tdc net

Sustainability report 2021

**We connect Denmark.
For everyone.**

Contents

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The big picture

2021 in brief

Highlights

In 2021, the split from TDC Group was successfully completed, and TDC NET became a stand-alone company. TDC NET continued connecting Denmark and enabling the green transformation of society with its continued roll out of lightning fast mobile and fixed networks. The strength of TDC NET's networks was proven - both in performance and reliabilities - during the COVID-19 lock-down as TDC NET ensured that people stayed connected and productivity remained high across sectors.

In addition, TDC NET worked both on concrete climate actions, on upgrading its workforce to continue rolling out fibre networks, and on innovation projects based on 5G.

Largest spectrum portfolio
During the year, TDC NET successfully completed the latest spectrum auction and increased its spectrum portfolio and by year-end had more spectrum than any other national competitor. The TDC NET spectrum portfolio comprises 1,650 MHz across low-frequency bands (under 1 GHz), mid-range bands (1 to 10 GHz), and high-frequency bands (above 10 GHz).

Digital innovation
The 5G Innovation Hub run by TDC NET and Ericsson continued to explore the potential of 5G to enable digital innovation. Examples included the first 5G connected mobile robot in Europe and another robot to enable distance learning.

Best mobile network in the world
TDC NET was awarded provide the best mobile network experience, including the fastest and most error-free download and upload speeds based on Tutela's Excellent Consistent Quality metric. Its mobile network covering geographically 99% of Denmark with 5G.

Solid financial results

Revenue
(DKKm)

6,674

-2.3% YoY due to a decline in legacy products

EBITDA growth of

1.4%

resulting in DKK 4,498m EBITDA full year 2021

Savings on operating expenses of

7.7%

YoY despite increased electricity prices

Capital expenditure
(DKKm)

3,134

-21.1% YoY

Ambitious climate target

TDC NET set an ambitious climate action plan with science-based targets to become a net-zero emission company across the value-chain (scope 1, 2 and 3) by 2030.
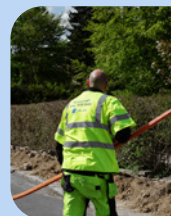
Developing skills

TDC NET trained 200 new fibre technicians during the year. The goal was to develop the skills needed to build the digital foundation, that connects Denmark for everyone.

Lower CO_2 emissions in car fleet

TDC NET engaged in a project to eliminate every fourth kilometere driven by TDC NETs technicians by 2025. Artificial intelligence and advanced algorithms will help reduce CO_2 emissions related to transport.

Expanding fibre footprint

With the largest broadband footprint in Denmark and growing high-speed coverage in 2021, TDC NET continued its fibre roll-out throughout Denmark to further 106k addresses, reaching nearly 500k fibre addresses in total.

Green electricity

TDC NET signed a Power Purchase Agreement (PPA) with Better Energy to ensure that capacity from four new Danish solar parks will be added to the Danish grid. The solar parks are expected to supply 140 GWh of electricity in 2023, to cover at least 60% of TDC NET's energy consumption.

Strong sustainable profile

TDC NET was awarded a Platinum ranking by EcoVadis, placing TDC NET among the top 1% most sustainable companies in the world in 2021. EcoVadis is the world's most trusted provider of business sustainability ratings.

Letter from the CEO

Enabling the transition to a sustainable future

As Denmark's leading digital infrastructure provider, TDC NET builds, owns and operates the next generation of nationwide digital infrastructure. Denmark has a leading position within digitalisation across the EU, and TDC NET plays an important role in enabling society's transition to a green and sustainable future.

In 2021, TDC NET finalised its separation from TDC Group while building on its position as market leader in fixed and mobile network. We developed our first sustainability strategy as a standalone company based on an assessment of which areas are most material to us as part of realising our Network Champions identity.

The 2021 report from the Intergovernmental Panel on Climate Change (IPCC) showed that the negative effects of climate change are unprecedented. TDC NET clearly plays a role in mitigating these effects, and last year we became a founding member of the European Green Digital Coalition (EGDC), recognising the importance of our industry in the fight against climate change.

The Science Based Targets initiative (SBTi) approved our near-term emissions reduction targets, through which we aim to reduce TDC NET's own as well as our value-chain climate footprint and achieve our net-zero CO_2 emissions goal by 2030.

We have already turned those ambitions into action. One of our key milestones in 2021 was to sign a Power Purchasing Agreement (PPA) for four new solar parks in Denmark. These parks will start becoming operational during 2022, adding more green electricity to the Danish grid.

Our sustainability ambitions and actions were recognised by EcoVadis, which ranked TDC NET among the top 1% of companies worldwide assessed on sustainability.

In addition to climate actions to reduce our footprint, we are continuing to push the digitalisation of our society as an enabler for the green transition.

The Digital Economy and Society Index (DESI) published by the European Commission confirmed our strong foundation, placing Denmark first in the EU on a compound measure of digitalisation that includes availability of connectivity as well as availability and take-up of digital services. We are proud that our ongoing investments in fibre broadband and 5G networks support and enhance this position. We consider TDC NET an important partner for Denmark to maintain its lead going forward by building the most reliable, resilient and sustainable network.

TDC NET is also committed to the United Nations Global Compact, and we take our obligation to operate in compliance with these principles seriously. While continuing our strong focus on Health & Safety in our own business and with our subcontractors, we are also unwavering in our focus on building a diverse and inclusive workplace.

In this report, you can read more about our ambitions, approach and initiatives and discover how we deliver on our sustainability commitments with our values and purpose in mind: We connect Denmark. For everyone.

Andreas Pfisterer
CEO

Who we are

Our business

TDC NET is a leading open-access connectivity provider and owner of critical telecommunications infrastructure in Denmark.

Business model

TDC NET takes responsibility for ensuring the continued development and building of high-speed mobile and fixed connections that support Denmark's continued progress, because societies with strong infrastructure do better – both socially and economically.

As an end-to-end infrastructure provider, TDC NET owns and operates all critical assets necessary for mobile and fixed network connectivity to serve service providers. The infrastructure asset base includes all

the active and passive assets necessary to develop, operate and service the mobile and landline networks, including the core network, access network, active mobile network assets, central offices and transport platforms.

In addition, TDC NET has Denmark's largest group of trained field technicians as well as in-house network engineering competencies with many years of industry experience to develop and maintain the country's largest broadband footprint and spectrum portfolio.

The largest broadband footprint in Denmark with growing high-speed coverage

As an open-access provider of fixed telecommunications infrastructure, which delivers broadband, fixed TV and voice, as well as connectivity solutions to end-customers in retail and business markets via its service providers. In these markets TDC NET has a strong commercial position through its relationship with a diversified mix of more than 100 service providers. The position in fixed connections is underpinned by the largest broadband footprint in Denmark with growing

high-speed coverage as the fibre roll-out continues throughout Denmark. Nationwide TDC NET has achieved 71% population coverage with 100 Mbps and 47% population coverage with 1 Gbps.

A leading provider of nationwide technologically advanced mobile network connectivity

TDC NET has invested significantly to ensure a technologically advanced mobile network and has been a leading provider of high-quality mobile network coverage for many years.
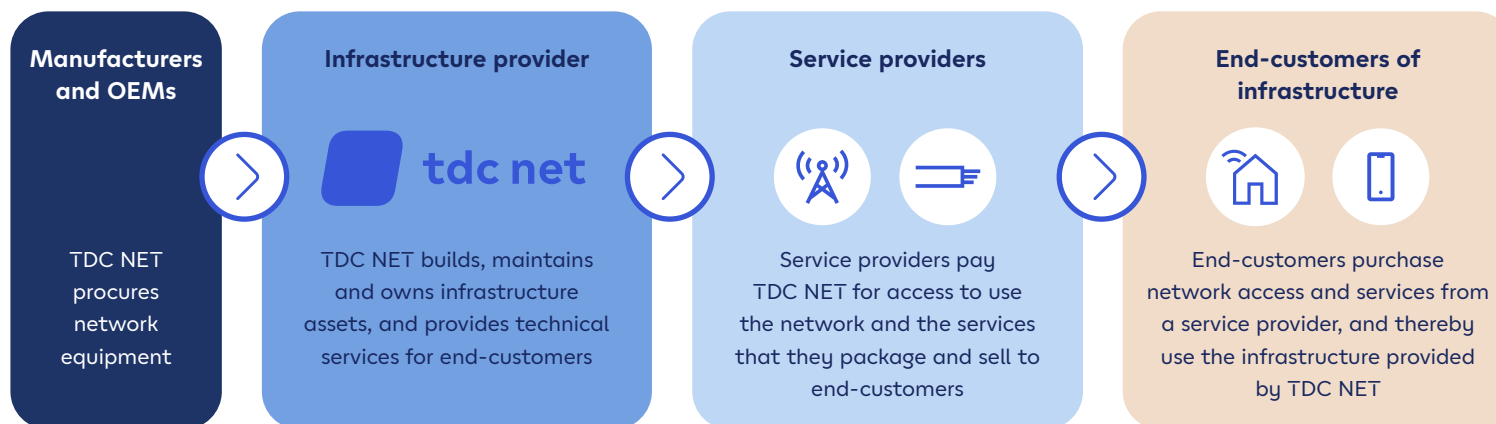
TDC NET's position within mobile networks is underpinned by a large and optimised grid of approximately 3,500 macro sites comprising towers and outdoor antennas, and approximately 600 indoor coverage solutions.

TDC NET holds a total spectrum portfolio of 1,650 MHz across low-frequency bands (under 1 GHz), mid-range bands (1 to 10 GHz), and high-frequency bands (above 10 GHz). Mobile spectrum is a finite asset for mobile operators, which is vital for the quality and capacity provided by the mobile access network.

TDC NET's business model

Manufacturers and OEMs	Infrastructure provider	Service providers	End-customers of infrastructure
TDC NET procures network equipment	tdc net TDC NET builds, maintains and owns infrastructure assets, and provides technical services for end-customers	Service providers pay TDC NET for access to use the network and the services that they package and sell to end-customers	End-customers purchase network access and services from a service provider, and thereby use the infrastructure provided by TDC NET

Our strategy and priorities

TDC NET connects Denmark – for everyone. This purpose of building and operating Danish communications infrastructure is reflected in two core pillars of the TDC NET strategy: Providing the best mobile network and fastest fixed connections. The strategy is built upon two core enablers to ensure strong delivery on the mobile and fixed ambitions.

Firstly, operational excellence captures the focus on seamless delivery to customers, and secondly, the network champions identity coins TDC NET's leadership in the transition to a sustainable future. All four strategic pillars are fundamental for providing a great customer experience. Over the years, TDC NET has passed major milestones in

upgrading and expanding both its mobile and fixed networks as well as by committing to ambitious sustainability targets. This strong foundation will now underpin the next phase of the strategic journey, by firmly placing customers at the centre of every activity.

