Telefonica Reporting Criteria 2022

Introduction

The data indicators described in this document cover the year 1st January 2022 to 31 December 2022, in line with our financial reporting. However, the indicator "% of employees completing the code of ethics" covers the period from 1st January 2022 to 20th January 2023.

Unless we state otherwise, all data relates to the direct operations of Virgin Media O2 Ltd and covers performance data for our most material issues.

The management of the reporting process and collation of data is the responsibility of the Sustainability Team who work with a number of indicator owners across the business to produce.

Our data indicators are subject to external assurance.

Reporting policy

Our reporting policy is guided by the following principles:

• Relevance: identifying the data sources and reporting outputs that meet the needs of users

• Completeness: ensuring data provided is comprehensive and reflects the reporting boundary with estimations used where necessary. In the case of emissions, only excluding sources with good justification that cumulatively account for less than 5% of the total footprint

• Consistency: using the same hierarchy of data sources, for example, using the same methodologies to calculate emissions or highlighting where changes have been made, updating historic emissions where new approaches or data sources result in a change in historic emissions of 5% or more (per scope)

• Transparency: reporting all data sources, data estimation methods, assumptions, exclusions, historic recalculations, and anything else that adds to the interpretation of results

• Accuracy: for example, prioritising actual activity data, then estimated data, then average data, then financial data to calculate emissions, using the most accurate and relevant (in terms of geography, technology, time, completeness and reliability), using activity data at the most granular level available, recording areas to improve accuracy in subsequent data collection and emissions calculations

To ensure consistency in our data, we have applied a hierarchy of data sources. For example, using the same methodologies to calculate the metrics or highlighting where changes have been made. In some cases, estimates will be required to be made as actual data is missing or not readily available. For example, where metered data or utility invoices are not available, estimates may be calculated using previous consumption data.

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Emission Reporting Boundaries

Virgin Media O2 defines its reporting boundary using the operational control method, which aligns with the consolidation approach taken for financial reporting. For the 2022 calendar year, this includes the following entities:

Name	Accounting category	Consolidation of emissions (control approach)	Notes
giffgaff	Group company / subsidiary	100% of GHG emissions	100% of giffgaff's emissions are consolidated in respective scopes
Cornerstone Technology Infrastructure Limited (CTIL)	Non-incorporated joint venture/ partnership/ operation where partners have joint financial control	Equity share of GHG emissions (50%)	100% of scope 1 & 2 emissions associated with the technical sites that form the VMO2 network are allocated to VMO2; the scope 1 & 2 emissions that are not related to technical sites that should be allocated to VMO2 have been excluded due to lack of available data and materiality (50% of estimated 88 tCO_2e, equivalent to <0.01% of VMO2 total emissions)
Direct Marketing Services Limited (DMSL)	Non-incorporated joint venture / partnership / operation where partners have joint financial control	Equity share of GHG emissions (25%)	Emissions have been excluded due to lack of available data and materiality (0 tCO_2e for scope 1 & 2 as the company doesn't have any physical sites or assets, 25% of estimated 23 tCO_2e for scope 3 from c.35 homeworking employees with limited travel, equivalent to <0.01% of VMO2 total emissions)
Tesco Mobile	Associated / affiliated company	0% of GHG emissions	Tesco Mobile's scope 1 & 2 emissions are zero as its energy consumption falls within the reporting boundary of the other shareholder, Tesco, therefore there are no relevant emissions

Climate Change

In line with the Greenhouse Gas (GHG) Protocol, our emissions have been calculated in carbon dioxide equivalent (CO_2e) using the latest emission factors from Defra, with the exception of the residual electricity mix factor from the AIB.

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The following emissions sources are in scope of the reporting boundary. All relevant greenhouse gases are included unless otherwise stated.

1. Direct Emissions - Scope 1 and 2 (location-based and market-based)

The data indicator reports direct emissions (Scope 1) from fuel consumption and leakage of refrigerant gases in our operations, as well as indirect emissions from secondary energy sources (Scope 2).

