

CORPORATE GOVERNANCE STATEMENT

Prior to the formation of the Joint Venture each operating business within VMED O2 operated under the governance framework of its respective parent company, which set out a clear structure in respect of the delegation of authorities and management and supervision of the relevant business. Following the formation of the Joint Venture, steps are underway to align the governance framework across VMED O2.

Introduction

The Board have chosen to adopt the VMED O2 Governance Framework and report the governance against the Wates Principles detailed below.

The Directors of the Company are supported by the Executive Management Team in discharging the statutory duties in the best interest of the Company and the VMED O2 as a whole.

In adopting the VMED O2 governance framework the Directors of the Company have delegated the day to day management of the Company to the VMED O2 Executive Management Team (of which the Directors themselves are a part of the Executive Management Team) whilst retaining sufficient oversight of specific matters(including statutory matters) to assist in the effective discharge of their responsibilities.

Principle One: Purpose and leadership

An effective board develops and promotes the purpose of a company and ensures that its values, strategy and culture align with that purpose

The Joint Venture was formed to be a connectivity challenger in the UK, combining the UK's largest and most reliable mobile network with a broadband network offering the fastest widely-available broadband speeds. Accordingly, VMED O2's purpose is to "Upgrade the UK" and "Reimagine Connectivity".

The principal strategic focus of the VMED O2 Board and the Executive Management Team (of which the Directors are members) since formation of the Joint Venture has been to oversee plans for the successful integration of the Virgin Media and O2 businesses. As part of this, a project to identify VMED O2's core values was undertaken and these values are encapsulated by the words "Brave", "Real" and "Together". The VMED O2 Board and the Executive Management Team have begun work to set the strategy and to develop and embed a high-performance culture that lives VMED O2's values and aligns with its purpose.

The VMED O2 Board encourages its employees to live by the Group's culture and values. Following the formation of the Joint Venture, the VMED O2 Board organised tours by the Executive Management Team across the country and conducted livestreams of company-wide events and interactive sessions in the workplace, in order to directly engage and encourage employees. The VMED O2 Board also adapted the approach to employee listening, creating a more agile strategy to inform and enhance the employee experience during the integration. Using a variety of methods, such as surveys and focus groups they established a greater understanding of employee engagement and sentiment, providing employees with a voice on the most important topics. These insights have enabled company-wide and department specific action planning on focus areas through a network of people champions.

The first employee engagement survey ran just 30 days into the joint venture and results showed levels of engagement and advocacy (both as a place to work and for our products) equal to the High Performing Benchmark. VMED O2 undertook another survey in November in which engagement and advocacy metrics

CORPORATE GOVERNANCE STATEMENT (CONTINUED)

Principle One: Purpose and leadership (continued)

as a place to work took a small dip as a result of the volume and pace of organisational change and the need for greater clarity on the strategic direction of our new organisation. Advocacy for our products remains above the benchmark. A cultural diagnostic run at the same time in November revealed the intrinsic motivations of employees that directed the shifts needed to create a high performing culture. In January 2022 VMED O2's four strategic priorities were communicated to all employees and a new approach to Performance & Development launched to enable all employees to create clear and aligned goals.

In addition to focusing on the employees of VMED O2 and the integration of the two businesses, the Board's priorities are to maintain VMED O2's commercial momentum in the volatile economic climate, accelerate its digital transformation to future-proof the business and support the development of the network infrastructure to ensure that VMED O2's purpose can be achieved.

Principle Two: Board composition

Effective board composition requires an effective chair and a balance of backgrounds, experience and knowledge, with individual directors having sufficient capacity to make a valuable contribution. The size of a board should be guided by the scale and complexity of the company.

