

Better Connections Plan

2022 progress update

June 2023





Introduction



Lutz Schöler
Chief Executive Officer
Virgin Media O2

Launching our first Virgin Media O2 sustainability strategy in May 2022 was a defining milestone for our new organisation – reinforcing our commitment to playing our part in creating a fairer, greener future.

We knew we needed a plan that would not only leverage our core capabilities to make a positive social and environmental impact, but also one that takes into account the increasing responsibility we bear to focus our efforts on the issues that matter most and that ensures our commercial momentum is grounded in the right responsible business principles.

The Better Connections Plan places technology and connectivity at the centre of our ambitions,

setting out clear goals to cut carbon faster, tackle e-waste, and reduce data poverty and exclusion – underscored by ethical, inclusive foundations that will help us build a truly responsible business.

The time is now to take urgent, decisive climate action and reduce greenhouse gas emissions. Which is why it was so important for us that the Science-Based Targets initiative (SBTi) approved our carbon target of achieving net zero carbon across our business, products and supply chain by the end of 2040. We'll need our whole company to rally behind our climate goal: success will rely on the passionate champions we have across our business to help us turn our ambitions into action.

In 2022, we also launched two innovative new social and environmental funds. We partnered with environmental charity Hubbub to create Time After Time – an eco-fund focused on tackling e-waste, and Tech Lending Community (TLC) scheme, providing second-hand tablets and free data to people who need them across the UK.

You can read more about our 2022 achievements in this report and we'll keep you updated every year

as we make progress towards our 2025 targets. I'm proud of the promising start we've made towards our stretching goals and I'm excited about what lies ahead. While I'm not underestimating the challenges we'll face, with the Better Connections Plan as our guidepost, I'm confident we can continue to build on the strong heritage of Virgin Media and O2 and deliver lasting positive social and environmental change.

This report provides an update on our annual performance since the Better Connections Plan launched in May 2022. Unless otherwise specified, data covers the period from 1 January 2022 to 31 December 2022, in line with company reporting processes.

Our commitments



Zero carbon future

Achieve net zero carbon emissions across our entire value chain by 2040

Empower customers to prevent 20 million tonnes of CO₂ from entering the Earth’s atmosphere and support large-scale decarbonisation by 2025.



A circular economy

Achieve zero waste operations and products by 2025

Help consumers to carry out 10 million circular actions to tackle e-waste by 2025.



Connected communities

Connect 1 million digitally excluded people across the UK by 2025

Equip 6 million people with skills and tools to help them feel more connected to our digital society by 2025

Support 1 million people through our ‘Take Five’ employee volunteering programme by 2025



A better way to do business

Achieve gender parity and increase the representation of Global Majority¹ employees to a minimum of 15% leadership and 25% across the business by 2027

Make sure all our major purchases commit contractually to defined sustainability requirements and aligned carbon-reduction goals.

Find out more

- [Better connections plan](#)
- [2022 Annual Report and Accounts](#)
- [Task Force on Climate-Related Financial Disclosures \(TCFD\)](#)
- [Streamlined Energy and Carbon Report](#)
- [Pay Gap report](#)



¹Global Majority is a collective term that speaks to and encourages those so-called to think of themselves as belonging to the global majority.

It refers to people who are Black, Asian, Brown, dual-heritage, indigenous to the global south, and or have been previously identified as ‘ethnic minorities’.

Zero carbon future

We are in the midst of a climate and ecological emergency.

Rapid and deep cuts in carbon emissions will be needed if global temperature rise is to be limited to 1.5°C.

We believe that technology can play a crucial role in facilitating the shift towards decarbonisation and plan to use our digital know-how and infrastructure to help build a zero carbon future.





First steps on our net-zero transition

During the year, we consolidated Virgin Media and O2’s carbon footprints and published a new, science-based 2040 net zero target across our value chain. As part of our ongoing efforts to make sure we report accurately, and in line with the latest science, we changed the way we estimate electricity consumption for masts operating on third party sites in 2022 (affecting our historical emissions data). However, we remain on a science-based target pathway and on course for our 2025 target to reduce operational (Scopes 1 and 2) emissions by 60%, with a 29%^s reduction in 2022 against our baseline year 2020. In addition, we have established a near-term 2025 target to reduce Scope 3 emissions by 20% and we will be widening the scope of our Scope 3 reporting this year to help us prioritise action.

