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## Communication on Progress for 2014

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### Our approach

At TDC Group, responsibility and sustainability are natural aspects of our business, based on our heritage and the role we play in society as a leading technology and communications company. We appreciate that we are part of society and have an important role to play. Our approach to CSR (Corporate Social Responsibility) therefore begins in our business areas and reflects our ambition to operate and develop TDC Group in a way that promotes sustainability.

Our focus on CSR also generates business value by reducing costs and risks, fostering innovation, increasing our understanding of stakeholder expectations and enhancing TDC Group's reputation in society. Our strategic approach to CSR therefore allows us to create value for society at large as well as for our business, based on awareness of the social challenges we face.

### Five focus areas

At TDC Group, we believe that CSR initiatives should clearly reflect and match the company's profile; our activities and aspirations, the countries in which we operate, and our customers, employees and business partners.

Therefore, TDC Group's approach to responsibility and sustainability is structured around the five focus areas defined in our CSR strategy. These areas are strategically linked to our core business and were chosen based on studies and dialogue with customers, employees, investors and other stakeholders as issues of most significance to our company and stakeholders, and where we can make the greatest difference.

The five focus areas are:

- **Digital Denmark**
- **Customer trust and safety**
- **Climate and environment**
- **Employee well-being and diversity**
- **Social partnerships**

Our CSR strategy covers the entire TDC Group, including Danish and Nordic subsidiaries.

This report describes the specific ambitions for the five focus areas, explains how these have been translated into concrete actions, and outlines the results that have been achieved.

## **Stakeholder Dialogue**

At TDC Group, our approach to CSR is based on who we are as a business, including where we operate, the nature of our products and the priorities of our stakeholders.

Dialogue with our stakeholders is an ongoing and natural aspect of our business, since we have touchpoints and interactions throughout society. Engaging with our stakeholders helps us to focus our efforts on the most important sustainability issues and thus strengthens our ability to address societal challenges.

TDC Group has a wide range of stakeholders who have an interest in how we meet our social and environmental responsibilities. Our dialogue with stakeholders is sometimes formal and meant to address specific issues, although a large part of our stakeholder engagement happens on a day to day basis in a less formal way. The table below provides an overview of our stakeholders as well as examples of engagement and dialogue.

STAKEHOLDERS	EXAMPLES OF ENGAGEMENT
<ul style="list-style-type: none"> <li>● Customers</li> </ul>	<ul style="list-style-type: none"> <li>• Online incl. social media</li> <li>• Directly in TDC stores</li> <li>• Surveys and focus groups</li> </ul>
<ul style="list-style-type: none"> <li>● Employees</li> </ul>	<ul style="list-style-type: none"> <li>• Regular dialogue with immediate manager</li> <li>• Employee surveys</li> <li>• CEO dialogue meetings</li> <li>• Cooperation with labour unions</li> </ul>
<ul style="list-style-type: none"> <li>● Partners &amp; Suppliers</li> </ul>	<ul style="list-style-type: none"> <li>• Management meetings</li> <li>• Knowledge sharing sessions</li> <li>• Ad-hoc dialogue on sustainability issues</li> </ul>
<ul style="list-style-type: none"> <li>● Shareholders</li> </ul>	<ul style="list-style-type: none"> <li>• Annual General Meeting</li> <li>• Investor Conference Calls</li> <li>• Bilateral dialogue and response to questionnaires on sustainability issues</li> </ul>
<ul style="list-style-type: none"> <li>○ Governmental &amp; Regulatory Authorities</li> </ul>	<ul style="list-style-type: none"> <li>• Dialogue and engagement with local, regional and international authorities and regulators</li> </ul>
<ul style="list-style-type: none"> <li>● Political representatives</li> </ul>	<ul style="list-style-type: none"> <li>• Dialogue and engagement with members of the Danish Parliament as well as members of regional and municipal councils</li> </ul>
<ul style="list-style-type: none"> <li>● Local communities</li> </ul>	<ul style="list-style-type: none"> <li>• "Open House" events in TDC stores</li> <li>• Local dialogue meetings</li> </ul>
<ul style="list-style-type: none"> <li>○ Industry Networks</li> </ul>	<ul style="list-style-type: none"> <li>• Active membership in a number of industry associations and networks, including sustainability networks and committees</li> </ul>
<ul style="list-style-type: none"> <li>● Interest Organisations</li> </ul>	<ul style="list-style-type: none"> <li>• Bilateral and multilateral dialogue to discuss key issues and emerging trends</li> </ul>
<ul style="list-style-type: none"> <li>● Media / journalists</li> </ul>	<ul style="list-style-type: none"> <li>• Long-standing practice of constructive participation in interviews and other requests from the media</li> </ul>

○ ● ● = Darker colour indicates deeper interaction with stakeholder group

## Commitment and Cooperation

Many societal challenges today are global in nature and since 2009, TDC has been a participant in the UN Global Compact, the largest global initiative on corporate sustainability, which is based on ten principles in four areas: human rights, labour rights, the environment and anti-corruption. Participation in the UN Global Compact is also an important way for TDC Group to demonstrate its commitment to supporting and securing internationally recognised human rights, which are addressed more specifically as integral aspects of our five CSR focus areas, without having a distinct policy on human rights. The principles of the Global Compact also serve as inspiration for our CSR strategy, for example, in the areas of sustainability and responsibility in the supply chain.

