Telenor Annual Report

2021

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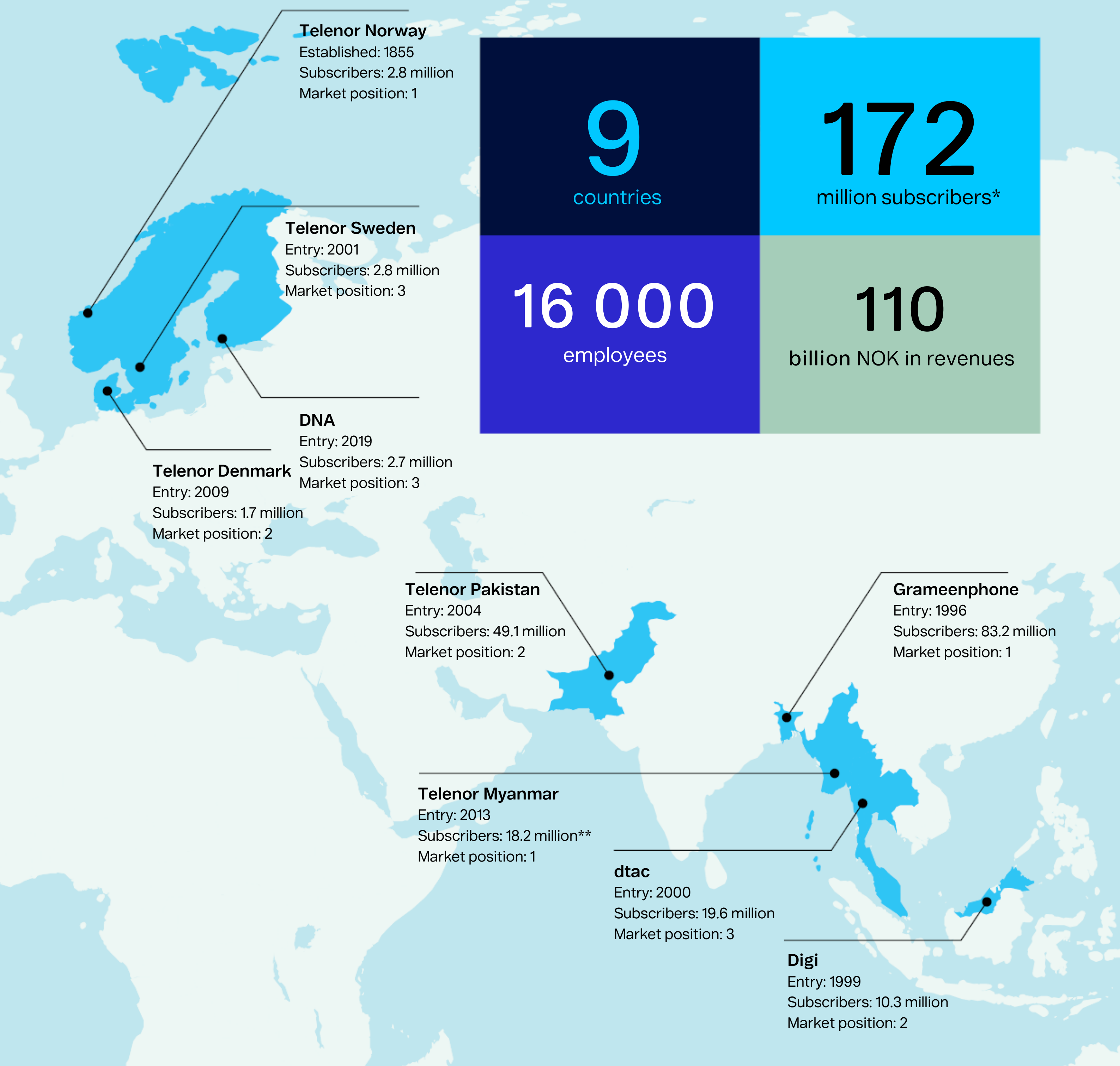
Telenor at a glance

Telenor Group is a leading telecommunications company across the Nordics and Asia. In Telenor, we are committed to responsible business conduct and driven by the ambition of empowering societies. Connectivity has been Telenor's domain for more than 165 years, and our purpose is to empower societies and connect our customers to what matters most.



Market position is based on revenue market share in Nordics, Thailand, Malaysia and Bangladesh, and subscription market share in the others.

*Subscription figures represent mobile subscriptions and exclude Telenor Myanmar.

**Telenor Myanmar subscriber numbers are based on first quarter 2021 figures. With effect from the second quarter of 2021, Telenor Myanmar was classified as held for sale and discontinued operations. On 17 March 2022, Telenor Group was informed that the Myanmar Investment Commission has given final regulatory approval to the sale of Telenor Myanmar to M1 Group, see notes 4 and 38.

Letter from the CEO

In 2018 the number of devices connected to the web was 7 billion. By 2025, it's believed to be more than 75 billion. Digitalisation is changing the world fundamentally, and it will just accelerate in the coming decade, transforming societies and our everyday life. At the same time, the world around us quivers. After two years of a pandemic, we now face new and uncertain times after the Russian invasion of Ukraine, and in Myanmar the military still has the power one year after the takeover. The UNs Intergovernmental Panel on Climate Change (IPCC) has issued a "code red for humanity", and many of us wonder what kind of earth we are leaving behind for our children and grandchildren.

As we navigate this shifting world, I'm certain businesses and private actors need to step up and take responsibility. It means being a force for good, driven by values and principles in uncertain and challenging times - brought on by the climate crisis or by conflict. It also means taking responsibility to unleash the potential for millions of people, by providing new solutions and opportunities through digitalisation and new technologies. For Telenor, it means being a trusted partner for our customers and the societies where we operate.

Telenor believes connectivity is something fundamentally good. Throughout the pandemic, it enabled millions of children to learn virtually and ensured that we could work safely and socially distanced. Access to open and transparent communication services is key to any free democracy, and if we put our minds to the task, new and green technology can be a way out of the climate crisis. We also believe digitalisation can provide fantastic opportunities for people and businesses. As digitalisation accelerates, and 5G and new technologies come together, we want our customers to share in the value creation. That's why in 2021 we took the first steps beyond connectivity. Delivering world-class connectivity is still at the core of what we do. But to serve our customers even better, we believe we can add services and value. For example, in the Nordics we have started rolling out safe services that help protect against fraud, dangerous websites and ID theft.

Our business customers need a partner to navigate new possibilities coming from 5G, IoT and AI, and we believe we can help them navigate these complex technologies to work seamlessly and reliably together. For example, in Malaysia, where we deliver port operations with 5G and AI. We believe this shift to be a growth opportunity for us as a company - both in delivering connectivity as a service and to meet new customer demand with services beyond connectivity. We are not alone in going beyond connectivity. This past year we've entered partnerships with Google Cloud, Amazon Web Services and renewed our partnership with Cisco, all to be able to add value for our customers.

In recent years, we have prepared well, modernising our infrastructure, our organisation and the way we work. To further deliver for our customers in a digitalised world, we also need to become fully digital ourselves. That's why we have taken leaps in fast-forwarding our digital transformation in setting new and ambitious targets for automating our operations and working towards self-service enabled customer interaction.

Sigve Brekke, President & CEO
Telenor Group

I'm a firm believer that companies of the future are sustainable and responsible. In 2021, together with other ICT companies, we started an initiative to work for more clean energy in countries that today rely too heavily on fossil fuels. Last year, we increased focus on emissions from our supply chain, stating that nearly 70 per cent of our suppliers shall set science-based targets within 2025. I believe this is the way forward. We can create green synergies by cutting our emissions and demanding that the people we do business with do the same.
To be a trusted partner for our customers in a new digital decade, we need muscles. That's why we entered two mergers in Asia last year. The new companies in Thailand and Malaysia will have the power and scale to unleash new opportunities for our customers in the tremendous digital transformation happening in the region.

I believe values and principles guide a trusted partner. In a complex world, that doesn't come without dilemmas. In 2021, Telenor faced its most difficult challenge ever following the military takeover in Myanmar. The deteriorating situation and conflict with our values, Norwegian law and international law made Telenor's continued presence in Myanmar impossible. I am proud of the impact we have created through delivering communication services to the people of Myanmar and devastated that the story has ended here. Our thoughts are with the people of Myanmar.

The employees are Telenor's most valuable resource. They are the ones ensuring innovation as we move beyond connectivity and the ones meeting our customers every day. That's why we will continue our focus on up-skilling and re-skilling our digital skillset. Telenor's vision is to empower societies and connect you to what matters most. Doing it will look different in the next decade than in the past. We believe the shifting world around us needs companies to step up and take responsibility. For Telenor, that means being a partner you can trust. We want to make the digital shift green, safe, and for everyone - all while advancing societies around us with new services and world-class connectivity to give you, as our customer, more value in your digital life.

Sigve Brekke, President & CEO Telenor Group

Telenor Group Executive Management

Sigve Brekke
President and Chief Executive Officer (CEO)

Tone Hegland Bachke
EVP and Chief Financial Officer (CFO)

Cecilie Blydt Heuch
EVP and Chief People & Sustainability Officer

Ruza Sabanovic
EVP and Chief Technology Officer

Rita Skjærvik
EVP Strategy and External Relations

Jørgen C. Arentz Rostrup
EVP and Head of Telenor Asia

Petter-Børre Furberg
EVP and CEO of Telenor Norway

Jukka Leinonen
EVP Head of Nordics

Letter from the Chair

Dear Reader

Last year, I began my letter by asking the question: Who could have imagined the changes 2020 would bring? The same question is equally relevant now. Not because of the pandemic, which is still with us despite most restrictions being lifted, but rather the challenges we are facing that were unthinkable just a short while ago. Russia's invasion of Ukraine has created war in Europe, and we can already see that 2022 will be a year marked by major upheavals in security policy priorities, global financial markets, international trade, politics, global value chains and economic growth.

In recent years, the Board of Directors in Telenor has focused strongly on sustainable development. It is becoming increasingly important for companies like Telenor to place high demands on responsible business operations and contribute to positive development in the societies where we operate. This is a prerequisite for creating value for customers and shareholders, and it also meets the expectations of Telenor’s stakeholders. This is the only way we can ensure our ability to deliver long-term value for shareholders.

In 2021 Telenor's Board of Directors and management spent a lot of time dealing with the very difficult situation deriving from the military coup in Myanmar. Since the entry into Myanmar in 2014, Telenor has provided communication services and critical infrastructure to the country's citizens. Telenor – strongly supported by Norwegian politicians – was an important contributor to the opening up of the society of Myanmar by providing affordable and accessible communication services. When the military took power in February 2021, the situation suddenly changed. It quickly became clear that it was no longer possible to continue operations while at the same time complying with Norwegian and international laws, sanctions regulations and Telenor's own responsible business commitments. Combined with concerns about human rights and employee safety, this formed the reason for Telenor's decision to sell.

Despite the sad end, Telenor's years in Myanmar were proof of the opportunities inherent in connecting people and things using communication services. Telenor will keep providing such opportunities across all our markets. The telecommunications industry is in the midst of a rapid development with the establishment of 5G networks, opportunities beyond connectivity and the emergence of new value chains and services. At the heart of Telenor’s priorities are the customer’s need. Every innovation is meant to ultimately add value to customers.

New opportunities in the business-to-business market and the use of 5G will renew both our service offering and the way we work. The services offered to the consumer market will also be affected. Building partnerships will be important in the effort to gather the best expertise and technology needed to win the battle for customers.

We believe that benefits of scale and strong market positions will be even more important going forward. This was the reason why Telenor announced new types of partnerships during 2021 by merging its operations in Malaysia and Thailand with Celcom and True, respectively. We have high expectations of the benefits this

Gunn Wærsted, Chair of the Board
Telenor ASA

will bring and believe that the two new companies will put Telenor in an even better position to manage market opportunities and risks within each market and across the region. The ambition is to create two leading players that will provide value for customers and shareholders, and drive digitalisation by becoming an even stronger digital partner for consumers, businesses and the broader society.

The pandemic has created changes in how companies are run and how organisations work. Our employees work differently, our customers use us in a different way – and we all have to adapt. The Board has had most board meetings on video also in 2021. Drawing on good experiences with video meetings, we will continue to hold board meetings digitally going forward however ensuring there is a healthy and good balance between digital and physical meetings. There are several advantages that physical meetings provide for relationship building and delving deep into specific topics.

I will conclude my letter by thanking all Telenor employees who have worked hard to keep our operations running and making sure that the infrastructure we all depend so heavily on in our daily work is available. That's our most important task. You are the reason why we can look back on 2021 as a year in which Telenor stood firm and handled very demanding challenges in a way we can be proud of. And at the same time created the best possible foundation for further development of Telenor as a customer-oriented company with the most sought-after services.

Thank you to employees, thank you to customers and thank you to shareholders.

Gunn Wærsted, Chair of the Board

Board of **Directors'** Report

01

Board of Directors' Report

Telenor's purpose

Telenor's purpose is to empower societies by connecting customers to what matters most. Across all our markets we are relentless in driving modernisation and doing our business responsibly. As a responsible and efficient telecommunications company, we provide our customers with reliable services that help them take advantage of the opportunities that connectivity presents and enable societies to thrive. That is also the platform that allows us to navigate through uncertainty and capture opportunities for value-creating growth going forward.

As societies and our customers have accelerated digitalisation to combat ever increasing challenges, our purpose to empower societies and connect our customers to what matters has become even more important – and the acceleration will continue. This transformation represents new opportunities for our customers to further improve, as it does for us. We experience customers turning to us for advice and enablement of safe and reliable connectivity, and they turn to us for services beyond connectivity to explore the opportunities of digitalisation. This trend of digitalisation represents new opportunities to provide more value to our customers and societies, and new opportunities for growth.

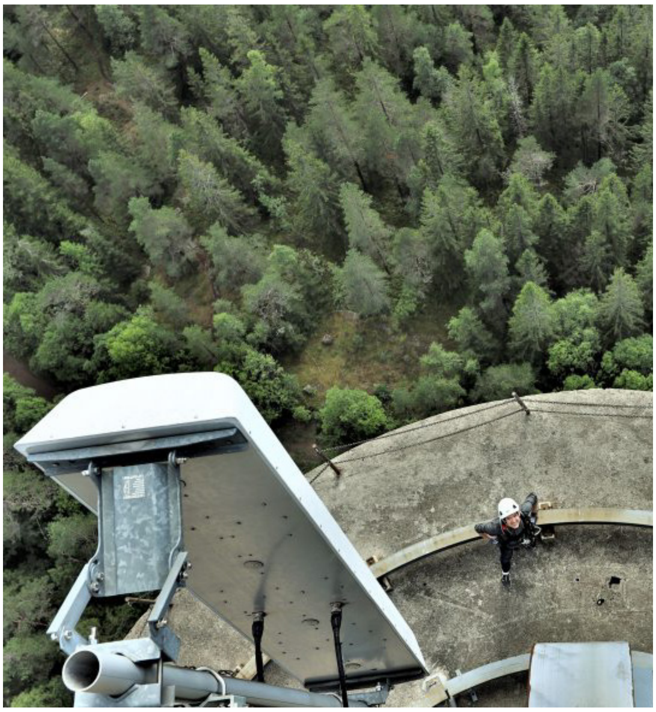
02 Board of Directors' Report

Creating stakeholder value

The pandemic has changed our everyday life and accelerated several trends. Connectivity creates opportunities for people, businesses and societies, and secure, reliable, and efficient connectivity has become a fundamental need for people, businesses and societies. Trust is therefore essential to build deeper and longer relationships with customers, while great customer experiences must be personalised, seamless and engaging. No company will be able to meet these changing demands of the customers by themselves, so to unlock the transformational potential of technologies we believe partnerships will be crucial for innovation going forward. We believe new technology continues to change the world at an accelerated pace, bringing new opportunities. Through an ecosystem of partners, we will bring these new opportunities to our customers, businesses, and to societies.

Telenor offers investors a diversified portfolio of telecom assets with strong market positions and solid profitability. The company differs from other European operators by serving both digital leading telecom markets in the Nordics and cost-efficient mass markets in Asia. Telenor is led by an experienced management team committed to driving value creation through continuous improvement of operational performance and a focused portfolio development. This has enabled a strong and consistent shareholder remuneration. The current dividend policy aims at a year-on-year growth in ordinary dividend per share. In addition, we have run several share buy-back programmes in recent years. Telenor's strong operating model is enabling us to have a solid governance model and transparent financial communication across all markets where we are present. We believe in good corporate governance as a prerequisite for trustworthiness, value creation and access to capital.

In recent years, we have embarked on a significant modernisation journey in Telenor. This has enabled us to materially reduce the operating expenditures. We believe continued modernisation and digitalisation in the coming years will enable further operational efficiency. We believe in revenue growth from increased data usage and further penetration in Asia, and accretive upselling from 5G and adjacent services in the Nordic markets. In combination with a global procurement scale and our responsible business framework, Telenor is committed to driving value creation for our customers, shareholders, partners, and the societies where we operate.
Connecting customers to what matters most will be more complex in the future. Connectivity will still be the core service, and in addition Telenor will go beyond connectivity to meet changing customer needs. Together with partners we will develop new services to create value from the digital opportunities facing customers, businesses, and societies. We have started to build an ecosystem of partners to deliver on the digitalisation opportunities, and during 2021 Telenor partnered with Amazon Web Services and Google Cloud and entered an additional partnership with Cisco in 2022. These partnerships will support our ambition to stay at the forefront of the industry in terms of modernisation and efficiency and will enable us to deliver new products and services to meet customers' changing needs in a new way.



Telenor's ambition is to explore the full value of a strategic partnership to accelerate digital transformations for the business-to-business market through an aggregator role by jointly exploring the full breadth of opportunities across joint business building, reselling, analytics, and workload migration. The partnerships will aspire to be known not digital business growth, not only mobile networks and cloud, and invest to build new services and go-to-market channels by jointly exploring and creating new use-cases. We will expect to work with a wide range of partners to fulfil the needs of our customers going forward.

At our Capital Markets Day in 2020, we laid out our strategic direction for the following three years, and these three components have been the focus of our performance:

Deliver growth and position ourselves for future growth through clear brand positions, strong distribution and focused customer offerings serving the growing need for connectivity and related services.

Continue to innovate on our core business and be a leader in modernisation, from how we run our networks to the way we engage with customers. For Telenor, modernisation is a platform for future and long-term growth.

Reinforce our strong foundation of responsible business through the way we raise business standards and contribute by providing skills for an accelerated digital future.

03 Board of Directors' Report

Strategy

Telenor has delivered on its strategy for the previous years and has built a solid platform for further modernisation and a strengthened growth agenda while adhering to the core belief in doing business responsibly.

As the markets recover from the pandemic, Telenor believes there are significant opportunities where we can build on our modernised telecommunications capabilities to meet new customer demands and grow our business, both within communication revenues and adjacent services.

Telenor's strategy has delivered on the three ambitions from Capital Markets Day in 2020 to create shareholder value: growth, modernisation and responsible business. The Group Strategic Action Plan forms the foundation for succeeding with Telenor's longer-term priorities.

Growth

In Asia, we see rapidly advancing digital societies with increasing demand for connectivity. To further develop the potential in Asia and to create a longer-term sustainable position, we need sufficient scale in our markets and across the region.
In Thailand and Malaysia, Telenor has during 2021 taken steps towards creating leading digital telecommunication companies to drive digitalisation and capture opportunities from growing digitalisation and growing business-to-business segments. In both markets, transactions are subject to necessary approvals and the latest developments will be communicated on Telenor's corporate web site.

In Bangladesh, Grameenphone has maintained a strong premium brand position and subscription and traffic revenue growth throughout 2021. To maintain this growth, investments in connectivity will further improve the data experience and organisational modernisation will reduce complexity and ensure focused resource allocation.

We believe both accelerated digitalisation and service development will benefit from scale in new ways, and scale also improves our influence and ability to impact our business environment.

In the Nordics, we are investing in 5G across all markets with the ambition to defend and continue to monetise our premium network positions in Norway and DNA. In 2021, we saw the first wave of monetisation of 5G in mobile subscriptions, with further opportunities to come in hotspots and B2B services. The development in services on top of connectivity in Norway was an important growth driver in 2021, and we have started seeing uptake of these services also in other Nordic countries.
Telenor will further develop the regional position in the Nordics, including taking regional service positions that will enable the creation of a repeatable model for scaling services across the region.

Developing the two regional positions will focus our operation, while still pursuing global scale benefits in areas such as procurement and standardisation and maintaining our common approach to responsible business conduct.

Modernisation

Telenor's ambitious modernisation journey is a foundation for the strategic agenda and has laid the foundation for becoming a digital telecommunications company.

To ensure scalability, efficiency and customer experience, our operations and delivery will be touch-free and self-service enabled. We have high focus on our customer experience, and to remain trusted and relevant we continuously address feedback from our customers. In 2021 we had a global network Net Promoter Score of 21.3. In 2021, our technology operations have achieved 58 percent automation coverage, with 65 percent of network functions on Cloud and near 50 per cent of IT applications on Cloud across our markets.

Across our operations, our greatest strength is our people. Telenor has a highly competent and engaged workforce. We are performance oriented and have a learning culture and growth mindset, which have allowed us to adapt and

execute well in previous years. When taking the next steps towards our new priorities, Telenor will ensure sufficient engagement on the new priorities, while not taking away focus from delivering in the market every day.
Modernisation of the network to enable 5G is one of the key investments in the Nordic business units. In Finland, DNA is well into the modernisation with 34 percent of sites enabled with 5G, while the 5G modernisation in Sweden and Denmark has started in 2021. Overall, 15 percent of Nordic sites are now modernised. In Norway, the modernisation of the fixed and mobile network is being done at a high pace in the 5G rollout and mobile network modernisation, high roll-out of fibre and fixed wireless access to provide alternative customer solutions before Telenor decommissions the copper network. Telenor Norway continues to modernise both its IT infrastructure and the operating model to further improve service delivery for customers.

Responsible business

We focus on responsible business practices across all our markets and work to continually improve our approach. Guided by international standards and our operational experience, we work systematically to address risks and to maximise the positive impact of our business whether socially, environmentally or economically. Because of the different challenges and opportunities, our responsible business agenda is broad. It covers Health, Safety, People Security & Wellbeing, Human Rights, Supply Chain Sustainability, Climate & Environment, Digital Skills, Diversity & Inclusion, Anti-Corruption, Data Privacy Compliance and Cyber Security. We have a risk-based approach to ensure we prioritise resources where we can have the highest impact on our business environment.
Health, Safety and Security across the entire value chain will continue to be a regional priority in Asia, with systematic work and follow-up through our Asia Hub established in 2020. Continued focus on identifying and managing Human Rights impact will also be important in our Asian BUs.
Telenor's Responsible Business agenda and delivery on ESG (Environment, Social and Governance) areas are further elaborated on in the Sustainability Report.

04 Board of Directors' Report

How we performed in 2021

Revenues

Revenues in 2021 were NOK 110.2 billion, 5 per cent below the reported revenues of NOK 115.8 billion the previous year, driven by FX as currency adjusted revenues increased by 1%. For the full year 2021, organic subscription and traffic revenues were stable. Legacy revenues as well as positive development in Finland, Denmark, Bangladesh and Pakistan almost offset the decline in Thailand, Malaysia, Sweden and fixed legacy revenues in Norway.

Operating expenses

In 2021, operating expenses (opex) decreased by NOK 2.6 billion to NOK 31.9 billion. Opex decreased by NOK 0.6 billion or 2%, on a currency adjusted basis. Significant effects from our structural efficiency agenda and modernisation efforts resulted in lower operating expenses within most cost categories compared to last year.

EBITDA before other income and other expenses

Reported EBITDA before other income and other expenses decreased by NOK 3.2 billion to NOK 49.2 billion, primarily driven by negative currency effects. For the full year 2021, EBITDA remained stable on an organic basis. With stable organic subscription and traffic revenues, the negative effect from higher energy prices was fully offset by solid opex reductions within other areas.

EBITDA

EBITDA decreased by NOK 6.9 billion to NOK 47.4 billion due to gains realised on disposals last year and the NCA fine in Norway this year of NOK 0.8 billion.

Net income

The net income to equity holders of Telenor ASA in 2021 was NOK 1.5 billion, or NOK 1.09 per share, a decrease of NOK 15.8 billion. The decrease is primarily a result of a full write down of the operation in Myanmar of in total NOK 7.5 billion and gain on disposals last year of NOK 4.4 billion.

Capital expenses

Total investments in 2021 amounted to NOK 22.3 billion. Reported capex excluding leases, licences and spectrum increased by NOK 2.1 billion to NOK 17.9 billion. Capex was driven by network modernisation in several of our markets, including fibre and 5G rollout in Norway, 5G rollout in Finland and network capacity and coverage expansion in Thailand. Capex for spectrum and licences amounted to NOK 4.4 billion in 2021 and was primarily related to Pakistan and Bangladesh. Capex as a proportion of revenues, excluding licences and spectrum, was 16 per cent, compared to 14 per cent in 2020.

Free cash flow

Free cash flow before mergers and acquisitions (M&A) in 2021 was NOK 11.0 billion, which is a decrease of NOK 1.5 billion compared to 2020. The reduction was primarily a result of lower reported EBITDA because of FX.