The growth of our network, with more customers connecting to our 5G products and services, carries with it a carbon cost as energy use increases. So our net zero pathway has a strong emphasis on implementing energy efficiency solutions and continuing to invest in renewable energy. We already source 100% of renewable energy at sites where we control the bill and we continue to encourage landlords at third-party sites to transition to renewable energy.

In 2022, we introduced the first 76 electric vehicles (EVs) to our van fleet, in addition to the 93 electric vehicles existing in our car fleet (equivalent to 4%⁺ of the total) which contribute towards our roadmap to fully transition to EVs by 2030, although our progress in 2022 was slowed by global supply issues.



Supporting others reduce their carbon impact

As well as mitigating our own climate impact, we provide the technological foundations to help others avoid carbon or shift daily actions into lower carbon alternatives. Our **Greener Connected Future report** showed that 5G and connected technology has the potential to save the UK up to 269 megatonnes of CO2 by 2035.

The methodology we use to calculate avoided carbon emissions, originally developed by our shareholder Telefonica and the Carbon Trust, was updated during the year to include an expanded scope of services related to helping consumers to adopt more sustainable habits such as teleworking, remote training, car sharing, satellite navigation applications, real-time access to public transport, shared accommodation, online shopping and online banking services. As a result of the expanded scope, we exceeded our current carbon avoidance goal in 2022, with our products and services enabling the avoidance of 29.4 million tonnes of carbon.

The majority of the saving (29 million tonnes) came through the use of connectivity to adopt more sustainable habits such as teleworking, with 0.4 million attributed to the use of Internet of Things applications and smart metering. Our focus now is to support the work of Telefonica with the European Green Digital Coalition (EGDC) in developing an industry-wide approach to the measurement of carbon avoidance. A common approach will help us accurately measure the emissions associated with the ICT and telecommunications sector and better understand the full impact of how our products and services can enable large-scale decarbonisation.

UN Sustainable Development Goals (SDGs)



- 11. Sustainable cities and communities
- 12. Responsible consumption and production
- 13. Climate action



“The Route to Net Zero Standard is an ambitious and challenging certification that demonstrates an organisation’s commitment to measuring and managing their emissions, developing robust carbon reduction strategies, and aligning targets for the future. We are delighted that Virgin Media O2 has been certified to the Advancing tier, leading the way for the UK telecoms sector.”

Dominic Burbridge
Director, Business Services, Carbon Trust

Expert partners guide our net zero pathway

Aligning with the latest climate science was a key consideration when it came to setting a new net zero target for Virgin Media O2: we wanted to ensure that we established stretching targets that drew on the latest scientific thinking and aligned with a 1.5°C future.

We submitted our targets to the Science Based Targets initiative (SBTi) – a global body that helps businesses set ambitious emissions reductions targets in line with the latest climate science – and both our near and long-term targets were approved, judged to meet all criteria in terms of timeframe, emissions coverage, and ambition.

In 2022, we also became one of only ten companies to become a Pathfinder for The Carbon Trust’s new ‘Route to Net Zero’ standard – a certification that helps organisations measure and

manage emissions, and align targets with climate leadership by independently verifying carbon reductions and recommending carbon reduction strategies. We are currently certified at ‘Advancing’ level, which means we have a science-aligned reduction target, are making science-aligned reductions in emissions, and are employing advancing CO₂e (carbon dioxide equivalent) management practices.



Circular economy

E-waste is the fastest-growing waste stream in the world right now

So it's up to us to make sure circularity is embedded in every stage of our operations and products.

This way, we can help society move to a more circular economy, where technology is designed with this in mind and can be used again and again.





Extending the life of devices

Initiatives like Eco Rating (an environmental ratings system for devices), Like New (refurbished phones), O2 Recycle and Virgin Media's 'take-back scheme' all help Virgin Media O2 customers reduce their carbon impact and give devices a longer life. In total, 1,811,033⁺ returned units of customer and network equipment was repaired, reused or recycled in 2022, with 2,438,794^s million circular actions overall taken by our customers during 2022. In 2022, O2 Recycle saved more than 250,000 devices from landfill, with 92% of the handsets refurbished and resold. Since launch, the scheme has paid out more than £320 million, and sustainably recycled 3.8 million devices – with zero going to landfill.



