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Communication on Progress for 2015

Published: 5 February, 2016

Our business

For over 130 years, TDC Group has played an important role in ensuring connections between people and keeping society connected. In an age where distance is no longer measured in kilometres, but rather in megabits and mobile coverage, our role has only become more important.

Our history began in Denmark and stretches back more than 130 years to the founding of Kjøbenhavns Telefon Selskab in 1882. A number of regional companies followed, and in 1995, the four remaining regional companies merged to become the national state-owned company called Tele Danmark. In 1997, the Danish government completed the process of privatising Tele Danmark, and in 2000 the company adopted the name TDC. A number of acquisitions in Europe followed, and at one point TDC was present in 16 different countries. Since then, the company has undergone a transformation process featuring divestments, a focus on rationalisation and concentration in the Nordic markets, which is where we stand today. Throughout our history, our fundamental objective has been to connect people, and by giving our customers access to new technologies, we have contributed to enriching peoples' lives and enhancing society with new opportunities.

TDC Group currently operates across the Scandinavian communications market, including the business markets in Norway and Sweden, and the residential market for home entertainment in Norway. In Denmark, TDC Group is the incumbent operator and leading provider of integrated communications and entertainment solutions, with a market-leading position within landline voice, landline broadband, mobility services, and pay TV including the multi-play segment with a focus on value-added digital services. Hosting and system integration solutions are also offered to corporate customers.

In Denmark, TDC Group holds the undisputed position as the leading provider of technology platforms and infrastructure across all major access technologies – DSL (copper cables), cable TV (coaxial cables), fibre (fibre-optic cables), and mobile (2G, 3G and 4G). TDC Group covers all customer segments, channels and product categories in the residential and business markets through a diverse range of strong domestic brands.

Outside Denmark, TDC Group has a significant footprint within the strategically important area of digital content services through ownership of Get, Norway's second-largest cable-TV company. This includes a network spanning more than 500,000 homes and businesses passed. TDC Group's presence in the Scandinavian business market also includes fully-owned subsidiaries in Sweden and Norway and a fibre-based network across the Nordic countries through which TDC Group offers business solutions. Finally, through our subsidiary Call Center Europe, we have approximately 200 customer service employees based in Flensburg in North Germany.

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.

TDC Group's impact on society: risks and potentials

From a societal perspective, all enterprises, including our business, entail risks and potentials. In this section, we outline these two dimensions in addition to providing detailed descriptions of the individual focus areas, including how we counter risks and promote potentials.

Generally, our business is characterised by low risks for society, for two main reasons: firstly, our activities do not involve large consumption of natural resources, dangerous working conditions or pollution of significance, and secondly, our geographical footprint covers Denmark, Norway and Sweden, which are countries characterised by affluence, welfare and a low level of corruption.

Nevertheless, we are operating a communications network and services that are so extensive that they may be described as infrastructure critical to society. Disruptions to our services may therefore constitute a major inconvenience or risk to society, which is highly dependent on stable access to these services. We also handle large quantities of data, including sensitive personal data. Breaches in data security, including personal data safety, therefore have significant negative consequences for society. Finally, job-related accidents or injuries can potentially occur among our employees, even though our working conditions are relatively safe and healthy.

In terms of potentials, our business area represents a wealth of potential gains for society through development, implementation and use of various digital technologies. For example, through the increased use of cloud-based services that provide easier access for a company's customers and higher productivity among employees. Or implementation of Internet of Things and Smart Cities solutions that save time, energy and money. Another form of increased safety and improved accessibility for citizens includes increased use of telemedicine. The options are almost endless – and the

potential benefits are discussed in more detail in this report, particularly in the section on the climate and environment focus area.

Here is a summary of the most significant risks and potentials:

Risks

- Disruptions to TDC Group's digital infrastructure or services
- Breaches in data security or breaches of data privacy
- Job-related accidents and injuries

Potentials

- Productivity gains through increased digitalisation of society
- Environmental gains through increased use of e.g. the Internet of Things
- Welfare benefits through increased use of e.g. telemedicine or digital learning resources

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 strengthens our ability to address societal challenges.

TDC Group has a wide range of stakeholders who have an interest in how we deal with issues of importance to society. 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. Sometimes, our stakeholder dialogue is formal and structured around specific topics, but often it is less formal and part of our day-to-day work. The table below provides an overview of our stakeholders as well as examples of engagement and dialogue.

