# Virgin Media O2 Sustainability Performance Update 2022

# Virgin Media O2
# Sustainability Performance Update 2022

The information contained in this report relates to Virgin Media O2's performance against key sustainability data indicators and KPI's concerning our Better Connections Plan commitments, emissions, energy and green financing instruments.

The reporting period is the full calendar year 2022, unless stated otherwise.

The criteria and methodology that supports our sustainability reporting are available on our Virgin Media O2 News website.

Full details of our programmes and initiatives can be found in the Better Connections Plan 2022 progress update.

The data indicators subject to external assurance are denoted with symbols within this document.

## Our key commitments and data indicators

Our ESG strategy, the Better Connections Plan, is centred around three pillars - Carbon; Circularity; and Communities - underpinned by a Better Business commitment to ensure we operate in a sustainable and ethical way. The strategy launched in 2022 and our performance against these commitments in the first year is indicated below:

| Pillar | Commitments and Targets | 2022 Result |
|---|---|---|
| Zero carbon future | Net Zero operations, products and supply chain by 2040<br>By 2025;<br><br>• Reduce Scope 1 & 2 operational emissions by 60%<br>• Reduce Scope 3 emissions by 25%<br><br>All targets measured against 2020 baseline | 29% reduction in Scopes 1 & 2(§) |
| | • Transition fleet to electric vehicles by 2030 | 4% of fleet electric(†) |
| | • Empower customers to prevent 20 million tonnes of $CO_2$ from entering the Earth's atmosphere and supporting large-scale decarbonisation by 2025 | 29.4 million tonnes of carbon avoided through our products and services |
| Circular economy | Achieve zero waste operations and products by 2025<br><br>• Recycle 95% of operational waste and make sure less than 5% goes to incineration.<br><br>• Reuse or recycle 100% of all returned customer and network equipment | From 5,053* tonnes of operational waste produced, 4,252* tonnes were recycled (84.1%)(§) and 767(§) tonnes were incinerated (15.2%)(§)<br><br>1,811,033 returned customer network equipment repaired and reused(†) |
| | Help consumers carry out 10 million circular actions to tackle e-waste by 2025 | 2,438,794 circular actions(§) |

| Pillar | Commitments and Targets | 2022 Result |
|---|---|---|
| Connected Communities | Equip 2 million people with skills and tools to help them feel more connected to our digital society by 2025 | 1,536,457* people equipped with digital skills |
| | Connect 1 million digitally excluded people across the UK by 2025 | 18,963 people connected(§) |
| | Support 1m people through our Take Five employee volunteering programme by 2025 | 117,439 people supported(§) |
| A better way to do business | Achieve gender parity across all employees and leadership | 30.6%(§) female employees (all staff); 32.8%(§) (leadership) |
| | Increase the representation of Global Majority employees to a minimum of 15% leadership and 25% across the business by 2027 | 16.8%(§) global majority employees (all staff); 12.5%(§) (leadership) |
| | 100% of our financing being sourced from sustainable finance instruments | 100%* of new financing from sustainable instruments |
| | Dedicated ESG skills education for our leadership team | 2 training events held(§) |

# Environmental data

**Virgin Media O2 emissions (tCO2e)**

The scope of the data includes our company owned stores, all corporate sites, switch and data centres, and cell sites (mast and antennae sites).

The calculation approach is based on invoicing (where applicable) and estimation where the scope includes emission sources outside our operational control (for example landlord supplied sites). Emissions factors have been taken from the Department of Business, Energy and Industrial Strategy (BEIS) 2022 Conversion Factors.

2021 carbon figures have been restated in line with Virgin Media O2's environmental reporting policy. A more accurate electricity consumption estimation approach for masts operating on third party sites has been implemented and backdated. In addition, the residual electricity grid mix emissions factor is now being used instead of the average grid mix factor for non-renewable consumption in third-party sites, resulting in an increase in emissions factor. For example, in 2022 the residual mix factor was 82% higher than the average mix factor. This reflects the latest guidance in the Greenhouse Gas Protocol.

The table below includes five of the 15 Scope 3 categories as defined by the Greenhouse Gas Protocol. An update to this document will be issued at a later date to include all 15 categories to complete our full value chain carbon footprint measurement.

| Category | 2022 | 2021 | 2020 | % change: vs 2020 |
|---|---|---|---|---|
| **Scope 1 (tCO2e)** | | | | |
| Stationary combustion of fuels | 5,426 | 5,331 | 6,039 | -10% |
| Mobile combustion of fuels | 14,020 | 13,744 | 13,189 | 6% |
| Process emissions | 0 | 0 | 0 | N/A |
| Fugitive emissions | 13,184 | 11,110 | 18,907 | -30% |
| **Scope 2 (tCO2e)** | | | | |
| Electricity (location-based) | 210,413 | 215,376 | 251,752 | -16% |
| Electricity (market-based) | 38,763 | 52,994 | 63,056 | -39% |
| **Scope 1 and 2 total (market-based) (tCO2e)** | | | | |
| Scope 1 & 2 emissions (market-based) | 71,393* | 83,179 | 101,191 | -29%(§) |
| **Scope 3- (tCO2e)** | | | | |
| [Cat 4]   Upstream transport & distribution | 29,226 | 27,606 | 27,882 | 5% |
| [Cat 5]   Waste generated in operations | 114 | 104 | 156 | -27% |
| [Cat 6]   Business travel | 5,558(§) | 1,949 | 3,620 | 54% |
| [Cat 7]   Employee commuting | 13,841 | 13,299 | 22,159 | -38% |
| [Cat 9]   Downstream transport & distribution | 0 | 0 | 0 | N/A |

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# Sustainable finance data indicators

**Sustainability-linked loan (Term loan X – 2022 release)**

| KPI | 2022 | 2020 (baseline year) | 2022 Result |
|---|---|---|---|
| Non-renewable electricity consumption (MWh) | 110,383(§) | 163,649 | 33%(§) reduction |
| Scopes 1 and 2 carbon emissions (market-based, tCO2e) | 71,393* | 101,191 | 29%(§) reduction |

**Green Bond KPI's**

| | 2022 | 2021 |
|---|---|---|
| Tonnes of CO2e (scope 1 and 2 location based) Virgin Media UK only | 119,333(†) | 125,665 |
| Tonnes of CO2e (Scopes 1 and 2) per Terabyte data (Location based) Virgin Media UK only | 0.0031(†) | 0.0034 |
| Electricity use (kWh) per Terabyte data Virgin Media UK only | 12.41(†) | 12.58 |
| Tonnes of CO2e (Scopes 1 and 2 - location based) per Fixed line customer Virgin Media UK only | 0.021(†) | 0.02179 |
| Total CPE (set top boxes & modems) returned | 2,068,298(†) | 1,635,335 |
| Reduction in CPE awaiting processing | 257,265 | 90,774 |
| Total CPE (set top boxes & modems) re-used or re-cycled per annum | 1,811,033(†) | 1,726,109 |
| Percentage of electric vehicles out of total owned and leased vehicle fleet at most recent year end | 4%(†) | 0% |

*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.

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