



ESG Accounting Principles

TDC NET
March 2022

TDC NET Accounting Principles for ESG reporting

1 Overview

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

The ESG data is published in our Annual Report and our Sustainability Report. Where possible, the ESG performance data includes the whole group of companies under TDC NET (e.g. including Dansk Kabel TV).

The data reported covers the previous year from 1st of January to 31st of December.

2 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. Following the split of TDC Group into TDC NET and Nuuday and the dissolution of TDC Group, some administration activities which are associated with the old function of TDC Group (below 5% in 2021) are assigned to TDC NET for completeness purposes.

For input data for the energy consumption which is not split between TDC Group, Nuuday and TDC NET, we use a distribution key to allocate the part of the consumption from each of the different companies. The distribution keys are also corrected historically for comparability and completeness purposes as the updated numbers are considered more accurate for the actual split of the company.

The data for TDC NET includes all companies under the umbrella of TDC NET, unless otherwise stated. Dansk Kabel TV is included in all the environmental data figures as well as HR figures reported, unless otherwise stated. In H&S figures Dansk Kabel TV is not included, as there is no system for reporting in Dansk Kabel TV. Fibernysten transportation related consumption is also considered, as TDC NET has partial ownership of the company.

3 Environmental Data Reporting Boundaries

3.1 CO₂e emissions calculation methodology

In order to calculate our CO₂e emissions, we collect activity data, e.g. litres of gasoline and diesel consumed 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.
- Electricity: Consumption is measured directly from ~15,000 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. These factors are updated on an annual basis, according to the newest published factors from DEFRA.

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- UK Government GHG Emission Conversion Factors for Company Reporting*) to translate this activity data into CO₂ and greenhouse gas (GHG) or CO₂e emissions.

For location based emission factors there is significant time lag between our publication and the issuance of the correct factor for the given year. In our reporting we use the latest available emission factors. Once the actual emission factors are made available, we will update our emissions to reflect any possible change.

3.2 Scope 3 Emissions Reporting

Ten of the fifteen Scope 3 categories have been found to be relevant for our business, where category 1 and 2 are combined. In 2020, we performed our first Scope 3 inventory and reported for 2019 and 2020. In 2021, a series of minor methodological changes were made, and the 2019 and 2020 figures were updated retrospectively. These included:

The allocation of TDC Group emissions to either NET or Nuuday. This was done using an allocation key based on the numbers of employees post-split. The exception are certain select category 1&2 emissions that were allocated to NET and the leased floorspace emissions. DKTV is part of TDC NET and it is part of the scope.

The addition of our joint venture Fiberkysten to purchased goods and services and capital expenditures.

Upstream transportation now accounts for only emissions that result from transportation emissions from suppliers that we purchase services from directly.

For employee commuting, only TDC NET employees were considered.

Use of sold products now accounts only for devices that use electricity that were sold to third parties.

Downstream leased assets now include the Optical Network Terminals that are in use over the reporting year.

Category 1: Purchased Goods and Services & Category 2: CAPEX

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:

Financial Allocation Method: 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:

TDC Spend / Supplier Revenue * Supplier Footprint

There is a threshold for what is considered 'sufficient', where the supplier must:

- Publish scope 1 emissions
- Publish preferably, market-based Scope 2 emissions but location based used otherwise
- Have a full Scope 3 inventory for upstream emissions, 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

The suppliers meeting the above criteria were kept constant for the 2021 inventory to ensure comparability between 2019, 2020 and 2021 inventories. The 'sufficiency' criteria are expected to be updated every 3 years and the suppliers adjusted accordingly. Average annual exchange rates are used and best available 12- month data from each supplier.

Environmentally Extended Input Output Method: If suppliers' scopes 1, 2 and 3 data is insufficient, then we estimate the footprint using EEIO modelling, based on the "Open Input Output Model" (2011) from the Sustainability Consortium, University of Arkansas. For this category, due to complexity and scale, the EEIO modelling is deemed to be useful and necessary for the assessment.

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 (2021) – UK Government GHG Emission Conversion Factors for Company Reporting) to CO₂ equivalent emissions.

Category 4: Upstream transportation

All transportation is accounted for in this category as we source the transportation. We use actual activity data provided by our transportation suppliers, including Fiberkysten.

Category 5: Waste

We use supplier specific tonnage for all waste. We use emission factors from DEFRA (Department for Environment, Food & Rural Affairs (2021) – UK Government GHG Emission Conversion Factors for Company Reporting) to translate this activity data into CO₂ 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 average passenger vehicles

Public transport: Use invoice data and supplier specific emission factor (spend/revenue*CO₂ footprint of Danske Statsbaner (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 115 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. The office occupancy is based on an estimation from 3 main offices, which is then scaled to the whole organisation. After the end of the COVID era, this occupancy rate needs to be reassessed.

