

CITYFIBRE INFRASTRUCTURE HOLDINGS LIMITED

# **CITYFIBRE INFRASTRUCTURE HOLDINGS LIMITED**

STRATEGIC REPORT  
FOR THE YEAR ENDED 31 DECEMBER 2024

COMPANY NUMBER 08772997

## CITYFIBRE INFRASTRUCTURE HOLDINGS LIMITED

*The following is an excerpt from the audited annual financial statements of CityFibre Infrastructure Holdings Limited for the year-ended 31 December 2024 ("the financial statements"). The remaining information in the financial statements has been excluded from this document on the basis that it contains commercially sensitive information. On or before 30 September 2025, this document will be replaced on the company's website by the financial statements, at the same time as these are filed with Companies House.*

*Subsequent to signing the financial statements, CityFibre successfully reached agreement with its shareholders and existing lenders on a major new **£2.3 billion financing round**. Further details can be found here: [CityFibre agrees £2.3bn in new financing round, in major... | CityFibre](#)*

### **Addendum to the Strategic Report**

*In June 2018, CityFibre was acquired by a consortium formed by Antin Infrastructure Partners and West Street Infrastructure Partners, a fund managed by Goldman Sachs. Mubadala Investment Company and Interogo Holding joined the existing investors and became minority shareholders after investing in August 2021. Following the acquisition of Lit Fibre, Newlight Partners became minority shareholders in May 2024. All the investors are private equity firms, and their representatives who are Directors are detailed below.*

*The Directors of Connect Infrastructure Topco Limited, the ultimate parent company, during the period and subsequent to the reporting period, are as follows:*

- *S J Holliday, Chairman at CityFibre*
- *W G Mesch, Chief Executive Officer at CityFibre*
- *S N J Holden, Group Chief Operating Officer at CityFibre*
- *N J Dunn, Chief Financial Officer at CityFibre*
- *P L H Camu, Co-CIO & Chairman of Infrastructure at Goldman Sachs Alternatives*
- *R S Clark, Managing Director at Goldman Sachs Alternatives*
- *M J Crosbie, Co-Founder, Vice-Chairman of the Board and Co-Chairman of the Investment Committee at Antin Infrastructure Partners*
- *S J Ifker, Managing Partner at Antin Infrastructure Partners*
- *A Belkahia, Partner at Antin Infrastructure Partners*
- *M T Barakat, Advisor, Infrastructure at Mubadala Investment Company*
- *K A Al Qubaisi, Chief Executive Officer of Real Estate and Infrastructure Investments at Mubadala Investment Company (resigned 26 March 2024)*
- *K S Al Marri, Chief Executive Officer of Real Assets at Mubadala Investment Company (appointed 26 March 2024, resigned 25 February 2025)*
- *S A Ahmed Arar, Executive Director, Head of Infrastructure at Mubadala Investment Company (appointed 25 February 2025)*
- *S E Flood, Non-Executive Director at CityFibre*

### **Company ownership**

Connect Infrastructure Topco Limited, a company incorporated in the UK, is the ultimate parent company of CityFibre Infrastructure Holdings Limited (the 'Company' or 'CityFibre'). From July 2018, Connect Infrastructure Topco Limited was jointly controlled by a consortium formed by Antin Infrastructure Partners and West Street Infrastructure Partners, a fund managed by Goldman Sachs. Mubadala Investment Company and Interogo Holding joined the existing investors and became minority shareholders after investing in August 2021. Following the acquisition of Lit Fibre, Newlight Partners became minority shareholders in May 2024.

### **Antin Infrastructure Partners**

Antin Infrastructure Partners is a leading independent private equity firm focused on infrastructure investments. With 33 partners and over 240 professionals across six offices, the firm manages funds that invest in infrastructure in Europe and North America, targeting investments in the energy and environment, digital, transportation and social sectors.

Antin Infrastructure Partners has over €33 billion of assets under management. The firm's 17-year track-record of investing includes five flagship infrastructure funds, one mid cap infrastructure fund and one fund dedicated to investing in the next generation of infrastructure. These funds are backed by over 360 institutional investors from across Europe, North America, the Middle East, Asia, Australia and South America, including pension funds, insurance companies, asset managers and sovereign wealth funds.

Antin Infrastructure Partners has significant experience in acquiring and owning digital infrastructure assets. In particular, through its ownership of Lyntia (a leading independent wholesale fibre platform in Spain), FirstLight Fiber (a leading provider of fibre bandwidth services to enterprise, wireless and carrier customers in six states across the North-eastern U.S.) and Eurofiber (a leading independent fibre network in the Netherlands, Belgium, France and Germany, serving corporates including telecoms and utilities businesses, SMEs, NGOs and public organisations), Antin Infrastructure Partners has developed an in-depth understanding of the relevant business models, key risks and growth drivers involved in owning a fibre roll-out asset.

### **West Street Infrastructure Partners**

West Street Infrastructure Partners is one in a series of private infrastructure funds managed by Goldman Sachs Alternatives. Goldman Sachs (NYSE: GS) is one of the leading investors in alternatives globally, with over \$500 billion in assets and more than 30 years of experience.

The business invests in the full spectrum of alternatives including private equity, growth equity, private credit, real estate, infrastructure and sustainability. Clients access these solutions through direct strategies, customised partnerships, and open-architecture programs. The business is driven by a focus on partnership and shared success with its clients, seeking to deliver long-term investment performance drawing on its global network and deep expertise across industries and markets.

The Goldman Sachs Alternatives platform is part of Goldman Sachs Asset Management, which delivers investment and advisory services across public and private markets for the world's leading institutions, financial advisors and individuals. Goldman Sachs has more than \$3.1 trillion in assets under supervision globally as of December 31, 2024.

Established in 2006, Infrastructure at Goldman Sachs Alternatives has invested \$16 billion across 40 portfolio companies since its inception. The business has a long track record of investing across the key sectors of infrastructure, including energy transition, digital infrastructure, transportation & logistics and circular economy.

Infrastructure at Goldman Sachs Alternatives has extensive experience investing in communication infrastructure assets. The business has invested in the telecoms sector in Unison and Vertical Bridge (telecoms towers), ExteNet (small cells and distributed network services), Atman (a Polish data centre platform), ImOn Communications (a regional Fibre to the Home platform) and most recently announced our acquisition of Melita (a fully converged digital infrastructure provider in Malta).

### **Company ownership (continued)**

#### **Mubadala Investment Company**

Mubadala Investment Company is a sovereign investor managing a global portfolio, aimed at generating sustainable financial returns for the Government of Abu Dhabi.

Mubadala's \$302 billion (AED 1,111 billion) portfolio spans six continents with interests in multiple sectors and asset classes. Leveraging its deep sectoral expertise and long-standing partnerships to drive sustainable growth and profit, while supporting the continued diversification and global integration of the economy of the United Arab Emirates.

Mubadala's investment into CityFibre is in line with the United Arab Emirates/United Kingdom Sovereign Investment Partnership. The partnership, which Mubadala oversees for the UAE and the Office for Investment for the UK, serves as a coordination platform to grow a future-focused investment relationship between the two nations and enable growth, employment, and global competitiveness across priority sectors.

For more information about Mubadala Investment Company, please visit: [www.mubadala.com](http://www.mubadala.com).

#### **Interogo Holding**

Interogo Holding is a foundation-owned international investment business, whose strategies include private and long-term equities, real estate, infrastructure and liquid assets. Interogo Holding focuses on sectors and strategies where it can benefit from its long-term business approach, financial strength and commitment to also consider non-financial aspects of an investment.

The infrastructure investment business targets direct investments in Europe and North America, across the infrastructure sector. The strategy is to acquire holdings in infrastructure companies that provide essential services to society, are recession resilient, and offer downside protection through stable and predictable cash flows.

