

## Verizon Connect UK Limited - Section 172 Statement for the financial year ending 31 December 2021

### Section 172 Statement

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 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 2021 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 did not consider section 172(1)(f) of the CA 2006 (*regard to the need to act fairly as between members*) to have been 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*

When making decisions, particularly those of a strategic nature, the directors, with the support of the relevant business functions and the wider Verizon Group's policies and strategies in place, have regard to the likely long-term consequences of their decisions. 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.

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 in the annual report and accounts for the financial year ended 31 December 2021, 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 in the annual report and accounts for the financial year ended 31 December 2021, 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*

Verizon is committed to protecting the environment and the communities where it operates. Citizen Verizon, Verizon's responsible business plan, serves as a framework to assess how Verizon leverages its resources, technology, and employees to drive progress in three key areas, Climate Protection, Digital Inclusion, and Human Prosperity, and provides the opportunity to expand its impact.

The Global Real Estate team, the Sustainability team, and the Corporate Social Responsibility Manager are just some of the experts who can support the directors of the Company when considering the impact of the Company's operations on the community and environment and the directors can also refer to the Citizen Verizon framework. By way of example, 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;
- reduction of absolute Scope 1 and 2 GHG emissions by 53% by 2030 over a 2019 baseline;
- reduction of absolute Scope 3 emissions from our value chain by 40% by 2035 over a 2019 baseline;
- net-zero emissions in our operations by 2035;
- a structured employee volunteering program with volunteering champions throughout the business. In 2021, 71% of all UK employees across the Verizon Group got involved and over 7,000 hours were spent volunteering; and
- a UK Verizon Green Team made up of more than 800 employees based in the United Kingdom who work to help reduce Verizon's environmental impact at work, in the home and the community through specific events and education.

The Company, as part of the Verizon Business Group in the United Kingdom, is 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. A full review by BITC of various Verizon policies and initiatives, which the Company adheres to, was initiated in 2021 to ensure these align with wider responsible business practices, with a particular focus on community and community impact. Any recommendations are expected to be received in 2022.

## Key Decisions

Specific examples of decisions made during the year and how the directors had regard to the matters set out in section 172 when discharging their duties are set out below:

- the allotment of one ordinary share of £1.00 in its issued share capital to Verizon Connect Ireland Limited ("**VCIL**");
- the reduction of the Company's share premium account ("**Capital Reduction**");
- a loan to its sole shareholder, VCIL, and the subsequent recapitalisation by the Company of Verizon Connect Finland OY ("**VzC Finland**") by transferring all of its rights and obligations under that loan to VzC Finland thereby improving the financial position of VzC Finland;
- a capital contribution into its wholly-owned subsidiary, Verizon Connect Netherlands B.V. ("**VzC Netherlands**") ("**Contribution**");
- the sale of its entire issued share capital in VzC Finland to VCIL ("**Sale**"),

(together the "**Steps**"). The Steps, which were part of a wider restructuring of the Verizon Group, required careful analysis of the relevant financial information and of the directors' duties, particularly those related to solvency. The directors were briefed accordingly and the forecasted financial impact of each of the Steps, and future cash flow requirements, were considered. The directors had regard to a number of other factors, including the purpose of each of the Steps, recognising for example that the Contribution would enable VzC Netherlands to repay certain intercompany balances and the Capital Reduction would ensure the Company had sufficient reserves to approve the Sale, and the wider restructuring plan by which the Steps would facilitate the

eventual liquidation of VzC Finland, which aligned with the long-established practice of the Verizon Group to dissolve entities not required by the Verizon Group.