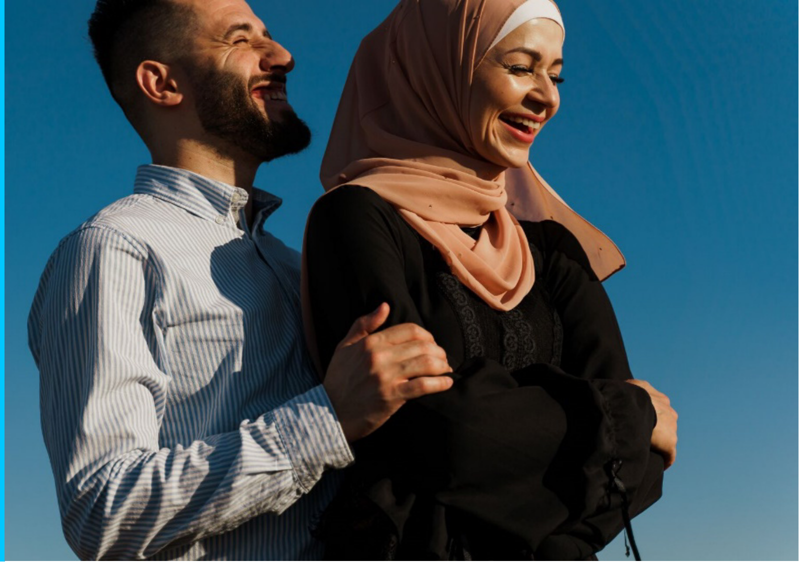
Total free cash flow for 2021 was NOK 12.7 billion, a decrease of NOK 8.2 billion compared to 2020. This was primarily because of proceeds from disposal of assets in 2020, and lower reported EBITDA in 2021.

Net cash inflow from operating activities during 2021 was NOK 42.3 billion, a decrease of NOK 1.5 billion compared to 2020.

Net cash outflow to investment activities during 2021 was NOK 17.2 billion. Net cash outflow from financing activities during 2021 was NOK 27.9 billion. This was mainly a consequence of net outflow to repayment of borrowings of NOK 3.0 billion and repayments of lease obligations of NOK 8.8 billion. Total Telenor ASA shareholder remuneration was NOK 12.6 billion and dividend paid to non-controlling interests was NOK 3.6 billion. Cash and cash equivalents in continuing operations decreased by NOK 5.0 billion during the year to NOK 15.1 billion as of 31 December 2021.

Financial position

Total assets decreased by NOK 30.8 billion to NOK 225.7 billion in 2021. Net debt decreased by NOK 9.7 billion to NOK 100.8 billion. Interest-bearing liabilities excluding licence obligations decreased by NOK 8.8 billion, while cash and cash equivalents decreased by NOK 5.0 billion. Total equity decreased by NOK 12.4 billion to NOK 31.5 billion.



05 Board of Directors' Report

Going concern, allocation of results

Going concern

In the view of the Board, Telenor Group has a solid financial position. In accordance with Section 3-3a of the Norwegian Accounting Act, the Board confirms that the prerequisites for the going-concern assumption exist and that the financial statements have been prepared based on a going-concern basis.

Outlook for 2022

Entering 2022, we will maintain our focus on returning to growth, the opportunities we see from also going beyond connectivity, creating leading operators through partnerships in Asia and further developing our infrastructure position in the Nordics. For the full year 2022 and excluding Digi in Malaysia, we expect low single digit growth in service revenues, EBITDA around 2021 level or slightly higher and capex to sales ratio of 16-17%.

Allocation of 2021 results

Telenor ASA is the holding company and contains the Group Management, Corporate Functions, Research and Development and the Group's internal bank. Revenues are mainly sale of Group services to other Group companies, sale of research and development services and sale of other consultancy services. Purchases from other Group companies consist mainly of consultancy fees in strategic Group projects, property lease, IT-operations and maintenance. Telenor ASA conducts the main part of the external debt financing in the Group, and provides loan and guarantees to, and receives deposits from Group companies.

For 2021, Telenor ASA recorded revenues of NOK 895 million, down from NOK 911 million in 2020, while the total operating expenses were reduced by NOK 13 million to NOK 1,539 million.

During the year the external interest-bearing liabilities decreased from NOK 79,781 million to NOK 72,349 million, of which NOK 3.7 billion is related to currency gains. Please refer to note 12 in the financial statements.

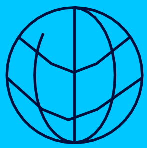
Telenor ASA's net income for 2021 was NOK 23,845 million, after receipt of a group contribution and dividends of NOK 14,903 million.

The Board proposes the following allocation: NOK 23,845 million transferred to retained earnings. After this allocation, and after the deduction of share capital, Telenor ASA has equity of NOK 103,668 million.

Telenor's shareholder remuneration policy is to aim for a year-on-year growth in dividend per share, where annual dividends are paid in two instalments. Telenor use buy-back of own shares or extraordinary dividend pay-outs as a tool to optimise the capital structure and this is evaluated on a case-by-case basis. To maintain financial flexibility and ensure cost-efficient funding, Telenor aims to maintain a solid balance sheet by maintaining net debt/EBITDA between 1.8 to 2.3x. As of 31 December 2020, the reported net debt ratio was 2.05x.

Shareholder remuneration

Based on the performance during the year, the Board of Directors proposes an ordinary dividend of NOK 13.0 billion corresponding to NOK 9.30 per share for 2021, to be declared by the Annual General Meeting on 11 May 2022. The proposed dividend shall be split into two tranches of NOK 5.00 and NOK 4.30 per share, to be paid in May and October 2022 respectively, and represents a three per cent increase per share compared to 2021.



06 Board of Directors' Report

Executive compensation and Equal pay reports

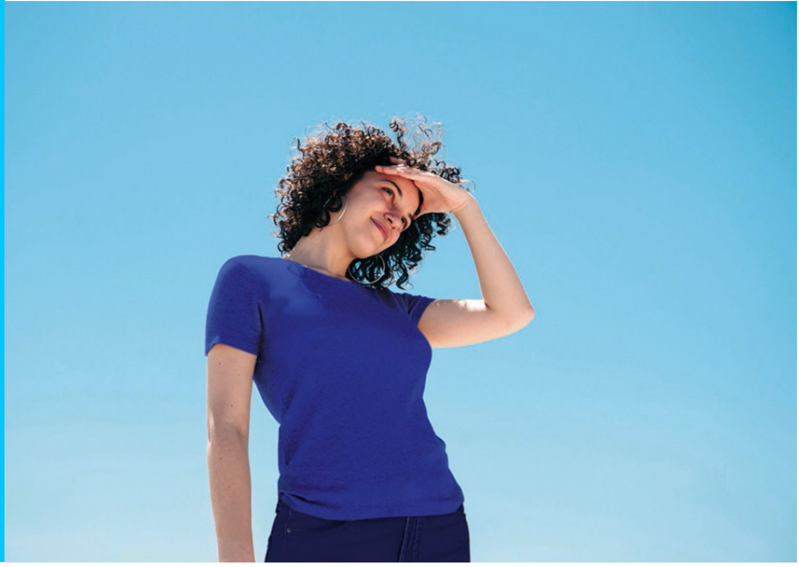
Executive compensation report

The Board of Directors' guidelines for compensation of senior executives ("compensation policy") was presented to the Annual General Meeting (AGM) on 27 May 2021. Telenor Group's Executive Compensation Report for 2021 is published as a separate document, available on Telenor.com/investors.

Equality & equal pay

Telenor is an equal opportunity employer who considers diversity to be imperative to the way we do business. Equal pay is critical for Telenor to be able to attract, retain and engage employees across all markets. Furthermore, as a responsible business it is important that Telenor also within the compensation area sets high standards and implements robust and sustainable practices. As such, Telenor applies compensation practices that are transparent, objective, and fair. In 2020, new regulatory requirements related to equality and gender pay were introduced in Norway. Although there is no legal requirement to implement the Norwegian reporting requirements globally, this topic is important to Telenor in all countries where the company operates, and as such the Equality & Gender Pay reporting [link] is reported for all the core telecommunications business units and Telenor Group, in addition to the seven companies with more than 50 employees in Norway.

07 Board of Directors' Report



Risk overview

Risk management is a continuous process and an integrated part of business throughout all entities in Telenor Group. All managers are required to assume responsibility for risk management within their areas of responsibility and ensure that risk management is embedded in day-to-day business processes. When operating across multiple markets, Telenor Group is exposed to a range of risks that may affect its business. Telenor aims to earn competitive returns at acceptable risk levels. Below are some key risks areas discussed and described. For more information, see Governance Report (page 22).

Operational

Cyber security

Cyber-attacks on Telenor could lead to service disruption or theft of sensitive information, which may have a severe impact on our reputation and financial performance. As the amount, severity and sophistication of attacks has increased over the years, Telenor has made considerable efforts in countering this risk by strengthening the ability to detect and handle cyber security incidents to protect customers, assets and services. This includes improving the cyber security capabilities and competences in both technology, people and processes including working with the partners and the ecosystem, improving our defensive capabilities, detecting and preventing the cyber risk to our assets and customers.

Telenor considers the conflict in Ukraine and the resulting sanctions on Russia and Belarus to increase the likelihood of cyber-attacks on western countries and critical infrastructure, where Telenor may be subject to both direct cyber-attacks and collateral damage. We are following the situation closely and are increasing readiness for potential attacks.

People safety

Employees and suppliers involved in our operations remain exposed to health and safety incidents. Risks related to traffic, work on network, rollout projects in remote locations, terror, natural disasters and social unrest remain relevant particular in our Asian markets. Risk related to stress and prolonged working from home due to COVID-19 has become relevant during 2021.
We are committed to raise health, safety and people security awareness and culture among employees and suppliers. For Asian business units, we have initiated a program that will focus on identifying areas for improvement within health and safety competence, culture and leadership focus.

Telenor's ambition is zero injuries to employees and business partners and having health, safety and people security fully embedded in the business. Regretfully, Telenor experienced two fatalities in our Asian operations in 2021, both related to road transport. For more information, see the Sustainability Report (page 33).

Privacy

The privacy risk relates to the compliance risks of customer data protection as regulated by relevant privacy laws and regulations. Data processing in breach of privacy laws may be subject to substantial fines. Examples of such risks are lack of customer consent where needed, lack of privacy impact assessments, lack of data processing agreements, privacy risks related to authority requests, or lack of adequate technical and organisational measures to ensure information security.

The risk responses from Telenor Group include implementation of continuous vendor monitoring dialogue, facilitation of knowledge sharing across subsidiaries and in-depth monitoring of security and privacy maturity levels across subsidiaries with follow-up dialogues. Our internal processes for handling all authority directives are guided by international frameworks such as the UN Guiding Principles on Business and Human Rights.

Vendor and Business Partner risk

Telenor Group depends on key suppliers and third-party providers for the supply and maintenance of equipment and services. Supply chain disruptions, such as bans or sanctions on vendors due to increasing geopolitical tension, may lead to confidentiality and integrity breaches, reputational impact and can have potential impact on Telenor's innovation and competitive ability.

Telenor has a multi-vendor strategy, which includes supply of products and services from European, USA-based and Chinese suppliers. Our multi-vendor strategy limits the downside of being dependent on only one vendor. Telenor is increasing the focus on supplier due diligence and follow-up, especially for critical contracts.

Global pandemics

The spread of cross-border diseases such as COVID-19 may have an operational effect on Telenor Group. It may impact the health and safety of our employees, and due to lockdown measures and pandemic responses it may cause significant changes in consumption, macroeconomic developments, commercial activity, usage patterns, potential disruptions in the supply chain of hardware and handsets, maintenance of infrastructure and access to resources. During 2021, the pandemic receded following an increased level of vaccination, and economies gradually reopening.

Technology

Introduction of new technologies, digitalisation and changing consumer behaviours in the telecom sector opens up opportunities for new business models leading to structural changes and increased industry dynamics. Failure to respond to and meet the demands developing in the marketplace could have a negative impact on customer relationships, value chain position and service offerings.

Telenor has embarked on a vital modernisation agenda to adapt accordingly, including investing in upskilling the organisation and modernising our networks.

Network

The quality and reliability of Telenor Group's telecommunications services depend on the resilience and stability of its network, including the networks of other service providers with which it interconnects. These networks are vulnerable to, service interruptions, damage or data breaches coming from targeted and advanced cyberattacks. Repeated, prolonged or major network or IT system failure could damage Telenor Group's reputation and financial performance, including its ability to attract and retain subscribers.

New technologies are more robust in response to cybersecurity attacks. Telenor ensures continued increase in network quality by investing in increased redundancy and resilience of systems and modernisation of equipment and technology, extending the lifetime of our networks.

ESG (Environment, Social, Governance) risk

Responsible business

Telenor strives for high standards and continuous improvement in responsible business both within its operations and throughout the supply chain. Telenor operates in some emerging markets that have potentially complex and sensitive political and social contexts. Strengthening awareness, accountability and transparency will remain key to securing our licence to operate and ensuring ethical and responsible business practices. For more information about responsible business, see the Sustainability Report (page 33).

Climate and environment

For Telenor, climate-related physical risks include potential damage to vital infrastructure and utilities through the impact of more extreme weather events and rising sea levels. Climate-related regulatory risks include potentially higher operational costs due to increasing carbon taxes, energy and fuel taxes, as well as risks of higher capital costs due to a required transition towards the use of renewable energy solutions. Telenor's climate goal is to become carbon neutral in the Nordic operations and a 50 percent reduction of carbon emissions in the Asian operation by 2030. For more information, see the Sustainability Report (page 33).

Human rights

Telenor's most salient group-wide human rights risks remains ensuring the right to privacy and freedom of expression, compliance with labour standards in the supply chain, preventing child labour, ensuring online safety, preventing discrimination and respecting land rights. Following internal processes based on international frameworks such as the UN Guiding Principles on Business and Human Rights is the first step towards mitigating these risks. Other mitigating actions, such as engagement with stakeholders, training and capacity-building, are in place to mitigate these risks. For more information, see the Sustainability Report (page 33).

Corruption risk

Corruption is a threat to our business and the societies in which we operate. We know that it can undermine legitimate business activities, distort competition, damage reputations and expose individuals to risk. Corruption-related risk includes bribery and trading in influence. A risk-based Anti-Corruption Compliance Programme to prevent, detect and remedy corruption risk is implemented in all subsidiaries directly or indirectly controlled by Telenor Group. For more information, see the Sustainability Report (page 33).

Business environment risk

Regulatory risk

Telenor Group's operations are subject to requirements through sector-specific laws, regulations and national licences. Regulatory developments and uncertainty could affect the Group's results and business prospects. Telenor Group depends on licences and access to spectrum and numbering resources in order to provide telecommunications. Unforeseen events could cause disruption in rollout plans and result in the risk of not meeting mobile license obligations. The risk is particularly high in some Asian markets with issues related to high spectrum prices, tax disputes, renewal of licenses and general unpredictability in the business environment.

The regulatory risk exposure is mainly related to our mobile operations in Grameenphone and Telenor Pakistan. In Bangladesh, Grameenphone faces regulatory scrutiny of its operations and have several pending and unresolved regulatory and legal cases. These risks can lead to limitations on the commercial freedom of Grameenphone, combined with financial burden and loss of reputation. In Pakistan, Telenor Pakistan continuous to be subject to arbitrary assessments and unpredictable application of tax legislation.

We are committed to working towards securing modern regulatory frameworks and tax regimes, ensuring that everyone can derive the full benefit of a digital society. For more information, see the the Sustainability Report (page 33).

Spectrum

There is a risk in timing of spectrum acquisitions, their price levels, and their impact on our market positions and value creation in the Asian markets. Spectrum related risk may have significant financial impact and creates uncertainty and challenges for network investments. There is a low risk associated with spectrum in the Nordics.

Specific spectrum risk responses are developed on a case-by-case basis. Telenor supports efficient use of radio spectrum resources for the increasing demands for mobile broadband capacity.

Myanmar

On 1 February 2021, a state of emergency was declared under military leadership in Myanmar. Due to worsening of the economic and business environment outlook and a deteriorating security and human rights situation, Telenor saw limited prospects of improvement going forward. As announced on 8 July 2021, Telenor Group has entered into an agreement with M1 Group to sell 100 percent of its mobile operations in Myanmar. On 17 March 2022, Telenor Group was informed that the Myanmar Investment Commission has given final regulatory approval to the sale of Telenor Myanmar to M1 Group, see notes 4 and 38. With effect from the second quarter 2021, Telenor Myanmar has been classified as assets held for sale and discontinued operations.

Geopolitical environment

Telenor operates in markets that are subject to geopolitical risks with potential negative impacts. The most prominent risks include supply chain disruption due to escalating trade tension and sanctions. Furthermore, post-COVID-19 macroeconomic instability may increase the risk of governments in Telenor's Asian markets enforcing additional financial, regulatory and tax requirements. There is an increased risk due to Russia's recent invasion of Ukraine resulting in geopolitical uncertainty and volatility in the region. The resulting impact could be higher inflation, potential disruption to financial market and increased cyber threats amongst other things. These risks require close and continuous monitoring and are being closely followed up at both local and Group level.

Financial

Currency risk

Approximately 77 per cent of Group revenues are derived from operations with a functional currency other than the Norwegian krone. Currency fluctuations affect the value of investment in foreign operations when translating financial statements into Norwegian kroner. Telenor Group seeks to hedge its net investment in foreign operations by allocating currency debt on the basis of relevant market values and market capabilities. The most significant debt currencies for Telenor Group are euros, US dollars, Swedish krona, Thai baht and Malaysian ringgit. Currency risk exists when Telenor ASA or any of its subsidiaries enter into transactions or hold monetary items in foreign currencies. Committed cash flows in foreign currencies equivalent to NOK 300 million or more shall be considered for hedging, if feasible.

Credit risk

Telenor Group's exposure to credit risk mainly relates to trade receivables, deposits with financial institutions and financial derivatives. Credit risk related to trade receivables is assessed to be limited due to the high number of customers in the Group's customer base. Credit risk arising from financial derivatives and cash deposits is managed through diversification, internal risk assessment and credit scoring, as well as credit risk mitigation tools. In 2021 Telenor Group had no credit losses due to default of financial institutions.

Liquidity

Liquidity risk is low and financial flexibility is maintained through a diversified set of funding sources. Telenor Group emphasises financial flexibility and minimises liquidity risk through ensuring access to a diversified set of funding sources, this includes committed and uncommitted sources of funding. According to Group Treasury Policy, Telenor ASA shall have sufficient sources of liquidity to cover expected operational liquidity needs for the next 12 months.

Interest rate risk

Telenor Group is exposed to fluctuations in interest rates through funding and liquidity management activities. The Group treasury policy states that the portion of the fixed rate shall be between 30% to 70% of external debt. The portion of fixed rate of Group's debt was 50% as of 31 December 2021. The risk is managed using both fixed and floating rate debt, often through interest rate derivatives.

08 Board of Directors' Report

Other mandated filings

The Directors' & Officers' liability insurance

The Directors' & Officers' liability insurance covers pure financial loss resulting from a claim made against an insured person resulting from a wrongful act committed or allegedly committed in a position as a director or officer, member of the supervisory board or management board or an employee acting in a managerial or supervisory capacity. The liability is personal.

Corporate Governance Report

Corporate governance report

1. IMPLEMENTATION AND REPORTING ON CORPORATE GOVERNANCE

Board Statement on Corporate Governance

The Board of Directors of Telenor ASA (the Board) is responsible for the administration of the Telenor Group and for safeguarding proper organisation of its operations. The Board believes that sound corporate governance is vital to ensure the greatest possible sustainable value creation over time in the best interests of Telenor's shareholders, employees and other stakeholders. The Board is committed to maintaining a high standard of corporate governance across Telenor Group, in line with Norwegian and international laws and generally accepted rules and practices, including the Norwegian Code of Practice for Corporate Governance (the NCGB Code of Practice) in its latest edition of 14 October 2021, issued by the Norwegian Corporate Governance Board (NCGB).

Telenor's principles and practices for Corporate Governance are subject to regular discussions and annual review by the Board and the Board's People and Governance Committee. The Board commit to such standards in its own work and decision-making.

Telenor ASA is a public limited liability company established under Norwegian law. Telenor is subject to specific rules and regulations in all countries where the Telenor Group conducts business. Telenor's shares are listed on the Oslo Stock Exchange (Oslo Børs). As an issuer of listed shares, Telenor complies with and operates in accordance with rules governing the Oslo Stock Exchange, including the at any time applicable Issuer Rules and Rule Books for Oslo Børs.

The corporate governance principles and practices as required by the Accounting Act Section 3-3b and the details of how Telenor complies with the NCGB Code of Practice are accounted for in this Report on Corporate Governance.

The NCGB Code of Practice covers 15 topics. The structure of this Report on Corporate Governance is aligned with the structure of the NCGB Code of Practice. Links to relevant information on Telenor's website are included in this Report on Corporate Governance.

Deviations from the NCGB Code of Practice Section 1: None.

2. BUSINESS

Business Activity Clause

The business activity in which Telenor is engaged is clearly set out in the Articles of Association for Telenor ASA, Clause 3.

"The object of the company is to engage in telecommunications and other related activities. These activities may be conducted by the company itself, by subsidiaries or through participation in other companies or in cooperation with others."

Objectives and Strategies

Telenor's Board of Directors has established clear objectives and strategic ambitions guided by the purpose: "Empowering societies. Connecting you to what matters most". Customers rely on us providing secure and resilient networks so they can connect with each other. Customers want individual and prudent guidance in choosing the right solutions. This increasingly also includes solutions beyond connectivity. Finally, customers increasingly want support and advice from a local, trusted partner who can help them digitalise. To deliver on this and to create value to our shareholders we build on our continued modernisation efforts. Our past and continued efforts allow us to be at the forefront of our industry in terms of digitalisation of core operations and efficiency. In addition, it provides us with a solid platform from which to grow by delivering on constantly changing customer needs. And as we conduct business responsibly wherever we are, we differentiate and raise business standards. This is what matters most to our customers and how we create value, and it serves as the driver for our strategy.

For more information on strategy, please see the Board of Directors Report under the heading Strategy Deep Dive & Performance Review on page 11.

Telenor updates the market through investor presentations, press releases and other information made available online: www.telenor.com/investors.

Telenor's Corporate Governance Framework Telenor Group's corporate governance principles and practices are the framework by which Telenor Group governs and controls its business. It is the role and responsibility of the Board to ensure that Telenor adheres to generally accepted principles for the effective control of company activities, and to provide the necessary guidelines for such activities and corporate management. The Board shall furthermore adhere to such standards in its own work and decision-making. The Board shall also ensure that Telenor protects its reputation in relation to owners, employees, customers, the public and the capital market effectively.

Sound corporate governance, in line with Norwegian and international laws and generally accepted rules and recommendations, is critical to Telenor's business integrity and for ensuring the greatest possible value creation over time. Implementing high ethical standards across Telenor Group continues to be a strong focus of the Board. Telenor's Code of Conduct highlights the core values and ethical principles and represents an important foundation for Telenor's corporate governance in maintaining a healthy corporate culture. The Code of Conduct is owned and approved by the Board, and all employees are required to sign it yearly. An annually updated eLearning programme with dilemma training must be completed to sign the Code of Conduct. In 2021, 16,925 employees completed the eLearning programme and signed the Code of Conduct, representing 100 % of the workforce for Telenor Group.

The Board places high emphasis on transparency and trustful cooperation between parties and stakeholders involved in the Telenor Group: the owners, the Corporate Assembly, the Board and Group Executive Management, partners, employees, customers, suppliers, creditors, public authorities, and society in general.

Telenor works continuously to improve its governance framework and to ensure that policies, training, and control mechanisms are current and adequate to ensure that considerations related to its stakeholders are taken into account in the decision-making processes. The Governance Work Programme (GWP) is the annual process for updating/developing, implementing, and monitoring the Group Governing Documents.

Telenor Group's Governing Principles describe the key governing bodies in Telenor ASA, the interaction between Telenor ASA and the Business Units and non-controlled entities, and core global processes like strategy, financial reporting, forecasting and reviews.

A robust governance model requires both appropriate design and effective implementation. Telenor has adopted a governance framework, including the Telenor Code of Conduct and a set of policies and manuals, processes and systems on monitoring and reporting. The governing documents set one single standard which shall govern all business activities, regardless of where such activities take place.
Telenor's governing documents are implemented in Telenor ASA and in all subsidiaries directly or indirectly controlled by Telenor and as defined in Telenor's Governing Principles. The Governing Principles were updated and approved in September 2020.
Companies which are separately listed shall take due account of the requirements for listed companies in the relevant jurisdiction. In case of conflict between Telenor's governing principles and such local laws and regulations, the latter shall prevail.

Telenor is committed to the disclosure of its performance on material sustainability issues in line with stakeholder expectations. Telenor publishes a Sustainability Report (page 33) in accordance with legal requirements such as Norwegian Accounting Act § 3-3c and EU Non-financial reporting directive.

Deviations from the NCGB Code of Practice Section 2: None.

3. EQUITY AND DIVIDENDS

Share capital

The share capital of Telenor is stated in the Articles of Association, Clause 4. The company's share capital at year-end 2021 is NOK 8,396,748,198 divided into 1,399,458,033 shares, each with a par value of NOK 6.00.

Equity

Telenor regards its consolidated equity to be at an appropriate level considering the company's objectives, strategy, and risk profile. Telenor's objective is to create value for its owners and stakeholders and involves a continuous focus on ensuring that the company's equity is adapted to the company's objectives, strategy, and risk profile.

The Board has established a dividend policy that forms the basis for the proposals on dividend payments presented to the General Meeting. The Board believes that it is in the best interests of Telenor to draw up a long-term and predictable dividend policy. This corresponds with the objective of providing its shareholders with a return on their investments at least equal to alternative investments with similar risk profiles. Such a return should come in the form of cash dividends and/or share buyback if applicable, and increased share value.

