

Sustainability Report  
2016



# SUMMARY OF THE YEAR

## HIGHLIGHTS 2016

### New Sustainability Direction

Telenor anchored its sustainability agenda with the UN Sustainable Development Goals – focusing on Goal #10: Reduced Inequalities

### Ethics and Compliance

In 2016 Telenor logged 876 incoming compliance reports

### Economic Contribution to Society

A KPMG study found that the business and services produced by Telenor induced an ecosystem employment of 1.2 million people in services, retail distribution, vendor supplies, etc.

### Child Online Safety

Telenor and UNICEF collaborated on promoting child rights and Safe Internet in Bangladesh, Thailand, Malaysia, Hungary and Serbia





### Supply Chain Sustainability

Telenor carried out more than 8,500 supplier inspections whereof more than 85 per cent unannounced

### Myanmar

Telenor Myanmar SCS inspector conducting onsite safety briefing for tower construction workers at a site in Mon state

### Driving a Diverse Workforce

Telenor Group employed 37,000 people across its 13 markets, of which 33 per cent are women

### Human Rights

Published Authority Request access report and reporting on alignment with the ID Guiding Principles

# SUSTAINABILITY AT TELENOR

## Responsible Business Conduct

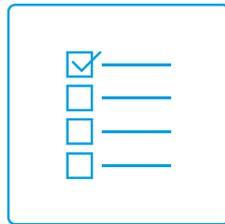
Telenor has adopted a powerful vision: Empower societies. Connected societies are empowered societies. The Internet is the basis upon which we integrate the world with the opportunities that await them, advancing the way we live, work, learn, share and solve global challenges for the next generation, and the generations that follow.

Responsible business conduct is one of the four pillars of Telenor's business strategy and an essential part of all Telenor's operations. Telenor has for many years had a management focus on responsible contribution to economic, environmental and social development in the countries in which it operates, acting with accountability and transparency.

Telenor has developed high standards in anti-corruption, labour rights, human rights and the environment as defined in international conventions and best practices, and these will be further strengthened. This also applies to the standards within supply chain sustainability, anti-trust and Telenor's role in contributing to society, e.g. financial services for financial inclusion or registration of child-births through a mobile device.

In 2016, Telenor's trust was challenged by several high-profile compliance cases, including VimpelCom Ltd.'s settlement with the U.S. Department of Justice over FCPA violations, deviations linked to site

lease agreements in Thailand, unacceptable sponsorships in Bangladesh and suspicions of financial crimes in Bulgaria.



## Responsible business conduct is one of the four pillars

of Telenor's business strategy and an essential part of all Telenor's operations.

During 2016, Telenor made significant steps to strengthen its compliance processes and further train its employees in responsible business conduct. Telenor will contribute to increased transparency around topics such as human rights, corruption and labor rights across the markets that the company is present. Telenor will continuously work to further enhance, strengthen and integrate the Telenor Way, which defines Telenor's aspirations and sets the standard for how Telenor do business, in all parts of its operations and stay true to its vision of empowering societies.

## A New Sustainability Direction

A new direction for how Telenor operates as a responsible business was drawn up in 2016 – further developing the company's way of managing risk, creating digital services designed to empower societies and anchoring its agenda within the framework of United Nations' Sustainable Development Goals (SDGs) - with a specific commitment to SDG#10; Reduced Inequalities.

Three main shifts will be driving Telenor's new sustainability direction during 2017:

**STRENGTHEN MANAGEMENT OF SUSTAINABILITY RISKS:** Telenor contributes to shaping business standards in many of the markets where it has operations. It's an inseparable part of being a responsible operator in these countries and a result of Telenor's firm commitment to mitigate corruption, human rights risks and poor working conditions amongst suppliers. Telenor recognises that there still are challenges across the Group and Telenor's compliance and control will continuously have to be strengthened going forward.

**CREATE DIGITAL SERVICES DESIGNED TO EMPOWER SOCIETIES:** It's not enough to enable Internet access: the benefits of connectivity should be enjoyed by the many, not the few. This requires meaningful solutions that can address social, economic and environmental problems, close the inequality gap and empower societies.

Consumers are demanding it, society needs it, and as a company Telenor will be measured on how it responds to it.

**FOCUS ON UN SUSTAINABLE DEVELOPMENT GOAL #10; REDUCED INEQUALITIES:** In 2015, the United Nations, including 193 world leaders, agreed to adopt a collective set of goals to end poverty, protect the planet and ensure prosperity for all as part of a new sustainable development agenda. This move accelerated expectations for private sector leaders to join the international community in taking meaningful action. Telenor has publicly pledged support for this agenda, spreading the word to more than 100 million customers, partners and friends.

Telenor has aligned its sustainability agenda with the UN Sustainability Development Goals. There is one goal in particular where Telenor can deliver the greatest impact, Goal #10: Reduced Inequalities. This is because for the disempowered, the mobile internet can be a way out of poverty and the means to better education, health, economic development and security. From the access Telenor provides to the services it delivers and enables, reducing inequality is what Telenor and mobile do best. Telenor will prioritise activities and further optimise existing partnerships in 2017 against this goal.

More details: [www.telenor.com/media/articles/2016/group-sustainability-sets-a-new-direction-for-2017-2020](http://www.telenor.com/media/articles/2016/group-sustainability-sets-a-new-direction-for-2017-2020).

To underscore the company's commitment, in 2016 KPMG was commissioned to conduct an independent study assessing a number of the economic and social impacts that Telenor Group has across the 13 markets in which it directly operates. For further reading – see chapter “How Telenor impacts Societies”.

## SUSTAINABLE DEVELOPMENT GOALS



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### About the Report

The Sustainability report is one of the many mediums through which Telenor delivers on its commitment to transparency, openness and disclosure with respect to performance. The topics highlighted in the report have been articulated through a materiality assessment based on the Global Reporting Initiative G4 (GRI G4) principles and embody issues which are deemed to be most important to both Telenor and its stakeholders. The scope of the report covers the range of ‘medium and high’ rated material on social, economic and environment-related progress of the organisation. The content covers Sustainability at Telenor Group’s 13 worldwide operations as well as other businesses. Details on Telenor’s materiality assessment can be viewed at [www.telenor.com/sustainability/reporting/scope-and-principles](http://www.telenor.com/sustainability/reporting/scope-and-principles).

This report is also an integral part of the reporting requirements mandated by the Norwegian Accounting Act §3-3c, a description of which can be found in the BoD report page 39. Additionally, DNV GL was commissioned to carry out an

independent review of the Sustainability Report, in particular to assess the accuracy of claims. DNV GL’s independent review can be found on the web site [www.telenor.com/sustainability/reporting/our-performance](http://www.telenor.com/sustainability/reporting/our-performance).

# RESPONSIBLE BUSINESS AT TELENOR

Performing business practices ethically and responsibly is fundamental to Telenor's sustainability work. This involves ensuring the right corporate governance platform for ethics, anti-corruption and transparency, undertaking social and environmental responsibility, and respecting human rights and labour rights.

Some of the markets in which Telenor operates are emerging economies with potentially complex and sensitive political and social contexts, and the associated risks related to corruption and human rights especially will continue to fare high on the wider telecommunication industry agenda. More details to be found in the section in the Board of Directors Report on 'Sustainability and Compliance'.

## Corporate Governance

Telenor Group's corporate governance principles and practices define a framework of rules and procedures for the way business is governed and controlled in all Telenor business units. Each business unit adopts the relevant governing documents. The governance framework is used as a platform to integrate material sustainability issues into its business strategies, daily operations and relationship with stakeholders. In 2016, Telenor adopted revised principles for governance of companies not controlled directly or indirectly by Telenor ASA

Telenor's corporate values and ethical

standards represent an important foundation for articulating and implementing the governance framework. Telenor works continuously to improve its governance regime. In 2015, the Board initiated a governance assessment conducted by PriceWaterhouseCoopers (PwC), which was finalised in 2016. Also, in April 2016, Deloitte Advokatfirma delivered its final review of Telenor's follow up and handling of Telenor's ownership in VimpelCom Ltd. The reports provided input into a continued revision and improvement of Telenor's corporate governance, which will also continue going forward in 2017. This includes revision of the governance, risk and compliance framework, the creation of necessary processes and tools, and support of implementation throughout the Group to ensure the framework is operational.

Information on Telenor's principles and practices for corporate governance can be read in Telenor's Report on Corporate Governance 2016 and at [www.telenor.com/about-us/corporate-governance](http://www.telenor.com/about-us/corporate-governance).

## Reporting and Stakeholder Engagement

Telenor believes good corporate governance involves openness, trustful disclosure and engagement between all internal and external stakeholders.

Telenor's commitment to integrity and transparency is clearly stated in Telenor's Code of Conduct. The Code of Conduct is

owned and approved by the Board, and must be signed by all employees.

The principles of transparency at Telenor are part of the corporate governance framework and implemented within company operations. Transparency and openness around sustainability related dilemmas and challenges, will help the company drive continuous improvement based on an active dialogue with stakeholders.

## Reporting

Expectations to sustainability reporting from major stakeholders continue to increase. Telenor firmly believes that reporting will contribute to open discussions and in building knowledge on challenging issues. In order to ensure structured, transparent and relevant reporting of sustainability performance, Telenor Group reports to various external organisations including UN Global Compact, the international reporting standard GRI and climate change disclosure through CDP.

Telenor uses the GRI G4-based materiality assessment process to involve a range of external and internal stakeholders to help identify social, economic and environmental topics that matter most both to them and Telenor's business. The scope of the current materiality assessment and engagement process can be found here: [www.telenor.com/sustainability/reporting/scope-and-principles](http://www.telenor.com/sustainability/reporting/scope-and-principles).

In 2016, both Telenor Group and many of Telenor's business units reported locally on their sustainability performance, which can be found on [www.telenor.com/sustainability/reporting](http://www.telenor.com/sustainability/reporting).

In March 2016, Telenor held its third sustainability briefing on Myanmar. Telenor presented an update on its ongoing work within key sustainability areas and corporate responsibility, set against its business growth in Myanmar. At this briefing, Telenor expressed that sustainable, responsible business practices will continue to be a focus for Telenor in the country. Telenor is committed to setting the right standards for its industry in Myanmar, and will continue to call on all related parties to play a role, and on media and civil society to continue raising scrutiny and expectations of all players. Further details; [www.telenor.com/media/articles/2016/telenor-group-holds-sustainability-seminar-in-yangon-myanmar](http://www.telenor.com/media/articles/2016/telenor-group-holds-sustainability-seminar-in-yangon-myanmar).

