



Independent Limited Assurance Report of KPMG LLP to VMED O2 UK Limited

KPMG LLP ('KPMG' or 'we') were engaged by **VMED O2 UK Limited** ('VMED O2') to provide limited assurance over the Selected Information described below for the year ended 31 December 2022.

Our qualified conclusion

Based on the work we have performed and the evidence we have obtained, except for the possible effects of the matter described in the *Basis for qualified conclusion* section of our report, nothing has come to our attention that causes us to believe that the Selected Information has not been properly prepared, in all material respects, in accordance with the 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.

Basis for qualified conclusion

As set out in the Reporting Criteria, with respect to the KPI "Percentage (%) of Employees completing Code of Conduct (Ethics)", those employees classified as exempt from the requirement to complete the VMO2 Code of Conduct training module are excluded from the calculation of the total number of modules to be completed. Owing to the nature of VMED O2's records, the evidence available to us was limited and we were unable to obtain sufficient evidence to support the number of employees VMED O2 excluded from the calculation of the total number of modules to be completed. Any changes to the number of employees excluded would have a consequential effect on the total number of modules to be completed and so on the KPI "Percentage (%) of Employees completing Code of Conduct (Ethics)".

We believe that the evidence we have obtained is a sufficient and appropriate basis for our qualified conclusion.

Selected Information

The scope of our work includes only the information included within Virgin Media O2 2022: ESG Reporting Indicators for Telefonica ("the Report") for the year ended 31 December 2022 marked with the symbol [Δ] ("the Selected Information") and also listed in Appendix 1.

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 the Telefonica Reporting Criteria 2022 as set out at <https://news.virginmediao2.co.uk/corporate-statements/> ('the 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 in producing the Report. As a result, the Selected Information may not be suitable for another purpose.

Director's 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.
- selecting and/or developing objective Reporting Criteria.
- measuring and reporting the Selected Information in accordance with the 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 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 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 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 IESBA Code of Ethics. 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* and accordingly we maintain a comprehensive system of quality control including documented policies and 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 VMED O2’s management to obtain an understanding of the key processes, systems and controls in place over the preparation of the Selected Information;
- selected limited substantive testing, including agreeing a selection of the Selected Information to the corresponding supporting information (for example invoices, meter readings and HR records);
- considering the appropriateness of the carbon conversion factor calculations and other unit conversion factor calculations used by reference to widely recognised and established conversion factors;
- reperforming a selection of the carbon conversion factor calculations and other unit conversion factor calculations;

- reperforming the mathematical calculations of the Selected Information in accordance with the Reporting Criteria;
- performing analytical procedures over the aggregated Selected Information, including a comparison to the prior period’s amounts having due regard to changes in business volume and the business portfolio; and
- 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.

Our procedures on the KPI “Total number of relevant Information Security / Cybersecurity incidents classified as severe” were limited to comparing whether those breaches classified by management as severe in the Security Incident Reporting System were also classified as severe in the Report. Our procedures did not include assessing, and therefore provides no assurance over, whether all security breaches which may have occurred during the year were included in the Security Incident Reporting System maintained by management nor investigating details of the breaches to assess whether management’s severity classification is in accordance with the Reporting Criteria, including whether those breaches not classified by management as severe should have been classified as severe.

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
10 February 2023



The maintenance and integrity of VMED O2's website is the responsibility of the Board of 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 1- Selected Information

The Underlying Selected Information that constitutes the Selected Information are listed below. The information in this Appendix needs to be read together with the attached limited assurance report and the Reporting Criteria.

Selected Information	Unit of measure	Value
Direct Emissions - Scope 1 and 2 (market-based)	Metric tons of CO ₂ e	71,393
Total Energy Consumption	Megawatt hour (MWh)	1,171,285
Total Consumption of renewable energy	Megawatt hour (MWh)	977,697
Total annual IP traffic	Petabytes (PB)	40,097
Total Waste	Metric tonnes	5,053
Total Recycled Waste	Metric tonnes	4,252
% Women Directors	Percentage	33.7
Absentee Rate	Number	0.034
Injury Rate	Number	0.36
Occupational Disease Rate	Number	14.3
Total Physical Staff	Number	17,054
Gender - Men	Number	11,813
Gender- Women	Number	5,217
Gender- Other	Number	24
Type of Contract - Fixed Term	Number	80
Type of Contract – Permanent contract	Number	16,974
Total Leaves	Number	4,580
Total Leaves - Voluntary	Number	2,627
Total Leaves - Involuntary	Number	1,953
Total number of relevant Information Security / Cybersecurity incidents classified as severe	Number	4
Total number of confirmed cases of corruption	Number	0
Number of ongoing judicial material proceedings related to infringements of anticompetitive practices during the last fiscal year	Number	1



