

## **Corporate Governance Statement**

The company is part of Virgin Media O2 and the Directors have chosen to adopt the Virgin Media O2 Governance Framework for the year ended 31 December 2022. For the year ended 31 December 2022, in accordance with the Companies (Miscellaneous Reporting) Regulations 2019, the Company has applied the Wates Corporate Governance Principles for Large Private Companies during the reporting year as summarised below.

### **Principle One: Purpose and Leadership**

The Board (**Joint Venture Board**) provides entrepreneurial leadership which sets out the Group's long-term strategic direction and challenge to the Executive Management Team's (**Executives**) implementation of the strategy to deliver sustainable success and value to the Group's stakeholders.

The Executives, in collaboration with the senior and middle management teams (**Leadership**), have established the broader behaviour framework: (1) Customer-First: customers at heart of everything we do, (2) Play at Pace: develop customer offerings in an efficient and timely manner; and (3) Speak Up: empower everyone to speak up to make a difference for the good of the organisation. The behaviour framework is underpinned by the Group's values: Brave, Real and Together. During the year, the Executives held a Leadership event and embarked on several roadshow events. This provided the opportunity for further discussions with employees, to promote the desired corporate culture across the Group.

Further details of how the Group has delivered on its purpose during the year is set out in the Divisional Overview on page [19](#).

### **Principle Two: Board Composition**

The Board consists of mixed nationalities and continues to remain fit for purpose in relation to the size and complexity of the Group, given the collective expertise and global experience of the Board members. The Board consists of eight Shareholder Directors who are independent from the Group's activities. The provisions to deal with conflicts of interest are set out in the Company's articles and the Shareholders' Agreement. In addition, any permitted conflicts of interest between the Company and the Shareholders is overseen by the Framework Service Agreement, which sets out the rules of engagement between the Shareholders and the Group.

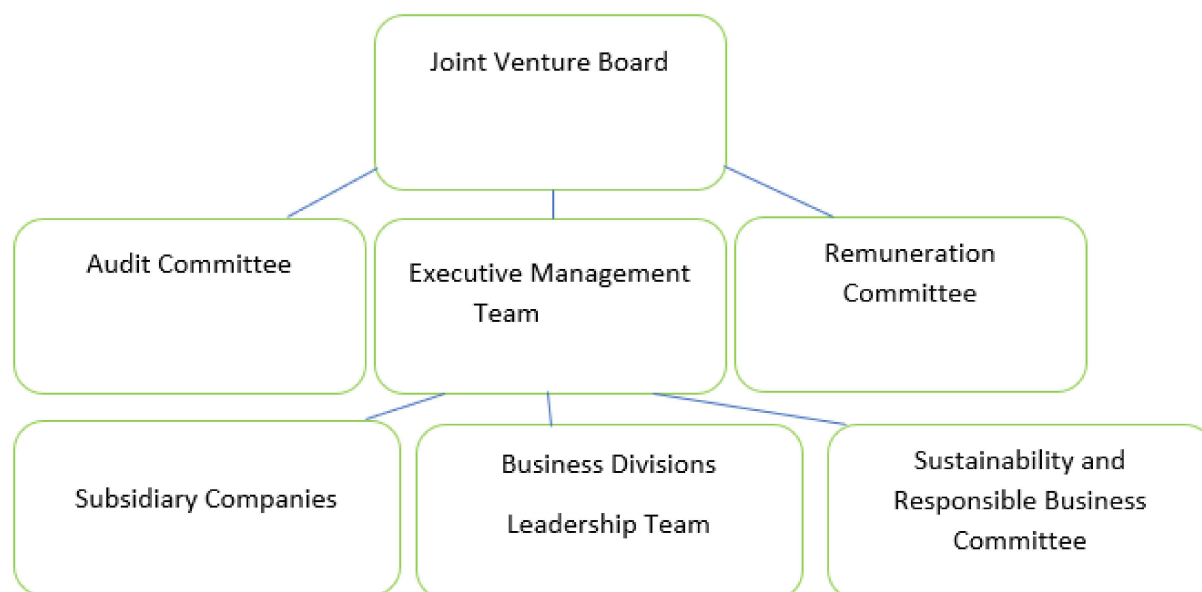
The Chair of the Board does not have a casting vote. The Chair is rotated biennially between the Shareholders and the first Chair is a Liberty Global Shareholder Director up until 31 May 2023. The Board has ultimate control of the Group's governance framework and retains oversight and accountability of certain Shareholder Reserved Matters as determined by the Shareholders Agreement.

