

An aerial photograph of a beach with waves crashing onto the shore. Several people are visible walking along the beach. The image is partially obscured by large, overlapping teal and blue circular shapes.

balalink

SUSTAINABILITY
REPORT
2025

CONTENTS

1. Introduction and Context	6
1.1 Purpose of the report	6
1.2 Organisational and geographical scope	6
1.3 Frameworks (CSRD, ESRS, GRI)	6
1.4 Approval process	7
1.5 External verification	7
<hr/>	
2. Letter from Management	8
<hr/>	
3. Business Model and Value Chain	12
3.1 Description of the business model	12
3.2 Infrastructure	12
3.3 Services	12
3.4 Neutral operator: principles and commitment	13
3.5 Value chain (upstream, operations, downstream)	14
3.6 Integrating sustainability into corporate strategy (GRI 2-22)	15
<hr/>	
4. Governance and Business Ethics	16
4.1 Governance structure	16
4.2 Equality Committee	17
4.3 Compliance Committee	17
4.4 Integrity and anti-corruption policies	18
4.5 Traceability, transparency and internal control	19
<hr/>	
5. Double Materiality Analysis (ESRS 1 + ESRS 2)	20
5.1 Objective and scope of the evaluation	20
5.2 Methodology used	20
5.3 Time horizon and sources of information	20
5.4 Analysis Results	20
5.5 Double Materiality Matrix (Top 12)	21
5.6 Summary Table of Impacts, Risks and Opportunities	23
5.7 Positive impacts	24

5.8 Importance of the most critical issues (E1, S1, G1)	24
5.9 Connection with stakeholders and value chain	25
<hr/>	
6. Climate Strategy and Climate Change Management (ESRS E1)	26
6.1 Strategic approach	26
6.2 Physical and climate transition risks	26
6.3 Climate transition plan	29
6.4 Climate scenarios	32
6.5 Emissions inventory (A1, A2, A3)	32
6.6 Energy efficiency and renewable energy	33
6.7 Climate opportunities	33
6.8 Policies and associated actions	33
<hr/>	
7. Contamination (ESRS E2)	34
7.1 General approach	34
7.2 Risks associated with contamination	34
7.3 Opportunities	35
7.4 Control policies and measures	35
7.5 Indicators	35
<hr/>	
8. Biodiversity (ESRS E4)	36
8.1 Interaction of the submarine cable with marine ecosystems	36
8.2 Impacts on species and habitats	36
8.3 Regulatory Risks	36
8.4 Environmental opportunities	36
8.5 Mitigation and monitoring measures	36
<hr/>	
9. Resources and Circular Economy (ESRS E5)	37
9.1 Use of Critical Materials	37
9.2 E-waste and reuse	37
9.3 Supplier dependencies	37
9.4 Opportunities for circularity	37
9.5 Policies and strategies	37

10. Social Aspects – Own Personnel (ESRS S1)	38
10.1 Working conditions	38
10.2 Health and safety	38
10.3 Training and development	38
10.4 Equality and work-life balance	38
10.5 Privacy and Data Protection	38
10.6 Social risks and opportunities	38
<hr/>	
11. Value Chain Workers (ESRS S2)	39
11.1 Occupational risks in suppliers and contractors	39
11.2 Social Performance Assessment	39
11.3 Human rights	39
11.4 Supply Chain Privacy	39
11.5 Opportunities	39
11.6 Human Capital Objectives	39
<hr/>	
12. Affected groups (ESRS S3)	40
12.1 Coastal communities	40
12.2 Social impacts of works and cabling	40
12.3 Relationship with communities	40
12.4 Collective rights	40
12.5 Opportunities and Positive Impacts	40
<hr/>	
13. Business Conduct (ESRS G1)	42
13.1 Ethical culture	42
13.2 Anti-corruption and anti-bribery	42
13.3 Whistleblower Protection	42
13.4 Cybersecurity and ENS	42
13.5 Lobbying and institutional relations	42
13.6 Governance risks and opportunities	42
<hr/>	
14. ODS and Contribution to the 2030 Agenda	43
14.1 Linking methodology	43
14.2 Prioritized SDGs	43
14.3 Key Contributions by ESG Pillar	43

14.4 Emerging SDGs and future opportunities	43
<hr/>	
15. Métricas y KPIs ESG (ESRS Mandatory Disclosures)	44
15.1 Environmental indicators	44
15.2 Social indicators	44
15.3 Governance indicators	45
15.4 Financial indicators related to sustainability	45
<hr/>	
16. Financial Information Related to Sustainability	46
16.1 Green CAPEX and OPEX	46
16.2 Financial Effects of Climate Risks	46
16.3 European Taxonomy	46
<hr/>	
17. Annexes	47
17.1 Complete ESRS Tables	47
17.2 Methodological detail of materiality	47
17.3 Glossary	48
17.4 External Verification Statement	50

1. INTRODUCTION AND CONTEXT

1.1 Purpose of the Report

Balalink's 2025 Sustainability Report is the company's main tool for transparency and accountability in environmental, social and governance (ESG) matters. In this edition, Balalink consolidates its transition towards a reporting model fully aligned with the requirements of the Corporate Sustainability Reporting Directive (CSRD) and the European Sustainability Reporting Standards (ESRS), also integrating the recommendations of the GRI Standards 2021. In this way, the organization ensures a holistic, comparable and comprehensive approach to the disclosure of non-financial information, responding to both regulatory expectations and the demands of its stakeholders.

1.2 Scope of the Report


The report covers the activities carried out by Balalink during the 2025, including the operation of the BalaLink submarine cable, the management of its associated terrestrial infrastructure and the provision of capacity, connectivity and hosting services in data centres located in Valencia, Palma de Mallorca, Ibiza and Madrid. The information presented covers the direct and indirect impacts derived from these operations, within the geographical scope of Spain, and is complemented with data related to the value chain to comply with the requirements of the ESRS 2 standard. 1

The point of contact for queries related to the content of the report is the company's ESG manager, available through the official channel: canaldirecto@islalink.es.

1.3 Regulatory framework and standards applied

Balalink prepares this report in compliance with Law 11/2018, which regulates the disclosure of non-financial information, and following the principles established in the GRI 2021 standards. Likewise, in 2025, the technical and structural requirements of the ESRS are incorporated, which require greater depth in the analysis of impacts, risks and opportunities; a double materiality assessment; and a more detailed description of policies, metrics, and goals. The point of contact for queries related to the content of the report is the company's ESG manager, available through the official channel: canaldirecto@islalink.es.

“The organization ensures a holistic, comparable and comprehensive approach to the disclosure of non-financial information, responding to both regulatory expectations and the demands of its stakeholders.”



The progressive implementation of the CSRD involves a strengthening of internal sustainability data control systems, as well as the adaptation of collection, traceability and review processes to ensure the quality, consistency and verifiability of published information.

1.4 Adoption of the Report

The report has been reviewed and approved by Balalink's Compliance Committee, at its meeting held on April 14, 2026, validating that its content adequately reflects the company's ESG performance and complies with applicable legal and regulatory obligations. Following this approval, the report becomes part of the Group's consolidated management report, in accordance with current regulations.

1.5 External verification

To guarantee the reliability, integrity and accuracy of the information disclosed, this report has been subjected to an independent verification process carried out by Adok Certification, an accredited external entity that has evaluated the conformity of the document with legal requirements and with the best international practices. The verification report is annexed to this document.

Corporate and sectoral context

Balalink's activity – as a neutral operator of critical telecommunications infrastructures – plays a fundamental role in the connectivity between the Iberian Peninsula and the Balearic Islands, contributing to the digital and economic development of strategic regions. The company operates under strict parameters of reliability, availability, business continuity and information security, with an infrastructure that integrates submarine cabling, terrestrial networks and highly specialized data centers.

In a context marked by the energy transition, digital transformation and the intensification of climate and operational risks, Balalink has reinforced its commitment to responsible management based on efficiency, innovation and sustainability. The growing demand for connectivity, regulatory sensitivity and the central role of digital infrastructures in the modern economy mean that the company takes on an increasing responsibility for sustainability, resilience and governance.

Commitment to sustainability

During 2025, Balalink has consolidated significant progress in areas such as the use of renewable energy, the reduction of emissions, the certification of its technical centers, the evaluation of suppliers and the improvement of occupational well-being. The company has continued to expand its Scope 3 emissions analysis, improving the traceability of its indirect impact and extending its sustainability vision to the entire value chain.

This report integrates these developments within the European regulatory framework, incorporating mandatory indicators, updated policies and verifiable targets. The structure adopted allows us to understand both the impacts of Balalink's activity on the environment and the risks and opportunities that ESG factors represent for the future of the business.

2. LETTER FROM THE MANAGEMENT

I am writing to all our stakeholders with satisfaction to present Balalink's **2025 Sustainability Report**, a document that reflects the progress made this year and the strategy with which we face the challenges of digitalization and the transition to a more sustainable economic model.

Throughout our history, Balalink has consolidated a model based on reliability, innovation and responsible service. As a neutral operator, we manage critical infrastructures – including the BalaLink cable, terrestrial networks and technical centres in Valencia, Palma de Mallorca, Ibiza and Madrid – that ensure the continuity of connectivity and the resilience of the digital economy.

By 2025, we have reinforced our commitment to sustainability by integrating ESG criteria into all our decisions. Of note is the increase in the use of renewable energy, which now reaches 69% of total consumption, as well as the advances in the calculation of Scope 3, which allow us to better understand our impact and work more efficiently with our value chain.

Quality and safety continue to be fundamental pillars. This year we have maintained the certification of **100% of our technical centers** under the **ISO 9001, ISO 14001, ISO 27001 and ENS** standards, guaranteeing solid, safe and transparent management. In addition, the annual supplier evaluation confirms that all our strategic partners meet the sustainability and ethical criteria that mark our operations.

People are an essential component of our project. The recognition as a **Great Place to Work** is evidence of our commitment to well-being, professional development and the creation of a collaborative and inclusive work environment.

Looking to the future, we will continue to promote responsible and efficient management of our digital infrastructures, reinforcing innovation, sustainability and resilience as central axes of our strategy.

I deeply appreciate the trust of our employees, customers, suppliers and shareholders. Their support is key to continuing to move towards a more sustainable and connected future.

Esther Garcés
CEO Balalink



Certifications & ESG Recognitions

Balalink maintains internationally recognized certifications in quality, environmental management, information security and governance, ensuring robust and reliable operations. In addition, external ESG ratings such as GRESB validate the company's sustainability performance at sector level.



Corporate principles and values

Balalink operates under the fundamental principles of neutrality, transparency, innovation and sustainability. As a neutral operator, we guarantee a level playing field for all customers, fostering a competitive and collaborative environment. Our vision is focused on boosting connectivity, bridging the digital divide and delivering high-quality services while minimizing our environmental impact and promoting responsible practices across our value chain by aligning our efforts with the goal of “**Net zero emissions**”.

01 Mission:

To **provide the bandwidth** for global telecommunications providers through the deployment and operation of next-generation submarine cables. Through his vision, determination and experience, we provide the foundation upon which operators can develop competitive offerings and ultimately contribute to improved connectivity for the global telecommunications industry.