#### **Newlight Partners**

Newlight Partners LP is a growth-focused private equity firm that builds businesses in partnership with exceptional founders and management teams. Newlight's thematic investment approach focuses on identifying and addressing marketplace opportunities in rapidly growing subsectors. Areas of focus include digital transformation, decarbonization, financial services, and healthcare.

### **Company's directors**

#### **Greg Mesch (Chief Executive Officer)**

With over 35 years of telecoms, internet and technology-based experience behind him and five companies successfully built from start-up phase, Greg is experienced when it comes to business plan development, management team building, scaling companies and the capital formation of high growth communications and technology-based companies.

#### **Nick Dunn (Chief Financial Officer)**

Prior to joining CityFibre in January 2021, Nick served for 10 years as CFO at Gatwick Airport. Before that, he worked with Anglo American plc and with Centrica plc in a number of senior finance roles, including Director of Group M&A, Finance Director for Centrica Energy as well as Finance Director for British Gas Business. Nick also brings more than 10 years' experience in investment banking, with the majority of that time spent specialising in the infrastructure sector. Working on acquisitions, IPOs and financing transactions in the UK and internationally, he has advised both governments and private investors.

### Company's directors (continued)

#### Simon Holden (Chief Operating Officer)

Prior to joining CityFibre in March 2019, Simon was a partner at Goldman Sachs where he held senior roles in London and New York in the Investment Banking division as well as a number of leadership roles in the Telecom, Media and Technology banking team. Before that, Simon worked for Baring Brothers in London and Hong Kong. He trained as a Chartered Accountant with Coopers and Lybrand.

### CityFibre – at a glance

CityFibre was founded to develop a new generation of digital infrastructure for the UK - infrastructure capable of transforming the digital capabilities of citizens and businesses, sparking innovation and underpinning our economy in the data age.

Today CityFibre operates the UK's largest independent Full Fibre<sup>1</sup> platform. Supporting market-leading wholesale connectivity services, its carrier-grade networks enable its wholesale customers to serve ultra-reliable, gigabit speed and futureproof broadband, Ethernet and 5G services to homes, businesses, schools, hospitals and GP surgeries – as well as anything else that needs a digital connection.

CityFibre's networks now pass 4.4 million premises<sup>2</sup>, reflecting a year-on-year increase of 800,000 premises. CityFibre ultimately plans to pass up to 8 million premises through a combination of organic build and network acquisitions, representing approximately one third of the UK market.

### CEO review

2024 was a definitive year for CityFibre which saw us achieve profitability ahead of schedule and report our first full year of profitability (at an adjusted EBITDA level), a real statement on the strength of our business.

Throughout 2024, we made significant progress towards our strategic priorities:

- 1) Expand our wholesale-only network to reach more than 8 million UK premises
- 2) Drive take-up across all market verticals: residential, business, public sector and mobile
- 3) Deliver market-leading products and services across the UK's most advanced full fibre network.

These priorities ensure CityFibre reaches scale and our full potential as the leading competitor to BT Openreach and the wholesale network of choice for consumer and business ISPs, mobile network operators and service integrators.

Doing so will ensure a sustainable competitive infrastructure market that will deliver long-term benefits for consumers, businesses and the UK economy.

#### Expanding our network:

We added over 900,000 Ready for Service (RFS) premises<sup>3</sup> in 2024, including our organic build programme, Project Gigabit<sup>4</sup> rollouts and acquired footprint. This brought our total RFS premises to 4.1 million, more than halfway to our rollout ambition of at least 8 million.

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<sup>1</sup> Full Fibre consists of fibre optic cabling used from the local exchange, all the way to the end-user premises, relying on no copper-based telephone lines.

<sup>2</sup> Premises passed: The property has fibre allocation and a fibre route available to the boundary of the premises, but may not yet be connected.

<sup>3</sup> RFS premises: The property is available to place orders and make installation on and therefore be connected.

<sup>4</sup> Project Gigabit: Government's programme to enable hard to reach communities to access fast gigabit capable broadband.

### CEO review (continued)

#### Expanding our network (continued)

2024 marked a strategic shift from our focus on organic build, to a more balanced model of network expansion, maximising the potential for subsidised participation in the government's Project Gigabit programme alongside a rapidly emerging altnet<sup>5</sup> consolidation opportunity. This model will provide a cost-effective, profitable and scalable strategy to accelerate our network expansion and maximise the availability of serviceable premises to our customers.

Central to this strategy is our expanded participation in Project Gigabit. In January 2024, we were awarded five new contracts under the programme, bringing our total to nine contracts, worth £780 million in subsidies. Since then, we have worked closely with BDUK<sup>6</sup> to refine the build programmes which has increased the subsidies by £85 million to a total of £865 million. The scale of this participation has led to a reprofiling of our build plans, increasing our focus on densifying rural areas close to our existing urban networks.

Build is now underway in all nine awarded contract areas. As at 31 December 2024, over 20,000 subsidised premises are already RFS, and live services are available in five project areas. These contracts underpin our rollout to over 1 million subsidised and commercial premises and will see CityFibre become the principal provider of fibre infrastructure in these areas.

While deployment is at an early stage, there are early indications of strong consumer demand and take-up. Across the areas currently deployed, we are seeing an average of 60% faster take-up when compared to non-intervention areas. This serves to underpin our confidence in the strategic value of the expanded Project Gigabit footprint.

#### Mergers and Acquisitions

In May 2024, we announced the completion of our acquisition of Lit Fibre, adding 220,000 RFS premises to our network. Additionally, 60,000 partially complete premises were completed during the year, bringing the total to 280,000 RFS premises delivered. The acquisition of Lit Fibre followed CityFibre's decision to pursue altnet acquisitions as a strategic growth driver towards and potentially beyond its 8 million premises target. As part of the acquisition, 10,000 retail customers were also added. In line with our wholesale-only model, we sold the acquired ISP<sup>7</sup> in October 2024 to its co-founders, retaining the wholesale connections while prioritising the integration of the acquired network. This was completed by year-end and the footprint is now RFS to our ISP customers, supporting our full product portfolio.

Combined, CityFibre and the altnets currently serve approximately 16 million premises across the UK. As such, consolidation in the market represents a major opportunity for CityFibre to deliver a bigger footprint quickly and efficiently for our ISP partners. As the largest of the challenger networks, we are in a strong position to consolidate these footprints and we believe the opportunity for acquisitions to be significant and growing.

#### Driving take-up

In 2024 we added over 181,000 net consumer customers to reach a total of 518,000 (up 54% compared to prior year). Customer growth was reinforced by improving penetration<sup>8</sup> across our network. In our most mature cohorts such as those in Milton Keynes and Stirling, we are now seeing penetration exceed 40%.

We are also seeing a material improvement in early-life penetration with rates nearly doubling between 2021 and 2024.

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<sup>5</sup> Altnet: Alternative full fibre broadband network providers.

<sup>6</sup> BDUK: Building Digital UK is an executive agency of the UK Government funding Project Gigabit.

<sup>7</sup> Acquired ISP: This refers to the retail internet service provider operations of Lit Fibre.

<sup>8</sup> Penetration rate being the percentage of premises connected to the CityFibre network out of the available RFS premises.

## CEO REVIEW (continued)

### Driving take-up (continued)

These improvements are due to our maturing wholesale model which provides an increasing choice of ISPs and services for consumers and is further supported by the improved marketing efficiency of our partners. On average we now have eight ISP partners selling in each location.