Telenor has continued its focus on human rights transparency and reporting, such as issuing an updated Authority Request access report and reporting on alignment with the guiding principles from Telecommunications Industry Dialogue on Freedom of Expression and Privacy (ID). The new reports for 2016 are available here [www.telenor.com/sustainability/responsible-business/privacy-and-data-protection/handling-access-requests-from-authorities](http://www.telenor.com/sustainability/responsible-business/privacy-and-data-protection/handling-access-requests-from-authorities).

In 2016, Telenor Group was top rated based on its sustainability performance on global rankings such as Global 100 (sustainability), CDP (climate) and Newsweek Green Rankings (environment).

### Stakeholder engagement

Telenor's business impacts society in many ways: Digitalization enables new public services and new industries to emerge. New digital applications may

raise privacy challenges or security concerns. Virtualization of physical processes may create less strain on resources and environment.

As part of Telenor's strategic focus on responsible business conduct, the company aims to develop its stakeholder relations as a long-term owner and business partner, true to its commitments, values and the vision of empowering societies. The company will purposefully apply business standards that may be higher than what is decreed by law in its respective markets.

Privacy and freedom of expression were key areas in which Telenor engaged with peers and other stakeholders in 2016. As in previous years, the Telecommunications Industry Dialogue on Freedom of Expression and Privacy (ID) remained a key forum for discussion. Telenor Group held the ID Chair for a term during 2016.

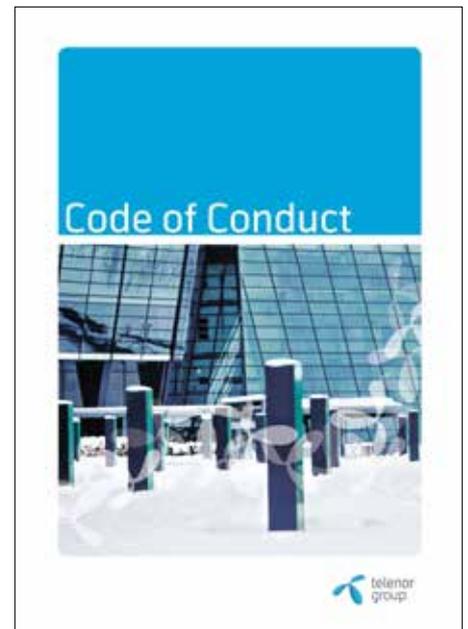
Telenor strives to continuously refine its work on ethics and anti-corruption and to identify development opportunities and areas for improvement. Telenor is part of the Telecom Integrity Initiative launched in 2015, which is supported by Transparency International.

To continue stakeholder engagement within the sustainability area, Telenor will in 2017:

- Arrange sustainability seminars engaging investors and relevant stakeholders in the company's current sustainability challenges and opportunities.
- Demonstrate how Telenor can empower societies through its business and, for example, contribute to the UN Sustainable Development Goal of Reduced Inequalities.

### Ethics and Anti-Corruption Policy and Actions

Telenor's commitment to integrity and transparency is clearly stated in the Code



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of Conduct, which defines legal and ethical standards for how the company conducts its business around the world. Telenor also endorses the ten principles of the UN Global Compact (UNGC), which present clear standards on business ethics. As a member of the UNGC, Telenor reports annually on progress in embedding its ethical standards across all parts of its organisation.

It is a personal responsibility of each Board member, each employee and each leader in Telenor to understand the Code and its implications on their daily work. Leaders are particularly responsible for leading by example and for creating an ethical atmosphere where employees can share their dilemmas and where they can raise their voice and report on any breaches they observe.

Telenor is firmly opposed to corruption in all forms and is committed to doing business in accordance with the highest ethical standards. Telenor's zero tolerance on corruption and its ethical standards are set out in its Code of Conduct, Group Anti-Corruption Policy



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and other governing documents, which are implemented in all subsidiaries directly or indirectly controlled by Telenor ASA. Corruption includes bribery and trading in influence. Any corrupt activity – either in the public or private sector (between private parties) – is prohibited. It is prohibited to offer, give, ask for, accept or receive any form of bribe, including facilitation payments.

Telenor Group Anti-Corruption Policy states that Telenor shall actively strive to ensure that corruption does not occur in Telenor's business activities through an adequate and risk-based Anti-Corruption Programme. The programme is based on recognised international practice and includes several elements working together: proportionate procedures; top level commitment; risk assessment; integrity due diligence; communication

and training; monitoring and review; and enforcement and sanctions.

The Anti-Corruption Programme is part of Telenor's Governance model with local autonomy in the different Business Units. Telenor's Governance framework clearly defines roles and responsibility for implementation of the Anti-Corruption Policy, both at Group and local business unit level. A global anti-corruption community, consisting of business unit policy managers or experts appointed by local policy owner contributes to best practice sharing across Group.

The Sustainability and Compliance Committee of the Board supports the Board in fulfilling its responsibilities with respect to corporate ethics and anti-corruption. The Anti-Corruption Programme operates together with

Telenor's Ethics and Compliance function as important components of Telenor's governance, risk management and internal control systems.

The Group Ethics and Compliance Officer reports functionally to the Sustainability and Compliance Committee of the Board as well as administratively directly to the CEO. The local Ethics and Compliance Officers report functionally to the local Board/Board Committee, as well as administratively to a local manager at the level below CEO (CXO-level). To strengthen the independence of the function, the local Ethics and Compliance Officers also report functionally directly to Group Ethics and Compliance and operate together as one global team.

The Board decided in January 2017 to establish an adjusted organisation of internal control functions in Telenor ASA and its subsidiaries. The new organisation will consist of a compliance unit and a separate audit and investigation unit. The latter will report directly to the Board. The purpose of the adjusted organisation is to ensure independent assurance of internal control. The change will be implemented in 2017.

A description of Telenor's Anti-Corruption Programme and the Ethics and Compliance function is publicly available on the web sites: [www.telenor.com/about-us/corporate-governance/ethics-compliance](http://www.telenor.com/about-us/corporate-governance/ethics-compliance) and [www.telenor.com/about-us/corporate-governance/anti-corruption](http://www.telenor.com/about-us/corporate-governance/anti-corruption).

### Status and Ambition

#### CONTINUOUS IMPROVEMENT

INITIATIVES: Telenor strives to continuously refine its work on ethics and anti-corruption and to identify development opportunities and areas for improvement. Telenor is part of the Telecom Integrity Initiative launched in 2015, which is supported by Transparency International. Telenor became a member of the Conference Board Compliance

Council in 2015, a network where Compliance executives exchange experiences, access relevant research and expertise, and gain insights into new developments.

Telenor Group's Anti-Corruption Programme has been effective for years. Regular reviews, alignment with prevailing international guidelines and implementation of learnings are essential for maintaining an effective Anti-Corruption Programme. The programme is assessed and revised on a regular basis, both as part of internal reviews, such as the annual Group Governance Work Programme, and from time to time with external input. An external benchmark against peers was conducted in 2010. In 2015, PwC conducted an external walk-through of the Anti-Corruption Programme. The purpose of the walk-through was to review the maturity of the Telenor Group Anti-Corruption Programme compared to international business practice and identify areas for improvements. Learnings from the review have been followed up on in 2016, both as part of the governance review project and with the introduction of a new global training programme (described further below). Information on the governance review project can be found in the Corporate Governance report.

The Code of Conduct must be signed by all employees upon joining the company. From 2016 onwards, the Code of Conduct is signed annually in the HR management system (Workday). A new mandatory global Code of Conduct online learning module was introduced in February 2016 to accompany the signing process.

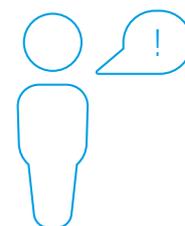
In Telenor, all employees have a personal responsibility to act with integrity and speak up if they become aware of potential breaches. Leaders have a particular responsibility to act as good role models and to build a safe, trustful and transparent culture in their teams.

Managing breaches of the Code of Conduct and Governing Documents is an important pillar of Telenor's ethics and compliance work. Employee confidence in reporting incidents is central to ensuring an ethical corporate culture.

A new web-based Ethics and Compliance Hotline was launched in January 2016. The Hotline is a confidential channel where anyone can ask questions and raise concerns about possible breaches of Telenor's Code of Conduct, including relevant laws, regulations and governing documents. The report intake of the new Hotline is operated by an external provider, Navex Global, while investigations are still handled by Ethics and Compliance Officers in Telenor, now in a global case management system. Reports that are brought to the Ethics and Compliance organisation via email or personal contact are also recorded in the same system. Around 45 per cent of all incoming reports in 2016 came in through the hotline, with the percentage increasing throughout the year. The Hotline and case management system together have enabled stronger global oversight for the Group Ethics and Compliance Officer. Employees, suppliers and other stakeholders are encouraged to speak up through the Hotline. The new reporting mechanism – together with strengthened focus on communication and training – contributed to an increase in the total number of concerns which were brought to the attention of the Ethics and Compliance function in 2016. With the new global case management system, concerns are sorted and classified in a more reliable manner, and the general quality and transparency of the case handling procedure is improved.

Every large business will have its concerns on potential breaches and wrongdoing by the employees, and it is generally viewed as a sign of openness and trust that employees and other stakeholders speak up about their concerns. This allows the organisation to

address the issues, investigate and take disciplinary action when needed and especially to learn and aim to prevent issues from recurring. The reporting volume per 100 employees in 2016 ended up at 2.4 which is a solid increase from 1.4 in 2015. These numbers are not directly comparable due to the improved capture and documentation of reports in 2016, but they provide an indication of the direction. The Navex Global 2016 Benchmark report (annual analysis of all customer data) has a stable median level of 1.1 – 1.3 global value over the past five years. But by looking only at the companies which capture reports from multiple intake channels such as Telenor, the comparable median is 1.9. Telenor believes a healthy organisation should have at least 1 report per year per 100 employees.



In 2016, Telenor launched  
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**Ethics & Compliance  
Hotline**

Of all the incoming reports, 28 per cent chose to report anonymously. As a comparison, the Navex Global 2016 Hotline Benchmark report shows that median level has been stable at around 60 per cent anonymous reports since 2008. A low number of anonymous reports might be an indication of trust in the Ethics and Compliance function and the reporting mechanism, and trust in the company as such. Still, this percentage is expected to rise as more reports are filed through the web hotline allowing the option of anonymity.

In 2016, Ethics and Compliance logged 876 incoming reports, an increase from 645 recorded in 2015. Around 58 per cent (511) were compliance incidents that are being handled by the Ethics and Compliance organisation, along with 12 per cent (104) requests for advice. The remaining 30 per cent of the incoming reports were concerns pertaining to other parts of the organisation, such as line management, HR or supply chain. All incoming reports receive an answer from Ethics and Compliance - either through the confidential and anonymous communication mechanism or via their preferred means of communication. The compliance incidents were mainly in Business Integrity (35 per cent), Theft & Embezzlement (24 per cent) and Working Environment (21 per cent).

