

UK Broadband Limited (the “Company”)

Statement by the Directors in performance of their statutory duties in accordance with Section 172(1) Companies Act 2006

Section 172(1) of the Companies Act 2006 requires a director of a company to act in the way he or she considers, in good faith, would most likely promote the success of the company for the benefit of its members. In doing this Section 172(1) requires directors to have regard to, amongst other 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 relationships with suppliers, customers and others;
- the impact of the company’s operations on the community and environment;
- the desirability of the company maintaining a reputation for high standards of business conduct; and
- the need to act fairly as between members of the company.

In discharging our Section 172(1) duties we have regard to the factors set out above. In addition, we also have regard to other factors which we consider relevant to the decision being made. Those factors for example include the interests and views of members of the Group. By considering the Company’s purpose, vision and values together with its strategic priorities and having a process in place for decision making, we aim to make sure that our decisions are consistent.

We delegate authority for day-to-day management of the Company to executives and then engage management in setting, approving and overseeing execution of the business strategy and related policies. Board meetings are held periodically where the directors consider the Company’s activities and make decisions.

For reporting to the directors, the Company’s results and governance are incorporated in Hutchison 3G UK Limited, immediate parent entity’s results. Three UK has implemented the Wates Codes of Corporate Governance for Large Private Companies.

The business goal is to monetise our Spectrum assets through provision of service to Three for their customers. This allows Three to continue to enhance 5G experience for their customers by extending the coverage area and enhancing the network. We will also continue to work with our Enterprise customers to enhance the service we are delivering to them and what advantages that can bring for CKHH.

The Company seeks to meet its objectives through the execution of its strategic initiatives primarily focused on the network and business services.

Views of shareholders are clearly communicated through various channels. Executive directors of CKHH are appointed to the board of directors (the “Board”) of the Company. Executive management team – Three UK Executive Leadership Team (“ELT”) of the Company and CKHH meet regularly to discuss and review strategies, performance, business plans and budgets, and risk profiles of the Company. Whilst the Board is charged with the task of promoting the long-term success of the Company and making decisions in the best interests of the Company, the ELT along with the Board of the Company is accountable for the conduct and performance of the Company within the agreed strategies. The Board together with the executive management team instil and uphold the Company’s objectives and strategies through the day-to-day operations and management of the Company.

The purpose and strategy are communicated across the business by various means and at different levels of detail dependant on the audience and needs of an individual’s role. A decision-making framework exists which outlines which forum/board sets out the strategy and purpose, which are empowered to decide the execution of the strategy and which are informed as an outcome to delivery against the execution plan. The process is assured through the operation of a centralised governance board whose remit is to assure the collective company change plan delivers against the overall company strategy. The governance board has a view of all business and technical change.

The Board is made up of senior level personnel from across the key directorate groups and the CEO.

In 2020 David R Dyson stepped down as the CEO of the Company, handing operational accountabilities to Robert M Finnegan from April 2020. Robert joins the Company from the CKHH Group's Three Ireland business which will allow an opportunity to achieve alignment of the UK and Irish businesses to accelerate meaningful business growth opportunities. Richard C Woodward is standing down as a statutory director of the Company, both Robert M Finnegan and Elaine C Carey joined the Board as statutory directors, effective March 2020. Elaine C Carey will lead the combined Customer and Marketing function from March 2020. Elaine has been part of the CKHH Group for a number of years and was Chief Commercial Officer for Three Ireland and now, additionally, leads the Customer and Marketing functions of the Company.

For more details and principle decisions, please refer to the Review of business and future developments on page 2 in the Strategic Report.

Employees

As of 1 November 2019, all employees of the Company have been transferred and integrated into Hutchison 3G UK Limited. This has been explained in detail on page 9 of Directors' report.

Suppliers

Our partners and suppliers are vital to UKB's business and they help us meet the ever-changing needs of our customers. We recognise that partners contribute to our culture and work with them to include them in social and other activities to ensure that they feel part of UKB.

Regular briefings – We hold regular briefing sessions with our partners, so they understand and embrace UKB's culture and strategy and understand our objectives.

Supplier Code of Conduct – All suppliers must adhere to our Code of Conduct which governs social, ethical, environmental and legal requirements.

Macro-economic factors such as Brexit and uncertainty regarding Huawei's place in the UK's 5G supplier market, considered in the Government's Supply Chain Review, have given rise to supply-chain risks influencing business strategy. In response, the Company is working with its critical suppliers to monitor impacts and minimise delays to deliverables. For more details on the contract with Huawei, please refer to page 3.

Customers

Understanding our customers is crucial to our success and our long-term strategies are underpinned with robust, nationally representative quantitative insight, putting the customer at the heart of what we do.

We run a continuous, agile product co-creation programme, speaking to customers with clear passion points, to develop relevant new services, then optimise the customer experience through customer usability testing. Our extensive customer trials ensure we get it right before launching mass market.

Regulators and government

We engage on a regular basis with government, politicians and regulators to ensure that the benefits of digital connectivity that UKB provides are understood. We also work with them to help them understand how changes to policy frameworks can help us enhance the service we provide to UK consumers and business.

Engagement includes one-on-one and industry meetings with Government Ministers, regulators, policymakers, consumer groups, Think Tanks, MPs, councillors and other political organisations and public bodies. There are also more formal interactions including information requests and responses to policy consultations.

With the aim of enabling 5G rollout and enhancing connectivity in the UK, we have been engaging with government and stakeholders to change the planning process to ensure fast, effective and cost-efficient rollout of digital connectivity.

Environment

We have achieved and continue to be guided by our ISO Certifications. These include:

- ISO 14001 certification in environmental responsibilities which means we actively look to reduce the business' impact on the environment and comply with applicable laws, regulations and other environmental requirements; and
- ISO 45001 certification is the international standard for occupational health and safety issued to protect employees and visitors from work related accidents and diseases.

As the Board, our intention is to behave responsibly toward our shareholders and treat them fairly and equally, so they too may benefit from the successful delivery of our plan. Also, in a responsible manner, operating within the high standards of business conduct and good governance expected for a business such as ours, and in doing so, will contribute to the delivery of our plan. The intention is to nurture our reputation, through both the construction and delivery of our plan, that reflects our responsible behaviours.

13 December 2021

Note: The Strategic Report and Directors' Report are contained in the Company's Annual Report and Financial Statements for the Year Ended 31 December 2020 which is available on Companies House website.