Best mobile network

Maintain market leading position by providing the best mobile network experience in Denmark

Great customer experience

Be recognised for delivering value for both customers and end-customers through seamless customer journeys and experiences

Fastest fixed connections

Increase footprint for high-speed fixed connections and maintain market leading position

Network champions

Become a truly sustainable company, lead the transition to a sustainable future for the sector and aim to be recognised as one of the most attractive employers

Operational excellence

Simplify processes and interface to enable consistent delivery of excellent customer experiences

Best mobile network

Recent efforts to raise the bar on both quality and coverage have paid off with new recognitions of TDC NET's mobile network in Denmark. TDC NET will continue to invest in creating unparalleled mobile experiences.

For the seventh year in a row, independent tests recognised TDC NET as the undisputed leader in mobile network quality in Denmark – both in terms of experience and coverage. As mentioned, Tutela awarded TDC NET a first prize for providing the best mobile experience in the world.

In 2021, TDC NET invested DKK 795m in futureproofing the network through new spectrum holdings. By securing a strong foundation across both low- and high-frequency bands, the strengthened platform enables TDC NET to increase coverage, upgrade to higher speeds and fully realise the potential benefits of 5G. TDC NET continues to focus on delivering this new generation network, as a core element of its commitment to connect Denmark. For everyone.

Strategic priorities

TDC NET's efforts to maintain its position as Denmark's best performing mobile network are built around three cornerstones:

Strongest asset portfolio
TDC NET aims to further strengthen the network in terms of both coverage and speed delivered through e.g. C-band build-out, virtualisation of core network, and gradual footprint expansion.

Driving innovation with strong vendor partnerships
TDC NET continues to innovate via the long-term partnership and 5G innovation hub with Ericsson to optimise the network, increase 5G penetration and enhance the value of the mobile network.

Deep partnerships with market leaders
TDC NET is committed to the success of Nuuday as its single largest customer, whilst also providing national roaming for other partners to connect Denmark.

Fastest fixed connections

TDC NET is proud of its position as the largest open-access provider of high-speed fixed infrastructure. Significant investments are made in scaling the fibre footprint while maintaining high reliability and strong performance of the existing network.

Network performance requirements are constantly increasing, driven by rapidly increasing data traffic and end-customer demand for higher speeds. TDC NET delivered high service levels despite the changing demand patterns during the COVID-19 lockdown and remains well positioned to meet increasing consumption.

TDC NET has worked to expand its high-speed footprint through ambitious fibre investments. As a result, TDC NET's fibre roll-out engine is the largest in Denmark and is instrumental in delivering fibre at scale. Focus on improving delivery has continuously reduced deployment costs for fibre transport backbone and accelerated TDC NET's fibre build-out. In 2021, TDC NET rolled out fibre to additional 106k addresses and can deliver speeds of up to 2500 Mbps in select areas.

Strategic priorities

To offer the highest speeds and most reliable connections, TDC NET focuses on delivering on three core infrastructure aspirations:

Long-term leader in high-speed access
TDC NET is committed to continuing its fibre build-out to Danish households, enabled by continued optimisation of the fibre deployment engine.

Maximise infrastructure performance
TDC NET strives for an optimised infrastructure portfolio with initiatives ranging from customer migration and legacy decommissioning to plug-load upgrades and the commercial launch of XGSPON technology.

Strong transport backbone
TDC NET aims for high precision with virtually no downtime, delivered through the Carrier Gradeness Programme, transport net upgrades and fibre line replacements.

Great customer experience

TDC NET is determined to be recognised for delivering consistently high-quality products and services to service providers, enabling the best end-customer experience for TDC NET services and networks.

Efficiently and reliably developing and operating the networks are fundamental tasks for TDC NET. Over the years, TDC NET has delivered strong results on this strategy, maintaining its position as the operator of Denmark's Best Mobile Network while setting up Denmark's largest fibre roll-out engine.

However, having strong infrastructure does not guarantee success. As an integral part of being a truly open-access infrastructure provider, TDC NET firmly believes in collaborating and delivering high quality on time, every time. An ambitious customer experience transformation programme has been set in motion to raise the bar for how TDC NET operates and connects to customers.

Strategic priorities

TDC NET aims to enhance its customer services and value perception through three clear characteristics:

Transparent and trustworthy
TDC NET is focused on optimising end-to-end processes on customer journeys, creating transparent production flow towards service providers and redesigning supporting IT and tools.

Easy to engage with
TDC NET is striving towards seamless customer integration anchored in reliable open-access IT platforms and enabled by defining firm, transparent and fully aligned service agreements.

Truly reliable
TDC NET aims to achieve its goal of being the most trusted and secure infrastructure provider by continuously investing in security and improving reliability through process control.

Operational excellence

TDC NET constantly works to stay ahead of the industry on efficiency, simplification and automation. Operating with the highest excellence is key to providing customers with the most competitive offerings.

TDC NET firmly believes that achieving operational efficiency is a result of high ambitions, a consistent focus, and the willingness to invest in the future. Historically, TDC NET has proven able to streamline and drive efficiency. Pioneering and leveraging new technologies to futureproof the business are deep in TDC NET's DNA.

TDC NET has established strong governance to deliver on its operational ambitions, and continuous improvement is firmly embedded in how TDC NET operates as an organisation. All efforts are focused on the same end goal: freeing up resources and capital, which can be reinvested in futureproof technologies.

Strategic priorities

TDC NET aims to deliver excellence across three key aspirations which positively affect the organisation, products, services, and – ultimately – its customers.

Leader in simplicity and efficiency
TDC NET strives for a simple, relevant and modern product portfolio achieved through product rationalisation and simplification as well as controlled legacy platform decommissioning.

Automated and seamless processes
TDC NET aims to standardise process flows by optimising end-to-end customer journeys by leveraging the potential of automation and robotics.

Investing smartly in the future
TDC NET focuses on the future with a long-term investment strategy (including fibre roll-out) in place, supported by a governance structure to deliver lasting results.

Network champions

To honour its responsibilities as a critical infrastructure provider, TDC NET is united around its strong identity and takes pride in its commitment to lead the transition towards a digital and sustainable future.

TDC NET takes leadership of changing society for the better, both as a safe and attractive workplace, but also as a truly sustainable company. The ambition deeply rooted in TDC NET's purpose is to leave a positive footprint on people, society and the world.

Caring for people
TDC NET wishes to maintain an attractive and safe workplace and therefore works continuously on developing cultural maturity within Health & Safety (H&S) while strengthening Diversity & Inclusion (D&I), talent and leadership in a hybrid workplace. TDC NET is committed to creating an inclusive culture where people flourish and can fulfil their potential, regardless of ethnicity, gender, sexual orientation, religion, disability or age. In terms of H&S area, there is a strong focus on reducing the number of injuries and on continuing to increase awareness and improve governance.

Caring for society
TDC NET provides futureproof digital infrastructure in Denmark, with the aim of building the most reliable, secure, resilient and sustainable network. Denmark holds first place in connectivity among EU member states and TDC NET plays an important role in this area.

Caring for the world
TDC NET aims to lead the race towards net-zero climate impact and takes actions to limit climate change. The ambition is to reach net-zero emissions in own operations (scopes 1-2) by 2028 and across the value chain (scopes 1-3) by 2030. TDC NET has already taken action by signing Power Purchase Agreements covering at least 60% of its total energy consumption with renewables. TDC NET aims in the years ahead to cover the remaining 40% of energy consumption with renewables.

In line with the ambition of reaching the net-zero emission goal by 2030 TDC NET has strengthened the active supplier engagement with suppliers by starting a supplier engagement programme.

Sustainability strategy
At TDC NET, sustainability is an integrated part of the corporate network champions strategy. The sustainability strategy is developed based on material issues, strategic business priorities, values and core competencies.

The strategy consists of five elements, each aligned with the United Nations Sustainable Development Goals, which consist of ambitions, targets and initiatives to make a positive contribution to society and the environment. TDC NET has a clear focus on delivering results and making an impact, which is ensured by driving the execution in collaboration with

the business while anchoring decisions with the Management Team and the Board of Directors.

Strategic priorities
TDC NET's purpose of connecting Denmark for everyone is linked closely to the wider ambition of leaving a positive footprint on the society where the company plays an active part. These priorities are listed on the following page and the performance for 2021 is described in **03 - 2021 results**.

Corporate governance

We work proactively with corporate governance, aiming to provide transparency for the stakeholders while ensuring long-term value creation.

Governance model

In accordance with the Danish legislation, TDC NET has a two-tier management structure consisting of the Board of Directors and the Executive Committee. The Board of Directors is responsible for the overall management of the company and for appointing a competent Executive Committee. The Executive Committee is responsible for the day-to-day management of the company with the assistance of the broader TDC NET Management Team. The responsibilities and duties between the Board of Directors and the Executive Committee are clearly outlined and described in the Rules of Procedure for the Board of Directors and the Rules of Procedure for the Executive Committee.

TDC NET's shareholders have ultimate authority for the company and exercise their rights at the Annual General Meeting, where they appoint the Board of Directors and the independent auditor, and approve the annual report, for example. Rules on governance, including share capital, general meetings, shareholder decisions, election of members to the Board of Directors, Board meetings etc. are described in the Articles of Association, which are available **via this link**.

The Board of Directors

As part of the final phase of separating from TDC Group, at an Extraordinary General Meeting on 8 December 2021, TDC NET's Board of Directors was strengthened with six new board members, bringing the total to nine, with three continuing board members. Six of the members are elected by the General Meeting and three are elected by the employees. The board members elected by the General Meeting are up for election every year and may be re-elected.

Pursuant to Danish legislation, TDC NET employees are entitled to representation on the company's Board of Directors in the form of employee-elected board members equivalent to half of the total number of board members elected by the General Meeting. The employee-elected board members are elected for a four-year period, and have the same rights, obligations and responsibilities as the board members elected by the General Meeting. The current employee representatives were elected to the Board of Directors in 2019 and their period will expire in 2023.

TDC NET's Board of Directors believes that diversity in general strengthens the board and

seeks to reflect this balance in the board's composition. As part of the Board of Directors' annual evaluation, the Board also assesses whether the board members have the required skills and experience or whether members' expertise should be updated in some respects.

As of 8 December 2021, the gender composition among the General Meeting elected board members is 5:1 (83% men compared with 17% women). Due to TDC NET's newly established Board of Directors in December, the Board of Directors did not meet its previous gender target and thus the Board of Directors has set a new objective that among board members elected by the General Meeting, both genders shall be represented by at least 33% by the end of 2023. The necessary effort to reach the newly set target by the end of 2023 is in place.

