

Verizon Connect UK Limited - Section 172 Statement for the financial year ending 31 December 2020

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, remain closely aligned with the Verizon Group and the directors of the Company continue to be 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 2020 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, 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. In 2020, an additional meeting of board directors was held to enable key internal stakeholders to brief the directors on the impacts of the Covid-19 pandemic, how Covid-19 risks were being managed by the relevant functions and how stakeholders were being cared for in the context of the pandemic. Briefings included updates on both the operational and financial impact, including cash management, the various initiatives in place to care for employees and the working from home arrangements in place, business continuity and the impact on customers. Updates were also provided by: Environmental, Health and Safety, Real Estate, Legal and Regulatory.

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 and which they, with the support of the relevant internal functions, have regard to where applicable when taking board decisions. The Company's statement of engagement with customers and suppliers, as set out in the Directors' Report, sets out some of the group's policies and initiatives in this respect.

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

During the year, Verizon took a three-pillared approach to Corporate Social Responsibility, sustainability and employee volunteering. These three pillars are Climate Protection, Digital Inclusion, and Human Prosperity. With regards to sustainability, Verizon continued to take a multi-faceted approach with teams across the Group 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.

The Verizon Group 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 by 2025;
- the planting of 10 million trees globally by 2035;
- a structured employee volunteering program with volunteering champions throughout the business; and
- a Verizon Green Team made up of more than 30,000 employees who work to help reduce Verizon's environmental impact at work and in the home through specific events and education.

In 2020, Verizon became a member of Business in the Community (BITC) - the Prince's Responsible Business Network - a business-led membership organisation dedicated to responsible business within the United Kingdom, and has contributed to that community for example by supporting charities as part of the BITC's National Business Response Network during the pandemic. The Verizon Business Group in the United Kingdom, which includes the Company, worked with BITC to review various Verizon policies and initiatives in place, which the Company adheres to, to ensure these were aligned with wider responsible business practices and developed a plan to ensure the Company continues to provide responsible business leadership. A new employee volunteering platform was launched in 2020, targeting all UK employees with 8 hours volunteering per employee per year to maximise organisational impact.

Key Decisions

Specific examples of how the directors have had regard to the matters set out in section 172 when discharging their duties during the year are set out below.

- On 22 April 2020, the directors approved a capital contribution in cash to its wholly-owned subsidiary, Verizon Connect Finland Oy ("**VZC Finland**") in the amount of EUR 1,200,000 ("**Contribution**"). The directors considered the reason for the Contribution, being to rectify VZC Finland's loss of share capital, the Company's functional currency and how best to make the Contribution noting potential FX losses, and the financial impact of the Contribution.
- On 12 November 2020, the directors approved the sale by the Company's sole shareholder, Fleetmatics Group Holdings Limited, of all of the ordinary shares in the Company to Fleetmatics Group Limited. The

directors had regard to a number of factors including, the wider restructuring of the Group and noted in particular that there were no specific competing interests which they were required to balance.