TDC NET ESG Accounting Principles

The TDC NET non-financial accounting principles set out the criteria, assumptions and principles upon which we calculate our non-financial environmental and social data, including our energy consumption, greenhouse gas emissions, waste, and employee data.

The data concerned is published in our 2020 Annual Report, an integrated statement on TDC NET A/S' performance. Where possible, the ESG performance data includes the whole group of companies under this umbrella, e.g. Dansk Kabel TV.

The data reported covers 1 January – 31 December 2020.

Accuracy, Completeness & Estimations
We do our best to ensure that the activity data we collect is complete and based on actual data, e.g. invoices, meters, fuel cards. If this is not possible, we rely on estimations.

1. Environmental Data Reporting Boundaries

CO_2e emissions calculation methodology
In order to calculate our CO_2e emissions, we collect activity data, e.g. kilometres travelled by our technicians in their vans and GWh of electricity purchased across our operations on an annual basis.
This data is sourced from:
- Fuel data: Only data from company fuel cards, as these cards should be used for 100% of fuel purchased. Fuel is accounted for at Group level and split into the different business units according to the 2019 levels.
- Electricity: Consumption is measured directly from meters across our sites.
- Oil, natural gas, district heating: Taken directly from supplier invoices as volume or cost.

We use fuel conversion factors to convert our fuels into kWh. For petrol, diesel, oil and natural gas, we use the official UK government / DEFRA fuel conversion factors.

We report our emissions in line with the World Business Council for Sustainable Development GHG Protocol methodology which classes emissions into 3 groups: Scope 1, 2 and 3.

To calculate emissions, we apply specific conversion factors to our activity data. We use emission factors from our suppliers, from EnergiNet and from DEFRA (*Department for Environment, Food & Rural Affairs (2019) – UK Government GHG Emission Conversion Factors for Company Reporting*) to translate this activity data into CO_2 and greenhouse gas (GHG) or CO_2e emissions.

For district heating, we are using a projected emission factor rather than the 2019 factor. This is based on the expectations of public authorities to increase the share of renewable energy in the energy mix for district heating. We thereby believe that it is more accurate than the 2019 factor and there is significant time lag between our publication and the issuance of the correct factor. Once the actual emission factors are made available, we will update our district heating emissions, if needed, to reflect any change it may cause.

Regarding our Scope 3 emissions, 9 of the 15 Scope 3 categories have been found to be relevant for our business. In 2020, we performed our first Scope 3 inventory for 2019 and 2020. In order to calculate emissions, there are a number of different methodologies applied.

- Category 1: Purchased Goods and Services & Category 2: Capital Goods

These two categories are reported together. There are two different methodologies to calculate emissions depending on availability of data. They range from most to least accurate:

1.) If the transparency of supplier data for scopes 1, 2 and 3 is 'sufficient', then we calculate our share of their emission by using the following formula:

$$\text{TDC Spend / Supplier Revenue * Supplier Footprint}$$

There is a threshold for what is considered 'sufficient', where the supplier must:
- Publish market-based Scope 2 emissions
- Have a full Scope 3 inventory, with a minimum of purchased goods and services reported publicly
- Be on the CDP A-List AND/OR have an approved Science Based Target according to the SBTi
- For calculation purposes, a supplier's Category 11: Use of Sold Products and Category 12: End-of-Life of Sold Products emissions are not be included, as our share of their equipment has already been accounted for in our Scopes 1 and 2

2.) If suppliers' scopes 1, 2 and 3 data is½ insufficient, then we estimate the footprint using EEIO modelling, based on the "Open Input Output Model" (2011) from the *Sustainability Consortium, University of Arkansas.*

- Category 3: Fuel and Energy Related Activities

To calculate these emissions, we use activity data from scope 1 and market-based scope 2 emission factors from DEFRA (*Department for Environment, Food & Rural Affairs (2020) – UK Government GHG Emission Conversion Factors for Company Reporting*) to CO_2 equivalent emissions.

- Category 4: Upstream transportation

All upstream and downstream is accounted for in this category as we source the transportation. We use actual activity data provided by our transportation suppliers. For transportation from upstream suppliers, we either calculate our share of our suppliers' scope 3 emissions for transportation, and when EEIO modelling, a portion of emissions are defined as being transport related in the model.

- Category 5: Waste

We use supplier specific tonnage for all waste except organic, which uses data on bin-size that is found on our invoices. We use emission factors from DEFRA (*Department for Environment, Food & Rural Affairs (2020) – UK Government GHG Emission Conversion Factors for Company Reporting*) to translate this activity data into CO_2 equivalent emissions.