Additionally, ISPs materially outperform on CityFibre's network versus BT Openreach, securing twice their average market share, further reinforcing our confidence in our model. This is driven by CityFibre's unique proposition for ISPs focused on:

- **Best prices:** our pure wholesale model enables us to provide attractive service pricing, enabling ISPs to gain share on our footprint while lowering cost and increasing margin
- **Best product:** we have the UK's largest XGS-PON network, supporting market-leading multi-gig services featuring symmetrical upload and download speeds
- **Best service:** our focus on service drives a great experience for end customers and a lower cost to serve for ISPs

CityFibre also continues to benefit from its established, multi-vertical model across residential, business, public sector and mobile sectors. Non-consumer channels continue to underpin take-up, giving us confidence in ongoing growth across our footprint.

### Sky strategic agreement

The long-term strategic agreement that we secured with Sky<sup>9</sup> in August 2024 represented a huge vote of confidence in the maturity of CityFibre's wholesale-only business model. It underpins our future consumer volumes and take-up expectations, nearly doubling our addressable market with consumer ISPs on our platform now accounting for 49% of UK broadband market share. We look forward to supporting Sky's launch of their market-leading services across our national network in 2025.

Key Performance Indicators (KPI)	2024	2023
Revenue (£million)	133.9	99.7
Adjusted EBITDA (£million) <sup>10</sup>	5.7	(54.5)
RFS Premises – additions (million)	0.9	1.0
RFS Premises – cumulative (million)	4.1	3.2
Premises Passed – cumulative (million)	4.4	3.6
Consumer connections (000)	518.2	337.0
Right First Time installation	95.0%	92.5%

### Financial Discipline

Our careful stewardship throughout 2024 saw us continue to strengthen our underlying financial performance, taking the business Adjusted EBITDA at profitable in Quarter 1 and sustaining it for the full year, delivering £6 million for the full year. This huge achievement served to improve our outlook for 2025, putting us in a strong position to deliver on our strategic objectives while further differentiating CityFibre from our altnet competitors.

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<sup>9</sup> Sky is one of the UK's leading media and entertainment companies, and its products include broadband services. Sky is part of Comcast Corporation.

<sup>10</sup> EBITDA, a non-GAAP alternative measure, is defined as operating loss adding back depreciation and amortisation. Adjusted EBITDA is defined as EBITDA adding back non-recurring revenue and administrative expenses, restructuring charges and management incentives charges.

## **CEO REVIEW (continued)**

### **Environmental, Social and Governance (ESG)**

Our ESG activities are at the heart of what we do. They are fundamental not only to our shareholders and lenders but to our business decisions, our operations and the communities within which we work.

We continue to monitor our carbon footprint, enhance the quality of the data we use, and work towards reducing our emissions. Throughout 2024, we focused on formulating our near-term Science-Based Targets, which were submitted to the SBTi for validation in February 2025. As part of this effort, we have been developing a detailed carbon reduction plan across our business operations and supply base, which will be published in 2025. Additionally, we have developed an energy-saving plan that includes various actions to improve the energy efficiency of our operations.

We have also done significant work in the community including the establishment of our Wildlife Trust and STEM<sup>11</sup> learning partnership, the development of Key Stage 1 and 2 materials for schools and the establishment of a community fund, designed to support charities in the areas where we are building.

In 2025, we will continue this work as well beginning a number of apprenticeship and work experience offerings to support young people to learn and grow. Operationally, we will begin the journey of decarbonising our fleet and focus on our supply chain emissions, working with our trusted partners on how to bring these down as best possible.

### **Future outlook**

In the year ahead, we will accelerate our customer take-up even further, supporting our ISP partners to drive greater market share through our market-leading products and services at highly competitive prices. We will also work closely with our new partner Sky to launch its broadband services over our national network in 2025. With the addition of Sky we will harness a near-doubling of our consumer sales capacity with our ISP partners now serving 49% of the UK broadband market.

We are confident in delivering accelerated growth across a rapidly expanding platform, harnessing our increased participation in government's Project Gigabit alongside a rapidly emerging altnet consolidation opportunity. We will also conclude our XGS-PON upgrade this year, providing our partners with the fastest and most reliable wholesale full fibre network in the UK market.

In our business, government and mobile verticals, we also anticipate building significant momentum throughout 2025, reinvigorating our product and service offerings to these markets alongside increasing engagement with our existing customers. We see significant medium-term revenue potential in these markets and remain confident of our customer's enthusiasm for an alternative offering to the incumbent, supported by new partners operating on our full fibre network.

Our acquisition of Lit Fibre and the rapid integration of its footprint has proven our ability to acquire and commercialise altnet footprints as well as demonstrated the financial and operational advantages of doing so. This underpins our conviction that the consolidation of the UK altnets is not only inevitable, but highly attractive and that as the largest wholesale challenger to BT Openreach, we will play a leading role.

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<sup>11</sup> STEM Learning Partnership: Science, technology, engineering and mathematics learning partnership.



**CEO REVIEW (continued)**

**Future outlook (continued)**

We expect to complete a number of further strategic acquisitions focusing on those targets with complimentary network footprints, a high quality of deployment, and compatibility of network

architecture. The market needs a third infrastructure platform of scale to ensure competition remains healthy and delivers for UK consumers. CityFibre is the core of that third platform. In summary,

CityFibre is well-positioned for continued growth through 2025 and beyond, proving the long-term sustainability of infrastructure competition and showcasing its benefits to consumers and the nation.

In March 2025, we announced the acquisition of Connexin's full fibre infrastructure, establishing a material foothold across Hull and East Riding and enabling the expansion of CityFibre's footprint by up to 185,000 premises.

The acquisition included Connexion's built network assets, passing more than 80,000 premises, as well as work in progress to a further 20,000 premises and options to extend further throughout Hull over time.

Integration began immediately to rollout CityFibre's market-leading wholesale products, pricing and services across the footprint.

The acquisition also saw CityFibre take on Connexin's Project Gigabit contract to rollout fast, reliable gigabit-capable broadband to over 34,000 hard-to-reach premises in Nottinghamshire and West Lincolnshire. This became the tenth Project Gigabit delivery contract secured by CityFibre and unlocked a future expansion to over 50,000 non-subsidised premises.

**Principal risks and uncertainties**

Risk	Mitigation
<p><b>Liquidity</b></p> <p>Our ability to achieve our objectives is dependent on us effectively managing liquidity, including the ability to access existing and future equity and debt funding to deliver Full Fibre connectivity to 8 million homes. We are also required to comply with banking draw stops and covenants and other financial obligations as they fall due.</p>	<p>We continue to manage our existing funding in line with our long-term business plan, including maintaining compliance with banking covenants and debt draw conditions. We forecast both short and long-term cash flow, perform sensitivity analysis, and are able to further flex the business plan to manage liquidity. The formal debt and equity financing process has commenced, supported by experienced advisors, and whilst we recognise the reduced liquidity in the market we still expect to be able to access the required financing to deliver our business plan.</p>
<p><b>Competition</b></p> <p>The UK telecommunications sector is highly regulated. We mainly compete for customers with BT Openreach, Virgin Media O2/Nexfibre. Our business model depends upon customers switching to Full Fibre on the CityFibre network, which relies on a sufficiently differentiated product and competitive pricing. In addition, the Full Fibre market continues to go through a period of consolidation, the impacts of which are uncertain.</p>	<p>We have the second largest Full Fibre network in the UK with access to capital and established revenue streams. The signing of a 30-year partnership with Sky underpins our expansion to 8 million homes and our participation in the Government's Project Gigabit programme allows us to drive engagement with ISPs in locations where there is limited Full Fibre competition. Our products and services are regularly reviewed to ensure our offer remains competitive. We successfully completed the acquisition of Lit Fibre in 2024 and have an experienced team of advisors in place should we choose to pursue further opportunities to increase our market share.</p>
<p><b>Regulatory Environment</b></p> <p>The UK telecommunications market is regulated by Ofcom who are responsible for overseeing quality and choice of services in the UK, and promoting competition, for the benefit of consumers. A failure to address anti-competitive behaviours in the Full Fibre wholesale market, could affect our ability to compete.</p>	<p>We continue to engage proactively with both Ofcom and Government and take actions as necessary to ensure our position is appropriately represented and protected. One Touch Switching went live in 2024 to facilitate easier switching and Ofcom also issued guidance on the use of the word 'Fibre' in advertising ensuring consumers are given the correct information at the point of purchase. The next Market Review (2026-2031) has started and we consult regularly with Ofcom and encourage them to undertake the necessary regulatory actions to safeguard our competitive position.</p>
<p><b>Inflation and Interest rates</b></p> <p>Whilst inflation has reduced from its previous high levels there remains uncertainty around the ability to sustain the Bank of England 2% target and this continues to drive higher costs of borrowing; with the Bank of England reluctant to reduce interest rates further until inflation is under control. We have a floating interest rate exposure linked to SONIA<sup>12</sup> that we pay on our debt facility. As we continue to invest in growth, our near-term financing requirements could mean we are exposed to the higher costs of borrowing expected to continue in the short to medium term.</p>	<p>We have appropriate hedging instruments in place to mitigate our exposure to interest rate fluctuations within the terms of our existing financing facilities. Through the consistent delivery of our strategy, we expect to be able to access a wider pool of funding, at competitive interest rates, supported by our team of experienced advisors.</p>

