



Independent Limited Assurance Report of KPMG LLP to VMED O2 Limited

KPMG LLP (“KPMG” or “we”) were engaged by VMED O2 Limited (“VMED O2”) to provide limited assurance over the Selected Information described below for the period ended 31 December 2021.

Our conclusion

Based on the work we have performed and the evidence we have obtained, nothing has come to our attention that causes us to believe that: the UoP Selected Information has not been properly prepared, in all material respects, in accordance with the UoP Reporting Criteria; and the NFM Selected Information has not been properly prepared, in all material respects, in accordance with the NFM Reporting Criteria.

This conclusion is to be read in the context of the remainder of this report, in particular the inherent limitations explained below and this report’s intended use.

Selected Information

The scope of our work includes only the information included within the VMED O2 UK Allocation and Impact Report (“the Report”) for the period ended 31 December 2021 marked with the symbol 1 (“the Selected Information”). The Selected Information comprises the use of Green Bond proceeds data (the “UoP Selected Information”) also listed in Appendix A and non-financial metrics (the “NFM Selected Information”) also listed in Appendix B. VMED O2’s Green Bond Framework requires VMED O2 to prepare an annual allocation report setting out the allocation of the net proceeds from the £1,689m green bonds issued on 7 July 2021 (the “Green Bond”) to Eligible Green Projects (“EGPs”) and also to report the non-financial metrics (the “NFMs”) relating to EGPs. The Report has been prepared to meet these requirements.

We have not performed any work, and do not express any conclusion, over any other information that may be included in the Report or displayed on VMED O2 UK’s website for the current period or for previous periods unless otherwise indicated.

Specifically, our engagement was not designed to assess whether or not the nominated EGPs have passed EGP eligibility criteria (as defined in the UoP Reporting Criteria for the UoP Selected Information) of the Report, and accordingly, we do not express a conclusion thereon.

Reporting Criteria

The Reporting Criteria we used to form our judgements are comprised of the VMED O2 UK’s Green Bond Framework as set out at

<https://www.virginmedia.com/content/dam/virginmedia/dotcom/documents/corporate/VMED-O2-Green-Bond-Framework.pdf>

(“the UoP Reporting Criteria”) and VMED O2’s Reporting Guidelines 2021 as set out at

https://www.virginmedia.com/content/dam/virginmedia/dotcom/documents/corporate/Virgin%20Media%20Environmental%20Reporting%20Criteria_External.pdf (the “NFM Reporting Criteria”).

The Selected Information needs to be read together with the Reporting Criteria. The Reporting Criteria has been developed to assist VMED O2 determining the allocation of the net proceeds from the Green Bond and reporting the NFMs. As a result, the Selected Information may not be suitable for another purpose.

Inherent limitations

The nature of non-financial information; the absence of a significant body of established practice on which to draw; and the methods and precision used to determine non-financial information, allow for different, but acceptable evaluation and measurement techniques and can result in materially different measurements, affecting comparability between entities and over time.

We have not performed procedures over the denominators of the Selected Information which include: Terabytes of data and fixed-line customer relationship. A fixed-line customer captures the number of customers who own a VMED O2 product.

Our work does not provide any assurance that the projects to which the Green Bond proceeds were



allocated were only undertaken as a consequence of issuing the Green Bond, nor that VMED O2 did not, in the same period, also use other cash flows to invest in activities that they would not be permitted to use the Green Bond proceeds for. Our work does not provide any assurance over whether the underlying project activities meet the EGP eligibility criteria set by VMED O2 (and set out in the UoP Reporting Criteria), except as specifically described in the Summary of work performed section below. Our work does not provide any assurance over the correlation between use of net proceeds of the Green Bond and the environmental impacts of the EGPs.

Directors' responsibilities

The Directors of VMED O2 are responsible for:

- designing, operating and maintaining internal controls relevant to the preparation and presentation of the Selected Information that is free from material misstatement, whether due to fraud or error;
- prevention and detection of fraud and for identifying and ensuring that VMED O2 complies with laws and regulations applicable to its activities;
- selecting and/or developing objective Reporting Criteria;
- measuring and reporting the Selected Information in accordance with the relevant Reporting Criteria; and
- the contents and statements contained within the Report and the Reporting Criteria.

Our responsibilities

Our responsibility is to plan and perform our work to obtain limited assurance about whether the Selected Information has been properly prepared, in all material respects, in accordance with the Reporting Criteria and to report to VMED O2 UK in the form of an independent limited assurance conclusion based on the work performed and the evidence obtained.

Assurance standards applied

We conducted our work in accordance with International Standard on Assurance Engagements (UK) 3000: *Assurance Engagements other than Audits or Reviews of Historical Financial Information* ("ISAE (UK) 3000") issued by the Financial Reporting Council and, in respect of the greenhouse gas emissions information included within the NFM Selected Information, in accordance with International Standard on Assurance Engagements 3410: *Assurance Engagements on Greenhouse Gas Statements* ("ISAE 3410") issued by the International Auditing and Assurance Standards Board. Those Standards require that we obtain sufficient, appropriate evidence on which to base our conclusion.