Category 11: Use of Sold Products

This category includes Optical Network Terminals (ONT) sold to third parties. To calculate the emissions generated, we first determine the energy consumed by the devices. This involves determining the wattage. To calculate the lifetime of the device, we make type specific assumptions. Using the activity data generated from the exercise, we calculate emissions using the grid emission factor from the national grid.

Category 12: End of Life of Sold Products

This category includes the ONTs sold to third parties over the reporting year, and the number installed in that year. Assumptions are made for the average composition of WEEE and the end-of-life treatment.

Category 13: Downstream leased assets

For ONTs, we calculated the amount in operation over the calendar year and calculated the emissions using the max power consumption and the grid emission factor.

For floor space leased for commercial and residential purposes we used m² data for each site, we estimated the electrical consumption in kWh/m² for commercial using assumptions based on TDC locations that are purely administrative, and we used the average residential kWh/m² for Denmark calculated from Danmarks Statistik.

3.3 Intensity Metric: Energy Intensity (purchased electricity)

In 2021, 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.

3.4 Intensity Metric: Emissions Intensity (Scope 1 & 2 CO₂e emissions)

Our emissions intensity is calculated based on total direct emissions from operations (Scope 1 and 2 greenhouse gas emissions measured in tons of CO₂e) 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.

3.5 Waste

Our suppliers provide our consumption data. The data is then split, based on the location of the waste into three categories; TDC Group, Nuuday and TDC NET. The waste flows that belong to TDC Group are then assigned to Nuuday and TDC NET based on the employee ratio, excluding the employees that are "on-site" technicians. The waste flows are assigned to GRI categories, based on the type of waste and the final waste route. The

detailed guidance for the split of the waste flows is provided in the “Waste Data tool” which is annually updated. Dansk Kabel TV is also included in the overall waste volumes for TDC NET.

4 Non-Environmental Data Reporting Boundaries

4.1 Occupational Health & Safety (OH&S) data

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 per 1 million 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).
- The rate of near miss accidents is the number of near miss reports filled (on cases where an accident could have occurred) per 1,000,000 hours of work.
- The injury incidence rate is the amount of injuries with lost time per 10,000 employees.
- Rate of high consequence work-related injuries (LTIF) refers to the amount of injuries that resulted in lost work time per 1,000,000 hours worked. period.

Due to changes in our company structure, and our reporting process, historical figures for the ratios before 2020 are not available.

Dansk Kabel TV is not part of the reporting of those figures as the H&S systems and processes cover for now only TDC NET employees.

4.2 HR data

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

- The number/percentage of employees by gender is the tally/percentage of employees who are men and who are women who are employees of the company during the reporting year at year end.
- The number/percentage of employees who are employed by contract type is the tally/percentage 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 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/percentage of employees by age group is a tally/percentage of employees who are employed at the company during the reporting year at year end, divided across three age brackets.
- The number/percentage of employees by employment category is a tally/percentage 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 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 2021 at TDC NET locations and paid for by TDC NET, with internal and external training or courses included, divided by the total number of employees at year end (headcount).
- The number/percentage of gender representation on the Board of Directors is a tally/percentage 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 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 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.
- The number of different nationalities in TDC NET as they are delivered by Danmark's statistic, refers to the number of different nationalities in employees that are hired in the company per December 31st of the financial year.

Due to changes in our company structure, historical figures before 2020 are not available. Dansk Kabel TV employees are part of the HR reporting and figures.

5 Other Metrics

5.1 Reporting in external schemes

We also include our annual rating in different rating systems, for example our CDP score, the CDP Supplier Engagement Score, our Sustainalytics Score, the Ecovadis award category and the GRESB ESG Score. This information can also be found in publicly available sources and in the websites of the reporting systems. The score is based on the previous year's assessment.

5.2 Whistle-blower reports

The number of Whistleblower reports to Board of Directors is the tally of reports that came to the Board of Directors through the whistleblower program channels in the reporting year, that were deemed to be valid and appropriate. The previous whistleblower scheme at TDC Holding level covering TDC Holding A/S, TDC NET A/S, Nuuday A/S and TDC Telco A/S was in force until 16 December 2021. After that, a new whistle-blower system came into force covering TDC NET A/S, DKTV A/S and DKTV Anlæg ApS (on a voluntary basis).

5.3 Internal Trainings

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 security e-learning, is the number of employees who were employed at the company at year end, who received a security e-learning during the reporting year, and completed by the given time until February 2022, divided by the total number of employees who were employed at the company at year end and were eligible to complete the training. Year end is defined as 31 December, only e-learnings completed before this date are to be included in the calculation for the reported figure.