The VMED O2 statutory Board is appointed by the shareholders and consists of four representatives from each shareholder. The Chair of the VMED O2 Board is rotated biennially, with the first Chair being appointed by Liberty Global. In accordance with the terms of the shareholders' agreement and articles of association of VMED O2, in order for a meeting of the Board to be quorate, at least three Directors nominated by each Shareholder must be present and at least one Director appointed by each shareholder must vote in favour of a proposed resolution in order for it to be passed; the Chair does not have a casting vote. The role of the Chair and the Chief Executive are separate, which ensures that the balance of responsibilities, accountabilities and decision making across VMED O2 is effectively maintained.

The VMED O2 Board consists of highly skilled individuals with global experience and knowledge. Members include the chief executive officers and chief financial officers of both Telefónica S.A. and Liberty Global PLC, and other senior executive-level individuals with long-standing involvement in the telecommunications and media industries in the UK, United States and Spain. The VMED O2 Board comprises a mix of nationalities.

The VMED O2 Board has delegated day-to-day management of VMED O2's business activities to the Executive Management Team, overseen by the VMED O2 Board and various Board Committees. The Executive Management Team is gender with mixed nationalities and its members have a wide range of skills, experience and expertise appropriate to the scale and complexity of VMED O2's business. The Executive Management Team meets weekly and these meetings are chaired by the Chief Executive Officer. The Executive Management Team comprises the Chief Executive Officer; Chief Financial Officer; Chief Operating Officer, TV, Broadband and FMC; Chief Commercial Officer, Mobile; Managing Director, Business and Wholesale; Managing Director, Fixed Network Expansion; Chief Technology Officer; Chief Information Officer; Chief Communications and Corporate Affairs Officer; General Counsel and Chief Regulatory Officer; Chief Digital Officer and Chief People and Transformation Officer. Each of these individuals will report directly to the Chief Executive Officer.

CORPORATE GOVERNANCE STATEMENT (CONTINUED)**Principle Two: Board composition (continued)**

The Chief Executive Officer and each member of the Executive Management Team has a clear role and responsibility for their specified area of the business, including in relation to engaging with key stakeholders of their business area and keeping the rest of the Executive Management Team and the Board informed about the outcome of such engagement. The Executive Management Team have the necessary skills and experience to make valuable contributions in promoting the success of the Group including the Company. The Executive Management Team undertake the necessary professional development to perform their roles, including briefings on specialist matters and keeping abreast with regulatory changes, in particular the government guidance and national restrictions due to the COVID-19 pandemic. A biography of each member of the Executive Management Team can be found on the Company's website at <https://news.virginmediao2.co.uk/leadership/>.

Principle Three: Responsibilities

The board and individual directors should have a clear understanding of their accountability and responsibilities. The board's policies and procedures should support effective decision making and independent challenge.

As the directors of VMED O2 have been appointed by the Shareholders it is particularly important for them to have a clear understanding of the nature of their duties and to whom they are owed. To assist the directors of any of the companies in this regard, a draft charter of roles and responsibilities of the VMED Board, the Executive Management Team and subsidiaries (the "**Charter**") has been prepared. Whilst the terms of the Charter are still being settled, the Charter makes it clear that the VMED O2 Board is responsible for providing strategic leadership of VMED O2 and retains overall direction and supervision of VMED O2. The Charter also contains clear delegation of authority by the VMED O2 Board to the Executive Management Team, who are responsible for the overall management and operational control of VMED O2 (other than in respect of certain regulated entities to which a separate senior manager regime applies). In addition, certain governance responsibilities are delegated to other VMED O2 Board committees, namely the Audit Committee and the Remuneration Committee.

The VMED O2 Board and the Executive Management Team are required to act in accordance with the terms of the Joint Venture Shareholders' agreement and articles of association relating to VMED O2, in particular those provisions relating to dealing with conflicts of interest and in respect of certain matters which require the requisite approval of at least three Directors nominated by each Shareholder or by both Shareholders. The Joint Venture Shareholders' agreement also contains provisions dealing with meetings of the VMED O2 Board, the supply of certain information to Shareholders, and a process for agreeing the annual business plan and any changes thereto. In accordance with the terms of the shareholders' agreement, the VMED O2 Board holds regular meetings to oversee the management of VMED O2, with at least six formal meetings and six further shorter update sessions scheduled each year. There is open debate and constructive challenge at meetings, with members of the Board participating in all discussions and demonstrating a high level of engagement with the business and a sound understanding of VMED O2's strategy.