About 60 per cent of the 511 compliance incidents were substantiated. Of these substantiated incidents, around 65 per cent of them resulted in termination of employment or other disciplinary sanction. In comparison the Navex Global 2016 Hotline Benchmark report find substantiation rates around 40 per cent the recent years. The reason for Telenor's higher score may reflect that we get high quality reports, but it probably also indicates that the scope of cases for many customers in the benchmarking study is wider, including many HR cases which generally are more difficult to substantiate.

Compliance incidents are handled and concluded in accordance with the requirements of the global Ethics and Compliance framework, while other issues are brought forward to the responsible part of the organisation. The number of reports classified as compliance incidents is at a similar level compared to reported compliance incidents over recent years.

Please refer to chapter Responsible Business Conduct above for overview of high-profile compliance cases

challenging Telenor's trust in 2016

**SAY NO TO CORRUPTION:** Telenor's anti-corruption training activities for employees range from on-boarding of new employees and online learning programmes to targeted dilemma-training and town halls. In 2016, Telenor launched the SAY NO to Corruption programme – a new group-wide anti-corruption training programme which includes the roll out of a new e-learning programme and a scenario training programme to be conducted by managers. The training programme was developed to reinforce anti-corruption awareness on all levels in the organisation of the Telenor Group companies.

The scenario training has been based on a train-the-trainer approach through a cascading process starting with the Group CEO, where the end result will be that all employees have been trained by their own manager.

Completion rate by Group employees enrolled on Telenor Campus, the global e-learning platform, was 93 per cent by 31 December 2016.

Telenor's Anti-Corruption Handbook was revised in 2016 in alignment with the annual policy revision. The Handbook is a downloadable web-app publicly available on Telenor.com. The Handbook is a practical guide to help all employees understand Telenor's anti-corruption policy and help each employee to make the right decisions. The e-learning, trainings and Handbook cannot provide answers to every situation and dilemma that Telenor's employees may face and all employees are strongly encouraged to seek advice when in doubt.

Integrity is a vital part of Telenor's business. Telenor's management is committed to sending clear, unambiguous and regular messages to all staff and business partners that

corruption and bribery are unacceptable. Telenor's governing documents set one single standard which shall govern all business activities, regardless of where such activities take place. Nevertheless, some markets in which Telenor operates are emerging economies with potentially complex and sensitive political and social contexts, including markets associated with high corruption risks. This creates challenges that require robust, targeted measures to mitigate such risks. All Telenor business units have a responsibility to conduct regular risk assessments and risk-based reviews of their anti-corruption procedures and implement remediating measures to mitigate risks. Telenor is focused on continuous improvement of risk management processes. In 2016, the roll out and implementation of an enterprise-wide risk management system to improve assessment, monitoring and reporting of risks was initiated. More details to be found in the section in the Board of Directors Report on 'Sustainability and Compliance Risk'.

**LOOKING AHEAD:** Telenor recognises that its business partners, whether new investors, partners, agents, consultants, contractors or suppliers, will be associated with Telenor and due care shall be exercised in the selection and use of business partners to ensure compliance with Telenor's ethical standards. Telenor has requirements and procedures for risk-based integrity due diligence (IDD) of business partners. More details to be found in the section Supply Chain Sustainability.

## Labour Rights and Standards Policy and Actions

Telenor is committed to respecting labour rights principles as laid down in UN Global Compact and ILO's fundamental conventions. These principles relate to respecting the rights to freedom of association and collective bargaining, the elimination of forced labour, child labour and discrimination in the work place, and



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are reflected in Telenor's Code of Conduct, Group People Policy and Supplier Conduct Principles.

Telenor believes in empowering employees through management dialogue with employees or their recognised employee representatives. By utilising the employees' experience and insight to influence working conditions and contribute to sustainable business growth, Telenor also aims to empower the societies in which it operates. Telenor Group is, throughout its operations, promoting partnerships based on good and trusting dialogue, e.g. in relation to acknowledged unions or through local cooperation bodies such as People Council.

All workforce restructuring in Telenor should be done with the aim to create

and sustain long term business value. Workforce restructuring should be done in a responsible manner, through verifiable processes and in accordance with the Telenor Way and applicable legal requirements and legislation.

Maintaining a working environment and a culture that nurtures occupational health, safety and personnel security (OHS&S) is important at Telenor. The OHS&S approach covers employees as well as in-house contractors, vendors and suppliers. Telenor believes that OHS&S of employees is vital to its business and makes a difference in employee engagement, thereby increasing productivity, e.g. by reducing absenteeism and thus reducing costs. The company works across all of its business units to maintain and improve the identification of and readiness to

respond to safety and personnel security risks.

At Telenor, attracting and retaining the best talent through training and development opportunities as well as career prospects is fundamental to continued competitiveness and growth. Telenor also strives for diversity, inclusion and equal employment opportunities in accordance with the People Policy.

### Status and Ambition

**EMPOWERING EMPLOYEES THROUGH TRUSTFUL DIALOGUE INITIATIVES:** Based on Telenor's global agreement with UNI Global Union, the company continued its dialogue and information exchange on fundamental labour rights, in particular with focus on its operations in Bangladesh.

In 2016 Telenor Works Council – Europe (TWC-E) held three meetings, where European employee representatives met with the Telenor Group Management. The objective was to enhance information exchange and discussions in relation to transnational issues impacting employees. Telenor has aimed at nurturing a good dialogue with the TWC-E representatives.

Additionally, Telenor has reinforced its commitment to further develop employee involvement in operations throughout the Group. Most of Telenor's operations in Europe and Asia are providing for employee involvement through dialogue between management and recognised employee representatives, e.g. in relation to acknowledged unions or through People Council as a local cooperation body. In June 2016, Telenor's operation in Bulgaria established a People Council, meeting with the local management on a regular basis.

In Bangladesh, Labour Appellate Tribunal has announced a verbal verdict in a case filed by employees of Grameenphone related to union registration, allowing for



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union formation in Grameenphone. The involved parties are currently awaiting the verbal verdict for further guidance on the establishment of a union in the company. In early 2016 the government announced a review of the labour rules and their application to the private service sector, and it is likely that this will result in needed legal clarifications. Telenor view positively initiatives from its employees of establishing a union in Grameenphone according to applicable local laws and regulations.

#### OCCUPATIONAL HEALTH, SAFETY AND PERSONNEL SECURITY PERFORMANCE:

In 2016, the Sickness Absence Rate (SAR) for the entire Telenor Group was 1.6 per cent. This number is reported with the acknowledgement of variations in reported data based on different local national procedures and regulations

related to sickness reporting. In 2016, more than 30,000 employees and in-house contractors attended Health Safety Security & Environment related awareness training sessions.

There were three work-related employee or in-house contractor fatalities reported in Telenor Group for 2016. All three was related to traffic, two in Pakistan and one in India. Telenor will continue to work with its partners and vendors to monitor and implement health and safety measures and provide them with proactive support in OHS&S matters.

**DRIVING A DIVERSE WORKFORCE:** Telenor aims to foster a diverse and dynamic workforce at all levels of the organisation, be it in terms of nationality, gender or competence required for future. Gender balance and diversity

initiatives in 2016 included the following:

In 2016, Telenor implemented WIN (Women Inspirational Network) as a leadership development platform that was established for more than 200 middle managers across all of its business units.

In 2016, Telenor implemented a six-month paid maternity leave policy for women employees as a minimum standard globally.

In 2016, Telenor also updated its recruitment policy to ensure 50/50 (women/men) in the interview process, when possible, and formation of People Committee to continue to focus on recruitment of senior leaders.

In 2016, Telenor was strongly focused on communicating its stance on gender balance and diversity via [women@Telenor](mailto:women@Telenor.com) on web site Telenor.com.

In 2016, Telenor continued to strive and challenge itself further on improving gender balance and diversity of its workforce. While there is still ground to be covered, recent efforts have yielded positive results. At year-end 2016, Telenor's Board included five female board members out of a total of eleven board members. The percentage of women senior leaders improved from 22 per cent to 23 per cent. Women leaders in middle management in Telenor's major business units improved from 29 per cent to 31 per cent during 2016. The nationality split amongst senior leaders at year end 2016, included, approximately 59 per cent Scandinavians, 13 per cent from rest of Europe, 24 per cent Asians, and 4 per cent others.

During 2016, disability inclusion remained on Telenor's agenda with 5 business units running the Open Mind Programme, which provides training opportunities to persons with disabilities in the workplace. Integration of skilled personnel with migrant backgrounds also continued in Norway.

At year-end 2016, Telenor Group employed 37,000 people across its 13 markets, of which 33 per cent are women. At year end, 37 per cent of employees in Telenor ASA were of a non-Norwegian background.

For further details refer to BoD report page 29.

**LOOKING AHEAD:** Telenor will continue its efforts to further develop employee involvement throughout Telenor Group and maintain good labour standards in the company's operations whilst the business undergoes transformation.

Striving for greater gender diversity on all levels, Telenor has set targets to reach 25 per cent female representation in top management positions in 2016, and 30 per cent by 2020. In addition, the company's top leaders are measured on how well they strengthen the leadership pipeline for women. Telenor has also reinforced its requirements to ensure balanced representation among candidates for top leader positions.

Moreover, Telenor will continue its work to integrate people with disabilities through the company's Open Mind Programmes. Telenor will continue to invest in programmes and initiatives to promote gender balance and diversity in the workplace and in the societies where the company operates.

Telenor Open Mind and Telenor Integration Programme will be closely coordinated to include 20 personnel combined. The program's structure will be changed to 12 months duration with two intakes per year, from the previous 24 months' duration with three intakes per year.

### Supply Chain Sustainability Policy and Actions

Telenor strives for high standards on sustainability and continuous improvement in its operations throughout

the supply chain. Telenor's Supplier Conduct Principles (SCP) are based on internationally recognised standards, including requirements on human rights, health and safety, labour rights, environment and anti-corruption. It is mandatory for all Telenor contracting parties to agree to these principles.

Telenor's approach to supply chain sustainability is to legally oblige the supplier to uphold responsible business practice, monitor compliance to Telenor's requirements and to do capacity building among suppliers. All suppliers are obliged to extend the supplier requirements further down in their own supply chain.

Partnership and cooperation with suppliers is vital to achieving the responsible supply chain. Telenor is an active member of the Joint Audit Cooperation (JAC), ILO Child Labour Platform (CLP) and the Supply Chain Advisory Group of the UN Global Compact, as well as the Global e-Sustainability Initiative (GeSI).

### Status and Ambition

The supply chain responsibility focus in 2016 remained on mitigation of supply chain risk, capacity building and monitoring compliance to Telenor's requirements on responsible business conduct.