TDC NET aims to focus more clearly on gender equality in leadership positions. The focus on gender diversity in management has developed well and in 2021, the share of women in leadership positions increased from 18% to 23%. TDC NET has set a target to achieve a 70% (M) vs. 30% (W) gender

balance for all leadership levels by 2025. The Board has annual checks on diversity progress and will continue to examine diversity progress and numbers. Furthermore, selected diversity numbers are reported as part of TDC NET's sustainability strategy.

Due to changes in the Board of Directors in December, the Board of Directors chose not to formally evaluate its performance in 2021 but discussed how to organise its work to create maximum value for the company in 2022. The Board of Directors plans to evaluate its performance in 2022.

Board committees
In 2021, the Board of Directors established a Compensation and Nomination Committee, an Audit Committee and a Health & Safety Committee to supervise certain fields and prepare cases to be decided on subsequently by the Board of Directors. See further information about the committees and their mandates and charters by following **this link**.

As the committees were established in December 2021, no meetings were held in 2021.

Whistleblower scheme
TDC NET has been covered by TDC Holding's whistleblower scheme since 2011. In 2021, TDC NET adopted a separate whistleblower scheme for TDC NET. Through the scheme, employees and partners can swiftly and confidentially – and if required, anonymously – via a special independent and autonomous channel – report violations or potential violations to an independent, autonomous whistleblower unit. Further information about the whistleblower scheme is available via **this link**.

Recommendations from the Committee on Corporate Governance
As an advocate for transparency, TDC NET has chosen to publish a Corporate Governance Statement based on the recommendations in line with the "comply or explain" principle cf. section 107b of the Danish Financial Statements Act. The statement is based on the **CCG's recommendations** from December 2020.

Board member	Audit Committee	Compensation & Nomination Committee	Health & Safety Committee	Nationality	First elected	Re-elected	Term to expire	Dependency
Henrik Clausen	▪	▪	▪	Danish	17 February 2020	8 December 2021	2022	Independent
Frank Hyldmar		▪	▪	Danish	8 December 2021	-	2022	Independent
Nathan Luckey	▪	▪	▪	British	8 December 2021	-	2022	Dependent
Martin Præstegaard	▪			Danish	8 December 2021	-	2022	Dependent
Geoffrey Shakespeare				Irish	8 December 2021	-	2022	Independent
Gabriela Styf Sjöman	▪			Swedish	8 December 2021	-	2022	Independent
Ole Mølgaard Andersen				Danish	8 December 2021	-	2022	Employee elected
Svend Bank Andreasen				Danish	8 December 2021	-	2022	Employee elected
Kurt Nielsen				Danish	8 December 2021	-	2022	Employee elected

Sustainability at TDC NET

Sustainability strategy

Our strategy

Sustainability is an integrated part of our corporate strategy and what we call being 'Network Champions'. As a national, digital infrastructure provider, we want to run our business in a sustainable manner. Our sustainability strategy is based on our materiality assessment, which in turn considers our strategic business priorities, our values and core competencies.

The strategy consists of five elements:

1) Futureproof digital infrastructure
2) Climate action
3) Health & Safety
4) Diversity and inclusion
5) Digital trust.

All elements are aligned with the United Nations Sustainable Development Goals. Ambitions, targets and initiatives are defined for each element with a strong focus on delivering results and making an impact. This will be ensured via collaboration with the business and anchoring decisions with top management and the Board of Directors.

Network champions
Sustainability as a core element of the corporate strategy

Climate action
Lead the race to zero climate impact

Health and safety
Become one of the safest places to work

Diversity and inclusion
Ensure equal opportunities and inclusive culture

Digital trust
Protect the network, personal data and privacy rights

Futureproof digital infrastructure
Build reliable, resilient and sustainable digital infrastructure

Our approach

Our approach follows six steps, from defining a situation to execution and evaluation. Firstly, the situation and targets are outlined and the ambition is set to establish a solid baseline. Secondly, topics and initiatives are identified in close collaboration with colleagues from the business. Thirdly, roadmaps showing the path to reach the targets are produced. Roadmaps and key initiatives are subject to approval by top management and the Board of Directors. The execution phase follows, accompanied by the relevant business units in order to integrate the initiatives in day-to-day business. As the next step, we begin tracking and reporting on progress to ensure that we are aligned with expectations. Finally, quarterly consolidated reporting is shared with the management in internal governance forums where evaluation and adjustments are decided.

Our governance and execution setup is described more thoroughly on page 19 of this report.
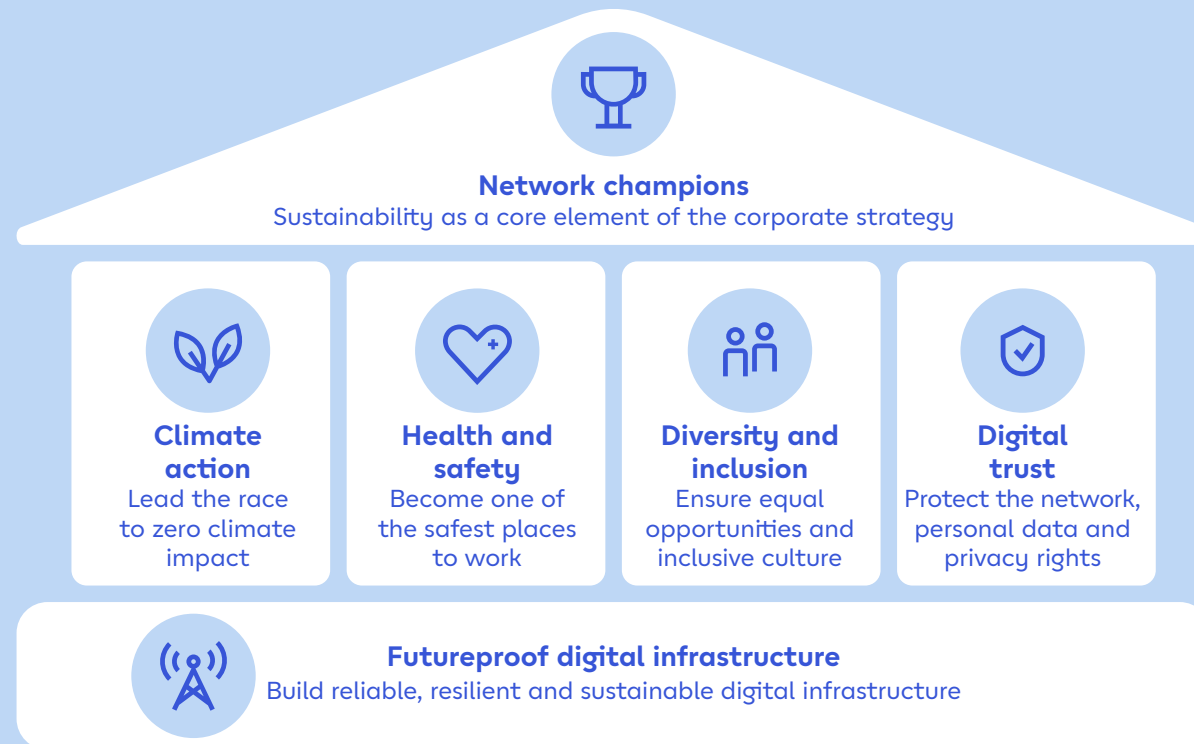
Materiality assessment

TDC NET applies best practice sustainability reporting standards (e.g. Global Reporting Initiative (GRI)) to identify the most material issues for inclusion in the sustainability strategy. This includes the principle of double materiality, identifying the environmental, social and economic topics with the largest potential impact on the business and also topics where TDC NET has an opportunity to mitigate a potential negative impact on society.

Process for identifying key areas
The material areas are identified and evaluated via a comprehensive process based on internal and external input. In 2021, interviews and workshops were conducted with key internal stakeholders, including the executive management, board members and selected employees. This was combined with analysis and insights from external reports, global sustainability trends and peer sustainability strategies.

The outcome shown on the upper-right part covers areas most relevant to our stakeholders and with the greatest possible impact on our business.

The relative significance of the impact on our business is calculated as an average of stakeholder input based on the principle of double materiality. This means that the topics with a high score on impact (horizontal axis) indicate a large potential impact on our business and/or an opportunity for TDC NET to mitigate an impact on society. For example, even though business risks are linked to energy consumption and greenhouse-gas emissions, digital infrastructure plays an important role in enabling the green transition.

As described on the previous page, the sustainability strategy comprises five elements, addressing the most material issues for TDC NET, which are gathered in the top right-hand corner of the graph.

Materiality assessment and materiality matrix

Inputs for materiality assessment

| Investor interaction | Management interviews | Board interviews | Regulatory analysis |
| Trends research | Supplier engagement | Society perspective | Executive workshops |

Results from materiality assessment (average of scores)

● Environmental   ● Governance   ● Social

Relative importance to stakeholders (Very high → High)

- Infrastructure development
- Cyber Security
- Energy efficiency
- Renewable energy
- GHG Emissions
- Business Conduct
- H&S
- Digitalisation
- Human & Labour rights
- Data Privacy
- Diversity & Inclusion
- Anti-corruption
- Social Initiatives
- Responsible supply chain
- Transparency reporting
- Training & Education
- Circularity
- Waste Management
- Biodiversity
- Water Management

Relative significance of impact on business (High → Very high)

Sustainability priorities

FUTUREPROOF DIGITAL INFRASTRUCTURE

Deliver the most **reliable, resilient and sustainable** digital infrastructure to Denmark

TARGET
Towards one million homes to be passed by fibre by 2025 and nationwide 5G coverage

2021 PERFORMANCE
- 😊 TDC NET passed 106,000 addresses in Denmark with fibre broadband. In total, 50% of the target has now been achieved
- 😊 99% of Denmark is now covered geographically by 5G from TDC NET
- 😊 Carrier grade programme completed ensuring reliable fixed connections

SDG 9
Build resilient and sustainable infrastructure

CLIMATE ACTION

Lead the **race to zero climate impact** from our business

TARGETS
100% renewable energy in operations by 2028

CO_2 net-zero on scopes 1&2 by 2028 and scope 1,2&3 by 2030

2021 PERFORMANCE
- 😊 Signing of Power Purchasing Agreement on four solar parks covering approx. 60% of our energy consumption by 2023
- 😐 Slight increase in scope 1 & 2 CO_2 emissions due to delay of legacy decommissioning project
- 😊 Reduction in scope 3 CO_2 emissions driven by supplier engagement programme