Reducing waste and single-use plastics

We've taken action to minimise the plastics and packaging required to make and sell our products and services. Our own-brand mobile accessories contain no single-use plastic packaging, and our O2 SIM cards are made from recycled plastic. We're also working hard to improve how we manage waste, recycling 84% waste in 2022, incinerating 15% and sending less than 1% to landfill.

UN Sustainable Development Goals (SDGs)

SUSTAINABLE DEVELOPMENT GOALS

11

SUSTAINABLE CITIES AND COMMUNITIES

12

RESPONSIBLE CONSUMPTION AND PRODUCTION

11. Sustainable cities and communities
12. Responsible consumption and production



Battling the growing tide of electronic waste

Electronic waste is the fastest growing waste stream in the world, expected to grow to 74 million tonnes a year by the end of this decade, with some 40 million unused gadgets thought to be stashed away in UK homes. The electrical items that we throw away contain some of the most valuable materials on earth - it's believed up to 7% of the world's gold may be currently stored in e-waste.

fund that will award grants of between £10,000 and £75,000 for innovative UK-based projects that reduce e-waste, encourage recycling of electronic goods, or support devices being used over and over again. The fund is aimed at both technical solutions and projects that raise wider awareness of the issue, with a focus on small electrical items that are commonplace in people's lives.

In 2022, we [commissioned research](#) into e-waste which revealed British households are home to almost 15 million unused mobile phones, more than seven million old DVD players and six million TVs. Reasons for holding on to outdated tech include keeping them as spares in case their current item breaks (17%), hoping they can get fixed (11%) and not knowing how to get rid of them (9%).

To tackle this growing issue, we launched Time after Time in October 2022, in partnership with environmental charity Hubbub - a £500,000 e-waste eco

Connected communities

We want to boost digital inclusion and tackle the inequalities brought about by the deepening digital divide by supporting and unleashing the potential of connected communities.

To address the digital divide, we have taken action to improve the broadband infrastructure; provide affordable internet access and devices through our social tariffs and refurbished devices; expand digital skills training; and ensure underserved rural areas have access to digital connectivity.



Leeds Refugee Forum is supported by the Tech Lending Community (see page 12)



Connecting the disconnected

We set up the National Databank with digital inclusion charity Good Things Foundation to provide free data to people in need, and it remains the cornerstone of our drive to bring data poverty and digital exclusion to an end. In 2022, we increased our data donation to over 60 million GB of data; expanded the scheme’s reach through the inclusion of Vodafone and Three; and launched a Christmas SIM Cards campaign which gave away 1 million GB of data. We also opened our [1000th National Databank hub](#), where support can be accessed.

Community Calling, run in partnership with the charity Hubbub, distributes smartphones to those in need, giving

old devices a second home that will help others make a new start, and preventing them from ending up in landfill as e-waste. Since the scheme began in 2020, we’ve rehomed over 13,000 devices, together with £1 million of free O2 mobile data.

In total, we connected 18,963^s people with free and more affordable connectivity and devices in 2022 through our work with National Databank, Community Calling, Tech Lending Hubs and our Essential broadband social tariff. To meet our 2025 target of helping 1 million people, we are concentrating on:



- 1
- Delivering free and more affordable connectivity at scale, including offering free broadband to 20 community centres in 2023.
- 2
- Boosting take up of our Essential Broadband social tariff which is now – thanks to the automation of eligibility checks – available to almost 10 million people in the UK.
- 3
- Growing the number of databank hubs so that more people can access the connectivity we’ve made available through our National Databank partnership.
- 4
- Encouraging more people to donate second - hand devices so that we can rehome them, at scale.

“Good Things Foundation is immensely proud to reach these important milestones this year, tackling digital exclusion by working with National Databank founders Virgin Media O2. This work is incredibly important - now more than ever - 8 million households are having problems affording communications services amid the cost of living crisis. Having enough data in our increasingly digital society is not a nice to have, it’s an absolute essential, and together we are building a movement for digital inclusion that leaves no-one behind.”