Independence, professional standards and quality control

We comply with the ICAEW Code of Ethics issued by the Institute of Chartered Accountants in England and Wales and we apply International Standard on Quality Control (UK) 1 *Quality Control for Firms that Perform Audits and Reviews of Financial Statements, and Other Assurance and Related Services Engagements*. Accordingly, we maintain a comprehensive system of quality control including documented policies and procedures regarding compliance with ethical requirements and professional standards (including independence, and other requirements founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behaviour) as well as applicable legal and regulatory requirements.

Summary of work performed

A limited assurance engagement involves planning and performing procedures to obtain sufficient appropriate evidence to obtain a meaningful level of assurance over the Selected Information as a basis for our limited assurance conclusion. The procedures selected depend on our judgement, on our understanding of the Selected Information and other engagement circumstances, and our consideration of areas where material misstatements are likely to arise.

The procedures performed included:



- assessing the appropriateness of the UoP Reporting Criteria for the UoP Selected Information and NFM Reporting Criteria for the NFM Selected Information;
- conducting interviews with management and key staff responsible for the use of the proceeds of the Green Bond and responsible for the preparation of the UoP Selected Information and the NFM Selected Information to obtain an understanding of the key processes, systems and controls in place for the use of the proceeds of the Green Bond and over the preparation of the UoP Selected Information and the NFM Selected Information;
- obtaining documentation for sample transactions, which supports processes, systems and controls in place for the use of proceeds of the Green Bond and over the preparation of the UoP Selected Information and the NFM Selected Information;
- inspecting the minutes of the VMED Environmental Steering Committee's Green Bond internal sub-group to confirm that the allocated EGPs (as defined in the UoP Reporting Criteria) had been considered and approved;
- performing procedures over the UoP Selected Information, which included:
 - comparing the total funds received by VMED O2 with those allocated to EGPs (as defined in the UoP Reporting Criteria);
 - gaining an understanding of the information sources used by VMED O2 to determine the amount of proceeds allocated, in GBP, to EGPs;
 - performing limited substantive testing to source documentation (i.e. invoices) to support the funds spent on EGPs and check that the EGPs meet the eligibility criteria per the UoP Reporting Criteria;
 - checking that the funds were allocated to EGPs within the period specified in the UoP Reporting Criteria;
 - checking that the amount financed by other loans has been appropriately excluded from the funds allocated to EGPs;
 - testing mathematical accuracy of the formulae used and manual calculations performed over the UoP Selected Information;
 - considering the disclosure in the Report and narrative accompanying the UoP Selected Information with regard to the UoP Reporting Criteria, and for consistency with our findings.
- performing procedures over the NFM Selected Information, which included:
 - agreeing a selection of the underlying NFM data to corresponding source documentation for the NFM Selected Information;
 - testing mathematical accuracy of the formulae used (including unit and carbon conversion factors) and manual calculations performed over the NFM Selected Information; and
 - considering the disclosure in the Report and narrative accompanying the NFM Selected Information with regard to the NFM Reporting Criteria, and for consistency with our findings.

The work performed in a limited assurance engagement varies in nature and timing from, and is less in extent than for, a reasonable assurance engagement. Consequently, the level of assurance obtained in a limited assurance engagement is substantially lower than the assurance that would have been obtained had a reasonable assurance engagement been performed.

This report's intended use

This assurance report is made solely to VMED O2 in accordance with the terms of the engagement



contract between us. Those terms permit disclosure to other parties, solely for the purpose of VMED O2 showing that it has obtained an independent assurance report in connection with the Selected Information.

We have not considered the interest of any other party in the Selected Information. To the fullest extent permitted by law, we accept no responsibility and deny any liability to any party other than VMED O2 for our work, for this assurance report or for the conclusions we have reached.

KPMG LLP

KPMG LLP
Chartered Accountants
London
27 June 2022

The maintenance and integrity of VMED O2's website is the responsibility of the Directors of VMED O2; the work carried out by us does not involve consideration of these matters and, accordingly, we accept no responsibility for any changes that may have occurred to the reported Selected Information, Reporting Criteria or Report presented on VMED O2's website since the date of our report.



Attachments

Appendix A

The underlying Selected Information that constitutes the Use of Proceeds Selected Information is listed below.

Category	Description	Look-back or Prospective	Amount (£'m)
Energy Efficiency	Network expansion Jul 2018 – Dec 2020	Look-back	715.8
Circular Economy	CPE Screen and Refurbishment costs Jul 2018 – Jun 2021	Look-back	36.4
Energy Efficiency	CPE Purchases Jul 2018 – Dec 2020	Look-back	232.5
Energy Efficiency	VM Business Projects - Network Virtualisation & Capacity Jul 2018 – Jun 2021	Look-back	14.7
Allocation as at 31 December 2021			999.4

Appendix B

The underlying non-financial metrics that constitutes the Non-Financial Metric Selected Information is listed below.

For the year ending 31 December 2021:

• Tonnes of CO ₂ e (scope 1 and 2) per Terabyte data	0.0034
• Tonnes of CO ₂ e (scope 1 and 2) per fixed-line customer	0.021785
• Tonnes of CO ₂ e (scope 1 and 2)	125,665
• Electricity use (kWh) per Terabyte of data	12.58
• Numbers of CPE (Set top boxes and modems) returned, re-used or recycled per annum	1,726,109
• Percentage of vehicles out of total owned and leased vehicle fleet at most recent year end	0%