Unfortunately, 9 people in tier 1 and another 4 in tier 2 and tier 3 of the Telenor supply chain lost their lives in 2016. Of these fatalities, 70 per cent were caused by road accidents. These numbers are based on what was reported by suppliers to Telenor. Regular reporting procedures were followed and all incidents were handled immediately and individually with mitigating actions. Risk re-assessment and plans for preventing similar incidents are already underway.

**MITIGATING SUPPLY CHAIN RISK:** All suppliers and parties having a direct contractual relationship with Telenor must comply with Telenor's Supplier

Conduct Principles (SCP). An Agreement on Responsible Business Conduct (ABC) legally obliges the supplier to comply with the SCP and certain requirements set out in the ABC Agreement. The Supplier Conduct Principles and Agreement on Responsible Business Practise were updated in 2016. By year end 2016, more than 22,200 Agreements on Responsible Business Conduct were signed.

In 2016 Telenor started to use EcoVadis as a risk rating system for global suppliers to increase monitoring of the supplier's sustainability performance. The EcoVadis platform is an external tool that measures a company's performance based on a wide range of sustainability criteria and is a well-recognised tool used by a high number of buyers across many industries, including the telecom industry. The purpose of using EcoVadis is to measure sustainability performance based on verified external information, reduce risk and integrate sustainability into the Sourcing processes.

**MONITORING COMPLIANCE:** Telenor carries out inspections in order to monitor compliance with the requirements on responsible business conduct. In 2016, Telenor carried out more than 8,500 supplier inspections (ranging from simple site visits to more comprehensive inspections or audits) across the Group. More than 85 per cent of the inspections were carried out unannounced. Close to 4,300 of these supplier inspections were carried out in Myanmar. More than 1400 major non-conformities were identified during the inspections across the business units. All major non-conformities shall be followed up with mitigation plans and processes, which are designed to close the non-conformities.

Through participation in the Joint Audit Cooperation (JAC) together with other telecommunications operators (13 members in 2016), Telenor gained access to the results of 69 sustainability audits of global suppliers in 2016. Telenor

executed eight of these audits of global suppliers on behalf of JAC in 2016. After carrying out an audit, a Corrective Action Plan (CAP) listing all findings is agreed upon between the auditee and the auditor. Over time, JAC has carried out 278 audits in 24 countries, covering more than 740,000 workers. Going forward the number of yearly audits will increase and the focus will mainly be on tier 2 and tier 3 suppliers.

Telenor has uncovered findings of underage labour (15-18 years) and child labour (12-14 years) in the network rollout in Myanmar, where the minimum age is 18 years for potentially hazardous work. In 2016, the number of findings was significantly reduced from that in 2015, down to 3 cases of child labour and 13 cases of underage labour, and all of these findings in Myanmar were mitigated.

**CAPACITY BUILDING:** The business units organised more than 35,000 man-hours of various capacity building initiatives in 2016. The capacity building involved various efforts to proactively build local capacity of the suppliers and sub-suppliers in order to drive continuous improvement in the supply chain. The activities vary from supplier to supplier depending on the overall risk picture of the business unit. Typical activities include on-site briefings, awareness sessions, workshops, forums, process support, online portals and resource guides, etc. The capacity building is adapted to the practical situation and according to the real need of the supplier, focusing on awareness of Telenor Supplier Conduct Principles issues as well as specific activities related to skill development (e.g. tower climbing). Typical topics will be: Labour rights, health and safety, anti-corruption, sustainability requirements as well as green telecom, women empowerment and diversity. Some business units have also worked in industry and cross industry collaborations to synergise efforts in capacity building.

In Asia, road-related accidents are among the leading causes of on-the-job injuries and deaths, and as mentioned above 70 per cent of all fatalities in Telenor's supply chain are road accidents; and all in Asia. Telenor Group's footprint in Asia covers six markets, tens of thousands of employees, hundreds of thousands of supply chain employees and employees are constantly on the go. With such large numbers of people working for and with Telenor, and with an extensive network spreading over huge areas of land, the company holds major stakes in everyone's safety. As Telenor's markets grow rapidly, traffic and road-related safety is an increasing concern, and so Telenor launched a road safety initiative in 2016 aimed at increasing awareness of road safety and reducing road accidents. See [www.telenor.com/sustainability/responsible-business/supply-chain-sustainability/supplier-engagement/people-first-road-safety](http://www.telenor.com/sustainability/responsible-business/supply-chain-sustainability/supplier-engagement/people-first-road-safety).

**LOOKING AHEAD:** Inspections, audits, capacity building and long term risk reduction will continue to stay high on Telenor's responsible supply chain agenda. In 2017, inspection and audit activities will continue at least at the same level compared to 2016. Further, Telenor will in 2017 secure a thorough risk assessment of the supply chain in all business units and also improve efforts in capacity building, which Telenor sees as the most effective means to long-term risk reduction.

### Human Rights Policy and Actions

Telenor's business is about enabling people to communicate and express themselves as well as seek and impart information. The company's daily operations and the services it provides touch on core human rights. There are positive impacts, for example in enabling access to healthcare (see chapter "Innovating and Researching for Shared Value"), and there are negative impacts, such as digital bullying (see chapter

"Child Online Safety"). Understanding the complexity of potential impacts and working to mitigate any negative impacts is important for Telenor.

Respect for human rights is an important principle at Telenor Group and its business operations. It is embedded in the Telenor Group Code of Conduct (CoC) and Supplier Conduct Principles (SCP). Policies and manuals, which apply across all business units (BUs), set out key requirements. These draw on international frameworks like the UN Global Compact's ten principles and the UN Guiding Principles on Business and Human Rights.

As for any company, the challenge lies in operationalising these requirements. Telenor sees that while largely positive impacts emanate from use of mobile and internet, see [www.telenor.com/sustainability/global-impact](http://www.telenor.com/sustainability/global-impact), Telenor's services can potentially be misused and negatively impact rights. Therefore working to make human rights concerns an integral part of relevant processes requires continuous improvement. Human rights are governed internally as described in chapter "Corporate Governance", and reporting of grievances through the hotline to compliance is described in chapter "Ethics and Anti-Corruption". Finally, Telenor's approach to enterprise risk management is described in Sustainability and Compliance in the BoD report.

As described in the Telenor Group 2015 materiality matrix, see [www.telenor.com/sustainability/reporting/scope-and-principles](http://www.telenor.com/sustainability/reporting/scope-and-principles) human rights is a material issue for Telenor Group; and privacy, freedom of expression (see chapter "Privacy & Data Security") and labour rights and standards (see chapter "Labour Rights and Standards") are highlighted. Telenor also recognises that there may be other upcoming issues both within the traditional telecommunications business and as the company continues to grow its

business as a Digital Service Provider. Human rights related to Telenor's role as investor continues to be important.

### Status and Ambition

With mobile operations in 13 markets, Telenor encounters human rights-related challenges regularly. In 2016, requests from authorities that could potentially impact human rights remained a key focus area, for example, challenging requests to block websites or the network. This development is a cause for concern and Telenor is focusing on continuous improvement of internal efforts and dialogue with stakeholders (see below). For a more comprehensive overview of Telenor's approach and for the Group's latest report on such requests from authorities, as well as an overview of relevant laws in Telenor's markets, please see [www.telenor.com/sustainability/responsible-business/privacy-and-data-protection/handling-access-requests-from-authorities](http://www.telenor.com/sustainability/responsible-business/privacy-and-data-protection/handling-access-requests-from-authorities).

Telenor is also a significant employer in the markets where it has operations, and the company sees freedom of association and collective bargaining as key rights that need continued attention (see Labour Rights and Standards). Across Telenor's supply chains, discoveries of incidents involving unacceptable working conditions and child labour were documented (see Supply Chain Sustainability). Discoveries by the Group's internal auditors of sponsorships with potential negative human rights impacts in Bangladesh gave cause for concern and Telenor initiated immediate actions to address this issue. Read more: [www.telenor.com/media/press-releases/2016/regarding-compliance-cases-handled-by-telenor-group-asa-and-its-subsidiaries](http://www.telenor.com/media/press-releases/2016/regarding-compliance-cases-handled-by-telenor-group-asa-and-its-subsidiaries).

2016 demonstrated the importance of continued focus on human rights, awareness raising and follow-up. Telenor believes it to be a healthy sign that issues are escalated through internal processes,

discovered in audits or reported through its hotline to compliance. Throughout the year stakeholder dialogue has also been a valuable way to learn, share and seek solutions to human rights challenges.

**IMPLEMENTING COMPANY-WIDE HUMAN RIGHTS DUE DILIGENCE:** All Telenor Group business units completed their first round of due diligence in 2015. During 2016 focus was on what lessons were learned from this exercise, which brought out the importance of continued focus and attention. The value of local stakeholder engagement was also highlighted; Digi in Malaysia gathered peers for a roundtable on privacy and freedom of expression, and Telenor Serbia contributed to multi-stakeholder processes resulting in a country guide on business and human rights. Telenor also initiated an update of the company's

Group-level due diligence, which will continue in 2017.

**INCREASING AWARENESS AND TRAINING:** Focus was on training and awareness sessions with key personnel, e.g. through workshops on specific issues like authority requests. And while the Telenor Code of Conduct is part of the e-learning programmes for wider groups of staff, such as mandatory onboarding for new employees, Telenor will specifically look at ways of increasing awareness on human rights among key internal audiences.

**ADDRESSING KEY RISKS THROUGH COLLABORATION:** Privacy and freedom of expression was one of the key areas where Telenor engaged actively with peers and other stakeholders in 2016. As in previous years, the Telecommuni-

*The business units organised more than 35,000 man-hours of various capacity building initiatives in 2016. Typical activities include on-site briefings, awareness sessions, workshops, forums, process support, online portals and resource guides.*



cations Industry Dialogue on Freedom of Expression and Privacy (ID) remained a key forum for discussion. Telenor Group held the ID Chair for a term during 2016. In collaboration with the Global Network Initiative (GNI), the ID worked on issues like network shutdowns, and a joint statement was published in July, see [www.telecomindustrydialogue.org/2016/07](http://www.telecomindustrydialogue.org/2016/07). The ID and GNI also hosted several stakeholder sessions, submitted comments to hearings and participated in conferences. See more details here: [www.telecomindustrydialogue.org](http://www.telecomindustrydialogue.org). Similarly, through the Joint Audit Cooperation (JAC) Telenor participated in addressing challenges in the supply chain (See SCS page 54).