Scope 1 (direct)

Emissions come from sources that are company owned or controlled, including:

- static combustion (i.e. fuel used in generators for power and gas used in boilers for heating);
- mobile combustion (i.e. vehicle fuel from company owned or leased fleet); and
- coolants and propellants used (i.e. in air conditioning units and fire suppression systems).

This information is collected via company fuel cards, business travel expenses, third party reports, invoices, and site visits.

Scope 2 (indirect)

Emissions come from purchased energy, including:

- purchased electricity;
- heat and steam.

This information is collected in electricity consumption invoices, co-location service invoices (i.e. where electricity is estimated by market operations), on-site meters or inverters.

Scope 2 emissions are calculated for both the location-based (using grid-average emissions intensity) and market-based (using supplier-specific emissions intensity) methods. To calculate the market-based emissions, the residual mix from the AIB is used where the supplier is unknown (for O2 cell sites).

Market-based emissions have been calculated including the impact of 53,000 Mwh of Renewable Energy Guarantees of Origin (REGO's) for which we have agreed the purchase but have not yet completed the transactions. Management expect to complete the purchase by the end of June 2023.

Electricity use (kWh) per Terabyte data – Total electricity consumption is reported in Cr360 then normalised by the same Terabyte data figure as described in the 'Environmental intensity metric' section.

2. Total Energy Consumption

Relates to the total electricity and fuel consumption used in Virgin Media O2's facilities and operations.

Fuel consumption includes consumption of natural gas, LPG, diesel, gasoline, biodiesel, ethanol, mainly in generators, vehicles, and offices. Data is collected from business fleet fuel cards, business use vehicle expense claims and generator run records.

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Generator fuel consumption is recorded via an on-load test or response to a genuine mains fail. On-load tests are programmed quarterly for a minimum of one hour. Mains failures are recorded via Remedy, this records the start and stop times of the generator. Fuel consumption is calculated by multiplying the run time by the average load the generator is reporting (recorded by the Power team) by an industry average factor of 0.25 of a litre of fuel per kva of load.

Electricity consumption includes electricity consumed in our own facilities and in the facilities of third parties, excluding electricity consumed by third parties housed in our facilities. Billing and invoices from all providers and landlords are collated and reviewed. The totals provide the basis for this indicator. Due to timing of the billing cycles, November and December bills are estimates.

Reported in Megawatt hour (MWh).

3. Total Consumption of renewable energy

This indicator details the total consumption of energy from renewable sources in Megawatt hour (MWh) as extracted from the total energy consumption indicator above. Renewable energy sources include wind and hydro assets where a certificate is available to confirm renewable credentials.

4. Total annual IP traffic

Relates to the total data volume from all sources (customers and business) in the year across the fixed and mobile networks in Petabytes.

Fixed – Traffic data collected at source via ServAssure (SANXT) is fed into a system called Badger where the data is aggregated to entire network level for each 24 hour period. This data is collated in a tracker document, converted to the required unit of measurement and reported monthly.

Mobile – Voice and data traffic is collected via Magnet and fed via OSS into PrOptima. Daily reports are distributed by PrOptima which are then input into a master spreadsheet (TORO) and converted to produce a monthly result.

Both sets of data are reported to a central owner to combine, verify and report against.

Circular Economy

5. Total Waste

Refers to the total waste produced in the company and includes all waste managed regardless of the type of treatment applied. This includes all O2 and VM sites - Switch, Retail, Corporate, IT waste streams, projects, Supply chain and CTIL masts.

Corporate offices - Waste is collected daily by an outsourced facilities management partner and weighed on the vehicles. It is taken to a transfer station where it is separated for recycling, incineration, or landfill. A waste transfer notice is then provided and reported quarterly. Reported

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waste categories includes general waste, confidential paper, catering waste, batteries and mixed WEEE, paper/cardboard and furniture waste.

Stores waste is recovered centrally by our logistics partner at the Wellingborough site, processed and shared via a quarterly report.

All Supply chain partners provide summary waste management plans to report on waste.

Waste reports from all sources are uploaded into the Environment reporting portal.

Calculation based on the total reported waste of all of the above in metric tonnes.

