Our Blueprint

Our progress at the end of 2019

Blueprint 2 was our second action plan, setting out our commitments as a responsible business. It was our promise to customers on how we tackle key issues facing people and the planet. It focused on the areas where we could make the biggest difference, including; helping families to stay safe online, inspiring and supporting young people to be socially mobile and start their dream career, and to build a more confident and resilient outlook, tackling climate change and enhancing resource efficiency within our value chain.

In 2016, we set out to help 20 million people live better with technology by 2020. We focused on the areas where we could make the biggest difference for our customers, including:

- Helping people to navigate and enjoy the digital world safely.
- Providing people with opportunities to thrive in a digital world.
- Delivering digital solutions that help our customers to reduce their impact on the planet.

At the same time, we continued to make sure that 'doing the right thing' remains a way of life at O₂.

We are proud to announce that we've achieved our 2020 target, helping more than 23.7 million* people to live better with tech, through our products, programmes and services.



*From 1st January 2016 to 31st December 2019

More confidence

Giving people the confidence to enjoy the digital world

Through our partnership with the NSPCC, we've helped parents and professionals to take more than seven million actions to keep kids safe online since 2016. We continued to offer everyday support for parents online, on the phone and in our stores and in the community (with the help of our O₂ Gurus).

Our partnership tools and resources have encouraged parents to have regular and informed conversations with their kids about the online world.

Parents vs Kids

In 2018 we launched
Parents vs Kids, the first ever
online safety game that pits
parents against their kids to
see who really knows more
about the online world.
Through the game and our
media campaign, we
provided information and fun
facts about popular apps such as SnapChat with
snippets of online safety advice to help spark those
sometimes difficult conversations. Play along.

Net Aware

Net Aware provides simple, bitesize information and advice about the apps, games and social media sites kids are using. It's the most visited online safety resource for parents after Net Mums and Mumsnet. Visit Net Aware.

Brand TV campaign

In 2016 we showcased the partnership and the launch of our free online safety advice line as part of a national advertising campaign. This communicated that: "The Internet is a bit like a magician's hat – it's full of exciting possibilities, but can also hold some surprises." We used the power of our brands to encourage parents to have informed and regular conversations with their kids about the online world.

Case Study

Linda came into an O_2 store with her daughter, aged 10, to set up her first phone. They were helped by an O_2 Guru, who have all been trained to provide specialised tech advice to keep kids safer online.

"What was so fantastic was that he spoke directly to my daughter, as an equal, explaining everything to her in a no-nonsense, sensible way. He talked through why certain controls were helpful and how they could be set up. We both feel far better equipped and informed now, but also we can now share decisions and understand why we are making them, rather than me as a parent 'imposing' on her life, or my daughter feeling unnecessarily restricted."

Both Linda and her daughter left the store informed and ready to explore the online world together.



More opportunities

Helping people thrive in a digital world

As a founding partner of the youth employability programme Go Think Big, which helps young people get a foot on the career ladder, we couldn't be prouder of the legacy we've helped to create. Together with our partners and our employees, we've helped over 1 million young people to access work experience and develop the right skills, experience and mindset to succeed in employment since 2016. This has included innovative and high-profile initiatives such as collaborations with SBTV (a leading music platform), underground music broadcaster Boiler Room, the Rugby Football Union (RFU), Professor Green, TEDxTeen and Stemettes.



Case Study

Chloe Hine, Go Think Big project leader and youth advisor

Chloe Hine became a Go Think Big project leader to use her own experience to help other young people deal with bullying through music therapy.

"O₂ has changed my life in the most incredible way. I joined O₂ as part of Go Think Big and since then I have received ongoing support and opportunities which I am externally grateful for.

 O_2 has taught me skills I will use for the rest of my life and have given me a new sense of life. Without O_2 I don't think I would be where I am now in my life and that is something I will never be able to repay."



In 2018 we partnered with SBTV to offer 40 young people a once-in-a-lifetime opportunity to create a short film about the music industry, getting hands-on experience with experts across the production cycle – helping them develop skills for life.

RNIB

 ${\rm O_2}$'s relationship with the Royal National Institute of Blind People (RNIB) focused on improving accessibility for customers using the power of technology. Together we trained over 40 ${\rm O_2}$ Gurus across our store network to better support customers with sight loss. We offered an ${\rm O_2}$ Open discount to RNIB Connect members and launched the In Your Pocket device with RealSAM interactive speech software.

The Environment Now

The Environment Now project, supported by Go Think Big and part of Our Bright Future, funded by the National Lottery Community Fund helped young people to bring their green idea's to life.

The programme provided support, training and grants of up to £10,000 for 50 young people aged 17-24 years to create and develop unique digital ideas to help the environment.

More solutions

Helping people to reduce their impact on the planet

We have made it easier for our customers to make conscious choices to reduce their impact on the environment. Whether it's through recycling devices, buying a new phone without a charger plug, buying a refurbished phone, or using our machine to machine technologies to reduce energy, promote fuel efficiency or enable flexible working, we aim to give customers and communities more opportunities to take action.

Case Study

O₂ Recycle

We're proud to have the longest-running network recycling initiative in the UK. Between 2016 and 2019, we've helped customers to recycle over 1.3 million devices. O₂ Recycle provides customers with a safe way (in terms of data and environmental protection) to dispose of old devices. The O₂ Recycle scheme allows devices to be given a second life through refurbishment and re-use, or a responsible recovery of component parts.



Internet of Things

Through the provision of a range of IoT, machine-to-machine and services and solutions, we've helped customers create smarter homes and offices, encouraging energy saving behaviours to improve energy efficiency and reduce carbon emissions.