SDGs 7 & 13
Ensure affordable and clean energy & climate action

HEALTH & SAFETY
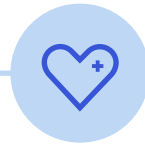
Become one of the **safest places to work** by 2025

TARGETS
Reduce injuries by 50% in 2025 compared with 2019

Aim for vision zero and the mindset that every injury can be prevented

2021 PERFORMANCE
- 😐 Slight increase in registered number of injuries
- 😊 Increased near-miss reports as strong tool for preventing accidents
- 😊 Initiated onsite vendor inspection programme
- 😊 Developed action plans based on Bradley Survey

SDG 8
Promote a safe and secure working environment for everyone

DIVERSITY & INCLUSION
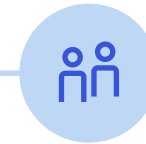
Ensure **inclusive culture, equal opportunities** and **diverse workforce**

TARGET
Move towards a more equal gender balance, targeting a minimum of 30% women in leadership by 2025

2021 PERFORMANCE
- 😊 More women in leadership positions from 18% in 2020 to 23% today
- 😊 Rolled out diversity and inclusion training programme for leaders

SDG 5
Ensure equal opportunities for leadership at all levels

DIGITAL TRUST

Protect **network integrity, personal data** and **the right to privacy**

TARGETS
All employees complete GDPR e-learning course

Evaluate data requests in governance forum

2021 PERFORMANCE
- 😊 98% of the employees in scope completed the GDPR e-learning course
- 😊 Developed strong governance to evaluate all data requests and ensure data handling according to regulation and human rights

SDGs 12 & 16
Promote responsible consumption and justice in societies

Sustainability governance

The sustainability strategy has been approved by TDC NET's Board of Directors. The relevant Board Committees review results and performance under each theme on an ongoing basis.

Executive Management is responsible for the progress towards targets. To ensure the required coordination across the company, a governance forum has been established for each of the five elements of the sustainability strategy. The forums meet quarterly and include senior leaders at TDC NET with accountability for the relevant areas.

Governance is supplemented by external audit of data and processes. The environmental activities are audited as part of the ISO 14001 certified environmental management system, and the Health & Safety (H&S) approach is reviewed as part of the ISO 45001 certified H&S system. The annual report and sustainability report data and content are independently assured.
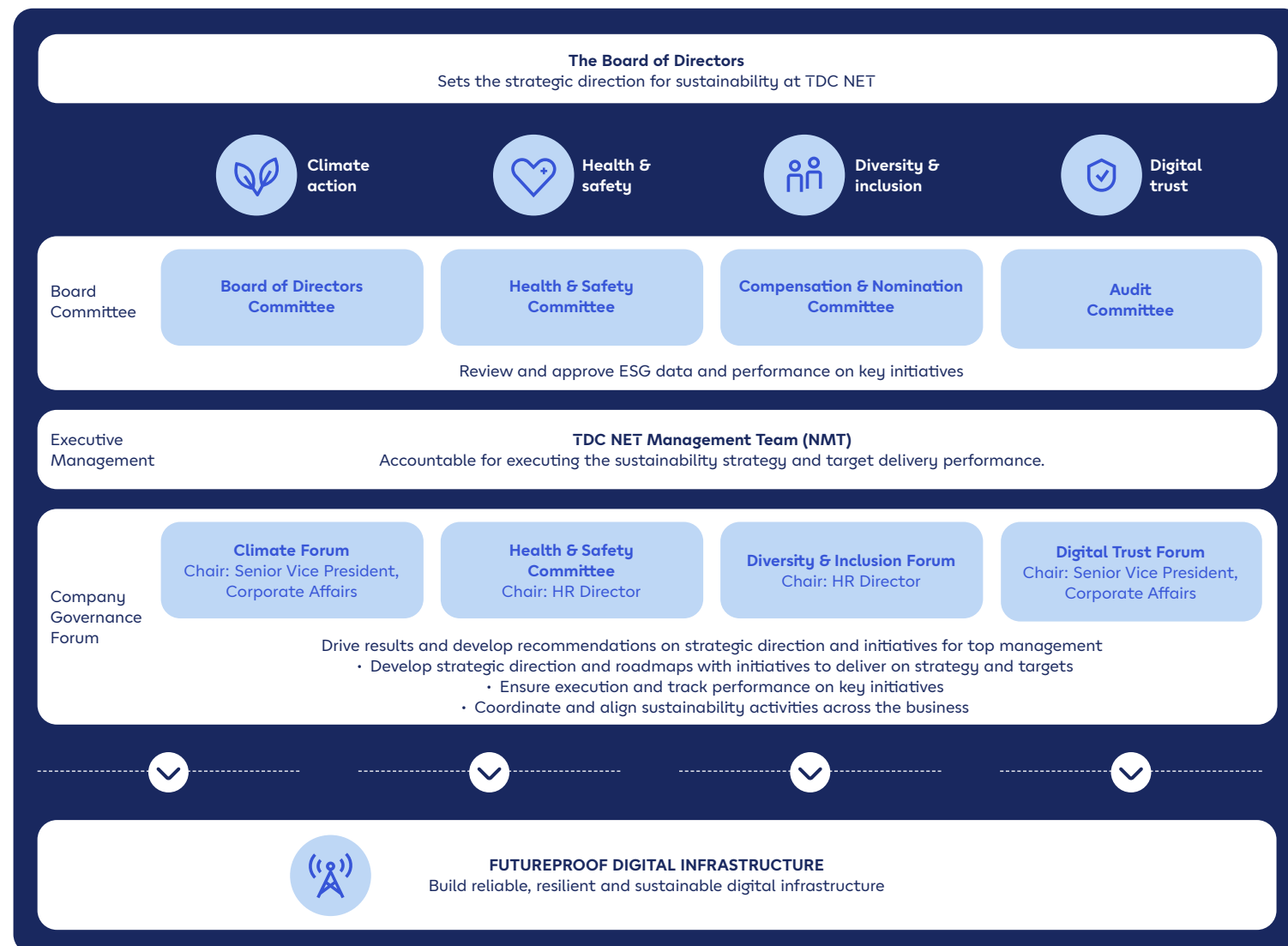
In addition, various company policies support governance of ESG risks, such as policies on network and IT security, data protection, data ethics, bribery and anti-corruption, and the employee code of conduct, where accountability and escalation routes for these policies culminate with the Board of Directors committees.

The Board of Directors
Sets the strategic direction for sustainability at TDC NET

Climate action   Health & safety   Diversity & inclusion   Digital trust

Board Committee

| Board of Directors Committee | Health & Safety Committee | Compensation & Nomination Committee | Audit Committee |

Review and approve ESG data and performance on key initiatives

Executive Management

TDC NET Management Team (NMT)
Accountable for executing the sustainability strategy and target delivery performance.

Company Governance Forum

| Climate Forum Chair: Senior Vice President, Corporate Affairs | Health & Safety Committee Chair: HR Director | Diversity & Inclusion Forum Chair: HR Director | Digital Trust Forum Chair: Senior Vice President, Corporate Affairs |

Drive results and develop recommendations on strategic direction and initiatives for top management
· Develop strategic direction and roadmaps with initiatives to deliver on strategy and targets
· Ensure execution and track performance on key initiatives
· Coordinate and align sustainability activities across the business

FUTUREPROOF DIGITAL INFRASTRUCTURE
Build reliable, resilient and sustainable digital infrastructure

Sustainability memberships and ratings

Memberships, partners and alliances

Rating and rankings

Rating and rankings	Description and benchmark	Score
ecovadis PLATINUM Top 1% 2021 Sustainability Rating	TDC NET was awarded a Platinum ranking and is thereby among the top 1% on sustainability for all companies assessed worldwide by Eco-Vadis. This is a significant improvement on the Silver ranking in 2020 (score of 65 out of 100).	75 out of 100
GRESB	TDC NET significantly improved its GRESB score in 2021 (from 65 in 2020) and outperformed the average for peers and across industries in all score categories.	86 out of 100
CDP	**CDP score** TDC NET's first reporting to CDP received a very strong rating.	B
	CDP supplier engagement score TDC NET was ranked in the Leadership band on supplier engagement with a rating above industry peers as well as across industries. This rating confirms that TDC NET is implementing best practices within supplier engagement.	A-
SUSTAINALYTICS a Morningstar company RATED	TDC NET was ranked as a 'low risk' company and placed as number 1 among telecommunication peers measured by market cap on sustainability and in the top 5% across all industries. A low score indicates a strong performance.	12.8 of 100

Futureproof digital infrastructure

Our approach

Digital infrastructure is the core of TDC NET. Our ambition is to build the most reliable, resilient and sustainable network. Climate action, Health & Safety, diversity and inclusion, and digital trust all contribute to our ambition to build futureproof digital infrastructure in Denmark.

2021 results and performance

In 2021, we continued investing significantly in digital infrastructure for Denmark. We ensured nationwide 5G mobile coverage and Tutela[1] ranked our mobile network as the best in the world. At the same time, we continued to build futureproof fixed connections with 106,000 additional addresses passed with fibre broadband. We also remained a solid and reliable pillar during another year with the COVID-19 pandemic, ensuring that people could remain connected.

Reducing emissions during the fibre roll-out

Our field service and delivery team successfully reduced our CO_2 emissions by over 700 tons through a continued focus on more sustainable fibre roll-out. This was achieved by increasing the number of customers served per digging metre of fibre and by changing to a new norm for ducts and cables used, saving 25% on duct materials. We expect to achieve similar reductions in the coming years.

Our Carrier Grade programme

In 2021, we completed our Carrier Grade programme, which started in 2019, to ensure the reliability of our network and protection from outages. Our ambition is to have a network with an availability measurement of 99.999%. This means only five minutes of downtime per year.

This programme consisted of a series of initiatives, including replacing 430 km of fibre, upgrading routing platforms for 45% of customers, decommissioning a legacy data centre and protecting facilities against flooding (aligned with our climate risk assessment). The programme also involved migrating some services from legacy technology, which has achieved power savings.

Denmark, a digital frontrunner in the EU

The publication of the 2021 Digital Economy and Society Index (DESI) by the European Commission put Denmark in the first place across all member states. DESI assesses the digital performance across all EU countries in areas such as connectivity, 5G readiness, integration of digital technologies and digital public services. The continuous focus on investments in fixed access as well as the further deployment of 5G will help Denmark maintain this position in the years to come with TDC NET continuing to play an important role in this respect.

Outlook

In 2022, we will continue our focus on building future-proof digital infrastructure, which will involve mainly the fibre rollout towards reaching one million homes passed in 2025.

Furthermore, we will continue to operate world-class mobile and landline networks as well as identifying opportunities to support the transition to a green and sustainable future.

Did you know?