6. <u>Total Recycled Waste</u>

This indicator relates to the waste produced by the company to which recycling, and material recovery treatments have been applied. These treatments allow these used or worn materials to be transformed and converted into resources that can be used in other products and services, thus reducing the extraction of new material resources from the environment.

Recycled waste data is provided as part of the waste transfer notices provided in the indicator above.

<u>Human Capital</u>

7. <u>% Women directors</u>

Refers to the % of woman in executive positions. The calculation is made by obtaining the number of female executives as a percentage of the total of Group executives

Female executive roles are considered as, VM level 7 and above and O2 grades - PCGR and Board.

This includes Full Time / Part Time, Permanent and Fixed Term Contract women employees.

Full time hours are 37.5 hours

Part-time hours are considered less than 37.5 hours

Fixed term contract relates to contractors working full time hours.

8. <u>Absentee Rate</u>

Absentee rate refers to the total number of working days lost due to absenteeism of any cause against the total available annual workdays. This excludes contractors and temporary staff. The data is extracted from our HR systems.

The total available annual work days include all annual working days excluding bank holidays. For 2022, the total annual work days calculation was, the average number of employees x 255 working days

"Any cause" refers to the total number of days lost due to occupational accident needing sick leave, non-occupational accident, occupational disease, common disease, and unapproved

absences. Unapproved absences are those captured on the system as being "absent without authorisation" or "unauthorised"

This does not include approved absences such as holidays, study leave, maternity or paternity leave and days off.

9. Injury Rate

Injury rate relates to occupational accidents in the workplace needing sick leave. Data is captured from the company injury log. This excludes contractors and temporary staff.

Calculation is the total no. of occupational accidents with sick leave / Hours worked annually) * 200,000. The hours worked annual calculation is, average no. employees x 40 hours per week x 50 weeks per year.

Definitions

'Ill health' indicates damage to health and includes diseases, illnesses, and disorders. The terms 'disease', 'illness', and 'disorder' are often used interchangeably and refer to conditions with specific symptoms and diagnoses.

Work-related injuries and ill health are those that arise from exposure to hazards at work. Other types of incident can occur that are not connected with the work itself. For example, the following incidents are not considered to be work related:

• a worker suffers a heart attack while at work that is unconnected with work;

• a worker driving to or from work is injured in a car accident (where driving is not part of the work, and where the transport has not been organized by the employer);

• a worker with epilepsy has a seizure at work that is unconnected with work.

Traveling for work: Injuries and ill health that occur while a worker is traveling are work related if, at the time of the injury or ill health, the worker was engaged in work activities 'in the interest of the employer'. Examples of such activities include traveling to and from customer contacts; conducting job tasks; and entertaining or being entertained to transact, discuss, or promote business (at the direction of the employer).

Working at home: Injuries and ill health that occur when working at home are work related if the injury or ill health occurs while the worker is performing work at home, and the injury or ill health is directly related to the performance of work rather than the general home environment or setting.

Mental illness: A mental illness is considered to be work related if it has been notified voluntarily by the worker and is supported by an opinion from a licensed healthcare professional with appropriate training and experience stating that the illness is work related.

Definition Source: International Labour Organisation (ILO), Guidelines on Occupational Safety and Health Management Systems, ILO-OSH 2001

10. Occupational Disease Rate (Based on local legislation, regulation, and standards)

Occupational diseases include, depression, stress, accidents while working, anxiety and musculoskeletal problems.

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All occupational diseases captured on both former VM and former O2 systems are compared and aligned for accuracy purposes. A mapping file has been produced to ensure workings capture all absence types and reasons. This excludes contractors and temporary staff.

Occupational disease definition used from the International Labour Organisation's list of Occupational diseases.

Common diseases are not considered occupational diseases.

Calculation is the total number of occupational illnesses / total number of hours worked) * 200 000.

Total number of hours worked = Average No. employees x 40 hours per week x 50 weeks per year

11. Total physical staff

The total number of employees within the organisation. All data from indicators 11-17 are extracted from our HR systems and reported are a snapshot at Year end. This includes permanent internal employees (full time, part time and fixed term contracts)

The gender of each employee is recorded at the point of hire.