Our **commitment to continuous improvement** and the personalized study of each client's expectations allows us to offer the best solution according to their needs.

To promote a company culture based on the protection of the Environment, acquiring a commitment to continuously improve the effectiveness of the **Quality Management, Environment and Social Responsibility** system (including waste reduction and consumption minimisation) and the professionalism of the team, continuous effort and entrepreneurial capacity as engines of growth; all this seeking to contribute to the achievement of sustainable development.

02 Vision:

Diversified company in continuous search for **new investment opportunities** in submarine and terrestrial Fiber optic cables.

- Neutral and independent operator. We do not compete with our customers.
- **Trusted** high-capacity supplier.
- **Great place to work** where people are inspired to be the best they can be.
- **Long-term return to shareholders**, considering our overall responsibilities.
- Highly **efficient and fast** organization.
- To promote a **socially responsible** culture in all our own and subcontracted staff.
- **Circular economy approach** and the concept of **sustainable development** in the company's corporate strategy.
- Maintain the environmental management system **guaranteeing the prevention and minimization of pollution**, continuous implementation of sustainable practices, constant monitoring of activities, identification of potential environmental risks and adoption of corrective measures, with the aim of ensuring the preservation of the environment and compliance with established environmental standards.
- **Protect, conserve and promote biodiversity**, ecosystems and their services in operations related to their activity with the aim of generating a positive impact on the environment.
- Commitment, direction, planning and resources in pursuit of the “**NET 0 EMISSIONS**” goal and **environmental responsibility**.

03 Values:

Information society:

We are committed to the information society and its actors.

Customers:

Win-win relationships and not competing are key to long-term relationships. Continuously challenging us to **achieve the highest levels of satisfaction**, through **compliance with your requirements**, as well as compliance with **applicable legislation and regulations**, and continuous improvement of the quality-of-service provision.

Benefits:

We help our clients improve their benefits by receiving fair compensation in return.

Fairness:

It is our functional basis that we respect and provide them with fair performance.

Communication:

We communicate with transparency and trust, proud of the team we are.

Work:

We are present, dedicated, constant and responsible. Continuous improvement towards excellence as a way of working, **considering the risks and opportunities that can affect the conformity of products and services**, and the ability to increase customer satisfaction.

Clarity:

We are clear in our statements and ask for clarification when necessary.

Compliance:

Commitment to the goals adopted by the **2030 Agenda for Sustainable Development**.

Quality:

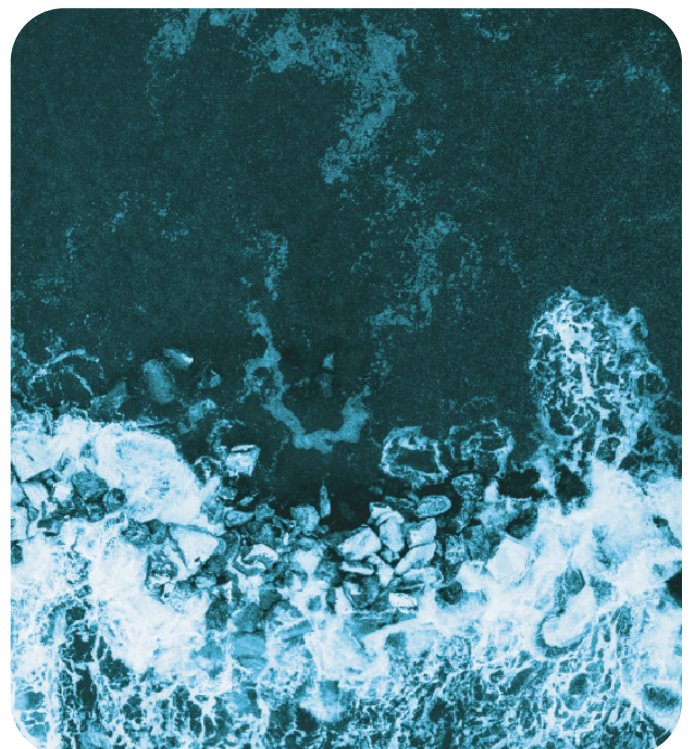
We do the best and every time. We raise awareness among our organization's staff of the **importance of effective quality management and compliance with GIS requirements in a way that enables Continuous Improvement**.

Professional and personal growth:

We take the initiative to grow and help others grow. We are committed to our staff as they are the only ones capable of **leading Balalink, S.A.U. to organizational success**.

Community:

Committed to society by assuming the necessary awareness and responsibility.



3. BUSINESS MODEL

Balalink is a neutral telecommunications infrastructure operator, specializing in the provision of high-capacity connectivity solutions and hosting services in data centers. Its mission is to provide a robust, secure and efficient infrastructure that allows telecommunications operators to develop and expand their own services without conflicts of interest, always maintaining a fundamental principle: Balalink does not compete with its customers.

The company develops its operations on a strategic infrastructure composed of:

3.2 Infrastructure

Underwater infrastructure

Balalink owns the BalaLink submarine fibre optic cable, which connects the Iberian Peninsula (Valencia) with the Balearic Islands by means of 24 pairs of fibre optics without repeaters. This system, pioneered in Spain as the first independent cable built in the country, constitutes an essential route for connectivity between Valencia, Palma de Mallorca and Ibiza. The submarine network is complemented by diverse land routes, guaranteeing high resilience and redundancy in the service.

Technical centers and data centers

Balalink operates technical centres in Valencia, Palma de Mallorca, Ibiza and Madrid, equipped with advanced energy, air conditioning, security and 24/7 monitoring systems, which allow it to offer rack placement, housing and critical infrastructure management services under criteria of maximum availability and energy efficiency.

3.3 Services offered

Balalink's portfolio of services includes:



High-capacity data transmission over submarine and terrestrial networks.




Wholesale connectivity between national and international operators.



Data center hosting services, with redundant and secure infrastructures.



Interconnection and transport solutions adapted to customer needs.



These services allow Balalink to be a key enabler of the digital economy in Spain and an essential player for the development of the telecommunications ecosystem in the Balearic Islands.

3.4 Value proposition

Balalink's value proposition is based on five fundamental pillars:

01 Neutrality:

It does not compete with its customers and guarantees equal access to all operators.

02 Reliability:

Critical infrastructures with high availability (99.99% in 2025).

03 Security and compliance:

ISO 9001, ISO 14001, ISO 27001 and National Security Scheme certifications, which accredit quality, environmental management and cybersecurity.

04 Sustainability:

Progressive energy transition, with 70% renewable energy by 2025 and reduced environmental impact.

05 Customer service:

Personalized service and long-term orientation through transparent and stable relationships.

Relationship with Islalink and the group

Balalink is part of the Islalink business group, the latter being the parent company and responsible for managing all the group's corporate activities. Balalink, as an operating subsidiary, develops and operates key infrastructures within the Spanish territory.

3.5 Balalink Value Chain (ESRS Vision)

Balalink's value chain is structured around the main players involved in the operation of its telecommunications infrastructures and in the relationship with relevant stakeholders, integrating ESG criteria in all phases of the activity:

Suppliers and subcontractors

It includes construction, maintenance, energy, technological equipment, certifying companies and auxiliary services. Balalink annually evaluates critical suppliers, ensuring compliance with sustainability, quality, safety and applicable regulations, and maintains communication through approval and monitoring processes.

Internal operation

It includes the management of submarine and terrestrial networks, technical centers, 24/7 monitoring and preventive maintenance. Inhouse teams ensure continuity of service, information security, and operational resiliency.

Wholesale customers

National and international operators using Balalink's infrastructure. The relationship is based on operator neutrality, contractual agreements and regular technical and operational communication. Our value proposition is based on exceptional customer service and the development of long-term relationships, focused on the satisfaction and success of our customers.

Industry partners and administrations

Participation in associations such as DigitalES and ICPC, and continuous relationship with regulators and public administrations (CNMC, port authorities and Coasts) to ensure regulatory compliance and the application of good practices.

Local communities and NGOs

Proportionate interaction with local communities and, where relevant, with NGOs and social or environmental entities, especially in coastal actions. Communication is aimed at informing, coordinating actions and minimising impacts on the territory.

3.6 Integrating sustainability into corporate strategy (GRI 2-22)

Creating a more sustainable future

Balalink's business model is aligned with the principles of sustainability through energy efficiency, the increasing use of renewable energies, the deployment of climate transition plans and the responsible management of environmental, operational and regulatory risks. This approach makes it possible to minimise the environmental impact of operations and move towards a resilient model aligned with the objective of climate neutrality.

Help to society

As a neutral operator of critical infrastructures, Balalink contributes to digital development and the reduction of the connectivity gap, especially in island territories and less populated areas. The company promotes fair working conditions, equal opportunities and talent development, generating shared value for employees, customers and the communities where it operates.

Corporate governance approach

Sustainability is embedded in corporate strategy and decision-making through strong governance based on ethics, compliance and transparency. Balalink has certified quality and information security policies and systems, which guarantee responsible management, regulatory compliance and stakeholder trust.



4. GOVERNANCE AND BUSINESS ETHICS

ETHICS

Balalink's corporate governance is based on transparency, accountability and integrity. As a neutral operator of critical infrastructures, the company understands that a solid governance structure is essential to ensure service continuity, business model sustainability and the trust of its stakeholders. This approach is reinforced by the application of the requirements of the **ESRS G1** standard, which requires comprehensive disclosure of governance structure, business ethics policies, and oversight mechanisms.

4.1 Organizational Structure

Balalink has an organizational structure formed by a board of directors which is made up of 6 members, of which 4 are executives and 2 independent. The board of directors is made up of 33% women and 66% men; The Council is structured as follows:

- Chairman of the Board
- CEO
- Independent directors

The board of directors oversees all of the company's operations and strategic decisions. To ensure effectiveness and transparency in decision-making, we have periodic internal audits and a quality control system in all our processes.

Balalink's operational structure is distributed as follows:

Members by Area:



Management



Administrative and Financial Department



Technical Department

Balalink has a structure led by a CEO, supported by the head of the GIS and the different directors of the areas into which the company is subdivided. Management ensures the proper functioning of the organization and the determination and compliance with the established policies and procedures.

4.2 Equality Committee

The main functions assigned to the committee are as follows:

- 01** Constitution of the Equality Plan work team.
- 02** Initial diagnosis of the company.
- 03** To establish competencies and operating rules.
- 04** Negotiation of the Equality Plan.

This committee has the following structure: On the one hand, the representation of the company, made up of a man and a woman. And, on the other hand, the representation of the workers, made up of two women.

All the people who make up the Management Committee are people who are fully committed to the Company and have sufficient experience and skills to carry out their functions. The Equality Committee meets at least twice a year.

The committee is dynamic in its composition so that, after a certain period of time, variations may be proposed.

4.3 Compliance Committee

To ensure compliance with and implementation of the policies, measures and commitments adopted, a compliance committee has been set up, consisting of the following structure:

- 01** Direction/Management.
- 02** CFO (Financial Director).
- 03** CTO (Operations Director).