CORPORATE GOVERNANCE STATEMENT (CONTINUED)**Principle Four: Opportunity and Risk**

A board should promote the long-term sustainable success of the company by identifying opportunities to create and preserve value, and establishing oversight to identify and mitigate risks.

In accordance with the terms of the Joint Venture Shareholders' agreement, the Executive Management Team prepares an annual business plan for approval by the VMED O2 Board/Shareholders, which includes a consideration of long-term strategic opportunities. Once approved, any material changes to the business plan will require VMED O2 Board/Shareholder approval, in accordance with the terms of the Joint Venture Shareholders' agreement. Short term opportunities to improve business performance and achieve operational efficiencies identified by the Executive Management Team are reported to the Board as part of their regular meetings.

The VMED O2 Board has established an Audit Committee which is chaired by a member of the VMED O2 Board and includes both VMED O2 Board and Executive Management Team members. The Audit Committee is responsible for oversight of the audit responsibilities and duties, the accounting and financial reporting, non-financial reporting, internal control, risk management and compliance processes of the Company and VMED O2 (subject to certain other arrangements in relation to VMED O2's regulated entities).

An effective risk management system contributes to the development of the business through an appropriate balance between growth, return and risk. Although the legacy Virgin Media and O2 businesses each had their own internal control framework, VMED O2 has begun work on implementing a Group-wide internal control framework. It is anticipated that the framework will be designed to identify, assess, manage and, monitor significant risks that could adversely affect the future success of VMED O2.

The most significant risks to the business are presented to the Executive Management Team at regular intervals each year for discussion, validation and direction. Details of the Principal Risks and Uncertainties facing the business are disclosed in pages 25 to 30 of the Strategic Report.

VMED O2's "Risk Appetite" is created through a combination of internally defined parameters and those set by VMED O2's ultimate shareholders. This defined appetite enables VMED O2 to deliver value creation, growth and performance whilst managing risk exposure in a measured and accountable way. When applied to VMED O2's strategy decision making, this helps the Executive Management Team to select appropriate strategies within its acceptable risk level.

Internal Audit is configured as an independent function from the management of the company. Internal Audit supports the Executive Management Team, Audit Committee and Statutory Board in providing services related to assurance, through applying a systematic and disciplined approach in the definition and delivery of an annual audit plan. This includes reporting to senior management on issues identified (such as unmitigated risks or control weaknesses) through independent audit reviews performed. Internal Audit also reports on the effectiveness of the internal control framework, which is also subject to an annual assessment for the purposes of financial reporting, covering business processes, technology, data and significant programmes.

CORPORATE GOVERNANCE STATEMENT (CONTINUED)**Principle Four: Opportunity and Risk (continued)**

The Executive Management Team and Audit Committee participate in the creation of the Annual Internal Audit Plan. Each year the proposed Internal Audit Plan is submitted for approval by the Audit Committee. On a quarterly basis, Internal Audit reports to the Audit Committee the implementation of any control and/or internal audit actions identified. Internal Audit was the subject of an External Quality Assessment Review performed by the Institute of Internal Auditors which assessed adherence to the International Professional Standards of Internal Auditing and achieved the highest assessment rating, indicating conformance with the requirements of the Standards.