Telenor's dividend policy is to aim for year-on-year growth in ordinary dividends per share. Telenor pays semi-annual dividends. In addition, acquisition of treasury shares and/or extraordinary dividends will be evaluated on a case-by-case basis. The Public Limited Companies Act provides for dividend payments to be resolved by the Board pursuant to authorisation from the General Meeting. Such authorisation may only be provided until the next ordinary General Meeting and dividends may only be resolved based on the company's latest approved annual accounts.

The General Meeting following the proposal from the Board adopts a resolution on the distribution of the dividend. The General Meeting on 27 May 2021 approved an ordinary dividend of in total NOK 9.00 per share, representing an increase of 3 percent per share over the previous year.

The Telenor Board of Directors will propose a total dividend of NOK 9.30 per share for the financial year 2021 to the Annual General Meeting in May 2022. The dividend will be split into two tranches of NOK 5.00 and NOK 4.30 per share to be paid in May and October 2022, respectively. The two tranches will have separate ex. dividend and record dates. The proposed dividend per share is 3 % higher than the dividend per share paid out in 2021.

Deviations from the NCGB Code of Practice Section 3: None.

4. EQUAL TREATMENT OF SHAREHOLDERS

One class of shares, equal rights

The Board endorses the principles of transparency and equal treatment of all shareholders. Telenor has only one class of shares. The Articles of Association have no restrictions on voting rights. All shareholders have the same rights.

The General Meeting may authorise the Board to purchase treasury shares. Previously, under such authorisation, the Board has been free to decide if and how the acquisition of shares shall take place within the framework of applicable law and shall ensure compliance with general principles of equal treatment of shareholders.

The Norwegian State as the main shareholder The Norwegian State is the main shareholder in Telenor, with a holding of 53.97 % of the Telenor
shares as of 31 December 2021. The Ministry of Trade, Industry and Fisheries manage the ownership interest. The Norwegian State emphasises that partly state- owned companies should comply with principles for good corporate governance. The State's active exercising of its ownership policy is governed by the Norwegian legislation for companies and by accepted principles for exercising good ownership. This means that the Board is responsible for evaluating the expectations that the shareholders and others have towards the company, and for accomplishing the commercial targets which the Board deems appropriate. More information about administration of the Norwegian State's ownership interests and the Government's Ownership Policies can be found on the Government's web pages.

Increase in share capital

Telenor practices the principle that any decision to waive the pre-emption rights of existing shareholders to subscribe for shares in the event of an increase in share capital should be justified. Where the Board resolves to carry out an increase in share capital and waive the pre-emption rights of existing shareholders based on a mandate granted to the Board, the justification should be publicly disclosed in a stock exchange announcement issued in connection with the increase in share capital.

Transactions with close associates

In relation to its ordinary business, Telenor has regular transactions with certain entities in which Telenor has ownership interests. Such transactions are carried out on an arm's length basis; cf. also the Public Limited Liability Companies Act, Sections 3-8 and 3-9. For material transactions with related parties, Telenor has a practice to obtain an independent valuation to ensure compliance with the arm's lengths principle.

Transactions with related parties, including transactions with associated companies, are accounted for in note 33 to the financial statements for Telenor Group for 2021 in this Annual Report.

Deviations from the NCGB Code of Practice Section 4: None.

5. SHARES AND NEGOTIABILITY

Telenor shares are listed on the Oslo Stock Exchange and are freely negotiable. Telenor has one class of shares, and each share equals one vote at the General Meeting. The shares have no trading restrictions in the form of Board consent or ownership limitations.

The Articles of Association of Telenor ASA contain no restrictions on negotiability or voting rights and all shares have equal rights.

Deviations from the NCGB Code of Practice Section 5: None.

6. GENERAL MEETINGS

The annual general meeting ("AGM") is the company's supreme governing body. The general meeting adopts Telenor's Articles of Association (the "AoA") and serves as the main meeting place between shareholders, elected officers, and management.

Telenor encourages all shareholders to exercise their rights by voting at the general meeting. Notice of the meeting together with all relevant documents are published on Telenor's website no later than 21 days prior to the date of the general meeting. The notice includes voting procedures and instructions to shareholders wishing to propose resolutions. To allow shareholders to form a view on all matters to be considered at the AGM, the draft resolutions and supporting information shall be detailed and comprehensive. According to the AoA, documents relating to the items on the agenda, including documents that according to law shall be included in the notice, are not required to be sent to the shareholders if the documents are available on Telenor's website. A shareholder may request, however, that such documents are sent to him/her. Shareholders can vote separately on each item of the agenda and on each candidate nominated for election to the company's bodies.

According to the AoA, the AGM shall be held once a year before the end of June. The AGM shall deal with the following matters, as stipulated in the AoA, article 8:

- Approval of the financial statements and annual report, including distribution of dividends.
- Any other matters that shall be dealt with by the AGM by law or pursuant to the Articles of Association.

Shareholders who wish to attend the AGM must notify Telenor no later than five days prior to the AGM in accordance with the Board's detailed instructions, as stated in the AoA, article 8, third paragraph.

Shareholders who do not attend may vote by proxy or in advance by paper votes or electronic means. The notice includes instructions on how to vote by proxy.

The Board may provide guidelines for advance voting. Such guidelines shall be included in the notice.

The 2021 AGM of Telenor ASA was held on 27 May 2021. In accordance with Norwegian temporary legislation exempting companies from physical meeting requirements to reduce Covid-19 risk, the AGM was held as a digital meeting only, with no physical attendance for shareholders. Shareholders who did not have the opportunity to participate at the digital meeting could either opt to be represented through proxy or vote in advance. Shareholders also had the opportunity to submit questions in advance of the AGM to Telenor's Investor Relations unit.
Shareholders were encouraged to grant any proxy to either the Chair of the Board of Directors or the Chair of the AGM. They could follow the meeting live either via a webcast on Telenor's website or an interactive stream where shareholders could vote and ask questions live in a chat during the AGM. The AGM was chaired by the Chair of the Corporate Assembly in accordance with article 8 of the AoA.

In addition to the Chair of the AGM, who is also Chair of the Corporate Assembly and the Nomination Committee, the Chair of the Board of Directors, the President and CEO, the Chief Financial Officer and the company's auditor attended the meeting physically.

The Board, the Corporate Assembly or the Chair of the Corporate Assembly can convene an extraordinary general meeting (the "EGM"). If the company's auditor or shareholders representing at least 5 % of the share capital demands in writing that an EGM is convened to deal with a specific matter, the Board must ensure that an EGM is held within one month of when the demand was submitted.

The minutes of general meetings, together with voting results, attendance, shareholder representation and pre-meeting documents are made available online at: www.telenor.com/investors/general-meeting.

Deviation from the NCGB Code of Practice section 6:

- *The NCGB Code of Practice recommends that all Board members attend the AGM. Telenor has not deemed it necessary to require the presence of all Board members. The Chair of the Board, the Chair of the Nomination Committee and the Corporate Assembly, the President and CEO and other relevant members of management are present at the AGM.*
- *The NCGB Code of Practice recommends that the general meeting is able to elect an independent chairman for the general meeting. Article 8 of the AoA provides that the general meeting shall be chaired by the Chair of the Corporate Assembly.*

7. NOMINATION COMMITTEE

The Nomination Committee of Telenor ASA is established and works pursuant to Telenor ASA's Articles of Association, Clause 9.

The Nomination Committee consists of four members that shall be shareholders or representatives of shareholders and shall be independent of the Board and the Executive Management. The members are elected by the General Meeting, however, the Chair of the Corporate Assembly shall be elected as the Chair of the Nomination Committee. When appointing members to the Nomination Committee, the interest of the company and board shareholders interest shall be taken into consideration.

The Nomination Committee of Telenor nominates shareholder representatives to the Corporate Assembly and Board, as well as the Nomination Committee including proposal for the compensation of these. The Nomination Committee makes recommendations to the General Meeting for the election and compensation of members of the Nomination Committee.

MEMBERS OF THE NOMINATION COMMITTEE AT YEAR-END 2021
Bjørn Erik Næss *Chair* Elected from the Corporate Assembly: Elected Chair 7 May 2019, re-elected 27 May 2021
Lars Tronsgaard *Member* Re-elected by the Annual General Meeting 11 May 2020
Jan Tore Føsund *Member* Elected by the Annual General Meeting 7 May 2019, re-elected 27 May 2021
Heidi Algarheim *Member* Elected by the Annual General Meeting 11 May 2020

The Nomination Committee consults with shareholders, the Board, including with individual Board members, and executive personnel (and with members of the Corporate Assembly, where appropriate) as part of its work on monitoring the composition of the Board, the Corporate Assembly, and the Nomination Committee. Further information about the members of the Nomination Committee and how to submit proposals is available at: https://www.telenor.com/about-us/corporate-governance/nomination-committee.

The General Meeting has adopted instructions for the Nomination Committee. The Nomination Committee held 34 meetings in 2021. Average attendance over the year at the Nomination Committee meetings was 97.8 %.

Deviations from the NCGB Code of Practice Section 7: None.

8. BOARD OF DIRECTORS COMPOSITION AND INDEPENDENCE

Telenor has a Corporate Assembly and a Board of Directors, as required by Norwegian law. The Corporate Assembly is a Norwegian body, regulated by the Public Limited Liability Companies Act, Sections 6- 35 to 6-40 and Telenor's Articles of Association Section 7. The Corporate Assembly has adopted instructions for the Corporate Assembly.

Composition and work of the Corporate Assembly The composition of the Corporate Assembly is determined with a view to ensure that it represents a broad cross-section of Telenor shareholders. The Corporate Assembly consists of 15 members and 2 observers, elected for a term of two years. Ten members and three deputies are elected by the General Meeting. Five members and two observers, with deputies, are elected by and from the employees pursuant to the rules in the regulations relating to the provisions of the Norwegian Public Limited Liability Companies Act concerning the employees' right to representation on the board of directors, corporate assembly, etc.

The Corporate Assembly is primarily a supervisory body, which supervises the Board's and the President and CEO's administration of the company. The Corporate Assembly elects the Board of Directors and the Chair of the Board and decides the board compensation. The General Meeting cannot influence, change, or reverse the Corporate Assembly's decisions regarding the elections.

In order to exercise its supervisory function, members or observers may propose that specific matters are discussed and demand information on Telenor's affairs to the extent they consider necessary. The Corporate Assembly may also undertake investigations on its own or through a committee.

The Corporate Assembly shall issue a resolution to the General Meeting as to whether the Board's proposal for Telenor ASA's income statement and balance sheet and Telenor Group's consolidated income statement and balance sheet should be approved, and on the Board's proposal for the allocation of profit or coverage of loss.

At the proposal of the Board, the Corporate Assembly may adopt resolutions in matters that concern investments that are substantial in relation to the company's resources and rationalisation or restructuring of the operations, which will result in a major change in or reorganization of the workforce.

The Corporate Assembly may adopt recommendations to the Board or the management on any matter. The Corporate Assembly has some other specific tasks set out in the Public Limited Liability Companies Act.

In 2021, the Corporate Assembly conducted three ordinary meetings, which is in line with the requirements set out in the instructions. The Chair of the Board and the President and CEO attended all meetings. Due to the coronavirus pandemic, two of the three Corporate Assembly meetings in 2021 have been conducted by video conference, in accordance with the regulation on exemptions from the rules regarding physical meetings etc. in the Public Limited Liability Companies Act (the "Corona Regulation") of 27 March 2020 and subsequent regulations. The average attendance for members of the Corporate Assembly in 2021 was 96,07 percent. Deputies have attended when members have not been able to participate. Further information about the members of the Corporate Assembly is published at: www.telenor.com/about-us/corporate-governance/corporate-assembly.

Composition and independence of the Board According to Telenor's Articles of Association Section 5, the Telenor ASA Board of Directors shall consist of a minimum of 5 and a maximum of 13 members. The members are elected for a term of up to two years. By 31 December 2021, the Board consisted of ten Board Members, of which three are employee-elected members as required by Norwegian company law.

27 May 2021, the Corporate Assembly re-elected the Chair of the Board and two shareholder elected members. One shareholder elected member resigned and was replaced by a new shareholder elected member. Two new employee elected members were elected, and one employee elected member was re-elected. Two of the other employee elected members resigned.

The Board shall have a diverse composition and expertise tailored to meet the company's needs. There are four women in the board and six men. Three of the board members are non-Norwegian citizens. None of the Board members, apart from the employee representatives, is an employee of Telenor or has carried out work for Telenor not covered by the general board and committee compensation. The management is not represented on the Board, and all shareholder representatives on the Board are independent. Information regarding the background, education and other board positions of each Board member is available on Telenor's website.

The members of the Board are encouraged to own shares in the company, an overview of their share ownership is available in the Executive Compensation report at page 16.

Deviations from the NCGB Code of Practice Section 8: None.

9. THE WORK OF THE BOARD OF DIRECTORS

Role and responsibility of the Board

The Board of Telenor ASA is responsible for the administration of the Telenor Group and for safeguarding the proper organisation of the business. The Board shall supervise the day-to-day management and Telenor's business in general. The Board makes decisions and in certain cases grants authority to make decisions on issues, which, due to the nature of the business, are unusual, or of major significance to the company.

The Board draws up plans and financial as well as non-financial frames and goals for the activities of Telenor. The Board keeps itself informed of Telenor's financial position and ensures that its activities, accounts, and asset management are subject to adequate control. The Board ensures that Telenor has adequate internal controls with respect to the rules and regulations that apply to the Telenor Group. The Board initiates those examinations it finds necessary for the performance of its duties and if demanded by one or more of the members of the Board.

The Board adopts a plan for its work, with special emphasis on objectives, strategy, and implementation, once a year. The Board shall, to the degree necessary, approve strategies, business plans and financial targets for the activities of Telenor Group. Telenor's strategy is described in the Board of Directors report page 11.

The Board emphasises the importance of gaining valuable insights and being well informed on relevant areas such as operational, technological, regulatory and market developments. In 2021 the planned visit for Board members to local Business Units were cancelled due to the coronavirus pandemic.

The Board issues instructions for its own work as well as for the President and CEO, with particular emphasis on clear internal allocation of responsibilities and duties. The Board evaluates the instructions for the Board and the instructions for the President and CEO on a yearly basis. The Board has also adopted procedures to secure awareness of conflict-of-interest issues.

Board meetings in 2021

The Board shall normally hold eight Board meetings during the calendar year, but the minimum is four. Individual Board members and the President and CEO may, at any given time, request a Board meeting to be held to discuss specific matters. The minutes from the Board meetings are shared with selected members of management, the Head of Group Internal Audit and Investigations and Telenor's external Auditor.

Where the Chair of the Board finds it appropriate, Board members may attend a meeting remotely. The annual financial statement and annual report, as well as the compensation of the President and CEO and other members of the executive management (if appointed by the Board), shall be dealt with in a physical meeting.

The Board held 14 Board meetings in 2021. Due to the pandemic all but one meeting was held as video conferences, including the meeting in which the annual financial statement, annual report and the compensation of the President and CEO was dealt with. The average attendance over the year at the Board meetings was 97,40%. For the employee elected Board members, designated deputies are invited if a Board member is unable to attend.

Board self-assessment

The Board systematically evaluates its performance, activities, and expertise by undertaking a yearly self-assessment. External resources are used to facilitate the self-assessment and the evaluation, as recommended by the NCGB Code of Practice. The Board's self-assessment for 2021 has been reviewed in the Board meeting on 31 January 2022.

Working committees of the Board

In order to help ensure thorough preparation of specific issues, the Board has appointed four preparatory working committees of the Board: The Risk and Audit Committee, the People and Governance Committee, the Sustainability and Compliance Committee and the Transformation & Innovation Committee.

The Committees have no independent, decision- making authority, except where expressly granted by the Board on a case-by-case basis or by law. The Committees' roles are to prepare matters for consideration and/or decision by the Board. The Board evaluates the charters for the Committees on a yearly basis and adopted revised charters in June 2021. The Committees report to the Board and all Board members have access to all working documents, including the minutes, from the committee meetings.

The Risk and Audit Committee

Risk and Audit Committee (RAC) Conducted nine meetings in 2021 with 100% attendance	
Jon Erik Reinhardsen (Chair)	Pieter Cornelis Knook (Member)
Jørgen Kildahl (Member)	Jan Otto Eriksen (Employee representative)

The Risk and Audit Committee is a preparatory committee that supports the Board in fulfilling the Board's responsibilities with respect to financial reporting, internal controls, internal and external audit, risk management and risk framework; and is established in accordance with the requirements of Audit Committee in the Norwegian Public Limited Liability Companies Act. The Committee also monitors the formulation and execution of Telenor's security strategy.

The People and Governance Committee

People and Governance Committee (PGC) Conducted six meetings in 2021 with 100% attendance	
Gunn Wærsted (Chair)	Astrid Simonsen Joos (Member)
Jon Erik Reinhardsen (Member)	Roger Rønning (Employee representative)

The People and Governance Committee is a preparatory committee that supports the Board in fulfilling the Board's responsibilities with respect to corporate governance, executive compensation, leadership, and culture development. The committee also supports the Board on succession planning.

The Sustainability and Compliance Committee

Sustainability and Compliance Committee (SCC) Conducted five meetings in 2021 with 100% attendance	
Jørgen Kildahl (Chair)	Gunn Wærsted (Member)
Astrid Simonsen Joos (Member)	Irene Vold (Employee representative)

The Sustainability and Compliance Committee is a preparatory committee that supports the Board in fulfilling its responsibilities with respect to sustainability and compliance issues. In conducting its work, the Committee is guided by international conventions and standards, the Telenor Code of Conduct, Group Policies and Manuals relevant to the scope of the Committee. The Committee also supports the Board on its responsibilities to specifically address climate and environment, human rights, labour standards and anti-corruption.

The Transformation and Innovation Committee

Transformation and Innovation Committee (TIC) Conducted five meetings in 2021 with 100% attendance	
Jacob Aqraou (Chair)	Elisabetta Ripa (Member)
Pieter Cornelis Knook (Member)	Irene Vold (Employee representative)

The Transformation and Innovation Committee is a preparatory committee that supports the Board in fulfilling the Board's responsibilities with respect to innovation and technology development. This includes monitoring the overall progress of Telenor's transformation, following innovations and technology developments that affects Telenor and monitoring brand and customer centric initiatives.

The Chief Executive Officer (CEO)

The President and CEO is in charge of the day-to-day management of operations at Telenor ASA and across the Telenor Group and is responsible for ensuring that the company and Group are organised, run and developed in accordance with the law, Telenor's Articles of Association and decisions adopted by the Board, the Corporate Assembly and the General Meeting.

The Board appoints the President and CEO and sets their terms of employment based on recommendations by the People and Governance Committee.

The Board has provided instructions for governance to the President and CEO covering the management of the Telenor Group, subsidiaries, ownership interests and other companies in the Telenor Group, financial reporting, the power of attorney, submission of proposals for decisions for the Board and his responsibilities for reporting to the Board.

Group Executive Management (GEM)

The Group Executive Management (GEM) of Telenor ASA is an advisory management body for the President and CEO. GEM consists of Executive Vice Presidents (EVPs) for Group Units and Clusters and other EVP positions. The GEM members report to the President and CEO.

A subsidiary's relationship to Telenor ASA

The board of directors of a subsidiary in the Telenor Group is obliged to provide the Board of Telenor ASA with any information that is necessary for an evaluation of the Telenor Group's position and the result of the group's activities.

Telenor ASA notifies a subsidiary's board of directors of matters that may be of importance to the Telenor Group as a whole. Telenor ASA also notifies the subsidiary's board of directors of decisions that may be of importance to the subsidiary before a final decision is made.

To ensure implementation of good and efficient corporate governance in Telenor's subsidiaries, Telenor's governance framework is implemented in all Business Units. The Business Unit's board of directors adopts the relevant governing documents and supervises its implementation.

Deviations from the NCGB Code of Practice Section 9: None.

10. RISK MANAGEMENT AND INTERNAL CONTROL

The Board's responsibility and objective for Risk Management

Risk management and internal control are given high priority at Telenor. Key aspects encompass embedding risk management, designating risk ownership and implementing risk responses throughout the organisation. The Group Governing Principles set out key principles related to Risk Management and Internal Control. All foreseeable risks that may have an impact on Telenor's ambitions will be evaluated.

Telenor's risk management objective is to earn competitive returns from its various business activities at acceptable risk levels and without compromising its vision, values, and Code of Conduct. Risk management is integrated within the Telenor Group's annual strategy planning process, and top risks highlighted therein by Business Units are tracked through various group review processes. Business Units report their risks in their annual strategy plan, based on a thorough risk assessment process.

Group Enterprise Risk Management aggregates risks from the Business Units, analyses other risks across the Telenor Group in a Group Risk Forum and presents Telenor's risks and risk process to the Group Executive Management, the Risk and Audit Committee and ultimately to the Board of Directors. The Board of directors reviews the Group risk picture biannually. Each Business Unit is responsible for updating their company level risk register on a regular basis.

Business Units provide quarterly updates and report risks that have emerged, including the status of actions to respond to the risks. Business Units are required to align risk management processes closely with existing business and management processes locally. All managers are required to assume responsibility for risk management within their areas of responsibility and ensure that risk management is embedded in day-to-day business processes.

The Board's responsibility and objective for Internal Control

Telenor has a strong focus on internal controls over financial reporting (ICFR) and has established a process for ensuring that sufficient internal controls are implemented in Telenor's financially significant business units worldwide. The Group Governing Principles define the key requirements and the expectations for the ICFR program to be implemented in these business units. The Risk and Audit Committee has delegated the ICFR program coordination and overseeing responsibility to Group Finance. The implementation of the ICFR program in the financially significant Business Unit's is the responsibility of the local management. These Business Units provide quarterly and annual ICFR status reports to Group Finance.

Management performs twice a year an evaluation of the effectiveness of the ICFR program. The evaluation includes identification and assessment of all material financial reporting risks, as well as ensuring that relevant controls to address these risks are implemented, executed, and tested with a certain frequency throughout the year. For controls that are not operationally effective, the potential impact and financial exposure on the consolidated financial statements are evaluated. Regular reviews are performed to identify the most relevant financial reporting risks and to improve Telenor's ICFR best practices. These reviews also ensure that identified risks are addressed by sufficient controls at all times.

Telenor focuses on continuously improving its risk management process. The purpose is to improve assessment, monitoring and reporting of risks by linking risks to relevant policies and ambitions, and increasing control and follow-up.

Further information regarding risk management is presented in the Board of Directors' Report of this Annual Report for 2021 (page 17).

Financial Reporting Standards

Telenor prepares its consolidated financial statements in accordance with International Financial Reporting Standards (IFRS), as adopted by the European Union. The consolidated financial statements shall give a true and fair view of the Company's and the Telenor Group's assets, liabilities, financial position, and results of operations.

Telenor ASA is a holding company and contains the Group Management, Corporate Functions, Research and Development and Group Treasury. The financial statements for Telenor ASA are prepared in accordance with the Norwegian Accounting Act section 3-9 and regulations regarding simplified

application of IFRS issued by the Ministry of Finance on 21 January 2008. Financial Reporting Standards and accounting principles are further described in the notes to the financial statements of this Annual Report for 2021.

The Disclosure Committee

The Disclosure Committee supports the company's efforts to meet the requirements for external financial reporting. The Disclosure Committee reviews the quarterly and annual reports of the Telenor Group and ensures that external reporting requirements are met. The Committee is chaired by the CFO and includes the following members: Head of Group Legal, Head of Investor Relations, Group Controller, Head of Group Accounting, Head of Controlling, Planning and Analysis, Head of Group Tax and Head of Group Communications. The Disclosure Committee meets to review the Quarterly financial reports and the Annual Report.

The Group Compliance Officer and the Compliance function

The Group Compliance function in Telenor is responsible for

- Code of Conduct ownership on behalf of the Board;
- Resolution of compliance cases;
- Ownership and implementation of the Anti-Corruption policy, Business Partner Management policy and the Privacy policy;
- Design, implementation and follow up of the Compliance Management System; and
- Leading the Governance Work Programme (GWP).

The Group Chief Compliance Officer (CCO) heads the group compliance function and supports the President and CEO and the Board in ensuring that the Code of Conduct sets the appropriate standards, and that these standards are implemented and enforced.

The CCO reports to the EVP Head of Group Strategy & External Relations, facilitates, and acts as secretary for the Group Compliance Committee and meets as relevant in the Board of Telenor ASA. The CCO attends all meetings in the Sustainability and Compliance Committee. Correspondingly, the Telenor Business Unit Head of

Compliance report functionally directly to the Business Unit CEO. The Business Unit Head of Compliance also reports regularly to the Business Unit Board of Directors on compliance matters. In order to ensure alignment of strategy, prioritisation and implementation of compliance and governance related matters; the Business Unit Heads of Compliance have a dotted functional reporting line to the CCO.

Group Internal Audit and Investigation (GIAI)

Group Internal Audit and Investigation (GIAI) is an independent investigation unit, creating business value through independent fact-based assessments to improve the operations of Telenor. The Head of GIAI reports to the Board of Directors through the Risk and Audit Committee. GIAI is a global function, empowered to perform engagements in Telenor ASA and any subsidiary in which Telenor ASA, directly or indirectly, owns more than 50 % of the voting shares, or the power of control is possessed and exercised by or on behalf of Telenor ASA.

Group Investment Committee (GIC)

The Group Investment Committee (GIC) provides recommendations to the President and CEO and other approval bodies regarding investments and other financial commitments falling within the authority limits set out in the Group Authority Matrix or deemed to be of special interest or principle in nature. GIC is chaired by the CFO and consists of members who have relevant expertise.

GIC secures agreement on the decision process and strategic alignment of proposals and ensures quality and completeness of assessments and standards for business cases and risks. In addition, GIC performs post-investment evaluations and enhances knowledge sharing.