<sup>12</sup> SONIA (Sterling Overnight Index Average): is a daily overnight interest rate benchmark for sterling-denominated deposits administered by the Bank of England.

**Principal risks and uncertainties (Continued)**

Risk	Mitigation
<p><b>Data and Cyber Security</b></p> <p>As the third largest telecommunications network in the UK, we form part of critical national infrastructure (CNI) and are exposed to the increased frequency and complexity of cyber-attacks. The sustained threat environment, combined with new and amplified threats from the emergence of AI, means we remain exposed to the threat of attacks on our network and through our supply chain. This has the potential to cause disruption, to our ISP customers and operations, and data breaches resulting in regulatory and financial penalties.</p>	<p>We continue to bolster our cyber and information security practices in response to the continued and varied threats we face and have conducted a full review of our security ecosystem. As part of our security strategy, we continue to strengthen our IT organisation, have implemented additional security tools and improved incident response capabilities. Our business continuity plan outlines our response in the event of a cyber-attack and we conduct regular exercises, testing and war gaming. Our employees are required to undertake mandatory and targeted data protection and cyber security training and we have conducted awareness campaigns, mock phishing attacks, and a review of identity and privilege access management for critical systems. Our transition to the ISO27001 2022 standard, NIST2, and compliance with the Telecommunications Security Act remain on track and will help to ensure the security and resilience of our network, data, and operations. We remain part of the Government backed Cyber Essentials scheme and continue to collaborate with Government, Ofcom, and Telecoms industry counterparts to share knowledge and information to improve collective responses. In addition, we have appropriate cyber insurance arrangements in place which provides cover in the event of an attack.</p>
<p><b>Global Economic &amp; Geopolitical Uncertainty</b></p> <p>Continued global economic and geopolitical uncertainty remains a key challenge for UK businesses exposed to a variety of interconnected risks and their compounded effects. With the highest number of ongoing armed conflicts since the second World War, and tensions between the US and China, there is the potential for disruption to global trade routes and subsequent impacts on supply chains. Changes of Government in the UK, across Europe, and in the US have the potential for increased political discourse, tax rises, trade tariffs, and the subsequent impacts on inflation, lending markets and insolvencies. We, our principal contractors, and customers are exposed to these pressures.</p>	<p>Our supply chain strategy includes diversification of supplies to minimise the potential for disruption. We regularly review our materials demand forecast and work closely with our principal construction partners to ensure sufficient stock holdings are maintained. Our disaster recovery processes ensure operational resilience, minimised downtime, and compliance with legal, regulatory, and contractual requirements. Our business plan allows for a mixture of organic build and acquisition to minimise the impact of demand driven materials and labour inflation and our principal construction partner contracts include the ability to benchmark rates against the market. Supply chain optimisation has allowed costs per premise to remain steady despite inflationary headwinds and we continue to drive efficiencies wherever possible in order to reduce operating costs and manage the impacts of inflation. We conduct financial background checks prior to awarding contracts and continue to monitor liquidity throughout the delivery phase to minimise the risk of supplier contract breach or abandonment. We monitor customer aged debt and take action as required to recover overdue receivables.</p>

**Principal risks and uncertainties (Continued)**

Risk	Mitigation
<p><b>Digital Disruption and Emerging Technology</b></p> <p>Generative AI introduces significant opportunities for the Telecoms industry which need to be balanced with the risks introduced through its adoption. The potential for AI to drive efficiencies, reduce costs, and innovate services creates an advantage for those who embrace the technology. However, the vast amounts of data processed by AI raises both cyber security and privacy issues, with the potential for AI driven cyber-attacks which exploit vulnerabilities in telecoms networks. Threats may also arise from deepfake content and algorithms that introduce bias to unfairly influence decision making. Lack of transparency in the application of AI may also lead to misinformation spread and a lack of trust. Generative AI tools also pose ethical, legal, and existential questions including the longer-term impacts on society and workforce.</p>	<p>The UK Government has outlined its pro-innovation approach through its AI Opportunities Action Plan with a number of key recommendations to build sufficient, secure, and sustainable infrastructure. We recognise the transformative potential of AI in shaping the future of telecommunications and are developing our AI strategy which includes ethical and governance considerations. We are committed to ensuring our AI initiatives are guided by ethical principles, a security first mentality, data privacy and responsible decision making. We consider diversity and ethics at every stage of AI development to remove limitations and biases and ensure we are transparent in the application and use of AI in our decision making. Our AI security policy provides guidance to employees on the appropriate use of, and threats surrounding, AI including generative AI (GenAI) and Large Language Model (LLM) technologies.</p>
<p><b>Outsourced Construction</b></p> <p>We award contracts to principal construction partners in order to build our Full Fibre network and rely on their, and their subcontractors, ability to deliver in line with agreed contractual terms and within the UK legal and regulatory framework. This exposes us to non-delivery of our targets, third party insolvency risks, the potential for contract dispute and litigation, and reputational damage should standards of corporate governance fall short of our requirements.</p>	<p>We have reduced the number of principal construction partners we work with, prioritising those who can demonstrate compliance with UK laws and regulations and whose standards and values align with our own. Contracts are issued for a six-month period, balancing financial commitments and a forward view of work to enable competitive pricing, and are designed to ensure we only pay for what is built. Ongoing review and monitoring take place through contract and supplier relationship management with an established change control process in place to ensure 'in build' changes are appropriately identified and approved. Principal contractors' financial positions are monitored throughout allowing us to make early interventions where required.</p>
<p><b>Health &amp; Safety</b></p> <p>As part of our strategy to deliver Full Fibre connectivity to 8 million homes we engage in activities that have the potential to cause serious injury or harm. We rely upon our principal contractors to ensure their subcontracted workforce comply with our policies and procedures. Failure to meet the expected standards could lead to increased incidents, litigation and reputational damage resulting in the loss of customers and Government contracts. In addition, we acknowledge our duty of care to our own employees who may also be exposed to threats to health, safety, and wellbeing.</p>	<p>We remain committed to upholding the highest standards of health and safety. We continue to drive up standards in the fibre industry through our membership of SHiFT (Safety &amp; Health in Fibre Telecoms) and have a dedicated Safety, Health, and Environment (SHE) team who work closely with our principal contractors to ensure compliance with legal obligations. Our 'Golden Rules of Safety' set clear expectations and our safety culture encourages near miss and incident reporting; utilising technology for effective incident classification, escalation, and proactive management. Our risk and assurance model places greater emphasis on the effective management of material risks, with reporting metrics demonstrating improvements in performance year on year. Our practices have been recognised by RoSPA, with a fourth consecutive Gold Award, and are certified to the ISO45001 (2018) standard demonstrating our commitment to prioritising a safe and healthy working environment. We provide a range of resource to support employee wellbeing including our employee assistance programme, mental health first aiders and access to private medical insurance. We remained focussed on the proactive management of the health, safety and wellbeing of our employees, customers, contractors, and the general public.</p>