The internal control framework incorporates preventative activities, covering such aspects as VMED O2 policy management, continuous monitoring and risk management, alongside the detective activities of audit and Speak Up investigation. The detective audit activities include reviews of the internal controls over financial reporting (ICFR or SOX) control framework at a minimum annually which is undertaken by both the Internal and External Audit teams. The internal control framework is based upon the COSO (Committee of Sponsoring Organizations of the Treadway Commission) internal control model. This model develops proportionate control activities that contribute to the mitigation of risks to the achievement of objectives to acceptable levels, including the development of general control activities over supporting technologies that meet the established VMED O2 Policy criteria. These control activities support VMED O2 to meet its objectives and to sustain and improve performance, whilst providing the required level of Executive Management Team, Audit Committee and Board oversight.

Principle Five: Remuneration

A board should promote executive remuneration structures aligned to the long-term sustainable success of a company, taking into account pay and conditions elsewhere in the company.

The VMED O2 Board has established a Remuneration Committee which comprises of four board members with terms of reference that includes: (i) setting and assessing the remuneration policy and practices that foster the retention and attraction of talent, incentivises performance and good short-term and long-term decision-making to drive the achievement of VMED O2's strategy; (ii) approving certain senior level nominations and remuneration packages; and (iii) defining policies for certain senior level appointments, and such other issues or matters as the Board may determine from time to time.

In order to align the success of the Executive Management Team with the sustainable success of VMED O2's business, a significant portion of executive remuneration is delivered in the form of short and long-term variable remuneration and based on financial and non-financial performance. The short-term variable remuneration is linked to achieving specific financial, business, customer satisfaction and sustainability objectives. The long-term variable remuneration is linked to the long-term value creation in VMED O2 by measuring shareholders' return on investment and key economic financial objectives. The Remuneration Committee intends to consider remuneration and performance data for the entire workforce, with a view to ensuring that remuneration proposals for the workforce as a whole are balanced, proportionate and aligned with VMED O2's commitment to building a diverse and inclusive workforce.

CORPORATE GOVERNANCE STATEMENT (CONTINUED)**Principle Five: Remuneration (continued)**

Within each of the Virgin Media and O2 businesses every employee has a grade which in turn has its own pay range or pay points. These pay points and pay ranges are reviewed annually against the external market to ensure that they remain competitive. We also seek to offer a wide range of benefits to our employees with the flexibility for them to select benefits that suit their own circumstances. Both Virgin Media and O2 have strong track-records of making positive change for their people, further details of which can be found via the Virgin Media sustainability and O2 sustainability links on our Responsible Business web page: <https://news.virginmediao2.co.uk/responsible-business/>.

Principle Six: Stakeholder Relationship and Engagement

Directors should foster effective stakeholder relationships aligned to the company's purpose. The board is responsible for overseeing meaningful engagement with stakeholders, including the workforce, and having regard to their views when taking decisions.

Our stakeholders are classified as any group or interest that may be affected by our business in a significant manner such as our Shareholders, customers, people, regulators, government, suppliers, society and the environment. The VMED O2 Board is focused on promoting the Company's and VMED O2 long-term success, taking into consideration the interests of all our stakeholders. In accordance with the shareholders' agreement, the Shareholder-nominated Directors are able to share information about the VMED O2's business and performance with the Shareholders and VMED O2 has obligations to provide certain information, such as monthly management accounts, to the Shareholders and to keep them informed about all material developments in VMED O2's business. The Shareholder-nominated Directors ensure that the Shareholders' views are taken into account in decision-making at VMED O2 Board level, and that decisions relating to certain matters identified in the shareholders' agreement as requiring the requisite approval of at least three Directors nominated by each Shareholder or by both Shareholders are taken in accordance with the process set out in that agreement.