Selected Information	Unit of measure	Value
Total amount of material paid sanctions in the last fiscal year related to infringements of anticompetitive practices	£ Value	0
Reprtrak Pulse – Citizenship	Number	62.1
Percentage (%) of rural mobile broadband coverage	Percentage	91.9
Number of people benefiting from programmes in Digital skills	Number	1,536,457
Percentage (%) of new financing raised during the year which is ESG linked.	Percentage	100
Percentage (%) of Employees completing Code of Conduct (Ethics)	Percentage	98.2



Virgin Media O2 2022: ESG Reporting Indicators for Telefonica

Introduction

The data contained in this report relates to 29 ESG non-financial indicators required by Telefonica to be included in Telefonica Group's Consolidated Management Report. A detailed companion document accompanies this document entitled “*Telefonica Reporting Criteria 2022*” which sets out definitions for each indicator. The reporting criteria for each indicator relate directly to the data indicator numbers detailed in the tables below, i.e. 1. Direct Emissions - Scope 1 and 2 (location-based and market-based) will relate to number 1 in the Reporting Criteria document.

The data period relates to the full calendar year 2022, with the exception of the indicator “% of employees completing the code of ethics” where the period is from 1st January 2022 - 20th January 2023.

Process

Telefonica confirm the required data indicators for 2022 with agreed timelines to submit in early 2023. This includes the requirement to provide external assurance with a public opinion.

The Sustainability Team co-ordinate the collation of data within the business. Following Telefonica’s confirmation of the 2022 non-financial indicators, the Sustainability team identify business owners and assist in defining the calculation and methodology required for the indicators. Each indicator has an owner who provides the required data with a RACI detailing accountability and responsibility.

At agreed intervals (YTD at the end of Q3 and the full year’s result in early January), the Sustainability Team collect and review the data. The data is then subject to external assurance by an auditor, appointed by Virgin Media O2.

The completed data set within this report is approved by Virgin Media O2’s Director of Sustainability prior to its submission to Telefonica on the 10th February 2023.

Data Indicator no.	Indicator	2022 Result	Unit of Measurement	Notes
1	Δ Direct Emissions - Scope 1 and 2 (Market-based)	71,393	Metric tons of CO ₂ e	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).
2	Δ Total Energy Consumption	1,171,285	Megawatt hour (MWh)	Relates to the total electricity and fuel consumption used in Virgin Media O2's facilities and operations.
3	Δ Total Consumption of renewable energy	977,697	Megawatt hour (MWh)	This indicator details the total consumption of energy from renewable sources

Data Indicator no.	Indicator	2022 Result	Unit of Measurement	Notes
4	Δ Total annual IP traffic	40,097	Petabytes (PB)	Relates to the total data volume from all sources (customers and business) in the year across the fixed and mobile networks
5	Δ Total Waste	5,053	Metric tonnes	Refers to the total waste produced in the company and includes all waste managed regardless of the type of treatment applied.
6	Δ Total Recycled Waste	4,252	Metric tonnes	This indicator relates to the waste produced by the company to which recycling, and material recovery treatments have been applied.
7	Δ % Women Directors	33.7%	Percentage	The calculation is made by obtaining the number of female executives as a percentage of the total of group executives. Executive defined as; Former VM level 7 and above and former O2 – grades PCGR and Board
8	Δ Absentee Rate	0.034	Number	Absentee rate refers to the total number of working days lost due to absenteeism of any cause against the total available annual workdays.
9	Δ Injury Rate	0.36	Number	The 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
10	Δ Occupational Disease Rate	14.3	Number	The calculation is the total number of occupational illnesses / total number of hours worked) * 200 000.
11	Δ Total Physical Staff	17,054	Number	The total number of employees within the organisation as captured by the

