-centric company, we prioritize caring for our People. We will focus on promoting inclusive, diverse, ethical and healthy workplaces, encouraging, challenging and supporting all colleagues.

Knowing that our FTTH infrastructure promotes social equality and opportunities in accessing communication services, preventing rural exodus and attracting investments and prosperity to these areas, the second pillar is the communities around us and connecting people in low-density areas.

02

03

dstelecom is aware of the global climate crisis and committed to minimizing our business's environmental impacts. The third pillar of our strategy will be driving ecological efficiency to reduce dstelecom's carbon footprint.

A administração da dstelecom e os seus trabalhadores demonstrarão sempre os mais altos níveis de integridade, veracidade e honestidade para manter a reputação pessoal e corporativa e inspirar confiança nas suas ações. A dstelecom conduzirá sempre os seus negócios de forma competente, justa, imparcial e eficiente.

04

# OTHER DSTELECOM STAKEHOLDERS

We are committed to strengthening collaboration with all internal and external stakeholders to achieve shared business goals that align with our core values. Constructive and effective engagement of stakeholders, an integral part of our daily business activities, can enhance our environmental, social and corporate performance.

## CUSTOMERS

Looking from the outside into the broader market, our business policies concerning customers deserve special care and attention. Over the years, we have earned our customers' trust, allowing us to select which technological and strategic areas to develop new services and business areas. dstelecom's greatest asset is the trust that customers place in our company.

It's time to move to the next level. ESG issues will define market approaches, especially in customer retention. We have been acting to understand our customers' customers, be ethically aligned with their priorities and expectations and build a trusting relationship with them beyond just a simple exchange of high-quality services. With the evolution of business and leveraging social networks, we are getting closer to our customers' customers. This brings us tremendous responsibility as well as excellent opportunities.



Our team is committed to creating more conditions to intensify communication channels with our customers, enabling us to support decisions that promote growth and increase end consumer satisfaction and, consequently, our customers. On the other hand, it gives them visibility into our commitment to ESG factors.

We are deeply committed to our workers and the future we are shaping. Making the right environmental decisions for sustainability, with continuous integration into the communities where we operate, reducing digital exclusion and contributing to the inclusion and prosperity of these communities will be highly valued assets for our customers.







## SUPPLIERS

We carefully select all suppliers and business partners to promote sustainability and social responsibility. Our choices go beyond analyzing competitive proposals' technical and economic aspects; we evaluate and value working conditions and respect for human rights.

All these topics are detailed in the Supplier Code of Ethics and our suppliers and partners formally commit to complying with it. We will not enter or maintain relationships with individuals or organizations involved or suspected of being involved in illegal activities or contrary to our Code of Ethics.

We do not rule out partners based on size or origin. On the contrary, we will prioritize local partners and pay special attention to smaller companies' economic and financial dependency, considered as social policy.

We will conduct a formal annual assessment of reputation and compliance with our Supplier practices.

## SHAREHOLDERS

ESG is a direct and necessary response to the issues created over the last half-century by certain parts of the corporate world, adhering to a philosophy of maximizing profit at the expense of human, social and environmental capital. We have the opportunity, power and duty to help create and ensure a lasting positive impact and create a more sustainable and prosperous world.

Philosophical and moral considerations aside, a strong ESG value proposition is also necessary to ensure long-term shareholder value.

The new evaluation standards for companies and businesses consider risk and return and a third dimension: impact. The impact on communities, the market, people and the environment will determine businesses and companies' resilience and sustainability level. Risk, return and impact. We can only discover the true investment potential and a company's value by considering these three pillars.

Top-line growth - A strong ESG proposal will help our company explore new markets and expand into existing ones. When government authorities trust corporate actors, they are more likely to grant them access, approvals and licenses, offering new growth opportunities. Additionally, ESG can also drive consumer preference. Some research has shown that customers are willing to pay for sustainable products and services.

Cost reduction - ESG can also significantly reduce costs. Among other advantages, effective ESG execution can help combat rising operational expenses (such as raw material costs and the actual cost of water or carbon).