Group Treasury

In order to ensure overall management and control of the group's treasury activities, the Company has set up Group Treasury as a central function. Group Treasury functions in accordance with its mandate set out in the Group Policy Treasury. Group Treasury reports to the Group CFO.

The purpose of the Group Policy Treasury is to mitigate treasury risks in the Telenor Group and to secure efficient management and control of treasury activities. It also provides an overall framework for the management of treasury risks, including liquidity risk, financial counterparty credit risk, currency risk and interest rate risk. Further, the Group Policy Treasury sets the main principles for activities for the Group Treasury function as well as Business Units related to capital structure, equity and debt funding, cash management, bank relationship management, treasury risk management, issuance of guarantees and treasury reporting requirements.

Value Agenda meetings and Financial Reviews

Value Agenda meetings, Financial Reviews and Performance Reviews are conducted regularly. Value Agenda meetings are normally held with the Business Units three to four times a year and are chaired by the President and CEO. The primary focus in the Value Agenda meetings is to discuss important strategic and operational and financial/non-financial (such as people, compliance and regulatory) issues in more depth, and actions required to reach defined milestones or ambitions. Once a year, the focus is on long-term strategic aspirations as part of the strategy process (referred to as Strategy Workshop).

The Financial Review is held with key Business Units on a quarterly basis and is chaired by the Group CFO. The main purpose of the Financial Review is to review the Business Unit's financial performance, internal control, development of risks and regulatory issues as well as forecasted financial performance for the coming quarters.

Business Unit performance reviews are conducted regularly with each of the main Business Units in the Telenor Group and are chaired by the Group CFO with participation from other relevant functional EVPs. The purpose of these meetings is to monitor and follow-up key strategic priorities, financial and operational performance relative to defined targets as well as other relevant topics with reputational and/or strategic impact.

Deviations from the NCGB Code of Practice Section 10: None.

11. COMPENSATION TO THE BOARD OF DIRECTORS AND THE CORPORATE ASSEMBLY

The 2021 compensation to the Corporate Assembly and the Board of Directors is covered under the 2021 Executive Compensation Report available here.

Deviations from the Code of Practice Section 11: None.

12. COMPENSATION TO THE GROUP EXECUTIVE MANAGEMENT

Telenor Group's Executive Compensation Report for 2021 is available here. The compensation policy applicable for 2022 and the 2021 compensation report are no longer included in the governance report and will be presented as separate documents on Telenor.com.

Deviations from the NCGB Code of Practice Section 12: None.

13. INFORMATION AND COMMUNICATIONS

A regular flow of information from Telenor will help shareholders and other investors to make informed decisions on the purchase and sale of the company's shares, based on equal access to information.

The Board provides guidelines for the company's reporting of financial and other information based on openness and transparency, and in accordance with requirements relating to equal treatment of players in the share market. Each year, Telenor announces the dates of important events, such as the General Meeting, the publication of interim reports, public presentations, and the payment date of any dividends.

Information sent to the company's shareholders is made available on the Telenor website at the same time as it is sent to the shareholders. The Investor Relations function at Telenor ensures that contact with the company's shareholders is maintained outside the General Meeting; see: www.telenor.com/investors.

Deviations from the NCGB Code of Practice Section 13: None.

14. TAKE-OVERS

The Norwegian State owns 53.97 percent of Telenor. Any reduction in the stake by the state requires a special resolution of the Norwegian Parliament. For such reason, the Board has not adopted any guiding principles as recommended by the NCGB Code of

Practice since the process in Parliament will safeguard the intentions set down in the NCGB principles.

In the event of a take-over bid, the Board will comply with the NCGB principles on this issue.

Deviations from the NCGB Code of Practice Section 14: Exception made with respect to the Norwegian State's ownership.

15. AUDITOR

In accordance with Norwegian regulations, Telenor complies with strict requirements for oversight of the auditing and auditors, including the auditor's independence.

Telenor has a pre-approval policy and procedures in place for approval of non-audit services performed by the external auditor that have been established by the Board. The external auditor provides the Risk and Audit Committee with an annual written confirmation of independence. The auditor presents to the Risk and Audit Committee, on a bi-annual basis, a summary of all services, in addition to the audit, provided by the external auditor. The auditor also presents any threats to their independence and documents measures implemented to reduce these, as required by the Audit and Auditors Act Section 5a-3 3.

The Company's external auditor presents the main features of the plan for the execution of the audit to the Risk and Audit Committee and reports interim and final results of the external auditor's work to the Risk and Audit Committee.

The external auditor attends all meetings of the Risk and Audit Committee, the Board meeting that approves the Annual Report and other meetings on request. The external auditor presents the result of the audit to the Risk and Audit Committee and the Board in the meeting approving the Annual Report, including presentation of any material changes in the company's accounting principles and significant accounting estimates, and reports material matters on which there has been disagreement between the auditor and Telenor's Executive Management, if any.

Each year the auditor presents to the Risk and Audit Committee and the Board internal control weaknesses and improvement opportunities, if any. The external auditor meets with the Risk and Audit Committee and the Board at least annually where neither the President and CEO nor other members of management are present.

At the General Meeting, the Board gives an account of the auditor's remuneration divided into audit fees and other services as disclosed in the Annual Report.

Deviations from the NCGB Code of Practice Section 15: None.

THE CORPORATE ASSEMBLY AT YEAR-END 2021

MEMBERS ELECTED BY THE SHAREHOLDERS:

Bjørn Erik Næss
Chair
Elected 2019 – re-elected 2021

Kjetil Houg
Deputy Chair
Elected 2021

John Gordon Bernander
Elected 2013, re-elected 2021

Heidi Finskas
Elected 2018, re-elected 2021

Widar Salbuvik
Elected 2013, re-elected 2021

Silvija Seres
Elected 2011, re-elected 2021

Lisbet Karin Nærø
Elected 2019, re-elected 2021

Trine Sæther Romuld
Elected 2019, re-elected 2021

Marianne Bergmann Røren
Elected 2019, re-elected 2021

Maalfrid Brath
Elected deputy 2016, elected member 2021

DEPUTY MEMBERS ELECTED BY THESHAREHOLDERS:

Elin Merete Myrmel-Johansen
First deputy, elected 2019, re-elected 2021

Randi Marjamaa
Second deputy, elected 2019, re-elected 2021

Lars Tronsgaard, Third deputy
Elected 2018, re-elected 2021

MEMBERS ELECTED BY THE EMPLOYEES:

May-Iren Arnøy
Elected deputy in 2007, re-elected as member 2021

Hege Karita Ottesen
Elected 2015, re-elected 2021

Magnhild Øvsthus Hanssen
Elected 2007, re-elected 2021

Tom Westby
Elected 2017, re-elected 2021

Håkon Berdal
Elected 2021

OBSERVERS FOR THE EMPLOYEES:

Mona Irene Børøen
Elected 2018, re-elected 2021

Camilla Skarsjø Grimnes
Elected 2021

DEPUTY MEMBERS ELECTED BY THE EMPLOYEES:

Laila Fjelde Olsen
Daniel Eidsund
Hege Sletten
Gudrun Lanes
Pål Espen Bondestad
Sune Jakobsson
Knut Johannesen
Per Morten Schou
Vithya Ganeshan
Sten Tore Fagerhaug
Tormod Tørstad

TELENOR ASA BOARD OF DIRECTORS BY YEAR-END 2021

Gunn Wærsted
Chair of the Board
Appointed: 14 January 2016, re-elected 27 May 2021

Jørgen Kildahl
Deputy Chair
Appointed: 10 May 2017, re-elected 27 May 2021

Jacob Aqraou
Board Member
Appointed: 11 May 2016, re-elected 11 May 2020

Jon Erik Reinhardsen
Board Member
Appointed: 14 May 2014, re-elected 27 May 2021

Pieter Cornelis Knook *Board Member*
Appointed: 11 May 2020

Astrid Simonsen Joos *Board Member*
Appointed: 11 May 2020

Elisabetta Ripa
Board Member
Appointed: 27 May 2021

Jan Otto Eriksen *Employee Representative*
Appointed: 7 May 2019, re-elected 27 May 2021

Roger Rønning
*Employee Representative*Appointed: 27 May 2021

Irene Vold
Employee Representative
Appointed: 27 May 2021

Fornebu, 21 March 2022

Gunn Wærsted
Chair

Jørgen Kildahl
Vice Chair of the Board

Jon Erik Reinhardsen
Board member

Jacob Aqraou
Board member

Pieter Knook
Board member

Astrid Simonsen Joos
Board member

Elisabetta Ripa
Board member

Roger Rønning
Employee representative

Irene Vold
Employee representative

Jan Otto Eriksen
Employee representative

Sigve Brekke
President & CEO

Sustainability Report

01 Sustainability Report

About the report

Telenor publishes this Sustainability Report in accordance with reporting requirements mandated by the Norwegian Accounting Act §3-3c and the EU nonfinancial reporting directive (EU NFRD 2014/95). This report follows the Oslo Stock Exchange Euronext guidance on Environmental, Social and Governance (ESG) reporting of January 2020. See the Reporting Frameworks section for more information on reporting boundaries and context.

The report covers material areas within Telenor's Responsible Business, details how Telenor manages its most important impacts on those areas and how these are linked to the business strategy, performance and the relationship with stakeholders.

DNV has carried out an independent review of the Sustainability Report 2021 to assess the accuracy of claims. The engagement has been undertaken in accordance with the requirements in the ISAE 3000 standard. DNV's independent review certificate can be found on Telenor.com.

Telenor believes in transparency, accountability and integrity and these areas are an integrated part of the company's Code of Conduct. Telenor is working to ensure that ESG issues are reported transparently, in line with materiality assessments and in alignment with relevant regulations and international guidance.

Expectations related to sustainability reporting from major stakeholders continue to increase. Telenor firmly believes that reporting will contribute to open discussions and to building knowledge to help address challenging issues.

To ensure structured, transparent and relevant reporting of sustainability performance, Telenor Group reports to various external organisations, including UN Global Compact, the Global Reporting Initiative (GRI), the Sustainability Accounting Standards Board (SASB), and Carbon Disclosure Project (CDP), and in line with the Task Force on Climate-related Financial Disclosures (TCFD). Telenor also supports the UN Sustainable Development Goals (SDGs).

During 2021, Telenor performed a revised assessment of its material topics, guided by the principle of double materiality. Section 4 of this report covers the main principles of the revised sustainability strategy and describes the process for materiality assessment and stakeholder engagement.
Further information about sustainability governance and processes can be found on Telenor.com/sustainability.

02 Sustainability Report

Sustainability governance

Sustainability is closely tied into Telenor's governance framework, providing accountability and enabling the company to clearly plan, implement and monitor sustainability activities.

Board of Directors' role

The Board of Directors approves Telenor's strategy, which includes Responsible Business as one of its three prioritised areas. The Board of Directors has established four committees of the Board, one of which is the Sustainability and Compliance Committee (SCC). The SCC is a preparatory working committee for sustainability and compliance issues. This is established in the charter of the SCC. The SCC receives regular updates on compliance and sustainability-related matters and monitors the sustainability performance of the company.

Management's role

Telenor has delegated the overall responsibility for all sustainability areas to the Chief People and Sustainability Officer (CPSO). Responsibility for compliance, including anti-corruption and data privacy compliance, lies with the Executive Vice President Strategy and External Relations. Both functions are members of the Group Executive Management (GEM), which is an advisory body to the Group's Chief Executive Officer (CEO). The respective executives regularly brief the SCC at Board level on sustainability and compliance issues, including ambitions, strategy and overall measures and initiatives.

Ambitions and target-setting

Targets for Telenor Group are defined annually by the Board of Directors. The targets support the direction defined in the Group Strategic Action Plan for both financial and operational ambitions for the strategy period. Group targets are cascaded to all business units and performance relative to the targets is regularly tracked through the financial and operational performance management process. Status and mitigating actions are discussed in the Value Agenda and Performance Review meetings with the business units.

More information on Sustainability Governance can be found in the Governance report (p. 22) and on the Sustainability Governance pages on Telenor.com.

Key standards followed

The below table shows an overview of standards that are relevant in Telenor's Responsible Business areas.

Area	Standard
Climate and Environment	Science Based Targets (SBTi) | ISO14001
Human Rights	United Nations (UN) guiding principles on business and Human Rights | Organisation for Economic Co-operation and Development (OECD) guidelines for multinational enterprises | International Labour Organization (ILO)
Diversity and Inclusion	UN Women Empowerment Principles | UN standards of business for lesbian, gay, bi, trans and intersex (LGBTI) rights | Norwegian Gender Equality Reporting Requirement
Health, Safety, People Security and Wellbeing	ISO 45001 | ILO Fundamental Principles and Rights at Work
Supply Chain Sustainability	SA 8000 | ILO | Norwegian Transparency Law | EU Due Diligence Act
Anti-corruption	United Kingdom Bribery Act (UKBR) | Foreign Corrupt Practices Act (FCPA) | Norwegian law (Civil Penal Code Sections 276a-c) | ISO 37001 | OECD Anti-Corruption Guidelines
Data Privacy Compliance	General Data Protection Regulation (GDPR) | OECD Guidelines | The Law Enforcement Data Protection (LEPD) Directive | The ePrivacy Directive (2002/58/EC)
Cyber Security	ISO 27001 | National Institute of Standards and Technology | Standard of Good Practice for Information Security

03 Sustainability Report

Overview of Sustainability strategy and direction

For Telenor, sustainability is how the company does business in a responsible way that helps both create value for its people, shareholders and society as well as empower and sustain the world for generations to come. To provide inclusive and safeguarded connectivity, to advance people and empower societies are key ambitions. By providing resilient connectivity services, Telenor creates direct value for the societies it operates in. However, the company is also in a unique position to contribute indirectly in the markets in which it operates by leveraging on technology and services, digitalising societies and driving the sustainability journeys across sectors.

Responsible business is one of the three prioritized areas of Telenor's strategy, as the company believes the way it operates constitutes a strategic differentiator both commercially and in stakeholder management.

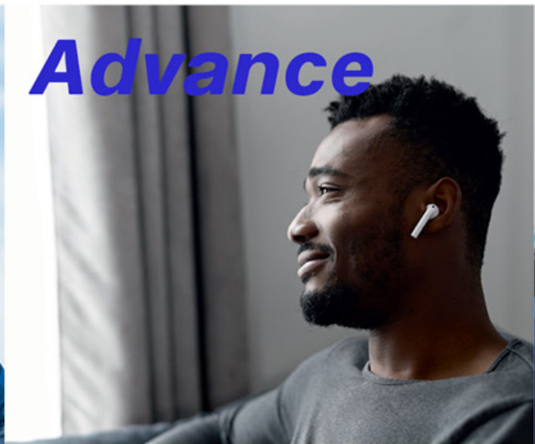
In 2021, Telenor articulated its Responsible Business work and aligned it with the company's purpose and Global Identity. The Telenor Global Identity incorporates the company purpose as its overarching element, answering the question as to 'why' Telenor exists: **Empowering Societies. Connecting you to what matters most.** Telenor's purpose statement is supported by three key benefit areas: Include, Advance, and Safeguard, which are expressed through key messages, related to what Telenor does and how it does it.

As part of this articulation, the company took a more holistic approach by assessing and defining high-level ambitions for all material areas, with targets defined within relevant areas, and key activities needed to reach these targets.

Based on the analysis, Telenor defined the areas of *Climate and Environment* and *Digital Skills* as focus areas

Enabling participation for all

Include means that Telenor is committed to equality, by enabling connectivity for all and driving greater societal inclusion through it.



Advancing connectivity to accelerate the digital future

Advance means that Telenor is at the forefront of technological development, constantly innovating and exploring for the benefit of customers, businesses, and society.

Safeguarding planet, people and data in the digital world and beyond

Safeguard means that Telenor constantly raises the bar for the safety, security and privacy for our customers, partners and employees, as well as the health of our planet to drive positive, long-term change.

for driving positive impact. These areas underline the company's role in using digital technologies to tackle societal challenges and the climate emergency.

For *Climate and Environment*, Telenor set global climate ambitions for the group in 2019. The targets of becoming carbon neutral in the Nordics and a 50 percent reduction of carbon emission from a 2019 baseline in Asia by 2030 were accepted by the Science-Based Targets initiative (SBTi) in 2021. All business units have plans to address their Scope 1 and 2 targets. To address Scope 3 emissions, the target is to get 68 percent of suppliers by spend to set their own science-based targets by 2025. Read more about Climate and Environment management in the Responsible Business Performance Section.

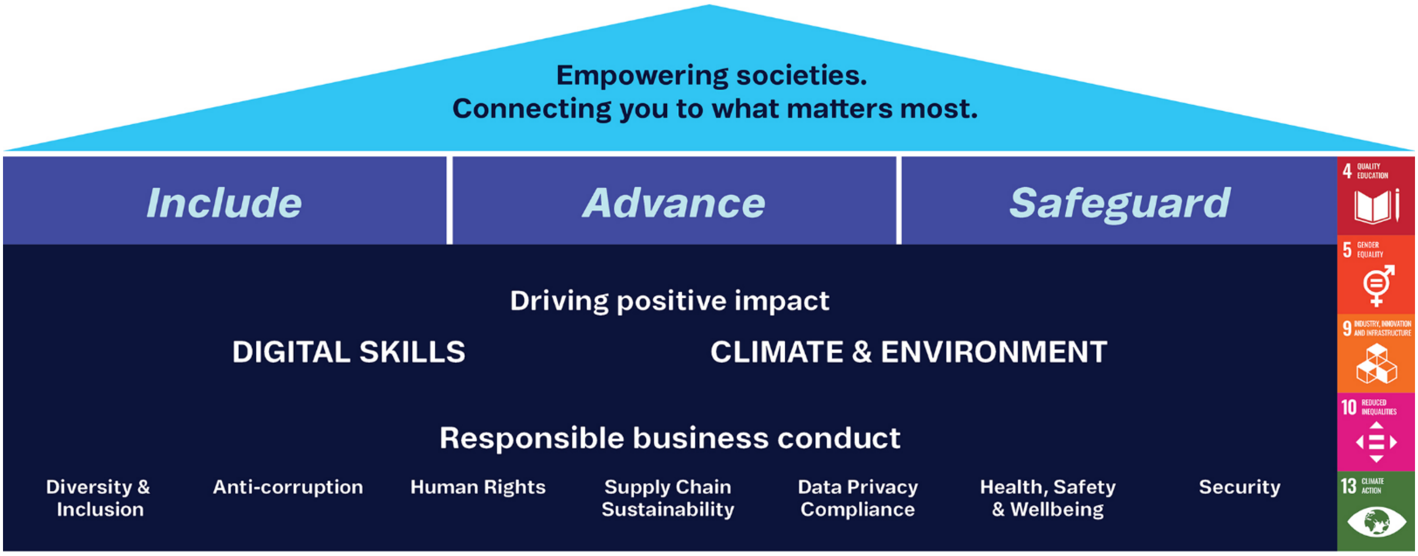
From its position as a digitally mature telco with mass reach and a commitment to reducing inequalities and inclusion, Telenor can further contribute to societies in providing future *Digital Skills*. The topic has a clear link to the company's current and future commercial and technology agendas and is also aligned with the learning-culture being developed internally. This company-wide priority is adapted to local needs and the company engages with relevant local and global partners (such as Plan International and UNICEF) to provide relevant training and to reach its audiences. Read more about Digital Skills management in the Responsible Business Performance Section.

Telenor continues its efforts in responsible business conduct by ensuring continuous improvement and building on the strong track record in the remaining material areas: Human Rights, Diversity and Inclusion, Health, Safety, People Security and Wellbeing, Supply Chain Sustainability, Anti-Corruption, Data Privacy Compliance and Cyber Security.

The COVID-19 pandemic, the decline of democracy and trend towards political polarisation in some of Telenor's markets, have increased the legal, operational, and reputational challenges of the company. Human rights and digital access rights challenges have shown that Telenor has a role in helping solve societal challenges and ensuring responsible data governance and network security globally. Telenor cannot meet those challenges alone. The company works with partners – both public and private – to create solutions together, drive outperformance, and take fuller advantage of the opportunities afforded by sustainability.

"We operate across a diverse footprint with different challenges and opportunities. We recognise our responsibility to minimise the negative impacts in the areas we operate and work every day to further develop our organisational culture to ensure our employees live and breathe our purpose, promote sustainable behaviour at every level in our company and drive purposeful decision-making. Our diverse and engaged workforce serves as our internal consciousness in our journey of raising standards across our markets"

Cecilie Heuch, Chief People and Sustainability Officer



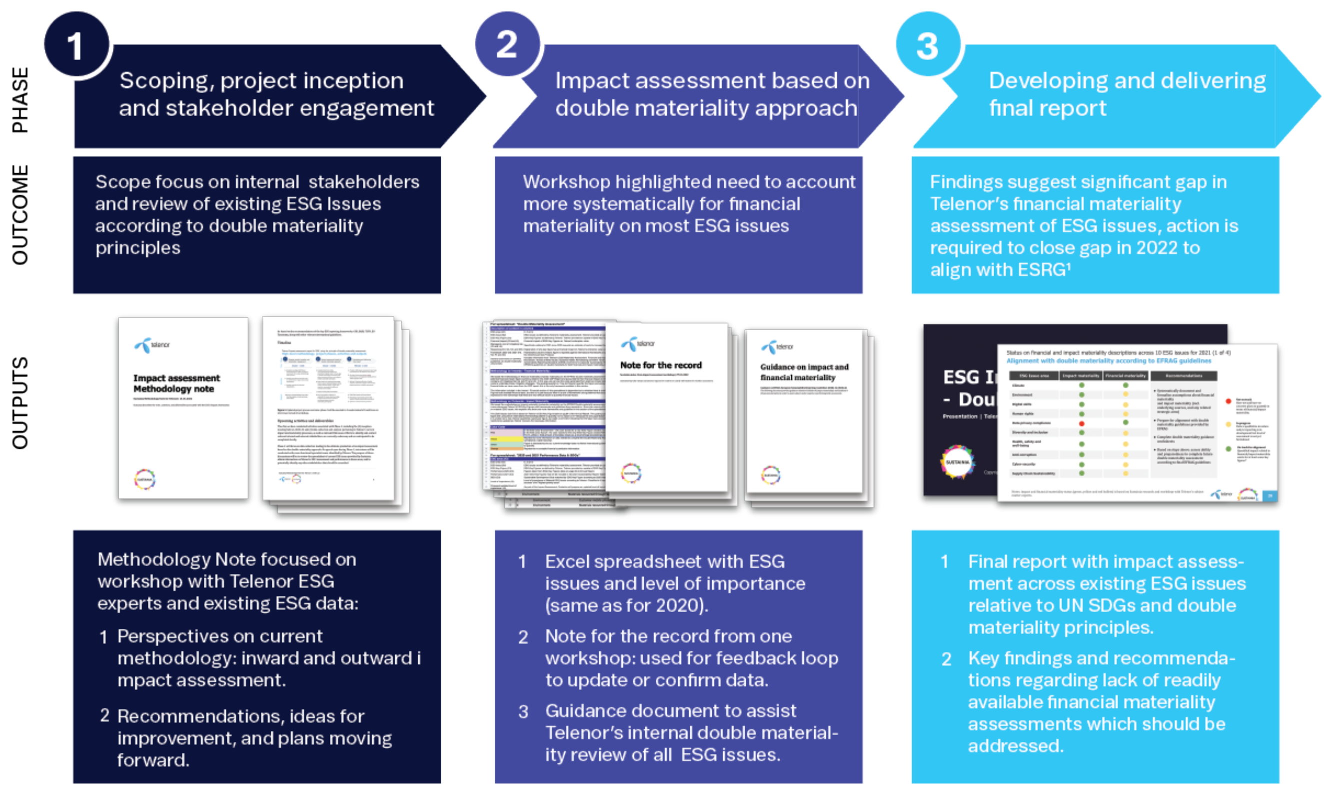
Sustainable Development Goals

Telenor is committed to all 17 Sustainable Development Goals (SDGs). For the past years, Telenor has had a focus on SDG 10 (Reduced Inequalities) and while this SDG remains highly relevant and interconnected to the company's purpose, in 2021 Telenor took a more holistic approach and expanded its focus to five goals where Telenor believes it can have the most impact. Telenor continuously evolves its services, operations, and targets as they relate to the SDGs. At the heart of the company's business functions is a drive to provide sustainable, innovative, and resilient infrastructure (SDG 9 and SDG 13). Through its services and programmes, Telenor is committed to empowering societies by reducing inequalities (SDG10), empowering women and girls (SDG5), and helping enable quality education (SDG4). Together, these five SDGs form the bedrock of Telenor's global commitments.

Materiality assessment

The materiality assessment is updated every year to ensure Telenor captures the latest internal and external developments and accounts for them in its impact analysis. In 2021, Telenor engaged an external company – Sustainia, to support the assessment of its material topics guided by the principles of double materiality, as defined in the published aspects of the European Financial Reporting Advisory Group's (EFRAG) framework, the European Sustainability Reporting Standards (ESRS) working papers, as well as the frameworks of the Global Reporting Initiative (GRI) and the Sustainability Accounting Standards Board (SASB). By focusing on these frameworks, Telenor has taken proactive steps to assess its ESG impact and financial materiality and will use this evaluation to form its strategy moving forward.

The Telenor impact assessment based on the principles of double materiality consisted of three phases. The first part of the analysis mapped key ESG issues and figures in order to understand the extent to which internal and external impacts are already considered in Telenor's existing materiality assessment methodology. Next, the material areas were mapped and ranked in consultation with stakeholders and subject matter experts, and the appropriate accounting methodology to be applied was identified. The parameters and related SDGs were then analysed for each material area, and Telenor's targets and initiatives were broken down across the key ESG issues.



