



Telefonica
UK's Carbon
Reduction Plan

July 2023

Telefonica UK's Carbon Reduction Plan

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Background

Telefonica UK Limited (**O2 or Telefonica UK**) is part of the joint venture arrangement, VMED O2 UK Limited and its subsidiaries (VIRGIN MEDIA O2 or Group), created on 1 June 2021 which brought together the O2 (including giffgaff) and Virgin Media businesses in the UK.

Commitment to achieving Net Zero

Telefonica UK, as part of VIRGIN MEDIA O2, is committed to reaching net zero greenhouse gas (GHG) emissions across the value chain by 2040 from a 2020 base year. Our net zero target has been validated by the Science Based Targets initiative (SBTi). VIRGIN MEDIA O2's near-term science-based targets are to reduce absolute Scope 1 and 2 GHG emissions 90% by 2030 from a 2020 base year. VIRGIN MEDIA O2 also commits to reduce absolute Scope 3 GHG emissions 50% within the same timeframe. To claim net zero by 2040 we expect to offset the residual 10% of value chain emissions through investment in credible long-term GHG removal schemes aligned with the SBTi's Net Zero Standard.

Baseline Emissions Footprint

Baseline Year: 2020 (January to December)

Additional details relating to the baseline emissions calculations.

Virgin Media and O2 merged in June 2021 as a joint venture. To enable target setting, a 2020 baseline has been established with the combining of Virgin Media and O2's 2020 carbon footprints.

The carbon footprint data presented in this Carbon Reduction Plan is for the O2 and giffgaff operations which relies on Telefonica UK Limited (O2) for key impacting areas including the network and fleet services.

Telefonica UK has used a market-based footprint and is calculated in line with the GHG Protocol.

2020 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 for non-renewable electricity consumption used in the masts operating on third party sites.

Baseline year emissions: 2020	
EMISSIONS	TOTAL (tCO₂e)
Scope 1	3,066 tCO ₂ e
Scope 2	63,015 tCO ₂ e
Scope 3 (Included Sources as defined by the PPN requirements)	Total – 22,654 tCO₂e Upstream transportation and distribution – 9,118 tCO ₂ e Waste generated in operations – 17 tCO ₂ e Business travel – 705 tCO ₂ e Employee commuting – 12,814 tCO ₂ e Downstream transportation and distribution – 0 tCO ₂ e
Total Emissions	88,735 tCO₂e

Current Emissions Reporting

Reporting Year: 2022	
EMISSIONS	TOTAL (tCO₂e)
Scope 1	4,203 tCO ₂ e
Scope 2	38,763 tCO ₂ e
Scope 3 (Included Sources as defined by the PPN)	20,776 tCO₂e Upstream transportation and distribution – 9,251 tCO ₂ e Waste generated in operations – 10 tCO ₂ e Business travel – 1,121 tCO ₂ e Employee commuting – 10,394 tCO ₂ e Downstream transportation and distribution – 0 tCO ₂ e
Total Emissions	63,742tCO₂e