**Principal risks and uncertainties (Continued)**

Risk	Mitigation
<p><b>Human Capital, Diversity and Talent Management</b></p> <p>We recognise that our employees are our best asset. In order to be able to attract and retain talent and knowledge employees are expecting more from employers, including greater work-life balance, access to learning and development, career progression, and employers who can demonstrate strong social values and purpose. Changes to legal migration rules have meant fewer skilled visa applications, and many UK businesses are struggling to attract the skills they need. We, and our construction and installation partners, rely upon being able to attract a diverse range of talent crucial to the successful delivery of our strategic plan.</p>	<p>Our workforce is geographically spread which means we are able to access a diverse range of talent from across the UK. Our acquisition and retention strategies include succession planning, salary benchmarking, competitive benefits, and comprehensive onboarding programme. We monitor attrition rates and conduct exit interviews to understand if there are areas we can further improve. We offer training and development through our learning platforms, accredited training programmes and provide coaching and mentoring opportunities. Our annual Employee Voice Survey provides employees with a chance to provide feedback; which is translated into action plans to deliver improvements. Where appropriate, we embrace flexible working and provide support to ensure employees can effectively manage their work-life balance. We offer access to resources to promote physical, mental, and financial wellbeing including access to GP appointments, savings and discounts, and a 24/7 confidential helpline. Our values are reflected in the 'CityFibre Way;' how we think, act and work and we offer recognition through our CityFibre Heroes scheme. We have clear policies and training outlining expected standards of ethics and conduct and our inclusive culture is reflected in our thriving diversity, equity, and inclusion communities; including our gender, disability and carers, cultural inclusion, and LGBT+ networks. We continue to work with our construction and installation partners to build a pipeline of talent to deliver the skills required for the future; including delivery against our Project Gigabit apprenticeship commitments.</p>
<p><b>Environmental, Social and Governance</b></p> <p>It is important that business conduct themselves in an ethical and sustainable way demonstrating strong corporate social responsibility and providing long term benefits to the environment, society, and the economy. In addition, as a UK business, we are required to incorporate sustainability goals in order to meet legislation and comply with mandatory reporting requirements as we transition to a greener economy and net zero 2050 targets. Maintaining positive relationships with our stakeholders is critical to ensuring we leave a positive legacy and are able to attract customers, employees, Government funding, and the investment required to deliver our strategy. Our approach is outlined in our Responsible Business strategy and failure to deliver on the commitments made could affect our long-term business performance, profitability and liquidity.</p>	<p>Our Responsible Business strategy includes commitments to our people, our society and our planet with an established Board Sub Committee to oversee governance. We have a detailed approved decarbonisation plan, supported by specialist advisors, from which we have set Net Zero and SBTi goals and have already converted to the use of renewable energy across the vast majority of our operations. We continue to make progress against our social value commitments and have partnerships in place with various organisations including STEM Learning, Springpod, Wildlife Trust, and Business in the Community, to deliver on our goals. We have also established our own CityFibre Community Fund to directly fund community projects. We remain committed to the delivery of our gender goals, to supporting digital inclusion, fostering a lasting skills legacy, and addressing socio-economic disadvantages. We encourage all our employees to take charitable leave to volunteer for a cause important to them. Our zero-tolerance approach to corrupt behaviour is backed by policies, procedures, and training to protect us and our shareholders from unethical conduct. This approach extends to our suppliers who are required to work within the terms of our Supplier Code of Conduct.</p>

### Section 172 Statement

The Board acknowledges Section 172 (1) of the UK Companies Act 2006, and its duty to promote the success of the Company. The Directors must act in the way they consider, in good faith, would be most likely to promote the success of the Company for the benefit of its members as a whole, and in doing so has regard (amongst other matters) to:

- a) the likely consequences of any decision in the long term
- b) the interests of the Company's employees
- c) the need to foster the Company's business relationships with suppliers, customers and others
- d) the impact of the Company's operations on the community and the environment
- e) the desirability of the Company maintaining a reputation for high standards of business conduct
- f) the need to act fairly between members of the Company.

The Board considers that all their decisions are taken with the long term in mind, understanding that these decisions need to consider the interests of our employees, relationships with suppliers, customers and the communities in which we operate. The Board understands the need to regularly review the identity of these stakeholders, as they make such decisions.

The Board receives regular feedback from its stakeholders through regular reporting through the Board and its sub-committees, to ensure their needs and views are taken into account. Where appropriate, direct engagement with stakeholders is used to inform the Board, such as regular employee engagement surveys and customer experience statistics. The Board also assesses whether stakeholder engagement best takes place at an operational level, particularly in relation to our suppliers and communities in which we operate, due to the size and spread of both the stakeholders and the business.

The Board also recognises the desirability of maintaining a reputation for high standards of business conduct through our published policies and training of CityFibre employees in those policies.

Our shareholders nominate directors that control the board of the ultimate holding company and are actively involved in our major decision making. Those shareholders are active owners of other businesses in the infrastructure sector in the UK and overseas and bring that experience to bear in the decision making of CityFibre.

The key stakeholders are set out below:

#### UK Cities and Towns

We use a broad range of criteria to select new towns and cities in which to deploy our networks. These include, but are not limited to; the size of the location, the extent and reach of our existing infrastructure, the ability to use third party infrastructure already in place, competitor presence or stated intention to build, estimated cost per premise, our views on the likely success of winning commercial opportunities from the public sector (including through local Full Fibre procurement opportunities), indications from ISPs who are current or prospective customers, the attractiveness of the business market and the ability to connect mobile infrastructure. Additionally, we are now a key partner in the government's Project Gigabit programme which will subsidise the roll-out of gigabit-capable infrastructure to rural homes and businesses and has therefore opened up further towns and cities which would otherwise be excluded from commercial rollouts.

#### Construction Partners

Our construction partners are key to our success. We identify and select the best construction partner for each city based on a range of criteria including quality of build, ability to mobilise the local construction work force and the expected cost to build the network. While we focus closely on the productivity of our construction partners, the health and safety of the construction workers building our networks is of paramount importance, as outlined in the section below on Health and Safety on page 18.

### Section 172 Statement (continued)

#### Suppliers

As we deploy our network, we are making use of the very latest and best fibre technology available. We believe that by investing in the best technology we will create a high quality and resilient network which will attract and retain customers across our key market verticals and build long-term value for all parties. CityFibre targets technology suppliers who can provide a strong product roadmap and the innovation we require to maintain a world-class network into the future. Due to the scale of our network infrastructure and critical national dependency, we take into account Government advice in respect of national security issues when selecting suppliers and require our suppliers and contractors to work within the terms of our Supplier Code of Conduct. Please see the section on Business Ethics and Conduct on page 19 for further information.

#### Customers

We build our cities based on a “Well Planned City” design methodology we have developed. We are building our networks with sufficient capacity to serve consumer, business, public sector and mobile operator customer groups. CityFibre is an open access network wholesale only provider and the end users of our network consume services through other providers such as ISPs, business resellers, public sector systems integrators and mobile network operators. We aim to develop relationships with all the major national players with customer bases covering the majority of end users in the UK. We believe that our national scale makes us an attractive partner because it can provide an efficient platform for systems, service and marketing investment and a clear alternative to the two national incumbent networks in the UK.