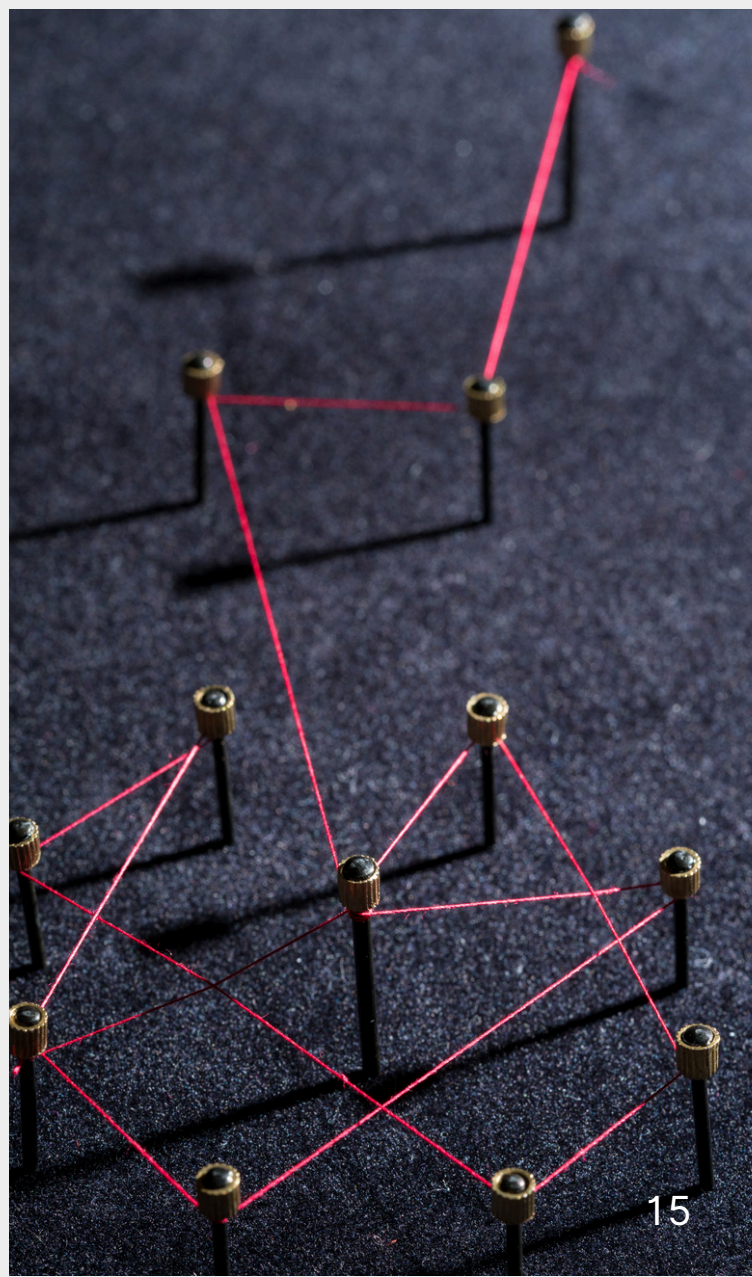
Reduced regulatory and legal interventions - A stronger external value proposition can allow companies to achieve greater strategic freedom, relieving regulatory pressure. Indeed, time and time again, across sectors and geographies, we have seen that strength in ESG helps reduce companies' risk of adverse government actions. It can also generate government support.

Increased worker productivity - A strong ESG proposal can help companies attract and retain talent, motivate workers by instilling a sense of purpose and boost overall productivity. Worker satisfaction is positively correlated with shareholder returns. The stronger an employee's perception of their impact on the beneficiaries of their work, the more motivated they are to act "pro-socially."