STAKEHOLDERS	EXAMPLES OF ENGAGEMENT
● Customers	<ul style="list-style-type: none"> • In TDC shops • Customer service calls • Social media
● Employees	<ul style="list-style-type: none"> • Employee surveys • Dialogue meetings with top management • Collaboration committees with unions
● Partners & Suppliers	<ul style="list-style-type: none"> • Management meetings • Knowledge sharing sessions • Ad-hoc dialogue on sustainability issues
● Shareholders	<ul style="list-style-type: none"> • Investor meetings, incl. conference calls • Bilateral dialogue and response to questionnaires on sustainability and responsibility issues • Annual General Meeting
● Authorities	<ul style="list-style-type: none"> • Dialogue with municipal, regional, national and international at bilateral meetings, inter-trade meetings and conferences
● Political representatives	<ul style="list-style-type: none"> • Dialogue with MPs and members of municipal and regional committees at bilateral meetings, inter-trade meetings and conferences
● Local communities	<ul style="list-style-type: none"> • Open-house events in TDC shops • Local dialogue meetings
● Industry Networks	<ul style="list-style-type: none"> • Active membership in a number of industry associations and networks, including networks and committees specifically related to sustainability
● Interest Organisations	<ul style="list-style-type: none"> • Bilateral and multilateral dialogue on key issues and trends of mutual interest
● Media / journalists	<ul style="list-style-type: none"> • As a matter of principle, TDC Group contributes constructively to interviews and other inquiries from media and journalists

○ ● ● = 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 the Confederation of Danish Industry (DI Digital) in Denmark, the European Telecommunications Network Operators' Association (ETNO) at European level, as well as the Global e-Sustainability Initiative (GeSI) and GSMA at global level.

1. Digital Denmark

With the 'Digital Denmark' focus area, we wish to promote a clear digital agenda and 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 3.6bn in 2013, we increased our annual investments in infrastructure (capex) to DKK 3.9bn in 2014, DKK 4.5bn in 2015 – equalling more than DKK 12m every single day all year round. Of these, investments in Denmark totalled DKK 3.5bn in 2015, whereas the main increase from 2014 to 2015 reflects mainly our acquisition of Get in Norway.

Our high level of investment is necessary to allow us to further extend our digital infrastructure and thereby provide access to cutting-edge technologies and services. But even though we allocate large amounts, the funds are not unlimited. Consequently, we have to prioritise our investments on the basis of where we can make the greatest difference.

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

Finally, we are focused on developing and promoting innovative digital content services and supporting a sustainable and culturally diverse production environment and thereby 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 region, our fibre-based network covers Sweden, Norway and Finland, allowing us to provide advanced communications solutions to business customers across the region. Following the acquisition of the company Get in 2014, we also have a fibre-based network in Norway covering approximately 500,000 households and businesses.

Massive expansion of our mobile network

In 2015, TDC Group completed its extensive mobile network upgrade and expansion in Denmark, which began in December 2013. Over the past year, we either erected a new mobile mast or upgraded the existing masts with increased capacity and new technologies at 450 sites in Denmark. This means that all of TDC Group's approx. 3,400 masts have now been upgraded, with just under 2,800 upgraded to the latest 4G technology, ensuring higher data speeds in the mobile network. The 3G network was also considerably enhanced by means of so-called refarming with the long-range 900 MHz frequencies formerly used for 2G now being used for 3G.

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 – while simultaneously improving 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 typically offer more than twice the speed of the 3G mobile network. Altogether, this is of particular benefit in areas of Denmark where internet access was not previously strong.

Train passengers in Denmark now also have better access to digital connections, as in 2015, TDC completed upgrading its WiFi solution in 182 of DSB's train sets. Passengers can now use our new 4G mobile network to achieve significantly faster and more stable

internet connections. Since the upgrade, significantly more data traffic has been measured on the trains. The number of users was more or less constant, but the data volume more than doubled. At TDC, we have also registered significant improvement of customer satisfaction with the solution – especially due to the higher speeds and improved coverage. Furthermore, we have also activated access to our 4G mobile network in the Copenhagen Metro, which serves more than one million travellers a week.

