

Section 172

The success of our business is dependent on the support of all our stakeholders. As part of the Board's decision-making process, in line with their duties under Section 172 (s172) of the Companies Act 2006, the Board considers the potential impact of decisions on relevant stakeholders and the likely consequences of these decisions in the long term.

SHAREHOLDERS AND INVESTORS

We are a privately owned business with public traded debt securities; our ongoing intention is to behave responsibly towards all shareholders and investors and treat them fairly and equally, so that they may benefit from the successful delivery of the Group's strategic objectives.

Due to the going concern position and the refinancing work currently underway, communications with shareholders and investors have been more frequent during the year.

Why they matter to us

Continued access to capital is of vital importance to the long term success of our business.

What matters to them

Our investors are concerned with a broad range of issues including, but not limited to, the Group's financial and operational performance, strategic execution, investment plans and capital allocation.

How the Board engages

- Executive Director meetings with credit investors to discuss strategy.
- The majority of Board members are shareholder-appointed nominees.
- Annual Report and investor relations mailbox.

How they influence the Board's decision making

- The Board receives periodic reports on performance and strategy.

COLLEAGUES

As an organisation with values of We Care, We Challenge and We Commit, it is our people who are the driving force behind our ambitious plans, and we've created a working environment where all of our colleagues can be 100% themselves.

We want our people to enjoy being part of our business and feel proud to work here.

What matters to them

Our colleagues want a sense of purpose, to know we are all committed to continually improving our products and services for customers and for them to be as affordable as possible. Colleagues want flexible ways of working, career development opportunities and to be rewarded with competitive pay and benefits. We know that our people are delivering on their commitments to the business, and in return we provide them with a safe and supportive space which takes their health and wellbeing very seriously.

How we engage

- Providing ongoing clarity and openness on strategic priorities and business performance.
- Hosting a series of interactive activities throughout the year to establish our employer brand and engage colleagues.
- Continuing to incorporate our values – We Care, We Challenge and We Commit – in everything that we do.
- Providing opportunities for our colleagues to be involved in the local community through our give something back days, ensuring they feel part of the local community.
- Rewarding and thanking our colleagues through our recognition schemes.
- Allowing colleagues the space and support to grow and develop through learning and development opportunities.
- Encouraging the growth of a variety of employee networks to provide a safe, engaging and supportive space for colleagues.
- Understanding employee views and measuring employee satisfaction via our employee engagement survey.

How the Board engages

- Videos for staff on the intranet, 'The Wire', providing updates and presentations on the Group's strategy and monthly performance scorecard.
- Regular blogs from the Executive Committee on Group performance and other activities.
- Monthly or quarterly updates from the Executive Committee to their business units on performance and recognition.
- There is a 'People' section in Board papers, which has a keen focus on culture.

How they influence the Board's decision making

The concerns, views and needs of our employees are regularly fed into the Board via our employee engagement survey and our colleague representative body, One Voice. The Board periodically discusses these matters and takes them into consideration when making decisions and setting strategy.

CUSTOMERS

Why they matter to us

The demand for faster, more reliable connectivity has never been greater so it is vital that we engage with our customers to ensure we continue to provide great products and services that meet their changing needs.

What matters to them

Our customers expect:

- Resilient connectivity, a seamless experience, where if things do go wrong, they are resolved as soon as possible.
- A product to satisfy all needs, whether that be a reliable connection to work from home, or access to an array of TV content, or superfast connectivity for online gaming.
- The same quality of product as our competitors in terms of speed and reliability, at an affordable price.
- The freedom to choose what products and services they need, with transparent pricing.

How we engage

- We focus on Consumers' and partners' needs and the issues they face and regularly report on performance.

- We conduct regular customer surveys and market research exercises, and track relevant customer metrics for benchmarking purposes, as well as reviewing customer comments, which we utilise in our improvement plans.
- We monitor and track CSAT and NPS scores for benchmarking purposes across our business. We also review customer comments and utilise them in our improvement plans.
- We have a highly active and engaged online community offering help to customers.
- We have enhanced our social media presence to provide both proactive and reactive communications to customers.
- Our wholesale partners enjoy access to our senior management team, with our CTO regularly engaging with the partner operational teams on service related challenges.

How the Board engages

- Reviews strategy and monitors performance during the year with the aim of meeting customers' needs more effectively.
- Receives regular updates to understand performance and the business' strengths and weaknesses as regards meeting customer needs.