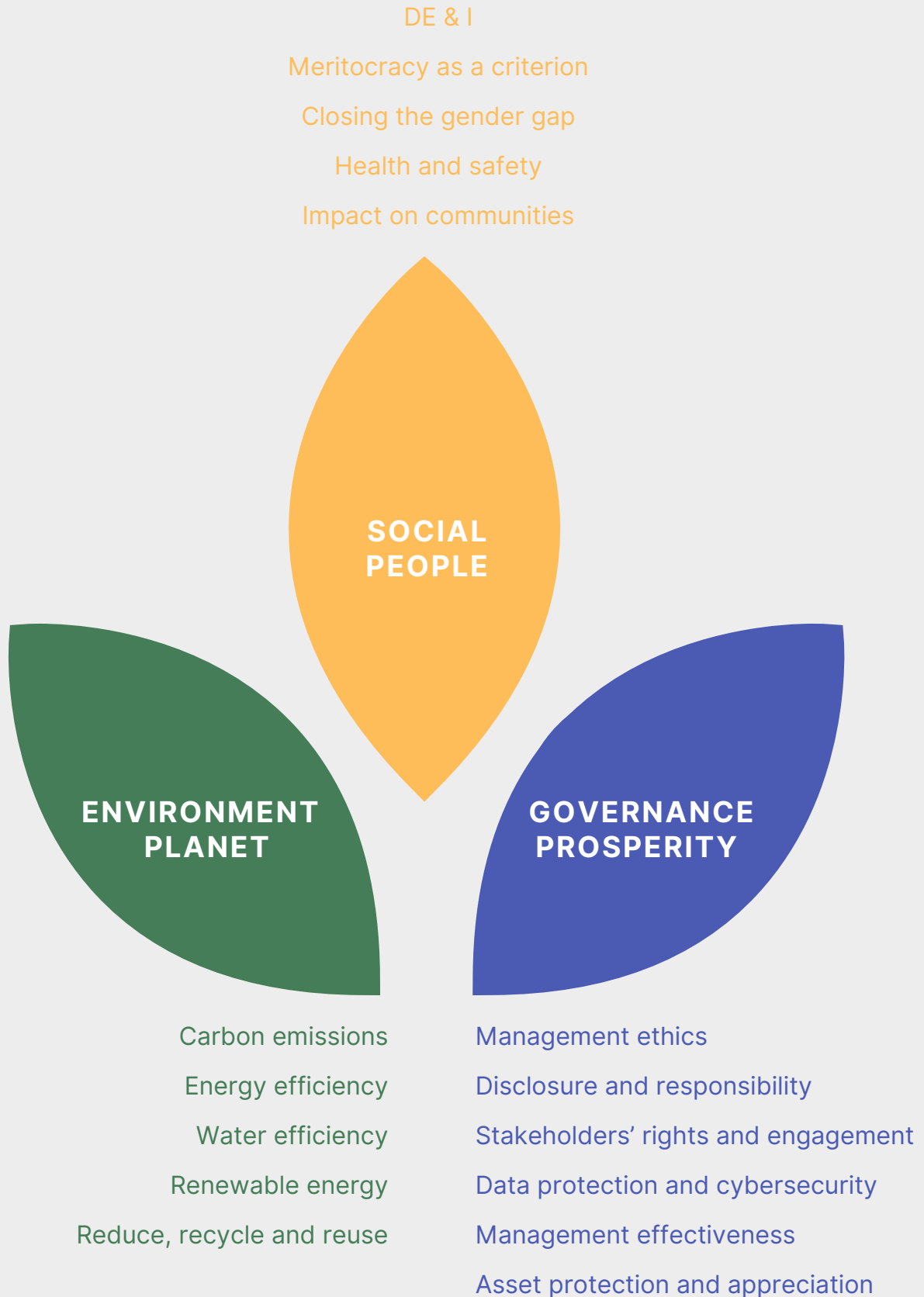
That is why, at dstelecom, we believe that a strong ESG proposal can create value directly and indirectly. It allows us to mitigate risks and develop opportunities, positively impacting various indicators that measure our business success: shareholder value, profits, operational efficiency, customer attraction and retention, competitiveness, brand value and innovation level.

All this contributes to an extended bottom line, which will be the fundamental basis for building and measuring the long-term value of a company. As Indra Nooyi, PepsiCo's CEO, stated in a New York Times article: "Corporate social responsibility is not about depriving shareholders of the money earned by the company, but rather about how we earn money differently."

Our ongoing commitment to high ESG standards is the best way for our shareholders to achieve their investment goals while ensuring that the environment and communities can also benefit.