Network availability shows how well a network can respond to connectivity and performance demands. It is a key consideration for both organisations and individuals, as downtime can lead to financial losses for business and lack of communication for individuals.

Digital Economy and Society Index, Connectivity, 2021

● Digital public services   ● Integration of digital technology   ○ Connectivity   ● Human capital

Digital Economy and Society Index 2021, Connectivity, source: DESI 2021, European Commission, available via **www.digital-strategy.ec**

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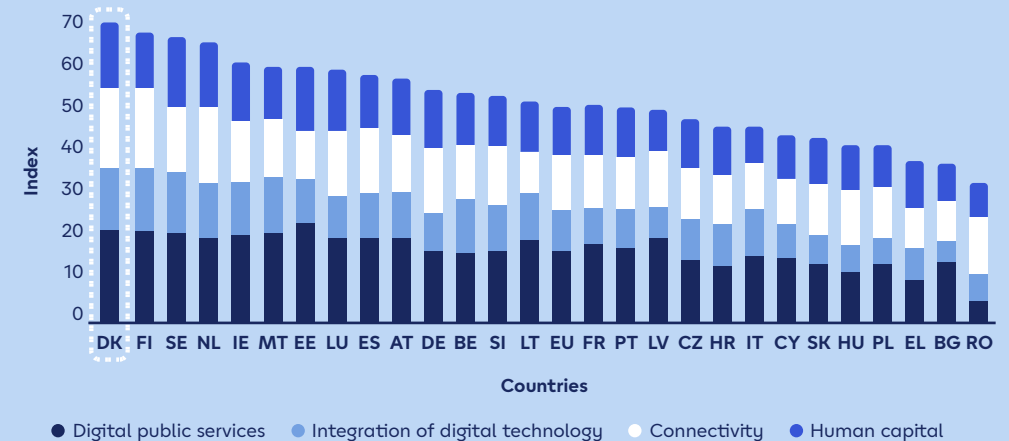
[1] Tutela, 2021, "Global State of Mobile Experience: Annual Report 2021", available at **www.tutela.com** (accessed March 2022)

Climate action

Our approach

As a leading provider of digital infrastructure, we must limit our impact on the climate while supporting a green transition for other sectors and industries. We aim to take a leading position to promote low climate impacts and take action to combat climate change.

Validation of climate targets

Our commitment to climate action reached an important milestone in 2021 as the Science Based Targets initiative (SBTi) validated our near-term climate targets aligned with the 1.5-degree scenario. We have a goal to reduce emissions from our own business (scopes 1 & 2) by 50% by the end of 2023 and reach net-zero by the end of 2028. Furthermore, we aim to reach net-zero in our value chain (scope 3) by the end of 2030.

2021 results and performance

In 2021, we completed the key initiatives for reaching our near-term targets. Total carbon emissions across the entire value chain were reduced by 3.5% (6,625 tons CO_2e) which was in line with our expectations. This development was driven mainly by a significant reduction in our supply chain (scope 3) emissions. As of next year, the investment in renewable energy is expected to show the first positive results, further reducing total emissions.

In addition, energy and carbon intensity figures as well as waste management figures continued to improve.

Scope 1 and 2 results

In 2021, scope 1 & 2 emissions increased by 3.1% (2,497 tons CO_2e) driven by a rise in electricity consumption, as the largest programme to decommission old equipment was delayed. In 2022, we have focused more clearly on delivering the expected energy savings, and will accelerate initiatives to reverse the trend.

Scope 3 results

Scope 3 emissions were reduced by 8.3% (9,122 tons CO_2e) in 2021, due to the lower investment intensity in our mobile network compared with 2020, and a stronger focus on supplier emissions through our supplier engagement programme.
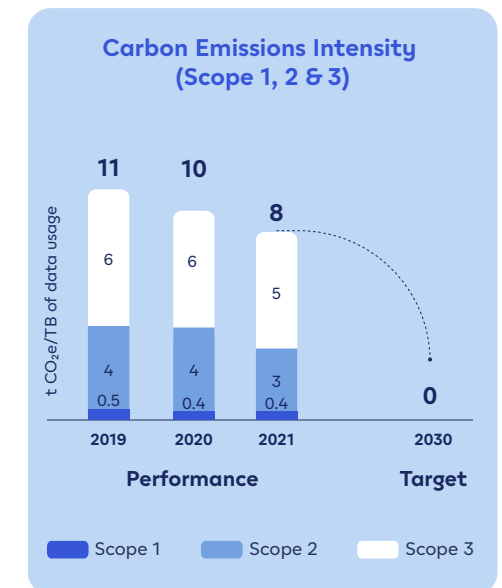
Energy and carbon intensity

Managing energy and carbon intensities is a key element of our climate programme. The energy intensity declined by 10.8%, even though our network carried 16% more data. The same trend was observed in our carbon intensity, where a 10.6% reduction was achieved. This is proof of our strong continued focus on energy optimisation in our network.

Waste management

In 2021, our total waste volume fell by 16%. Of the total waste generated, 71.4% was recycled, 28% went to energy recovery and less than 1% was sent to landfill. Especially the 10.6% increase in materials recycled was a satisfactory development and we aim to maintain this focus on recycling going forward.

Total Carbon Emissions (Scope 1, 2 & 3)

x1000 tons CO_2e

	2019	2020	2021	2030
Total	185	191	185	0
Scope 3	105	110	101	
Scope 2	72	73	76	
Scope 1	8	8	8	
	Performance			Target

■ Scope 1   ■ Scope 2   □ Scope 3

Carbon Emissions Intensity (Scope 1, 2 & 3)

t CO_2e/TB of data usage

	2019	2020	2021	2030
Total	11	10	8	0
Scope 3	6	6	5	
Scope 2	4	4	3	
Scope 1	0.5	0.4	0.4	
	Performance			Target

■ Scope 1   ■ Scope 2   □ Scope 3

We report our emissions in line with the World Business Council for Sustainable Development GHG Protocol methodology, which classes emissions in three groups: scopes 1, 2 and 3. Our scope 1 emissions result from the fuel in our vehicles, the oil in our backup generators and other energy sources we use in our operations. Our scope 2 emissions are from the electricity we purchase to power our operations and the heat from district heating. Our scope 3 emissions are generated in the upstream and downstream value chain.

Climate action (continued)

Deep dive into 2021 initiatives
In 2021, our journey towards becoming a net-zero emissions company (scopes 1, 2 & 3) by 2030 gained pace through more initiatives.

Investing in renewable energy
Our digital infrastructure is powered by electricity and, as data volumes continue to increase, so does the need for energy. With regard to energy consumption, we also included additionality as a mandatory requirement, when procuring renewable energy. As we want to take responsibility for adding renewable energy to the Danish grid, we established Power Purchase Agreements (PPA) instead of purchasing Renewable Energy Certificates (Guarantees of Origin).

In 2021, we signed a PPA for four new solar parks in Denmark, reflecting the geographical coverage of our network and infrastructure. The solar parks will start to become operational in 2022 and will be able to supply 140

GWh of green electricity in 2023, covering approximately 60% of TDC NET's total energy consumption.

The best energy is the energy saved
We continued to push for energy efficiency in 2021, and saw the first results of decommissioning legacy technology, although some energy savings will materialise later than anticipated as the programme was delayed.

During the first year of operating nationwide 5G coverage, electricity consumption from our mobile network was in line with expectations. This was driven by activation of features such as cell-sleep and micro-sleep functions.

A greener vehicle fleet
TDC NET has one of Denmark's largest vehicle fleets, used by its field technicians. In 2021, we launched 'Project Greenforce', which aims to reduce the total number of kilometres driven by up to 25% by 2025. This will be achieved by utilising advanced automated route planning. The project has already identified initiatives with a potential saving of 25-30% of the target. We aim to publish the project findings as inspiration for other fleet operators, thereby contributing to further future reductions of emissions from transport on Danish roads.

Engaging with suppliers
In 2021, we launched our supplier engagement programme to address emissions in our supply chain. We built a solid foundation that was acknowledged by the CDP with a ranking of

'A-' for supplier engagement, placing us in the leading band. At TDC NET, we have more than 3,500 suppliers worldwide. This includes international suppliers supporting us with the build-out of the 5G network and local civil works suppliers supporting our fibre roll-out. We joined the Joint Audit Coalition (JAC) to coordinate our onsite audits with peers in our industry, while also using the EcoVadis platform to track supplier progress. Furthermore, we initiated dialogues with some of our closest vendors on how they can support our ambition to become net-zero across our value chain by 2030. Finally, we strengthened our internal collaboration between sustainability and procurement departments, and included procurement in our Climate Forum.

As a signatory to the UN Global Compact, we take our commitment to act responsibly seriously. We use the Partner Code of Conduct to outline our requirements for TDC NET employees as well as our suppliers in relation to human rights, labour conditions, the environment, anti-corruption, Health & Safety, data protection and security.

Enabling the green transition
Our industry, products and services enable the green transition in other sectors. In 2021, we were among the founders of the European Green Digital Coalition, a consortium of ICT companies that seeks to recognise and support green and digital transformation. We have committed to investing in developing green digital solutions that achieve a net positive impact, to developing methods and tools to measure the impact of green technologies ,and to co-creating guidelines for the green digital transformation of other sectors. In 2021, we set the ambition for our coalition and initiated a 2-year programme to deliver on our commitments.