The Executive Management Team has the delegated authority for the day-to-day management and operational control of the Group's activities in accordance with the business plan in place from time to time. The Executives, led by the Chief Executive Officer (**CEO**), are gender diverse and of mixed nationalities with diverse skills and a wealth of experience and expertise. Details of the Executive Management Team's biographies can be found on the corporate website.

The Executives are supported by the Leadership team, which comprises of professional and experienced individuals that oversee specific business divisions. The Leadership team regularly update and advise the Board and Executives on significant matters which impact their business divisions.

The Sustainability and Responsible Business (**SRB**) Committee is a committee of the Executives, chaired by the Chief Communications and Corporate Affairs Officer. The SRB has the delegated authority to develop and implement the Group's sustainability strategy. The SRB members are part of the Leadership team and are responsible for the sustainability initiatives in their respective business divisions. Further details of the Group's responsible business approach are reported on page [43](#) of the report.

### Governance Framework



#### Principle Three: Directors Responsibilities

The role of the Chair of the Board is separate from the CEO, who is not a Board member but attends the Board meetings to provide updates on the Executives delegated responsibilities. The structure allows the Board to meticulously challenge the implementation of the Group's strategy, position and performance. The Board is assisted by the Audit Committee which have clear terms of reference and consists of two Board members in addition to the Shareholders' General Counsels. The Audit Committee oversees the Group's risk management and internal control framework. The Remuneration Committee, whose detailed terms of reference consists of two Board members, are responsible for setting the remuneration policy and practices for the Group.

The Board and Executives are ultimately responsible for the Group's internal control framework, and together with the Leadership team are committed to maintaining a robust control framework which accords with the delivery of good governance, and the effective oversight of the operational controls through the delegation of authority processes. Further details of our internal control framework are set out in the Anti-bribery and Corruption Framework on page [44](#).

The Board has monthly meetings with standing agenda items of strategic importance to ensure enough oversight of the Group's position and performance. The Board process is reviewed periodically to ensure that it continues to remain fit for purpose. During the year, the Chair and the Company Secretary revised the Board protocol to further ensure that the quality and integrity of information provided to the Board is reliable and timely.

#### Principle Four: Opportunity and Risk

The Board oversees the development and implementation of the Group's strategy, including how the Group remains relevant within a highly competitive environment. The Group's key risks and mitigations are outlined in the Principal Risk and Uncertainties section of the Strategic Report on page [79](#). The Executives are responsible for the identification and management of risks across the Group. The day-to-day operational risks are managed in the respective business divisions and overseen by the Group's Risk Management Function. The Group's risk appetite is determined by the Executives, who receive regular updates on the consolidated risk profiles.

During the year, the Group consolidated the Virgin Media and O2 risk management reporting framework. The Board has delegated the oversight of the Risk Management Framework to the Audit Committee which receives quarterly updates on the priority risks based on materiality and primary risks ranked in order of the priority risks exposure (impact and likelihood) within the consolidated group risks, in addition to any emerging risks in the horizon. The Audit Committee reviewed the Executives response to the Group's financial, economic, and operational risks profiles and were satisfied that the Executives have appropriate strategies in place to mitigate any material risks to the Group's performance and long-term sustainability.