- Category 6: Business travel

Air: Use supplier specific data on km travelled on short, medium, long-haul, business and economy, with DEFRA emission factors

Hotel: Use nights spent in each country and the DEFRA emission factor.

Rental cars: Use supplier specific and invoice data and assume 50/50 split of petrol and diesel

Taxi: Use invoice data and DEFRA emission factor for taxis

Public transport: Use invoice data and supplier specific emission factor (revenue/CO_2 footprint of DSB)

Sea travel: Use invoice data and EEIO emission factor

- Category 7: Employee commuting

In 2020, we conducted a survey of employees where we got detailed responses on the commuting habits from 453 employees. Using this information to model trends for the whole organisation, we also use office occupancy rates from facility management to address commuting days per week and driving days per week during COVID-19 lockdown.

- Category 11: Use of Sold Products

This category includes leased customer premise equipment and equipment sold to customers. To calculate the emissions generated, we first determine the energy consumed by the devices. This involves determining the wattage of modems, WIFI extenders, Set-Up Boxes, mobile phones, tablets, laptops, business telephones, networking equipment and ONTs. If the devices have a sleep function, then we take the wattage in that mode into account. To calculate the lifetime of the device, we make type specific assumptions, and for Customer Premise Equipment, we include customer churn rate. Using the activity data generated from the exercise, we calculate emissions using the grid emission factor from the Danish Energy Agency.

- Category 12: End of Life of Sold Products

For all of the equipment in category 11, we calculate the emissions generated by using their weight and average WEEE composition by weight from the EEA, and apply DEFRA factors.

Due to changes in our company structure, 2020 and historical figures are based on a cost allocation key applied to TDC Group A/S data for 2020, as it is the most accurate split of activities as it is today, and this is what should be used for historical comparison.

Intensity Metric: Energy Intensity (purchased electricity)
In 2020, our energy intensity was calculated based on electrical energy consumed (GWh) per TeraByte of actual data traffic output in our network. The traffic reported is the average output traffic measured at the periphery of the network over a year.

Our traffic *output* is consistent with previous years' reporting.

Intensity Metric: Emissions Intensity (Scope 1 & 2 CO_2e emissions)
In 2020, our emissions intensity was calculated based on total direct emissions from operations (Scope 1 and 2 greenhouse gas emissions measured in tons of CO_2e) per TeraByte of actual data traffic output in our network. The traffic reported is the average output traffic measured at the periphery of the network over a year.

Our traffic *output* is consistent with previous years' reporting.

Waste
Our suppliers provide our consumption data. Due to changes in our company structure, historical figures reported according to the GRI standard are not available.

2. Non-Environmental Data Reporting Boundaries

<u>Occupational Health & Safety (OH&S) data</u>

Our OH&S is calculated based on a headcount as per HR data. Other definitions include:

- The number of fatalities is the tally of incidents reported during the year.
- The number of accidents with lost time is the tally of incidents reported during the year where the employees did not come to work the following day due to the accident.
- The number of accidents without lost time is the tally of incidents reported during the year where the employees came to work the day after the accident.
- The number of days of absence is the total combined number of days where employees were absent from work due to work-related incidents.
- The rates are calculated in line with GRI reporting standard 403-9, where the rate of X is equal to the number of incidents of X in the reporting year, multiplied by millions of hours worked. Hours worked is calculated based on the total headcount, as per HR data, over 46 weeks (average work year minus 6 weeks of annual leave).

Due to changes in our company structure, and our reporting process, historical figures for the ratios are not available.

<u>HR data</u>

Our HR data is calculated based on year end, headcount data, and is taken from internal HR systems. Other definitions include:

The number of employees by gender is the tally of employees who are men and who are women who are employees of the company during the reporting year at year end.

The percentage of employees by gender is the percentage of total employees who are men and who are women who are employees of the company during the reporting year at year end.

The number of employees who are employed by contract type is the tally of employees who are employed at the company during the reporting year at year end who had either a permanent or a temporary contract, divided across gender (male / female).

The percentage of employees who are employed by contract type is the percentage of total employees who are employed at the company during the reporting year at year end who had either a permanent or a temporary contract, divided across gender (male / female).

The number of employees by employment type is the tally of employees who are employed at the company during the reporting year at year end, who were either employed in a full-time or a part-time capacity, divided across gender (male / female).

The number of employees by age group is a tally of employees who are employed at the company during the reporting year at year end, divided across three age brackets.

The percentage of employees by age group is a percentage of total employees who are employed at the company during the reporting year at year end, divided across three age brackets.

The number of employees by employment category is a tally of employees who are employed at the company during the reporting year at year end, who have managerial or non-managerial responsibilities, divided across gender (male / female).