The main functions of this committee include the following:

- Propose management models and supervisory measures to prevent non-compliance.
- Review and update internal procedures and rules.
- Supervise the internal control system and the application of anti-corruption and anti-bribery policies.
- Manage the whistleblowing channel, analysing the communications received confidentially and taking the relevant actions to the Council.

The Committee acts under strict principles of professionalism, impartiality and confidentiality.

Investor

Fiera Infrastructure is the leading investor in all subsectors of this asset class. Fiera Infrastructure presents a structure led by a team of highly experienced and specialized professionals, whose main proposal is to leverage its strong global relationships and a rigorous approach to investment and asset management, in combination with Fiera Capital's excellence in portfolio management and customized investment solutions.

Fiera aligns its investments along with the core values of honesty, integrity, transparency, respect and excellence, acting in the best interests of investors, employing sound management practices, investment discipline and the highest level of ethical behaviour.

4.4 Business Ethics and Compliance (ESRS G1)

Balalink maintains a firm commitment to ethics, integrity and regulatory compliance, applying policies and procedures that ensure responsible conduct throughout the organization. The Compliance framework includes:

Code of Ethics: establishes the principles of action and has a confidential reporting channel (canaldirecto@islalink.es) to report possible irregularities.

Protocol against harassment: prevention, action and protection mechanisms; no recorded incidents. possible irregularities.

Anti-corruption and anti-bribery policy: applicable to all staff and business partners, in line with current regulations.

Anti-money laundering measures: due diligence procedures, controls and audits to prevent illicit transactions.

Commitment to the respect and promotion of human rights

Equality, non-discrimination and diversity policy

Stakeholder Policy

Supply Chain Sustainability Policy

Quality, Environment and Social Responsibility Policy

Information Security Policy

Digital Disconnect Protocol

ENS Security Policy

Electronic signature policy

Internal Compliance Training: All staff have access to up-to-date documentation and participate in trainings on ethics, security, data protection and anti-corruption.

This system allows Balalink to operate with transparency and high standards of governance, voluntarily aligning with the requirements of the ESRS G1 standard.

4.5 Traceability, transparency and internal control

Balalink has an internal control system that guarantees the traceability, reliability and accuracy of operational processes and corporate information. The Integrated Management System – certified according to ISO 9001, ISO 14001, ISO 27001 and the National Security Scheme (ENS) – establishes rigorous procedures for document management, technical supervision, monitoring of ESG indicators and data verification.

The control model encompasses incident management, change control, internal audits, root cause analysis, corrective actions, and ongoing performance review.

Balalink also promotes transparency through the annual publication of its externally verified ESG report, the availability of communication channels with stakeholders and the active supervision of the Compliance Committee.

This approach reinforces confidence in the company's operation and in the quality of the information disclosed.



5. DOUBLE MATERIALITY

5.1 Objective

Balalink has carried out a double materiality analysis in 2025 to identify the most relevant ESG topics due to their impact on the environment and their effect on financial performance. The study covers operations in Spain and the upstream and downstream value chain, in accordance with ESRS 1 and ESRS 2.

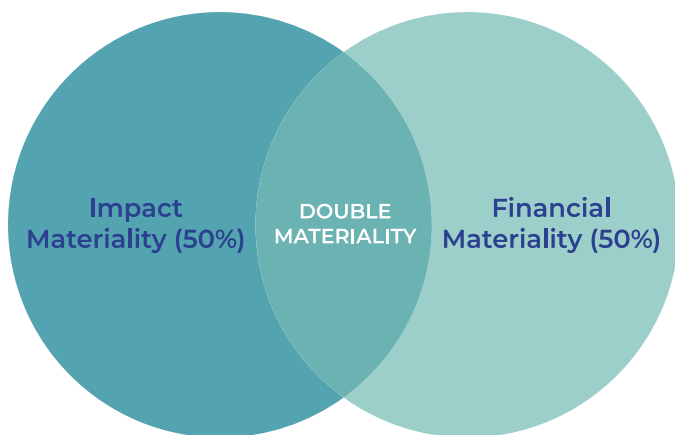
The analysis incorporates the expectations of key stakeholders obtained through internal document review, interviews with management personnel, regulatory requirements and market analysis. No specific external consultations were carried out due to the size of the organization, but the process integrates consolidated evidence of continuous dialogue with customers, suppliers, public administrations and employees.

The assessment was developed by the ESG team together with the Technical, Financial, Compliance and Human Resources areas. The Steering Committee reviewed the results, and the Compliance Committee approved the final list of material topics in January 2025. The process included the review of the year's data, sectoral trends and expert evaluation.

Balalink will review this double materiality analysis on an annual basis, or sooner if there are significant changes in the business, regulation or operating context.

5.2 Methodology

An impact materiality formula based on Magnitude × Scope × Irremediability × Probability (normalized to 100) and a financial materiality calculated as Consequence × Probability (also normalized to 100) is used. The double materiality is obtained by weighting both dimensions 50/50.



5.3 Time horizon and sources

- **Short-term:** 1 - 3 years
- **Medium-term:** 3 - 5 years
- **Long-term:** 5 - 10 years

Physical and climate transition risks, regulatory frameworks (CSRD/ESRS) and stakeholder expectations are considered.

5.4 Main results

The double materiality assessment process carried out by Balalink has made it possible to analyse a total of 30 ESG themes and sub-themes, in accordance with the requirements of ESRS 1 and ESRS 2 and based on the exhaustive matrix developed internally (impacts, risks and opportunities). Following the normalisation of the impact materiality and financial materiality values, and the application of the threshold defined for the financial year 2025, the following themes and sub-themes are identified as material.

5.5 Prioritized topics (top 12)

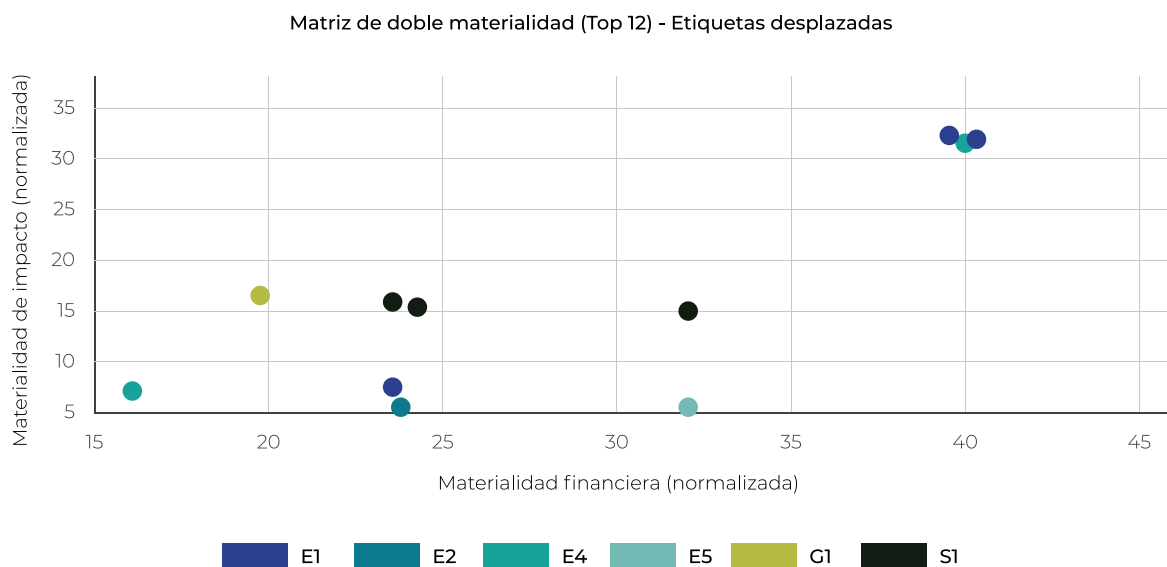
By standardized double materiality:

Abbrev	Topic	ESRS
E1-MIT	Climate change mitigation	E1
E1-EN	Energy	E1
E1-ADAP	Climate change adaptation	E1
E2-AIR	Air pollution	E2
E2-SUBST	Substances of concern	E2
E4-LAND	Land use change	E4
E4-SPEC	Impacts on species status	E4
E5-REC	Resource inflows / circular economy	E5
S1-EMP	Secure employment	S1
S1-H&S	Occupational health and safety	S1
S1-PRIV	Privacy (own employee)	S1
G1-CORR	Corruption and bribery	G1

These twelve topics exceed the established threshold and form the basis of Balalink's sustainability reporting system by 2025. The rest of the topics assessed—including water and sanitation (E3/S2), microplastics, waste, equal pay, diversity, social dialogue, human rights in communities, among others—have low or moderate materiality, and will therefore be monitored internally, but do not require full disclosure under the ESRS framework for this exercise.

Implications for the 2025 report:

Based on the results, ESRS materials are E1 (mitigation, energy and adaptation), E2 (air pollution and substances of concern), E4 (land-use change and species impacts), E5 (resource inputs), S1 (health and safety, safe employment, training, privacy, conciliation), S2 (privacy, water and sanitation) and G1 (corruption/bribery, culture, whistleblower protection).



Order	Abbrev	Full topic
1	E1-MIT	Climate change mitigation
2	E1-EN	Energy (high consumption in data centers)
3	E2-AIR	Air pollution
4	E4-LAND	Land use change
5	S1-PRIV	Privacy (own employees)
6	S2-PRIV	Privacy (value chain)
7	S2-WASH	Water and sanitation
8	S1-TRNG	Training and skills development
9	S1-EMP	Secure employment
10	S1-H&S	Health and safety
11	G1-CORR	Corruption and bribery
12	S1-HAR	Measures against violence and harassment



5.6 Summary Table of Impacts, Risks and Opportunities

Opportunities associated with material topics

The double materiality analysis not only identifies risks, but also strategic opportunities arising from the climate transition, operational efficiency, digitalization and evolving stakeholder expectations. For Balalink, the main opportunities linked to the prioritized topics are:

Topic (Abbreviate)	Impact	Risk	Opportunity
E1-MIT Climate change mitigation	Emissions derived from intensive electricity consumption	Climate regulation and increasing energy costs	Energy efficiency and access to green financing
E1-EN Energy	High energy consumption in data centers and active equipment	Energy price volatility and dependence on the electricity mix	Increased competitiveness through renewable energy use
E1-ADAP Climate change adaptation	Infrastructure exposed to extreme climate events	Physical damage to landing stations, network nodes and submarine cable	Greater resilience and operational continuity
E2-AIR Air pollution	Indirect emissions from electricity consumption and backup generators	Regulatory sanctions or increased regulatory pressure due to emissions	Energy optimization and environmental certifications
E2-SUBST Substances of concern	Electronic waste and chemical substances used in operations	Remediation costs or regulatory non-compliance	Circular economy and reduction of critical substances
E4-LAND Land use	Alteration of coastal or terrestrial areas due to works or facilities	Restrictions, social opposition or delays in permitting processes	Reduced territorial impact and greater local acceptance
E4-SPEC Species	Occasional impact on marine and terrestrial biodiversity	Regulatory and reputational conflicts	Sustainable protocols and environmental collaboration
E5-RES Resources/circularity	High demand for technological equipment	Dependence on critical materials and waste generation	Extended equipment lifetime and component recovery
S1-EMP Secure employment	Technical roles exposed to occupational risks	Accidents, staff turnover and loss of talent	Improved work environment and attraction of qualified profiles
S1-H&S Health and safety	Electrical, ergonomic and 24/7 operational risks	Incidents affecting service continuity	Fewer incidents and higher O&M availability
S1-PRIV Privacy	Management of sensitive internal data	Cyberattacks or data breaches with reputational impact	Strengthened cybersecurity and internal trust
G1-CORR Corruption and bribery	Inherent risk in regulated infrastructure sectors	Cyberattacks or data breaches with reputational impact	Greater integrity and competitive advantage in tenders

