

Verizon Connect UK Limited - Section 172 Statement for the financial year ending 31 December 2019

Verizon's culture, strategies and policies are identified and continually reviewed at group level by the senior executives of Verizon. Verizon and its group of companies ("**Verizon Group**"), which includes the Company, believe that it must effectively address and balance the interests of all of its stakeholders, including its shareholders, employees, customers, communities, suppliers and others, in order to put itself in the best position to serve its customers, provide critical services to the community and grow profitably over the long term. This belief is reflected in the breadth and aspiration of the Verizon Group's corporate purpose to "create the networks that move the world forward". It is also reflected in the Verizon Group's values underlying all of the Verizon Group's decisions: integrity, respect, performance excellence, accountability and social responsibility.

The principal activities of the Company, as set out above, are closely aligned with the Verizon Group and the directors of the Company are, therefore, guided by the Verizon Group's culture, policies and strategies. The directors of the Company do however recognise that their statutory duties are owed to the Company and believe when taking board decisions during the year ended 31 December 2019 that they have acted in a way that they consider, in good faith, would be most likely to promote the success of the Company, having regard to those matters set out in section 172 of the Companies Act 2006 ("CA 2006"). As a wholly-owned subsidiary of Fleetmatics Group Holdings Limited, the directors do not consider section 172(1)(f) of the CA 2006 (*regard to the need to act fairly as between members*) as relevant to the proper discharge of their duties.

In their capacity as executives of the Verizon Group, the directors receive a broad range of training, pertaining to their functional roles and more broadly to leadership and other personal skills. To better enable the directors to discharge their duties pursuant to the CA 2006, the directors are briefed specifically on their duties as directors of the Company, in particular when reviewing specific transactions that require careful analysis of their duties such as those related to solvency.

Regard to the likely consequences of any decision in the long term

The nature of the Company's activities during the year were such that the Company's business strategies, to achieve the Company's long term success, were aligned with the broader Verizon Group which has policies in place to guide the directors when considering the likely consequences of their decisions in the long term. Meetings of board directors were held on a regular basis to enable the directors to consider a range of topics and receive updates from the business including, but not limited to, financial performance and matters relating to tax, treasury, environment, health and safety and employment, and updates on Brexit and associated business continuity issues.

During the year, the directors both at board meetings and in the course of their day to day management of the Company were supported by a number of corporate functions, including Legal, Accounting, Treasury, Tax, and business functions covering the provision of services to customers, and the procurement of services from vendors.

Regard to the interests of the Company's employees

The directors, in conjunction with the wider functions within Verizon, including in particular its HR and Compensation and Benefits teams, recognise the need to engage with employees and have regard to their interests. The Company's statement of employee engagement, as set out in the Directors' Report, provides examples as to how the directors engaged with its employees.

Group wide employee benefits, including employee pension schemes, health insurance, income protection insurance and death in service insurance, and other measures such as market rate compensation packages, are in place and the directors believe that these ensure that its employees' interests are well cared for.

Regard to the need to foster business relationship with suppliers and customers

The directors have a broad understanding of the multitude of group policies and initiatives in place to support supplier and customer relationships. The Company's statement of engagement with customers and suppliers sets out some of the group's policies and initiatives in this respect.

The directors recognise that the interests of suppliers must be appropriately balanced with other key interests. A number of group wide policies demonstrated how the group balanced such interests during the year, including pre-contract supplier due diligence processes to assess any supplier risks, including as to financial viability and legal compliance around issues such as data privacy and the protection of proprietary information and a 20/80 key steering committee which focused on supplier initiatives and corporate responsibility in supplier management processes.

During 2019, Verizon at a Group level recognised the need to better address its customers' changing needs and desires and more nimbly respond to technological changes and market dynamics and reorganised its operations by customer group. Now, the Consumer Group is responsible for serving all of Verizon's retail customers' needs – both for wireless and wireline services (operating just in the US); the Business Group (under which the Company sits) is responsible for serving all of Verizon's business customers' needs; and the Global Technology Group builds and operates the networks that provide services to all of Verizon's communications customers. Verizon's Media Group continues to provide digital services and content to its customers and users.

Regard to the impact of the Company's operations on the community and environment

During the year, Verizon took a multi-faceted approach with teams across Verizon to minimize the environmental footprint of its own operations, improve the energy efficiency throughout its network, continue upgrading and hardening its infrastructure to be prepared for a changing climate, and develop solutions that enable Verizon's customers to minimize their environmental footprint and transition smoothly to a low-carbon economy.

In 2019, Verizon created a new framework dedicated to enhancing sustainability reporting and stakeholder engagement on environmental, social and governance (ESG) issues that align with Verizon's core business strategy.

The Verizon ESG provides a framework within which the directors can, where relevant, have regard to the impact of the Company's operations on the community and environment. That framework includes:

- investment in on-site and off-site renewable energy across Verizon's operations to source or generate renewable energy equivalent to 50% of Verizon's total annual electricity consumption by 2025;
- a 15% reduction of Verizon's overall water usage between 2016 and 2025;
- the planting of 10 million trees globally by 2035; and
- the Verizon Green Team, a grassroots collective of employees dedicated to environmental stewardship, which raises awareness of climate related issues and provides both educational and volunteer opportunities and includes more than 33,000 employees globally.