> " As a digital infrastructure provider with one of the largest vehicle fleets in Denmark, we have a responsibility to develop solutions to reduce our environmental footprint. We look forward to working on Project Greenforce and implementing the solutions in our work.
>
> Christian Duer, Executive Vice President, Chief of Derlivery and Field Service

> " We are pleased that TDC NET has chosen us as partners. TDC NET is building the infrastructure of the future, and it is clear that it must be operated with sustainable, fossil-free, Danish-produced electricity.
>
> Rasmus Lildholdt Kjær, CEO of Better Energy

> " I am thrilled to see the European Green Digital Coalition project, which I have initiated together with the European Commission, move forward as it will help policymakers, the industry and civil society make the green and digital transitions a reality.
>
> Valerie Hayer, Member of European Parliament, co-President of the French delegation
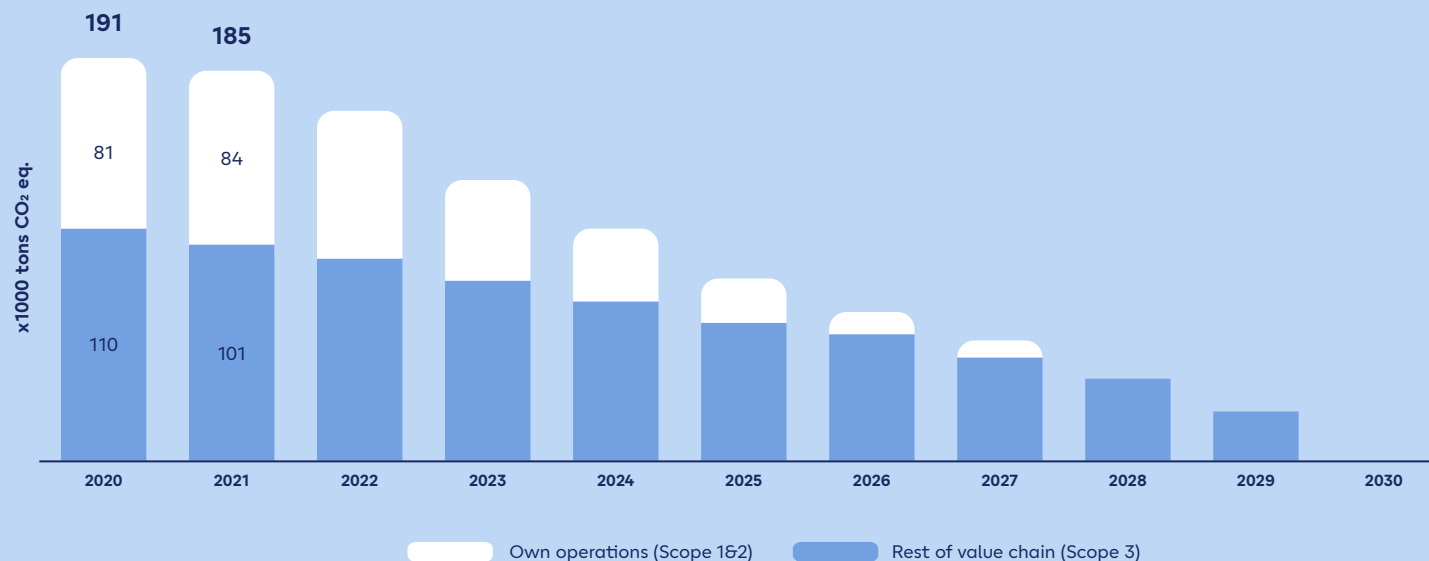
Climate action (continued)

Outlook

In the coming years, we will continue our trajectory towards becoming a net-zero emission company and look for opportunities to support the green digital transition in Denmark. The recent soaring energy prices add a financial imperative to the equation, making the transition to renewable energy a necessity.

During 2022, we expect to have our net-zero target validated by the Science Based Targets initiative. Reducing our scope 1 & 2 emissions to reverse the trend from 2021 will have high priority in 2022. The first solar parks will be put into operation in 2022, and we will begin assessing opportunities for the remaining energy consumption not covered by renewable energy. We also plan to launch a pilot project on transitioning our fleet to green energy by exploring alternative fuel options.

In our value chain (scope 3), we will continue to formalise our sustainable procurement process and improve data quality.

Finally, as an enabler of the green transformation, we plan to invest and promote digitalisation. We will continue to be closely involved in the work of the European Green Digital Coalition and identify opportunities with partners to reduce the climate impact of other sectors.

Illustration of the transition pathway to net-zero

y-axis: x1000 tons CO_2 eq.

Year	Own operations (Scope 1&2)	Rest of value chain (Scope 3)	Total
2020	81	110	191
2021	84	101	185

Legend: Own operations (Scope 1&2) — Rest of value chain (Scope 3)

Examples of initiatives

Energy efficiency initiatives
Invest in the most energy efficient technology and reduce network energy consumption

Green fleet transition
Optimise technician routes to reduce km travelled by up to 25% and convert fleet to electrical cars and vans

Supplier engagement
Engage with top suppliers to set climate targets and provide data transparency

Renewable energy
Cover 100% of energy consumption from high impact renewable energy sources

Excessive heat utilisation
Utilise excessive heat from data centres and equipment with e.g. heat pumps

Avoid and offset
Promote solutions to avoid emissions and follow the development of carbon removal projects

Health & Safety

Our approach

Protecting our people on the ground is a very high priority when we roll out digital infrastructure. This includes providing a healthy and safe working environment for our people working onsite, in the office or from home.

Our ambition is to become one of the safest places to work by 2025. Our target is to reduce negative H&S consequences, such as injuries, by 50% in 2025 with a 2019 baseline. We are also aiming for 'Vision Zero' and the mindset that every injury can be prevented.

Our H&S ambitions are based on strong collaboration. At Board of Directors level, we have established an H&S Committee. Supplementing management, our cross-company biparty H&S Committee consists of employees, trade unions and management representatives. The H&S team reports monthly on progress and key initiatives to the Board of Directors Committee. Execution of initiatives and policy alignment are anchored in 54 H&S groups across TDC NET, mainly through our technicians.

The H&S organisation is structured in line with the Danish Working Environment Act. TDC NET is H&S certified (ISO 45001) based on an H&S management system that defines strategy, risks and procedures.

2021 results & performance

In 2021, we significantly improved our performance and awareness. However, the rate of near-miss accidents increased from 15 in 2020 to 41 in 2021, giving a solid foundation for maintaining our focus on prevention.

In addition, our H&S culture matured, which resulting in an increase from 72/100 in 2020 to 81/100 in 2021 on the Bradley scale. Finally, an external audit (ISO 45001) confirmed the quality of TDC NET's H&S management system, resulting in renewed H&S certification.

Although more injuries were reported in 2021, which is not in line with our ambition and targets, it was to be expected as a consequence of our increased focus on building the foundation for the future.

Finally, we continued to build solid processes, governance and tracking of H&S data in 2021, following the demerger of TDC Group and TDC NET. We changed and adapted to the risk of COVID-19 in 2021 across our business in line with the COVID-19 regulations in Danish society. Our H&S training performance KPI of minimum 90% was reached and exceeded (95%) and H&S data collection from our top 30 subcontractors was initiated.

2021 data

Fatalities	0
Injuries with lost time	39
Injuries without lost time	52
Total injuries (with/without lost time)	**91**
Days of absence	437
Injury incidence (lost time Injuries per 10.000 employees)	159
Rate of fatalities (per 1,000,000 hours)	0
Lost time injury frequency rate (per 1,000,000 hours) LTIFR	9.68
Total Recordable Injury Frequency Rate (per 1,000,000 hours) TRIFR	22.59
Rate of near-miss accidents (per 1,000,000 hours)	41

Outlook

In the coming years, we aim to reduce the number of reported injuries and continue our strong performance on awareness, processes and governance, in order to reach our ambition and targets. To ensure that the management is incentivised to deliver results, we will continue to link executive remuneration to our H&S targets in 2022.

The Bradley Scale

 TDC NET's Bradley Survey is a 7 topic / 28 questions survey, inspired by validated sources from international H&S Research, e.g. Vision Zero, the Danish National H&S Research Center and Nordic Safety Climate Questionnaire. The annual survey was implemented in 2020 for the first time.

Diversity and inclusion

Our D&I approach

Our approach to diversity and inclusion (D&I) reflects two core TDC NET values: "We care" and "We are open". We serve all citizens in society; of every age, gender, ethnic background, religion, ability, and sexual orientation. We want our employees to reflect the diversity within society, and consequently TDC NET is a workplace with equal opportunities for anyone with a suitable skillset and mindset. We are proud that our 3,008 employees represent a span of 17 to 70 years of age, and numerous different backgrounds and nationalities.

An open and caring culture for all

TDC NET works to reinforce the wellbeing of underrepresented groups and to ensure people feel welcome and are treated equally regard-less of their race, gender, gender identity, age, sexual orientation, religion or experiences.

To ensure a workplace where everyone feels safe and can report inappropriate behaviour, we have strengthened our focus on zero harassment in 2021. This is supported by highlighting to all leaders our zero-tolerance approach, together with a strengthened whistleblower setup in partnership with an external law firm.

Gender diversity in management

At TDC NET, we are strengthening our focus on gender equality in leadership positions. Our focus on gender diversity in management has shown good results and, in 2021, the number of female leaders at TDC NET increased from 18% to 23%. TDC NET has set a target of minimum 30% women in management by 2025 and has a long-term ambition of moving towards a more equal gender balance.

The immediate target reflects the challenges technology companies have in attracting female talent and the general demographics in the company. The progress we are seeing is positive, but we still have an important journey ahead. In 2021, we continued to roll out our Diversity Inclusion Leadership Training to strengthen awareness of inclusive leadership and how to apply this daily. We aim to ensure that leaders communicate and incorporate an inclusive culture in their teams with a focus on psychological safety and managing biases.

Pioneering Digital Collaboration (PDC)

As a result of COVID-19, automation and digitalisation have interwoven people's personal and professional lives. This has created a shift in ways of working. TDC NET wants to accommodate a hybrid workplace and enable flexible working to increase people's well-being and raise job satisfaction. For TDC NET, this is not simply a question of working in the office or from home. It is a matter of facilitating and combining online and offline work. It involves supporting collaborative work across platforms, places and presence. It entails enabling work when and where it suits people best.

How we work with inclusion at TDC NET

TDC NET collaborates with the company Specialisterne, where people with autism are given the opportunity to work and contribute their competences in tasks critical to TDC NET. We also collaborate with several municipalities in Funen where TDC NET offers a 13-week internship for people seeking to re-enter the labour market e.g. after sickness, stress etc. or because they never had the chance to enter the labour market. We aim to help them become employed in a format that matches their life situation and needs, for example via the 'flexjob' setup. As part of the internship, TDC NET offers mentorships, and after the internship, 90% of the people extend their period with TDC NET, with between 10-20% continuing with temporary or permanent employment at TDC NET.

Digital trust

Our approach

As the world becomes more and more digital, it is important to safeguard that individuals and society feel comfortable in this area. The materiality assessment identified 'cybersecurity' and 'data privacy' as issues of high importance and high impact on TDC NET.

Cyber security remains a top priority for protecting our critical national infrastructure from threats and attacks. Moreover, we continue to protect the personal data with which we are entrusted. We want to promote the right to privacy and aim to only use data with a strong, transparent purpose.

As a consequence, we have established a 'Digital Trust Forum' at TDC NET, including subject matter experts and leaders from Security, IT and Privacy.

2021 results and performance

As part of becoming a stand-alone business, another top priority has been to build a strong security setup at TDC NET. We continued to train our colleagues in behaviour that reduces cyber threats, and 71% of TDC NET employees have completed a voluntary course on security.

In respect of data privacy, we spent 2021 developing a strong Data Privacy team at TDC NET to ensure that we process personal data safely, securely, and in compliance with all relevant legislation. Data Privacy Manag-

ers (DPMs) in each business line are responsible for day-to-day processes and compliance with the General Data Protection Regulation (GDPR). The Data Privacy team is responsible for reporting on performance to the 'Digital Trust Forum', the Executive Management Team and the Audit Committee and consolidating issues of principle for discussion.