Customers

VMED O2 has established a customer advisory board, comprising customers from both the public and private sector. Members of the customer advisory board periodically discuss their key strategic goals for the upcoming year with VMED O2. The VMED O2 Board has also established a customer insights framework which tracks and monitors market developments as well as market needs, so as to inform VMED O2's priority in putting its customers first. VMED O2's thought leadership and research team undertakes primary research to understand strategies employed by other companies and market trends and shares such findings with the VMED O2 Board and the Executive Management Team to better inform VMED O2's customer strategy. In line with improving VMED O2's delivery of services, VMED O2 hosts regular account review meetings with its customers in the public sector to understand their local requirements. Further examples of events to better understand customers include regular round tables, customer advisory board and customer innovation workshops to embed a customer-first strategy into VMED O2's decisions.

CORPORATE GOVERNANCE STATEMENT (CONTINUED)

Employees

We have various means to engage with our employees and to act upon their feedback including:

- **CEO & executive live streams and roadshows:** Through 2021 we continued regular CEO and Executive Management Team digital livestreams, in addition to face to face Roadshows. These events are an opportunity for the Executive Management Team to share important updates and provide an opportunity for our people to ask questions and to make comments.
- **Employee network groups:** Our six employee network groups (Enrich, Proudly, Gender Equality, Ultraviolet, Extra Ordinary and We Care) work to ensure the views, needs and sentiment of our diverse populations are represented on an on-going basis within and across the business. There are both formal and informal collaborative working sessions.
- **Executive management team briefings:** Each month the Executive Management Team brings together VMED O2's senior leaders to discuss a range of commercial, customer and leadership priorities. These forums are opportunities to invite questions, feedback, views and insights from the wider senior leadership community.
- **Workplace:** Our internal social media platform actively drives and encourages openness, communication and collaboration. All of our people have access to Workplace and are able to post comments, questions, ideas and set up groups. Workplace is a key vehicle in our communications and employee engagement approach, supporting business updates, dissemination of key information e.g. COVID-19 updates, and bespoke campaigns centred on key topics e.g. internal career opportunities. Workplace provides an always-on forum for people to share updates, feedback, ideas and news from around the Business.
- **Engagement survey and pulse surveys:** These tools gather our people's views and enable everyone to have a voice through the year. The results provide a company-wide view of our people's levels of motivation and identify what is going well and what can be improved.
- **Quarterly update:** Each quarter, members of the Executive Management Team share our commercial and financial results and business strategy updates with all of our people. These have been held digitally via Workplace through 2021, are accessible to all of our people and provide the opportunity for questions or comments.
- **Employee representatives for the O2 group:** We work continuously and in partnership with our Trade Unions (CWU and Prospect) and employee representatives on a broad range of employee related matters to maintain a positive and collaborative industrial climate within the business.
- **Employee representatives for the Virgin Media group:** We work continuously and in partnership with our Voice Forum on a broad range of employee related matters to maintain a positive and collaborative industrial climate within the business.

Regulators

Our three main Regulators are the Office of Communications (Ofcom), the Information Commissioner's Office (ICO) and the Financial Conduct Authority (FCA). We engage with all these regulators to foster a constructive relationship and support our business strategy.

During 2021, we have been involved in Ofcom's mobile strategy review and Ofcom's Consultation on 2100 MHz Spectrum Annual Licence Fees. In relation to its mobile strategy review, Ofcom invited us to several calls to discuss our experience of and views on the current state and future developments of the mobile value chain. Additionally, we responded to three information requests. Ofcom published its Discussion Paper in February 2022, consulting on its approach and findings to develop its future mobile strategy. We will review this paper and respond ahead of the 8 April 2022 deadline. We responded to Ofcom's 2100 MHz

CORPORATE GOVERNANCE STATEMENT (CONTINUED)

Regulators (continued)

Spectrum Annual Licence Fees Consultation by setting out our views on Ofcom's proposals for both FDD and TDD fees. Ofcom then published their decisions on 2100 Annual Licence Fees in December 2021. This included setting FDD fees (which are payable by operators holding this spectrum from January 2022 onward) and communicating that TDD use of spectrum and fees would be considered as part of a separate Consultation, due in first half of 2022.

The Information Commissioner's Office is the UK's independent body set up to uphold information rights.