#### Employees

We have central offices in Milton Keynes, Telford, London and Irlam which house technical, commercial, customer service and corporate teams supporting the business. We also operate teams in each of the locations currently under construction, to work closely and establish a strong relationship with the local council, Highways Agency, our customers and our local construction partners. Our preference is to hire locally and, where possible, we seek out potential employees who are in the early stages of their career who can be trained and grown in the business. We value employees who have a local affinity with the location in which they work because we hope they will be proud of the legacy they are building in benefitting the entire community. We are also actively working to ensure we build and maintain a diverse and inclusive workforce, a programme supported by our Diversity and Inclusion Leadership Group. The behaviours set out in The CityFibre Way guide how we think, act and work and we conduct a yearly Employee Survey taking on board feedback from our employees and implementing action plans to address these to improve employee satisfaction. Further information on these initiatives as well as our gender diversity reporting is within the Responsible Business section on page 15 onwards.

Significant decisions made in the year are detailed below, which demonstrate how the interests of the stakeholders above have been considered by the Board:

#### Project Gigabit

The board approved the submission of bids for a number of contracts under the government’s £5 billion Project Gigabit programme. As a result, CityFibre secured new Project Gigabit contracts in 2024 across multiple locations. Project Gigabit is the government’s flagship £5 billion programme to enable hard-to-reach communities to access lightning-fast, gigabit-capable broadband. Project Gigabit is managed by Building Digital UK (BDUK), an executive agency of the Department for Science, Innovation and Technology (DSIT). These contracts will subsidise the rollout of ‘gigabit capable’ infrastructure to reach homes and businesses where commercial builds are not economically viable. Participation in the BDUK programme offers many advantages, including higher take up opportunity in areas of lower infrastructure competition and delivers comprehensive regional-scale coverage to grow market share for existing customers and encourage new ISPs to our wholesale platform. This decision was made with consideration as to the impact on stakeholders, in particular customers and UK towns and cities where communities are currently underserved by broadband infrastructure.

### Section 172 Statement (continued)

#### Corporate Development Activity

In 2024 the board agreed to pursue potential acquisition opportunities to further expand the network footprint through the strategic acquisitions of UK altnets alongside the continued growth through organic build. This will allow CityFibre to continue to scale at pace and allow our ISP partners and their end customers the ability to connect to an extended network footprint. The decision-making process included consideration of the potential impact on stakeholders which predominantly related to customers and their ability to connect to a larger network. As part of this strategy, the Board approved the acquisition of Lit Fibre, which was completed on 13 May 2024.

#### Sky Strategic Agreement

The board approved a long-term strategic partnership with Sky which was signed in August 2024. The agreement nearly doubles CityFibre's addressable market with Consumer ISP on the platform now accounting for 49% of UK broadband market share. We are on track to launch services over our nationwide network in 2025.

### Responsible Business

CityFibre is a business with a clear purpose. The digital infrastructure we build will help transform society, underpin global Britain's economic future, and unlock the country's full potential. Our Full Fibre rollout will deliver significant economic, social, and environmental benefits across the UK.

As we build our network, we have a duty to act responsibly, ensuring we play our part in leaving a fairer, greener, and healthier world behind. Not doing so would undermine the positive legacy we are determined to build and enable through our network. We drive change aligned with the three pillars of our Responsible Business strategy – Our People, Our Society and Our Planet.

#### ***Our People***

We will only be able to make a genuinely positive impact if our CityFibre team, and those working alongside us, are happy, healthy, and representative of the diverse communities we serve. That is why we put considerable emphasis on well-being, inclusion, diversity, and nurturing young talent. We support our people to bring their authentic selves to work and build lasting careers where they feel counted, accountable, and empowered.

#### ***Our Society***

Digital infrastructure is of critical importance to our society. We are committed to helping build inclusive, enabled, and engaged local communities in all our rollout locations. By working with build partners, we have also helped to create a wide variety of apprenticeships and entry-level roles. From supporting digital inclusion initiatives, investing in programs driving diverse participation in STEM education, or even just a community litter-pick, we are helping to make a difference.

#### ***Our Planet***

Climate change is one of the most pressing issues facing our planet today. We are fully aware of our role as a driver of decarbonisation for the economy and society. We take our responsibility seriously and are determined to roll out a low emission Full Fibre network and play our part in a greener future for Britain. By being a responsible business this also means optimising our working practices, technologies and behaviours and working closely with expert partners and our supply chain.



### Responsible Business (continued)

#### Responsible Business Governance

Ensuring that we can effectively track and monitor our performance against our strategy is critical to realising our ambitions. To do so, we continually strive to improve the data quality and insight that allows us to understand the impact we are having. Additionally, with an established Environment, Social and Governance (ESG) & Responsible Business Board Sub-Committee that meets quarterly, an operational monthly ESG & Responsible Business Steering Committee as well as Executive level sponsorship, we benefit from the oversight, challenge, and input of a variety of key stakeholders to translate intent into action.

#### The CityFibre Way

The CityFibre Way behaviours were co-created by employees and capture CityFibre's challenger mindset. These behaviours; 'Be the Groundbreaker', 'Collaborate to Innovate', 'Keep it Simple', 'Deliver Legendary Service' and 'Back Each Other', supported employees' resilience and performance in 2024 against stretching targets that saw the business deliver 900,000 Ready for Service premises for its customers.

In our ongoing commitment to employee wellbeing we continued to provide employee benefits such as the Employee Assistance Programme, Private Medical Insurance, and the Holiday Purchase Scheme.

#### Diversity and Inclusion

Creating a culture of diversity and inclusion is a core priority of CityFibre. We see it as integral to the overall performance and success of the organisation. A diverse workforce brings a wide range of perspectives, skills, and experiences to the table, which can lead to increased creativity, innovation, and productivity. When coupled with our inclusive workplace environment, employees will feel valued and respected, regardless of their background or identity.

In 2024 we supported our employees to be more expressive and champion their diversity through our sponsorship of several Pride events, our partnership with the Women in Engineering Society, Talent Tech Charter<sup>13</sup>, Work180<sup>14</sup>, Vercida,<sup>15</sup> and our improved internal blogs focussed on the people of CityFibre.

Additionally, we provide training in equal opportunities to managers and other employees involved in recruitment or other decision making, where equal opportunities issues are likely to arise. This includes unconscious bias training and awareness. We provide training to all existing and new employees, and others engaged to work with us, to help them understand their rights and responsibilities under the Dignity at Work Policy and what they can do to help create a working environment free of bullying and harassment.

We provide additional training to managers via coaching from our Employee Relations team to enable them to deal more effectively with complaints of bullying and harassment. If the manager has not received training before dealing with a complaint, Human Resources will undertake coaching directly with the manager before they respond to the complaint.

We have also used the services of an external organisation to support individuals with dyslexia whilst enrolled into management training. Training content is designed in both audio and written formats and is accessible to all.

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<sup>13</sup> Talent Tech Charter: A commitment to ensuring that the UK tech workforce reflects the diverse nature of the population.

<sup>14</sup> Work180: A community platform that empowers women and marginalised groups by providing information to help them make informed career choices.

<sup>15</sup> Vercida: A career platform designed for jobseekers seeking employers that prioritise diversity, inclusion and well-being.

### Responsible Business (Continued) Gender Diversity

As of 31 December 2024, CityFibre's gender split was as follows:

- Total Employees: 1,467 employees (excluding contractors), of which 26% identify as female (2023: 26%)
- Line Management Roles: 325 total, of which 27% identify as female (2023: 24%)
- There were 51 employees employed in the capacity of Executive or Director at CityFibre, of which 33% identify as female (2023: 29%).