Several independent tests – including one by the Danish Technological Institute – have shown that our mobile network is now by far the strongest in Denmark measured across the country in terms of speed as well as coverage. In fact, the global research agency OpenSignal concluded that TDC Group's new mobile network was the world champion in an international speed test. Mobile data usage in our network has increased by nearly 500% in just two years. But that does not mean we have finished developing our mobile network, as there will always be a potential for further development and improvements.

Consequently, in 2015 we introduced the TDC Netperform app, which enables users to make their own tests of speeds etc. in the mobile network at their precise location. We can then use these data to further develop and enhance our network. In 2015, we also improved mobile coverage at sea, opened up for voice over 4G – Voice over LTE (VoLTE) – and, in certain areas, implemented 4G+ enabling speeds of up to 400 Mbps in the mobile network. In 2016, we will be enabling e.g. mobile calls via WiFi with seamless change-over to and from the 3G and 4G mobile networks. In the long term, 5G mobile technology will arrive, opening up for entirely new speeds and possibilities.

Continued investments in cable networks

TDC Group also continued investing in cable-based network expansion in order to provide end users with increased data speeds. Here, we use a number of technologies to provide customers with data, including fibre-optic, coax (cable-TV network) and DSL connections (copper network). In fact, during the course of 2015, we upgraded and expanded by installing new network hubs at over 400 locations throughout Denmark, thus enabling access to faster broadband connections. In addition, we rolled out cables for high-speed broadband access to more than 300 different areas with new buildings in 2015.

In December 2015, we launched an initiative to create better broadband in rural areas. TDC Group is offering to upgrade its local digital infrastructure and TV connections, provided there are about 50 households within a distance of 500 metres that are interested in making a joint agreement with TDC Group. In that way, TDC Group can deliver download speeds of 30-100 Mbps. The initiative is based on good experience from previous projects – including the island of Hjørnø, where a group of residents made a joint agreement with TDC that paved the way for a considerably faster broadband connection. In 2015, similar local broadband projects were carried out in e.g. Stenløse, Vester Søndby and on the island of Anholt.

At year-end 2015, TDC Group (incl. YouSee) provided coverage for approximately 65% of all Danish households and enterprises with broadband connection speeds of up to

100 Mbps. We can also reach about 90% coverage with a connection speed of up to 20 Mbps through our cable-based networks alone. In the course of 2015, we have made considerable investments to provide just over one million Danish customers – or approx. 45% of all households – with access to speeds of 300 Mbps from YouSee. Yet we will continue the development so that before the end of 2018 we will be able to offer 50% of Danish households access to speeds of up to as much as 1,000 Mbps. Naturally, this will require huge investments by TDC Group, but it means that many customers will gain access to even faster broadband connections without us having to roll out new cables to individual households.

Telemedicine and welfare technology

Pressure on the Danish health service will rise as, over the years, larger parts of the aging population will require treatment. Similar scenarios exist for other welfare services, including education and care for senior citizens, where the societal ambition is 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 own physical condition and receive medical advice in the comfort of their own homes.

Consequently, TDC Group is committed to promoting telemedicine and welfare technology solutions across Denmark. We see a bright future for 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.

In 2015, TDC Group also participated in a number of telemedicine and welfare technology projects, including a large project covering users in the Greater Copenhagen Area. This included patients with heart failure, COPD patients and pregnant women who can take measurements at home and submit the data to the healthcare personnel at the hospital using a tablet computer.

In 2015, TDC Group also made an agreement with the home-care personnel in a large Danish municipality concerning a 'screen visit' solution for senior citizens. This enables the citizens e.g. to make remote control alarm calls via video to a home-care employee when the need arises. In this way, the citizens achieve more autonomy and flexible access to the home-care personnel, and local authorities can reduce the number of house calls and thereby improve home-care efficiency by saving transport time for the personnel.

Sustainable digital culture

The digital world gives us many opportunities to enjoy music, films and other cultural experiences. However, the digital platforms 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, remains 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.

Share With Care

Through our cooperation with industry partners, the Ministry of Culture and copyright owners in 2013, TDC Group helped initiate the 'Share With Care' campaign, which aims to promote legitimate use and sharing of digital content such as music and films. Various 'Share With Care' surveys and innovation camps have been carried out as well as targeted information campaigns on legitimate content services.

The campaign ended in 2014 and the final evaluation concluded, for example, that Share With Care had successfully gathered unique knowledge and stimulated widespread interest among stakeholders eager to work with digital culture in entirely new ways through completely new alliances. In 2015, the Share With Care website continued to provide information about legitimate digital content services. A joint Code of Conduct to promote legitimate digital services was drawn up between industry partners, the Ministry of Culture and copyright owners.