Helen Milner OBE,
Group Chief Executive,
Good Things Foundation



UN Sustainable Development Goals (SDGs)

SUSTAINABLE DEVELOPMENT GOALS

4

QUALITY EDUCATION

9

INDUSTRY, INNOVATION AND INFRASTRUCTURE

10

REDUCED INEQUALITIES

17

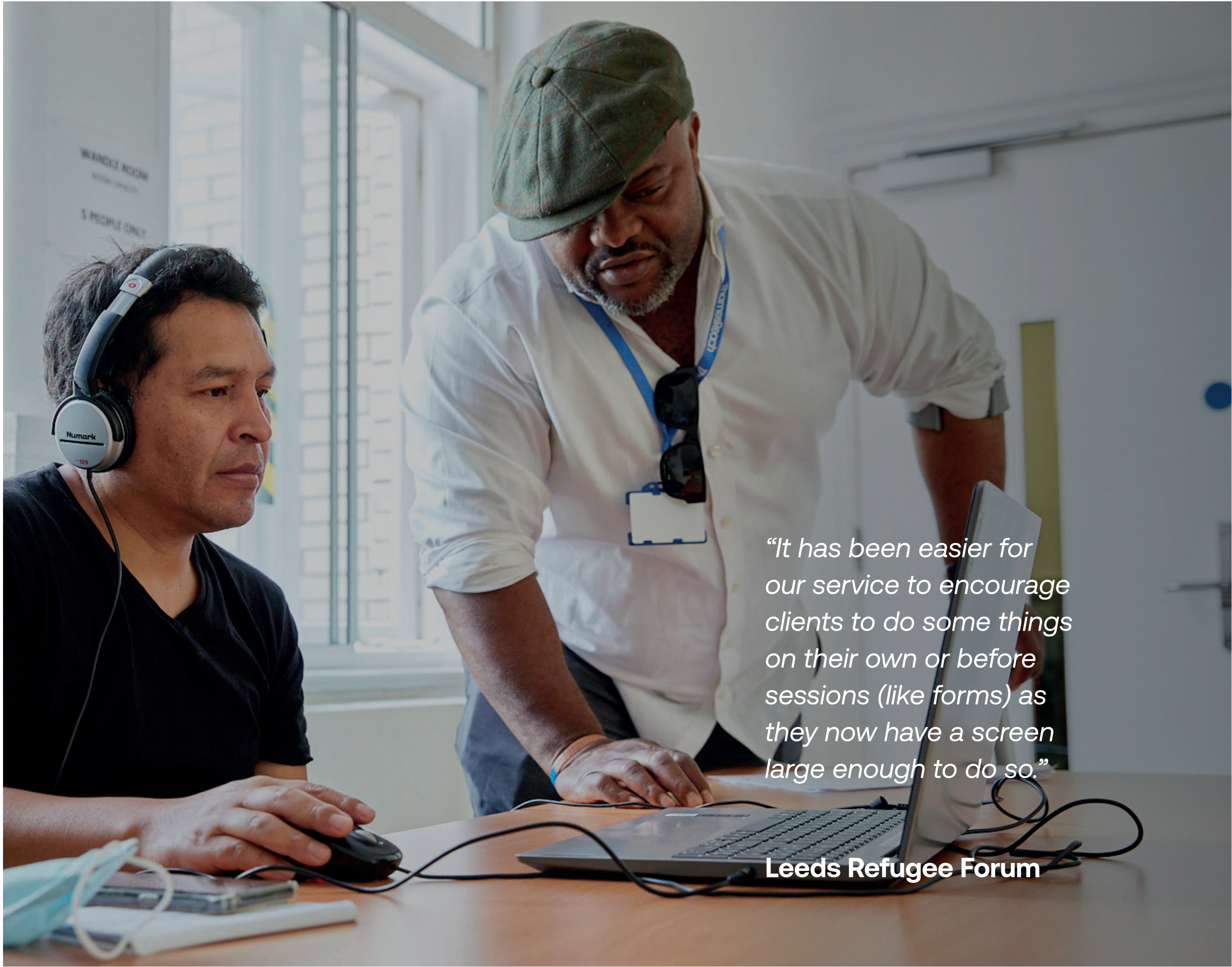
PARTNERSHIPS FOR THE GOALS

4. Quality education

9. Industry innovation and infrastructure

10. Reduced inequalities

17. Partnerships for the goals



“It has been easier for our service to encourage clients to do some things on their own or before sessions (like forms) as they now have a screen large enough to do so.”