TDC Group engages in discussions on societal challenges of relevance to our business areas through a number of forums at national, European and global levels. These include the Telecoms Industry Association (TI), The Danish IT Industry Association (ITB) and Danish ICT and Electronics Federation (DI ITEK) in Denmark, the European Telecommunications Network Operators' Association (ETNO) at European level, and the Global e-Sustainability Initiative (GeSI) at global level.

## 1. Digital Denmark

With the 'Digital Denmark' focus area, we wish to promote a clear digital agenda and to support digitalisation throughout society. We wish to secure Denmark's continued development as a leading digital country – for the benefit of citizens, businesses and society at large. We are therefore maintaining our ambitious investments in digital infrastructure and from DKK 3.4bn in 2012, our total annual investments (CAPEX) have been increased to DKK 3.6bn in 2013 and 3.9bn in 2014 (adjusted for divestments in Finland and acquisition of Get in Norway), allowing us to provide even more people with access to faster connections and more services.

We are also committed to promoting greater use of telemedicine and digital solutions in other welfare services. Consequently, TDC is helping to develop digital welfare services to benefit the Danish population, while also preparing society to deal with future challenges and developing business opportunities as new technologies become available.

Finally, we are focused on developing and promoting sustainable digital content services that support a culturally diverse production environment by securing artists payment for their work, and reinforcing the future basis for films and music in Denmark.

### Stronger digital infrastructure

As our society becomes increasingly digitised and access to telephone and data connections anywhere and anytime has become a fundamental expectation, more will be demanded of the digital infrastructure required to keep us all connected. Access to mobile telephony and

broadband is promoting productivity in society by making daily life more convenient and opening up for new opportunities. TDC Group plays a crucial role in this context, as our landline network with over 280,000 km of fibre-optic, copper and coax cables, and our strong mobile network with broad coverage spans the 2G, 3G and 4G technologies. Together, these networks are the foundation that allows us to keep Denmark digitally connected in all directions. And in the Nordic countries, our fibre-based network covers Sweden, Norway and Finland, allowing us to provide advanced communications solutions to businesses across the region. Following the acquisition of the company Get in 2014, our fibre-based network in Norway has been expanded to approximately 500,000 households and businesses.

### **Massive expansion of our mobile network**

In 2014, TDC completed its extensive mobile network upgrade and expansion; at 2,548 sites in Denmark, we either erected a new mobile mast or upgraded the existing masts with increased capacity and new technologies. This means that more than 3,000 of TDC's approx. 3,500 masts have already been upgraded to the latest 4G technology, which ensures higher data speeds in the mobile network. The upgrading has also considerably improved mobile coverage for voice telephony – especially indoors. Together, this provides greater geographical coverage as well as increased capacity, higher data speeds and better stability – and ultimately improved customer experiences. This applies especially to the expansion of the 4G mobile network as our 800 MHz frequencies are playing an increasingly important role by reaching further into the countryside and into buildings. In addition, the 4G data speeds are typically more than double the speed of the 3G mobile network. Altogether, this will be of particular benefit to the parts of Denmark where internet access previously was not strong. TDC is the only telecommunications company in Denmark that has committed to providing mobile broadband via 4G to the most thinly populated areas by the end of 2015.

### **Continued investments in cable networks**

TDC Group also continued its investments in expanding its cable-based networks (fibre-optic, coax and xDSL) in order to provide increased data speeds for end users. In fact, during the course of 2014, we upgraded and expanded with new network hubs at over 700 locations throughout Denmark, thus enabling access to faster broadband connections. One upgrading took place on the small island of Hjarnø, where a group of residents made a joint agreement with TDC that paved the way for investments in a considerably faster broadband connection with download speeds of up to 50 Mbps. In addition, we rolled out cables to more than 7,500 new households in 2014 to provide fast access to broadband and TV.

At year-end 2014, TDC Group (incl. YouSee) provided coverage for 65% of all Danish households and enterprises with a connection speed of 100 Mbps – an increase of 49% in one year. We offer 92% coverage with a broadband connection speed of 20 Mbps. In 2015, slightly more than one million customers will gain access to speeds of 300 Mbps from YouSee, as a result of a massive upgrading of the cable-TV network through investments totalling approx. DKK 165m.

## **Telemedicine and welfare technology**

Pressure on the Danish health service will rise as, over the years, larger parts of the population will require treatment. Similar scenarios exist for other welfare services including education and care for senior citizens, where there is a societal ambition to ensure the highest quality for the available resources. At the same time, digital communication can allow welfare tasks to be solved in a more flexible and efficient manner, e.g. by enabling citizens to monitor their physical condition and receive medical advice in the comfort of their own homes.