The results of the impact assessment and workshop with stakeholders and subject matter experts highlighted a need to account more systematically for financial materiality on most ESG issues, which refers to the extent to which a particular ESG issue may influence future cash flows and/or the enterprise value of Telenor. The findings of the impact assessment identified some qualitative consideration of financial impacts, but also identified gaps in Telenor's consideration of financial materiality and inward impact in connection with ESG issues. As such, Telenor will in 2022 work towards developing and executing a roadmap to close the gaps of the double materiality assessment of existing and potential ESG issues and to proactively align with the European Sustainability Reporting Guidelines (ESRGs). The next section of this report describes how Telenor focuses its efforts in its material areas and defines related ambitions and targets. It also provides a status update from 2021 and outlines Telenor's strategy to achieve its stated targets.

The changes in material areas structure compared to 2020 reporting include:

- Updated the area of *Digital Inclusion and Social Innovation* to *Digital Skills* to account for the inclusion of basic and future digital skills and online safety in this area
- Renamed the topic of *Customer and Employee Privacy Framework* to *Data Privacy Compliance*
- Changed the area of *Health and Safety* to *Health, Safety, People Security and Wellbeing*; included the area of *Mobile Mast and Health* in this area as well
- Renamed *Climate Change Resilience* to *Climate*
- Renamed the area *Environmental Management* to *Environment*
- Combined the areas of R*espect for Human Rights, Labour standards / Employee Rights* under one area of *Human Rights*
- Renamed the area of *Supply Chain Risk and Resilience* to *Supply Chain Sustainability*
- The area of *Employee Diversity, Equity and Inclusion* was renamed to *Diversity and Inclusion* to ensure it is not only employees, but also suppliers and other business partners that are accounted for in this area
- The area of *Economic Contribution to Society* was defined as an area, underlying and cross-cutting across all material areas
- No changes were introduced to the areas of *Cyber Security and Anti-Corruption*

Stakeholder engagement

As part of Telenor's strategic focus on responsible business, the company actively engages its stakeholders and continues strengthening its relations as an owner and business partner, true to its commitments, values and the purpose of empowering societies. Telenor communicates with its stakeholders in a transparent way, through frequent dialogue, which feeds into its materiality analysis as described above. Telenor's main stakeholders include Employees, Investors, Policy makers, Customers, Community, Media, Industry Peers, Civil Society and Civil Society Organisations.

Stakeholder group	Expectations	How we engage
Employees	• Well-being and health • Diversity and equal opportunities • Climate action • Position on social issues	Townhalls Strategy updates Departmental meetings Employee engagement surveys Digital platforms/Workplace Board of Directors representation Bilateral dialogue Labour unions
Investors	• Responsible sourcing • Human Rights • Digital Access • Anti-bribery and corruption • Transparency on how Telenor delivers value to its stakeholders • Climate Action	Capital Market's Day Quarterly presentations Annual General Meeting Investor roadshows Analyst meeting with key owners/investors Human Rights due diligence Increased and more detailed ESG reporting ESG targets Improve transparency and efficiency
Customers	• Children safety online • Digital access • Climate action • Data privacy and security • Responsible sourcing • E-waste / products sustainability • Position on social issues	Net Promoter Score (NPS) Managing customer privacy risks Customer satisfaction surveys Call centres Industry forums
Civil Society and Civil Society Organisations	• Human Rights • Ethics and Digital Rights • Transparency • Climate Action • Freedom of Expression • Data protection and privacy • Digital Access	Open dialogue and partnerships Partnership and dialogue with Non-Governmental Organizations, via: United Nations Global Compact (UNGC) Confederation of Norwegian Enterprise (NHO) Child Labour Platform (CLP) UNI Global Union Global Network Initiative
Policy Makers / Governments	• Digital Access for all • Customer privacy and security • Climate and Environment • Responsible sourcing • Health and well-being • Diversity • AI ethics	Participation in consultations and public forums Engagement through industry consultative bodies Partnering on key areas (incl. Digital skills and Climate and Environment) Engagements via: European Union World Economic Forum Nordic Business Forum NHO International Monetary Fund World Bank Arendalsuka
Community and Media	• Responsible sourcing / human rights incl. conflict minerals • Digital Access • Digital rights / inclusion • Climate Action and E-waste	Meetings with NGOs Press releases and social media Interviews with the CEO and key executives Close dialogues Being transparent on recent operational and strategic developments, new products and services, etc Surveys One-to-one meetings Global partnerships
Industry peers and Business Partners	• Transparency • Climate Action • Diversity and inclusion • Health, safety and security • Data protection and privacy • Partnerships on key areas • Human Rights	Memberships in associations: Nordic business Forum GSMA (Global Mobile Operators' Association) ETNO (European Telecommunications Network Operators' Association) Joint Audit Committee (JAC) Social media Bilateral dialogues Partnerships Best practice sharing Following up on audits and inspections

04 Sustainability Report

Creating Economic Value to Society

The global Covid-19 pandemic has put Telenor's contribution to society to the test. The new normal makes delivering connectivity crucial in every society the company operates in and presents a clear reminder of Telenor's shared commitment and responsibility to support the societies it is a part of. Telenor is an owner, employer, and taxpayer in the markets it operates. The company's operations contribute with tax revenue, employment, and investments. Contributing positively to societies is a key component in building trust in Telenor and creating a predictable and productive business environment. Together, these elements improve the company's value creation prospects. In addition to employing over 16.000 people and constantly striving for high sustainability standards throughout the supply chain, Telenor contributes to the financing of public domains through Taxes Borne as well as Taxes Collected. Total tax contributions are not only the taxes levied on the profit of the Telenor Group, but also takes into account further taxes. Activities that add value to the societies include positive financial impact through wage taxes, social contributions, and value-added taxes.

Telenor Group maintains responsible tax policy and practices in line with legislation in every jurisdiction of operation. The company has reported its country-by-country earnings, investments, taxation, and employment since 2014. Telenor is in constant dialogue with the relevant authorities regarding tax, for instance on whether it needs to adapt to new legislation. The company's tax policy and practice are in line with legislation in all markets. Telenor follows the terms of applicable Double Taxation Treaties, relevant OECD guidelines in dealing with transfer pricing and establishing taxable presence, and the Base Erosion and Profit Shifting initiatives. The company endorses the aims of transparency and fairness across the global tax system, exchange of financial information and concerted action to fight base erosion and profit shifting.

Country-by-country tax reporting

The table below specifies the most important elements of Telenor's direct economic contribution country-by-country. It includes Telenor's revenues, capital expenditure, EBITDA and the corporate income taxes paid in 2021. The table does not specify all taxes and fiscal levies – only corporate income tax (CIT) is included.

NOK in millions	Revenues	Capex	EBITDA	Profit before taxes	Corporate income tax (CIT)	Man-years per 31.12.2021
Norway	27,800	6,296	11,438	3,485	1,321	4,096
Sweden	12,813	1,873	5,069	2,275	394	1,607
Denmark	5,259	1,077	1,437	580	176	967
Finland	9,693	1,635	3,617	892	155	1,514
Thailand	21,826	3,852	8,349	1,530	118	2,866
Malaysia	13,088	1,699	6,473	3,393	732	1,425
Bangladesh	14,362	2,853	8,870	6,282	2,682	1,636
Pakistan	5,314	3,131	2,768	76	127	1,420
Other	86	321	(647)	(1,430)	36	232
Telenor Group	110,241	22,737	47,375	17,084	5,740	15,763
Myanmar	4,835	-	2,717	(557)	53	703

Grameenphone awarded Highest Corporate Taxpayer

In November 2021, Grameenphone (GP) received the highest taxpayer award for financial year 2020-21 in the telecommunication category by National Board of Revenue (NBR) for the sixth time in a row. In 2021, GP contributed a total of NOK 10.3 billion to the government of Bangladesh, which includes NOK 7.5 billion as direct and indirect tax, NOK 1.3 billion as withholding taxes, and NOK 1.5 billion contribution to Bangladesh Telecommunication Regulatory Commission (BTRC).

GP has contributed total NOK 95.6 billion to the national exchequer to date in the form of Tax, VAT and other regulatory fees to NBR and BTRC.

05 Sustainability Report

Responsible Business Performance

Material issues

This section provides an overview of Telenor's material areas as defined in its materiality analysis, and addresses its ambitions and targets in each area, an update from 2021 and the strategy to work towards the ambitions. The section is divided into Environmental, Social and Governance factors. The link to Telenor's strategy is underlined in the beginning of each ESG section. The pillar of the Telenor's Global Identify of Include, Advance, Safeguard which the individual material area supports, is highlighted at the beginning of each material area.

Key highlights

		Ambition	Key highlights 2021		Target	SDG impact
ENVIRONMENTAL	**Climate**	Meet Telenor's own science-based targets and explore business opportunities to enable third parties to reduce their climate footprint	11% year-on-year company-wide Scope 1&2 GHG emissions cut	28.5 % of suppliers by spent had set science-based targets	Reduce scope 1&2 emissions by 35% by 2024, compared to 2019 Ensure key suppliers commit to Science Based Targets (60 percent based on spend by 2024)	3 Good health and well-being; 10 Reduced inequalities; 12 Responsible consumption; 13 Climate action
	Environment	Explore opportunities within circular economy, set targets and define a strategy for climbing the waste hierarchy	83% of e-waste reused	17% of e-waste recycled	Reinforce Telenor's long-term commitment and strengthen the company's strategic role in the area of circular economy by 2022	3 Good health and well-being; 7 Affordable and clean energy; 10 Reduced inequalities; 12 Responsible consumption; 13 Climate action

		Ambition	Key highlights 2021		Target	SDG impact
SOCIAL	Digital skills	Become an inclusive partner in building future skills	820,768 Digital Birth Registrations in Pakistan	Over 850,000 children trained in online safety	5 million trained in digital skills by 2024	1 No Poverty; 2 Zero Hunger; 3 Good Health and Well-being; 4 Quality Education; 5 Gender Equality; 8 Decent Work and Economic Growth; 9 Industry, Innovation and Infrastructure; 10 Reduced Inequalities; 11 Sustainable Cities and Communities; 16 Peace, Justice and Strong Institutions; 17 Partnerships for the Goals
	Human Rights	Respect and promote Human Rights, be trusted by stakeholders and ensure regular Human Rights due diligence across the organisation	Conducted a third-party Human Rights Due Diligence risk review at group level	All business units initiated local Human Rights Due Diligence review	100% staff completed human rights training by 2024	4 Quality Education; 5 Gender Equality; 8 Decent Work and Economic Growth; 10 Reduced Inequalities
	Diversity & Inclusion	Be a frontrunner in diversity and engaged in a sustainable future for all	38% women in the workforce	32% women senior leaders	35% women senior leaders by 2023 35% non-Nordic senior leaders by 2023 40% women in the workforce by 2023	3 Good Health and Well-being; 8 Decent Work and Economic Growth; 9 Industry, Innovation and Infrastructure; 16 Peace, Justice and Strong Institutions; 17 Partnerships for the Goals
	Health, Safety, People Security and Wellbeing	Zero injuries to employees and business partners and having Health, Safety, People Security and Wellbeing fully embedded in the business	2 fatalities (compared to 6 in 2020)	1,65% sickness absence rate	3000 observations (unsafe acts, unsafe conditions) by 2024	3 Good Health and Well-being; 8 Decent Work and Economic Growth; 9 Industry, Innovation and Infrastructure; 16 Peace, Justice and Strong Institutions; 17 Partnerships for the Goals

		Ambition	Key highlights 2021		Target	SDG impact
GOVERNANCE	Supply Chain Sustainability	Uphold responsible business practices within the supply chain through high sustainability standards and continuous improvement	95 % non-conformance closure rate	37,716 hours of capacity building	Post-contract due diligence conducted on 100% high risk business partners by 2024	3 Good Health and Well-being; 4 Quality Education; 5 Gender Equality; 8 Decent Work and Economic Growth; 10 Reduced Inequalities; 12 Responsible Consumption; 16 Peace, Justice and Strong Institutions; 17 Partnerships for the Goals
	Anti-corruption	Take a zero-tolerance approach to bribery and corruption and avoid even the appearance of misconduct or improper actions	100% employees competed Code of Conduct Training		Strengthen Telenor's preventive anti-corruption programme across all business units, including relevant controls to properly mitigate corruption risks	5 Gender Equality; 8 Decent Work and Economic Growth; 10 Reduced Inequalities; 16 Peace, Justice and Strong Institutions
	Data Privacy Compliance	Build a strong and trusted brand with a high focus on our customers' privacy	Privacy Day events, including awareness campaigns, e-learnings, and Panel Session: Doing Good by Doing Right		Ensure that our updated privacy governance framework is implemented across all of our Business Units, and is contributing to ongoing privacy compliance for our business by 2022	9 Industry, Innovation and Infrastructure; 10 Reduced Inequalities; 16 Peace, Justice and Strong Institutions
	Cyber security	Telenor's business security vision is that the company always protects society and people in their digital life, and security is the foundation for everything Telenor does.	96% employees completed security training		By 2023, incorporate security in all aspects of Telenor's business and all technology domains following a risk-based approach, with defendable architecture implemented for all critical assets	9 Industry, Innovation and Infrastructure; 16 Peace, Justice and Strong Institutions

E - Environmental

Telenor's purpose is to empower societies and connect people to what matters most. That purpose compels the company to do its part in the effort to fight climate change and environmental hazards. Telenor provides technology and platforms to enable climate action and raise the awareness of climate change and the risks the world faces from global warming, pollution and waste. But the company also needs to be part of the change and drive the action in the communities it empowers and connects. There are two main dimensions to Telenor's work on climate and environment. The first is to clean up its own operations, by lowering greenhouse gas (GHG) emissions and improving environmental performance. The second is to help other parties reduce their emissions, by way of Telenor's services.

Telenor focuses on responsible business practices and continuous improvement across all its markets. Guided by international standards and its operational experience, the company works to systematically address risks and maximise the positive impact of its business. As such, reducing GHG emissions and waste are at the core of the company's efforts to ensure responsible business. Taking responsibility for its carbon emissions and waste is also an important element of Telenor's Code of Conduct which clearly states that the company is accountable for its actions.

Environmental

Climate

Telenor is committed to reducing its climate impacts by contributing both to the prevention of climate change (mitigation) and resilience against damage to infrastructure and societies from climate change (adaptation). The company adheres to local and internationally recognised environmental and energy efficiency standards and all business units are required to make reasonable efforts to minimise the use of natural resources including energy, water and raw materials, as well as reduce their GHG emissions.

Why the area is material

With the recent publication of the sixth assessment report of the Intergovernmental Panel on Climate Change, it is clearer than ever that mitigation of, and adaptation to, climate change is among the most important tasks of the international community in the decades to come. Telenor is stepping up to do its part. Telenor has a dual role in its climate journey by, on the one hand, addressing its own sustainability priorities and, on the other, enabling the sustainability transformation of its customers and other sectors. The digitalisation of societies gives Telenor new possibilities regarding how to prevent climate change, and Telenor can play a positive part in enabling customers and individuals to reduce their own emissions.

Ambition

Meet Telenor's own science-based targets and explore business opportunities to enable third parties to reduce their climate footprint.

Target towards 2024

Reduce Scope 1 and 2 emissions by **35 %** by 2024, compared to 2019

Ensure key suppliers commit to Science Based Targets **60 %** based on spend by 2024

Science Based Targets

In May 2021, The Science Based Targets Initiative (SBTi) approved Telenor's GHG emission reduction targets. The approval confirms that Telenor's climate targets are in line with what climate science deems necessary to meet the Paris Climate Agreement target of limiting global warming to 1.5°C above pre-industrial levels. Telenor's approved Climate Goals are to:

- Reduce emissions of GHGs from global operations by 57 per cent, from a 2019 baseline, by 2030. For the two regions where Telenor operates, this means:
  - The Nordic operations: Telenor's target for the Nordics is carbon-neutral business operations by 2030, focusing on energy efficiency measures in network operations, purchasing renewable electricity, and offsetting residual emissions by way of high-quality carbon credits.
  - The Asian operations: Telenor's target for the Asian operations is a 50 per cent reduction in GHG emissions by 2030 (from a 2019 baseline), focusing on substituting diesel generators with solar solutions at base stations and exploring other renewable electricity options in the region.
- 68 per cent of suppliers, by spend, within the categories Purchased Goods, Services and Capital Goods, shall set science-based targets within 2025

Update from 2021

Reducing Telenor's Scope 1 and 2 emissions involves reducing and optimising energy consumption (energy efficiency), replacing diesel generators by solar solutions for off-grid sites and sourcing renewable grid electricity where possible. A key focus in 2021 has been to limit total energy consumption by continuously improving the energy efficiency in the business units' network operations, as these represent around 80 per cent of total energy consumption. All business units set annual energy usage/efficiency improvement targets and secure financing of priority actions as part of their annual business planning process.

In 2021, with the investment in network modernisation, 5G rollout and forecasted data growth, the energy demand has grown. As consumers enjoy an improved network and data experience, the increase in energy consumption by networks creates a larger carbon footprint. Telenor needs to utilise technology advances to flatten the curve. For Telenor, energy-based cost is on an increasing year-on-year trend owing to the increases in energy demand, as well as rising fuel prices. In Asia in particular, there is a dependency on fuel-based energy, requiring high diesel-generator hours and the burning of fossil fuels. As the price of fuel is increasing exponentially in almost every market, this affects both the environment and profitability. Telenor launched Project Thunderbolt in 2019, a joint energy optimisation initiative that marks a transition from fossil fuels to renewable energies to power the business units' networks. Telenor has initiated a number of initiatives to drive energy efficiencies in its network in parallel.

The President and CEO and other representatives from Telenor, are actively advocating in international fora such as the World Economic Forum, the Global Mobile Operations' Association and the United Nations for a push for accelerated investments in, and deregulation of, grid electricity in emerging markets, such as Telenor's markets in Asia. This initiative aims to increase access to the region's renewable electricity on the grid by a commitment to long-term demand from the industry. Through these actions, the company is working towards building an alliance with industry peers, investors and authorities to advance the common climate goals.

For Scope 3, Telenor has been engaging with suppliers to influence them to commit to science-based targets through Telenor Procurement Company, business units and collaboration with other mobile operators, through e.g. GSMA and Joint Audit Cooperation.

Energy features and Artificial Intelligence and Machine Learning (AIML) based advance framework in DNA, Finland

DNA has been modernising its network with 5G technology and 4-5X capacity. With more capacity and equipment on site, it was expected that energy consumption would grow 6-7 per cent in 2021. However, with meticulous planning, deriving efficiencies from the modernised network and use of energy-saving features on RAN network, DNA was able to bring down the energy demand of its operations. The efforts did not stop there, and AIML-based functionality was tested for additional benefits. The AIML aims to significantly reduce energy consumption in the mobile network by using advanced intelligence to analyse data traffic generated by customers and predict in advance the mobile data traffic requirements in a day. Hence, it can automatically and dynamically optimise the mobile site energy requirements. This helped to gain an additional 3 per cent energy saving on the tested network. The overall result is that a reduction of energy consumption by more than 5 per cent compared to 2020 levels was achieved in the DNA network. The same solution is being explored and tested now in other business units across Telenor.

Solar rollouts in Asia

In Asia, Telenor is investing in renewable energy to bring down the dependency on fuel-based sources such as diesel generators. Telenor is currently operating 3900 solar sites. There has been an addition of 323 sites in 2021, resulting in a total reduction of 60,000 tonnes of CO2-equivalents. The solar solutions are being deployed in areas with unstable or no grid connections, which not only promotes green energy utilisation, but also improves Telenor's network availability significantly for customers. In 2022, Telenor is planning on 500 additional solar solutions in Telenor Pakistan and the exploration of wind-based solutions.

28.5 %
of suppliers by spend had set science-based targets in 2021

11 %
year-on-year company-wide Scope 1&2 GHG emissions cut in 2021

Climate risk

Telenor's climate risk reporting follows the recommendations of the Task Force on Climate-related Financial Disclosures (TCFD). As highlighted in Telenor's TCFD climate risk assessment, multiple climate risks and opportunities exist for Telenor and ICTs more broadly. However, Telenor's TCFD assessment also clearly points to emission reducing ICT services or "climate enabling technologies" as a significant opportunity. In demonstrating the effect of emission reducing technologies, Telenor and the ICT industry can more easily live up to the claim of being part of the solution to mitigating climate change. Telenor's 2021 TCFD report highlights the most material risks and opportunities the company faces. The report can be accessed on Telenor.com.

Strategy to reach targets

Telenor's ambition is to meet its own science-based targets and explore business opportunities to enable third parties to reduce their climate footprint, by way of reducing the company's own Scope 1 and 2 GHG emissions, and ensuring suppliers commit to science-based targets.

The reduction of the Scope 1 and 2 GHG emissions as per Telenor's targets shall be achieved through a combination of energy efficiency measures, replacement of fossil fuels from own assets (cars, towers) and purchase of renewable grid electricity. As access to renewable electricity is limited in Asia, this remains the main barrier to the achievement of Telenor's targets in the region. The top priority in achieving the Scope 1 and 2 targets is to sign Power Purchase Agreements (PPAs) in the Nordics within 2022. In Asia, renewable electricity will be phased in by way of Energy Attribute Certificates, followed by PPAs as they become available.

Engaging with top suppliers and influencing them to set climate targets remains key to delivering on Telenor's committed Scope 3 target. Telenor engages actively with peers through GSMA and Joint Audit Committee (JAC) to ensure consistency and scale effects for suppliers to the mobile operator industry.

Grameenphone and dtac will use Energy Attribute Certificates (certificates to prove renewability of purchased electricity) in 2022 to ensure that Telenor Group's emission are reduced according to the trajectory towards 2030. A sourcing process together with Telenor Procurement Company was initiated in Q1 2022.

Telenor will also continue engaging employees in contributing to the green shift, for instance by way of the newly established Green Ambassador Programme. Telenor plans to introduce a climate related Key Performance Indicator in the short-term incentive plan for Group Executive Management in 2023.

Environment

Telenor complies with local laws and internationally recognized environmental standards. All business units shall maintain an environmental management system including sustainable waste management and shall support business initiatives using communications services to develop eco-efficient solutions. All electronic waste shall be reused, recycled or safely disposed of, and the ambition is to steadily increase the share of reuse to prolong the active lifetime of both end-user devices and network/IT equipment. No electronic waste shall be landfilled. Environmental sustainability criteria such as reusability and repairability shall always be considered in procurement processes for major contracts.

Why the area is material

Through technology and the Internet of Things (IoT), and by expanding connectivity and making new digital services available, the ICT industry has the potential to deliver increased efficiency and environmental benefits in other industries.

Telenor's ability to address environmental challenges and opportunities is likely to increasingly contribute to the company's business value.

Ambition

Explore opportunities within circular economy, set targets and define a strategy for climbing the waste hierarchy.

Target towards 2022

Reinforce Telenor's long-term commitment and strengthen the company's strategic role in the area of circular economy

Update from 2021

The European Green Digital Coalition

In Q1 2021, Telenor signed the declaration of the European Green Digital Coalition (EGDC), which makes Telenor a founding member of the industry initiative. The goal of the EGDC is to work towards a green digital transformation that delivers benefits to people, society, and the economy. Through the coalition, together with 26 ICT companies, Telenor's Nordic business units commit to reaching net zero by 2040. This initiative is a key component in the EU's commitment to a green shift through the EU Green Deal. A key target of the initiative is to establish KPIs and methods to quantify ICT services' enablement effects on society.

In 2021, Telenor also released its first Digital Outlook. In this report, industry experts, academics, and innovators present their take on how the digital shift will advance greener ways of living, learning, and working.

Circular economy

To reach the Paris Agreement goal of limiting global warming to 2°C, and preferably 1.5°C, the world needs a functioning circular economy that preserves the environment, strengthens economic competitiveness, and limits emissions. The EU's Circular Economy Action Plan targets how products are designed, promotes circular economy processes, encourages sustainable consumption, and aims to ensure that waste is prevented, and the resources used are kept in the economy for as long as possible. For Telenor, the most material aspects of circular economy and waste prevention are those related to improving circularity of mobile phones, home devices and other connected end-user devices, as well as network equipment at base stations.

To be able to compile a strategy for circular economy, workshops looking at Telenor's status within circular economy across the business units were held in 2021, also to identify ways to align circular economy activities with the company's products and commercial goals.

524 010
devices returned through takeback programmes in the Nordics and DTAC in 2021

83 %
of recovered e-waste reused in 2021

17 %
percent of recovered e-waste recycled in 2021

Strategy to reach targets

Telenor’s ambition is to explore opportunities within circular economy, set targets and define a strategy for climbing the waste hierarchy. The company will, in 2022, set short-term and long-term targets in the area of circular economy, aligned with SASB’s “product end-of-life" metrics. In 2022, Telenor will look towards business initiatives and partnerships to develop solutions that will contribute to environmental enablement, i.e. using telecommunication services to enable improved environmental performance and GHG emission reductions with third parties and external stakeholders. The goal is to leverage Telenor’s technology and services to empower other industries to reduce their environmental footprint by digitising their operations via 5G and IoT. Telenor will continue integrating circular economy into its strategy processes, products and commercial goals.

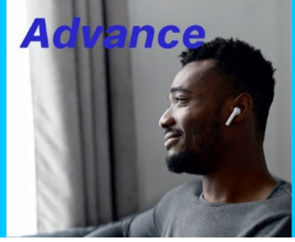
Green ambassador programme

The Green Ambassador programme was launched in September 2021, and features Telenor employees from all business units (except Digi and Telenor Myanmar), Group Units, Telenor Connexion and Telenor Procurement Company (TPC). The employees were selected from a variety of functions, and all share a passion about the environment and a desire to contribute towards growing the awareness of Telenor's climate and environmental ambitions. The responsibilities of the ambassadors are to increase awareness locally in their BU or Group Unit and implement local campaigns connected to climate and environment.