Support for film and TV production

In 2015, TDC Group continued its support for the production of Danish films and TV through YouSee and Blockbuster, our 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 Prize'.

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 Group, 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. Moreover, we strive to communicate with our customers in a clear and

trustworthy manner so that they feel well-informed about how to enjoy full and secure use of our products.

Attentive customer dialogue

We rely on our dialogue with customers as a vital tool for ensuring trust and safety. Bearing this in mind, TDC Group continuously strives to maintain an attentive and trusting dialogue with customers, based on their needs and expectations. We accomplish that both in our shops and through customer services calls, 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 2015, we continued to very successfully strengthen this dialogue through social media such as Facebook, where the number of TDC Group's users following our Danish brands increased from about 270,000 to around 315,000. In this way, we can keep even more customers informed of new initiatives and products and potential security threats, while also providing service updates. Our customers can also use Facebook to ask questions quickly or let us know about service interruptions etc. In 2015, we received more than 50,000 such postings from customers.

Advice in our shops

In 2015, we continued our special initiative on customer dialogue featuring guidance on the use of smartphones etc. under the heading 'TDC Guide' in our shops. 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 surfing the internet on their phones. We have also extended the TDC Guide with online advice on mobile telephony, not least concerning smartphones, and that includes a number of video guides.

Focus on customer satisfaction

Generally, at TDC Group we focus strongly on customer satisfaction, which we continuously monitor by measuring specific parameters, and implementing regular initiatives. This work is anchored in the transformation programme TAK, 'Tag ansvar for kunden' (take responsibility for the customer). 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. After various aspects of customer satisfaction came under pressure in 2014, we succeeded in reversing the negative trend in 2015. An achievement due not only to the strengthening of our mobile network and increasing broadband speeds, but also to reducing the response time for customer inquiries, adopting a more proactive approach to customer dialogue and increasing communication regarding breakdowns, disruptions and other challenging processes. It is, however, important to emphasise that we have not yet reached our goals in this area, so we will be working intensively throughout 2016 to better meet customer expectations.

Safe use of TDC products

At TDC Group, 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 all 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 Group is a member 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.

When it comes to protecting customer data, we apply the need-to-know principle, i.e. managing who has access to which personal data in our systems, and access is given only to those employees who have a work-related requirement. In cases where we collaborate with external partners on data handling, specific agreements are concluded on how to handle personal data. If these rules are found to have been violated, the matter is reported to the Danish Business Authority.

International cooperation

Security threats know no bounds, which is why TDC Group participates in a number of international fora to be better equipped to protect our customers and ourselves. One example, regular telephone conferences with other European telecoms operators in the organisation ETIS, encourages sharing information about existing threats and initiatives in order to address them. Sharing practical information and learning from each other's strategic initiatives is of great value in continuously achieving improved security.

Continuous monitoring and safe products

Security in TDC Group is also continuously monitored, both on a daily basis and via internal and external audits. In 2015, we encrypted the hard disks in our employees' laptops to increase our protection of customer data. TDC Group's general spam and virus filters stop millions of unwanted and malicious e-mails from reaching our customers' in boxes. To be precise, in 2015, TDC Group blocked more than 7 billion spam mails, including phishing attempts and other forms of fraud. We also advise our customers

through an online security portal, and offer our customers a choice of products with extra safety and security features, such as security packages for broadband, including parental control and our Mobile Security app.

As part of our contract with Huawei on building and operating our mobile network, we have set high requirements for IT security and coordinate closely with the relevant authorities. In general, TDC Group has regular contact with relevant authorities to form part of ongoing threat assessments and to take the measures required to secure our customers and infrastructure in the best possible ways.

IT security division

At the end of 2014, TDC Group equipped itself with a brand new IT security division spanning 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. In the course of 2015, TDC Group set up a Security Operations Centre (SOC) that monitors the security in TDC Group's part of the IP network round the clock to prevent attacks against our customers and ourselves. For example, we protect our business customers against a frequently occurring type of attack called DOS (Denial of Service) where the attacker seeks to block access to e.g. a company's website.