We monitor relevant regulatory developments and take appropriate measures accordingly. For example, ICO publishes Statutory Codes of Practice, details of which can be found at <https://ico.org.uk/for-organisations/guide-to-data-protection/ico-codes-of-practice/>. We have started to prepare to implement changes to the requirements set out in the Age Appropriate design. The data sharing code came into force on 05 Oct 2021. We engage constructively with the ICO in relation to any enquiries we may receive from the regulator under relevant data protection law.

Certain entities within VMED O2 are authorised by the FCA to provide regulated consumer credit facilities, to arrange insurance contracts and to support our customers with their digital connectivity needs. We are committed to treating customers fairly and giving due regard to the FCA's objectives of protecting consumers, ensuring market integrity, and promoting effective competition. VMED O2 has four FCA regulated entities, each of which is regulated individually by the FCA: Telefonica UK Limited; Virgin Media Mobile Finance Limited; Tesco Mobile Limited (a joint venture with Tesco plc); and giffgaff Limited.

Supported by the FCA Compliance team the identified Senior Managers of both Virgin Media Mobile Finance and Telefonica UK Virgin Media O2 are committed to "Treating Customers Fairly" and delivering good customer outcomes. Due to the impacts of the COVID-19 pandemic on consumers, one of the FCA's focus areas in 2021 was the treatment of customers in financial difficulty. Examples of how the businesses have had regard to the FCA's interest during the reporting year are as follows:

- Full implementation of the Breathing Moratorium across both FCA and non FCA regulated activity for mobile;
- Partnered with 20/20 Change to enable 400 people young people from underrepresented ethnic groups with coaching and advice, helping to bridge the gap between education and employment;
- Maintaining our inclusive roaming so that our customers can travel to destinations all over Europe and use their data, calls and texts just as they would in the UK; and
- In partnership with the Good Things Foundation we launched the first ever National Databank – to tackle data poverty by providing free mobile data to people in need.

Government and Local Authority

We have continued to engage with the government to support communities across the UK to ensure we keep the nation connected and help to rebuild Britain, for example on network coverage, open market reviews, planning policy, regulation and our Greener Network Net Zero commitments. The pandemic has elevated an appreciation of the importance and value digital connectivity can bring. We are leveraging this to ensure that public policy in key areas (e.g. planning, regulation) reflects the increased importance people now attach to digital connectivity and reinforcing the contribution that mobile can play in supporting economic growth in a post-Brexit, coronavirus-damaged economy. For example, we have secured government backing for the Shared Rural Network, winning investment and policy support that will help us improve rural coverage.

Telefonica UK Limited
Year ended 31 December 2021

Registered Number: 01743099

CORPORATE GOVERNANCE STATEMENT (CONTINUED)

Government and Local Authority (continued)

Also we liaise local authorities supporting Network Expansion build plans and Open market Reviews. Relationship with local authorities is largely good building on foundations as we leverage existing relationships to help unblock issues with permits or wayleaves for Network Expansion.

Responsible Business

We are committed to using our connectivity, people and brands to create a lasting positive impact on the communities we serve, while accelerating action on climate change. We will put sustainability at the heart of how we do business, creating products and services with a one planet mindset and we will take action to support vulnerable and under-represented groups in the communities we serve. Both Virgin Media and O2 have strong track-records of making positive change for our people, communities and our planet and VMED O2 has built on these strong foundations through launching a new integrated sustainability strategy for the Joint Venture as a whole in May 2022. Further details can be found via our Responsible Business web page: <https://news.virginmediao2.co.uk/responsible-business> and on pages 35 to 39 of the Non-Financial Statement.

The Corporate Governance Statement was approved by the board on and signed on its behalf.

The Governance Statement was approved by the Board on 29 June 2022.

By order of the Board



Vivienne Aziba
For and on behalf of VMED O2 Secretaries Limited