Consequently, TDC is committed to promoting telemedicine and welfare technology solutions across Denmark. We see a bright future in using technology to provide smarter welfare services within healthcare and related areas to potentially improve citizens' quality of life, while making everyday life easier for carers and reducing wasted time, the need for transportation, and healthcare costs.

### **Telemedicine projects**

In 2014, TDC also participated in a number of telemedicine and welfare technology projects, including a large new project covering approx. 450 users in the Greater Copenhagen Area over a period of 12 months. This included approx. 120 pregnant women who can monitor their blood pressure, pulse, weight and urine at home and enter and submit data using a tablet. The data will subsequently be available to midwives and doctors in connection with a hospital consultation. As another example, TDC participated in the large-scale TeleCare Nord project together with the North Denmark Region, a project covering a telemedicine home-care solution for almost 600 COPD patients in North Jutland. Patients are provided with a monitor, an oxygen flow meter and a blood pressure monitor, and can thus measure their lung function, pulse, oxygen saturation in the lungs, blood pressure, etc. in the comfort of their own homes. General practitioners, hospitals and home-care personnel monitoring their condition can then intervene in due time.

### **Home packages and support centre**

In 2013, TDC launched the TDC Telemedicine Subscription – a package solution that enables TDC to provide fast delivery and installation of equipment in patients' homes and the health service is responsible for training users. This product was taken one step further in December 2014 with the development of 14 different types of home packages with customised equipment depending on the citizen or patient. In December 2014, a Telemedicine Support Centre was also launched to help therapists to use the technologies. These initiatives express TDC's determination to further facilitate telemedicine – and thereby support the implementation of the technology on a wide scale across regions and municipalities.

## **Sustainable content services**

The digital world has given us many new opportunities to enjoy music, films and other cultural experiences. However, the new digital services have also prompted new challenges in relation

to securing viable cultural production environments where artists are secured payment for their work, and where content for relatively small languages and cultures, including Denmark and the Nordic countries as a whole, is also accessible. Consequently, for a number of years, TDC Group has developed and promoted sustainable and user-friendly content services that support a culturally diverse production environment.

### **Innovative content services**

As early as in 2008, TDC launched the music service 'TDC Play' – the first service of its kind in the world with legitimate music downloads. In 2010, music streaming was added. In 2013, we also launched our 'YouMusic' service for YouSee customers and 'Telmore Music' for Telmore customers. TDC Play was also updated to include access to streaming films, TV series and a choice of TV channels. The integration of content services in user-friendly platforms was enhanced significantly in 2014 with the launch of Telmore Play, which in an innovative way combines a solid mobile subscription with a vast number of content services, including newspapers, e-books, music, films and TV series. Furthermore, we launched YouSee Play TV & Film and YouSee Play Music, which are accessible on demand across platforms.

### **Share With Care**

Through our cooperation with industry partners, in 2013, TDC helped initiate the 'Share With Care' campaign, which aims to promote legitimate use and sharing of digital content such as music and films. Through 'Share With Care', which also involves the Ministry of Culture and copyright owners, various surveys have been carried out, and innovation camps as well as targeted information campaigns were held on legitimate content services. The campaign ended in 2014 and the final evaluation concluded that Share With Care e.g. successfully gathered unique knowledge and stimulated widespread interest among stakeholders eager to working with digital culture in entirely new ways through completely new alliances. The experience gained from the campaign will be used in the continued collaboration between the Danish Ministry of Culture and the content providers to promote the use and development of legitimate digital content services.

### **Support for film and TV production**

In 2014, TDC Group continued its support for the production of Danish films and TV through YouSee and Blockbuster, our new on-demand film service, to ensure the continued production of high-quality cultural content in Denmark, a country of limited geographical size. We do this primarily by providing our customers with content on a number of user-friendly platforms. We have also supported the 'Shortlist Awards' by Ekko Film Magazine and the Danish Film Academy's 'Robert Award'. For some years, we have also supported the production of film and television in our neighbouring countries across language barriers by ensuring wide distribution of TV channels from these countries, and through a non-profit collaboration project on producing Danish subtitles for five TV channels (ARD, ZDF, NRK1, SVT1 and SVT2) from these neighbouring countries. These subtitles create 'windows' to Sweden, Norway and Germany that allow viewers in Denmark to follow politics, society, languages and culture from these neighbouring countries.

## 2. Customer trust and safety

At TDC, as our work revolves around our customers, it is essential that our customers trust us as a company and feel safe and secure when using our products and services. We therefore make sure that our products score top marks on safety, and have specified requirements concerning sustainability and human rights in relation to our suppliers. We strive to communicate with our customers in a clear and trustworthy manner so that they feel well-informed on how to enjoy full and secure use of our products.

### Safe use of TDC products

At TDC, product security is a top priority, and we help our customers to enjoy the full potential of their products in a confident and safe manner by prioritising customer dialogue. This is of particular importance as the digital world entails a number of risks concerning data safety, privacy protection and IT crime.