5.7 Positive impacts associated with material issues

The double materiality analysis also identifies positive impacts derived from Balalink's neutral operator model. Among them are:

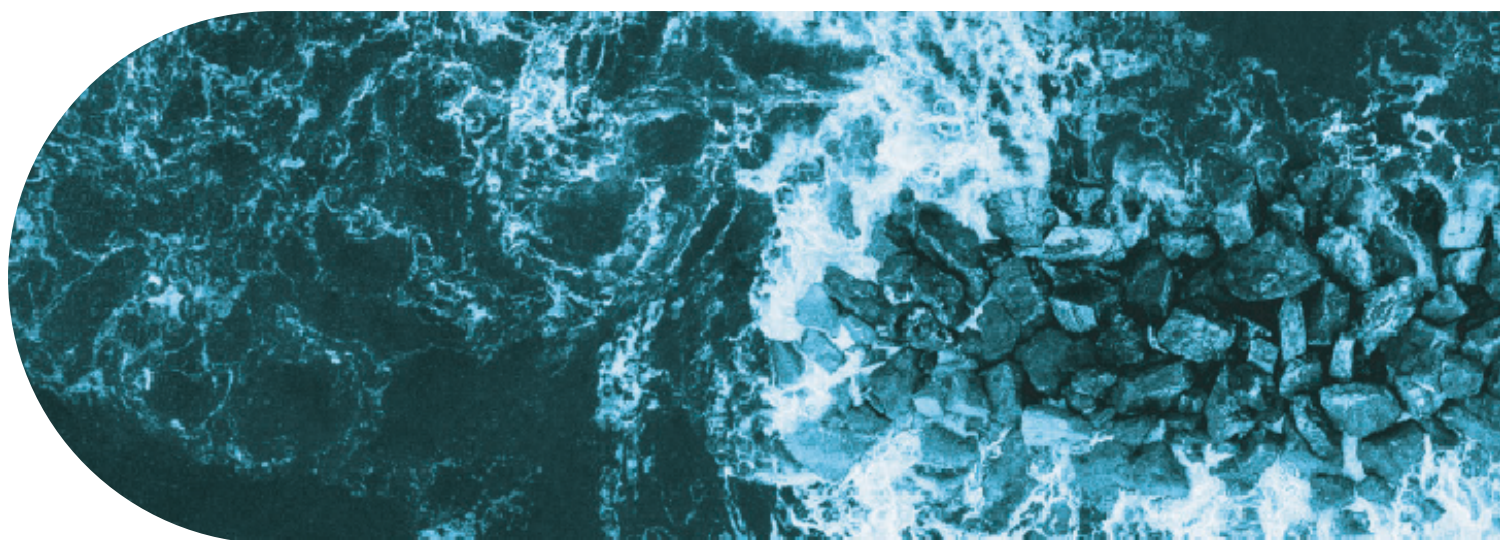
- **Connectivity and territorial cohesion**, facilitating reliable communications between the Peninsula and the Balearic Islands.
- **Reduction of environmental** impacts, by avoiding duplication of network infrastructures.
- **Generation of qualified employment** and development of technical skills (networks, cybersecurity, data centers).
- **Promotion of responsible practices in the value chain**, through ESG criteria for suppliers.
- **Greater digital resilience**, through investments in 24/7 monitoring, efficiency and cybersecurity.
- **Strengthening institutional and business trust**, thanks to the commitment to ethics and transparency.

These impacts complement the risks identified and place Balalink's activity within a framework of positive contribution to economic and social development.

5.8 Importance of the most relevant topics (E1, S1 and G1)

The three themes with the highest materiality – E1, S1 and G1 – reflect the area's most critical to business continuity and sustainability:

- **E1 Climate change and energy**: high dependence on electricity consumption and physical risks (extreme temperatures, floods, waves) with a direct impact on service continuity.
- **S1 Own personnel**: need for specialized technical talent, occupational risks in operation 24/7 and the importance of training, health, safety and privacy.
- **G1 Business conduct**: highly regulated sector, permit dependency and institutional relationships, where integrity and regulatory compliance are essential.



5.9 Connection with stakeholders and value chain

The prioritization of material issues corresponds to the expectations expressed by the different stakeholders and to the risks present in the key links of the value chain.

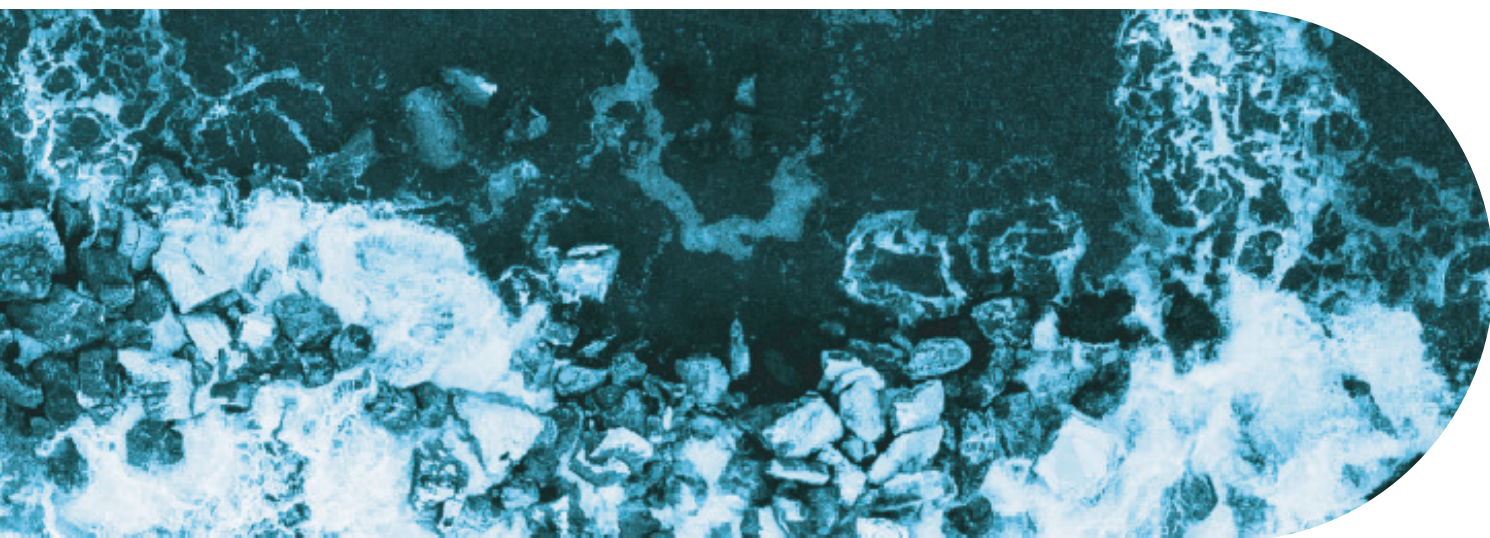
Stakeholders Relations

- **Customers (telecom operators):** demand continuity, resilience, energy efficiency, cybersecurity, and compliance → reinforces the materiality of E1, E2, S1, and G1.
- **Employees:** they demand security, training, work-life balance and stability → strengthens S1.
- **Suppliers:** operate in risky environments (civil works, cabling, nodes) → is reflected in S2 and E5.
- **Public administrations and regulators:** they require strict compliance (ENS, ISO 27001, submarine cable regulations, environmental authorisations) → has an impact on G1, E1, E4.
- **Investors:** value climate resilience, robust governance and transparency → connects with E1, G1.
- **Coastal/local communities:** may be affected by works or → wiring linked to E4 and S3.

Relationship with the value chain

The analysis covers the complete cycle of Balalink's value chain, including upstream activities (critical suppliers, equipment, energy), own operations (submarine cable, terrestrial network, data centers) and downstream activities (customers, operators and institutional users).

- **Procurement:** Dependence on electronic equipment, materials with environmental impact and suppliers exposed to occupational risks (E5, S2, E2).
- **24/7 operations:** Energy consumption, ORP, cybersecurity and reliability (E1, S1, G1).
- **Submarine cable:** Interaction with marine ecosystems (E4).
- **Downstream customers:** They demand resilience, information security, and compliance (S1, G1, E1).



6. Climate Strategy (ESRS E1)

6.1 Strategic approach

Balalink's climate strategy is geared towards reducing the environmental impact of its operations, improving energy efficiency and strengthening the resilience of its critical infrastructures (submarine cable, terrestrial network and technical centres).

Pillars of the strategic approach

- **Minimization of environmental impact** and alignment with the goal of **Net Zero**.
- **Energy efficiency** and increased use of renewable electricity (**69% by 2025**).
- **Climate adaptation** in mooring stations, technical centers and submarine cable.
- **ESG integration into investment and operational decisions**.
- **Alignment of suppliers** with environmental and social criteria.
- **Transparency and climate governance**, with measurement and external verification of results.

Pillars of the strategic approach

- **Mitigation:** reduction of direct and indirect emissions.
- **Adaptation:** reinforcement against physical risks (extreme temperatures, floods, waves).
- **Transition:** climate planning 2030–2050 and environmental criteria in procurement.

This approach positions Balalink as a neutral operator committed to a more sustainable, resilient and secure digital ecosystem, aligned with the requirements of ESRS E1 and the expectations of customers, investors, regulators and the community.

6.2 Physical and climate transition risks

Balalink's climate analysis – updated in 2025 in accordance with ESRS E1 and TCFD guidance – identifies physical, chronic, acute and transition risks, which can affect service continuity, asset integrity and operational costs. The results combine the IPCC climate scenarios (SSP1-1.9, SSP2-4.5 and SSP5-8.5) with the internal risk matrix and the technical-operational assessment included in the 2025 matrix.

Acute physical risks (extreme events)

Acute physical risks associated with climate change are those arising from extreme weather events that can lead to sudden service interruptions, damage to infrastructure or unexpected increases in operating costs. Balalink has identified and assessed these risks using the internal probability × impact matrix, which is reviewed annually and updated for 2025 in accordance with the evolution of the Mediterranean climate and the IPCC scenarios considered in the analysis.

Balalink's exhibition focuses on coastal stations, technical centers and submarine cables, all of which are sensitive to extreme events of rain, waves, temperature or fires. The assessment includes both historical data and projections from SSP1-1.9, SSP2-4.5 and SSP5-8.5 (IPCC) climate scenarios, as well as the classification of acute physical risks defined by TCFD.

Acute risks identified

Floods and extreme rainfall:

Evaluated as High risk in the internal Balalink matrix (Probability 3 × Impact 4), and as Very High in more severe climate scenarios. Floods can affect coastal stations, technical accesses and underground pipes, especially in low-lying areas or near the coast.

