

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 operate as a private business and our ongoing intention is to behave responsibly towards all shareholders and investors and treat them fairly and equally, so that they too 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. Through our engagement activities, we strive to obtain investor buy-in into our strategic objectives and how we go about executing them.

What matters to them

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

How the Board engages

- Executive Director meetings with Investors to discuss TalkTalk's 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



Why they matter to us

Our colleagues are our biggest asset and strength. Our industry relies on knowledgeable workers and our success depends on their commitment to the customer, their ability to collaborate and ultimately their productivity and discretionary effort.

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 to be as affordable as possible. Colleagues want flexible ways of working, career development opportunities and to be rewarded with competitive pay and benefits. Throughout the COVID-19 pandemic, they have wanted to know that their employer is looking after their wellbeing, as well as fulfilling its role as a provider of critical national infrastructure; keeping the country connected at such a critical time.

How we engage

- Providing ongoing clarity and openness on strategic priorities and business performance;
- Creating and developing leadership communities for our People Leaders;
- Hosting a series of interactive activities for all colleagues throughout the year to establish our employer brand with a range of external speakers during the period of working from home to help support, encourage and motivate colleagues;
- A reset of our company values: We Care, We Challenge & We Commit;
- Rewarding and thanking our colleagues through our monthly Shout Out, quarterly Be Outstanding and Instant Rewards recognition schemes;
- Driving pride amongst our colleagues both internally and externally; and
- Understanding employee views and measuring employee satisfaction via our employee engagement survey, Peakon.

How the Board engages

- Videos for staff on the TalkTalk intranet, 'The Wire', providing updates on and presentations on the Group's strategy, monthly performance scorecard updates and quarterly performance updates by the Executive Committee;
- 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; and
- There is a 'People' section in Board papers, which has a keen focus on culture, including eNPS scores and other people survey results.

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. The Board regularly discusses these matters and takes them into consideration when making decisions and setting strategy, including during our annual Board strategy session.

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

What we offer has fast become an essential utility, with connectivity being a key part of day to day life for both consumers and businesses. As such 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, but at an affordable price; and
- The freedom to choose what products and services they need, with transparent pricing and no hidden charges bundled in.

How we engage

- We focus on Consumer and B2B customers' and Wholesale partners' needs and the issues they face and regularly report on performance;

- We conduct regular customer surveys and market research exercises in Consumer and B2B;
- We monitor and track CSAT and NPS scores for benchmarking purposes in Consumer and B2B. We also review customer comments and utilise 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; and
- Since the COVID-19 outbreak we have sent more regular customer communications from the CEO to explain how they can get the most out of their connection and to offer support.

How the Board engages

- Reviews strategy and monitors performance during the year with the aim of meeting customers' needs more effectively;

- Receives regular competitor updates to understand TalkTalk's competitive performance and its strengths and weaknesses as regards meeting customer needs;
- The Executive Chairman sits in monthly review meetings covering the commercial and connectivity performance of the business and is highly engaged with customer metrics;
- Benchmarks TalkTalk's performance in relation to customers using research including CSAT and NPS scores; and
- Executive Chairman and CEO meet regularly with key B2B 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 B2B 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, including during our annual Board strategy session.

SUPPLIERS

Why they matter to us

- Our suppliers are fundamental to the quality of our products and services. Engagement with suppliers and maintaining good relationships is therefore critical to ensuring that as a business we meet the high standards we set ourselves;
- We spend over £1.3bn per annum with suppliers on goods and services, and therefore these relationships are vital to ensuring we get value for money and operate an effective supply chain, to guarantee that our customers get the best end user experience; and
- Ethical behaviour is at the heart of everything we do at TalkTalk. 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 TalkTalk's strategy and how their products and services feed into that;
- Ability to resolve potential issues in their relationship with TalkTalk; and

- Creating a trusting environment with TalkTalk, 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'
- Supply chain financing – to improve efficiency for the parties involved in our sourcing transactions; and

- Real Living Wage – TalkTalk is a Real Living Wage accredited organisation, we have legally binding minimum requirements for wage levels, and we apply this to our suppliers.

How the Board engages

- Board approval of Modern Slavery Statement;
- CEO and Executive Chairman meet with biggest suppliers regularly;
- Certain key suppliers are regularly discussed at Board meetings.

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; and
 - 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, including during our annual Board strategy session.
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Why they matter to us

TalkTalk values our communities and is committed to doing business the right way. Our success depends on strong, active and confident communities, who want to engage with our products and services and trust TalkTalk to respond to their needs and concerns. 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 TalkTalk bring forward innovative products, act responsibly and contribute to societal growth. As we come out of the pandemic, community resilience has been severely challenged, and communities want to see TalkTalk contribute to growth opportunities.

How we engage

- Support three major charity partners:
 - Ambitious about Autism, the Internet Watch Foundation and Internet Matters; and
 - providing financial investment as well as support in kind.
- Regular engagement with external stakeholders from a range of communities to assess our performance and hear directly from our relevant communities;
- Partnering 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;
- Working with employee networks to engage with internal communities, as well as supporting external communities on shared priorities, including promoting local volunteering through our Give Something Back policy; and
- Reviews of processes and operations to ensure adherence to best practice on responsible business.

How the Board engages

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

How they influence the Board's decision making

- Our operations and decision making are informed by regular engagement with our communities. 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, including during our annual Board strategy session.

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 is increasingly focused on the role that they can play in supporting skills development, rebuilding the economy after COVID-19 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; and
- 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, including during our annual Board strategy session.
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Why they matter to us

Ofcom has a high degree of influence over TalkTalk's commercial and operational environment. It determines many of the prices which we pay Openreach (which constitute a substantial proportion of TalkTalk's 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 ICO (Information Commissioner's Office) 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.

TalkTalk 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 TalkTalk, including:

- The desirability of promoting competition in relevant markets;
- The desirability of promoting and facilitating the development and use of effective forms of self-regulation;
- The desirability of encouraging investment and innovation in relevant markets; and
- The desirability of encouraging 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

TalkTalk continually engages 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 TalkTalk's regulation team, which both regularly meets with Ofcom and co-ordinates responses to Ofcom's consultations and information requests. At a more senior level, TalkTalk's CEO regularly meets and talks with Ofcom's CEO, covering strategic-level issues.

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How the Board engages

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