### Security policy and customer data

At TDC Group, we take overall responsibility for general security by applying a wide-ranging Group Security Policy based on the ISO27001 standard and covering e.g. security of customer data as well as protection of customers' privacy and personal data. Unfortunately, we cannot guard our customers against all risks or security threats on the internet, but we can ensure that our own products are safe to use, and we can advise our customers on digital security through e.g. electronic newsletters and our online security portal, which offers advice on how to handle viruses, spam, phishing and other kinds of fraud. In addition, TDC is a member of the board of the Council for Digital Security, which aims to create a solid and wide-ranging platform for qualified debates and policy proposals on how Denmark can continue to benefit securely from the opportunities afforded by digitalisation.

### Continuous monitoring and safe products

Security in TDC is also continuously monitored, both on a daily basis and via internal and external audits. TDC's general spam and virus filters stop millions of unwanted and malicious e-mails from reaching our customers' in boxes. To be precise, in 2014, TDC blocked a total of 7,502,280,633 spam mails. We also offer our customers a choice of products with extra security and safety features, such as TDC Secure for broadband and the TDC Mobile Security app. And as part of our contract with Huawei on building and operating our mobile network, we have set high requirements concerning IT security and coordinated closely with the relevant authorities. In surveys, our customers scored us at around 80 out of 100, confirming that they feel safe with our IT security when using TDC products, and we believe this reflects our focus on security challenges.

## **New IT security division**

At the end of 2014, TDC equipped itself with a brand new IT security division with about 30 specialists ready to advise and offer highly specialised IT solutions to the private business community and public-sector customers in particular – and thereby help our customers to address new threats. This division will be expanding towards around 50 employees during 2015.

## **Guide for parents on mobile phones**

TDC, together with other parties in the industry and the Media Council for Children and Young People, prepared a guide to mobile phones for parents of children aged approx. 9-12 years: Forældreguide om mobiltelefoner. With this guide, TDC wishes to increase parents' awareness of a number of potential challenges that may arise when children e.g. text with others, write updates on social media or share photos. In this way, TDC wishes to help parents prevent the risk of digital bullying, ringing up huge bills or unintentional sharing personal data etc. In 2014, we distributed printed versions of this guide to customers at TDC shops. In the near future, TDC, together with the Media Council and other parties in the industry, will continue this collaboration to cover more aspects of the internet and digital services.

## **Value-chain responsibility**

When buying products from TDC Group, customers should feel sure that attention has been paid to responsibility throughout the entire value chain in relation to e.g. human rights and the environment. Consequently, TDC makes demands on its suppliers, who in turn make demands on their suppliers. This is implemented through a Code of Supplier Conduct and in our supplier contracts. The requirements are based on the UN Global Compact, of which TDC has been a member since 2009. Since then we have updated and further specified our standard contract criteria. We have also implemented a procedure for examining potential tools and procedures to strengthen the screening, monitoring and dialogue regarding responsibility and sustainability in our supply chain.

Furthermore, through membership of the organisation 'Global e-Sustainability Initiative' (GeSI), TDC addresses a number of global challenges together with other telecommunications operators, equipment producers and organisations such as EICC, UNEP and WBCSD. This involves compliance with human rights and improved sustainability in global value chains in particular.

Finally, TDC Group has an Anti-Corruption Policy that sets out clear expectations and guidelines for employees, customers, business partners and public authorities. The policy is communicated to all employees through various in-house channels, and we are continuing to increase the familiarity with in-house precautions through communication targeted at departments working with major contracts. Although TDC Group operates only in the Nordic markets, which are characterised by a low level of corruption, and have not had any such cases, we chose to clarify to all our stakeholders that TDC Group does not tolerate corruption

of any kind. Consequently, we are pleased to report that, once again, no cases of this kind were experienced in 2014.

## **Attentive customer dialogue**

We rely on our dialogue with customers as an important tool for safeguarding trust and safety. That is why TDC Group continuously strives to maintain an attentive and trusting dialogue with customers based on their needs and expectations. We accomplish that through our customer services, electronic newsletters and social media, including Facebook and Twitter, where we invite customers and the general public to give us feedback on our products and services. Throughout 2014, we continued to very successfully strengthen the dialogue through social media such as Facebook, where TDC Group's users who 'like' and follow our brands increased from about 159,000 to around 270,000. In this way, we can keep even more users informed of new initiatives and products and potential security treats, while also providing service updates.

## **Advice in our shops**

In 2014, we continued our special initiative on customer dialogue featuring guidance on the use of smartphones etc. under the heading 'TDC Guide' in our shops, which is a further development of our earlier programme 'Kom godt i gang' ('Off to a good start'). Customers can book a free and personal session in any of our shops, where staff will advise them on how to get off to a good start when setting up apps and mails, and surf the internet on their phones. We have also expanded our online advice on mobile telephony, particularly smartphones. Since more than 90% of the mobile phones currently sold by TDC Group are smartphones, this enables us to take responsibility for ensuring that our customers enjoy full use of the many functions these products offer. During the first six weeks after the launch of 'TDC Guide', over 400 customers booked a session of this type.