During the DANA that occurred in Valencia, a city where Balalink operates a technical center, intense urban flooding was recorded. Although the Balalink facility was not affected or interrupted, the episode evidenced the growing exposure of urban areas to extreme phenomena and validates the classification of flood risk as "high" in the analysis.

Storms, extreme waves and adverse maritime conditions:

Currently Medium-High Risk, which increases in SSP2 and SSP5 scenarios due to the expected increase in the frequency and intensity of Mediterranean storms. Severe waves can make it difficult to access mooring stations, generate risks during maritime manoeuvres and affect the immediate environment of the cable.

Intense heatwaves:

Currently rated Medium, moving to High in >2°C scenarios. The risk is associated with air conditioning failures, increased energy consumption and thermal stress in DWDM equipment and racks housed in data centers and terrestrial nodes.

Fires in land areas:

Although less frequent, forest or peri-urban fires represent a medium risk, especially in terrestrial sections of network or buildings located near rural areas. The risk increases in prolonged episodes of drought and heat waves.

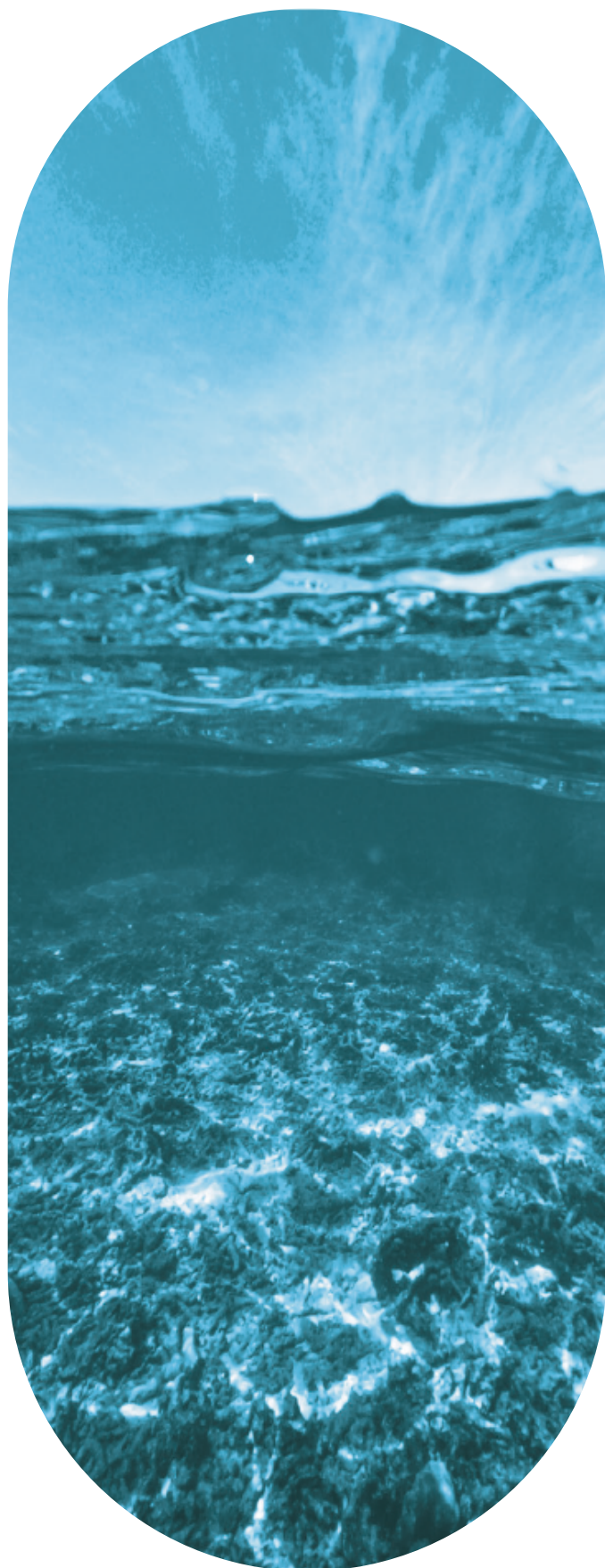


Table of acute physical risks:

Acute physical risk	Risk Level	Operational description / evidence
Flooding and extreme rainfall	High	DANA episodes in Valencia confirm a growing risk in urban areas, although Balalink's site was not impacted.
Flooding under climate scenarios >2° (SSP2-SSP5)	Very High	Higher frequency and intensity expected; risk for coastal stations and technical access points.
Storms and extreme waves	Medium-High	May affect marine operations and access to landing stations; increasing risk under IPCC scenarios.
Intense heatwaves	Medium	Increased 24/7 cooling demand in technical sites; potential thermal stress on equipment.
Wildfires	Medium	Risk on terrestrial network sections near rural or forest areas, especially during prolonged heat periods.

Chronic physical risks

Chronic physical risks associated with climate change are those that evolve progressively over time and can cause cumulative impacts on infrastructure, energy efficiency and operating costs. For Balalink, these risks are especially relevant due to the coastal location of mooring stations, the presence of submarine cable and the energy dependence on technical centers and continuous cooling systems. The assessment combines trends observed in the Mediterranean with IPCC climate scenarios (SSP1-1.9, SSP2-4.5 and SSP5-8.5), as well as the company's risk matrix.

Acute risks identified

- **Gradual sea level rise:** Currently assessed as Low risk, but moving to Medium in scenarios above 2.7 °C. Sea level rise can affect infrastructure located on the coast. It also increases the probability of flooding due to spring tides or combined storms.
- **Coastal erosion:** Assessed as Low in the current context, moving to Medium in intermediate scenarios. It can compromise the stability of trenches, conduits, moats or surface protections in coastal areas where infrastructure or cable passages are located.
- **Sustained increase in average temperature:** classified as medium risk, increasing in more severe scenarios. The persistent increase in temperature increases: energy consumption for air conditioning, the probability of thermal failures, the degradation of electronic equipment. Having a direct impact on the annual OPEX.
- **Changes in ocean currents:** Low risk, but relevant in more extreme scenarios. It can mainly affect the stability of the submarine cable, especially in sloped areas. Although the current probability is low, it is monitored.

Table Chronic physical risks

Chronic physical risk	Risk Level	Operational description
Sea level rise	Low → Medium	Exposure at coastal stations; increasing impact under scenarios >2°C.
Coastal erosion	Low → Medium	Risk to access points and conduits near the shoreline.
Sustained temperature increase	Medium → High	Higher cooling demand and accelerated equipment degradation.
Changes in ocean currents	Low	Potential impact on submarine segments under extreme scenarios.

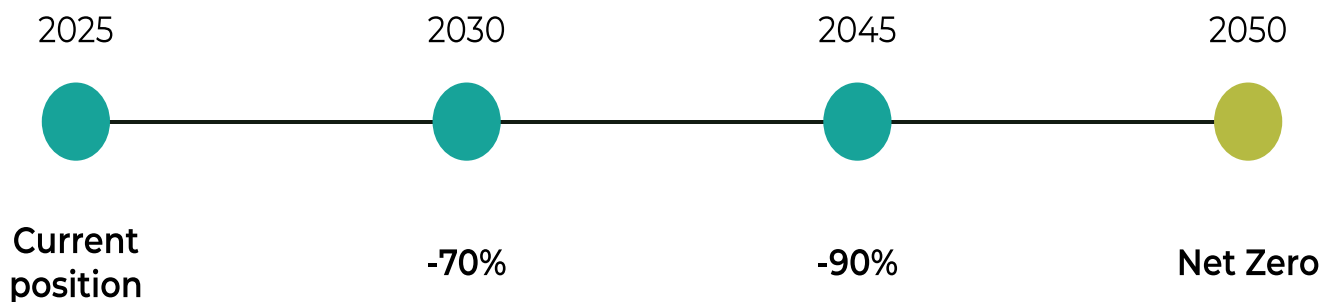
6.3 Climate transition plan

Balalink's climate transition plan defines a progressive roadmap towards the company's total decarbonisation, aligned with the objectives of the Islalink group and international climate commitments. This strategy integrates quantified targets, operational actions, adaptation measures and a growing focus on the value chain, as established by ESRS E1.

Net Zero Commitment and Overall Roadmap

Balalink has set a goal to reach **net zero emissions by 2050**, with intermediate milestones in 2030 and 2045:

Emissions reduction roadmap:



These targets will be achieved through real emission reductions and residual offsetting by 2050.

Recent achievements (2024 – 2025)

- 70% renewable electricity (2025).
- Launch of the Net-Zero strategy with 2030/2045/2050 goals.
- 83% reduction in scope 1 and 2 emissions compared to 2023.

Reduction in Scope 1 & 2 emissions since 2023

-83%

Unit:
tCO₂e



2025 Scope 2 emissions are reported using the market-based method.

Transition plan action lines

01 Emissions mitigation

- Progressive use of renewable energy: 40% (2025), 70% (2030), 90% (2045), 100% (2050).
- Reduced consumption
- Technological replacement by more efficient equipment.
- Circular economy applied to the supply chain.

02 Adaptation to climate change

- Lessons learned from the DANA in Valencia (without operational impacts).
- Review of the submarine cable in the face of more severe waves.
- Improvement of air conditioning against heat waves.
- Continuity protocols and climate emergencies.

03 Regulatory, technological and market transition

- Anticipation of CSRD, ENS, energy efficiency in data centers.
- CO₂ risk management, taxes and energy prices.
- Mandatory ESG criteria in procurement and suppliers.

02 Value chain integration (Scope 3)

- Value chain emissions mapping 2025–2030.
- Evaluation and alignment of critical suppliers.
- Sustainability commitments embedded in purchasing processes

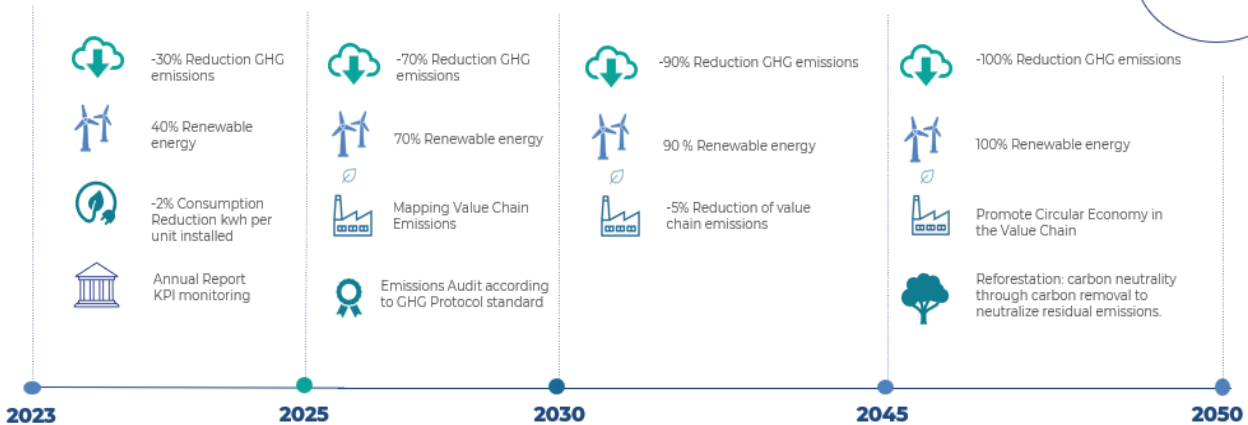
Roadmap Temporal

Milestones & Targets

Roadmap to Net Zero

Islalink's decarbonization strategy is based on a progressive reduction of CO₂ emissions through concrete measures. Below, we present our roadmap with measurable targets and the key actions we will implement to achieve Net Zero by 2050.