#### SHARING AND BEING TRANSPARENT ON RESPECTING HUMAN RIGHTS:

Telenor continued to focus on transparency and reporting, with, and for example, issuing an updated Authority Request access report and reporting on alignment with the ID Guiding Principles. The new reports for 2016 are available here [www.telenor.com/sustainability/responsible-business/privacy-and-data-protection/handling-access-requests-from-authorities](http://www.telenor.com/sustainability/responsible-business/privacy-and-data-protection/handling-access-requests-from-authorities).

Telenor also continued to develop its transparency efforts related to its operations in Myanmar with a local seminar in March 2016. Read more: [www.telenor.com/media/articles/2016/telenor-group-holds-sustainability-seminar-in-yangon-myanmar](http://www.telenor.com/media/articles/2016/telenor-group-holds-sustainability-seminar-in-yangon-myanmar).

LOOKING AHEAD: Telenor's priorities going forward include completing the new Group human rights due diligence, as well as initiating a new round of BU due diligence. Further integration of human rights, e.g. through awareness and training, will also be a priority. Telenor will continue working with stakeholders both bilaterally and through multi-stakeholder platforms, e.g. through the joint efforts of the ID and GNI.

## Privacy and Data Security Policy and Actions

Customers increasingly expect not only real-time, relevant and individualised services, they also expect that their privacy is safeguarded. As a provider of mobile and internet connectivity, respect for the rights to privacy and freedom of expression is central to Telenor's core business. The company approaches these issues from a privacy point of view as well as a security angle, with policies and manuals that set out mandatory requirements applying across all operations.

Telenor has a clear privacy position: Open and transparent about how personal data is collected and used, committed to using personal data to provide better and more relevant services, and thorough in keeping personal data safe.

This position informs Telenor's security strategy established in 2015, which aims for a business-driven security position, supporting the rapid development in technology and services by early involvement of security and privacy in business processes and strategic activities.

Telenor recognises that while telecommunications generally contributes to freedom of expression, there may be challenges related to the business. In many situations, authorities may have a legitimate need to require telecommunications companies to comply with requests that limit privacy or free communication. For Telenor it is important to seek to limit risks of illegitimate restrictions on privacy and freedom of expression to the extent that we can. We therefore have strict policies that govern Telenor's approach in responding to such requests. Telenor continues to prioritise transparency and introduces safeguards against potential abuse. As described in the Human Rights chapter. Telenor actively engages in the Telecommunications Industry Dialogue



on Freedom of Expression and Privacy, as well as bilaterally with a range of stakeholders.

Even though national requirements vary throughout Telenor's markets, the company strives to be transparent about how personal data is handled. Telenor believes this is the best approach to ensure the trust of customers and employees.

#### Status and Ambition

In 2015, Telenor committed to the GSMA Mobile Connect Privacy Principles. The principles establish a privacy baseline that applies to all parties that provide Mobile Connect-branded identity services.

A VALUE-DRIVEN APPROACH TO PRIVACY: An internal project to

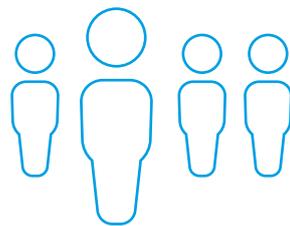
strengthen Telenor's position on privacy was concluded in 2015, which addressed both how the company handles existing customer data and how products are designed going forward. Telenor has decided to take a customer value-driven approach to privacy. Customers should get as much value as possible when they share their data with Telenor. Therefore, whenever the company processes data on behalf of customers, Telenor strives to add value to the current experience and deliver more personalised and relevant services.

The Telenor privacy strategy from 2015 makes privacy a possible differentiator by 2018 in relevant markets. The strategy supports the growing concern among customers regarding privacy by early involvement of privacy in Telenor's business processes and strategic activities. The key objective of this exercise is to ensure a strong level of protection of Telenor customers' data and in Europe to ensure compliance with new European regulation.

**SECURITY AT THE CORE OF EVERYTHING TELENOR DOES:** The strategy established in 2015 is now one year into execution and is on target to meet the 2018 security ambition of business-driven security, enabling Telenor's strategic ambition as a digital service provider. A revised strategy has stated a new ambition and target for 2020. The 2020 security ambition is to have security at the core of everything the company does, in order to protect people in their digital life. Telenor actively contributes to strategic security arenas, such as the GSMA Fraud and Security Group and the Information Security Forum (ISF), and as a member of the Europol Cyber Crime Centre Advisory Group for Communication Providers.

**BUILDING INTERNAL CAPACITY:** In 2016, Telenor conducted extensive training and reviews of the privacy practices throughout the Group. Trainings have

focused on implementing the new and stronger processes for handling of requests from authorities, which includes clear escalation criteria. The reviews of Telenor's business units have covered routines and processes for privacy, authority requests and information management. In addition, Telenor has also produced a collection of new internal guidelines and tools to assist privacy and commercial professionals in their daily work relating to privacy matters.



At the end of 2016, **Business Security Officers** were in place in all of Telenor's business units, strengthening the local security organisations.

**ENSURING DATA SECURITY IN ALL BUSINESS UNITS:** The Telenor Group Security Policy and Manuals were all updated in 2016 with the objective of strengthening Group involvement in strategic operational decisions at business unit level. Focus areas of these documents have been incident management and reporting, updating of the local and global risk picture, and sharing best practices.

**STRENGTHENING PRIVACY AND SECURITY THROUGHOUT TELENOR:** The Telenor Group Privacy Policy and Manuals were updated in 2016 with the objective of strengthening Group involvement in strategic operational decisions processes. Also, the Authority Requests manual was updated to reflect and address new challenges. In addition, a new Data Breach Manual was

developed to strengthen the preparedness and handling of possible data breaches.

The challenges in the cyber security domain are expected to rise and play an even more crucial role going forward. Cyber security will be a priority in the coming year.

In order to strengthen security throughout Telenor and for the company's customers, the security organisation has been decided strengthened with a substantial number security experts and talents, both globally and in operational units, by first half of 2017. Additionally, at the end of 2016, Business Security Officers were in place in all of Telenor's business units, strengthening the local security organisations.

During 2016 there was a continuous increase in the reporting of security challenges and incidents from business units, as in 2015. The updated risk picture showed there is an increased likelihood for Telenor to be exposed to security risks, and there is a common concern about targeted cyber-attacks.

During last year, the industry reported increasing risks related to ICT information security attacks and espionage. Telenor also witnessed that its peers were investing considerably in developing new cyber security revenue streams. Telenor is following this development closely and the company's response will be outlined in the Telenor security strategy going forward.

**LOOKING AHEAD:** Governments and regulators across Telenor's markets are taking new steps to strengthen privacy and national security regulation and to introduce new measures that directly or indirectly affect Telenor's ability to manage customer data. This trend is expected to continue and Telenor will also step up its focused work on privacy,

freedom of expression and security to meet both regulatory requirements and the expectations of customers.

In order to meet privacy and security challenges, the following areas will be prioritised in 2017:

Compliance with changes in European data protection regulation, Strengthened responsiveness to data breaches, Privacy by Design and Default, Security operations, vulnerability management, security architecture, security culture, security intelligence and physical security.

As Internet of Things (IoT) is getting more important; as well as privacy and security challenges are growing, connected units are no longer isolated from public access and Telenor must make it easy for end-users to safely connect further sensors or units to their current solutions. Telenor will continue to adapt to these challenges and provide secure solutions related to IoT.

## Environment and Climate Change Policy and Actions

Telenor is committed to minimising its environmental impact. Telenor's business units operate with the policy of making all reasonable efforts to minimise use of natural resources including energy, water and raw materials.

Climate change is one of the most complex challenges facing people, businesses and governments. Climate related risks include potential damages to vital infrastructure and utilities through the impact of more extreme weather events.

At the same time the ICT industry's technology and smart services have the potential to cut global carbon emissions, reduce resource intensity, stimulate economic growth and deliver substantial social benefits. Sustainability is not only the most important question of our time; it is also the largest business opportunity

today. Smart technology – such as Internet of Things (IoT) – is finally here to help. By adding connectivity and intelligence to our everyday objects we can all vastly increase resource efficiency, reduce waste, reduce CO<sub>2</sub> emissions, keep people healthier and make our societies safer.

Telenor continues to engage with the industry organisations – such as GSMA and GeSI – and industry partners to embrace these opportunities. The SMARTer 2030 report (co-financed and supported by Telenor) identified a number of sectors where the enabling potential of ICT can deliver significant carbon emissions reduction – up to 20 per cent by 2030 and close to ten times the ICT industry's own direct emissions. This places ICT as one of the key instruments for the achievement of the climate commitments undertaken in Paris and the implementation of related national action plans.

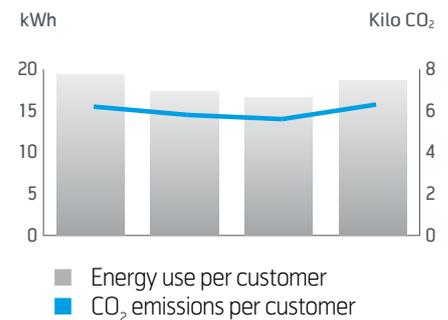
The mobile industry will risk continued growth in its total energy consumption and carbon footprint as mobile operators continue to increase their coverage, acquire more customers and develop more mobile broadband services due to market needs. The mobile industry requires significant amounts of electricity in Telenor's network operations – and most power is supplied on-grid by national power generation companies. In Telenor's Asian operations, the company also relies heavily on diesel used in its on-site generators – to power infrastructure off-grid in remote locations or areas of unreliable on-grid power.

Telenor's key focus has therefore been to stabilise energy consumption by improving the energy efficiency of its networks, as these represent around 80 per cent of the total energy consumption. All business units are mandated to choose cost-efficient energy efficiency initiatives: network swaps, the sourcing of energy-efficient technologies,

infrastructure-sharing and more energy-efficient data centres and buildings.

Changing regulations, dramatic reductions in renewable energy costs and concerns about energy security will impact global energy markets. Telenor's Asian markets are very different from its European markets – both in the company's carbon footprint and the type of energy that Telenor uses for its network operations. In general, developing countries will have the opportunity to leapfrog into the renewable age, and Telenor has already in several of its Asian operations started to convert traditional diesel-based on-site generators into renewable energy with cost-efficient solar/battery technology.

## Energy and CO<sub>2</sub> per customer



The growing demand for ICT products and devices, and their increasingly short lifespans, has resulted in e-waste becoming one of the fastest growing waste streams globally. In this regard, all business units are mandated to secure sustainable waste management. All electronic waste is to be reused, recycled or safely disposed of, and all business units are to ensure that these processes are conducted according to internationally recognised standards and regulations.

## Status and Ambition

For the third year in a row, the global climate reporting organisation CDP rated Telenor Group in their 'Leadership' category as part of its climate ranking list for 2016. Telenor is still the best telecom

company with headquarters in the Nordic region.