# ESG GOALS





# DSTELECOM ESG ROADMAP

## ENVIRONMENT PLANET



### 01

We define a clear environmental policy and implement and certify an environmental management system. We continually involve and commit the entire company to formal and, whenever possible, quantitative objectives based on the NP ISO 14001:2015 standard.

### 02

We actively promote the development of processes and procedures that cause less environmental impact, prioritizing environmental protection and continuously providing customers, suppliers and all interested parties with information about dstelecom's management system and the ecological practices adopted.

### 03

We consume natural and energy resources responsibly and reduce the use of dangerous products and waste pollution in our business (design, acquisition, construction, maintenance and operation).

### 04

We reduce our carbon footprint by reducing the energy consumption of our activities, implementing new initiatives in our networks and respective operations and favoring the consumption of energy from renewable and local energies.

# DSTELECOM ESG ROADMAP

## ENVIRONMENT PLANET

# 05

We systematically identify and monitor the risks and environmental aspects associated with our activity.

# 07

We identify, evaluate and monitor indicators that allow us to implement measures to mitigate possible climate impacts of our economic activity.

# 06

We ensure compliance with the legal requirements and standards applicable to the business and the environmental management system.

# 08

Given the highly sensitive ecological situation of the areas where we carry out our activity, we assume an increased responsibility in preserving nature and the environment.



# DSTELECOM ESG ROADMAP

## SOCIAL PEOPLE

### 01

We guarantee responsible, non-discriminatory and equal opportunities recruitment practices in our recruitment process.

### 02

We formally and publicly commit to a policy of transparency, which is circulated to all those who one day wish to be part of dstelecom - our Value Proposition for Candidate Workers.

### 03

We integrate all new workers with dignity and care; We facilitate your integration by creating the best possible conditions in accordance with our Welcome Manual and Buddy Program.

### 04

We promote an inclusive work environment. Diversity, respect and inclusion are our core values. We actively respect diversity, whatever its nature and value it as a factor for business growth and innovation.

### 05

We promote respect among all workers, we promote the development of skills and foster a transparent relationship and a culture of dialogue.

### 06

We implement conciliation policies that guarantee a balance between work and family life.

# DSTELECOM ESG ROADMAP

## SOCIAL PEOPLE

### Health, safety and wellbeing at work

- Identify, evaluate and control existing risks in the activity, in the business and in the safety and health of workers, increasing protection levels through continuous improvement of our injury prevention and occupational risk mitigation measures.
- Involve workers in hazard identification, risk assessment and prevention, providing training on occupational health and safety risks and organizing exercises to test emergency response capacity.
- Protect workers' health by promoting annual health checks with qualified professionals available at our health center.
- Encourage workers to lead a healthy lifestyle, practicing exercise and a healthy diet and support their participation in addiction prevention and treatment programs.
- Increase workers' quality of life, sense of ownership and sharing of our core values by providing workers with a range of workplace services (catering, sports facilities, medical services, convenience services, etc.), organizing and encouraging the formation of teams and the active participation of workers in building the future of dstelecom (Innovation Factory).
- Ensure air quality in the workspace, mitigating the emergence of diseases.
- Comply with and enforce national and international labor legislation.
- Maintain our infrastructures with the best security conditions, prioritizing the safety of users and the communities in which we operate.





# DSTELECOM ESG ROADMAP

## SOCIAL PEOPLE

### Communities

- Continuously support the economic and social development of the communities where we operate, developing socially responsible policies and practices, contributing to the creation of wealth, social equality and improving people's well-being, mitigating the risk of info-exclusion.
- Guarantee the quality and adaptability of our services in the communities where we operate.
- Actively communicate the availability of services and coverage in the communities where we operate.
- Be an active partner of the communities in the territories where we are present with solutions that aim to increase the quality of life and of citizens, reducing the costs of services, safeguarding environmental and ecological sustainability, developing smart and safe mobility and attracting safe investments for the population.
- Provide connectivity and support for events in the communities we serve.
- Encourage corporate volunteering within normal working hours and consider the availability of our workers.
- Ensure that our people management policy allows workers to have time off to carry out voluntary work with communities, mainly non-profit organizations. This time off generally ranges from one day per month to one week per year, safeguarding specific circumstances that may exceed this time, such as volunteer firefighters.
- Publicly recognize all our workers for their voluntary work.
- Map the interests and activities of our workers, especially volunteering. Monitor your extra-company volunteering activities, seeking to highlight the performance and exceptional activities of our volunteers on our website and on our social networks as a way of recognizing, stimulating and mobilizing other workers to follow.