Net Zero Emission



Governance of the Climate Transition Plan

The governance of Balalink's climate plan is structured to ensure rigorous monitoring and effective implementation of mitigation, adaptation and decarbonisation measures:

- General Directorate; It defines the Net Zero vision and approves strategic decisions and investments linked to energy, resilience and efficiency.
- Compliance Committee; who monitors climate risks, regulatory compliance (CSRD, ESRS, ENS) and the progress of the plan. Assesses deviations and coordinates improvements.
- Technical Management; It implements the plan's operational measures: energy efficiency, technological modernization, cable resilience and air conditioning.
- Head of the GIS; Measures, verifies and reports emissions (Scope 1, 2 and 3) according to GHG Protocol. It guarantees traceability, data quality and audits.
- Value chain; Critical suppliers participate in the transition by adopting environmental, efficiency and circularity criteria.
- Annual review; The plan is updated every year or in the face of regulatory, technological or climatic changes that may affect its deployment.

6.4 Climate scenarios

Balalink assesses its exposure to climate change using three IPCC scenarios, which allow anticipating the evolution of physical risks and the resilience of critical infrastructures:

SSP2 - 4.5 (≈2.7°C) scenario

Intermediate scenario and the most plausible according to current projections.

The frequency of floods, Mediterranean storms, severe waves and heat stress in technical centers is increasing. Reinforcements in air conditioning are required.

SSP5 - 8.5 (>4°C) scenario

High emissions scenario.

Physical risks are significantly intensified: significant rise in sea level, frequent extreme waves, currents that can affect the submarine cable, chronic heat waves.

This scenario would require structural redesigns and advanced resilience measures.

Operational conclusion

The scenarios show a progressive increase in risk, especially in floods, waves and heat stress. The results directly feed into the Climate Transition Plan (6.3) and the adaptation measures envisaged to ensure continuity of service and long-term resilience.

6.5 Emissions inventory

Balalink calculates its GHG emissions in accordance with the **GHG Protocol standard**, covering Scopes **1, 2 and 3**. In 2025, total emissions amounted to **490.30 tCO₂e**, with the following distribution:

Scope 1 - 4.24 tCO₂e (1%)

Direct emissions from **fixed combustion** associated with generator sets and lower own consumption.

Scope 2

- Scope 2 (Market - based) – 177.76 tCO₂e (36%).
- Scope 2 (Location – based) – 256.42 tCO₂e

Indirect emissions derived from **electricity consumption** in technical centres. (It's the company's main source of emissions.)

Scope 3 - 308.31 tCO₂e (63%)

Indirect emissions associated with the value chain, including:

- Water (0.05 tCO₂e – 0.01%)
- Electrical transmission and distribution (4.61 tCO₂e – 0.94%)
- Raw materials and services (48.99 tCO₂e – 9.99%)
- Capital goods (42.32 tCO₂e – 8.63%)
- Waste (1.81 tCO₂e – 0.37%)
- Business travel (7.45 tCO₂e – 1.52%)
- Employee commuting (11.46 tCO₂e – 2.34%)
- Product usage (Market-based) (191.61 tCO₂e – 39.08%)
- Product usage (Location - based) (276.4 tCO₂e)

Scope 3 represents a moderate percentage of the total, but includes key categories related to suppliers, travel and capital goods, which will be prioritised in the **2025–2030 emissions map** within the Climate Transition Plan.

6.6 Energy efficiency and renewable energy

Energy efficiency and the use of renewable energies are Balalink's main climate mitigation vectors, given that 77% of 2025 emissions come from electricity consumption (Scope 2 and 3).

By 2025, 70% of the electricity consumed by Balalink came from renewable sources, representing significant progress towards decarbonizing the operation. The company continues to reduce energy consumption by optimising air conditioning, refurbishing equipment and control systems.

The roadmap envisaged reaching 70% renewable energy by 2030 (a milestone reached in 2025), 90% in 2045 and 100% in 2050, progressively reducing the footprint of Scope 2.

6.7 Climate opportunities

The climate transition generates relevant opportunities for Balalink, especially in operational efficiency, competitiveness and resilience. The actions of the Net Zero plan reduce consumption and improve the reliability of the infrastructure, while reinforcing the company's position as a sustainable neutral operator.

Key opportunities include:

- Reduction of operating costs through energy efficiency and technological modernization.
- Increased resilience to heatwaves, floods, and other extreme events through climate adaptation.
- Access to new markets and customers who prioritize ESG and low emission suppliers.
- Increased corporate value by aligning with European regulations and investor expectations.
- Development of sustainable services, such as connectivity with a low environmental footprint in isolated areas.

These opportunities complement the transition plan and contribute to Balalink's competitiveness in an increasingly demanding regulatory and climate environment.

6.8 Policies and associated actions

Balalink integrates climate action into its Integrated Management System through specific policies and operational measures aimed at reducing emissions, improving energy efficiency and strengthening the resilience of its critical infrastructures.

- **Environmental Policy (ISO 14001):** Establishes commitments to reduce impact, responsible use of resources and waste control.
- **Energy efficiency policy:** Guides the optimisation of electricity consumption in technical centres, air conditioning and active equipment.
- **Supplier ESG policy:** Incorporates environmental criteria in procurement and requires the progressive alignment of critical suppliers with the Net Zero strategy.
- **Climate adaptation protocols:** Business continuity, flood, storm and heat wave management.
- **Emissions Management (GHG Protocol):** Annual measurement of Scope 1, 2 and 3, with progressive expansion of inventory and external verification.
- **Circular economy:** Reuse of equipment, reduction of waste and extension of the useful life of components.

These policies are periodically reviewed by the Compliance Committee and the Technical Management to ensure that they are in line with European regulations and the evolution of climate risk.

7. Contamination (ESRS E2)

Balalink's activity generates indirect environmental impacts associated mainly with energy consumption, waste derived from infrastructure maintenance and the use of certain materials and substances in electronic equipment. Although the business does not involve industrial processes or significant direct emissions, the operation of critical telecommunications infrastructures requires proper management of these aspects to comply with the requirements of ESRS E2.

7.1 General approach

Balalink applies the principles of pollution prevention, minimization and control through its ISO 14001 certified Integrated Management System, which regulates the use of resources, waste management and the control of potentially hazardous substances in equipment and components. The company monitors the environmental impacts of its operations and works with suppliers to ensure that materials comply with environmental and safety regulations.

7.2 Risks associated with contamination

The main risks identified under ESRS E2 are:

Risks arising from energy consumption

The electricity generation used by Balalink accounts for most of its environmental footprint (77% of emissions in 2025). Although consumption does not generate direct pollution, it does depend on the energy mix and the emissions associated with electricity generation.

Electronic waste (WEEE)

The refurbishment of DWDM equipment, Fiber, batteries and hardware can generate waste that requires specialized treatment.

Substances present in equipment

Some electronic equipment contains small amounts of regulated substances (e.g., dielectric oils, batteries with chemicals, components with metals). Risk is controlled by certified suppliers and compliance with regulations such as **RoHS and WEEE**.

Wastewater and discharges

The risk is low, as Balalink's activity does not generate industrial liquid emissions. Only minimal water consumption and sanitary waste are managed in offices.

7.3 Opportunities

Improved energy efficiency, equipment circularity and waste management optimisation offer relevant opportunities:

- **Reducing waste** through hardware reuse, refurbishment, and return agreements with suppliers.
- **Contribution to the Net Zero Plan** by reducing indirect environmental impact.
- **Reputational value** as a responsible neutral operator with a low environmental footprint.
- **Optimization of costs** associated with purchasing, maintenance and waste disposal.

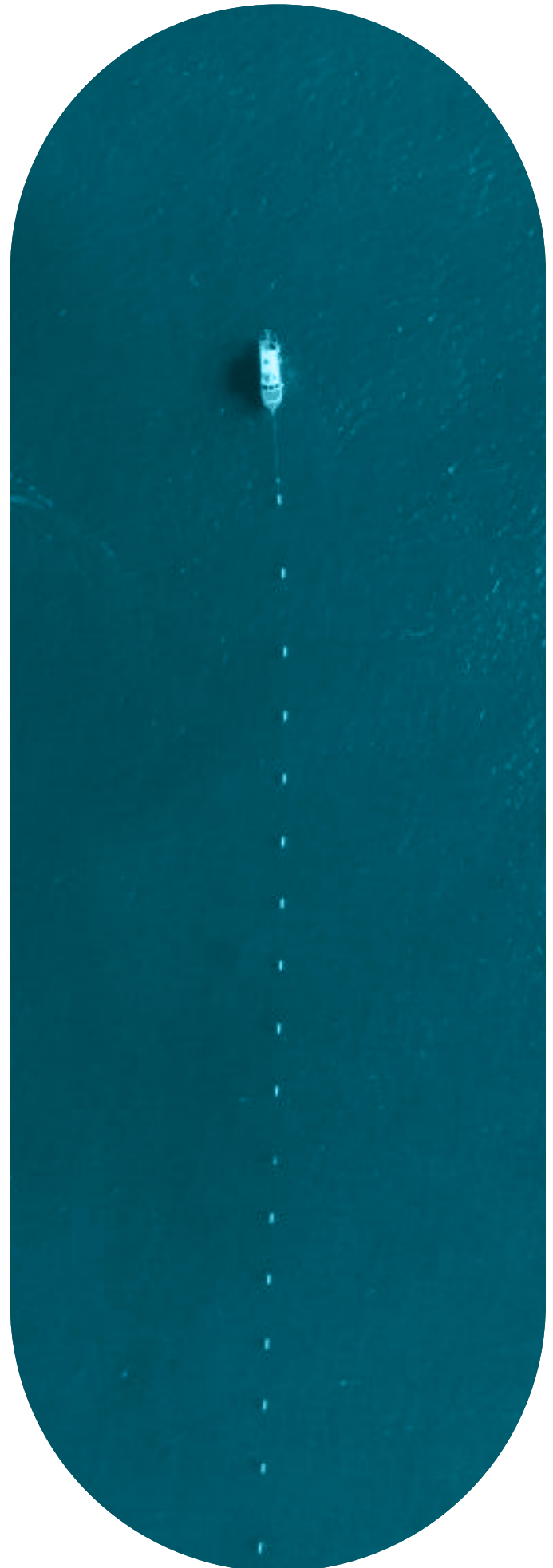
7.4 Control policies and measures

Balalink has specific policies and procedures built into its IMS:

- **Environmental Policy (ISO 14001):** prevention of environmental impacts, waste control and continuous improvement.
- **WEEE management:** contracts with authorised managers and full traceability of electronic waste.
- **Sustainable purchasing policy:** selection of suppliers with environmental certifications and RoHS/WEEE compliance.
- **Training and awareness** of staff.