Parental guide on children's use of digital services

In 2015, TDC Group, together with other parties in the industry and the Media Council for Children and Young People, took part in developing a guide for parents entitled "There's so much parents don't understand – What should I know when my child goes online?" The guide is aimed at parents of children aged approx. 7-12 years and contains information, guidance and inspiration on what to focus on when children go online. In this way, TDC wishes to increase parents' knowledge and to give them a chance to support their children in their use of social media, online gaming and other digital services in a confident and safe manner. The guide focuses on the potential of children's lives, play and learning using the internet, social media and games. The guide is available free of charge online and includes elements such as podcasts and short videos. In 2015, we also handed out printed versions of the guide in TDC Group shops.

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, we make demands on our suppliers that also apply to 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 Group has been a member since 2009. Since then, we have updated and further specified our standard contract criteria. It is, however, a complex area, where our aim is

to increase our knowledge and improve our procedures. We are therefore examining potential tools and processes 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 Group 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. In 2015, TDC Group took part in a number of working groups on how to promote sustainability in our industry, including in relation to climate changes and human rights.

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 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 has not had any such cases, we chose to clarify to all our stakeholders that TDC Group does not tolerate corruption of any kind. We are pleased to report that, once again, no cases of this kind were experienced in 2015. We also have a whistleblower system that gives employees in TDC Group (excl. subsidiaries) an opportunity to report irregularities and conditions or issues particularly open to criticism. No reports were submitted in 2015.

3. Climate and environment

We have only one planet to share and our environment is currently challenged by climate changes, pollution and other consequences of human activity. Fortunately, ICT and digitalisation hold great potential, as society can achieve a considerably higher degree of sustainability together with economic gains.

Consequently, at TDC Group, we constantly work to minimise our impact on the climate and environment. At the same time, we would like to inspire the world at large to use digital options in a way that reduces environmental impact, saves valuable resources and creates benefits for society in the form of e.g. improved health, increased access to education and higher productivity.

We have drawn up a sustainability policy with four dimensions: focus in-house (minimise consumption of electricity, heating and fuel), focus on customers (eco- and energy-friendly products), focus on the supply chain (sustainability requirements throughout the value chain and product lifecycles) and focus on society (reduce energy consumption and climate impact through communication technologies).

Environmental goals and accounts

At TDC Group, environmental concerns are given high priority throughout our business, and have been for many years. We systematically monitor our energy and resource consumption based on the principles of the ISO 14001 environmental standard, and report annually to CDP (the Carbon Disclosure Project).

In 2011, we set a target to reduce our CO₂ emissions by a total of 40% by 2020 compared with 2010. Because while our business is not particularly CO₂ intensive in relation to other industries, CO₂ emissions are nonetheless one of our most significant environmental impacts. In 2015, we reduced our total CO₂ emissions by as much as 53% compared with 2010, and have thus already passed our target for 2020. The reduction was achieved despite the fact that our acquisition of Get in 2014 is now included in our CO₂ accounting with regard to electricity and driving, whereas other factors such as flights are still pending. It is, however, important to emphasise that although we have reduced our annual consumption of petrol and diesel by more than one million litres since 2010, our power consumption, which is our most significant source of CO₂ emissions, has declined by only 7%. Therefore, the most important reason for our reduced CO₂ emissions has been the significant improvements in the emission factor for power used in Denmark. In other words, the power we use has become much more climate-friendly.

We will continue focusing on reducing our consumption of electricity for operating our various networks and data services. However, the challenge is to become more energy-efficient while expanding our networks and increasing connection speeds to benefit customers and society at large. We therefore expect our total power consumption to remain more or less constant, as our efficiency improvements and network expansions are likely to largely offset each other. Furthermore, towards 2020, improvements in the emission factor for power in Denmark are expected to be lower than those seen since 2010. We have consequently decided to raise our reduction target for CO₂ emissions from 40% to 60% in 2020 compared with 2010.

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 reduced both paper and energy consumption. This resulted in an annual energy reduction of 90% or 500 MWh, and our printing paper consumption dropped by 76% in 2015, equalling 41 tons. In Denmark, we also reduced our total paper consumption by 31% or a total of 126 tons in 2015. This means that we now consume only 2% of the quantities we used in 2003. Considering our total waste in Denmark, we managed to sort as much as 72% for recycling, which we feel is quite reasonable for a business of our type.

Energy efficiency improvements

In 2015, 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

landline telephony) where we can achieve significant energy savings by consolidating active subscriber lines on fewer network units. In 2015, we migrated about 53,000 lines and achieved an annual reduction of just under 4 GWh.