Our machine-to-machine technology within vehicle telematics also helps customers to optimise route planning and improve their driving behaviour, helping to reduce fuel consumption. And our flexible working products enable business customers to work effectively wherever they are.



Sustainable **Development Goals**

The United Nations' 17 Sustainable Development Goals are shaping government policy and business plans across the world, and we have a role to bring these to life in the UK.

Here are some examples of how we have done this through our Blueprint programme:

Reduced Inequalities

Our youth programme has always been intentionally open and inclusive, encouraging all young people, regardless of background, to access work experience and skills opportunities to support their employability. O₂ is a founding member of the #iwill campaign run by the charity Step Up To Serve, aiming to increase the number of young people involved in social action. Since the launch in 2013, O₂ has offered £150,000 support to the campaign, and been a Business Pioneer, leading the charge in both encouraging youth social action, such as through our social innovation funding, but also in recognising the benefits of youth social action to young talent through our recruitment and the development of our people (particularly apprentices).

Sustainable Cities and Communities

To support the UK Government's Smart Meter Implementation Programme, O2 was chosen to we're using the power of our network to provide the connectivity to these meters, giving customers real-time information on their home and business

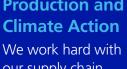
Responsible **Production and**

our supply chain



Through the use of Science Based Targets, we are also committed to playing our part in supporting the Paris Climate Agreement to minimise the rise in global temperatures.

> Many of our products and services help our customers reduce their carbon footprint, inspiring them to make more sustainable choices.







Doing the right thing

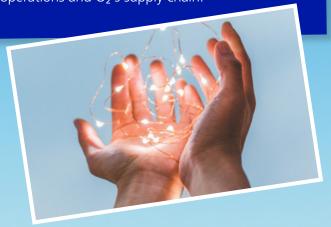
Putting responsible business at the heart of what we do

As part of Our Blueprint we continued our commitment to reducing the environmental impact of not only our own operations but our entire value chain too. We've focussed on the areas where we can make the biggest difference, including climate change, energy efficiency and resource conservation.

At the end of 2019, we:

- Achieved a 78% reduction in the carbon emissions from our network (relative to data traffic)
- Bought 100% renewable energy for all sites where we control the bill
- Delivered a 27% reduction in water consumption per full-time employee
- Maintained a zero waste to landfill where operationally possible

We're also committed to driving sustainable and ethical behaviour through our supply chain, taking a proactive approach in using our purchasing power to drive positive environmental and social change with our partners. In 2016 we were the first organisation globally to be awarded the Carbon Trust Standard Supply Chain standard at Level 3 and we successfully recertified in 2018. Continuing our focus on the environment we have worked with our suppliers to drive their adoption of zero waste to landfill policies and the removal of single-use plastic from their UK operations and O₂'s supply chain.



Governance

Our Responsible Business Taskforce is the key governance forum which provides oversight and drives accountability for our progress against Our Blueprint goals.

We work closely with independent organisations including Environmental Resources Management (ERM), the Carbon Trust and Chrysalis Research to develop sustainability initiatives, impact methodologies and undertake audits. We have also linked our 20 million goal with board-level KPIs and objectives to measure our progress and ensure that we are on the right trajectory. And we report on all of our responsible business activities through our annual Non-Financial Report.



ERM CVS: Independent Assurance Statement to Telefonica UK Ltd (O2)

Following previous assurance work on O2's 18 month Blueprint 2 progress report, ERM Certification and Verification Services (ERM CVS) was again engaged by O2 to provide limited assurance of the progress (as of 31 December 2019) of its Blueprint 2 commitment to help 20 million people live better with technology by 2020.

To do this ERM CVS' team of assurance specialists undertook a number of interviews with staff involved in setting, collecting, evaluating and reporting progress against Blueprint 2. We sought to understand and evaluate the underlying systems used to monitor and report progress, challenged O2 on whether this 'helps people to live better', and verified that the reported progress is accurately presented and that any assumptions or extrapolations applied in reporting the outcomes against the various activities are based on sound reasoning.

| ERM CVS Engagement Summary | |
|-----------------------------------|--|
| Scope of our assurance engagement | Whether the summary of progress and activities (excluding case studies) disclosed on pages 1-4 of "O2 Blueprint 2 Our Progress at the end of 2019" (the Report) are fairly presented in all material respects. |
| Reporting criteria | O2 Blueprint 2 commitment 'to help 20 million people live better with technology by 2020 ', and related activities as described in the Report. |
| Assurance Standard | ERM CVS' assurance methodology, based on the International Standard on Assurance Engagements ISAE 3000 (Revised). |
| Assurance level | Limited assurance. |
| Respective responsibilities | O2 is responsible for preparing the Report and for the collection and presentation of the information within it. ERM CVS' responsibility is to provide conclusions on the agreed scope based on the assurance activities performed and exercising our professional judgement. |
| Limitations | The reliability of the assured information is subject to inherent uncertainties given the nature of the methods used for monitoring and reporting progress including the use of estimates, assumptions and extrapolations. |
| Statement of Independence | ERM CVS is a member of the ERM Group. The work that ERM CVS conducts for clients is solely related to independent assurance activities and auditor training. Our processes are designed and implemented to ensure that the work we undertake with clients is free from bias and conflict of interest. ERM CVS has provided no consultancy related services to O2 in any respect. |

Based on our work, nothing has come to our attention to indicate that the information covered by the scope of our assurance engagement, as described above, is not a fair presentation of O2's progress against its Blueprint commitment at the end of 2019

Jennifer lansen-Rogers

Partner, Head of Corporate Assurance

1 March 2020

ERMCVS Informed Assured

ERM Certification and Verification Services, London www.ermcvs.com; email: post@ermcvs.com