## **Focus on customer satisfaction**

Generally, at TDC Group we have a strong focus on customer satisfaction, which we continuously monitor by measuring specific parameters. In fact, since 2009, we have worked with the transformation programme TAK, 'Tag ansvar for kunden' (take responsibility for the customer), and have achieved good progress. As part of this programme, we have a cross-organisational team following up on the results and co-ordinating our efforts to strengthen customer satisfaction using nine programme themes covering e.g. increased accessibility of customer service, making invoices easier to understand and safeguarding unique product quality. As an example of the latter, in 2014 we launched Telmore Play and TV packages with 'Mix it yourself' and 'Mix it yourself Mobile' from YouSee, and other products that give our customers increased freedom of choice and improved customer experiences. Nevertheless, we have seen various aspects of customer satisfaction come under pressure in 2014, and therefore dedicated efforts will continue across TDC Group to ensure good customer experiences.

## 3. Climate and environment

We have only one planet to share and our environment is currently challenged by climate changes and high levels of human activities. Consequently, at TDC Group, we constantly work to minimise our impact on the climate and environment, both in terms of our own activities and those of our customers when using TDC Group products. We do so to reflect our joint responsibility for the environment, and to help save valuable resources. At the same time, we would like to inspire our customers to use our products in a way that reduces their environmental impact.

### **Sustainability policy**

We have drawn up a sustainability policy with four dimensions: focus in-house (reduced consumption of electricity, water, heating and fuel), focus on customers (environmentally and energy friendly products), focus on society (reduced energy consumption and climate impact through communication technologies) and focus on the supply chain (sustainability requirements throughout the value chain, 'from cradle to cradle'). We also systematically monitor our energy and resource consumption based on the principles of the ISO 14001 environmental standard, and report annually to CDP (Carbon Disclosure Project).

### **Reduced energy consumption and transportation**

Our efforts to become more environment-friendly cover not only in-house initiatives, as we also use our size and business potential to help and encourage others to care more for the environment and climate. Telephony, internet and video conferencing can often replace long car and plane journeys, and our products can provide society at large with more eco-friendly solutions. For all these reasons, environmental concerns are given high priority throughout TDC, and have been for many years.

At TDC Group, we have set an ambitious target: to reduce our CO<sub>2</sub> emissions by a total of 40% compared with 2010. At year-end 2014, with emissions reduced by as much as 35%, we are well on our way to achieving this goal. We will continue focusing particularly on reducing our consumption of electricity for operating our various networks and data services. The challenge is to become more energy-efficient while expanding our networks and increasing connection speeds to benefit customers and society at large.

### **In-house initiatives**

In 2014, we continued to implement in-house projects to ensure optimisation and replacement of the most energy-intensive parts of our network and to continually adjust to the needs of our customers. This applies especially to our PSTN network (traditional telephony) where we can achieve significant energy savings by consolidating active subscriber lines on fewer network units. In 2014, we thus achieved savings of just under 7 million kWh at an annual rate. We also combined our work on optimising our PSTN network with recruiting people from the ranks of the long-term unemployed using our job rotation scheme. By doing

so, TDC Group has taken responsibility for helping individuals to rejoin the labour market while securing the labour required to solve a task that benefits the environment.

With a total of about 2,400 vehicles, TDC Group is one of the Danish groups with the largest vehicle fleet. Our use of the cars is therefore also a significant aspect of our environmental impact. This applies not least to our almost 1,500 service vehicles, in which we installed satellite navigation GPS systems with two-way communication in 2013. This helps to ensure optimal transport between customer visits and installation tasks – an improvement that affects both the environment and economy. In 2014, this and other systems contributed towards reducing fuel consumption by about 100,000 litres compared with the previous year, equivalent to approx. 265 tons of CO<sub>2</sub>.

At TDC, we utilise the technologies we work with to reduce our own transportation needs, especially through video conferences and home offices. Besides reducing our CO<sub>2</sub> emissions, these solutions optimise our efficiency and can increase employee satisfaction by minimising the number of days spent travelling instead of being with family and friends. We also have a transport policy that encourages the use of trains and other forms of public transport rather than cars. In the light of this, we noted that for the fifth consecutive year, we have succeeded in cutting our transportation costs, and consequently over the last five years we have cut costs by almost 40% and significantly reduced our CO<sub>2</sub> emissions at the same time. Overall, our emission of CO<sub>2</sub> in 2014 fell by 19% compared with 2013, and by as much as 35% in relation to 2010. A small part of this reduction is due to the divestment of our activities in Finland in 2014. However, we expect some of this effect to be offset by our acquisition of Get in Norway.

TDC Group is also continuing its efforts to minimise resource consumption and ensure that a high percentage of TDC waste is recycled. For example, in 2014, TDC Group introduced new printers that reduce both paper and energy consumption. Concerning energy, this has resulted in an annual 90% or 500 MWh reduction while paper consumption has dropped by 15%, corresponding to 9 tons a year. We also reduced our overall paper consumption by 15% or a total of 70 tons in 2014, and have therefore slashed our paper consumption down to just 3% of the amount used back in 2003. Considering our total waste, we managed to sort as much as 62% for recycling, which we feel is appropriate for a business of our type.