Data Indicator no.	Indicator	2022 Result	Unit of Measurement	Notes
				employee on the company HR system at year end
12	Δ Gender - Men	11,813	Number	The number of employees identifying as male as captured by the employee on the company HR system at year end
13	Δ Gender- Women	5,217	Number	The number of employees identifying as female as captured by the employee on the company HR system at year end.
14	Δ Gender- Other	24	Number	The number of employees identifying as Other gender as captured by the employee on the company HR system at year end
15	Δ Type of Contract - Fixed Term	80	Number	Total number of employees on a fixed term contract as reported are a snapshot at Year end
16	Δ Type of Contract – Permanent contract	16,974	Number	The total number of permanent employees as reported are a snapshot at Year end
17	Δ Total Leaves	4,580	Number	Total number of employees leaving the business during the reporting period, for any of the termination types both voluntary and involuntary.
18	Δ Total Leaves - Voluntary	2,627	Number	Total number of employees leaving the business voluntarily during the reporting period.
19	Δ Total Leaves - Involuntary	1,953	Number	Total number of forced leaves within the organisation during the reporting period.
20	Δ Total number of relevant Information Security / Cybersecurity	4	Number	Total number of digital security breaches or incidents classified as critical as the result of a cyber threat or attack.

Data Indicator no.	Indicator	2022 Result	Unit of Measurement	Notes
	incidents classified as severe			
21	*Number of Severe Security Breaches with impact on customers	-	Number	The legal team have advised that this type of information is not disclosable due to confidentiality and legal restrictions.
22	Δ Total number of confirmed cases of corruption	0	Number	Refers to the number of Crown Court corruption prosecutions or deferred prosecutions agreed which are taken from formal company notifications
23	Δ Number of ongoing judicial material proceedings related to infringements of anticompetitive practices during the last fiscal year	1	Number	Telefonica UK has just concluded (this Summer) an English High Court trial hearing regarding allegations of collusion by Phones4U administrators – judgment remains pending.
24	Δ Total amount of material paid sanctions in the last fiscal year related to infringements of anticompetitive practices	0	£ Value	Details the total amount (£) of material paid sanctions as a result of judicial infringement proceedings associated with competition law
25	Δ Reprtrak Pulse – Citizenship	62.1	Number	The data indicator refers to the Virgin Media O2 score against the Citizenship metric
26	Δ Percentage (%) of rural mobile broadband coverage	91.9%	Percentage	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

Data Indicator no.	Indicator	2022 Result	Unit of Measurement	Notes
				distribution data to produce the reported percentage in QGIS
27	Δ Number of people benefiting from programmes in Digital skills	1,536,457	Number	The calculation is based on the number of people accessing digital skills and training 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
28	Δ Percentage (%) of new financing raised during the year which is ESG linked.	100%	Percentage	The calculation is the total value of green financing as a percentage of all long-term debt financing.
29	Δ Percentage (%) of Employees completing Code of Conduct (Ethics)	98.2%	Percentage	<p>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. This relates to the period 1 January 2022 to 20 January 2023.</p> <p>As set out in the Reporting Criteria certain employees are exempt from the requirement to complete the training module. Those categories of employees are; contractors, new starters within last 60 days, outsourced staff, those with system access issues, long term absence, maternity/paternity/parental leave, sabbatical and compassionate leave, employees who have exited the business and those "at risk" of redundancy. In accordance with this basis for the calculation there were 1,808 exempt employees and therefore 1,808 modules have been excluded from the calculation of the total number of modules to be completed.</p>



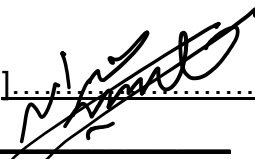
KPMG, our independent assurance provider, has provided limited assurance over the selected information in this table denoted by the symbol (Δ) using the assurance standard ISAE (UK) 3000. See "KPMG Limited Assurance Report to VMED O2 Limited over the Selected Information for the year ended 31 December 2022."

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

In connection with the reporting of non-financial information to be included in the Telefónica Group's Consolidated Management Report for the year ending 31 December 2022, I hereby certify, to the best of our knowledge, that:

1. I have reviewed the non-financial information given in the non-financial reporting package for Virgin Media O2 Ltd reported for the calendar year 2022 (unless otherwise stated), attached below.
2. The non-financial indicators reported have been obtained from the various information systems available and I therefore confirm that they are correct.
3. According to the information available to me, the non-financial information reported represents in all significant aspects the Company's situation in the areas covered and on the dates indicated above.
4. From the date of the closing of calendar year 2022 to the date of this document, no event has occurred, and no matter has been discovered that might give rise to the need to modify the details given in the reported information in relation to the closing of calendar year 2022.

[Signed].....[Date]...10 February 2023.....



Dana Haidan
Director of Sustainability
Virgin Media O2 Ltd