### Supply chain

- Identify and monitor supply chain risks associated with its activities.
- Communicate the Supplier Code of Conduct externally to suppliers, ensuring above all that they comply with environmental and social standards (ILO).

# DSTELECOM ESG ROADMAP

## GOVERNANCE PROSPERITY

# 01

Identify and monitor the most relevant ESG issues for dstelecom, considering our context and specific business activities.

# 02

Strengthen, design and implement policies and measures that consolidate our environmental, social and governance concerns.

# 03

Communicate effectively and rigorously with all company stakeholders (workers, customers, suppliers, local management agents, shareholders, regulators).

# 04

Assist and support the person responsible for the management and governance of the ESG Program.

# 05

Stimulate the team and create processes to adopt innovation as an accelerator of progress.

# 06

Continuously incorporate best practices into our policies.

# 07

Respect the company's Values.

# DSTELECOM ESG ROADMAP

## GOVERNANCE PROSPERITY

### Ethic

- Identify and monitor ethical business risks associated with activities.
- Comply with all applicable laws and regulations and follow the highest conduct and business practices, as defined in our Code of Ethics and Conduct.
- Disclose our Code of Ethics and Conduct and any subsequent changes made to all Workers.
- Incorporate all principles into our business practices and supplier contracts set out in the dstelecom Supplier Code of Conduct.
- Value and encourage workers to interact with customers, business partners and colleagues respectfully and ethically at all times.
- Encourage the responsible use of Social Networks and condemn any abuse and use of misleading advertising, advertising or fake news.
- Implement all necessary measures to guarantee a work environment free from discrimination and harassment of any kind.
- Implement all necessary GDPR measures to guarantee access to personal data only to those who are authorized to carry out their function or activity. Ensure that processes and tools allow the destruction of personal data when it is no longer necessary.
- Treat competitors with respect and dignity.



# DSTELECOM ESG ROADMAP

## GOVERNANCE PROSPERITY

### Transparency

- Ensure timely and accurate disclosure to interested parties (workers, customers, suppliers, regulators and shareholders) on all material matters relating to the company, including our financial condition, performance, ownership and governance.
- Honor our commitment to transparency with our customers in managing an open and shared telecommunications network.

### Bribery and corruption

- Act in accordance with all relevant anti-bribery and corruption laws and regulations.
- Condemn all attempts by any worker to bribe or be bribed by customers, suppliers and/or business partners.
- Offers of refusal from third parties may be considered an attempt to influence dstelecom or workers. In case of doubt, the worker must communicate the situation, in writing, to the respective leader.
- Create conditions and encourage workers who wish to anonymously report any attempted bribery and/or corruption to the Board of Directors and/or Board of Directors.



# DSTELECOM ESG ROADMAP

## GOVERNANCE PROSPERITY

### Equality and freedom

- Treat shareholders equally, ensuring equal access and accuracy of available information.
- Ensure that our customers and potential customers enjoy a business model that supports equidistance, neutrality and total independence in relation to our decision-making principles.

### Interest conflicts

- Invite employees to avoid all situations involving conflicts of interest, which are defined as situations in which the employee's impartial judgment is conditioned by personal, economic, political and other considerations.
- Encourage employees to report any potential conflicts of interest to the Management team and/or the Board of Directors.

### Protect company assets

- Encourage workers to proactively protect company assets to the best of their ability, including, but not limited to, physical, intellectual, electronic or digital assets.
- Implement procedures that ensure strict compliance by our employees with the company's confidentiality requirements.
- Adopt the necessary protection measures to guarantee the integrity and adequate use of our infrastructures.