## External initiatives

Externally, we take responsibility for minimising our customers' environmental impact in a number of ways, for example by signing a 'Code of Conduct' stipulating requirements for the equipment we buy from suppliers. In this context, it is particularly important for us to focus on minimising the electricity consumption that our products incur on our customers. It is also vital that the equipment we use is cutting-edge with regard to both national and international requirements.

### **Collecting mobile phones and electronic waste**

We are continually taking initiatives to collect old mobile phones from customers and make them available for recycling and reuse as this benefits both the environment and users in developing countries. Mainly the 'Byt til Nyt' ('Swap for New') initiative in TDC shops enables customers to trade in their old mobile for a discount on a new model. Some of these phones were passed on for reuse, and others were handed in for waste treatment to allow for recycling of individual components. The remaining waste was handled in an environmentally safe manner. Altogether, 214 used mobile telephones were collected through this initiative in the course of 2014. This decline in relation to the previous year was caused by the transition to a new and more user-friendly that we hope will ultimately increase customers' inclination to return their old mobile telephones. TDC also consistently meets the requirements stipulated in the WEEE Directive (Waste Electrical and Electronic Equipment), which helps to ensure that electronic waste is collected and handled safely.

### **Environmental gains through technology**

In addition, the information and communications technology (ICT) at the core of TDC Group's business represents huge potential for both the environment and climate. E.g. through increased use of video conferencing, which reduces the need for transportation, or through machine-to-machine (M2M) technology, i.e. telecommunication between machines, also known as the Internet of Things, which allows for monitoring processes in real time or measuring on machines that are difficult to access, thus increasing production efficiency and reducing consumption of natural resources.

One example is remote reading of district heating meters at consumers, which continuously enables us to optimise capacity and thus save energy. The overall climate and environmental potential of ICT is not generally appreciated, but the organisation 'Global e-Sustainability Initiative' (GeSI) – of which TDC Group is a member – has published a report explaining how ICT can enable global reductions of up to 16.5% in CO<sub>2</sub> emissions. By collaborating with GeSI, we strengthen our dialogue with global suppliers in order to ensure compliance with human rights and improved sustainability of the products we purchase.

Finally, we are continuing to develop tools that can illustrate the environmental and business potential of ICT for our key business customers, e.g. based on TDC Group's own good experience with video conferences, home offices, M2M technology, etc.

## **4. Employee well-being and diversity**

At TDC Group, taking responsibility for our employees' well-being in its widest sense is a natural part of our business. Our markets are highly competitive and constantly changing, and this demands a lot in terms of our employees' performance and readiness for change. In turn, TDC Group has a responsibility to ensure that its employees are thriving despite the challenging circumstances. That applies during day-to-day work, when developing employee

competencies and when training our managers. Meanwhile, we also pay close attention to the physical and mental working environment and prevention of work-related accidents.

For many years, TDC Group has endeavoured to be a diverse workplace that welcomes all types of employees. Diversity is on our agenda because we value having a diverse and competent workforce irrespective of gender, ethnicity, sexual orientation and functional capacity. Since TDC Group deals with all types of customers, we want our staff to reflect the society in which we operate.

## **Employee well-being**

At TDC Group, we prioritise that our employees thrive and feel comfortable at work, as that is a prerequisite for the quality of our customer service. We therefore maintain an extensive working environment system including certification in accordance with the international OHSAS-18001 standard. This provides us with a systematic approach to prevent work-related accidents, procedures to improve our work environment, regular working environment inspections and focus clearly on a number of subjects including work-life balance. We also have various health schemes including health insurance, quit smoking courses, advice on substance misuse, emergency counselling and psychological therapy. Finally, over a number of years we have built a well-established, structured and constructive dialogue with our employees' professional associations and unions, which helps ensure that employees' concerns are discussed and that the parties work together to solve challenges.

## **Education, training and employee development**

TDC Group is constantly evolving, and we therefore make great efforts to ensure that our employees are continuously trained and developed in relation to their job functions. We achieve this through introduction courses, product training, in-house as well as external courses, and e-learning about e.g. IT programmes, sales and communication as well as special leadership development courses and project management training. In addition, every year we take on trainees in our business, for example in our shops. And all employees and managers complete an annual series of dialogues focused on competence development. Finally, we highlight promoting in-house career development, so that employees can try their hand at various positions internally at TDC Group that suit their personal and professional development.

In addition to continuous training and competence development, we focus on supporting employees and managers in processes of change with relevant offers, including useful tools for change, cooperation with other cultures and knowledge about transitions. As technological market leaders, we also do plenty to ensure that our experts have the latest and best knowledge, e.g. by collaborating with Aalborg University on a master's programme in innovation and operational excellence.

As a special initiative in 2014, five employees from TDC Group with a university background have volunteered as mentors for master students as part of a programme arranged by the University of Copenhagen. Here the students are matched with TDC employees with the same degree who have gained some valuable experience within a work area or an industry that interests the students. In this way, we want to help students prepare for the world that awaits them following graduation. At the same time, it is a personal development opportunity for our employees, who practise using their minds and people skills when sparring and consulting.