The Group's internal control framework incorporates preventative activities, covering such aspects as Group policy management, continuous monitoring and risk management, alongside the detective assurance activities of internal audit function. The control activities enable the Group to meet its objectives and to sustain and improve performance, whilst providing the required level of oversight for the Executives, Audit Committee and Board. The independent assurance activities include assessments of the internal controls over the financial reporting control framework at least annually which is undertaken by the internal audit team. The audit plan is reviewed and approved by the Audit Committee annually. The External Auditors have quarterly meetings with the Audit Committee to provide an update on the review of the processes and procedures.

#### **Principle Five: Remuneration**

The Board members are not remunerated by the Group. The Remuneration Committee has the delegated authority to make recommendations to the Board (i) to set and assess the Group's remuneration policy and practices that foster the retention and attraction of highly skilled talent, long-term succession planning, incentivise high performance to drive the achievement of the Group's Vision and long-term Strategy, in a way that represents a positive and entrepreneurial culture through short and long-term decision-making; (ii) approve certain senior level nominations and remuneration packages; and (iii) define policies for certain senior level appointments, and such other employee related matters as the Board may determine from time to time.

To align the success of the Leadership team with the sustainable success of the Group's business activities, part of the Executives and Leadership Team's remuneration are delivered in the form of short and long-term variable remuneration and based on financial and non-financial performance. The short-term variable remuneration is linked to achieving specific financial, customer satisfaction and sustainability objectives. The long-term variable remuneration is linked to the long-term value creation in the Group by measuring key financial objectives aligned to the 3-year strategy.

The remuneration of the workforce is determined by the Executives, ensuring that proposals are balanced, proportionate, and aligned with Group's commitment to build a diverse and inclusive workforce. The Group companies within the scope of the gender pay gap regulations comply with the obligation to publish their gender pay gap report. Insight from gender pay gap reports has informed the Group's diversity and inclusion policies put in place during the year. Details of the Executives Remuneration are disclosed in the notes the Financial Statements on page [129](#).

#### **Principle Six: Stakeholder Relationship and Engagement**

The Board is aware that the Group's stakeholders are important for the successful delivery of the Group's ambition and purpose. Given the complexity of the Group, the Executives have the delegated responsibility of the stakeholders in their respective business divisions and periodically report to the Board and Audit Committee on matters of strategic importance.

The Group's stakeholders' engagements are discussed below with further details on the Section 172 Statement on page [76](#).

#### **Employees**

The opinions of our employee are important to us, and we place great emphasis on receiving regular feedback through our engagement surveys. Our latest pulse survey had an 83% response rate and an engagement score of 79. This engagement score is calculated using 6 questions from our survey provider, Willis Towers Watson. These questions are externally benchmarked, as well as used as a comparison to our previous surveys. We have maintained the engagement score since 2021. The survey highlighted several key strengths within this question set alongside our Hot Topics – 86% of respondents feel proud to be associated with the company, 87% of the respondents stated that their performance has improved by conversations with their line managers and 84% of respondents confirmed that they get a personal sense of accomplishment from their work. The results of the survey are shared with the Executives and the Chief Human Resources Officer gives regular updates to the CEO on engagement across the business. There was also a positive response (84%) to the new family friendly policies, which allow people to take time away from work at moments that matter.

We have employee groups with key representatives across the Group whose role is to think holistically about the issues and concerns for employees in their business divisions. Through these groups we are able to get more regular insights into the sentiment in the business, address any concerns and ensure that follow up actions are adhered to. Further details of our employee strategy can be found in the Our Employees section on page [50](#).

#### **Customers**

Customer satisfaction is essential to our long-term success and putting our customers first is, and will always be, a foundational strategic priority for our organisation. Our large customer base has broad needs and expectations and as a

Group, we remain focused on meeting and exceeding as many of our customers' expectations given the continuing challenges with the economic outlook.

Our customers expect quality products and services at an affordable price, customer care and loyalty. We interact with our customers through customer segmentation on the types of product offerings at different lifecycle stages. We continually analyse and implement measures to improve our customers' experience. Customer insights from the NPS, Social Media community and focus groups enable us identify customers' pain point to make improvements where necessary. Management receives monthly updates on the NPS, which is tracked across the business and provides great insight on the decision making on the types of product and services offering.