7.5 Indicators (E23)

- **Energy consumption and associated emissions:** set out in point 6.5.
- **Managed electronic waste:** traced through authorised managers (WEEE).
- **Non-hazardous waste:** minimum volumes derived from operations.



8. Biodiversity (ESRS E4)

8.1 Interaction of the submarine cable with marine ecosystems

Balalink's submarine cable has limited and controlled interaction with marine ecosystems.

Before its installation, the company carries out a specific maritime study to identify sensitive areas, avoid protected areas and minimise the impact on marine habitats.

Thanks to this previous analysis, the cable is located on routes with a low ecological impact, reducing the probability of affecting the seabed and species.

8.2 Impacts on species and habitats

The cable operates passively, buried or resting on the bottom, which implies minimal impact during its useful life.

In addition, Balalink applies preventive maintenance, avoiding intrusive operations in the marine environment – which means that no interventions are generated that could alter the flora or fauna of the seabed.

8.3 Regulatory Risks

Regulatory risks are related to:

- Changes in marine or coastal protection regulations,
- Authorisation requirements for works or modifications in areas of maritime-terrestrial public domain.

Balalink complies with the requirements of mari-

time, environmental and coastal authorities, and maintains full traceability of authorizations and permits.

Overall risk: low, subject to continued monitoring.

8.4 Environmental opportunities

The neutral carrier model avoids duplication of submarine networks, resulting in a significant reduction in environmental impact compared to multiple redundant cables.

Key opportunities:

- Minimising seabed disturbances,
- Participate in sectoral initiatives to protect ocean ecosystems,
- Reinforce the perception of Balalink as an operator with a low environmental impact.

8.5 Mitigation and monitoring measures

Balalink applies preventive measures and strict protocols to protect biodiversity:

- Detailed preliminary studies to define low-impact routes.
- Avoid protected areas or areas with the presence of sensitive habitats.
- Preventive maintenance, without operations that generate marine impacts.
- Compliance with ICPC, Coastal and port authority regulations.
- Environmental monitoring in coastal areas when carrying out actions.

9. Resources and Circular Economy (ESRS E5)

9.1 Use of Critical Materials

Balalink uses electronic equipment and technological components that contain critical materials (Fiber optics, DWDM equipment, batteries, metals, and specific components). The company prioritises suppliers that meet environmental criteria, guarantee the responsible origin of materials and apply certifications such as RoHS and WEEE, reducing risks associated with supply, waste and hazardous substances.

9.2 E-waste and reuse

The technical operation mainly generates electronic waste (WEEE) derived from the renewal of equipment. Balalink has a model based on:

- Reuse and lengthening of the hardware lifecycle wherever feasible,
- Delivery of WEEE to authorised managers,
- Full traceability of waste,
- Preventive maintenance that reduces premature replacement of equipment.

Result: low impact and fully controlled environmental management.

9.3 Supplier dependencies

The activity depends on critical suppliers to:

- Supply of electronic equipment,
- Specialized technical services,
- Civil works and maintenance materials.

The company mitigates risks by:

- Periodic evaluation of suppliers,
- ESG criteria integrated in procurement,
- Preference for suppliers with environmental or circularity certifications.

This reduces vulnerabilities associated with critical materials, logistics, availability, and environmental compliance.

9.4 Opportunities for circularity

The circular economy offers relevant opportunities for Balalink:

- Optimise costs through reuse of equipment,
- Reduce waste and environmental footprint,
- Promote responsible purchasing and return agreements with manufacturers,
- Improve operational resilience through the efficient use of materials,
- To strengthen alignment with climate objectives of the Net Zero plan.

9.5 Policies and strategies

Balalink integrates the circular economy into its Integrated Management System (ISO 14001) through:

- Environmental policy, which prioritizes waste prevention and reduction,
- WEEE management procedures with authorised managers,
- Sustainable Procurement Policy,
- Control of hazardous substances according to European regulations,
- Preventive maintenance that avoids unnecessary interventions and extends the life cycle of equipment.

These measures ensure compliance with ESRS E5 and reflect a responsible approach to resource use.

10. Social Aspects – Own Personnel (ESRS S1)



10.1 Working conditions

Balalink offers stable employment and solid working conditions, aimed at retaining specialized technical talent. Its recognition as a **Great Place to Work (GPTW)** reinforces the quality of the work environment and the well-being of the team.



10.4 Equality and work-life balance

Balalink promotes equal opportunities and maintains an Equality Committee, as well as a protocol against harassment.

Work-life balance policies include organisational flexibility, work-life balance measures, and an inclusive environment without discrimination.

There have been no cases of harassment or discrimination.



10.2 Health and safety

Strict ORP protocols, technical training and health surveillance for 24/7 operations in technical centers and network. No serious incidents recorded.



10.5 Privacy and Data Protection

Protection reinforced by ISO 27001 and ENS. Privacy and cybersecurity training for all employees, with secure channels for incidents.



10.3 Training and development

Continuous training programs in networks, cybersecurity, operation of critical infrastructures and sustainability, essential to maintain the team's competence.



10.6 Social risks and opportunities

Risks: PRL, 24/7 operational burden, retention of technical talent and privacy.

Opportunities: improve work environment, retain critical talent and reinforce ethical and safety culture.



11. Value Chain Workers (ESRS S2)

11.1 Occupational risks in suppliers and contractors

Suppliers and contractor companies operating in civil works, installation or maintenance may be exposed to **occupational risks** (electrical work, wiring, technical and logistical environments). Balalink mitigates these risks by requiring compliance with ORP regulations, specific training and documentary verification prior to the start of work.

11.2 Social Performance Assessment

The company conducts an annual assessment of critical suppliers, verifying their compliance in safety, environment, quality and integrity. Only companies that meet minimum standards collaborate, reinforcing the social and environmental robustness of the supply chain.

11.3 Human rights

Balalink requires its suppliers to respect **labour and human rights**, including safe conditions, prohibition of forced/child labour, and respect for non-discrimination. These principles are embedded in contracts and the approval process.

11.4 Supply Chain Privacy

Companies that provide technical services can access operational or sensitive information. For this reason, Balalink applies strict confidentiality and data protection controls in line with **ISO 27001**, ENS and its internal policies, ensuring that suppliers and contractors meet security requirements.

11.5 Opportunities

- Promote responsible and safe practices in the value chain.
- Incentivize suppliers to adopt ESG and energy efficiency criteria.
- Strengthen Balalink's traceability, operational quality and reputation as a sustainable neutral operator.

11.6 Human Capital Objectives

- Maintain a safe workplace with zero serious accidents.
- Maintain Great Place to Work certification.
- Provide continuous technical and ESG-related training to employees.
- Ensure equality and non-discrimination in the workplace

12. Affected groups (ESRS S3)

12.1 Coastal communities

The coastal communities where the mooring stations and access points to the submarine cable are located may be affected by specific actions in civil works or by the presence of infrastructure in the maritime-terrestrial public domain. The impact is **very limited** and is managed through dialogue and strict compliance with permissions.

12.2 Social impacts of works and cabling

Works related to land lines or coastal actions may generate temporary nuisances (access, noise, occupation of space). Balalink minimizes these impacts by:

- Advance planning,
- Suitable schedules,
- Prior information to municipalities and users,
- And minimal intervention work procedures.

There are no permanent social impacts associated with the submarine cable.

12.3 Relationship with communities

Balalink maintains a fluid relationship with local administrations, port authorities and affected communities. The company provides transparent information on the necessary actions and deals with queries or incidents through the usual communication channels.

12.4 Collective rights

The company respects the rights of local communities and operates under a regulatory framework that protects the common use of the coastline, public access, conservation of the coastal environment and the safety of maritime activities. All actions are carried out in accordance with the authorisations of **the Coasts** and environmental bodies.

12.5 Opportunities and Positive Impacts

Balalink's activity generates positive social impacts in the territories where it operates, both through its neutral operator model and through social, educational and digital development initiatives.

Positive impacts derived from the business model

- Improved **regional connectivity**, especially in island territories.
- Contribution to **territorial cohesion** and access to high-quality digital services.
- Reduction of the need for new infrastructures thanks to the **neutral operator model**, avoiding duplications.
- Generation of **institutional trust** through environmental compliance and responsible dialogue.
- Contribution to the **territory's digital ecosystem**.

Social and talent development initiatives

- Participation in the **DigitalES Summit 2025 (Digitalks)**, promoting technological vocations, diversity, inclusion and **female leadership** in the field of digital infrastructures.
- Participation in **professional guidance workshops and mentoring** for junior profiles in national and international events in the technology sector.
- Promotion of **female leadership and professional references**, through participation in networks and forums that promote the visibility of women leaders in the technology sector.
- Support for the development of **emerging talent**, offering spaces for accompaniment, mentoring and real references in the sector.

Collaboration with social entities and NGOs

- Collaboration with the SOL™ Foundation, contributing to initiatives of:
 - Protection of minors,
 - Children's digital safety,
 - Awareness and education in the responsible use of technology.

These actions reinforce Balalink's social contribution, align its activity with the expectations of stakeholders and consolidate its commitment to responsible and sustainable digital development.



13. Business Conduct (ESRS G1)

13.1 Ethical culture

Balalink promotes a culture based on integrity, transparency and compliance. The Code of Ethics defines the principles that guide the actions of all staff and reinforces the commitment to responsibility and good business practices.

13.2 Anti-corruption and anti-bribery

The company has specific policies to prevent bribery and corruption, applicable to employees and business partners. They include internal controls, due diligence, gift acceptance criteria, and regular compliance training.

13.3 Whistleblower Protection

Balalink has a confidential reporting channel (canaldirecto@islalink.es) to report irregularities, guaranteeing anonymity, non-retaliation and appropriate treatment in accordance with the current legal framework. The Compliance Committee manages cases with independence and traceability.

13.4 Cybersecurity and ENS

Information security is a priority given the critical nature of the infrastructures operated by the company. Balalink maintains ISO 27001 certification, complies with the National Security Scheme (ENS) and applies advanced protection, continuity and incident response controls.

13.5 Lobbying and institutional relations

The company maintains transparent relations with public administrations, regulatory bodies (CNMC, Coasts, environmental bodies) and sector associations. All interaction is carried out under principles of integrity and regulatory compliance.

13.6 Governance risks and opportunities

Risks: regulatory breaches, corruption, cybersecurity breaches, loss of institutional trust.

Opportunities: strengthening reputation, greater access to strategic contracts, preference from customers and investors and continuous improvement of internal control.

The governance risks and opportunities identified are directly linked to the company's governance objectives:

- Maintain a robust governance and compliance framework.
- Maintain a robust governance and compliance framework.
- Maintain an effective whistleblowing mechanism.
- Ensure cybersecurity and information security compliance (ISO 27001 / ENS)

14. ODS and Contribution to the 2030 Agenda

14.1 Linking methodology

Balalink identifies its contribution to the Sustainable Development Goals (SDGs) through an internal analysis that relates:

- The **material topics** of the report (E1, E2, E4, E5, S1, S2, S3, G1),
- **Corporate policies** (environmental, social and governance),
- And the **key activities of the business** (submarine cable, technical centers, 24/7 operation).

