

Introduction

Following the Board workshop facilitated by Ernst & Young LLP, this Board Charter has been developed to document the matters discussed and the actions identified. The purpose of this Board Charter is to set out:

- the Board's collective vision on the Group's strategy and objectives;
- the Board's approach to the conduct of its business and the parameters within which it will operate, including the management of any Board or investor disagreements; and
- the Board's agreed focus areas for further action over the coming months.

Strategy & Objectives

The Group's strategy is to drive shareholder risk-adjusted returns by executing a Buy-Fix-Sell strategy in the European TMT sector with increasing strategic ambition that builds on a successful track record and increasing market credibility. To achieve this, the Board will need to:

- Ensure the delivery of Zegona's strategy for Euskaltel as set out in its prospectus dated 15 January 2019;
- Maintain current M&A culture which balances patience, discipline and timeliness;
- Continue to challenge M&A opportunities within the agreed parameters – a suitable level of influence with the right team in the business and a high level of confidence in their ability to deliver;
- Consider carefully the right time to realise value from investments, taking account of the returns generated to date and the future risks and opportunities facing the investment;
- Build scale and influence through reputation for strong management who deliver on promises made;
- Maintain a supportive shareholder base through solid investor relations activities;
- Maintain, refresh and grow management expertise and capacity that is appropriate for the business and its ambition; and
- Maintain operational agility by balancing M&A activity, management of current investment position and team (including Board) capacity/expertise.

How the Board works

The Board believes it currently operates cohesively, providing timely challenge and support to the executive team and presently has the appropriate level of skill and experience necessary to perform its role. The Board is committed to:

- Investing time understanding strategic decisions, providing challenge to the executive team and to each other and utilising the experience and knowledge of external advisors;
- Adhere to the agreed process in relation to managing significant Board or investor disagreements and/or conflicts effectively;
- Continuing to oversee the Board's Committees, their composition and terms of reference;
- Continuing to evaluate the Board composition and diversity, ensuring it continues to be appropriate as Zegona evolves;

- Fostering positive investor relations, being clear about which of its members takes the lead on shareholder engagement and feeding back investor sentiment to the Board and senior management;
- Promoting positive relationships with its external auditor and advisors and feeding back to the Board as a whole on material matters;
- Assessing and helping to evolve information provided to the Board in relation to strategic decisions and ensuring all members of the Board have access to the same level of information as each other;
- Ensuring the Board has access to industry specific information, through regular contact with the management team, attendance at relevant internal/external seminars and being provided with analyst reports on a timely basis; and
- Defining the 'trigger points' at which the combined role of Chairman/CEO, formal SID appointment, board composition and the benefit of separate Committee Chair meetings taking place should be revisited.

Action items arising

Based on the discussions held in April 2018 and during Project Echo and the commitments made, the following action items were agreed:

1. Agree the process for managing significant Board or investor disagreements and/or conflicts effectively (proposed process set out in Appendix 1);
2. Identify the 'trigger points' at which the combined role of Chairman/CEO, board composition and the benefit of separate Committee Chair meetings taking place should be revisited;
3. Appoint a SID before the 2019 AGM;
4. Table this Board Charter to periodic board meetings for review and challenge to ensure it is maintained up to date and relevant; and
5. Set up breakfast sessions between CEO/COO and NEDs to ensure industry information is shared on a timely basis; arrange attendance for NEDs at external seminars where relevant.

Board Charter Approval

The Board has reviewed the content of this Board Charter and agrees that it reflects its commitment to governance and the overall conduct of the Board. The Board will review and update the content of this Board Charter and the status of the action items periodically.

Eamonn O'Hare
Chairman

Following the Board workshop facilitated by Ernst & Young LLP, the Board Charter was developed to document the matters discussed and the actions identified. One action item identified was to agree the process for managing significant Board or investor disagreements and/or conflicts effectively.

It is important to note that the nature and extent of conflicts or disagreements with investors or within the Board is difficult to predict. Such instances may arise where investors or other directors disagree with a chosen course of action in relation to capital events, M&A activity or matters affecting the financial statements by way of example.

Director interests are declared at each meeting with directorship information being tabled. Information on shareholder activity is included in period board meeting packs and investor relations activities are discussed at each meeting. The Board and shareholders are aware of the potential conflicts that exist as these are detailed in the Company's prospectus and disclosed in the Company's financial statements.

Where concerns arise, it is important that they are adequately understood, dialogue maintained and an appropriate resolution sought in line with the Company's strategy and objectives and for all shareholders as a whole.

This paper sets out the agreed process for identifying, escalating and managing significant Board or investor disagreements and acts as a framework within which the Board will operate in such instances.

- An investor or Director (or as may be the case the broker, auditor or other service provider) raises concern over an action taken, decision reached or other matter with one of the Board or with a member of the management team.
- That individual is responsible for discussing the matter with another director to determine whether the matter is significant and requires escalation.
- On the basis the matter is significant and requires action, a meeting of the Board should be convened (by conference call should time constraints require) so that the full Board is aware of the matter raised. Should a director not be able to attend, the Company Secretary or a Director will provide them with a summary of the Board discussions.
- Should there not be a clear course of action to resolve the matter agreed unanimously at the Board meeting, then one of the Board (a NED who is independent of the matter) will be appointed SID designate.
- The SID designate will then further investigate the matter, discuss with other directors/shareholders as may be required and/or professional advisers to obtain all relevant information.
- The SID designate will act as a conduit between the investor/director and the rest of the Board to allow the Board to fully understand the matter raised. The SID designate can request third party assistance as required and will report back to the Board on all findings.
- Further Board meetings will be arranged as may be required to allow the Board access to all relevant information on the matter so that the Board can vote on any resolutions in this regard.
- Following the resolution of the matter, the SID designate will cease to act.

The operation of this procedure will be revisited periodically by the Board. Following the appointment of a SID prior to the 2019 AGM, the SID will replace the requirement to identify a SID designate, provided the SID is independent of the matter raised. To the extent the SID is not independent, an independent SID designate will still be appointed in relation to the matter being considered.