**ENERGY CONSUMPTION AND CO<sub>2</sub> EMISSIONS:** In 2016, the total data traffic volume in Telenor's mobile network was 1389 petabyte – an increase of 72 per cent from 2015. In 2016, Telenor's total energy consumption was approximately 4000 GWh – an increase of around 20 per cent from 2015 due to the dramatic increase in data traffic. The associated emissions of greenhouse gases in Telenor for 2016 has been estimated to be a total of around 1.4 million tonnes of CO<sub>2</sub> when using location-based electricity emission factors for the indirect scope 2 emissions, and around 1.6 million tonnes of CO<sub>2</sub> when using market based electricity emission factors for indirect scope 2 emissions.

In the period 2012-15, Telenor's energy consumption per end customer dropped by approximately 25 per cent and the associated CO<sub>2</sub> emissions per end customer dropped 27 per cent in the same period. In 2016, the Telenor's CO<sub>2</sub> emissions per end customer increased by around 15 per cent compared to 2015 due to the dramatic increase in data traffic volume in 2016.

**RENEWABLE ENERGY SOLUTIONS:** In Telenor's Asian operations, the company has in 2016 continued to convert traditional diesel-based on-site generators into renewable energy with cost-efficient solar/battery technology. By year-end 2016, Telenor Pakistan had installed solar energy solutions for more than 550 of its base stations and is planning for an additional 200 sites in 2017. Grameenphone has more than 1,100 solar powered base stations in place, and similarly Digi has more than 70 base stations powered by solar solutions. Also in Myanmar, Telenor has started planning for solar/battery technology when rolling out its off-grid base stations in the years to come.



*Climate change is one of the most complex challenges facing people, businesses and governments. Climate related risks include potential damages to vital infrastructure and utilities – but at the same time the ICT industry's technology and smart services have the potential to cut global carbon emissions.*

**LOW CARBON SOLUTIONS:** In 2016, Telenor Group passed 10 million SIM-connected devices globally on its IoT platforms. Telenor Connexion, Telenor's dedicated IoT company, designs and operates global IoT solutions for the global market.

In 2016, Telenor and ZERO (Norway-based independent not-for-profit foundation) organised a 'Greenovation' competition, which looked for start-ups with innovative solutions that utilise resources more efficiently and can make our lives smarter and better. The winning concept was created by the start-up company Zaptec – presenting a highly compact and very efficient electronic transformer that outperforms transformers of up to 10 times its weight and volume.



**In 2016, CO<sub>2</sub> emissions per end customer increased by 15 per cent**

compared to 2015 due to the dramatic increase in data traffic volume in 2016

**ENVIRONMENTAL MANAGEMENT:**

More than 70 per cent of Telenor's procurement processes with a contract value greater than USD 250,000 used a specified set of sustainability criteria in 2016. In addition, more than 176,000 meetings were carried out in Telenor's global organisation using video conferencing and virtual meeting solutions instead of actual travel. In 2016, Environmental Management Systems (EMS) in line with ISO 14001 were followed up in all business units with the exception of Telenor Myanmar, where planning has started up in 2016 and EMS implementation will be finalised in 2017. Two more business units have, during 2016, achieved certification according to ISO 14001. Altogether, seven Telenor business units are now certified according to ISO 14001: Telenor Bulgaria, Telenor Serbia, Telenor Hungary, Digi, Telenor India, Telenor Montenegro and Grameenphone. The revised ISO 14001:2015 standard has been implemented in some business units and will continue to be implemented in the coming years.

**E-WASTE INITIATIVES:** Mobile handset recycling initiatives have been ongoing for several years in nine business units: Telenor Hungary, Telenor Serbia, Telenor Montenegro, Digi in Malaysia, dtac in Thailand, Telenor Sweden, Telenor Denmark, Telenor Norway and Telenor Bulgaria. In 2016 across Telenor, a total of close to 300,000 mobile handsets and mobile batteries were collected and recycled in an appropriate way. During 2016, updated guidelines for proper handling of e-waste have been implemented.

**LOOKING AHEAD:** Telenor's key climate measure has been to stabilise the energy consumption in its networks while increasing market footprint, since network operations represent around 90 per cent of Telenor's total CO<sub>2</sub> emissions. In the way forward, Telenor will plan for scale-up of renewable energy combined

with continued focus on energy efficiency initiatives in all of its network operations – resulting in both savings in operating expenses and reduced CO<sub>2</sub> emissions. During 2017, Telenor will formulate new strategic climate ambitions for Telenor Group with localised climate roadmaps towards 2030 that are aligned with the overall Paris Climate Agreement.

### Child Online Safety Policy and Actions

For Telenor, enabling internet access for all is not enough – everyone should also be able to fully leverage the benefits connectivity offers. As a particularly vulnerable group, children deserve special attention and Telenor aims to stimulate a supportive ecosystem that may address risks and grow resilience. This ecosystem needs to involve a range of different stakeholders, and there is a clear role for Telenor to play in several key areas. Telenor Group is involved in providing educational outreach at schools, access to toll-free helplines, access to parental controls and good reporting mechanisms as well as firm measures to prevent child sexual abuse from being distributed through Telenor's networks.

### Status and Ambition

In 2016, Telenor set out to build a differentiated and unified position within Child Online Safety, particularly focusing on the issue of digital bullying and safety online. Consolidating current best practice, a common concept, 'Be Smart Use Heart', was introduced, which aims to provide information and tools to help children be safe online. Programmatic tools, content and branding have been developed to assist business units in adopting the common position, and efforts to develop more content and align further with the brand will continue in 2017.

Under the new Sustainability Direction, Telenor in 2016 set itself a concrete target on Child Online Safety to be achieved by 2020. 2016 was also the

year when Telenor moved to unify many of the child safety programmes under a common concept and image. Additionally, the company dedicated its annual 'Customer First Day' theme to raising awareness about digital bullying and safety online. Progress was also made in the defined focus areas of safe internet as referred to in the Policy and Actions section above.

Within the umbrella of the new Sustainability Direction, Telenor has taken a clear position on creating opportunities for meaningful and safe digital participation for everyone. By 2020, Telenor's aim is that four million children are trained on online safety and empowered to make the right decisions on how to engage on the internet confidently and responsibly. This commitment builds on Telenor's existing efforts for a safer internet by scaling those aspects that have enabled the most progress, as well as deepening and broadening the curriculum.

**ADDRESSING DIGITAL BULLYING ON CUSTOMER FIRST DAY:** The annual Customer First Day (CFD) is a Telenor tradition which encourages employees across all BUs to participate in events and activities that demand direct interaction with the customer. In 2016, Telenor employees connected with 60,000 children and adults on CFD to raise awareness on the subject of digital bullying. The online campaign reached far and wide with the #useheart earning 259 million potential impressions, while a gaming app on digital bullying entertained 13,700 visitors. A survey on understanding the nature and severity of digital bullying in many of our markets generated 30,000 responses, which indicated that the issue was prevalent in both Asia and Europe, albeit differently.

**SUPPORTING CHILD HELPLINES:** In 2016, Telenor continued efforts to support the accessibility and capacity of child helplines as avenues for children to

turn to in case of an untoward online experience. In this regard, Telenor funds were committed to help Child Helpline International (CHI) build capacity among national helpline staff through digital means in responding, reporting and referring online abuse cases. It is expected that through e-learning modules and personalised follow-up, member helplines of CHI will be able to develop their capabilities and skill-sets in key areas relating to child online safety.

**BUILDING CAPACITY FOR ONLINE SAFETY:** In February 2016, Telenor India announced that through its partnership with Child Helpline, all SIMs will come embedded with 1098 number, which means the number is available on the customer's default phonebook. Customers can dial this free number and seek help on anything related to child rights and abuse. The initiative has also been recognised by the GSMA.

dtac and Telenor Pakistan, in collaboration with UNICEF and Plan International respectively, launched Thai and Urdu versions of Telenor's Guidebook on how to talk to kids about the internet. The book is now available in seven languages, including English, Bengali, Bahasa Malaysia and Mandarin and is available online for all to download. More Telenor markets are expected to localise the content in 2017.

Norway's biggest school tour against cyberbullying, Bruk Hue, has reached out to 300,000 pupils and parents since 2009, providing training and awareness on the subject of digital bullying and online safety. Additionally, two new tools for the digital family were launched, including Foreldreskolen – an online school inviting parents into children's digital life, and Mobil-lappen – a playful exercise to make it safer and easier for children to experience their first mobile phone.

Telenor India accelerated its flagship



*In 2016, Telenor set out to build a differentiated and unified position within Child Online Safety, particularly focusing on the issue of digital bullying and safety online.*

WebWise campaign in 2016, reaching out to a total of 54,000 students across several cities. Telenor Hungary took the message of online safety to a total of 5,500 students who participated in safe internet lectures since 2013.

In Thailand, dtac reached out to thousands of people including 10,000 students through their 'Stop CyberBullying' campaign, which encompassed awareness workshops, school tours and seminars. On the other hand, Telenor Myanmar reached out to over 24,000 children and youth by leveraging the Lighthouse platform.

In March 2016, Telenor Serbia along with partners and supporters including UNICEF, arranged the event 'Cyber Dictionary', which rallied elementary school students to educate them about

safe behaviour on the Internet. Through music, dance and fun, driven by some of the most popular local stars, video messages from UNICEF ambassadors, 4,000 students learnt how to be safe on internet.

In July 2016, Digi launched "Family Safety" – an application for users to keep family members, especially children and the elderly, safe offline and online. Key features include geo-fencing to create safety zones, check-in and panic alert notification, parental control features to manage time and usage of certain apps; and phone security features allowing users to find, ring, lock and wipe any family phone if lost or stolen.

**LOOKING AHEAD:** Telenor's efforts towards child online safety are expected to gain further momentum in 2017 as the

company strives towards achieving the ambitious target of reaching four million children by 2020. To support this momentum, Telenor aims to step up the work with its global partners, including UNICEF, in institutional capacity development and parental awareness. Relevant and engaging content and issue-based research will also remain on Telenor's radar.

### Mobile Phones & Health Policy and Actions

The World Health Organisation (WHO) has stated that there is no convincing scientific evidence that the weak radio frequency signals from base stations and wireless networks cause adverse health effects. Scientists and researchers still continue to investigate the possibility that electromagnetic fields (EMFs) generated by mobile technology could have such detrimental health effects. Numerous independent scientific and public health authority reviews continue to be issued. The WHO remains confident that current international recommendations incorporate large safety factors and are protective of the health of people everywhere.

As mobile phones and connectivity become ever more ubiquitous there are voices that continue to argue that too little is known about the possible health effects of mobile use and about living within close proximity to mobile infrastructure. Others again are convinced that EMFs are the source of a number of health complaints.

