



Independent Limited Assurance Report of KPMG LLP to VMED O2 UK 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 year ended 31 December 2022.

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 year ended 31 December 2022 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 the 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 £1,689.1m green bond 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’s website for the current year or for previous periods unless otherwise indicated.

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://news.virginmediao2.co.uk/wp-content/uploads/2022/08/VMED-O2-Green-Bond-Framework-Final-2021-3.pdf> (“the UoP Reporting Criteria”) and VMED O2’s Reporting Guidelines 2022 as set out at [Virgin-Media-O2-Reporting-Criteria-2022.pdf \(virginmediao2.co.uk\)](#) (the “NFM Reporting Criteria”). The Selected Information needs to be read together with the Reporting Criteria.

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.

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.

The NFM Selected Information includes certain CO2e emissions and energy use metric calculated per fixed-line customer (fixed-line customers being the number of customers who receive at least one of VM’s broadband, video or telephony services). We have performed no procedures in relation to, and so our work does not provide any assurance over the number of fixed-line customers that VMED O2 has used in calculating this metric.

Our work does not provide any assurance that the EGPs 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.

VMED O2 has set out the basis for determining whether projects qualify as EGPs (as set out in the UoP Reporting Criteria), our work does not provide any assurance over this basis for determination. Our work does not provide any assurance over the correlation between use of the 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;
- the contents and statements contained within the Report and the Reporting Criteria; and
- implementing procedures designed to ensure that personnel involved with the preparation and presentation of the Report are properly trained, systems are properly updated and that any changes in reporting relevant to the UoP Selected Information and NFM Selected Information encompass all significant business units.

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 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 management

We comply with the Institute of Chartered Accountants in England and Wales ("ICAEW") Code of Ethics, which includes independence, and other requirements founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behaviour, that are at least as demanding as the applicable provisions of the International Ethics Standards Board for Accountants ("IESBA") Code of Ethics. The firm applies International Standard on Quality Management 1 *Quality Management for Firms that Perform Audits or Reviews of Financial Statements, or Other Assurance or Related Services Engagements* which requires the firm to design, implement and operate a system of quality management including policies or procedures regarding compliance with ethical requirements, professional standards and 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. Planning the engagement involves assessing whether the Reporting Criteria are suitable for the purposes of our limited assurance engagement. 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:

- conducting interviews with management and key staff responsible for the use of 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;
- performing procedures over the UoP Selected Information, which included:
 - comparing the total funds received by VMED O2 with those allocated
 - 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, capitalisation rate approvals and slide decks, quarterly calculations and payslips) to support the funds spent on EGPs; we did not independently assess whether the capitalisation rates which were



approved were supported by work performed by employees as VMED O2 do not maintain detailed employee timesheet records;

- inspecting documentation to show whether the EGPs have been assessed by management with reference to the eligibility criteria (per the UoP Reporting Criteria) and approved by the VMO2 Environmental Steering Committee's Green Bond internal sub-group as meeting those eligibility criteria; we did not independently assess whether the EGPs met those eligibility criteria;
- checking the funds were allocated to EGPs within the period specified in the UoP Reporting Criteria; and
- testing mathematical accuracy of the formulae used and manual calculations performed over the UoP Selected Information;
- performing procedures over the NFM Selected Information, which included:
 - agreeing a selection of the underlying NFM data to corresponding source documentation (for example invoices and meter readings) for the NFM Selected Information; and
 - testing mathematical accuracy of the formulae used (including unit and carbon conversion factors) and manual calculations performed over the NFM Selected Information;
- reading the narrative within the Report with regard to the 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

Our report has been prepared for VMED O2 solely in accordance with the terms of our engagement. We have consented to the publication of our report on VMED's website for the purpose of VMED O2 showing that it has obtained an independent assurance report in connection with the Selected Information.

Our report was designed to meet the agreed requirements of VMED O2 determined by VMED O2's needs at the time. Our report should not therefore be regarded as suitable to be used or relied on by any party wishing to acquire rights against us other than VMED O2 for any purpose or in any context. Any party other than VMED O2 who obtains access to our report or a copy and chooses to rely on our report (or any part of it) will do so at its own risk. To the fullest extent permitted by law, KPMG LLP will accept no responsibility or liability in respect of our report to any other party.

KPMG LLP

KPMG LLP
Chartered Accountants
London
31 May 2023

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.



Appendix A - Use of Proceeds Selected Information

The underlying use of Green Bond proceeds data that constitutes the Use of Proceeds Selected Information is listed below.

For the year ended 31 December 2022:

Category	Description	Look-back or Post Issue	Amount (£'m)
Energy Efficiency	21st Century Voice (Roll out VOIP in place of traditional copper-based systems) Jul 2018 to Jun 2021	Look-back	55.9
Energy Efficiency	OREO Programme Jul 2018 – Jun 2021	Look-back	20.5
Energy Efficiency	Data Centre HVAC Replacement	Look-back	1.9
Energy Efficiency	Network Upgrade – Jul 2018 – Jun 2021	Look-back	116.4
Energy Efficiency	Network expansion – VMB Jul 2018 – Jun 2021	Look-back	177.8
Energy Efficiency	Network expansion Jan 2021 – Jun 2021	Look-back	119.6
Energy Efficiency	CPE ² Purchases Jan 2021 – Jun 2021	Look-back	23.7
Energy Efficiency	Network expansion - VMB Jul 2021 – Dec 2021	Post Issue	30.7
Energy Efficiency	Network expansion Jul 2021 – Dec 2021	Post Issue	134.0
Circular Economy	CPE ² Screen and Refurbishment costs Jul 2021 – Jun 2022	Post Issue	9.2
Allocations in course of 2022			689.7

² CPE: Customer Premises Equipment



Appendix B - Non-Financial Metric Selected Information

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

For the year ended 31 December 2022:

Tonnes of CO ₂ e (scope 1 and 2 location based) per Terabyte of data	0.0031
Tonnes of CO ₂ e (scope 1 and 2 location based) per fixed-line customer ²	0.02059
Tonnes of CO ₂ e (scope 1 and 2 location based)	119,333
Electricity use (kWh) per Terabyte of data	12.41
CPE ¹ returned	2,068,298
Total CPE ¹ - refurbished for reuse/sent for recycling	1,811,033
Percentage of vehicles out of total owned and leased vehicle fleet at most recent year end.	4

¹ CPE: Customer Premises Equipment

² We have performed no procedures in relation to, and so our work does not provide any assurance over, the denominator i.e., the number of fixed-line customers that VMED O2 has used in calculating this metric.