- The Executive Chairman attends monthly review meetings covering the commercial and connectivity performance of the business and is highly engaged with customer metrics.
- Benchmarks performance in relation to customers using research including CSAT and NPS scores.
- Executive Chairman and CEO meet regularly with key customers to help maintain good relations and to understand and address their views, needs and concerns.

How they influence the Board's decision making

The Board uses the above engagement methods to help ensure that the customer's viewpoint is taken into account as part of its decision-making process.

The views, needs and concerns of our key customers are regularly fed into the Board via our regular CEO reporting process and the Board discusses them and takes them into consideration when making decisions and setting strategy.

SUPPLIERS

Why they matter to us

- Our suppliers are critical to the success of the business. In FY24 we have worked with our suppliers to navigate the liquidity position of the business and extended payment dates where necessary.
- We spend over £1.2bn per annum with suppliers on goods and services, and therefore these relationships are vital to ensuring we get value for money.
- We are committed to identifying and addressing any risks of modern slavery within our business and supply chains, including those of our subcontractors and partners.

What matters to them

- Understanding of strategy and how their products and services feed into that.
- Ability to resolve potential issues in their relationship with us.
- Creating a trusting environment where both sides act with fairness and transparency.

How we engage

- Supplier relationship management – we partner with our key suppliers to ensure that we have common roadmaps and strategy, via a series of face to face meetings.
- Responsible procurement, trust and ethics:
 - Modern Slavery Statement which is reviewed annually to ensure that the content is meaningful and we can work with our suppliers to attest to both the letter and the spirit of the Statement.
- The Group has detailed policies and procedures with respect to:
 - 'Bribery, Corruption and Fraud Control';
 - 'Gift Accepting'; and
 - 'Code of Ethical and Business Conduct'.

How the Board engages

- Board approval of Modern Slavery Statement.
- CEO and Executive Chairman meet with largest suppliers regularly.
- Certain key suppliers are regularly discussed at Board meetings.
- Our supplier payment policy.

How they influence the Board's decision making

- The Board recognises that relationships with suppliers are vital to the Group's long term success, so as a Board we carefully consider the selection of, and engagement and continued relationship with, our key suppliers.
- Supplier issues are regularly fed into the Board via our regular CEO reporting process and the Board discusses them and takes them into consideration when making decisions and setting strategy.



COMMUNITIES

Why they matter to us

Our success depends on strong, active and confident communities who want to engage with our products and services. We are proud to be based in Salford and are committed to supporting the local community in our city to prosper.

What matters to them

Our communities want to see us bring forward innovative products and act responsibly.

How we engage

- Support three national charity partners, Ambitious about Autism, the Internet Watch Foundation and Internet Matters, providing financial investment as well as support in kind.
- Support our local communities (in Salford and Greater Manchester) across three main pillars: Skills and Talent; Diversity and Inclusion (including working widely to promote the role of Women in Technology); and Digital Inclusion.

- Regular engagement with external stakeholders, including: local government; businesses; charities; academic institutions and schools in order to assess our performance and hear directly from our relevant communities.
- Partner with other organisations on creating opportunities for all, particularly in relation to local skills and employment opportunities in Salford and the wider Greater Manchester region.
- Work with employee networks to engage with internal communities.

How the Board engages

- The Board actively supports our major charity partnerships.
- The Board receives regular updates on internet safety and regulation landscape.
- The Board has endorsed a culture of volunteering and giving back.

How they influence the Board's decision making

- Operations and decision making are informed by regular engagement with our communities. These influences are incorporated into reports to Board via the regular CEO reporting process.



THE ENVIRONMENT

Why it matters to us

Our mission is to connect people and communities. Our role in building a sustainable future is providing simple, affordable, reliable and fair Fibre for everyone. We believe climate change needs to be tackled with urgency and we fully back the UK Government's target to become net zero-carbon by 2050.

What matters to it

Increasingly all our major stakeholders as listed in this document are requiring action, most pressingly on reducing carbon emissions across both operations (scope 1 and 2) and value chain (scope 3), as well as tackling other environmental challenges such as energy usage and recycling.