We have also worked on reusing heat from technical equipment in data centres in our three largest buildings. Here we use heat pumps to channel surplus heat from the equipment to heat buildings and consequently generate savings on energy used for heating. In 2015, we thereby reused approx. 7 GWh of heating on an annual basis, and in 2016 we expect the figure to increase.

At TDC Group, we utilise the technologies we work with to reduce our own transportation needs, especially through video conferencing and home offices. Besides reducing our CO₂ emissions, these solutions optimise our efficiency and can improve conditions for employees by minimising the number of days spent travelling instead of being with family and friends. Our transport policy encourages the use of trains and other forms of public transport rather than cars. In the light of this, we yet again succeeded in reducing the number of kilometres travelled in cars.

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.

Huge environmental potential in digitalisation

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 (IoT), which allows for monitoring processes in real time or measuring on machines that are difficult to access in order to increase production efficiency and reduce consumption of natural resources.

The *SMARTer2030* report from the international organisation GeSI (Global e-Sustainability Initiative) – of which TDC Group is a member – shows that ICT and digitalisation can enable a 20% global reduction of our carbon footprint towards 2030. In this way, we could maintain the emission level from 2015, while simultaneously creating financial benefits to the tune of China's GNP. To this should be added improved societal benefit such as better education, improved health and an even more efficient and sustainable food production.

Smart solutions

At TDC Group, we are currently developing and implementing IoT solutions. Together with a number of Danish local authorities we have launched projects within three areas: Smart Parking, Smart Refuse Collection and Smart Lighting.

Smart Parking localises drivers' SIM cards and uses sensors to quickly find the closest unoccupied parking space. The driver does not have to drive around in vain – which reduces wasted time and environmental impact. Trials from e.g. London and Barcelona have shown positive results in the form of shorter time used to find parking and optimisation of the available spots, while an evaluation from San Francisco found that the general volume of traffic could be reduced by approximately 8%.

Smart Refuse Collection involves installing sensors in refuse bins to enable refuse collectors to prioritise which bins to empty first. That has been tested in e.g. Great Britain and Portugal, where costs have been more than halved – so significant gains can be achieved.

Last but not least, Smart Lighting involves controlling street lights exactly according to motor traffic, bikers and pedestrians by adjusting the lights according to actual needs. Besides putting the lighting on standby when there is no traffic, the intelligent systems can also warn road-users of accidents ahead. Preliminary Danish tests show that switching to LED street lights combined with intelligent controls results in savings of 40-75%.

4. Employee well-being and diversity

At TDC Group, taking responsibility for our employees' well-being in the broadest sense is a natural part of our business. Our markets are highly competitive and constantly changing, and this demands a lot of our employees' performance and readiness for change. In turn, TDC Group is careful 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.

In recent years, our high employee satisfaction score has reflected our continuing targeted efforts to ensure that our employees are thriving and feel both dedicated and motivated. Meanwhile, we also pay close attention to the physical and psychosocial working environment and to preventing 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 work 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 enjoy a well-established cooperative relationship with our employees' professional associations and unions, and maintain an extensive working environment system including certification in accordance with the international OHSAS-18001 standard. This provides us with a systematic approach to preventing work-related accidents, procedures to improve our work environment, regular working environment inspections and our clear focus on a number of subjects including work-life balance.

Collaboration with labour organisations

Over a number of years, we have firmly established a structured and constructive dialogue with our employees' professional associations and unions, which helps ensure that employee concerns are discussed and that the parties work together to solve challenges.

Collaboration procedures in TDC Group are characterised by a wish to reach agreement through constructive dialogue characterised by mutual trust, recognition and respect for one another on an equal footing. This collaboration ensures active participation in the development of TDC Group and understanding of TDC Group's strategies.

This is in extension of the long-standing tradition in the Danish and Nordic labour markets for constructive relations, with professional associations and unions playing an important role. We believe that the active involvement of employees and managers in developing the company is vital for TDC Group's competitiveness, for value creation, for well-being and security, and for a good working environment.

In practice, it all takes place through an extensive collaboration system that reflects TDC Group's organisational structure and that allows for engaging and involving employees in company decisions and corporate development. In addition to a Main Works Committee (MWC), the system comprises collaboration committees in the various entities and a number of standing committees dealing with education and training, non-discrimination, communication and canteen matters.