S - Social

As Telenor was founded in Norway over 165 years ago, the company lives and breathes the Nordic values of equality, trust and democracy in the way it does business today. At the very core of what Telenor does lies its belief in the importance of connecting people to what matters most. A fundamental pillar of Telenor's responsible business work is digital access for all. Telenor is committed to equipping people with the resources, knowledge and skills they need in an accelerated digital future, excluding no one. Telenor continues to work to supply the necessary infrastructure to ensure everyone can access and derive the benefits associated with digital societies, all while focusing on responsible business conduct towards employees, supply chain operators and customers.

Telenor sets high standards in health, safety, and people security for employees as well as in-house contractors, vendors, and suppliers. Telenor is committed to respecting human rights and labour rights principles as laid down in the UN Global Compact, Universal Declaration of Human Rights 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 workplace, and are reflected in Telenor's Code of Conduct, Group People Policy and Supplier Conduct Principles. Attracting and retaining the best talent through learning and development opportunities, as well as supporting career prospects, are fundamental to continued competitiveness and growth. Telenor also strives for diversity, inclusion, and equitable opportunities in accordance with the People Policy and is committed to a workplace free of discrimination and harassment.



Digital skills

A fundamental pillar of Telenor's responsible business work is the commitment to ensure digital access for all, equip people with the necessary knowledge, resources to operate effectively and safely, and stimulate a supportive ecosystem that can address the risks and grow the digital resilience of people. In order to do its part in helping to achieve fundamental competences, Telenor has for many years, had a wide range of initiatives and operations aimed at building digital skills, bolstering online safety, and promoting diversity and inclusion in the realm of connectivity. Given the far-reaching nature of these ambitions, the company has partnerships with organisations such as UNICEF and Plan International to realise its goals across all the markets in which it operates.

Why the area is material

Digital inclusion has long been a cornerstone of Telenor's responsible business work. The impact of the COVID-19 pandemic has affirmed the importance of mobile services and connectivity in tackling societal challenges. The global pandemic has accelerated both the need for digital skills, as well as deepened the digital divide underpinning it. There is a need to focus efforts to deliver benefits to demographic groups that have been particularly affected by the pandemic. Children have been disproportionately affected by the shift from physical to virtual classrooms. Shutdowns and travel restrictions have impacted small and medium businesses that have struggled to reinvent their business in the digital world. It is more important now than ever to not only ensure access to essential services, but to support communities with easy access to relevant skills in a digitalised future and ensure a safe online experience for all.

Ambition

Become an inclusive partner in building future skills.

Target towards 2024

5 million
trained in digital skills by 2024

Update from 2021

Telenor has ongoing projects in several markets building key future skills for young people, especially girls, allowing more people to take advantage of the opportunities offered by digital connectivity. Many of Telenor's initiatives have expanded the target and moved the focus towards the population segments most impacted by the COVID-19 pandemic.

58 %
active data users in 2021

Over **850,000**
children trained in online safety in 2021

Throughout 2021, Telenor continued to focus efforts towards including the digitally excluded (Inclusion), imparting skills to excel in the future (Future Skills) and ensuring a safe internet experience for all (Online Safety). Telenor partners with organisations that share the company's commitment to empowering societies and creating an accelerated digital future. In 2021, Telenor re-assessed the approach towards building digital skills with partners and explored ways to provide safe connectivity and online experiences and build relevant, future-ready skills.

- In **Thailand**, the "Young Digital Resilience Leaders" project by dtac and Plan International, Thailand continued for its second-year on the journey to encourage young people to be active online leaders. Forty-five teams participated in trainings in topics relating to cyberbullying, cyber security, and digital literacy. The youth teams were mentored by experienced coaches, developing their ideas and campaigning to raise awareness of online risks through various digital channels.

- In **Malaysia**, Digi, together with its Future Skills for All (FS4A) programme partners, Malaysia Digital Economy Corporation (MDEC), UNICEF, and ARUS Academy launched the '#BolehCode Coding Challenge', aimed at cultivating interest in digital skills among youth. Over 3,000 students from 350 schools enrolled in the challenge that also emphasised participation from low-enrolments schools. FS4A has enrolled over 34,500 students to date.

- **Telenor Pakistan** partnered with Google, to launch Digital Hackfair 2.0. This initiative brought the best women developers under one roof with an innovative focus on reshaping the face of business by eliminating stereotypes and obstacles faced by women. More than 50 app submissions using Google technologies were received from 172 women developers across Pakistan.

- The Net-for-Living programme in **Thailand** focuses on building and helping access digital skills for vulnerable groups and SME s across Thailand. In 2021, the programme was further elevated to align with Thailand's COVID-19 response, as well as with dtac's commercial priorities, by focusing on digital upskilling of small-scale SMEs affected by COVID-19 restrictions and on female tribal youth communities. More than 700 SMEs were trained in 2021, and participants reported an average uplift in revenues of approximately 50 percent.

- In **Telenor Norway**, more than 100,000 students have used the interactive training programme on cyber-bullying, Bruk Hue. The programme, which began in 2009 in partnership with Red Cross Norway, has been used by more than 400,000 teachers and students to date. Bruk Hue was relaunched in 2019 in a fully digital format, adapted to goals in the curriculum, as well as to children's digital everyday life. Recent figures show that the service has had a positive effect in an increasingly digitalised everyday school environment.

- In **Bangladesh**, Grameenphone together with global partner UNICEF continued their Child Online Safety programme to reach children despite the COVID-19 school closures. More than 250 000 children were trained in online safety in 2021. As part of the partnership, a strong online awareness campaign was also undertaken, and two national level policy dialogues with government and other stakeholders were conducted to integrate programme content as part of the national school curriculum.

In Myanmar, despite the challenging and volatile circumstances, Telenor Myanmar continued its efforts in building digital skills and extending benefits of communication through the existing partnership projects where possible. This was done by, for instance, further building on the work under the "Digital literacy and resilience for adolescents and young people", in cooperation with Plan International, as well as on the Digital Birth and Death Registration project with UNICEF, which saw 11,235 births and 3,240 deaths registered digitally in Myanmar in 2021. On 17 March 2022, Telenor Group was informed that the Myanmar Investment Commission has given final regulatory approval to the sale of Telenor Myanmar to M1 Group, see notes 4 and 38.

Strategy to reach targets

To achieve its ambition of becoming an inclusive partner in building future skills, Telenor will focus on including the digitally excluded, imparting skills that help them excel and become more productive in the future, and ensuring a safe online experience for all. The work for inclusion focuses on children and young people, as well as on small and medium-size enterprises, with gender equality as a cross-cutting priority.

To reach the target of 5 million people trained in digital skills by 2024 and continue driving positive impact within the area, Telenor will continue to leverage on, strengthen, and build partnerships globally as well as locally.

Telenor's focus will be on providing access and skills to use digital products/services/internet, building on the Internet of Things, Artificial Intelligence and business-to-business portfolio to provide upskilling and reskilling to youth and small and medium enterprises, and building online safety efforts for children, youth and the vulnerable through relevant content, digital means and the company's products and services. Examples of initiatives that will contribute towards Telenor's target in 2022 include: a project in DNA, Finland in partnership with Plan International, aimed at preventing digital marginalisation, strengthening equality of migrant youth, and improving understanding of diversity and inclusion; launching a second round of Telenor Norway and Plan International of the Girls Create Tech project - a mentorship programme initiated in 2019 to reduce the digital gender gap in Norway and inspire more girls to choose education and challenge gender stereotypes in careers within technology; the "Future Nations" programme in Grameenphone, Bangladesh, in cooperation with the UNDP, under the national level youth development program, created to accelerate the Nation's future economic growth by enhancing the skills and potential of youth by identifying opportunities for development, employment, entrepreneurship, and investment in the post-pandemic situation.

Please see Telenor.com for more examples of Telenor's work.

Digital Birth Registrations in Pakistan

Telenor Pakistan and UNICEF have sustainably handed over the Digital Birth Registration (DBR) system to the Punjab and Sindh governments in Pakistan in December 2021, after having developed and piloted this programme since 2014. The births of 2,516,181 children were registered overall (820,768 of these in 2021) in select districts of Punjab and Sindh, which is beyond the 2,000,000 children target Telenor had set for the project. The local governments have now taken over the DBR project to scale it across the provinces. The project transfer took place at separate events and was attended by officials from Telenor Pakistan and UNICEF along with Local Government Departments, the National Database and Registration Authority and the Social Welfare Department.

2,516,181 children registered since project inception

DBR will continue to serve as a case study on how technology and partnerships can create positive impact for societies Telenor operates in, and an inspiration to leverage technology for greater social good.

Social

Human rights

Telenor's human rights are embedded in the company's Code of Conduct and policies and are based on the following international instruments: the Universal Declaration of Human Rights (UDHR), the International Covenant on Civil and Political Rights (ICCPR), the International Covenant on Economic, Social and Cultural Rights (ICESCR) and the principles concerning fundamental rights in the eight ILO core conventions as set out in the Declaration on Fundamental Principles and Rights at Work. These requirements reflect the responsibility of Telenor to respect human rights in accordance with the UN Guiding Principles on Business and Human Rights.

Telenor is committed to respecting human rights in accordance with the UN Guiding Principles on Business and Human Rights, the OECD Guidelines for Multinational Enterprises and the UN Global Compact. This includes ensuring regular human rights due diligence across the organisation in order to minimise the risk of human rights violations and/or complicity therein, and engaging with stakeholders.

As part of Telenor's responsibility to respect human rights, all business units are required to conduct and document regular human rights due diligence to identify, address and manage human rights related risks and impacts resulting from own activities and those in the value chain. This shall be integrated with ongoing due diligence/risk-assessment processes where possible.

In the business units' human rights assessments, they must follow the higher standard when national law and international human rights law differ. If they are in conflict, the business unit shall adhere to national law while seeking ways to respect international human rights to the greatest extent possible, in accordance with the UN Guiding Principles on Business and Human Rights.

Why the area is material

Telenor strongly believes in telecommunications as an enabler of the exchange of ideas and access to information. The company also recognises the existence of human rights challenges in some markets of operation. Respect and continuous improvement are therefore important to Telenor's approach to human rights.

Ambition

Respect and promote human rights, be trusted by stakeholders and ensure regular human rights due diligence across the organisation.

Target towards 2024

100 %
staff completed human rights training by 2024

Update from 2021

2021 was a challenging year from a human rights perspective. In addition to the ongoing COVID-19 pandemic and the impact this has had on employees, suppliers and customers globally, there was also a military takeover in Myanmar which led to a deteriorating human rights and security situation within the country.

Myanmar

Telenor has been deeply concerned with the deteriorating human rights and people security situation in Myanmar since the military takeover. Respecting and promoting human rights is integral to Telenor's way of work. Since 1 February 2021 the company has been as transparent as possible on the developments and challenges faced in Myanmar, and intensified its dialogue with various stakeholders, including local and international civil society organisations. The input received from civil society organisations has been part of ongoing assessments and discussions, including at the Board level. On 8 July 2021, Telenor announced the sale of Telenor Myanmar to M1 Group. On 17 March 2022, Telenor Group was informed that the Myanmar Investment Commission has given final regulatory approval to the sale of Telenor Myanmar to M1 Group, see notes 4 and 38. The decision to sell was made when it was clear that Telenor could no longer operate in Myanmar due to human rights concerns, regulatory and compliance reasons. The assessments before the sale took into account the broader human rights impact for all rightsholders, including employees, customers, distributors, vendors and partners in Myanmar. The company also took into account concerns raised by various stakeholders and responded to those. Since the regime change, Telenor has used all efforts to advocate for the protection and respect for human rights and to the full extent possible used leverage to prevent and mitigate human rights impact.

For further information about the situation in Myanmar, please visit: https://www.telenor.com/sustainability/responsible-business/human-rights/mitigate/human-rights-in-myanmar/directives-from-authorities-in-myanmar-february-2021/

Human rights due diligence

In 2021, Telenor commissioned a third party human rights due diligence risk review at Group level. The process identified a number of salient group wide human rights risks, with the following top priorities (based on severity and likelihood):

- Worker wellbeing and safe working environment
- Legal authority requests related to:
    - Data access and intercept
    - Network and content legal authority requests
- Online speech and offline harm
- Privacy and cybersecurity, and
- Non-discrimination and equity

Mitigating actions such as training and capacity-building are in place for several of these risks. Training and capacity-building was conducted through the year for Telenor Management and specific functions within Group, including Mergers and Acquisitions and Procurement, as part of the mitigation actions plan.

The findings from the due diligence risk review were used to inform the Telenor business units' own due diligence risk review, which was initiated in Q4 of 2021, with final output planned in Q1 2022.

Further internal awareness raising efforts were made through workshop presentations and by taking steps to make relevant tools and material more readily available. Telenor also supported and contributed to Amnesty International's new Human Rights Due Diligence e-learning tool, which will be made available to all employees.

To manage human right impacts and meet increased expectations from all stakeholders and to be transparent about its processes
and dilemmas, Telenor continues a proactive approach to transparency efforts and stakeholder engagement.

All Business Units initiated local Human Rights Due Diligence review by end of 2021

Complaint Against Telenor through the OECD Norwegian National Contact Point

On 28 July 2021, the Centre for Research on Multinational Corporations, on behalf of 474 anonymous Myanmar-based civil society organisations, filed a complaint to the Norwegian National Contact Point (NCP) for the Organisation for Economic Co-operation and Development (OECD), alleging that Telenor Group has failed to comply with the OECD Guidelines in the sale of its subsidiary, Telenor Myanmar.

The NCP decided to proceed with the complaint, but has not expressed any view as to whether Telenor has acted consistently with the OECD Guidelines or not. Telenor remains committed to complying with the OECD Guidelines for Multinational Enterprises guidelines, as well as the UN Guiding Principles on Business and Human Rights, and the company continues to support the NCP with facts and clarifications in the case. For further information, including Telenor's formal response to the initial complaint, please visit; Update on the ongoing OECD complaint against Telenor on the sale of Telenor Myanmar (27 September 2021) - Telenor Group

The previous complaint raised against Telenor (The Committee Seeking Justice for Alethankyaw (CSJA) v Telenor), as reported in the 2020 Sustainability Report, remains in progress. In 2021 Telenor continued to support the NCP with facts and clarifications in the case and remained open for dialogue with the complainants and the NCP. More information on; Update on the ongoing CSJA complaint to NCP against Telenor - Telenor Group

Grievances

Grievances are to be reported through Telenor's Integrity Hotline. For more information on the process of handling reports, see the section on the Integrity Hotline in this report.

Sharing and transparency, respecting human rights

Telenor is committed to being transparent on challenges and company practices to the greatest extent possible through its Annual Sustainability Report, the annual Authority Request Disclosure Report and through other sustainability updates, presentations and public arenas. Examples of engagements and public communications include the Business and Human Rights Resource Centre, RightsCon 2021, multiple external webinars focused on business and human rights, guest lecturing at the Institute for Human Rights and Business and Rafto Masters Course at the University of Bergen, and engagements as published on Telenor's website. As part of Telenor's commitment to transparency, the company also reports on specific efforts related to ongoing human rights challenges in Myanmar. See pages on Human rights in Myanmar on the Telenor corporate website. Telenor engages with a number of organisations to advance its human rights objectives, including the UN Global Compact, the Global Network Initiative, GSMA, and the Joint Audit Cooperation (JAC).

Labour rights and standards

Telenor respects labour rights principles as laid down in the 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 workplace, and are reflected in Telenor's Code of Conduct, Group People Policy and Supplier Conduct Principles. Telenor shall comply with applicable laws and regulations and if there are differences between such laws and regulations and the standards set out in our Code of Conduct, Telenor will apply the higher standard consistent with applicable local laws.

Telenor Group continues to promote employee involvement throughout Telenor Group, and maintains good labour standards in the company's operations. All workforce restructuring in Telenor shall be done with the aim of creating and sustaining long-term business value. Workforce restructuring shall be done in a responsible manner, through verifiable processes and in accordance with Telenor Purpose and Behaviours and applicable legal requirements and legislation. Read more on the Labour Rights and Standards pages on Telenor.com.

Strategy to reach targets

To achieve its ambition on respecting and promoting human rights, being trusted by stakeholders and ensuring regular human rights due diligence across the organisation, Telenor will continue its focus on strengthening governance and communication across functions in Telenor. As part of this, Telenor has defined a target to train 100 per cent of its staff on human rights by 2024, in order to raise awareness and understanding and equip employees with knowledge to help promote and respect human rights.

The company will also strengthen its stakeholder engagement strategy and build and enhance its internal human rights capacity. In 2022, the company will enhance its existing human rights training materials, develop an internal communication strategy and timeline, and will launch an internal campaign focused on human rights. In addition, the company will continue incorporating human rights aspects as part of its business partner improvement efforts, in line with its Supplier Conduct Principles.

Global Network Initiative (GNI)

In 2021, Telenor continued to engage with the GNI to address challenges related to authority requests that may limit privacy and/or freedom of expression. The GNI is a multi-stakeholder initiative that brings together companies, civil society organisations, investors and academics. Telenor Group joined the GNI Board in 2017. As part of our membership of the GNI, we have committed to implement the GNI Principles and undergo an independent assessment every two years to assess progress on this commitment. In Telenor's last independent assessment by an external assessor, which was then reviewed at the GNI board, it was determined that Telenor is making good faith efforts to implement the GNI Principles with the improvement over time. In 2022, Telenor will undergo its second GNI Independent Assessment by an external assessor.

Norwegian Transparency Law

2021 also saw the adoption of the Norwegian Transparency Law (Åpenhetsloven) in the Norwegian Parliament. The law will require companies to perform human rights due diligence assessments and demonstrate that they have policies and processes in place to prevent human rights violations in their operations and supply chains. It will also require companies to report on their assessments, and to provide information upon public request on how a company manages actual and potential negative human rights impacts. Based on the UN Guiding Principles on Business and Human Rights, Telenor welcomed such legislation for Norwegian companies, to provide a more even playing field, and to avoid competition at the cost of human rights.

Telenor took an active role in providing input during the public hearing for the new law, and by promoting the adoption of a mandatory due diligence law through its engagement with other companies and stakeholders. In early 2022 it plans to conduct a gap analysis to help ensure it will meet the requirements of the law, and will take steps to raise awareness of the law both internally and externally.

Diversity and inclusion

Telenor started the journey of systematically working with diversity and inclusion in 2014 where it initiated a review process with stakeholders to understand the key problems to solve. Gender balance was outlined as the first challenge to be addressed. Hence, the company embarked on the diversity journey with gender balance as a priority. After having made steady progress, Telenor has since 2018 expanded its diversity scope beyond gender balance. Telenor's diversity and inclusion requirements and principles for all business units are as follows:

- have local diversity and inclusion action plans that address locally relevant challenges and opportunities
- ensure that the recruitment, selection, promotion and retention processes secure diversity
- provide learning and development opportunities aiming to raise awareness and provide practical guidance related to diversity and inclusion, so that all employees can actively contribute to building a workplace that embraces diversity and inclusion
- support and promote internal networks and employee resource groups that aim at uplifting and creating a sense of belonging for diverse and under-represented groups
- engage suppliers and business partners in sharing and adhering to the same commitment to diversity and inclusion

Why the area is material

Telenor, being an equal opportunity employer, strongly believes in diversity and sees it as imperative to the way the company does business, 'creating together' to offer services and solutions that include different perspectives. To ensure diversity and inclusion and minimise any sources of bias, there is continuous focus on all people-related processes.

Ambition

Be a frontrunner in diversity and engaged in a sustainable future for all.

Targets towards 2023

40 %
women in the workforce by 2023

35 %
women senior leaders by 2023

35 %
non-Nordic senior leaders by 2023

Update from 2021

Diversity and inclusion is prioritised as a key enabler in the responsible business work for Telenor. It 2021 it was defined as one of the prioritised objectives in the people strategy and responsible business. To support this uplift, a global diversity and inclusion action plan was created and is updated each year to guide business units in Telenor to align and anchor their local action plans. The focus of each business unit differs based on their local needs. These action plans are reviewed on a quarterly basis in the People Reviews.

38 %
women in the workforce in 2021

32 %
women senior leaders in 2021

36 %
non-Nordic senior leaders in 2021

Including people with disabilities, LGBTI and other under-represented groups

Built on a foundation of steady progress on gender balance, Telenor expanded the diversity focus to build a sustainable culture that embraces and respects multiple viewpoints. The Open Mind programme for people with disabilities runs in Norway, Sweden, Pakistan, and Myanmar. This is a one-year job-training programme that creates opportunities for people to enter or get back into the labour market. The original target group of the programme was people with disabilities, including those with physical challenges, hearing and/or visual impairments, or mental health problems. In Norway, the programme also gives job training opportunity to persons with an immigrant background from non-western countries. Open Mind in Norway has given opportunity to around 350 participants, while Telenor Pakistan has enabled close to 136 participants through this programme to date.

To further its commitment towards the inclusion of LGBTI+, Telenor expressed commitment to the UN business standards of support for LGBTI+ to include under-represented segments in the workforce. In addition, Telenor continues to support employee networks and local events (such as Pride) in business units where it is relevant. Dtac recently updated their benefits policy to ensure that same sex partners are entitled to similar benefits as married individuals receive in Thailand. Dtac also allows retail store employees to choose masculine or feminine dress regardless of gender.

Gender pay equality

Telenor is an equal opportunity employer who considers diversity to be imperative to the way it does business. Equal pay is critical for Telenor to be able to attract, retain and engage employees across all markets. Furthermore, as a responsible business it is important that Telenor also sets high standards and implements robust and sustainable practices. As such, Telenor applies compensation practices that are transparent, objective, and fair.

Equal pay for Telenor means that employees within the same function shall, as a key principle, receive equal pay for work of equal scope and responsibility. Any pay differences for work of equal scope shall only be attributed to difference in employees' level of skills and experience relevant to the respective roles and/or individual performance. Telenor aims to secure equal pay across all functions and levels of the organisation and conducts yearly group-wide analysis and action planning in all business units to understand and address any gender pay gaps.

Telenor observes variations between its business units, and this is being mitigated by improving gender representation in certain levels and functions of the organisation, specific focus and consideration during the annual salary review process and creating further awareness and commitment across the people manager population. The company's efforts have been focused on reducing observed gaps to secure fair and just compensation practices and support the broader diversity and inclusion agenda.

85 %
aggregate average salary ratio female/male in 2021

95 %
aggregate average salary ratio female/male at grade level in 2021

In 2021, at the business unit grade levels, there is variation with pay differentials in the range 78 to 111 per cent. At an overall level, the findings show a healthy level of variation at the grade levels, with certain areas for improvement. Telenor's approach to addressing gender pay gaps centers on the comparison of equal pay for equal work, as such, the company observes that the total averages by business unit is skewed compared to the actual status at grade levels. This is due to female representation being higher in the lower levels of the organisation (55 per cent), as compared to the higher levels of organisation (19 per cent). As a comparison to the total average salary ratio of 85 percent, the average results by grade level stands at 95 per cent, which better represents the status as of year-end 2021. Business units have seen positive development and results from the work on this agenda in the past few years. Telenor continues to address diverse representation at all levels of the organisation and has an ambition to see shifts over time that will also positively impact the averages at business unit level.

Equality and gender pay reporting – going beyond requirements

In 2020, new regulatory requirements related to equality and gender pay were introduced in Norway. Although there is no legal requirement to implement the Norwegian reporting requirements globally, this topic is important to Telenor in all countries where the company operates, and as such Telenor has prepared a global overview on gender pay for all the telco business units and Telenor Group, in addition to the seven companies with more than 50 employees in Norway that presents the full reporting in line with Norwegian requirements. The reports are available on Telenor.com.

Taking a leading role in dialogue on Diversity and Inclusion in cross-industry coalitions and consortiums

Telenor has engaged actively with other companies on the topic of diversity and inclusion. This has been done through the SHE conference, workshops at the Arendalsuka arena and through the Nordic CEOs for Sustainable Future coalition. While the other consortiums have been more dialogue-oriented, Telenor has also led the work to co-create a 'Diversity and Inclusion Guide' with collaboration of the Chief HR Officers and diversity experts from the companies that are part of Nordic CEO coalition. This guide was published in November 2021 and can be accessed here.

Telenor named Best Practice Leader

Telenor was named Best Practice Leader in 2021 among 668 companies in the European Women on Boards Gender Equality Index Report, for having gender equality at the highest decision-making levels. The study includes the European STOXX 600 companies' executive and decision-making bodies and takes into account the share of women in leadership, women on the Board, women at executive level and women in committees. It was conducted with the support of the European Commission's Rights, Equality and Citizenship programme, together with Kantar Public – a leading data, insights and consulting company.

Telenor rank stop 3 and top 5 on gender equality index in Norway and Sweden

Ninety-three out of 100 possible points. That is Telenor's score in this year's SHE Index report in 2021, earning the company third place among 92 participating companies with more than 50 employees in Norway. Telenor Sweden participated in the SHE Index for the first time and achieved 82 points, securing fifth place among 30 participating Swedish companies. Telenor uses these achievements as inspiration to continue its diversity and inclusion efforts.

The Naya Aghaaz programme in Pakistan

In 2021, In Pakistan, the In Pakistan, the Naya Aghaaz programme, which provides career opportunities to female professionals who are seeking to return to work after career breaks, was re-designed in 2021 by expanding the eligibility criteria to include women who lost their jobs, as well as recent graduates, who were unable to kick start their careers due to the pandemic. Naya Aghaaz associates are hired as trainees who receive on-the-job coaching and are offered permanent roles on merit.