Leeds Refugee Forum

Tech Lending Community battles digital exclusion

Over 7 million people in the UK are ‘digitally excluded’, with no access to a device or the internet. The UK also creates the second-highest amount of e-waste globally, with millions of devices lying unused in drawers, storage units and warehouses.

In response, in 2022 we launched the Tech Lending Community (TLC) to make tablets and free data available to community organisations across the country. The scheme offers tangible benefits like online learning, healthcare support, help with job opportunities or the ability to connect with family, while the use of second-hand devices cuts down on e-waste - saving carbon, water and scarce resources.

The £400,000 fund was shared by five winning charities (‘Hubs’) across the UK – Thames Reach, Refuge, KMEWO, Willowacre Trust and Leeds Refugee Forum – who have all established tablet-lending schemes. The tablets can not only improve existing support services, but help the development of new, digitally-focused services for beneficiaries including survivors of domestic abuse, refugees, asylum seekers and people at risk of homelessness.



Equipping people with the digital skills and confidence to get online

The digital skills gap exacerbates existing inequalities in society and decreases life chances for those who can't connect. To help one million disadvantaged people across the UK get online and gain digital skills, we launched a £2 million strategic partnership with Good Things Foundation in 2022 which offers resources like Learn My Way, a website of free online courses for people who want to improve their digital skills.



Our Connect More programme partners with local authorities to identify citizens facing digital exclusion and offers training to help build digital skills and confidence: during 'Get Online

Week' in October 2022, Virgin Media O2 employees delivered hundreds of free training sessions.



Finally, our partnership with Internet Matters supported 1.4 million parents and guardians seeking advice in 2022. During the year, we became aware that we hadn't previously been fully accounting for the reach of Internet Matters' resources, which contributed to us helping over 1.5 million people access digital skills and training in 2022. As a result, we've decided to stretch our ambitions and triple our Better Connections Plan target to helping 6 million people with digital literacy by the end of 2025.



Employees share their skills

In 2022, we encouraged our employees to play their part in our Better Connections Plan by taking advantage of our new Take Five volunteering programme, which offers up to five days of paid leave a year to volunteer in communities nationwide. Over 1,200 employees volunteered helping over 125 good causes around the UK, including community organisations leading the UK humanitarian relief effort for displaced Ukrainians.

"Due to the cost of living crisis and uptake in demand, local community organisations are continuing to feel the pressure. VMO2's 'Take Five' programme offers one of the most generous volunteering allowances, and we're pleased to be partnering with them in delivering vital support to where it is needed most within communities."

Steve Butterworth,
CEO at Neighbourly

A better way to do business

At the core of our Better Connections plan is a commitment to making sure our business operates in a sustainable and ethical way – where all our people, partners and suppliers can play a part.

Our Code of Conduct guides and informs our behaviour and decision making as we seek to maintain the highest standards of professionalism and integrity in our day to day work.





Building an inclusive workplace culture

Our ‘All in’ diversity, equity and inclusion (DE&I) strategy guides our work in ensuring our workplace is fair, ethical and fit for the future. We’ve launched a range of family-friendly policies like generous maternity, paternity, and adoption policies, as well as carer and neonatal leave. We’ve also implemented a trans-inclusive healthcare policy that provides access to financial support for our people who need to transition.

Our 2027 ambitions challenge us to achieve gender parity and improve representation of the Global Majority in our workforce and leadership.

We publish annual gender pay gap reports for O2 and Virgin Media and we’ve also voluntarily disclosed our ethnicity pay gap for O2 and Virgin Media for 2022, as well as publishing an overall [Gender and Ethnicity Pay Gap Report](#) for Virgin Media O2. We have more work to do in the next five years to close both our ethnicity and gender pay gaps, with a particular focus on improving representation at senior levels of the organisation.



Upskilling our workforce on sustainability matters

In 2022, we kept our employees - and senior management - informed on key social and environmental issues and our Better Connections Plan’s key targets and focus areas. We formally engaged with our leadership team two times during the year as part of our efforts to upskill senior management in sustainability issues – with a particular focus on climate risks and opportunities.

Safeguarding a sustainable supply chain

Upholding a fair and sustainable business reaches far beyond our own operations, so we establish clear sustainability expectations of our suppliers, integrating ESG goals into our procurement processes (with a focus on ongoing training and engagement). A new Virgin Media O2 Code of Conduct policy will be published in 2023. Our annual Modern Slavery Statement has more information about how we manage the risks of forced labour in our supply chain.