We have also established close contact with the unions and our employees through the formal working environment fora, the Main Working Environment Committee (MVEC) and the more than 100 working environment groups that help ensure that we comply with the Working Environment Act and the basis for the internationally recognised working environment certificate OHSAS 18001. TDC Group also has a European collaboration committee, which covers collaboration across the companies in Norway, Denmark, Sweden and Germany.

Finally, the Board of Directors of TDC A/S has five employee representatives elected in accordance with the rules of the Danish Companies Act. The employee representatives currently elected are also members of the professional associations and unions.

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. Our records of courses and training held show that more than 2,500 of our employees in Denmark attended one or several courses in 2015. To this should be added external courses that we have not recorded systematically.

Every year, we also take on trainees in our shops for example, to learn the business. And as a general rule, 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 hands at various positions internally at TDC Group that suit their personal and professional development.

Besides 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 2015, five employees from TDC Group with higher educations have volunteered as mentors for MA and MSc students as part of a programme arranged by the University of Copenhagen. The students are matched with TDC Group employees with the same degree who have gained 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.

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 due partly to large organisational changes, outsourcing etc. This was taken seriously. Eight focus groups were formed to identify action areas within well-being and involvement, and managers throughout the organisation have made a major effort to follow up on the results. By October 2015, well-being had increased on all main parameters, and overall wellbeing had risen to 78. Our ambition is to raise this score to 80 before year-end 2018.

Working environment

At TDC Group, our initiatives to secure a good physical and mental working environment continued 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 2015, the job-related accident incidence rate with absence was 78 per 10,000 employees (TDC A/S, excluding subsidiaries), which is higher than the 70 recorded in 2014, but lower than the 86 and 83 recorded in 2012 and 2013, respectively. By contrast, the most recent statistics (2014) show that the total incidence rate for reported work-related accidents (for all trades) in Denmark was 151 accidents per 10,000 employees.

The increase from 2014 to 2015 was due mainly to weather conditions, as a summer and autumn with extensive rainfall, and incidents of black ice in November and December, resulted in more injuries from falls. We are endeavouring to prevent such accidents through our working environment organisation, which continuously trains our technicians to remain attentive, and issues anti-skid shoe covers to our many technicians working in unfamiliar surroundings, including at customer premises.

At TDC Norway and TDC Sweden, the accident incidence rate in 2015 was 0, whereas it was 23 for Get in Norway. Throughout TDC Group, our goal is always to avoid accidents altogether, which is why each accident is analysed to avoid similar cases in the future.

In 2015, we focused particularly on the physical working environment in connection with a major energy optimisation project designed to reduce unnecessary use of energy for heating at more than 1,000 telephone exchanges throughout the Danish countryside. The challenge has been to strike a balance between saving on heating while ensuring reasonable working conditions for technicians working in the field, who sometimes perform work or eat lunch at these exchanges.

More than 350 of our cable technicians, who regularly work with lead cables, have been offered blood screening to check the level of lead in their blood. The working methods of the few technicians who had lead levels above the limit determined by the Working Environment Authority, were checked, and the individuals concerned were instructed specifically in special protective measures to be observed when working with lead cables. New blood screenings are performed until the lead levels of the technicians in question falls below the limit.

Regarding overall health, TDC has a number of supportive offers for its employees, including health insurance, access to midwife consultation, quit smoking courses, advice on substance abuse, emergency counselling and psychological therapy. For a number of years, we have also supported physical activity among our employees through participation in the 'We cycle to work' campaign, and we have put men's health on the agenda with a health week in our Danish canteens and related activities.

Diversity

TDC Group has worked with diversity management for many years, and has achieved positive results from the company's initiatives. These include 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 managers in TDC Group, the share of women comprised 26% of this group at the end of 2015, which is a slight increase from 24% at the end of 2014. We aimed to increase this figure to 27% by 2015 at the latest, and even though we did not quite reach the goal, we have come close to achieving it.

Looking ahead, we have defined an ongoing goal for the entire TDC Group in Denmark including subsidiaries 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, i.e. a factor of 100. At the end of 2015, 28% of all employees at TDC Group in Denmark were women, and 23% of all managers were women, i.e. a factor of 82.