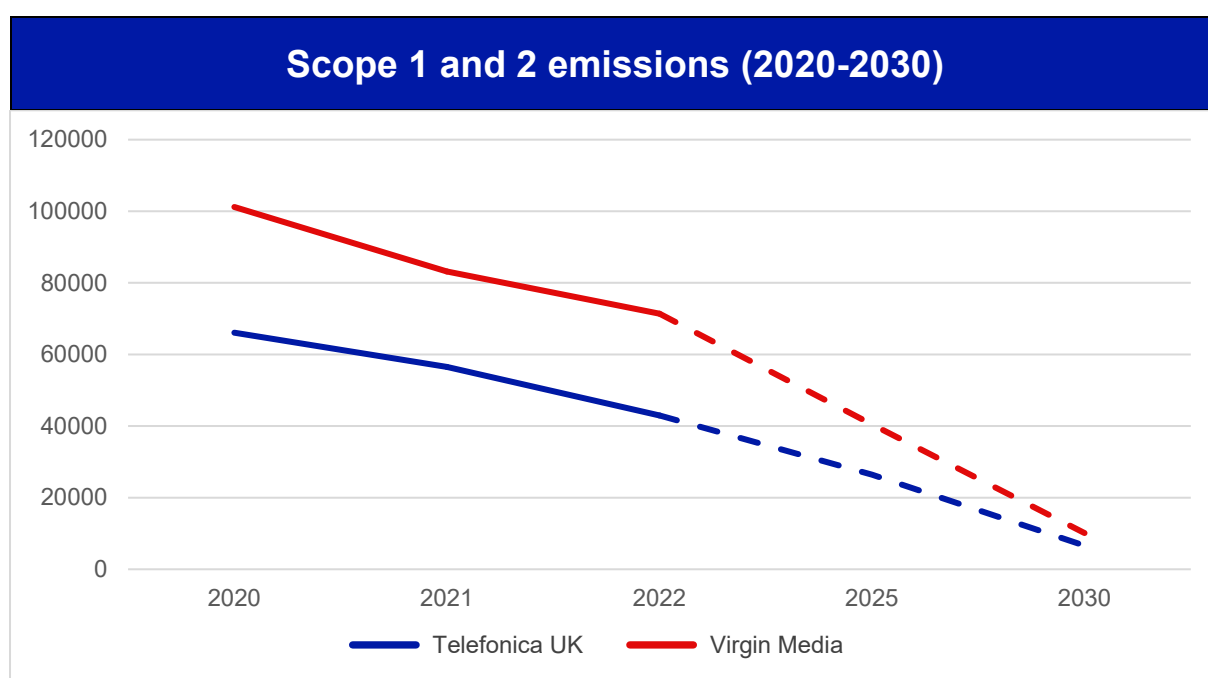
Emissions reduction targets

VMED O2 has set science-based targets across three milestones; 2025, 2030 and 2040.

	2025	2030	2040
Scope 1 and 2	60%	90%	90%
Scope 3	25%	50%	90%

On the basis that VIRGIN MEDIA O2 sees an even contribution towards target delivery across the Group, we would expect Telefonica UK's operational emissions (Scope 1 and 2) by the end of 2025 to be 26,432 tCO₂e and by the end of 2030 to be 6,608 tCO₂e.

The actual and forecasted operational emissions for Telefonica UK and the Group in line with our science-based targets and net zero goal can be seen in the chart below.



Carbon Reduction Projects

Completed Carbon Reduction Initiatives

In December 2022 we became the first telecommunications company in the world to be awarded the Carbon Trust's Route to Net Zero Standard at the Advancing level. We were first awarded the Carbon Trust Standard for carbon in 2010, and in 2016 became the first organisation in the world to receive the highest-level Carbon Trust Standard for supply chain.

Between 2020 and 2022 Telefonica UK delivered a 35% reduction in operational emissions (Scope 1 and 2). The O2 network is also now around 41% more energy efficient than it was in 2020, thanks to technology enhancements like the utilisation of free air-cooling and advanced automation that temporarily powers down technology on our network when demand is low. We also use 100% renewable electricity wherever we control the bill.

During 2022 we have focused on the following initiatives:

- Welcomed the first 76 electric vehicles into our commercial van fleet.
- Continued to source 100% renewable electricity wherever we control the bill and focused on non-renewable electricity consumption from masts operating on third party sites. In addition, we were able to ensure 901 masts operating on third party sites are on renewable electricity supplies and for the first time we have purchased renewable energy certificates (REGOs) to match to 35% of the non-renewable electricity consumption, helping to reduce Scope 2 emissions by 38% since 2020.
- Procuring more efficient equipment across all areas of the business and ensuring energy consumption is a key decision factor in all business cases.
- Extending our usage of RAN Power Management technologies to more masts and more hours of the day.
- Continuing to rollout free air cooling and more robust battery backup solutions across the Radio Network.
- Proactively shutting down under-utilised 3G carriers as we move towards sunseting of 3G technologies.

VIRGIN MEDIA O2 is a member of the RE100 and EV100 initiatives, committing us to 100% renewable electricity and electric vehicle transition, and has also joined [The Climate Pledge](#) - a collective of more than 200 companies and organisations which have committed to achieve net zero carbon emissions by 2040.

Our focus for the first phase of our Net Zero plan (up to the end of 2025) are the following measures:

- Transitioning masts that operate on landlord premises to renewable electricity usage.
- Converting our vehicle fleet to electric.
- Driving take-back and reuse of our customers products and increasing recycled content in product design.
- Working with our suppliers to ensure they have carbon reduction plans in place
- Enabling low and zero emission business travel for our people.
- Investing in environmental restoration and long-term carbon storage as part of neutralising operational emissions from 2025.

Declaration

This Carbon Reduction Plan has been completed in accordance with PPN 06/21 and associated guidance and reporting standard for Carbon Reduction Plans.

Emissions have been reported and recorded in accordance with the published reporting standard for Carbon Reduction Plans and the GHG Reporting Protocol corporate standard¹ and uses the appropriate Government emission conversion factors for greenhouse gas company reporting².

Scope 1 and Scope 2 emissions have been reported in accordance with Streamlined Energy and Carbon Reporting (SECR) requirements, and the required subset of Scope 3 emissions have been reported in accordance with the published reporting standard for Carbon Reduction Plans and the Corporate Value Chain (Scope 3) Standard³.

This Carbon Reduction Plan has been reviewed and signed off by the board of directors for Telefonica UK.

Signed on behalf of the board:



Lutz Schueler
Director

Date: 11 July 2023

¹ <https://ghgprotocol.org/corporate-standard>

² <https://www.gov.uk/government/collections/government-conversion-factors-for-company-reporting>

³ <https://ghgprotocol.org/standards/scope-3-standard>