

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, the Board considers the potential impact of decisions on relevant stakeholders and the likely consequences of these decisions in the long term.

Illustrations of how a number of Section 172 factors have been considered and applied by the Board can be found below. Other broader factors considered by the Board, including the impact of the Group's operations on the environment, adherence to responsible business practices and ethical values and expectations are covered elsewhere throughout the Strategic Report in the Corporate Social Responsibility and Corporate Governance sections.

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 customers' 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 in PXC, 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 businesses' strengths and weaknesses as regards meeting customer needs.

- The Executive Chairman attends quarterly review meetings covering the commercial and connectivity performance of the businesses and is highly engaged with customer metrics.
- Benchmarks performance in relation to customers using research including CSAT and NPS scores.
- Executive Chairman and Group 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.

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.

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 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 and performance.
- Shareholder-appointed nominees form part of the Board of Directors.
- Annual Report and investor relations mailbox.

How they influence the Board's decision making

- The Board receives regular 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 and celebrating success through our recognition schemes.
- 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 each business' strategy and monthly performance scorecard.
- Regular blogs from the Executive Committee of each respective business on business performance and other activities.
- Monthly or quarterly updates from the Executive Committee of each respective business to their business units on performance and recognition.

The concerns, views and needs of our employees are regularly fed into the Executive Committee within each of the businesses 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.



SUPPLIERS

Why they matter to us

- Our suppliers are critical to the success of the business. In FY25 we have continued to work 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, primarily with our main supplier, Openreach, 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 sub-contractors 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 – our Modern Slavery Statement is reviewed annually to ensure that the content is meaningful, and we 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 Ethical Business Conduct.

How the Board engages

- Board approval of our Modern Slavery Statement.
- Group CEO and Executive Chairman meet with largest suppliers regularly.
- Certain key suppliers are regularly discussed at Board meetings.
- Our supplier payment policy can be seen in the Directors' Report.

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 the Board carefully considers 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.



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.
- We have set credible long term decarbonisation targets, which have achieved science-based targets validation.
- We have dedicated workstreams in place to reduce energy consumption and decarbonise operations of our offices and data centres.
- We 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 it influences the Board's decision making.

- Our work on the environment impacts the operations 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.



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 set an objective for gigabit-capable networks to cover 85% of UK homes and businesses by 2025, and nationwide by 2030, 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.

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 Digital Connectivity Forum and the UK Competitive Telecommunications Association.
- 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 wholesale products and requirements around customer service. Regulation is therefore the single most important driver of our cost to serve customers.

The 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 Competition and Markets Authority monitors firms' compliance with competition law and considers the consumer interest.
- The Group complies with all relevant regulations.

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 our regulation teams, which both regularly meet with Ofcom, and co-ordinate responses to Ofcom's consultations and information requests. At a more senior level, the Group 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 our Data Protection Officers, who both regularly meet and are 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 talked with senior ICO officials covering key topics and issues.

How the Board engages

The primary Board engagement with Ofcom is via our Group 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 was via the Group General Counsel and Company Secretary. In addition to this, the Board is regularly updated on any developments.