How we engage

- Our environmental policy sets out key strategies for reducing our environmental impact.
- Set credible long term decarbonisation targets, which have achieved Science Based Targets validation.
- Have dedicated workstreams in place to reduce energy consumption and decarbonise operations of our offices and data centres.
- Work collaboratively with suppliers and across the telecoms industry as Chair of the Digital Connectivity Forum's Sustainability Working Group.

How the Board engages

- The Board regularly reviews the climate related risks to the business.
- The Board has assessed and signed off long term decarbonisation goals.

How they influence the Board's decision making

- Our work on the environment impacts the operation and is measured as a company performance indicator. These influences are incorporated into all reports to the Board, via the regular CEO reporting process, and the Board discusses them and takes them into consideration when making decisions and setting strategy.
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GOVERNMENT

Why it matters to us

Government bodies have a key role in setting our operating environment and it is imperative that we listen, understand and respond to relevant Government actions. As a broadband provider, the Government's ambitions for gigabit-capable coverage, engaged consumers and a safer online experience have shaped our business strategy and operations.

What matters to it

The Government has an objective for gigabit-capable networks to cover 85% of UK homes and businesses by 2025, as well as launching a subsidy programme to promote roll-out in non-commercial areas. Its priority is to remove barriers to roll-out, while also promoting the consumer case to move to

these new networks. Another key priority is to ensure fairness in consumer markets, including broadband, while also building a safe and secure online environment. More broadly, the Government has increasingly focused on the role that it can play in supporting skills development and reducing carbon emissions in line with its 2050 target.

How we engage

- Regular engagement with policy-making processes, including responding to consultations, providing briefings and data and meetings.
- Through cross-industry bodies, including the Broadband Stakeholder Group and the UK Competitive Telecommunications Association.

How the Board engages

- The Board receives regular updates on the political and Government environment and engages with policy makers as appropriate.

How it influences the Board's decision making

- The political and Governmental updates and views of policy makers are fed into the Board via our regular CEO reporting process and the Board regularly discusses them and takes them into consideration when making decisions and setting strategy.

REGULATORS

Why they matter to us

Ofcom has a high degree of influence over the Group's commercial and operational environment. It determines many of the prices which we pay Openreach (which constitute a substantial proportion of our cost base), the quality of their wholesale products and requirements around customer service. Regulation is therefore the single most important driver of our cost to serve customers.

The Information Commissioner's Office (ICO) regulates compliance with the Data Protection Act, UK GDPR, the Privacy and Electronic Communications Regulations and the Investigatory Powers Act.

Other relevant regulators include:

- the FCA (Financial Conduct Authority) regulates some aspects of our billing processes; and
- the CMA (Competition & Markets Authority) monitors firms' compliance with competition law and considers the consumer interest.

The Group complies with all relevant regulations.

What matters to them

Ofcom's duties are set out in the Communications Act 2003. Its primary duties are:

- to further the interests of citizens in relation to communications matters; and
- to further the interests of consumers in relevant markets, where appropriate by promoting competition.

When fulfilling these duties, Ofcom also needs to have regard to a number of considerations which are of relevance to us, including:

- promoting competition in relevant markets;
- promoting and facilitating the development and use of effective forms of self-regulation;
- encouraging investment and innovation in relevant markets; and
- promoting the availability and use of high-speed data transfer services throughout the United Kingdom.

The ICO is responsible for enforcing several information related pieces of legislation. Its primary duties are:

- upholding information rights in the public interest including data privacy for individuals;
- promoting openness around data use; and
- where appropriate, taking enforcement action.

How we engage

We continually engage with Ofcom at a variety of levels and in a variety of manners, both formal and informal. At a working level, most contact is via the regulation team, which both regularly meets with Ofcom and co-ordinates responses to Ofcom's consultations and information requests. At a more senior level, the Group's CEO regularly meets and talks with Ofcom's CEO, covering strategic-level issues.

The Group continually engages with the ICO. At a working level, most contact is via the Data Protection Officer, who both regularly meets and is in contact with the ICO. This engagement involves co-ordinating responses to ICO information requests and complaint responses. At a more senior level, our General Counsel and Company Secretary talk with senior ICO officials covering key topics and issues.

How the Board engages

The primary Board engagement with Ofcom is via our CEO and on some issues the Executive Chairman. Other than that, members of the Board are informed of developments at Board meetings, whilst having no systematic contacts with Ofcom.

Primary Board engagement with the ICO is via the Group General Counsel and Company Secretary. In addition to this, the Board is regularly updated on any developments.