The percentage of employees by employment category is a percentage of total employees who are employed at the company during the reporting year at year end, who have managerial or non-managerial responsibilities, divided across gender (male / female).

The percentage of women in management is the percentage of the women who are employed at the company during the reporting year at year end, who have managerial responsibilities.

The percent of employees who receive a performance review is the percentage of employees who are employed at the company during the reporting year at year end, who have received a performance review during the reporting year, divided by gender (male / female) and employee category (managerial responsible / non-managerial responsible).

The average number of training hours is calculated as the total number of hours of training provided to employees in 2020 at TDC NET locations and paid for by TDC NET, with no external training or courses included, divided by the total number of employees at year end (headcount).

The gender representation on the Board of Directors is a tally of the number of Directors on our Board of Directors who are men and who are women, at year end of the reporting year. This only includes directors who are voted in at the General Assembly; employee representatives are excluded.

The percentage gender representation on the Board of directors is a percentage of the total number of Directors on our Board of Directors who are men and who are women, at year end of the reporting year. This only includes directors who are voted in at the General Assembly; employee representatives are excluded.

The percentage of fathers and non-birth mothers taking parental leave is a percentage of the total number of eligible fathers and non-birth mothers who are employed at the company during the reporting year at year end, who took parental leave during the reporting year.

The number of different nationalities is a tally of the different nationalities of the employees who are employed at the company during the reporting year at year end.

The age of the oldest employee is the age in years of the employee who is employed at the company during the reporting year at year end, that has the earliest birth day compared to all other employees employed at the company at the same time.

The age of the youngest employee is the age in years of the employee who is employed at the company during the reporting year at year end, that has the latest birth day compared to all other employees employed at the company at the same time.

Due to changes in our company structure, historical figures are not available.

<u>Digital Denmark data</u>

We report several different metrics related to our operations and activities under that Digital Denmark strategy pillar. These include:

- The number of pupils who have tested their skills from start of the WiFive programme to end 2020 is the tally of the pupils who have received education in the WiFive topics, since the programme began to the end of the reporting year 2020.
- The percentage of pupils who have tested their skills from start of the WiFive programme in grades 2-6 in Denmark, is the numbers of students in grades 2-6 in Denamrk who have received education in the WiFive topics, since the programme began to the end of the reporting year 2020, divided by the total number of students who could have received this WiFive education during this period, expressed as a percentage.
- The number of schools that have been using WiFive is a tally of the schools in Denmark who have sent teachers or other educational specialists to take part in our teacher trainings or have hosted WiFive trainings for teachers and/or students, since the programme began to the end of reporting year 2020.

- The total number of schools using WiFive in Denmark is the tally of schools using the WiFive materials divided by the number of folkeskoler in Denmark, expressed as a percentage.
- The number of teachers that have been using WiFive is a tally of the teachers that have taken part in our teacher trainings, have hosted WiFive trainings for students, or downloaded the materials from the internet or received the materials in another way, since the start of the programme to the end of the reporting year 2020.
- The percentage of employees who completed a GDPR e-learning is the number of employees who were employed at the company at year end who completed a GDPR e-learning during the reporting year divided by the total number of employees who were employed at the company at year end and were eligible to complete the training.
- The percentage of employees who completed a voluntary data protection nano e-learning is the number of employees who were employed at the company at year end who completed a data protection nano e-learning during the reporting year divided by the total number of employees who were employed at the company at year end and were eligible to complete the training.
- The percentage of employees who completed a voluntary security e-learning is the number of employees who were employed at the company at year end who completed a security e-learning during the reporting year divided by the total number of employees who were employed at the company at year end and were eligible to complete the training.
- The number for online meetings arranged on the online platform SnakSammen.dk as part of the partnership between Danish Red Cross and TDC NET is a tally of the appointments arranged through the SnakSammen platform during 2020.

Other data

Other data we report include:
- The number of Whistleblower reports to TDC Group A/S Board of Directors is the tally of reports that came to the TDC Group A/S Board of Directors through the whistleblower programme channels in the reporting year, that were deemed to be valid and appropriate. TDC NET A/S is covered by this whistleblower scheme.
- The GRESB Infrastructure ESG Score is the score received by TDC NET parent company (TDC A/S) from the GRESB ESG assessment for the year 2020, which is based on previous years' data reporting and ongoing sustainability initiatives.
- The EcoVadis Score is the score received by TDC NET parent company (TDC A/S) from the EcoVadis ESG assessment for the year 2020, which is based on previous years' data reporting and ongoing sustainability initiatives.

Unless otherwise stated, all data is for the period from January 1, 2020 to December 31, 2020.