Similarly, in 2014, three employees visited South Africa for three intensive days of advising small start-up companies. The programme was arranged by the consulting agency Quartz+Co and participants from a number of other Danish companies also attended. The TDC employees encountered a totally different environment where their skills and tools came in extremely useful in new scenarios while helping the South African start-up companies to develop their business models.

### **Employee satisfaction**

For some years, general employee satisfaction has increased considerably, but in 2014, the overall employee satisfaction score declined from 78 to 75 points compared with the latest survey in October 2013. The Corporate Management Team perceives this three-point decrease as a clear signal from the employees that satisfaction is under pressure and this is being taken seriously. The development is due partly to large organisational changes in 2014, including more projects on potential outsourcing. Meanwhile, TDC Group is also facing change, with the company finding it necessary to make a number of adjustments and find new directions – and this can cause uncertainty among employees. Fortunately, it is evident that our managers throughout the organisation are performing very well, which will help to spread security and well-being in the individual departments. In order to explore the themes identified in this year's employee survey in depth, eight focus groups have been formed to follow up – with a representative from the top management in each group. Work will also be done to strengthen in-house communication and the visibility of the top management, including through department meetings, lunch meetings and a mobile version of our intranet.

### **Physical and psychological working environment**

At TDC, we are also continuing our efforts to secure a good physical and mental working environment based on an extensive working environment system certified in accordance with the international OHSAS-18001 standard. Through our working environment organisation, we continuously focus on reporting on challenges seen and experienced by our employees so that the entire organisation can learn from the challenges and solutions devised. In 2014, the incidence of job-related accidents was 70 injuries with absence per 10,000 employees (TDC A/S, excluding subsidiaries), which is slightly lower than the 83 recorded in 2013 and 86 in 2012. However, as our goal is always to avoid accidents all together, each accident is analysed to avoid similar cases in the future.

In 2014, as a special effort for the physical working environment, we focused on safe traffic behaviour through an in-house campaign that highlighted employee groups with the best results. TDC Group has a total of about 2,400 vehicles and is thus one of the Danish groups with the largest vehicle fleet. This is due partly to our many technicians working in the field. Naturally, we therefore also focus clearly on safety. Fortunately, we can also see that our employees drive very well and by far the majority of the claims reported are limited to small parking dents. The winning team in our in-house competition during the period 2010-2014 had driven about one million kilometres with 15 cars in the department – but had not filed a single claim during that time. Overall, at TDC Group during 2013, approx. 61 million kilometres were covered and 253 claims filed – of which most involved small dents.

## **Diversity**

TDC Group has worked with diversity management for many years, and has achieved positive results from the company's initiatives such as paid parental leave (Father's Hug scheme), flexibility in work planning involving home offices or part-time jobs, schemes for senior employees, ethnic diversity and retention of employees with reduced working capacity, e.g. through flexible working hours or relocation to another department. We also have a diverse range of employees in terms of educational background – everything from technicians in the field to customer service staff and highly educated academics and engineers. We believe that our diverse range of employees is a strength when devising creative solutions, collaborating across the company and meeting the needs of our various customers.

### **Women and men in TDC Group**

For a number of years, we have focused on increasing diversity through gender equality, and regarding the top approx. 60 managers in TDC Group, the share of women comprised 24% of this group at the end of 2014, which is a slight increase from 22% at the end of 2013. We are aiming to increase this figure to 27% by 2015 at the latest.

In 2013, TDC Group adopted a gender equality policy for the Board of Directors and all management levels in the company below the Executive Committee. We have set the goal that before year-end 2017 at least 25% of the board members elected at the annual general meeting should be women. Consequently, gender is one diversity parameter taken into account when recruiting board members. At the end of 2014, one female board member and five male board members were elected at the annual general meeting, corresponding to 17% and 83%, respectively.

We have defined an additional goal that the number of female managers at all management levels below the Board of Directors and Executive Committee should reflect the proportionate distribution of women in the company. This goal applies to the entire TDC Group in Denmark including subsidiaries. At the end of 2014, 29% of all employees at TDC Group in Denmark were women, and 25% of all managers were women. TDC intends to reach these goals before year-end 2015.

To support this goal, we place special emphasis on securing women as candidates in the selection procedures for management positions. As part of our in-house communication, we also encourage female managers to be spokespersons and role models, as their career paths can inspire others. Similarly, when establishing employee and management development programmes along with professional networks, we highlight a proportionate participation of men and women to reflect the overall composition of employees in TDC Group. This applies e.g. to our 'Corporate High Potentials' – a training programme in cooperation with Copenhagen Business School for selected managers at TDC Group – where seven women were among the 23 participants and the entire group achieved excellent results in their final exams in 2014.

We also focus on equal opportunities irrespective of gender in relation to parental leave, by means of the 'Fars Kram' (Father's Hug) scheme, for example, which encourages all fathers to take up to 13 weeks of paternity leave with pay. Approximately 80% of new fathers accepted this offer in recent years. By supporting paternity leave, TDC Group also wishes to contribute towards greater gender equality in society in general.