12. Gender – Men

The number of employees identifying as Male as captured by the employee on the company HR system.

13. Gender – Women

The number of employees identifying as Female as captured by the employee on the company HR system.

14. Gender – Other

The number of employees identifying as Other gender as captured by the employee on the company HR system.

15. Type of Contract - Fixed Term

The total number of employees on a fixed term contract.

The type of contract is recorded at the point of hire and maintained in the company HR Systems.

16. Type of Contract - Permanent Contract

The total number of permanent employees.

The type of contract is recorded at the point of hire and maintained in the company HR Systems.

17. Total Leaves

This indicator captures the total number of employees leaving the business for any of the termination types both voluntary and involuntary. The termination types are captured below.

This information is extracted from the HR systems and combined in excel using a mapping file.

18. Voluntary Leaves

Total number of voluntary leaves of employees during the period.

Voluntary leave reasons include, non-starters, employee transfers, health problems, non-return after maternity leave, retirement, and resignations (any reason).

19. Involuntary Leaves

Indicator relates to the total number of forced leaves within the organisation. Data is extracted from the company HR systems.

Involuntary leave reasons include; death, compromise agreements, disciplinaries including breach of contract, probation fail, gross misconduct, performance and capability issues, end of contracts, dismissals, redundancies, mutually agreed resignations and TUPE transfers.

Security

20. Total number of relevant Information Security / Cybersecurity incidents classified as severe

Total number of digital security breaches or incidents classified as severe/critical as the result of a cyber threat or attack.

A 'digital security breach or incident' is any event that has an actual adverse impact on network and information systems security and is caused by a cyber threat.

A 'cyber threat' is defined as the potential cause of an unexpected incident, which may result in damage to an information asset or to the organisation, and whose action is carried out via the Internet or communication networks. A 'cyber attack' is the materialisation of a cyber threat.

Of such events, those classified as critical severity meet one of the following criteria:

P0 incidents are defined as;

- An incident where there is a loss or degradation of multiple internal systems or services, or complete or partial loss of multiple services provided via a third party or vendor.

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- Any event requiring Business Continuity to be evoked e.g. terrorist/national or international security incident.
- An operational issue that is thought to require senior management attention and/or could cause a significant amount of media coverage.

P1 incidents are defined as;

- An incident where a breach or compromise of IT security (deliberately or in error) has occurred, which has or may cause an interruption or a reduction to the quality of service or the significant loss of corporate customer data (1000+ customers).
- An event that may have a negative impact on Virgin Media O2's brand, revenue, services, regulatory requirements and/or cause a significant amount of media coverage.

An incident that occurs is reported and logged via the Security Incident Reporting System. It is then categorised by severity and the incident closed when resolved. The data reported in this indicator is captured at the point the incident is logged on the system and includes P0 and P1 (critical) incidents.

21. Number of Severe Security Breaches with impact on customers

Relates to the number of severe/critical Cyber security incidents as detailed above that have compromised the security of personal data.

We have not obtained independent assurance over the reporting of this metric due to the sensitivity of the data involved.

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Ethics

22. Total number of confirmed cases of corruption

Refers to the number of Crown Court corruption prosecutions or deferred prosecutions agreed which are taken from formal company notifications The data is reported by the Monitoring and Ethics team within General Counsel.

23. Number of ongoing judicial material proceedings related to infringements of anticompetitive practices during the last fiscal year

This indicator details the number of pending judicial cases related to infringements of competition law and obligations imposed where it has been identified as a significant market power operator and/or breaches of the Open Internet regulation, during the last fiscal year.

Significant Market Power operator as defined by OFTEL,

"*An undertaking shall be deemed to have significant market power if, either individually or jointly with others, it enjoys a position equivalent to dominance, that is to say a position of economic*

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strength affording it the power to behave to an appreciable extent independently of competitors, customers and ultimately consumers."

Data is recorded via official notifications and the company legal risk register and is managed by the Competition and regulatory team within General Counsel

24. Total amount of material paid sanctions in the last fiscal year related to infringements of anticompetitive practices

Details the total amount (£) of material paid sanctions as a result of judicial infringement proceedings associated with competition law, where it has been identified as a significant market power operator in the last fiscal year.