Telenor Pakistan wins Diversity and Inclusion Vision, Strategy and Business Impact, 2021

For the fifth year running, Telenor Pakistan has won the Global Diversity, Equity and Inclusion Benchmarks (GDEIB) Award for Diversity and Inclusion Vision, Strategy and Business Impact, 2021. GDEIB benchmarks are governed by The Centre for Global Inclusion, a US non-profit organization, helping organizations across the world determine strategy and measure progress in managing diversity and inclusion.

This award is a testament to Telenor Pakistan's efforts in truly embedding diversity and inclusion as a key priority to deliver greater impact in everything the company does. Telenor Pakistan will continue with its commitment by increasing leadership involvement, creating stronger alliances and constantly improving its processes, policies and practices to foster a diverse and inclusive environment.

Strategy to reach targets

To achieve its ambition of being a frontrunner in diversity, progress towards the 2023 targets will continue to be in focus. Telenor will continue working systematically towards an inclusive culture through various initiatives and learning programmes and has already started measuring psychological safety and inclusion via employee surveys. The company will continue to advance opportunities to include people with disabilities, LGBTIQ+ and other under-represented groups via further exploration of the Open Mind initiative. At the same time, efforts will be placed in enriching the workforce and leadership with a mix of nationalities and cultural backgrounds and experiences that enable diverse perspectives in decision-making. Telenor will also continue to influence and challenge its partners and stakeholders by championing the diversity and inclusion agenda - including continued thought leadership in cross-industry coalitions and consortiums.

Responsible employer

Telenor's companies have a multi-pronged approach to attracting, developing and retaining the best talent. This includes ensuring that policies and benefits are best-in-class and match global practices. The list of monetary and non-monetary compensation elements and benefits varies per market. However, here are some initiatives that have been introduced in all markets:

- The Employee Share Plan (ESP) provides employees with the opportunity to become a shareholder in Telenor by purchasing company shares at a discounted price, with the potential of a matching bonus dependent on company performance.
- Telenor offers six months of maternity leave as a global standard – in some locations it can be more, but there is not a Telenor office offering less than half a year. This is particularly significant for Asia, where the local standard is less than six months.
- Telenor provides upskilling opportunities to all employees via the Telenor Academy, the global learning platform that manages training across all business units in Telenor. With an updated learning curriculum, Telenor provides upskilling opportunities on critical skills for the digital future, leadership and new ways of working for all employees.

Examples of local initiatives include:

- Pakistan – On-site child-care, New Beginnings programmes that help wives and mothers re-enter the workforce and provide transportation
- Norway – Company cottage rentals at a reasonable rate
- Bangladesh – Special Telenor discounts for the employees in local and foreign hospitals- health care on site in the GP House

Read more about Telenor's inclusive and inspiring work environment here https://www.telenor.com/career/life-at-telenor/

New world record: Telenor employees write e-learning history

Telenor Group set a new Guinness World Records™ title for most users taking an online personal development lesson in 24 hours. The record attempt started 27 October at 07:00 CET, and by the same time the following day, a total of 4,504 Telenor employees had conducted the online course Growth Mindset. The successful world record attempt was carried out by Telenor to signal its continued strong focus on internal upskilling and reskilling. Telenor employees across the Nordics and Asia proved they intend to remain at the forefront of upskilling to meet the rapidly changing demands of global customers by setting a new e-learning world record.

Health, safety, people security and wellbeing

Telenor has the health, safety, people security (HSS) and wellbeing of its employees and suppliers as a priority, utilising risk-based standards and culture-building initiatives, to secure health, safety and wellbeing for all, across all markets. HSS is line management's responsibility, fully endorsed and supported by senior management in each business unit.

Telenor is committed to:

- Having a risk-based approach to its operations and implementing mitigations to as low as reasonably practicable.
- Reporting and handling all incidents and hazards to learn and prevent them from reoccurring.
- Having an open culture where the health, safety and wellbeing of employees, suppliers and visitors is promoted, and everyone has the right and duty to stop unsafe activity and intervene.
- Identifying lessons learned and ensuring continuous improvement by implementing ISO 45001 requirements.

Why the area is material

Some of the markets Telenor operates in, particularly in Asia, represent significant HSS risk exposure. Telenor promotes high standards in HSS and wellbeing in order to ensure a healthy, safe and secure working environment. A healthy and sustainable work-life balance is an integral part of the company's HSS focus. All employees should be safe at work, both in Telenor and in the supply chain.

Ambition

Zero injuries to employees and business partners and having HSS and wellbeing fully embedded in the business.

Target towards 2024

3000
observations
(unsafe acts, unsafe conditions) by 2024

Update from 2021

The COVID-19 pandemic has continued to affect employees in the transition to a post-pandemic world and Telenor has continued to engage with its employees to ensure their health, safety and wellbeing.

Telenor experienced two fatalities in the supply chain in 2021, both related to road transport. The number of fatalities decreased in 2021 compared to earlier years, but the number of injuries resulting in lost time increased. Telenor strengthened the health and safety governance by implementing a global incident reporting approach and tool across all markets in Asia, with an increased focus on reporting near misses, lower severity incidents and selected leading indicators (e.g. unsafe acts and unsafe conditions). This has resulted in increased health and safety reporting among employees and increased reporting of leading indicators (near-misses, unsafe acts and conditions).

The Asian operations represent the highest risks, with road transportation, security and work at height remaining the main challenges. Health and safety are high on the agenda in this region, with strong top management commitment and engagement, which has inspired line management commitment at lower levels in the organisation. In 2021, the Asian operations completed a project to assess and improve the health and safety culture at business unit level. This included a culture perception survey, document reviews, site inspections and interviews with employees and suppliers. As a result, each Asian business unit has developed a roadmap for strengthening the health and safety culture across the Asian business units.

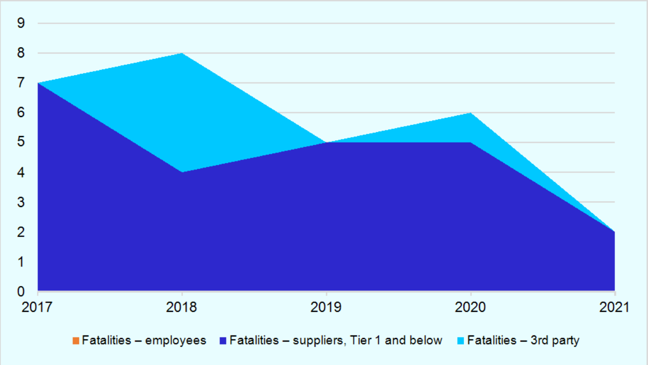
Mental health in Telenor

Throughout 2021, the focus on mental health increased further thanks to increased awareness of the workplace factors that can contribute to poor mental health during the pandemic. Telenor has responded with several initiatives such as a stronger focus on care and concern among managers, access to mental health practitioners, as well as online campaigns, events and webinars with counselling psychologists in the business units.

For example, as part of their commitment to creating a productive work environment the Digi employees created a team of Digi Mental Health First Aiders. Mental Health First Aid teaches people the skills and confidence to recognise the signs and symptoms of common mental health issues and effectively guide a person towards the right support. The team is known as DigiCares and is able to provide first level mental health support to Digi employees.

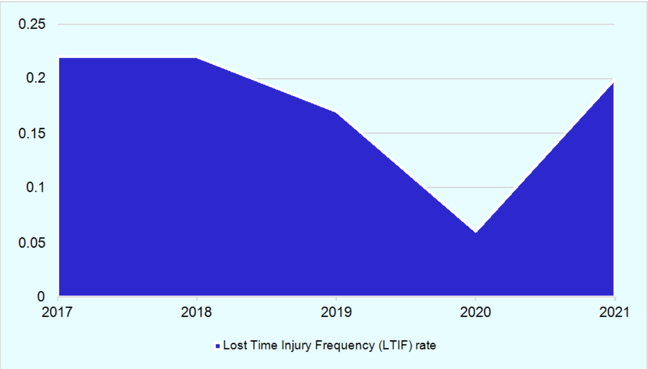
Although there has been a positive development, Telenor recognised the importance of continuing to evolve its approach on tackling mental health challenges. The Telenor Academy houses a special course on 'The Importance of Mental Health', which all Telenor employees group-wide were encouraged to take.

Fatalities



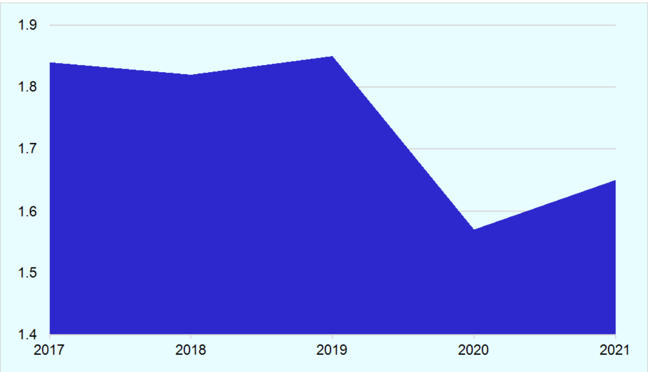
The two work-related fatal incidents in 2021 (in Pakistan and Bangladesh) were both related to road transport and involved business partners.

Lost time injury frequency



Lost-Time Injury Frequency (LTIF) rate measures all work related fatal accidents and lost time injuries for Telenor employees per million worked hours

Sickness Absence Rate (full year average) (%)



Sickness Absence frequency measures absence due to other health issues for Telenor employees in per cent of possible working time.

Strategy to reach targets

To achieve its ambition of zero injuries to employees and business partners and having HSS and wellbeing fully embedded in the business, Telenor will work on further improving the HSS reporting. Telenor is working towards a culture of proactive reporting with focus on improving the leading indicator reporting. As part of this, Telenor has defined a target for reporting of unsafe acts and unsafe conditions and aims to achieve 3,000 reports by 2024.

Telenor is implementing a set of operational requirements for the activities representing the highest risks, which will be common for all operations across the company's business units and the business partners. This will ensure that all people working for and on behalf of Telenor will be following the same operational requirements. The requirements, to be named Making Zero Possible, will highlight Telenor's strong belief that all accidents can be prevented by mitigating the risks.

Telenor is also working on raising the competence and awareness of leaders and employees by implementing an health and safety learning path company-wide, which includes safety leadership training, HSS training of expert functions and an online health and safety training programme for all employees. The initiatives will be promoted and supported by a company-wide communication campaign. For people security the scope will be defined.

Mobile masts and health

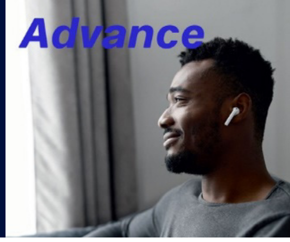
Telenor continues to abide by national and international guidelines and regulations to sustain compliance with national or global emission standards from the World Health Organisation and the International Commission on Non-Ionizing Radiation Protection for network equipment and mobile phones sold through Telenor.

Telenor will also continue to inform the public about scientific facts related to radio waves and its radio base stations, together with science-based guidelines and science-based research, through own channels and in collaboration with local regulators/authorities and industry associations. More facts, and Q&A at www.telenor.com/ sustainability/responsible-business/safe-services/mobile-phones-and-health.

G - Governance

Corporate governance defines a framework of rules and procedures by which Telenor governs and controls its business. Good corporate governance involves accountability, responsibility, transparency, fairness, and effective engagement between all internal and external stakeholders. It is about applying the company's values in order to create value for Telenor stakeholders.

Telenor considers good corporate governance to be a prerequisite for value creation and trustworthiness and for access to capital. To secure strong and sustainable corporate governance, the company ensures responsible business practices, reporting and an environment of compliance with legislation and regulations across the company. Telenor's commitment to integrity and transparency is clearly stated in the company's Code of Conduct.



Supply chain sustainability

Supply Chain Sustainability (SCS) is a key focus area for Telenor in which we strive to raise standards of conduct amongst our business partners through monitoring and mitigation activities while focusing on continuous improvement. Business partners having a direct contractual relationship with Telenor are required to comply with Telenor's Supplier Conduct Principles (SCP) and are legally obliged to trickle down the requirements in their associated supply chain through the Agreement on Responsible Business Conduct (ABC). More information on Telenor.com.

Why the area is material

Ensuring responsible business conduct within Telenor's supply chain is key to delivering on the company's sustainability commitments. Given the evolving nature of Telenor's business, business partners and legislative landscape, Telenor relies on a risk-based approach of managing and monitoring business partners based on scope of work and nature of engagement with Telenor. Telenor is committed to working with business partners and the industry through the Joint Audit Cooperation (JAC) to respect human rights and ethical standards, work towards eliminating forced labour and labour exploitation, including that of migrant workers, and ensure health and safety within the supply chain. Through active monitoring and mitigation actions, Telenor seeks to develop a resilient supply chain able to withstand the impacts of climate change, global health pandemics, and other potential disruptions.

Ambition

Uphold responsible business practices within the supply chain through high sustainability standards and continuous improvement.

Target towards 2024

Post-contract due diligence conducted on **100 %** of high-risk business partners by 2024

Update from 2021

In 2021, Telenor worked to advance its business partner management processes to address ESG risks across the supply chain through a risk-based approach. Telenor's key risks in the supply chain continue to be health and safety issues such as road accidents, working at heights and fire safety, underage labour working in hazardous conditions, other working condition deficits related to hours and wages, and risks to business ethics. The majority of these risks remain in Telenor's operations in Asia. Use of conflict minerals is an indirect risk area for Telenor, which is monitored through JAC as well as via ensuring business partners' written policy and procedures to avoid knowingly acquiring conflict minerals. Through the JAC forum, Telenor, together with industry members has been following up on forced labour and modern slavery allegations in the common supply chain. A joint statement in this regard was issued by JAC.

Risk-based approach towards business partner management

In 2021, Telenor has further refined its policy, processes/procedures, and systems for effective risk management in the supply chain. Focus is on the quality of managing business partners and findings from inspection utilizing a risk-based approach.

Monitoring and mitigating actions

Telenor carries out site inspections at supplier premises and operational sites to monitor compliance with the SCP requirements.

3 559 supplier inspections in 2021

45 % of inspections were unannounced

442 major and **1066** minor non-conformities, followed up with mitigation plans and further monitoring

95 % non-conformance closure rate

Through participation in industry platform JAC, Telenor also had access to 71 audit reports conducted in the global supply chain in 2021.

During 2021, Telenor recorded and addressed two cases of underage labour in Thailand and five in Pakistan (15–18 years of age working in hazardous conditions). The cases were investigated, and corrective actions were undertaken. There have been no incidents of child labour (12–14 years) identified in Telenor's supply chain since 2017.

More than **34,716** hours of awareness and capacity-building on topics related to relevant risks to the SCP throughout 2021

Strategy to reach targets

To achieve its ambition of upholding responsible business practices within the supply chain through high sustainability standards and continuous improvement, the company will focus on a risk-based approach towards business partners. This is why the company has set a target of conducting post-contract due diligence on 100 per cent of high-risk business partners by 2024. In 2022, Telenor will continue to focus on the follow-up of high-risk business partners and strengthen its systems and procedures to assess, identify and mitigate risk within the supply chain. Capacity-building will continue to be in focus, to ensure that key business partners drive trainings and capacity building within their supply chain according to acceptable standards. A risk-based approach is taken when choosing business partners for such training.

Anti-corruption

Telenor is committed to conducting business activities in a transparent manner, maintaining the highest ethical standards and complying with all applicable anti-corruption laws and regulations. The Telenor Code of Conduct and the Anti-Corruption Policy prohibit corrupt conduct in all Telenor business activities. All Telenor business units are required to implement controls designed to prevent corruption in Telenor's business operations, and to monitor and control potential conflicts of interest. This applies also to the conduct of third parties acting on behalf of Telenor. Business units are expected to implement controls regarding the following:

- Business courtesies
- Facilitation payments
- Intermediaries
- Public officials
- Sponsorships and donations
- Conflict of interest
- Improper payments

Why the area is material

As Telenor operates in many countries that are perceived to represent a corruption risk exposure according to international indices and its own risk assessments, a systematic and proactive approach is important to adequately manage the risk. Corruption is a threat to Telenor's business and to the societies where the company operates.

Ambition

Take a zero-tolerance approach to bribery and corruption and avoid even the appearance of misconduct or improper actions.

Target

Strengthen Telenor's preventive anti-corruption programme across all business units, including relevant controls to properly mitigate corruption

Update from 2021

Revision of governing documents

During 2021, Telenor conducted a simplification project with the aim to streamline and simplify the policy framework, as well as to improve compliance with the policies in the business units. As part of this initiative the anti-corruption policy was revised to clearly define specific and measurable requirements to each business unit for demonstrating that an adequate and risk-based anti-corruption programme is in place.

Risk assessment

Risk assessments are the key element of the anti-corruption programme to ensure that corruption risks are identified and analysed on a regular basis and mitigated by sufficiently robust controls. During 2021, several initiatives were initiated to strengthen the anti-corruption risk assessment process in Telenor. An updated and common risk taxonomy has been established as a tool to establish a more comprehensive and generic set of risk categories and individual risk definitions that are applied across all business units. This has significantly improved the risk management process for the anti-corruption area and provided a complete picture of the highest risks which leads to better aggregation and comparability of risks across the business units.

Anti-corruption training update

A key element in Telenor's Anti-Corruption Programme is capacity-building and regular training of employees. The anti-corruption training ranges from e-learning programs and dilemma-training to other awareness activities. Telenor Group's commitment to integrity and transparency is clearly stated in Telenor's Code of Conduct. A description of Telenor's Anti-Corruption Programme and the Compliance function is publicly available on the Corporate Governance pages on Telenor.com.

All Telenor business units have a responsibility to ensure that concerns regarding corrupt conduct can easily and anonymously be reported without fear of retaliation. Remedial actions are to be implemented where corrupt conduct is substantiated.

Strategy to reach targets

To achieve its ambition of taking a zero-tolerance approach to bribery and corruption and avoiding even the appearance of misconduct or improper actions, Telenor Group functions are continuously working with the local compliance functions to improve their ability to identify and manage corruption risks.

In 2022, Telenor will also implement the revised Anti-Corruption policy in all business units. This will improve Telenor's ability to handle the risks, monitor compliance and focus on the operations that require most attention. More Information on the Anti-corruption pages on Telenor.com.

See Governance Report for further descriptions of Telenor's Corporate Governance Framework.

Integrity Hotline

The Integrity Hotline is a confidential channel for questions and concerns about possible breaches of Telenor's Code of Conduct, including relevant laws, regulations and Governing Documents. In 2021, Telenor changed its operator for the Integrity Hotline. The service is accessible via web and is available 24 hours a day, seven days a week. It can accommodate reports in the local languages of all Telenor's markets. Any query or report made will be treated confidentially and respectfully. Telenor encourages employees, business partners and other stakeholders to speak up through the hotline.

Group Internal Audit and Investigation (GIAI) manages the investigations into alleged breaches of the Code of Conduct and the preparation of audit reports addressing corrective actions stemming from investigations to strengthen Telenor's policies and procedures. The Compliance function in Telenor handles the disciplinary resolutions of substantiated investigations. Investigations, corrective actions and disciplinary resolutions are reported regularly to the Board Sustainability and Compliance Committee and annually to the Board of Directors.

All incoming reports in the Integrity Hotline are assessed by GIAI. Eight percent of the reported concerns were concluded during the assessment phase, either because they lacked information needed for further follow-up or because they were resolved during the assessment phase. The remaining reported concerns were either compliance concerns, managed further either by GIAI or case handlers in the relevant business units, or pertained to other parts of the organisation and were out of scope for further handling by GIAI and the business unit case handlers. These concerns were followed up by line management or Human Resources. The concerns that were assessed to meet defined criteria on materiality, were further handled by GIAI.

550 concerns reported in 2021

41 % of reported concerns classified as compliance incidents

41 % of reported concerns submitted anonymously

12 mandated investigations initiated by GIAI based on reports received in 2021

5 investigations completed based on concerns reported in 2020

6 investigations remain open at year-end 2021

Data privacy compliance

As a telecommunications operator, a heavy responsibility rests on Telenor to make sure our customers can trust the privacy of our services. To take the position as a trusted and secure provider in all markets, Telenor has a strong focus on customer data protection and defence of its critical infrastructure. Telenor is committed to creating and maintaining secure and privacy-friendly services that its customers can use without having to worry about having their integrity and personal sphere compromised. The Telenor Group Privacy Policy sets high-level requirements for all subsidiaries to follow, in addition to requirements related to reporting to the Group function. Among the requirements are:

- The formal allocation of responsibility and resources for privacy management
- Implementation of effective internal controls that verify the privacy compliance
- Maintenance of up-to-date processing activity inventories and documentation of legal basis for processing activities
- Transparency towards data subjects
- Performance of privacy impact assessments for high-risk processing activities
- Maintaining an overview of cross-border transfers and their legal basis
- Third-party privacy management
- Provision of general and role-based privacy training to employees
- Detection, prevention and mitigation of privacy incidents

Why the area is material

Processing personal data is ingrained in the activities of any electronic communications company, and the processing activities are extremely large-scale. 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. Customers, governments and other stakeholders demonstrate increasing concern and knowledge about privacy.
Comprehensive privacy legislation exists in Europe, and the attention to privacy issues is high. Additionally, European privacy legislation is continuing to influence Asian markets, and there is an ongoing introduction and privacy legislation in Asian countries where Telenor operates.

Ambition

Build a strong and trusted brand with a high focus on our customers' privacy.

It is a priority for Telenor to continuously monitor and act on privacy risks, to improve the effectiveness of its privacy controls, and to ensure that the decisions it takes as a business are conscious of the potential impact to privacy.

Target towards 2022

Ensure that our updated privacy governance framework is implemented across all of our Business Units, and is contributing to ongoing privacy compliance for our business

Update from 2021

In 2021, Telenor developed a new and improved Privacy Policy, with clear requirements reflecting the privacy risks the company faces across its operations in staying compliant with legislation, while allowing for regulatory differences in the various markets.

Updated global privacy training was developed and provided to all Telenor employees in 2021. The company has continued to make more online learning resources available for employees. Telenor's training concept is topic-driven and modular, with more frequent courses being made available to contribute to the ongoing awareness needed in the day-to-day work of the employees. The implementation of the training began in 2021 and will continue through 2022.

Strategy to reach targets

To achieve its ambition of building a strong and trusted brand with a high focus on our customers' privacy, Telenor has set a target for 2022 to ensure the revised privacy governance framework is implemented across all business units and is better aligned to risks, controls and internal requirements of the company's Privacy Policy.

The company will also continue focusing on privacy training in close collaboration with the security functions of the company, to recognise the vital impact of security to the management of its privacy risks and the role of its employees as first and most important line of defence.

Telenor is stepping up its efforts to ensure the ongoing monitoring and management of privacy risks and controls at both the individual company level and at the Group-level. Telenor is also strengthening its global privacy community to enable the sharing of best practices between its privacy officers, and in aligning its approach to privacy compliance.

Our strategy continues to be focused on providing transparency in the way the company works to protect personal data, manage privacy risks, and in remaining compliant with regulatory requirements.

Read more on the Privacy Governance pages on Telenor.com

«As Telenor wants to be the trusted partner in our customers' digital lives, privacy protection needs to be built deeply into the standards we use to deliver our core services and processes we follow when processing personal data. We connect our customers to what matters most, and we are therefore constantly working to ensure the safety, security and privacy of our customers.»

Rita Skjærvik, Executive Vice President Strategy and External Relations

Recognising International Data Privacy Day

Telenor recognised International Data Privacy Day with multiple Group-wide events, including awareness campaigns, e-learnings, articles, panel discussion sessions, as well as a guide for business on steps to take to ensure better data protection.

Authority Requests

To read more about how Telenor handles access requests form authorities, see the Authority Request Reports here.

Cyber security

Telenor is committed to providing secure, well-functioning networks and services, and has a strong interest in doing so. Telenor's customers and society in general should have confidence in Telenor as a trustworthy supplier of safe, reliable and secure telecommunications and digital services. To meet the fast-evolving threats in the cyber domain, Telenor has developed a holistic, Group-wide and long-term security strategy aiming at securing Telenor's global business. A key element in this strategy is to continue to build critical security capabilities and competencies in all Telenor companies, as well as establishing a global security operating model. To Telenor, security is the company's licence to operate.

Why the area is material

The global nature of Telenor' business and role as a provider of critical infrastructure means that it is at constant risk of basic and advanced cyber threats, with cyber-attacks being one of Telenor's top enterprise risks. Telenor faces a rapidly changing threat landscape with new technological risks and geopolitical instability. Repeated, prolonged or complex network or IT system failures could damage our services and consequently weaken the trust our customers place in us as a reliable communications provider.

Ambition

Telenor's business security vision is that the company always protects society and people in their digital life, and that security is the foundation of everything Telenor does.

Target towards 2023

By 2023, incorporate security in all aspects of Telenor's business and all technology domains following a risk-based approach, with defendable architecture implemented for all critical assets.

Update from 2021

While Telenor has been successfully developing the capability to detect a wide number of threats globally, the process of establishing advanced levels of security is lengthy, and requires substantial changes in terms of competency, processes, technology and vendor management. Globally, Telenor observes an increase in advanced cyber-attacks targeting the supply chain and increased sophistication in cyber-attacks on employees and customers. The continued remote work solutions in the COVID-19 pandemic still remain a security risk. Following a 89 percent reduction in detected security incidents from 2019 to 2020 due to a broad range of risk-reducing activities in the cyber security area, the 2021 numbers remained at the same level as 2020. Telenor continues to systematically manage security risks and handle cyber security threats according to industry best practices and local laws and regulations.