### **The Specialists**

TDC Group cooperates with 'The Specialists', an enterprise that employs people with autism spectrum disorders to solve special zero-error tolerance tasks. Some of these colleagues test mobile phones, and others process orders using TDC Group's IT systems or send letters containing SIM cards and other important materials to customers. This work is of great value to our company, as the consultants from The Specialists are extremely focused and have an exceptional eye for detail that our customers appreciate. TDC Group has cooperated with The Specialists since 2004, when the enterprise was founded by a former employee.

### **Job rotations**

In collaboration with the Danish Metal Workers' Union, we have also been giving individuals an opportunity to rejoin the labour market after long-term unemployment through a job rotation scheme, e.g. in connection with our PSTN consolidation. So far, the scheme has proved to be a resounding success as we have subsequently employed more than half of the participants in regular positions, either in-house or outside our company. We have currently 10 participants in the job rotation scheme at TDC Group.

## **5. Social partnerships**

As part of society, we are committed and keen to contribute positively to its development. Consequently, TDC Group has established partnerships with a number of organisations to activate our core competencies and resources in order to address major social challenges. By investing our personal engagement and competencies in these partnerships, we contribute what we do best, while both TDC Group and the organisations benefit and learn from the cooperation.

## **The Danish Red Cross**

In 2014, TDC Group continued working with the Danish Red Cross. This cooperation began in 2009, and supports the organisation's work in disaster areas around the world, as well as with vulnerable population groups in Denmark. The partnership also includes providing warehouse capacity at TDC for storing and maintaining emergency equipment to be sent at short notice to disaster areas around the world.

In 2014, as part of the cooperation, TDC Group also donated 35 iPads to be used by Red Cross volunteers to strengthen its work for vulnerable families in Denmark. Many of the socially vulnerable families who belong to the Danish Red Cross family network either do not have access to the internet or face other challenges resulting from the increasing digitalisation. With our donation, the Danish Red Cross volunteers can now assist these families e.g. by helping the children to access homework on school intranets, as well as the relevant authorities' websites, and helping families to explore information on leisure activities for the children. As well as helping a great deal with everyday needs, the 35 tablets are used by the volunteers as tools for monitoring this valuable Danish Red Cross project, which, through various activities e.g. offers parents access to sparring and support on how to improve the well-being of their children. Specifically, the project is to contribute towards improving life quality for over 1,800 children who, for one reason or another, are in a socially vulnerable situation. Using iPads, the children and parents taking part can give direct feedback to the volunteers concerning their experiences and how they have benefited from their involvement in the project. The 35 iPads from TDC Group mean that the Danish Red Cross can continue to assure the quality of the work involving socially vulnerable families with children.

## **Denmark's Collection**

As in previous years, in 2014 we contributed towards setting up and holding 'Danmarks Indsamling' (Denmark's Collection); an annually recurring nationwide event that raises funds for specific humanitarian purposes and development projects. TDC employees volunteered and TDC technology was contributed free of charge for the fund-raising event, which involves collecting donations made by SMS and phone call. TDC Group therefore helped to collect DKK 87 million to e.g. prevent HIV and AIDS among women, combat maternal mortality in connection with pregnancy and childbirth, and help orphaned children to enjoy a future.

## **'Børns Vilkår' (Children's Welfare Denmark)**

In 2014, TDC Group launched a partnership with the organisation Børns Vilkår involving free telephony for the BørneTelefonen (Child Helpline) that more than 35,000 children and young people call or contact by SMS text or chat every year to obtain advice from the organisation's volunteers. By supporting Børns Vilkår's Child Helpline, TDC Group is helping to ensure that more children can get help while also highlighting digital problems facing children and young people. For example, together, TDC and Børns Vilkår have developed five useful tips to better equip parents to prepare their children for digital challenges.

## Post & Tele Museum

Since 1996, TDC has joined forces with Post Danmark to finance the operations of the Post & Tele Museum. In addition to its permanent collection of post and telecommunications exhibits, the museum holds temporary exhibitions on both the history of communications and the latest technologies. With free admission and accessibility for disabled visitors, in 2014, the museum welcomed over 275,000 visitors, including many school children. Also in 2014, users of the 'Børn i byen' (Children in the City) website voted the Post & Tele Museum "Copenhagen's best museum". In 2015, the museum will begin the important process of relocating to a new address in Copenhagen and transforming into a communication museum in close dialogue with its users.

## Support for local sports clubs and associations

As owners of the betting company Bet25, we also support local sports clubs and associations. Whenever a bettor does not win a bet, Bet25 pays 25% of the amount (after gaming tax) to a sports club chosen by the bettor from among 9,300 sports clubs and associations in 60 different sports. Consequently, in 2014, over DKK 800,000 was raised for a wide range of clubs and associations including cultural associations, gymnastic societies as well as football, badminton and ice hockey clubs. From the bettor's perspective, this is a win-win situation, as either they win on the bet – or help Bet25 support their chosen club or association.

## Further information

Results for 2014 as well as a more detailed review of TDC Group's CSR activities and societal impact are available in our online CSR Report 2014, which is accessible at [tdc.com/csr2014](http://tdc.com/csr2014).