We recognise that women are still underrepresented in the telecommunications, construction and technology industries and will continue to take steps to address the gender imbalance, with a gender diversity target of 27% in 2025 in addition to specific gender pay gap and female promotion KPIs.

### Health and Safety

The health and safety of our employees is paramount. Our commitment to this is reflected through our training programmes, policies, processes and procedures - all of which align with our safety management system ISO 45001, which is accredited and independently audited by National Quality Assurance each year.

We have an annual Safety, Health and Environment programme focussed on key topics identified from our risk register, employee feedback, accident statistics and, where appropriate, industry trends. We have collaborative working with our contractor organisations to ensure we share best practice, and all achieve the same SHE standards.

There is a culture of proactive collaboration and communications through our monthly Incident Prevention Meetings to share learning from incidents. We also capture employee feedback through our Employee Voice Survey on our safety culture.

We have continued to embed 'home safe and well' across the business, which focuses on the behavioural aspects of our health, safety and wellbeing culture. Our strong focus on health and safety has led to a significant improvement in our performance metrics in 2024, demonstrating the effectiveness of our proactive safety initiatives and collaborative approach with employees and contractors.

We had one injury resulting in more than seven days of absence to a CityFibre employee reported under Reporting of Injuries, Diseases and Dangerous Occurrences Regulations, 2013 ('RIDDOR') which was comparable to our performance in 2023.

We had five injuries to contractors resulting in more than seven days of absence reported under RIDDOR, an improvement on our 2023 performance of 13.

We had one member of the public injury reported under RIDDOR which was an improvement on our 2023 performance of seven. We have also improved our site compliance performance to 86% compliant sites at inspection in comparison to 81% in 2023.

We have focused risk-based plans in place to maintain progress toward our annual target of a 10% year-on-year improvement in performance.

CityFibre secured a Gold Achievement Award from the Royal Society for the Prevention of Accidents (RoSPA) for its dedication to ensuring staff and build partners operate in a safe environment.

CityFibre has now been recognised at the awards for four consecutive years, with 'gold' being awarded for the past three.

The award highlights CityFibre's commitment to specialist areas of health and safety management within the telecommunications sector, as well as its drive to continually improve occupational health and safety, both internally and externally. An example of this includes CityFibre playing a leading role in bringing together 28 full fibre network operators to establish SHiFT (Safety & Health in Fibre Telecoms), a joined-up industry-wide approach to setting and raising safety standards specific to Full Fibre deployment.

## **Responsible Business (continued)**

### **Health and Safety (continued)**

Our Network Build Principal Contractor health and safety performance scores, aggregated across several different metrics including audit performance and service strike rates, showed an improvement of 21% compared with the previous year. Due to the improved performance fewer Contractor Continual Improvement Plans (CCIPs) were initiated.

### **Information Security and Cyber Risks**

Effective Information Security is crucial for maintaining the trust and confidence of customers, shareholders, and other stakeholders, as well as ensuring compliance with legal and regulatory requirements. We implement robust security measures and conduct regular monitoring to evaluate their effectiveness in preventing data breaches and other security incidents. Our business adheres to an Information Security Management System, which is certified to the ISO/IEC 27001 standard. Additionally, we participate in the government-backed Cyber Essentials scheme and perform annual assessments to ensure ongoing compliance.

Notable achievements and undertakings during 2024 include:

- Implemented a Managed Detection and Response (MDR) service to centralise all security related log analysis and security alerts. This managed service include a 24x7 Security Operations Centre function to ensure round the clock proactive response to any security related alerts.
- Implemented a Security Service Edge product which includes a Cloud Access Security Broker and Zero Trust Network Access technology. This consolidates these activities into one platform and integrates with the MDR service.
- Implemented a Cyber Threat Intelligence Platform to automatically search the Internet and the Dark Web for specific threats or information related to CityFibre.
- Implemented regular assessments as to our alignment with the latest iteration of the NIST Cybersecurity Framework.
- Renewed an existing Cyber Security Incident Response Retainer service provided by Mandiant, to further bolster our incident response capabilities.
- An ongoing programme of works to ensure adherence to the Telecommunications Security Act (TSA). This will continue throughout the implementation phases as defined in the associated Code of Practice and will conclude in March 2028.
- As part of our TSA obligations, we submitted a formal response to the periodic Ofcom Notice under Section 135 of the Communications Act 2003.
- Initiated a project to migrate from the ISO/IEC 27001:2013 standard to the latest 27001:2022 standard. An external transition audit will take place for this in mid-2025.
- Approved as members of the NCSC's CISP (Connect Inform Share Protect) platform.

### **Business Ethics and Conduct**

We work more productively within an environment of integrity, trust, and transparency. We take a zero-tolerance approach to corrupt behaviour and have put in place policies, training, and procedures to reduce the risks faced by our employees and our organisation to unethical conduct. We regard the potential for bribery and corruption as a potential risk to the business and have established policies and governance that set and monitor our approach to preventing financial crimes, fraud, bribery, and corruption.

We value transparency within our organisation and expect our suppliers and contractors to hold similar high standards. As part of our due diligence, we require our suppliers and contractors to document, and demonstrate their adherence to ethical standards through our pre-contract qualification process.

### Responsible Business (continued)

#### Active in the Community

Our inclusive approach to network design and construction where we are building, enables nearly every potential premise to be connected to the Full Fibre network, whether the resident is an early adopter or not. This comprehensive investment approach is about including every potential customer in the rollout, and our open access approach means that consumers have broad choices and availability of broadband services.

As part of our network construction programmes across each build area, we support public realm improvements such as footpaths and grass verges, accessibility projects such as widening paths, and sponsorship of local development projects, such as memorial gardens.

We are committed to linking societal improvements with network build and operation. Optimising strategy design and execution, the business continues to draw on the expert resources and knowledge of Business in The Community (BITC). As members, we receive support, networking, and benchmarking to mature our social interactions, particularly on material topics such as digital literacy.

Importantly when we start up work in a new location, we contact and network with the local authorities to understand the geography, businesses, and societal interactions. This includes looking at how we stimulate the demand and use of fibre across the social housing stock and support the most vulnerable in our society.

We also recognise the opportunity to deliver and develop the expected standards of Full Fibre rollout, giving the end consumer the service they deserve. During 2024 we continued our membership and actively involved ourselves with Street Works UK, the UK's only Trade Association representing utilities and their contractors on street works issues, promoting best practices and a two-way relationship with Government and other relevant stakeholders.

We also continued our membership with Independent Networks Cooperative Association's (INCA) industry working group for sustainability.

#### Learning, Development, and Education

Our Learning and Development team offers a wide range of learning initiatives and support. For the 2024 period, 78% (2023: 85%) of our employees completed a learning activity. In total, 31,000 training hours (2023: 128,000) were completed across 2,600 instructor-led sessions (2023: 700) and 5,800 separate online courses (2023:550).

#### Environmental Management

Protection and conservation of the environment is a key component to the Responsible Business strategy pillars of Our Society and Our Planet. To ensure we deliver activities compliantly and without net impact on the environment, we operate to a ISO14001 certified environmental management system. The business continues excellent performance in this area with no prosecutions or notices during 2024.

#### Climate Action

Climate change is one of the most pressing issues facing our planet today, and it is critical that we take action to reduce our carbon footprint and transition to sustainable energy sources. CityFibre, as a leading provider of Full Fibre infrastructure, can support UK decarbonisation by providing high-speed, low-latency connectivity that enables digitisation and the Internet of Things (IoT).

We have three focuses for climate action:

- Decarbonise the business operations and supply chain working towards the ambition of net-zero emissions.
- Build climate resilient assets and networks and develop business preparedness for climate events.
- Provide low emission networks for end consumers, as measured across the lifecycle of our service.