Only those SDGs with real and verifiable impact are linked.

14.2 Prioritized SDGs

Based on the above analysis, the most relevant SDGs for Balalink are:

- **SDG 7 – Affordable and clean energy** (efficiency and 69% renewable).
- **SDG 9 – Industry, innovation and infrastructure** (critical infrastructure, connectivity, resilience).
- **SDG 11 – Sustainable cities and communities** (interaction with affected areas and responsible planning).
- **SDG 13 – Climate action** (Net Zero plan 2030–2050).
- **SDG 16 – Peace, justice and strong institutions** (ethics, anti-corruption, regulatory compliance).
- **SDG 8 – Decent work and economic growth** (GPTW, training, ORP).

14.3 Key Contributions by ESG Pillar

Environmental (E):

- 73% renewable energy by 2025.
- Reduction of marine impact through prior studies and minimal intervention.
- Responsible management of WEEE and circularity.

Social (S):

- Strong working conditions, GPTW, continuing technical training.
- Secure management of suppliers and contractors (S2).
- Dialogue with communities (S3).

Governance (G):

- Code of Ethics, whistleblowing channel, anti-corruption.
- ISO 27001 and ENS certification in cybersecurity.
- Transparency with regulators and public bodies.

14.4 Emerging SDGs and future opportunities

Balalink identifies opportunities to expand its contribution in:

- **SDG 12** (Responsible production and consumption): greater circularity in sustainable equipment and procurement.
- **SDG 14** (Life below water): reinforcement of good practices in marine cabling and collaboration with sectoral bodies.
- **SDG 17** (Partnerships): participation in initiatives and associations of the telecom sector to innovate in sustainability.



15. ESG Metrics and KPIs (ESRS)

15.1 Environmental indicators (E1)

The climate indicators below summarize Balalink's environmental performance in relation to climate change. The **methodological detail and the complete inventory of emissions** are included in **Chapter 6.5**.

Indicator	2025
Total GHG emissions (tCO ₂ e)	490,3
Scope 1 emissions (tCO ₂ e)	4,24
Scope 2 emissions — market-based (tCO ₂ e)	177,76
Scope 3 emissions (tCO ₂ e)	308,31
Total energy consumption (MWh)	5,3
% renewable energy of total consumption	70

15.2 Social indicators (S1, S2, S3)

The social indicators presented below summarize Balalink's performance in relation to its own personnel, the value chain and the affected groups. The qualitative detail of policies, risks and actions is developed in Chapters 10, 11 and 12.

Indicator	2025
Total number of employees	23
Workplace accident rate	0
Training hours per employee	46
% women in the workforce	32
Great Place to Work (GPTW) certification	Yes
% of critical suppliers assessed on ESG	1
Material social incidents	0

15.3 Governance indicators (G1)

The governance indicators below summarize Balalink's performance in ethics, regulatory compliance, information security, and internal control. The qualitative development of policies, risks and measures is set out in Chapter 13 – Business Conduct (ESRS G1).

Indicator	2025
Code of Ethics in place	Yes
Whistleblowing channel in place	Yes
Cases of corruption or bribery	0
Employees trained in ethics and compliance (%)	1
ISO 27001 certification	Yes
National Security Scheme (ENS) compliance	Yes
Material cybersecurity incidents	0

15.4 Financial indicators related to sustainability

The financial indicators presented below reflect the economic impact of Balalink's sustainability actions, mainly linked to energy efficiency, operational resilience and adaptation to climate change. The qualitative detail of these aspects is developed in Chapter 16 – Financial information related to sustainability.

Indicator	2025
Revenue €	9.2 M
CAPEX dedicated to energy efficiency and climate resilience	Yes
OPEX related to energy and energy efficiency (k€)	640
Investments linked to climate adaptation	Yes
Material financial impacts from climate risks	No

16. Financial Information Related to Sustainability

16.1 Green CAPEX and OPEX

Balalink allocates part of its investment (CAPEX) and operating expenditure (OPEX) to actions related to energy efficiency, technological modernisation and the transition to renewable energies. These include:

- Renewal of equipment for lower consumption versions,
- Improvements in air conditioning and monitoring systems,
- Acquisition of renewable energy through Guarantees of Origin,
- Preventive maintenance to minimize environmental impacts and extend the useful life of the equipment.

16.2 Financial Effects of Climate Risks

In 2025, extreme weather episodes such as the DANA recorded in the Valencian Community caused occasional power cuts. In these cases, Balalink activated its backup systems using generators to ensure continuity of service, resulting in a one-off increase in fuel consumption and associated operating expenses.

16.3 European Taxonomy

Balalink's activity, focused on the operation of telecommunications infrastructures and submarine cable, is not currently included among the activities covered by the European Taxonomy.

However, some investments related to energy efficiency and climate transition may indirectly contribute to environmental objectives, even if they are not classified as eligible activities under current regulations.

17. Annexes

17.1 ESRS Tables

ESRS Standard	Topic	Applicability	Reference in the report
ESRS 1	General requirements	Yes	Chapters 1 and 5
ESRS 2	General disclosures	Yes	Chapters 1, 3, 4 and 5
ESRS E1	Climate change	Yes	Chapter 6
ESRS E2	Pollution	Yes	Chapter 7
ESRS E4	Biodiversity	Yes	Chapter 8
ESRS E5	Resource use and circular economy	Yes	Chapter 9
ESRS S1	Own workforce	Yes	Chapter 10
ESRS S2	Workers in the value chain	Yes	Chapter 11
ESRS S3	Affected communities	Yes	Chapter 12
ESRS G1	Business conduct	Yes	Chapter 13

17.2 Methodological detail of materiality

In 2025, Balalink carried out a double materiality analysis with the aim of identifying the most relevant ESG topics due to their impact on the environment and their effect on financial performance, in accordance with ESRS 1 and ESRS 2.

The analysis covered Balalink's operations and the entire value chain, including critical suppliers (upstream), its own operations (submarine cable, terrestrial network and technical centers) and operating customers (downstream).

The identification of topics was based on the list of ESRS topics and subtopics, adapted to the activity of critical telecommunications infrastructures. For each topic, impacts, risks and opportunities were evaluated.

The methodology applied was as follows:

- **Materiality of impact:** *Magnitude × Scope × Irremediability × Probability.*
- **Financial materiality:** *Consequence × probability.*

Both results were normalized to a common scale and weighted 50/50 to obtain double materiality.

The analysis considered a short-term (1–3 years), medium-term (3–5 years), and long-term (5–10 years) time horizon, incorporating physical and transitional, regulatory, and operational risks.

A materiality threshold was defined from the distribution of results. Topics that exceeded this threshold were considered material and are developed in the report, while the rest are monitored internally.

The evaluation had the participation of the Management, Technical, ESG, Compliance, HR and Finance areas, and was validated by the Compliance Committee. The analysis will be reviewed on an annual basis or when there are relevant changes in the business or regulatory context.

17.3 Glossary

This glossary includes the main terms used in Balalink' s sustainability report, with the aim of facilitating its understanding and ensuring a homogeneous interpretation of the ESG and regulatory concepts used.

CSRD (Corporate Sustainability Reporting Directive)

European directive that establishes corporate reporting requirements in terms of sustainability.

ESRS (European Sustainability Reporting Standards)

European standards that define the content and structure of sustainability reporting in accordance with the CSRD.

ESRS E1 – Climate Change

Standard that regulates information on GHG emissions, energy consumption, climate risks, transition plans and adaptation to climate change.

ESRS E2 – Pollution

Standard relating to the prevention and management of air, water and soil pollution, as well as the management of waste and substances.

ESRS E4 – Biodiversity and ecosystems

Standard that addresses impacts, risks and measures related to biodiversity, ecosystems and natural environments.

ESRS E5 – Resource Use and Circular Economy

Standard focused on efficient use of materials, waste management, circularity and resource dependence.

ESRS S1 – Own staff

Standard that regulates working conditions, health and safety, training, equality, work-life balance and privacy of employees.

ESRS S2 – Value Chain Workers

Standard regarding the risks and social impacts associated with suppliers and contractors, including human rights and working conditions.

ESRS S3 – Affected groups

Standard that addresses the social impacts on local communities and other groups affected by the company's activity.

ESRS G1 – Business Conduct

A standard that regulates ethics, regulatory compliance, anti-corruption, whistleblower protection and corporate governance.

Double materiality

An approach that assesses both the company's impacts on the environment and society and the financial risks and opportunities arising from ESG factors.

Impacts, risks and opportunities (IRO)

Impacts: positive or negative effects of the activity on the environment and people. Risks: Potential adverse effects on financial performance. Opportunities: potential benefits associated with sustainability.

GHG Protocol

International standard for the calculation and reporting of greenhouse gas emissions.

Scope 1

Direct emissions from sources controlled by the company.

Scope 2

Indirect emissions associated with the consumption of purchased electricity.

Scope 3

Other indirect emissions generated along the value chain.

tCO₂e

Tonnes of carbon dioxide equivalent, the unit used to measure GHG emissions.

Renewable Energy / Guarantees of Origin (GoO)

Electricity from renewable sources accredited by official certificates.

Net Zero (climate neutrality)

A situation in which emissions are reduced as much as possible and residual emissions are offset by carbon removal.

WEEE

Waste electrical and electronic equipment, subject to specific management by authorised managers.

Circular economy

A model that promotes the reduction of waste, the reuse of materials and the extension of the life cycle of products.

ORP (Occupational Risk Prevention)

A set of measures aimed at guaranteeing the safety and health of workers.

ISO 27001

International standard for information security management.

ENS (National Security Scheme)

Spanish regulatory framework that establishes security requirements for information systems.

GPTW (Great Place to Work)

Certification that recognizes the quality of the work environment and the trust of employees.

European Taxonomy

Classification system that identifies environmentally sustainable economic activities according to European Union regulations.

17.4 External Verification



Conclusión final del Informe de Verificación del Estado de Información No Financiera realizado por ADOK CERTIFICACIÓN, S.L. a BALALINK, S.A.

Según la normativa vigente en España y de acuerdo al artículo 49 del Código de Comercio se ha realizado la verificación del Estado de Información No Financiera (en adelante EINF) correspondiente al ejercicio cerrado a 31 de diciembre de 2025 de la empresa BALALINK, S.A.

La información incluida en el Informe es responsabilidad de los Administradores de BALALINK, S.A.

Nuestra empresa ha verificado la información del EINF a través de reuniones con personal de las diferentes áreas y sociedades del Grupo, del análisis de los procesos de la empresa y de las evidencias por muestreo de la información reflejada en el informe.

Como conclusión y basándonos en la verificación y las evidencias obtenidas MANIFESTAMOS QUE:

No se han detectado hallazgos que nos hagan creer que el EINF de BALALINK, S.A. y el resto de empresas relacionadas en este informe no haya sido preparado de acuerdo con los contenidos recogidos en la normativa vigente.

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**SUSTAINABILITY
REPORT
2025**

Balalink