As of 31 December 2022	All staff	Leadership
Female employees	30.6% [§]	32.8% [§]
Global Majority employees	16.8% [§]	12.5% [§]

UN Sustainable Development Goals (SDGs)



5. Gender equality



10. Recycled materials



12. Responsible consumption and production



17. Partnerships for the goals



Commitment progress

Zero Carbon Future

Commitments	Progress
Achieve net zero carbon emissions across our entire value chain by 2040	29% (\$) reduction in carbon emissions in 2022 against our 2020 baseline (Scopes 1 and 2 emissions) 100% of renewable energy sourced at sites where we control the bill
• Transition to electric vehicles by 2030	4% (+) electric vehicles in VMO2 fleet
Empower customers to prevent 20 million tonnes of CO ₂ from entering the Earth's atmosphere and support large-scale decarbonisation by 2025	29.4 million tonnes of carbon avoided through our products and services

Circular Economy

Commitments	Progress
Achieve zero waste operations and products by 2025	
• Recycle 95% of operational waste and make sure less than 5% goes to incineration	84.1%(\$) waste (4,252 tonnes*) recycled in our own operations (15.2% (\$) incinerated and 0.7%(\$) went to landfill)
• Reuse or recycle 100% of all returned customer and network equipment less than 5% goes to incineration	2,068,298(+) million set-top boxes returned in 2022 for repair, reuse or recycling
• 100% of customer packaging for own -branded products are widely recyclable and contain no single-use plastic by 2025	Own-brand mobile accessories contain no single-use plastic packaging, and O2 SIM cards made from recycled plastic
Help consumers to carry out 10 million circular actions to tackle e-waste by 2025	2,438,794(\$) million circular actions taken by Virgin Media O2 customers in 2022
(Circular actions include returning set top boxes and mobile devices for recycling & re-use; repairs; purchasing refurbished devices; and, returning other e-waste, such as chargers)	

Connected Communities

Commitments	Progress
Connect 1 million digitally excluded people across the UK by 2025	In 2022, 18,963(\$) people were connected with free and more affordable connectivity and devices Rehomed over 13,000 devices – together with £1 million of free O2 mobile data – through Community Calling (since 2020)
Equip 6 million people with skills and tools to help them feel more connected to our digital society by 2025	1,536,457* million people helped to access digital skills and training in 2022 including 1.4 million parents and guardians supported through our partnership with Internet Matters
Support 1 million people through our 'Take Five' employee volunteering programme by 2025	1,200 of Virgin Media O2 employees volunteered in 2022, helping 117,439(\$) people

A better way to do business

Commitments	Progress
Achieve gender parity and increase the representation of Global Majority employees to a minimum of 15% leadership and 25% across the business by 2027	30.6%(\$) female employees (all staff); 32.8%(\$) (leadership). 16.8%(\$) global majority employees (all staff); 12.5%(\$) (leadership)
Make sure all our major purchases commit contractually to defined sustainability requirements and aligned carbon-reduction goals	We continue to set sustainability requirements for our suppliers, integrating ESG goals into our procurement processes
100% of our financing sourced from sustainable finance instruments	100%* of new financing in 2022 was sustainable



Notes

(*) KPMG, our independent assurance provider, has provided limited assurance over the selected information in this table denoted by the symbol (*) using the assurance standard ISAE (UK) 3000.

See “[Telefonica Opinion 2022](#)” to VMED O2 Limited over the Selected Information for the year ended 31 December 2022

(§) KPMG, our independent assurance provider, has provided limited assurance over the selected information in this table denoted by the symbol (§) using the assurance standard ISAE (UK) 3000.

See “[Virgin Media O2 Assurance Opinion 2022](#)” to VMED O2 Limited over the Selected Information for the year ended 31 December 2022.

(†) KPMG, our independent assurance provider, has provided limited assurance over the selected information in this table denoted by the symbol (†) using the assurance standard ISAE (UK) 3000.

See “[Green Bond Assurance Opinion 2022](#)” to VMED O2 Limited over the Selected Information for the year ended 31 December 2022.



Griffin House
161 Hammersmith Road
Hammersmith
London W6 8BS

www.virginmediao2.co.uk