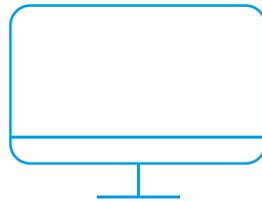
Telenor appreciates anyone coming forward with concerns for their health or that of their families. Telenor has confidence in, and refers to, the World Health Organisation, which has stated that: 'To date, no adverse health effects have been established as being caused by mobile phone use'.

Further, Telenor is also supportive of serious research efforts to establish

whether there may be long-term health effects of exposure to EMF from mobile phones and infrastructure.

### Status and Ambition

Across Telenor, all business units work in accordance with the guidelines provided by national regulations and the International Commission on Non-ionizing Radiation Protection (ICNIRP). These guidelines represent the basis for all planning, installation work and safety measures at antenna sites.



It's not enough to enable internet access - bringing the benefits of **digital access and outreach to all** remain one of Telenor's key objectives.

Further, all Telenor business units strive to recognise and respect the public interest in acquiring environmental and health-related information about electromagnetic fields and to provide stakeholders with accurate and relevant information relating to installations, services and products.

### Digital Access and Outreach

Connected societies are empowered societies. It's not enough to enable Internet access: Telenor wants everyone to be able to leverage its benefits. Today, many of the unconnected are in emerging Asia, but there are also unconnected pockets of people in Europe and the Nordic region. Bringing the benefits of digital access and outreach to all remains one of Telenor's key objectives.

### Status and Ambition

By year-end 2016 Telenor had rolled out 3G and 4G mobile technologies in 12 countries. All business units had also rolled out or were evaluating Wi-Fi offerings. In its mature markets, Telenor is adding network capacity to sustain and improve the mobile data user experience as networks become congested.

Digital skills and awareness are essential enablers of mobile internet adoption. People need to understand the relevance and benefit to their lives from being online and to have the necessary skills to take advantage of the opportunity.

**REACHING OUT FOR DIGITAL LITERACY:** Telenor India is continuing to reach out to rural and semi-urban areas to educate youth, women and children on the usage and benefits of the internet in their daily lives. In 2016, Telenor India operated more than 270 Grahak Shiksha Kendras (Customer Education Centres) in its retail stores that aim at educating the masses on internet. Telenor India collaborated with GSMA developing and piloting the Mobile Internet Skills Training Toolkit with four distributors across India. Key learnings were published by GSMA in the report "Telenor's mobile internet training projects in India: raising awareness of the benefits from getting online".

dtac, in collaboration with local authorities, stepped up its SMART farmer project in Thailand with the objective of empowering farmers through access to knowledge and information on their mobile phones. They focused on training young farmers to develop their own online marketing. The trainings were delivered in 41 provinces with an overall attendance of approx. 3,000 farmers during 2016. Looking forward into 2017, dtac has partnered with Thailand's Electronics and Computer Technology Centre, to develop an IoT solution. The device, a sensor-based and solar-powered product has the capability to monitor seven parameters, including

light, humidity, temperature, water, wind and pH levels, and is linked to a router with a dtac SIM relaying the information to the cloud. This in turn will enable the system to send targeted advisory information to the farmer's mobile device based on the acquired farm-level granular data.

Telenor Myanmar established 20 new digital literacy centres in 2016 and is now running more than 60 centres, called Telenor Lighthouses. The objective of the centres is to provide smartphone and computer-based literacy training and online education to communities in rural areas. The establishment includes training entrepreneurs to become sustainable social enterprises in rural areas. The ambition for 2017 is to implement an online portal to make affordable basic smartphone and computer literacy training available nationally and have 50,000 digital literacy students trained. A total of 200 Lighthouses are expected to be functional by the end of 2018.

As part of Telenor Group's initiative to partner with Facebook and promote digital literacy, both Grameenphone and Telenor Pakistan initiated Facebook retailing campaigns in 2016. The programme leverages the retail distribution network to teach people internet skills, leveraging Facebook as the first online experience.

**ADDRESSING THE GENDER GAP IN ACCESS:** The gender gap in access to mobile and ICTs can place women at a disadvantage when it comes to enjoying digital benefits. Telenor India's Project Sampark aims to increase women's access to the use of mobile phones and to promote solutions towards women's barriers to mobile usage. The project works on a twin SIM concept in which the owner of the first SIM must be a woman in order for the second SIM owner to reap certain benefits. The project launched in August 2014, has shown



*dtac, in collaboration with local authorities, stepped up its SMART farmer project in Thailand with the objective of empowering farmers through access to knowledge and information on their mobile phones.*

good results with approximately 76,000 customers, 50 per cent being women.

Digi launched Digi Wanita Era Digital, a community programme focusing on women empowerment. The aim is to drive greater internet adoption among women and educate them on basic internet skills, helping them to explore a world of opportunity for learning, communication, entertainment and business beyond their home and community.

### **Service Reliability**

At Telenor, reliability of service in all operating areas is key to delivering on the company's promise to its customers. Telenor also believes that the infrastructure it provides is vital for helping customers' connect and keep safe especially during times of disaster. Fire, flooding and other natural and man-

made disasters are hazards faced by all citizens, and when they happen, communication networks are often disrupted. The ability to communicate is essential in supporting disaster relief and saving lives.

**NETWORK AVAILABILITY DURING NATURAL DISASTERS:** Flooding in Asia during July-December 2016 affected millions in Bangladesh, India, Pakistan, Thailand, Malaysia and Myanmar. The flooding in Myanmar was less severe than last year, though the flood locations were different. The approach that was taken this year was both proactive and reactive – platforms for high risk sites were raised from last year, and it was worked reactively with the tower companies to get sites back online as soon as possible.

Heavy rain and flooding hit people in

many provinces in Thailand in October and December 2016. In addition to offering flood relief to help affected customers in flooded areas, dtac monitored its network closely and was prepared to respond to the emergency situation in the flooded and watched areas, in which all base stations are equipped with power generators according to the emergency response plan.

In Malaysia, Digi chartered helicopters to airlift emergency supplies to flood victims. The floods disrupted numerous services including telecommunications.



Telenor has sound backup plans and redundancy options to ensure service reliability **under flooding and other challenging circumstances**

In 2016, the extreme weather Urd ravaged Norway the last week of the year. Power outage and fibre breakage affected mobile coverage in several parts of the country. Telenor Norway demonstrated that preparedness functioned significantly better during these events than during the extreme weather Dagmar in 2011. Electricity outages and fibre damages were the main reasons for Telenor's customer impacts, and the outage in peak included 160 mobile sites as well as 2,000 fixed line telephony customers and 3,000 broadband customers. Two days after Urd began, most services were up again. Telenor Norway has, since Dagmar, increased reserve power capacity at its

installations, enhanced battery backup on several base stations and acquired high-tech mobile trailers ready to cater for communication in crisis areas. Telenor Norway also has mobile generators, which can supply electricity to communication equipment in serious power failures. In addition, the company runs emergency drills and maintains a dialogue with relevant authorities about robustness and emergency response.

Many of Telenor's business units, especially the ones operating in disaster prone areas have sound backup plans and redundancy options to ensure service reliability under challenging circumstances.

### Innovating and Researching for Shared Value

Telenor strives to introduce innovative uses of digital communication to improve people's lives, with meaningful solutions that can address social, economic and environmental problems, close the inequality gap and empower societies.

#### INNOVATIVE SERVICES AND PROGRAMMES:

Telenor is committed to helping world leaders achieve the UN Sustainable Development Goals that were set in 2015. Access to communication and internet services creates extraordinary possibilities for all of us, no matter where we live, no matter our background. It renders information available and provides a voice for more people. It has a great potential for reducing inequalities. Leveraging the power of mobile for sustainable development includes applying innovation, resources and expertise to pursue the business opportunities inherent in building a greener, more equitable and inclusive society.

#### RESEARCHING FOR SHARED VALUE:

In Telenor, research is key in helping the company gain insights and competencies to become a data driven software



organisation. This ambition also has a sustainability dimension. Research in using big data – the information flow from digital communications analysis – has the potential of providing important insights that can help tackle socio-economic challenges, such as the early identification and prevention of diseases.

#### Status and Ambition

##### INNOVATIVE SERVICES AND PROGRAMMES:

**Leveraging Mobiles & Partnerships to benefit the Underserved:** In 2016, Telenor and UNICEF continued the joint partnership to leverage the reach and capability of connectivity for children's rights and development. During 2016, Telenor and UNICEF collaborated on promoting child rights and Safe Internet in Bangladesh, Thailand, Malaysia, Hungary and Serbia.

In Pakistan, Telenor Group, Telenor Pakistan, UNICEF and local authorities are building on the good results from the pilot project in the provinces of Sindh and Punjab to augment birth registration rates using cellular technology. In Pakistan, Telenor Group, Telenor Pakistan, UNICEF and local authorities are building on the good results from the pilot project in the provinces of Sindh and Punjab to augment birth registration rates using cellular technology, setting out an ambition to digitally register the births of 700,000 girls and boys in over 100 locations by 2017. A significant ramp up in scale from the pilot, the project will empower these children with legal identity that could potentially help limit child labour, trafficking and marriage as well as promote the planning of and access to public services.

In Thailand, dtac, UNICEF and the Ministry of Health are extending their work providing users with free mobile information services to promote healthy mothers and children. The mobile phone is used as a tool to convey life-saving information to expecting and new mothers. The service had more than 200,000 subscribers up to November 2016.

In 2016, the efforts of Telenor Serbia, UNICEF and local authorities continued to enable the social inclusion of the Roma population in Serbia through health outreach services in collaboration with UNICEF and local authorities.

Mobile Financial Solution to promote Girls' Education: Telenor Easypaisa in Pakistan continued providing educational stipend disbursement services for the Sindh Education Reform Programme (SERP). The stipend is offered to more than 400,000 girls studying in classes 6 through 10, and is designed to address gender disparity in education attainment. Easypaisa provides a convenient and efficient solution in the form of Over The Counter (OTC) and ATM Cards to stipend



*In March 2016, Telenor held its third sustainability briefing on Myanmar. Telenor presented an update on its ongoing work within key sustainability areas and corporate responsibility, set against its business growth in Myanmar.*

beneficiaries, as well as a cost saving solution to SERP.

Extending Life and Health Insurance Services: Telenor Group is offering life and health insurance to customers in many of its markets. In 2016, Telenor India continued offering Telenor Suraksha with life insurance to low and middle-income customers. The initiative has been a success with more than 6 million customers insured as of December 2016. Grameenphone's Nirvoy Life Insurance has more than 5.5 million customers in 2016. The objective of the service is to serve as a mass loyalty product in addition to offering Grameenphone customers a social safety-net. Easypaisa's first mass market health insurance Sehat Sahara reached 125,000 subscriptions in 2016.

