Section 172 Companies Act 2006 statement

Telefonica O2 Holdings Limited

UK

External

5 October 2021
This statement, provided by the Directors of Telefonica O2 Holdings Limited (the “Company”), sets out in tangible terms how the Directors have had regard to the considerations set out in Section 172(1) of the Companies Act 2006.

We have a responsibility to promote the success of the Company in good faith for the benefit of our ultimate shareholder whilst having regard, at least, to the following matters:

- The likely consequences of any decisions in the long term;
- The interests of the Company’s employees;
- The need to foster the Company’s business relationship with suppliers, customers and others;
- The impact of the Company’s operation on the community and environment;
- The desire of the Company to maintain high standard of reputation and business conduct; and
- The need to act fairly between shareholders of the Company (there are no minority shareholders).

The Directors have put in place a governance framework includes best practice procedures to support the assessment of those matters necessary to make an informed decision in furtherance of the long-term success and sustainability of the Company. The Directors who are also part of the Executive Leadership Team have the delegated authority for the day-to-day management of the business activities including the implementation of the objectives which underpin the Company’s purpose whilst retaining sufficient oversight and accountability for significant matters.

The COVID-19 pandemic presented challenges for all businesses and the wider economy. As a business we were not immune to these challenges and we made a decision to re-align our 2020 plans at the start of the pandemic and to prioritise the support to our People, Customers, Community, Government and Business partners as discussed through our integrated reporting approach on how we achieve our priorities on page 3 of the Company’s Annual Report and Financial Statements for Year Ended 31 December 2020. We kept our People informed of the plan to navigate through the unprecedented times including the Business performance. Despite our stores being closed and the trading challenges posed by the government restrictions throughout the year, we protected everyone’s base pay and did not take advantage of the Government Furlough scheme available to all businesses. To ensure we remain a resilient business, we understand that our People are vital to the long-term success of the Company so in July we launched an incentive plan with an opportunity for our People to earn an award of up to £1,500 for meeting commercially focused targets. Further details on the consideration of what matters to our People can be found in the People section in O2 Holdings Limited Consolidated Annual Report on page 19.

Stakeholder engagement is fundamental to the understanding of our relevance and how we can achieve our purpose of making every day better through personal experience that count. The Executive Leadership Team has a framework for regular
engagement with all key stakeholders, including our People, Customers, the Regulators and the Government and our Shareholder. The Executive Leadership Team oversee customer sentiment and feedback, such as NPS, brand metrics and complaints, and are involved in the engagement with key business customer groups such as regular customer advisory sessions and relationship meetings. In addition, there are regular meetings with employees and engagement surveys and meetings with the Regulators and the Government to ensure that we are well positioned to support our Customers as well as contributing to a sustainable society as a whole. Further details of the stakeholder engagement and the outcomes are detailed in principle six of the Corporate Governance Statement in O2 Holdings Limited Consolidated Annual Report on pages 47 to 52.

Due to the pandemic it became evident that digital connectivity mattered more than ever so we concentrated our focus on supporting the Government and delivering for the NHS, keeping people connected, reducing loneliness, supporting online learning, and helping people to keep working. We worked closely with the Government and the NHS to support the nation and play a vital role in rebuilding Britain. The CEO and COO had regular meetings with the UK government, and we worked with the UK, Northern Ireland, Scottish and Welsh governments in support of their efforts during the pandemic. This involved ensuring our network provided the connectivity needed during lockdown, support for vulnerable customers including access to zero rating websites, the NHS track and trace app, providing free data bundles to NHS workers and supporting the Department for Education’s Get Help with Technology scheme. We established a new Community Calling scheme with environmental charity Hubbub, to refurbish and gift smartphones and tablets to the most vulnerable people in six cities across the UK. In addition, we met regularly with the UK government to discuss a range of issues from the establishment of the Shared Rural Network (SRN) to the proposed new telecoms security regime to be put in place when the Telecoms Security Bill becomes law.

We met with our most strategic business customers where we shared unique insights and collaborated to explore how we can create greater value for Britain, our people and our businesses and this provided an opportunity to discuss challenges and to learn and share strategies as a group especially during the pandemic. We offered free innovation sessions to our customers where our business and technology experts helped customers to work through business challenges and apply design thinking to help them to grow and flourish. We organised a virtual Blue Door conference with more than 30 interactive sessions and exclusive networking opportunities, giving our customers the chance to hear from subject-matter experts and come together to discuss cutting-edge technology and the key challenges facing businesses today. We created a series of advisory papers to support our Customers – ranging from practical advice to address short term requirements and technologies that will support current and emerging challenges to our opinions to drive longer term business survival and growth in addition to help drive businesses towards being more sustainable. As a result of our customer insight we were able to develop and evolve our product offering to suit our customers. Further details of the customer engagement can be found in O2 Holdings Limited Consolidated Annual Report on page 50 of the Corporate Governance Statement.

As a Company we understand the need to further a sustainable environment and have committed to building a greener network with a goal to be net zero by 2025 and reduce our carbon footprint within our business operations as we continually look for ways to remove or reduce our plastic use, both in our offices and in our stores. For example,
we do not use plastic bags in our shops, we have reduced the plastic used in SIM-card packaging and promoted the use of re-usable tableware in our offices as well as recycling uniforms in our stores. We have also increased the usage of e-receipts - up 40% year on year. 2020 saw the increase of single-use plastics due to the heightened safety measures because of the pandemic. We joined forces with TerraCycle to introduce a PPE (Personal Protective Equipment) recycling scheme which allows all PPE used in our stores to be recycled responsibly via TerraCycle’s Zero Waste Box. In total, 112 kg of PPE waste was saved from potentially ending up in landfill or other sites such as waterways in 2020 through the scheme. Further details of our corporate responsibility can be found in O2 Holdings Limited Consolidated Annual Report in the Non-Financial Statement on page 37.

Telefonica O2 Holdings Limited – Section 172(1) Statement for the year ended 31 December 2020 approved by the Board of Directors on the 14 September 2021