A material sanction is defined as being substantial and serious.

The reporting of material paid sanctions is managed by the Competition and regulatory affairs team within General Counsel.

Reputation

25. Reptrak Pulse – Citizenship

Reptrak maintain a global reputation benchmarking database providing data-driven insights on Reputation, Brand and ESG. Reptrak measure and analyse sentiment using modelling across industries and geographies.

Reptrak data collection methods include a web-based questionnaire and a 10–15-minute online survey using a nationally representative sample. Citizenship relates to how environmentally conscious an organisation is viewed as being.

The data indicator refers to the Virgin Media O2 score against the Citizenship metric.

Inclusive Connectivity

26. Percentage (%) of rural mobile broadband coverage

The data indicator represents the % of mobile broadband coverage in rural areas based on the following criteria;

- The rural area definition is based on the UK government's, the classification defines areas as rural if they fall outside of settlements with more than 10,000 resident population – source Rural Urban Classification - GOV.UK (www.gov.uk)
- The criteria used for the upload and download speeds are based on the 4G network – these are 2 Mbps download and 500 Kbps upload.
- The identification of the geographical areas with under 10,000 resident population is based on the 2011 census.

Using live site data we predict coverage using ATOLL radio planning tool, UK settlement data classed by population and census data to create a rural polygon. This is used together with the coverage data and population distribution data to produce the reported percentage in QGIS .

Propagation modelling is within the tolerances detailed by OFCOM regarding the reporting of mobile coverage as defined below;

Accuracy of mobile coverage

"By way of guidance on the expected accuracy of the signal level predictions, the difference between the average signal level predictions and measurements for each pixel when these differences are averaged over a large number of individual (100 mx 100 m)pixels (i.e. >1000) should be within +/-3dB. For 5G and where new planning models are being considered for 4G, the standard deviation of these differences should be no more than 8 dB. There should be no deterioration in the standard deviation of existing 4G predictions (which our previous validation campaigns have observed to be within 1-2 dB of this level). In particular, we expect this level of accuracy to be met at and around the signal level thresholds used by Ofcom to report on mobile coverage."

ATOLL is the radio planning tool used to plan our radio network.

QGIS is a geographic information system used to create, manage and analyse data.

27. Number of people benefiting from programmes in Digital skills

Through the Virgin Media O2 partnerships with Internet Matters, Good Things Foundation and Carer's UK, the calculation refers to the volume of people who have accessed support and training each month via the Internet Matters website, registrations on Learn My Way and Carer's UK resources which include new users of digital resource centre (DRC), new users of Jointly –an app that helps carers manage their caring responsibilities and the number of people who have contacted the Helpline.

The data is collected from each of our partners via a monthly report, collated by the ESG team and stored centrally on Sharepoint.

Internet Matters provide support and information for parents and carers to keep young people safe online.

Learn My Way is free online course platform providing digital skills training. The platform is hosted and operated by Good Things Foundation.

Carers UK is the leading national charity for unpaid carers providing support, advocating, and connecting carers across the UK.

Sustainable Finance

28. Percentage (%) of new financing raised during the year which is ESG linked.

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Refers to the % of new financing related to environmental and / or social criteria, such as green bonds and sustainability linked loans as captured in the Quantum system within the reporting year. The indicator relates to long term debt financing. The calculation is the total value of green financing as a percentage of all debt financing raised within the year.

Ethics Training

29. Percentage (%) of Employees completing Code of Conduct (Ethics)

At Virgin Media O2, all employees must complete the mandatory compliance training module – VMO2 Code of Conduct.

The VMO2 Code of Conduct outlines what is expected of employees across the business. It sets out the principles and values that guide how employees – and those who act on behalf of Virgin Media O2, such as business partners and suppliers – can maintain the highest ethical and legal standards.

The data indicator captures the % of eligible employees who completed the training in the reporting year as captured on our internal training platforms, Success Factors and Ignite. The calculation is based on all employees who have completed the module divided by the total number of code of conduct modules to be completed by employees.

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