**TELENOR HEALTH:** Telenor Health is a purpose-driven, digital health subsidiary established by Telenor Group in 2015. It aims to leverage technology to help make high quality health and wellness information, advice, and services accessible to everyone, particularly for people in emerging markets.

On June 2016, Telenor Health partnered with Grameenphone to launch its first service, Tonic, in Bangladesh. The subscription digital health service provides members with a range of benefits including: free engaging health and wellness content; discounted access to a qualified doctor over the phone; free discounts on services at over 200 hospitals, diagnostic centres, and pharmacies; and free "hospital cash" insurance coverage to help with lost wages, medications, and other costs



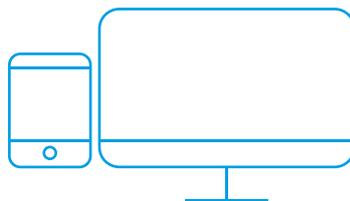
By end 2016, more than two million Grameenphone subscribers had joined Telenor Health's first offering – Tonic.

resulting from a serious medical incident. Tonic membership is offered for free to all active Grameenphone subscribers as part of an effort to drive both societal impact and customer loyalty on behalf of the Bangladesh telecom operator.

By end 2016, more than two million Grameenphone subscribers had joined Tonic, with the member base growing by as much as 20,000 per day. More than 300,000 Tonic members are from Grameenphone's corporate customers, representing some of the largest companies and institutions in Bangladesh. Building on the early success of Tonic, in 2016 Telenor Health continued to introduce new features, including the Tonic mobile app, which is now one of the most popular health and fitness Android apps in Bangladesh.

#### BIG DATA FOR SOCIAL GOOD EVENT:

During 2016, Telenor continued research into how to use big data for social good. Based on the study published in 2015 on the spread of dengue in Pakistan, Telenor has explored how to transform the findings into real value for society.



**Big Data** – Insights from refined data can help our digital business, but it can also foster social good and empower societies

In 2016, Telenor hosted a highly visible event on 'Big Data for Social Good', confirming Telenor's strategic commitment to empowering societies – and gathering a wide range of stakeholders across research, civil society and business. The event generated high visibility, while confirming Telenor's strategic commitment to empowering societies – as supported by presentations of the outstanding results from the collaboration between Harvard and Telenor on dengue fever in Pakistan. Throughout the year, Telenor continued its research and engaged in dialogue with stakeholders on potential next steps. Telenor's ambition is to continue this work and publish its findings during 2017.

# HOW TELENOR IMPACT SOCIETIES

## Telenor Global Impact Report

In 2016, Telenor commissioned KPMG to conduct an independent study assessing a number of the economic and social impacts Telenor has across the 13 markets in which it directly operates. The report quantifies Telenor's commitment to support and contribute to the communities in which it operates and shows that Telenor contributed to an estimated USD 20.3 billion to the national economies (measured in terms of Gross Value Added) across its 13 markets in 2015.

The socio-economic effects captured in this study were categorised into four key areas:

- Telenor's contribution to national economies (GVA), contribution to productivity, its employment impact, its investment and its role in contributing to public finances
- The ways in which Telenor's services enable the wider economy, including the impacts on digital inclusion, financial inclusion, supporting entrepreneurship and innovation, and supporting improved gender equality
- Telenor's impacts in terms of sustainability in the supply chain
- Telenor's contribution in crisis situations

The economic framework applied to assess these impacts captures a wide range of different effects, both direct and indirect. They show how Telenor

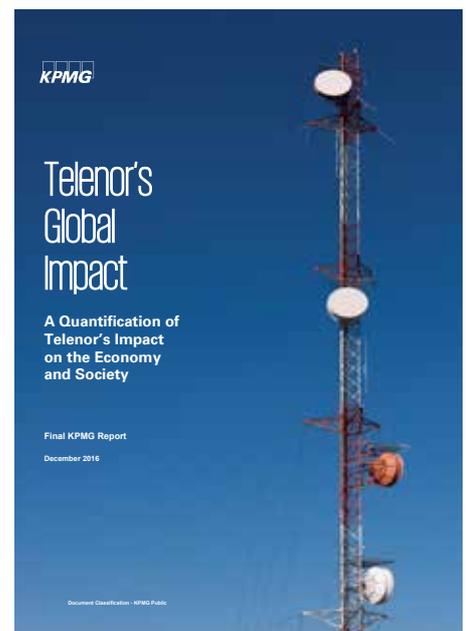
contributes to the economy as a company, as well as the wider impacts generated through the use of Telenor's services by its business and consumer subscribers. The KPMG report also includes national details of the socio-economic contributions of each of Telenor's 13 business units around the world.

In a changing digital landscape, it is imperative that governments, businesses and organisations work together to develop frameworks that stimulate growth and create shared value. The KPMG report aims to contribute to a constructive dialogue on how Telenor can continue realising the value and the opportunity of the company's digital future.

Digital inclusion is also in line with Telenor's commitment towards the United Nations' Sustainable Development Goals, and specifically Goal 10 in reducing inequalities. The Global Impact Report sheds light on how Telenor's operations contribute towards this goal.

## Economic Contribution to Society Policy and Actions

Mobile communication and digital services facilitate economic development, growth and modernisation of public services, service industries and manufacturing. Governments increasingly acknowledge the crucial role of communications in providing new growth, employment and innovation. In



Download the full report: [www.telenor.com/wp-content/uploads/2016/12/KPMG-Report-Telenor-Global-Impact-Final-Report-vSTC.pdf](http://www.telenor.com/wp-content/uploads/2016/12/KPMG-Report-Telenor-Global-Impact-Final-Report-vSTC.pdf)

Europe, this vital role, as envisioned in the Europe 2020 and Digital Single Market strategies, was acknowledged in 2016 by national strategies for digital modernisation – such as the Digital Agenda and Digital Welfare programmes in Hungary, the Broadband Plan for Sweden, the Digital Strategy for modernisation in Denmark, and the Digital Agenda in Norway. National digital strategies have also been launched in Pakistan and Thailand. Telenor has delivered key insights and proposals to these processes. In late 2016, Telenor and other major companies established the “Digital Norway” initiative which aims to take the economy into the highly

digitised, 'Industry 4.0' phase of industrial development.

Telenor has reported direct, country-by-country impact on investment, taxation and employment, since 2014. In 2016, Telenor documented its wider social and economic contribution to the societies the company work in, through the report Telenor's Global Impact by KPMG. It documented a substantial direct and indirect contribution to economic activity, investment, public finances, employment, gender opportunities, and social and financial inclusion. In addition, Telenor Research launched a methodology (05/2016 -Telenor in the National Economy: A Methodology) to take parts of this documentation further on an annual basis. These efforts enable Telenor to enhance transparency and understanding of how corporate activity

contributes to national economic activity and growth.

### Status and Ambitions

**A LONG-TERM INVESTOR, TAX PAYER AND EMPLOYER:** Telenor is committed to long-term investment that supports employment, local industrial development and improved current account balances for the national economy. Mobile and broadband networks sustain national infrastructure for growth, digitalisation and modernisation in a decennial perspective. In 2016, Telenor's investment of NOK 29.9 billion, from a total revenue of NOK 131.4 billion, constituted an investment ratio of 22.8 per cent capital expenditure to revenue, compared with a 20 per cent investment ratio in 2015.

Telenor is committed to operate

according to local laws and regulations. Telenor reports and pays taxes at the legally obliged level in each country (see notes to the Financial Report for details). Telenor advises governments to have a tax system based on universal tax principles as advocated by the IMF and World Bank, with universal tax levels across a broad tax base. Tax collection practices should rest on predictable legislation applied by an objective authority, tested by independent courts. Predictable and universal taxation is a crucial safeguard for efficient investment and affordable services for everyone.

Globally, most countries have met the 2008 economic crisis through reduced tax burdens, to stimulate investment and growth. Thailand reduced tax burdens in 2015, while Denmark and Norway further reduced corporate taxation in 2016.

## COUNTRY-BY-COUNTRY REPORTING

Financial Year 2016

*NOK in millions	Revenues*	EBITDA*	Capex*	Profit before taxes*	Corporate income tax (CIT) paid*	Employees total per 31.12
Norway	32 164	9 808	6 054	932	470	5 880
Sweden	14 527	4 809	1 596	3 183	502	1 923
Denmark	5 524	635	535	372	37	1 950
Hungary	4 376	1 382	391	791	207	1 403
Bulgaria	3 124	1 260	320	664	58	2 062
Serbia	3,271	1 069	344	605	105	1 351
Montenegro	459	154	174	146	(164)	301
Thailand	19 544	6 615	4 835	943	174	4 484
Malaysia	13 371	6 143	1 585	4 672	1 232	2 071
Bangladesh	12 338	6 832	2 259	4 221	1 703	4 007
Pakistan	8 635	3 614	4 952	2 249	885	6 202
India	6 032	49	917	(7 849)	3	4 010
Myanmar	6 762	2 919	2 729	2 051	529	723
Other	1 301	(187)	3 156	1 247	183	633
<b>Telenor Group</b>	<b>131 427</b>	<b>45 103</b>	<b>29 848</b>	<b>11 731</b>	<b>5 924</b>	<b>37 000</b>

*This table specifies the most important elements of Telenor's direct economic contribution country-by-country. It includes Telenor's revenues, EBITDA, capital expenditure, the corporate income taxes paid 2016 and the number of employees. The table does not specify all taxes, and fiscal levies – only the Corporate Income Tax (CIT) is included.*

However, several governments sustained excessive taxation of mobile companies and services, in a targeted and non-predictable way, among others Hungary, Pakistan and Bangladesh.

#### DIRECT ECONOMIC CONTRIBUTION:

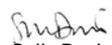
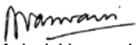
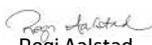
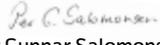
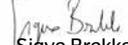
A company contributes directly to the national economy through its investments, wages, taxes and fees, and indirectly through the similar production which the company induces in vendors and partners in the value chain.

According to the independent findings in

the KPMG report, Telenor's business units across 13 countries contributed directly to national economies with a USD 7.0 billion (NOK 56.0 billion) gross value added in 2015, plus indirectly with USD 13.4 billion (NOK 107.8 billion) of value added induced by its local demand and employee spending. This means that for each dollar of value Telenor created directly, another 1.9 dollars was created in the wider economy among vendors, ecosystem partners and from employee spending.

Mobile communication creates a vibrant ecosystem of large and small businesses that employs millions in Telenor's markets. For the year 2015, KPMG found that the business and services produced by Telenor's approximately 37,000 employees induced an ecosystem employment of 1.2 million people in services, retail distribution, vendor supplies, etc.

Fornebu, 14 March 2017

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