We continued to take responsibility for protecting customers' and employees' personal data in line with the GDPR requirements and provisions. All employees must complete e-learning on GDPR and personal data compliance every 18 months. In 2021, 98% of all TDC NET employees in scope completed the GDPR e-learning, which is in range of our target of 100%.

In 2021, we reviewed and revised the TDC Group data ethics policy to suit TDC NET's business. The high awareness of GDPR and data compliance at TDC NET serves as a good foundation for working actively and consciously with data ethics.

Outlook

We will continue to build on this solid foundation, while developing targets and strategies to guide our efforts in the years to come. With targets and a strategic direction in place, we plan to develop roadmaps with initiatives to deliver on our digital trust ambitions.

Risk management

Risk management and ESG risks

As a critical infrastructure provider, TDC NET is exposed to multiple risks and uncertainties that could threaten its business and strategic objectives.

TDC NET works proactively with risk management and has sought inspiration from internationally recognised standards such as ISO, COSO and NIST. We aim to make risk management an integrated part of our business operations and long-term planning.

The risk management framework deployed at TDC NET enables a consistent approach to identifying, assessing, documenting and responding to risks. Risks are assessed based on their potential financial impact and probability and are captured in risk registers in each function.

Risks are consolidated centrally and reviewed by the Executive Management Team, and mitigation strategies are established and executed for the key risks.

The overall risk exposure and status of the mitigating activates are submitted and biannually reviewed by the Audit Committee and Board of Directors.

The section on the right describes the ESG risks and their mitigation strategies.

ESG risks

Human rights
The risks concern the direct employees of TDC NET as well as the partners and companies in the supply chain. The risks are forced labour, discrimination or harassment and the misuse or loss of personal data. TDC NET relies on a vast number of suppliers and subcontractors in other countries. Ensuring that human rights are preserved across the supply chain requires intensive actions, for example, audits of supplier locations and commitment to the Code of Conduct for both employees and suppliers. As this risk also relates to data privacy and security, it is very important to ensure that the laws on data protection are respected. To mitigate our risks concerning human rights, we have established an array of activities both internally and externally.

At TDC NET we have a strong focus on avoiding all forms of forced and compulsory labour and child labour. Additionally, 86% of our employees at TDC NET (including DKTV) are covered by collective bargaining agreements. We have the same level of ambition on human rights risks with our suppliers and as part of JAC, we work with our peers and conduct audits of supplier locations to ensure that human rights are protected.

Internally, all employees must complete an e-learning training on GDPR and personal data compliance and pass a test every 18 months. Internal governance ensures GDPR compliance, and we have an appointed Data Protection Officer.

TDC NET's success and strategy depends largely on TDC NET's ability to attract and retain key personnel. The competition for qualified personnel is intense and with limited availability of candidates with the required knowledge of the telecoms industry and relevant experience in Denmark. TDC NET focuses on retaining the services of its key personnel and invests in attracting suitable and qualified talents and Network Champions.

Anti-corruption and bribery
TDC NET operates only in Denmark, which, in Transparency International's annual Corruption Perceptions Index (CPI), is identified as the least corrupt country in the world. Even so, TDC NET could be subject to corruption and bribery via its supply chain etc. If any issues are detected in the supply chain, this could have a direct impact on TDC NET's integrity and reputation and create legal disputes.

We aim to ensure that TDC NET is a workplace where everyone feels confident about reporting inappropriate behaviour. We have established a whistleblower setup run by an external law firm and have rolled out training for all managers at TDC NET to promote the whistleblower setup and zero-tolerance policy. Next year, we will expand this to cover all our employees.

Climate risks
We recognise that climate change can present both risks and opportunities to businesses today. Climate-related risks for TDC NET include both physical disruptions from the changing climate, for example, to more extreme weather events that could result in lost property and disrupted operations (for example, due to flooding that could affect our equipment and facilities). Extreme weather can also include risks associated with the market and changes in the regulatory and policy landscape in order to mitigate the impacts of climate change, for example, the introduction of carbon taxation to limit use of fossil fuels or identification of green products and solutions. Climate risks are part of TDC NET's Enterprise Risk Management reporting. You can see more on our approach to climate risks as part of our support for TCFD on the next page.

Responding to climate risks

In 2021, TDC NET signed up to join the Task Force on Climate Related Financial Disclosures (TCFD) and works to apply the task force recommendations to understand, identify and report on climate-related risks and opportunities.

Our current focus is on identifying these risks for the short, mid- and long term, and we have begun reporting on those risks in the annual CDP response. Following TCFD recommendations, we describe below the governance, strategy, risk management and metrics in relation to these risks.

Governance
Climate-related risks are part of the company Enterprise Risk Management (ERM) framework. We monitor most risks through half-yearly reviews. However, some risks require more frequent updates. Risks are assessed based on a two-dimensional heat-map rating system that estimates the impact of a risk on financials or reputation and the likelihood of that risk materialising. The most significant risks are reviewed and assessed by the Executive Management team and the Board of Directors. Risk assessments cover all areas of the value chain – upstream, downstream and our direct operations.

Strategy
Our strategy is presented on page 14 of this report together with our ambition to become a Network Champion. The five elements that are the core of TDC NET's sustainability

strategy are futureproof digital infrastructure, climate action, Health & Safety, diversity & inclusion, and digital trust. They have been identified as a result of a materiality assessment and are aligned with the company's business priorities, values and competences. For each of the five items, we have identified KPIs and delivered roadmaps on how to reach these ambitious targets. More information on the sustainability priorities can be found on page 16 of the report.

Risk management
TDC NET identifies and monitors both physical and transition-related climate risks. The identified risks and the planned mitigation actions are described thoroughly in our CDP response. Specific risks include physical acute and chronic risks related to climate change (e.g. extreme weather events) that can impact on our facilities and equipment, emerging climate regulation and change in market preferences towards green products

and services. Based on these risk ratings, some have been brought to the attention of the Audit Committee.

Metrics and targets
On page 16, the performance is displayed against the KPIs identified as the core elements of our sustainability strategy.

This information is also annually disclosed to CDP. We have committed to an ambitious decarbonisation plan that will ensure net-zero emissions throughout our whole value chain by 2030.

TCFD TASK FORCE ON CLIMATE-RELATED FINANCIAL DISCLOSURES

Responding to climate change
We have identified physical climate risks in four of our buildings in Denmark. These risks concern the danger from extreme weather events that can cause flooding at our facilities. As a direct response to these risks, we have taken preventive measures to mitigate their effects. Among others, these have included the installation of water sensors and water alarms in our facilities, installation of an emergency power supply, frequent examination of the pump and drainage system, and the installation of advanced pump, well and drainage systems for efficient water removal. We have also increased the frequency of maintenance and have planned emergency contingency plans (portable pumps, power etc. onsite), terrain changes etc. to mitigate the impact of these risks materialising.

2021 in numbers

Environmental data

Energy and emissions intensity ratios	2021	2020	2019
Energy intensity (MWh of electrical energy / TB of data usage)	0.0090	0.0101	0.0111
Emissions intensity (tCO2e of scope 1 & 2 market-based emissions / TB of data usage)	0.0038	0.0043	0.0047

Energy	2021	2020	2019
Electricity (MWh)	199,340	192,762	191,681
Heat (MWh)	11,115	11,462	11,261
Transport (MWh)	33,424	32,742	33,108
Total energy consumption (MWh)	**243,879**	**236,967**	**236,049**

Emissions	2021	2020	2019
Scope 1 (metric tons CO_2e)	8,141	8,117	8,267
Scope 2 location based (metric tons CO_2e)	28,816	24,618	29,284
Scope 2 market based (metric tons CO_2e)	75,860	73,387	72,220
Scope 3 (metric tons CO_2e)	100,511	109,633	104,944
Total scopes 1, 2 & 3 market based emissions (metric tons CO_2e)	184,512	191,137	185,431
Total scopes 1 & 2 market (metric tons CO_2e); target baseline	**84,001**	**81,504**	**80,487**

Scope 3 by category (metric tons CO_2e)	2021	2020	2019
1: Purchased goods and services & 2: Capital goods	82,979	96,550	88,179
2: Capital goods	Included in cat. 1	Included in cat. 1	Included in cat. 1
3: Fuel and energy related activities	13,431	8,774	9,409
4: Upstream transportation and distribution	1,346	1,049	245
5: Waste generated in operations	32	24	17
6: Business travel	124	127	658
7: Employee commuting	492	1,140	4,747
11: Use of sold products (direct)	372	322	273
12: End-of-life treatment of sold products	5	4	3
13: Downstreamed leased assets	1,730	1,643	1,412
Total scope 3 emissions (metric tons CO_2e)	**100,511**	**109,633**	**104,944**

Waste	2021	2020
Non-hazardous - landfill (metric tons)	3.1	21.7
Non-hazardous - composting (metric tons)	5.5	18.7
Non-hazardous- recycling (metric tons)	921.4	1,014.4
Non-hazardous - energy recovery and incineration (metric tons)	370.8	519.8
Total non-hazardous waste (metric tons)	**1,300.9**	**1,574.6**
Hazardous - landfill (metric tons)	0.1	-
Hazardous - composting (metric tons)	0.0	-
Hazardous - recycling (metric tons)	28.2	8.1
Hazardous - energy recovery & incineration (metric tons)	0.7	0.5
Hazardous - other, incl. recycling and energy recovery (metric tons)	0.0	0.1
Total hazardous waste (metric tons)	**29.0**	**8.7**
Total waste disposed (metric tons)	**1,329.8**	**1,583.4**
Waste recycled (%)	71%	65%

The environmental data for previous years has been corrected as a result of the demerger from TDC Group and change of allocation key to TDC NET. Corrections have also been made due to an update of the electricity and heat emission factors that occurred after last year's reporting.