## **Regulators**

Our three main Regulators are the Office of Communications (**Ofcom**), the Information Commissioner's Office (**ICO**) and the Financial Conduct Authority (**FCA**). We actively engage with our regulators to foster a constructive relationship and support our business strategy.

### **Ofcom**

Making things better for our customers is at the heart of everything we do. As a major player in the industry we proactively engage with Ofcom and the wider industry on matters of concern to our customers. During the year we responded to several Ofcom consultations and discussions: (1) to Ofcom's mobile strategy consultation paper making a case for a proactive regulatory approach to the mobile markets; (2) potential release of mmWave Spectrum; and (3) improving the future availability of mobile. At our request, Ofcom amended our 2.6 GHz TDD spectrum licence to allow unrestricted use of our spectrum holding necessary to improve our services to customers.

### **ICO**

As a group we use data to operate our business and to deliver better outcomes for our customers, our business, and society generally. As part of the Business integration, during the year, the Group established a single data protection office (DPO) headed by the Data Protection Officer. The DPO manages the relationship with the ICO and provides advice and support on data protection matters across the Group. In the last 12 months, the DPO has engaged positively with the ICO; our engagement has focussed on sharing Virgin Media O2's approach to data protection and demonstrating our commitment to upholding people's fundamental rights, including their data protection rights. During the year, the International Data Transfer Agreement (**IDTA**) gained parliamentary approval in March 2022. As a result, we have updated our processes and procedures including contractual clauses to ensure compliance with the regulations and set up a governance protocol for international transfers including an appropriate transfer risk assessment.

### **Financial Conduct Authority (FCA)**

The Group has three regulated subsidiaries that are authorised to provide consumer credit and insurance services. Given the economic crisis the FCA's continuing focus is on helping customers, promoting competition and growth through higher conduct standards for the regulated firms. As a business, we have identified and delivered a range of measures to better support the impact of the cost of living for our customers. The FCA has published the Consumer Duty Regulations with the implementation deadlines in two phases (1) 31 July 2023 for products on sale at that point or thereafter, and (2) 31 July 2024 for products that are removed from sale before 31 July 2023. These regulations prioritise consumer outcomes and we have established our implementation plans which are underway to be delivered by the deadlines.

## **Suppliers**

Oversight of supply chain sustainability management has been delegated to the Sustainability and Responsibility Business Council, a committee of the Executive Management Team. Engagement with strategic suppliers is managed through formal Vendor Management programmes with dedicated relationship leads and formal relationship reviews. It is important that our suppliers align with our code of conduct, which details our standards expected of suppliers with respect to environmental management, ethics and human rights. The Board continue to have zero tolerance towards modern slavery in the supply chain and receives updates on matters of concern to the suppliers. The Board approved the Group's Modern Slavery Report, which is published annually.

Routine and exceptional management reporting ensures appropriate stakeholder visibility at all relevant tiers of management both within Virgin Media O2 and its shareholder parents.

We are aware of the wider economic pressures on our supply chain and continue to maintain the priority of supply continuity and service quality. Examples of supplier engagement can be found in the 172 Statement on page [76](#). Further details of our responsible business plan can be found in the Sustainability Section on page [43](#).

## **Communities**

Our Better Connections Plan is our Group's sustainability framework which sets out our ambition to create a more connected future for our customers and the communities we serve. Our plan is centred on three pillars: (1) Carbon: to become net zero carbon operations, products and supply chain by 2040; (2) Circularity: to achieve zero waste operations and products and focusing our efforts on re-use and recycling of devices or donation to people in need; and (3) Communities: to eradicate data poverty and reduce digital exclusion by providing phones, data and affordable tariffs and services to people who need them.

## **Investors**

It is important for us to engage proactively with all our investors providing effective and regular dialogue to ensure that feedback is clearly understood in order to support understanding of the Group or areas of concern and meet our obligations.

The Corporate Governance Statement was approved by the board on 27 April 2023 and signed on its behalf by:

*Julia Boyle*

**J L Boyle**

Director