## **Responsible Business (continued)**

### **Climate Action (continued)**

We continue to monitor our carbon footprint, enhance the quality of the data we use, and work towards reducing our emissions. Throughout 2024, we focused on formulating our near-term Science-Based Targets, which were submitted to the SBTi for validation in February 2025. As part of this effort, we have been developing a detailed carbon reduction plan across our business operations and supply base, which will be published in 2025. Additionally, we have developed an energy-saving plan that includes various actions to improve the energy efficiency of our operations.

The electricity consumption across all facilities where we have operational control, which represent 97% of our scope 2 emissions, remained entirely sourced from renewable energy through the use of green tariffs. We are currently working towards securing Power Purchase Agreements for our electricity procurement. The remaining 3% of our emissions from electricity consumption are under the control of landlords, with whom we plan to engage regularly to ensure the transition to 100% renewable energy sourcing.

Apart from working on our operations and supply base, we have been working in the community and have set up a partnership with The Wildlife Trust, funding their work across the UK, which includes restoration of habitats that lock away carbon and promote climate change resilience. Additionally, we are establishing projects in Leicestershire and Warwickshire to support and collaborate with local schools on boosting biodiversity in these areas.

We continued to monitor our carbon footprint and recognise the importance of communicating a clear, accurate, and detailed analysis of greenhouse gas emissions, particularly in business-to-business relationships and to the end consumer.

### **Energy Management**

As we continue to grow our networks, we recognise that this will have an impact on our emissions and natural resources use, and have been looking at alternative options to improve energy efficiency. In 2024 the business implemented actions to improve its energy efficiency, including the installation of voltage optimisation equipment on FEX<sup>16</sup>s to reduce energy consumption in voltage-dependent loads. The company reviewed the use of generators to power FEXs across England and Scotland, with the aim of transitioning assets to wired energy supplies. By the end of 2024, only one site remained reliant on a generator for power, with plans to transition to DNO power in early 2025.

In 2024, the business developed an Energy Efficiency Plan consisting of several actions aimed at generating energy savings. These include the further installation of voltage optimisation equipment across FEXs, plans to implement building management system in several offices, and the introduction of new driver policies to support fuel savings.

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<sup>16</sup> Fibre Exchange

**Streamlined Energy Carbon Reporting (SECR) Report**

The below table and supporting narrative summarise the Streamlined Energy and Carbon Reporting (SECR) disclosure in line with the requirements for a “large” unquoted company, as per The Companies (Directors’ Report) and Limited Liability Partnerships (Energy and Carbon Report) Regulations 2018. Further, the emissions reported were for the period commencing on 1<sup>st</sup> January 2024 to 31<sup>st</sup> December 2024. Greenhouse gas (GHG) emissions for CityFibre have been assessed since 2019, with the previous three years shown for comparison.

<b>Reporting Year</b> <b>1<sup>st</sup> January – 31<sup>st</sup> December</b>	<b>2024</b>	<b>2023</b>	<b>2022</b>	<b>2021</b>
Location	UK	UK	UK	UK
Emissions from:				
Emissions from activities for which the company own or control including combustion of fuel and operation of facilities (Scope 1) (tCO <sub>2</sub> e)	1,481	571	373	148
Emissions from purchase of electricity (Scope 2) (location-based) (tCO <sub>2</sub> e)	5,898	5,273	3,389	3,442
Emissions from purchase of electricity (Scope 2) (market-based) (tCO <sub>2</sub> e)	303	-	1,847	4,420
Emissions from business travel in rental cars or employee-owned vehicles where company is responsible for purchasing the fuel (Scope 3) (tCO <sub>2</sub> e)	317	1,791	1,914	1,390
Emissions from air and train travels (Scope 3, tCO <sub>2</sub> e)	364	-	-	-
Emissions from leased assets, where the company does not have operational control over emissions (Scope 3 category 8) (tCO <sub>2</sub> e)	-	317	733	-
<b>Total gross Scope 1, Scope 2, and Scope 3 emissions (location-based) (tCO<sub>2</sub>e)</b>	<b>8,363</b>	<b>7,952</b>	<b>6,409</b>	<b>4,980</b>
Energy consumption used to calculate:				
Scope 1 emissions (1,000kWh)	5,300	2,300	1,400	600
Scope 2 emissions (1,000kWh)	28,500	25,500	17,500	18,900
Scope 3 emissions (1,000kWh)	1,000	5,200	11,700	7,100
Total gross energy consumption based on the above (1,000kWh)	34,800	33,000	30,600	26,600
<b>Total gross energy consumption by network length (1,000kWh)</b>	<b>0.7</b>	<b>1.4</b>	<b>1.6</b>	<b>1.7</b>
Intensity ratio: tCO <sub>2</sub> e (gross Scope 1, 2 + 3) per FTE (location-based)	5.1	4.7	3.2	2.7
Intensity ratio: tCO <sub>2</sub> e (gross Scope 1, 2 + 3) per £'000 sales revenue (location-based)	0.060	0.080	0.079	0.077

## **Streamlined Energy Carbon Reporting (SECR) Report (continued)**

### **Methodology**

This SECR report follows the GHG Protocol guidelines to account for the company's emissions. The operational control approach has been applied, meaning all emissions required under SECR are reported where CityFibre has operational control. The reporting period is 2024, and emissions associated with Lit Fibre, acquired by CityFibre, are also included. This report covers Scope 1, Scope 2, and Scope 3 emissions (business travel in rental cars or employee-owned vehicles where the company is responsible for fuel purchases, and air and train travels). The emission factors and conversion coefficients used are sourced from GOV.UK's Greenhouse Gas Reporting: Conversion Factors 2024. Additionally, certain assumptions were sourced from ADEME (the French reference agency for energy and environmental studies) to estimate energy consumption where data was missing.

Several differences are observed between the 2023 and 2024 report results:

- In 2023, Scope 1 emissions did not account for fuel consumption from temporary generators and compressors.
- Refrigerant leaks from all sites (FEXs and offices) were not fully included in the 2023 Scope 1 emissions.
- In 2023, emissions from energy consumption at sites where CityFibre did not have direct control were reported under Scope 3 (leased assets). In 2024, these emissions have been reclassified under Scope 1 and 2. This change follows confirmation that CityFibre has operational control over energy use at all relevant sites.
- This reclassification aligns with the GHG Protocol methodology, which specifies that under the operational control approach, all electricity consumed in leased or owned buildings must be reported under Scope 2 for electricity and under Scope 1 for other fuel consumption, provided the company controls its use, even if it does not directly purchase the energy.

### **Energy Efficiency Action**

CityFibre has recently submitted its SBTi targets, which are currently under validation. In parallel, the company has developed a decarbonization plan, with key actions outlined below.

#### **Scope 1:**

- Reduce the use of temporary generators.
- Electrify our van fleet.
- Lower gas consumption in offices.
- Optimize air conditioning usage.
- Reduce reliance on backup generators or transition to HVO (Hydrotreated Vegetable Oil).
- Use lower-emission refrigerants for air-conditioning systems.

Scope 2: Engage with landlords of offices and FEX sites where we do not control electricity sourcing, aiming for 100% renewable electricity procurement

#### **Scope 3:**

- Review company-wide expenses to identify high-emission activities.
- Collect carbon data from suppliers and establish emissions performance indicators for key partners.
- Engage with current suppliers to drive emissions reductions and sustainability improvements.
- Prioritize new suppliers based on their sustainability commitments and carbon reduction strategies.
- This plan reflects CityFibre's commitment to reducing its carbon footprint across its value chain.

On behalf of the Board.



Greg Mesch  
Chief Executive Officer  
28 May 2025