HR and occupational Health & Safety data

Occupational Health & Safety	**2021**	**2020**	**2019**
Fatalities	0	0	0
Injuries with lost time	39	31	25
Injuries without lost time	52	48	40
Total injuries (with/without lost time)	**91**	**79**	**65**
Days of absence	437	351	289
Injury incidence (lost time injuries per 10,000 employees)	159	116	-
Rate of fatalities (per 1,000,000 hours)	0	0	0
Lost time injury frequency rate (per 1,000,000 hours) - LTIFR	9.68	7.04	-
Total Recordable Injury Frequency Rate (per 1,000,000 hours) - TRIFR	22.59	17.72	-
Rate of near-miss accidents (per 1,000,000 hours)	41	15	-

Gender representation - Board of Directors	TDC NET	Dansk Kabel TV	TDC Holding A/S
Men (number)	5	4	6
Women (number)	1	0	0
Total	**6**	**4**	**6**
Men (%)	83%	100%	100%
Women (%)	17%	0	0%

Employees by gender (headcount)	**2021**	**2020**
Men (number)	2,375	2,181
Women (number)	633	495
Men (%)	79%	82%
Women (%)	21%	18%

Employees by contract type (headcount)	**2021**	**2020**
Employees on permanent contracts - male (number)	2,354	2,173
Employees on permanent contracts - female (number)	609	489
Employees on temporary contracts - male (number)	21	8
Employees on temporary contracts - female (number)	24	6

Employees by employment type (headcount)	**2021**	**2020**
Employees in full-time employment (male)	2,319	2,152
Employees in full-time employment (female)	582	459
Employees in part-time employment (male)	56	29
Employees in part-time employment (female)	51	36

Employees by age group (%)	**2021**	**2020**
Employees under 30 years old	10%	9%
Employees 30 - 50 years old	39%	38%
Employees over 50 years old	51%	53%

Employees by age group (headcount)	**2021**	**2020**
Employees under 30 years old	292	243
Employees 30 - 50 years old	1,186	1,026
Employees over 50 years old	1,530	1,407

*The numbers in the HR tables also include Danske Kabel TV employees

HR and occupational Health & Safety data (continued)

Employees by employment category (headcount)	2021	2020
Manager (male)	197	179
Manager (female)	58	40
Non-Manager (male)	2,178	2,002
Non-Manager (female)	575	455

Employees by employment category (%)	2021	2020
Manager (male)	77%	82%
Manager (female)	23%	18%
Non-Manager (male)	79%	81%
Non-Manager (female)	21%	19%

Employee performance review – by gender and employee category	2021	2020
Percentage of appraisal – managers/supervisors (male)	93%	94%
Percentage of appraisal – managers/supervisors (female)	96%	100%
Percentage of appraisal – non-management (male)	95%	96%
Percentage of appraisal – non-management (female)	91%	99%

Employee training	2021	2020
Average training hours (hours per FTE)	5.3	5.1

Employee statistics - other	2021	2020
Fathers taking parental leave (%)	86%	68%
Number of different nationalities	30	24
Age of oldest employee (years)	69	71
Age of youngest employee (years)	17	16

Data privacy	2021	2020
GDPR and security e-learning		
Employees completing a GDPR e-learning programme (%)	98%	99%
Employees completing security e-learning programme(%)	71%	77%

Data transported	2021	2020	2019
Data transported (TB of data throughput)	22,146,156	19,110,816	17,234,424

Whistleblower reports to TDC Group A/S Board of Directors	2021	2020	2019
Number of reports submitted to the whistleblower system	0	1	-

ESG reporting	2021	2020	2019
GRESB infrastructure ESG score	86	65	61
EcoVadis award	Platinum	Silver	Gold
Sustainanalytics score	12.8 (Low Risk)	-	-
CDP score	B	-	-
CDP Supplier engagement score	A-	-	-

*The numbers in all the HR tables also include DKTV employees

Taxonomy reporting

For 2021, our reporting involves only the eligibility of our activities related to data centres (activity 8.1 "Data Processing, hosting and related activities" in EU Taxonomy appendix of climate mitigation). Currently, taxonomy regulation does not include criteria for the economic activity "Provision and operation of a network infrastructure for telecommunications", which is the core part of our business and a key enabler for global reductions of environmental impacts and transition to a more sustainable future. Digital solutions are

required for achieving EU Green Deal's sustainability goals and this has not been sufficiently captured in the taxonomy guidance.

We currently lobby and work together with our peers in Europe, mainly through our engagement in ETNO (European Telecommunications Network Operators Association), to ensure that such criteria exist in future versions of the regulation.

At the same time, EU Taxonomy covers activities that are relevant to us and our business, for example transport related activities (especially as we are planning to transition

our fleet to green) and also our investment in solar parks. With the data that are currently available to us, and in light of the evolving interpretation of the taxonomy definitions and categories, for 2021 it has not been possible to conclude a solid eligibility assessment of such activities. We have therefore chosen a conservative approach, including these activities as zero percent in all three KPIs.

We have defined the capital expenditures percentage in the context of EU Taxonomy as the percentage of the complete capital expenditure of TDC NET that is attributed to the data centres and the operational expenses percentage as the part of the overall operational expenses that is attributed to operation and maintenance of the data centres. As operational expenses are defined differently in the context of EU Taxonomy from how they are defined at TDC NET, some costs, such as overhead, power and rent are excluded from the calculation. In the case of capital expenses, the costs related to infrastructure investments on design, planning, architecture, hardware (servers) and third-party support agreements are included. The revenue indicator is associated with the income based on existing contracts for using data centre services.

We have already begun preparing the alignment assessment for next year and will also work with peers to ensure harmonised reporting on activities next year, based on aligned views on the interpretation of the taxonomy text and requirements.
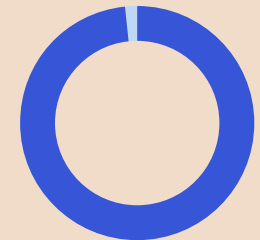
Revenue
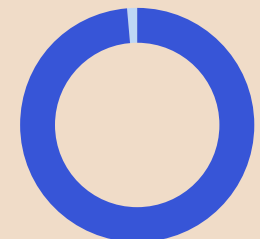%   **0.2%**
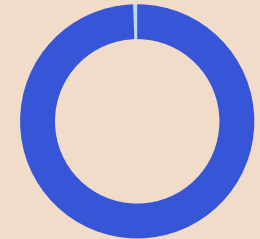
Operational expenses
%   **1.5%**

Capital expenditures
%   **1.2%**

About this report

The data reported covers the period from 1 January 2021 to 31 December 2021.

This sustainability report is available at tdcnet.dk. Previous annual reports for TDC Group can be found at tdcgroup.com, where ESG topics are integrated as sections of the Annual report. The content and scope of the report focus on issues, that we consider most important and material to our business and society based on a materiality assessment. The scope covers our facilities, equipment, supply chain, operations and administration.

This report serves as our annual communication on progress submitted to the UN Global Compact and as our statutory statement on corporate social responsibility in accordance with sections 99a, 99d and 99d of the Danish Financial Statements Act.

This report has been prepared in accordance with the Global Reporting Initiative Standards 'Core' option. The GRI Reference Index table is available on our website here, which specifies the GRI standards used and listing the disclosures together with the appropriate references.

We have also provided information in alignment with the Task Force on Climate Related Financial Disclosures (TCFD) and we have assessed eligibility according to EU taxonomy for sustainable investment and the disclosure obligation in the regulation's art 8. Independent external assurance has been obtained for this report. The independent auditor's report can be found on page 37.

Please consult sustainability@tdcnet.dk for questions or feedback on sustainability at TDC NET.

Independent auditor's assurance report

To the stakeholders of TDC NET A/S
We have reviewed TDC NET A/S Sustainability Report 2021 ("the Report"), which covers TDC NET's activities from 1 January to 31 December 2021, to provide limited assurance that

- The ESG performance data on pages 32-34 of the Report have been stated in accordance with the criteria defined by the accounting principles;
- The Report has been prepared in accordance with the principles and reporting criteria defined by the Global Reporting Initiative (GRI) Sustainability Reporting Standards (Core level).

We express a conclusion providing limited assurance.

Management's responsibility
The Management of TDC NET A/S is responsible for collecting, analysing, aggregating and presenting the information in the Report and ESG data tables, ensuring that data are free from material misstatement, whether due to fraud or error. TDC NET's non-financial Accounting Principles for 2021 contain Management's defined reporting scope for each data type, which can be found on TDC NET's website.

Auditor's responsibility
Our responsibility is to express a limited assurance conclusion on whether the ESG performance data on pages 32-34 of the

Report have been stated in accordance with the criteria defined by the accounting principles, and whether the Report has been prepared in accordance with the principles and reporting criteria defined by the Global Reporting Initiative (GRI) Sustainability Reporting Standards (Core level). We have conducted our work in accordance with ISAE 3000 "Assurance Engagements Other than Audits or Reviews of Historical Financial Information" and additional requirements under Danish audit regulation to obtain limited assurance about our conclusion.

Deloitte Statsautoriseret Revisionspartnerselskab is subject to International Standard on Quality Control (ISQC) 1 and, accordingly, applies a comprehensive quality control system, including documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

We have complied with the requirements for independence and other ethical requirements of the Interna-tional Ethics Standards Board for Accountants' International Code of Ethics for Professional Accountants (IESBA Code), which is founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behaviour, and ethical requirements applicable in Denmark.

A limited assurance engagement is substantially less in scope than a reasonable assur-

ance engagement. Consequently, the level of assurance obtained in a limited assurance engagement is substantially lower than the assurance that would have been obtained had we performed a reasonable assurance engagement. Considering the risk of material misstatement, we planned and performed our work to obtain all information and explanations necessary to support our conclusion.

We performed our review from March 2022 to April 2022. Our work has included interviews with key functions in TDC NET A/S, inquiries regarding procedures and methods to ensure that selected ESG data and information have been incorporated in accordance with the accounting principles. As part of the work, we have assessed whether the process for reporting greenhouse gas emissions data complies with the principles of the Greenhouse Gas Protocol methodology as referred to in the accounting principles. We have assessed processes, tools, systems and controls for gathering, consolidating and aggregating ESG data at Group level, and performed analytical review procedures and tested ESG data prepared at Group level against underlying documentation. We have reviewed the reported ESG data as well as evaluated the reliability and validity of the underlying sources. We have reviewed the ESG section for adherence to the GRI principles for defining report content and ensuring report quality, as well as the GRI Standards disclosure requirements as presented in the GRI tables of the Report.

We have not performed site visits or interviewed external stakeholders, nor have we performed any assurance procedures on baseline data or forward-looking statements such as targets and expectations. Consequently, we draw no conclusion on these statements.

Conclusion
Based on our work, nothing has come to our attention causing us to believe that:

- The ESG data tables on pages 32-34 of the TDC NET A/S Sustainability Report for the period from 1 January to 31 December 2021 have not been stated in accordance with the criteria mentioned in the accounting principles;
- The Report has not been prepared in accordance with the principles and reporting criteria defined by the Global Reporting Initiative (GRI) Sustainability Reporting Standards (Core level).

Copenhagen, 28 April 2022

Deloitte
Statsautoriseret Revisionspartnerselskab
Business Registration No. 33 96 35 56

Lars Siggaard Hansen
State-Authorised Public Accountant
Identification No. mne32208

Marie Voldby
Lead Reviewer

tdc net