By way of comparison, the most recent statistics (2013) show that approximately 49% of the Danish workforce are female – but only 27% are managers, i.e. a factor of 55. However, even though our relative figures are above the national average, we have yet to reach our goal. We will therefore be continuing to develop key HR procedures such as recruitment, development and talent programmes to ensure that we find and maintain all potential talents across the TDC Group – both female and male. As part of our in-house communication, we encourage female managers to be spokespersons and role models, as their career paths can inspire others.

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 have accepted this offer in recent years. By supporting paternity leave, TDC Group also wishes to contribute towards greater gender equality in society in general.

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 also set the goal that before year-end 2016 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 2015, one

female board member and five male board members were elected at the annual general meeting, corresponding to 83% and 17%, respectively. However, as of the annual general meeting in March 2016, the prospect is that there will be four male (67%) and two female (33%) board members, as the Board of Directors has proposed a female candidate to replace a male member who is stepping down.

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 highly 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.

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.

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 and offers. In 2015, the museum welcomed over 250,000 visitors, who were pleased with all the many activities for children and adults. In 2015, the museum embarked on an exciting transformation to revitalise it as a museum of communications and will move to new premises in Øster Allé in Østerbro in Copenhagen. There will be more space for children, a cosy café with an exit into Fælledparken (the large Common), and a large attractive museum shop. According to plan, the revitalised museum – Kommunikationsmuseum Danmark (the Danish Museum of Communication) – will open to the public in 2017.

The Danish Red Cross

In 2015, 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.

2015 was characterised by the vast flow of refugees travelling up through Europe also reaching Denmark and Scandinavia. In the light of the situation, TDC Group decided to raise funds to support Red Cross initiatives for refugees around the world and in Denmark. The company and its employees donated a total of DKK 150,000. TDC Group also donated 1,500 SIM cards including hours of voice to the newly arrived refugees applying for asylum in Denmark and staying in Red Cross asylum centres to help with their first communication with family and friends.

Denmark's Collection

As we have done since 2007, in 2015, TDC Group 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 via SMS and phone call. TDC Group therefore helped to collect DKK 100 million to e.g. prevent tuberculosis, stop abuse and exploitation of vulnerable children and young people, and to support children's access to school attendance.

Besides the annual Denmark's Collection, on 20 September, TDC Group also helped stage the extraordinary collection show 'Hjælp nu' (Help now) for Syrian refugees. The process was set in motion at short notice, and work had to be done under intense time pressure to ensure that the technical equipment and call centres were in place. The total result of the collection was just over DKK 86 million.

'Børns Vilkår' (Children's Welfare Denmark)

It is important to TDC Group that children and young people can use digital technologies securely and safely. At the same time, we would like to use our communications technologies to support security. That is why TDC Group has teamed up with the Børns Vilkår organisation, as we wish to support its work with children and young people through use of our technologies and know-how. This applies especially to BørneTelefonen (Child Helpline), for which TDC Group provides telephony and internet services free of charge.

In 2015, more than 40,000 children and young people called, texted or chatted to obtain advice from the organisation's volunteers – an increase of more than 11% compared with 2014. Our collaboration also focuses on "digital well-being" among children and young people. For example, together, TDC Group and Børns Vilkår have developed five useful tips to better equip parents to prepare their children for digital challenges.

Coding Pirates

At TDC Group, we believe that digital skills and the ability to work creatively with digital tools may be a valuable part of the education of children and young people. So, in 2015, TDC Group entered into a partnership with the organisation Coding Pirates through the Danish IT Industry Association's Education Committee. We subsequently held a number of workshops for up to 35 children in Aarhus and Copenhagen with the help of volunteers from among TDC Group's employees at the helm. The children were introduced to programming and developed their creativity and skills e.g. by making websites, 3-D printing, robots and computer games.

The Denmark-America Foundation

In 2015, for the first time TDC Group awarded a grant through the Denmark-America Foundation. The grant, amounting to DKK 100,000, was given to a 24-year-old IT graduate with a focus on product design, who is attending a two-year MSc course at the Interactive Telecommunications Program (ITP) at Tisch School of the Arts, which is part of New York University. As a technological company, TDC is keen to develop the best solutions for our digital society, and that requires strong qualifications in a number of fields. We are therefore pleased to be able to support the development of qualifications at a high level among Danish graduates.

Further information

Results for 2015 as well as a more detailed review of TDC Group's CSR activities and societal impact are available in our online CSR Report 2015, which is accessible at tdc.com/csr2015.