96 % of all Telenor employees completed basic security training in 2021

In 2021, Telenor's security strategy focused on safeguarding customer data, critical infrastructure, and business information.

The company continued its security awareness program "We are Security" to promote a security-first culture, measured and followed up as one of our strategic KPIs. During 2021, 96 percent of all Telenor employees completed basic security trainings, including topics such as working from home, security collaboration platforms, and security in projects. In addition, more than 200 employees have completed more advanced security training targeted for their roles.

During 2021, Telenor's Security Execution Programme saw an overall increase of security maturity. This includes all areas of cyber security, physical security, and service fraud. Measured according to global best practice standards, all aspects of security from governance, training, vendor management and security controls to incident response, were improved. The Security Execution Programme has become an integrated tool to address and communicate security improvement activities across the organisation and is measured frequently.

Strategy to reach targets

To achieve its ambition of always always protecting society and people in their digital life, and having security as the foundation of everything Telenor does, Telenor has set a target towards 2023 to incorporate security in all aspects of the company's business and all technology domains following a risk-based approach, with defendable architecture implemented for all critical assets.

Close corporation with authorities, business partners and third-party providers will be vital to address legitimate concerns about security and protect societies and consumers from cyber threats. In 2022, Telenor will execute on security strategy to manage security risks to meet emerging threats and continue the security training and awareness for all employees. Read more on Telenor's Cyber Security pages on Telenor.com.

2021 Outstanding Security Performance Award (OSPA)

Telenor received the 2021 Outstanding Security Performance Award (OSPA) in the category "Outstanding Security Consultant.

The OSPAs recognise and reward companies and individuals across the security sector and are designed to be both independent and inclusive, providing an opportunity for outstanding performers, whether buyers or suppliers to be recognised and their success to be celebrated. The criteria for these awards are based on extensive research of key factors that contribute to and characterise outstanding performance (Aspiring to Excellence – Perpetuity Research).

The award recognises the change in Telenor security transformation. Through this work, security has become an integrated part of Telenor's business and technology strategy, and the results are measured through two strategic KPI's for security culture and maturity at the Board level.

06 Sustainability Report

Key ESG figures

	2018	2019	2020	2021
ENVIRONMENTAL				
Climate				
Total GHG emissions (thousand tonnes CO_2e) (Market based CO^2 factors)	1,297*	5,355	4,727	5,145
Direct GHG emissions/Scope 1 (thousand tonnes CO_2e)	212	203	167	150
Indirect GHG emissions /Scope 2 (thousand tonnes CO_2e)	1,085	1,000	1,069	954
Other indirect GHG emissions/Scope 3 (thousand tonnes CO_2e)	0	4,152	3,491	4,040
Scope 1+2 GHG emissions - change from science-based target Baseline year 2019 (%)	0	0	3	(8)
Asia Scope 1+2 GHG emissions	1,085	1,047	1,025	1,070
Nordic Scope 1+2 GHG emissions	211	169	212	35
Scope 1+2 GHG emissions per mobile data traffic (tonnes CO2e / petabyte)	273	165	108	78
Total energy use (GWh)	3,174	3,238	3,242	3,345
Number of new solar base stations	0	500	798	280
Environment				
Total electronic waste recycled/reused (%)	86	99	99	100
Devices returned through take back programmes	0	0	0	524,010
Recovered materials reused (%)	0	0	0	83
Recovered materials recycled (%)	0	0	0	17
Recovered materials landfilled (%)	0	0	0	0
SOCIAL				
Digital skills				
Mobile Internet users (% of active data users)	0	57	58	58
Child birth registrations (total – Pakistan and Myanmar)	433,189	1,266,507	1,728,263	2,560,266
Children trained in online safety (total)***	2,200,000	3,300,000	4,480,825	5,337,112
Diversity and Inclusion				
Women in total workforce (%)	37	37	38	38
Women in management positions (%)	28	30	32	32
Non-Nordic leaders in senior leadership positions (%)	0	0	34	36
Aggregate salary ratio female/ male (%)	0	0	0	85
Health, Safety, People Security and Wellbeing				
Fatalities – employees	0	0	0	0
Fatalities – suppliers, Tier 1 and below	4	5	5	2
Fatalities – 3rd party	4	0	1	0
Lost Time Injury Frequency (LTIF)	0.22	0.17	0.06	0.20
Sickness Absence Rate (full year average) (%)	1.82	1.85	1.57	1.65

GOVERNANCE				
Supply Chain Sustainability				
Capacity building of suppliers (man-hours)	20,028	24,986	24216	34,716
Sustainability inspections	3,515	3,616	3560	3,559
% of inspections that were unannounced	87	86	52	45
No of major non-conformities	451	651	1,054	442
No of minor non-conformities	1,170	1,398	1,475	1,066
Supply Chain Sustainability Inspections - Closure rate (%)	86	75.8	79	95
Child labour	0	0	0	0
Underage labour in hazardous conditions	5	7	1	7
Compliance and Anti-corruption				
No of concerns reported through the Integrity Hotline****	558	655	461	550
% of reports classified as compliance incidents	70	51	50	41
% of reports from the Integrity Hotline that were submitted anonymously	37	38	39	41
Code of conduct training (%)	0	100	100	100
Cyber security				
Telenor employees who completed basic security training (%)	0	0	99	96

*Not including Scope 3
** Following publication of Telenor's science-based targets in 2021, the company now reports Scope 3 emissions across all categories that were confirmed material when validating these the targets.
*** Number for Children Trained in Online Safety number for 2020 has been adjusted, following inclusion of backlog data that became available after the 2020 Sustainability report was published.
****Historical data from the Integrity hotline has been revised to exclude reports from Telenor Microfinance Bank (TMB), which is a joint venture between Telenor and Ant Financial

07 Sustainability Report

Reporting frameworks and verification:

GRI index

Telenor reports its sustainability performance in accordance with the Consolidated Set of GRI Sustainability Reporting Standards. Telenor's GRI index can be found on link

SASB
Telenor has also adopted the SASB reporting framework. With a growing interest for how sustainability factors influence the company's business activities and financial position, this is a useful supplement to the already implemented ESG reporting standards.

Telenor is classified by SASB in the Telecommunications Services industry category under the Technology and Communications sector. SASB's Materiality Map identifies sustainability issues that are likely to affect the financial condition or operating performance of companies within an industry. The SASB report can be found on Telenor.com.

UN Global Compact Principles and Sustainable Development Goals
Telenor fully supports the UN Global Compact Principles in the areas of Human Rights, Labour, Environment and Anti-corruption and reports its Communication on Progress (COP) to the United Nations Global Compact (UNGC), meeting the requirements of the UNGC Active Level. Telenor supports the UN Sustainable Development Goals (SDGs) and has prioritized 5 SDGs where it believes it can have the most impact.

EU Taxonomy
Telenor is closely monitoring the EU developments on Sustainable Finance Disclosure (SFDR) 2019/2088 and EU Taxonomy Regulation 2020/852. The company has engaged in a process to analyse to what extent and how Telenor's operations align with the EU Taxonomy. Currently, these is a consensus among the majority of the members of ETNO that the major part of telecommunication activities are not eligible as per date, in the Scope of the Taxonomy. The Taxonomy Climate Delegated Act is however a living document and will continue to evolve over time, with more activities being added to its Scope, including enabling activities. Telenor estimate that approximately 1 percent of its total revenues, mainly related to IOT, are eligible as per December 31, 2021.

CDP and TCFD
Telenor also reports to the Carbon Disclosure Project (CDP) and in line with the Task Force on Climate-related Financial Disclosures (TCFD). The reports can be found on Telenor.com.

Reporting boundaries
This report includes disclosures and data from companies under the operational control of Telenor ASA. Data from all BUs where Telenor is a majority owner is included.

Diversity and Inclusion data excludes data from Telenor Myanmar.

Mobile Internet users (% of active data users) data excludes data from Telenor Myanmar.

Climate and Environment
- Climate and environment data excludes the impact of suppliers and the life-cycle-perspectives of activities is excluded (e.g. waste management, energy consumption and environmental impact of products and services purchased by BUs, etc.).
- Following publication of Telenor's science-based targets in 2021, the company now reports Scope 3 emissions across all categories that were confirmed material when validating these targets. As such, the

Scope 3 emissions data are not comparable to data reported in the previous years.

- External reporting on Municipal waste recycled has been discontinued as it is not defined as a material area for Telenor; All Telenor business units are required to establish and maintain an Environmental Management System (EMS) according to the ISO 14001 standard, which requires that all business units shall secure sustainable waste management, including reducing resource consumption, reusing or refurbishing own equipment rather than disposing it, and promoting reuse and recycling of products offered to customers.
- Total energy use (GWh) reflects Scope 1 and 2 boundaries
- External reporting on Customer mobile phones and batteries collected for recycling or reuse has been discontinued and replaced by reporting on the number of devices returned through take back programmes. These consist of mobile devices such as smartphones and fixed CPE devices such as TV boxes and broadband routers

For small Telenor entities, accounting for less than 3 percent ESG of parent company or less than 3 percent of the total number of employees of the parent company, and for companies which have no significant and material impact on the ESG performance of the Telenor Group, the following applies:

- The ESG data of small Telenor entities is included in the ESG reporting of the parent company, if these companies are co-located and there is no system in place to measure their impact separately from the parent company`s impact (e.g. employees sharing the same office space; there is no infrastructure for separate energy metering; etc).
- The ESG impact of small Telenor entities is excluded from the ESG reporting of the parent company, if these companies are operating in separate locations and there is a system in place to measure the ESG impact of the two entities separately (e.g. metering, separate utility invoices, etc.).

Data from joint ventures is included if the ESG impact is essential to Telenor`s core business and is also reflected in Telenor's financial accounts. The reporting includes only the Telenor relevant ESG impact of the joint venture, including but not limited to, energy consumption, energy cost and CO2 emissions (Scope 1 and 2).

In case where business units have outsourced functions to independent company the reporting shall include the ESG impact of outsourced functions that are essential to Telenor`s core business and reflected in Telenor's financial accounts and the aggregated ESG impact is more than 3percent of the BUs total impact. The impact of different sub-contractors delivering services related to the same business functions is aggregated.

The same applies in cases of outsourcing functions to a company with Telenor ownership. The ESG impact related to the outsourced activity shall be reported by the business unit, where the impact of the outsourced activity has been realized.

In case of organisational changes, the ESG reporting is aligned with the financial reporting.

Targets

In view of material change to company ownership structure, the targets as set out in this report might be revised to better reflect the structural organization of Telenor Group and its business units.

Verification

DNV's Independent Limited Assurance Report can be found on Telenor.com.

Consolidated Income Statement

Telenor Group 1 January – 31 December

NOK in millions, except earnings per share	Note	2021	2020
Revenues	6	**110,241**	115,839
Cost of materials and traffic charges	7	**(29,176)**	(29,037)
Salaries and personnel costs	8	**(10,457)**	(11,152)
Other operating expenses	9	**(21,446)**	(23,302)
Other income	10	**173**	4,426
Other expenses	10	**(1,960)**	(2,480)
EBITDA		**47,375**	**54,293**
Depreciation and amortisation	17, 18, 19	**(25,868)**	(26,298)
Impairment losses	15, 17, 18, 19	**-**	(11)
Operating profit		**21,506**	**27,984**
Share of net income (loss) from associated companies and joint ventures	20	**(480)**	(414)
Gains (losses) on disposal of associated companies and joint ventures	20	**21**	53
Financial income and expenses			
Financial income	12	**566**	657
Financial expenses	12	**(3,553)**	(4,081)
Net currency gains (losses)	12	**(1,066)**	820
Other changes	12	**91**	(727)
Net financial income (expenses)		**(3,962)**	**(3,331)**
Profit before taxes		**17,084**	**24,292**
Income taxes	13	**(5,740)**	(6,419)
Profit from continuing operations		**11,344**	**17,873**
Profit (loss) from discontinued operations	4	**(6,753)**	3,186
Net income		**4,592**	**21,059**
Net income attributable to:			
Non-controlling interests		**3,063**	3,718
Equity holders of Telenor ASA		**1,528**	17,341
Earnings per share in NOK:			
Basic/diluted from continuing operations	14	**5.92**	10.05
Basic/diluted from discontinued operations	14	**(4.83)**	2.26
Basic/diluted from total operations	14	**1.09**	12.32

Consolidated Statement of Comprehensive Income

Telenor Group 1 January – 31 December

NOK in millions	Note	2021	2020
Net income		**4 592**	**21 059**
Other comprehensive income (loss)			
Translation differences on net investment in foreign operations	24	(3,514)	2,409
Amount reclassified from other comprehensive income to income statement on partial disposal	24	-	(133)
Net gain (loss) on hedge of net investment	24, 29	2,447	(3,587)
Income taxes		(538)	789
Share of other comprehensive income (loss) of associated companies and joint ventures		75	(4)
Amount reclassified from other comprehensive income to income statement on disposal		1	(3)
Items that may be reclassified subsequently to income statement		**(1,529)**	**(530)**
Net gain (loss) on equity investments	24	134	32
Remeasurement of defined benefit pension plans	24, 26	266	(416)
Income taxes		(57)	104
Items that will not be reclassified to income statement		**344**	**(280)**
Other comprehensive income (loss), net of taxes		**(1,186)**	**(810)**
Total comprehensive income (loss)		**3,406**	**20,250**
Total comprehensive income (loss) attributable to:			
Non-controlling interests		2,909	3 612
Equity holders of Telenor ASA		498	16 638

Consolidated Statement of Financial Position

Telenor Group as of 31 December

NOK in millions	Note	2021	2020
ASSETS			
Deferred tax assets	13	2 195	2 841
Goodwill	15, 16	27 448	28 947
Intangible assets	17	10 195	11 222
Right-of-use assets	18	51 565	62 813
Property, plant and equipment	19	72 767	79 367
Associated companies and joint ventures	20	5 683	6 417
Other non-current assets	22	12 046	14 856
Total non-current assets		181 898	206 464
Prepaid taxes		1 568	1 239
Inventories		1 563	1 313
Trade and other receivables	21	21 739	26 359
Other current financial assets	22	839	576
Assets classified as held for sale	4	2 910	-
Cash and cash equivalents	23	15 223	20 577
Total current assets		43 843	50 065
Total assets		225 740	256 529
EQUITY AND LIABILITIES			
Equity attributable to equity holders of Telenor ASA	24	26 294	38 324
Non-controlling interests	24	5 206	5 594
Total equity		31 500	43 918
Liabilities			
Non-current lease liabilities	18	28 101	35 584
Non-current interest-bearing liabilities	28	87 811	98 627
Non-current non-interest-bearing liabilities	27	1 388	1 466
Deferred tax liabilities	13	4 374	4 831
Pension obligations	26	2 429	2 747
Provisions and obligations	25	7 971	8 820
Total non-current liabilities		132 073	152 075
Current lease liabilities	18	6 977	9 298
Current interest-bearing liabilities	28	9 276	7 296
Trade and other payables	27	32 320	33 891
Current tax payables		5 149	3 988
Current non-interest-bearing liabilities	27	1 969	1 871
Provisions and obligations	25	896	1 123
Liabilities classified as held for sale	4	5 580	3 070
Total current liabilities		62 167	60 536
Total equity and liabilities		225 740	256 529

Fornebu, 21 March 2022

Gunn Wærsted
Chair

Jørgen Kildahl
Vice Chair of the Board

Jon Erik Reinhardsen
Board member

Jacob Aqraou
Board member

Pieter Knook
Board member

Astrid Simonsen Joos
Board member

Elisabetta Ripa
Board member

Roger Rønning
Employee representative

Irene Vold
Employee representative

Jan Otto Eriksen
Employee representative

Sigve Brekke
President & CEO

Consolidated Statement of Cash Flows

Telenor Group 1 January – 31 December

NOK in millions	Note	2021	2020
Profit before taxes from continuing operations		17,084	24,292
Profit (loss) before taxes from discontinued operations	4	(6,699)	3,347
Profit before taxes		**10,385**	**27,639**
Income taxes paid		(6,113)	(7,395)
Net (gains) losses from disposals, impairments and change in fair value of financial assets and		272	(4,828)
Depreciation, amortisation and impairment losses		34,363	29,063
Share of net (income) loss and (gains) losses on disposal of associated companies and joint ventures		459	361
Dividends received from associated companies		532	1,250
Net interest expense		2,686	3,468
Changes in net operating working capital	23	905	1,101
Net currency (gains) losses not relating to operating activities		1,160	(919)
Interest received		220	308
Interest paid		(2,635)	(3,539)
Other adjustments		41	(2,689)
Net cash flow from operating activities		**42,272**	**43,820**
Proceeds from sale of property, plant and equipment, intangible assets and right-of-use assets		161	54
Purchases of property, plant and equipment, intangible assets and prepayments for right-of-use	23	(19,447)	(19,000)
Proceeds from disposal of subsidiaries and associated companies, net of cash disposed	23	17	7,651
Purchases of subsidiaries, associated companies and joint ventures, net of cash acquired	23	(391)	(340)
Proceeds from sale of other investments		2,582	1,434
Purchases of other investments		(150)	(364)
Net cash flow from investing activities		**(17,228)**	**(10,565)**
Proceeds from borrowings	23	26,470	34,432
Repayments of borrowings	23	(29,399)	(33,257)
Payments of lease liabilities related to spectrum licences	23	(2,871)	(3,634)
Payments of lease liabilities related to other lease contracts	23	(5,955)	(5,395)
Net payments related to supply chain financing		(1)	(89)
Purchase of treasury shares	29	-	(4,161)
Dividends paid to non-controlling interests in subsidiaries	23	(3,551)	(3,202)
Dividends paid to equity holders of Telenor ASA	24	(12,595)	(12,277)
Net cash flow from financing activities		**(27,903)**	**(27,583)**
Effects of exchange rate changes on cash and cash equivalents		(245)	420
Net change in cash and cash equivalents		**(3,103)**	**6,091**
Cash and cash equivalents as of 1 January		20,088	13,997
Cash and cash equivalents as of 31 December		**16,985**	**20,088**
Of which cash and cash equivalents in assets held for sale as of 31 December	4	1,863	-
Cash and cash equivalents excluding assets held for sale as of 31 December	23	**15,121**	**20,088**

Consolidated Statement of Changes in Equity

Telenor Group – for the years ended 31 December 2020 and 2021

	Attributable to equity holders of Telenor ASA						
NOK in millions	Paid-in capital	Other reserves	Retained earnings	Cumulative translation differences	Total	Non-controlling interests	Total equity
Equity as of 1 January 2020	8,605	(17,792)	49,982	(2,746)	38,051	5,286	43,339
Net income for the period	-	-	17,341	-	17,341	3,718	21,059
Other comprehensive income (loss) for the period	-	(268)	-	(435)	(703)	(106)	(810)
Total comprehensive income (loss) for the period	-	(268)	17,341	(435)	16,638	3,612	20,250
Disposal of equity investments at fair value through other comprehensive income	-	(4)	4	-	-	-	-
Equity adjustments in associated companies	-	2	-	-	2	-	2
Dividends	-	-	(12,277)	-	(12,277)	(3,304)	(15,581)
Share buyback	(139)	(3,974)	-	-	(4,113)	-	(4,113)
Share-based payment, exercise of share options and distribution of shares	-	21	-	-	21	-	21
Equity as of 31 December 2020	8,466	(22,014)	55,049	(3,181)	38,324	5,594	43,918
Net income for the period	-	-	1,528	-	1,528	3,063	4,592
Other comprehensive income (loss) for the period	-	415	-	(1,446)	(1,031)	(155)	(1,186)
Total comprehensive income (loss) for the period	-	415	1,528	(1,446)	498	2,909	3,406
Transactions with non-controlling interests	-	-	(1)	-	(1)	(1)	(2)
Equity adjustments in associated companies	-	3	-	-	3	-	3
Dividends	-	-	(12,595)	-	(12,595)	(3,296)	(15,891)
Share-based payment, exercise of share options and distribution of shares	-	66	-	-	66	-	66
Equity as of 31 December 2021	8,466	(21,530)	43,981	(4,627)	26,295	5,205	31,500

See note 24 for additional equity information.

Notes to the Financial Statements

Telenor Group

Contents notes

NOTE 1 General information, compliance, and changes in International Financial Reporting Standards

General information

Telenor ASA (the Company) is a public limited liability company incorporated in Norway. The Company is subject to the provisions of the Norwegian Act relating to Public Limited Liability Companies. The Company's principal offices are located at Snarøyveien 30, N-1360 Fornebu, Norway. Telephone number: +47 67 89 00 00. Telenor is a telecommunication company and the principal activities of the Company and its subsidiaries (the Group) are described in Note 5 Segments.

These consolidated financial statements have been approved for issuance by the Board of Directors on 21 March 2022 and is subject to approval by the Annual General Meeting on 11 May 2022.

Statement of compliance

As required by the European Union's IAS Regulation and the Norwegian Accounting Act, the Company has prepared its consolidated financial statements in accordance with International Financial Reporting Standards (IFRS) as adopted by the European Union (EU). References to IFRS hereafter should be construed as references to IFRS as adopted by the EU.

The accounting policies applied are consistent with those applied in the previous financial year, except for the implementation of new and revised accounting standards as described below.

Adoption of new and revised standards, amendments and interpretations

The below amendments have been adopted with effect from 1 January 2021:

- Amendments to IFRS 9 *Financial Instruments,* IAS 39 *Financial Instruments Recognition and Measurement* and IFRS 7 *Financial Instruments: Disclosures (phase 2)*. The amendments include requirements related to accounting of financial instruments when the contractual cash flow changes as an effect of a changed benchmark rate, including the impact on the hedge accounting and disclosures.
- Amendment to IFRS 16 *Covid-19 Related Rent Concessions beyond 30 June 2021.* The amendment permits lessees, as a practical expedient, not to assess whether particular rent concessions occurring as a direct consequence of the COVID-19 pandemic are lease modifications and instead to account for those rent concessions as if they are not lease modifications. The amendment may be applied for annual reporting periods beginning on or after 1 April 2021, earlier application is permitted. The amendment extended the application period for the same practical expedient permitted through the amendment to IFRS 16 *Covid-19 Related Rent Concessions*, adopted by the Group with effect from 1 January 2020.

None of the amendments implemented with effect from 1 January 2021 has had a significant impact on the Group's consolidated financial statements. The Group has not early adopted any standard, interpretation or amendment that has been issued but is not yet effective, except for Amendment to IFRS 16 *Covid-19 Related Rent Concessions beyond 30 June 2021.*

At the date of authorisation of these financial statements, the following amendments that could affect the Group's consolidated financial statements were issued:

- Amendments to IAS 37 *Provisions, Contingent Liabilities and Contingent Assets: Onerous Contracts - Cost of Fulfilling a Contract* (effective from 1 January 2022). These narrow-scope amendments specify which costs an entity includes in determining the cost of fulfilling a contract for the purpose of assessing whether the contract is onerous.

These amendments will be implemented with effect from 1 January 2022. They are not expected to have a significant impact on the Group's consolidated financial statements.

Mandatory concepts

Name of reporting entity: Telenor ASA
Domicile of entity: Norway
Legal form of entity: Group of entities
Country of incorporation: Norway
Address of entity's registered office: Snarøyveien 30. N-1360 Fornebu, Norway
Principal place of business: Fornebu, Oslo, Norway
Description of nature of entity's operations and principal activities: Telecommunication services
Name of parent entity: Telenor ASA
Name of ultimate parent of group: Telenor ASA

NOTE 2 Summary of significant accounting policies

Basis of preparation

The consolidated financial statements have been prepared on a historical cost basis, except for equity investments (primarily shareholdings of less than 20%) and derivative financial instruments, which are carried at fair value.

The consolidated financial statements are presented in Norwegian Kroner (NOK). Amounts are rounded to the nearest million, unless otherwise stated. As a result of rounding adjustments, amounts and percentages may not add up to the total.

Basis of consolidation and non-controlling interests

The consolidated financial statements include the financial statements of Telenor ASA and entities controlled by Telenor ASA (the Group). Control is achieved when the company is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. Control normally exists when the Group has more than 50% of the voting power through ownership or agreements, except where non-controlling interests are such that a non-controlling shareholder is able to prevent the Group from exercising control.

In addition, control may exist without having 50% voting power through ownership or agreements as a consequence of de facto control. De facto control is the ability to exercise control through the majority of the votes at the General Meeting and at the Board of Directors meeting, without the legal right to exercise unilateral control. Control may also exist through potential voting rights, such as options. Such potential voting rights are only considered if they are substantive.

The financial statements of the subsidiaries are prepared for the same reporting periods as the parent company. Consistent accounting policies are applied. The results of subsidiaries acquired or disposed of during the year are included in the income statement from the date when control is obtained and until control ceases, respectively. Intercompany transactions, balances, revenues, expenses and unrealised Group internal profit or losses are eliminated on consolidation.

Non-controlling interests in subsidiaries are presented within equity separately from the equity attributable to the owners of the parent. Non-controlling interests consist either of the proportionate fair value of net identifiable assets or of fair value of those interests at the date of the business combination, and the non-controlling interests' share of changes in equity since the date of the business combination. The principle for measuring non-controlling interests is determined separately for each business combination. Currently, all non-controlling interests have been measured at the proportionate fair value of net identifiable assets at the date of the business combination.

In some circumstances the Group has, in substance, present ownership over non-controlling interests based on a transaction that currently gives the Group access to the returns associated with an ownership interest. In such circumstances, the Group derecognises the non-controlling interest, and recognises a financial liability reflecting the value of the redemption amount. This may for example be the case if put and call options related to the non-controlling shares are issued on terms effectively giving the Group access to the returns associated with ownership interest in these shares.

A change in ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction. Consideration in excess of, or lower than, the carrying amount of non-controlling interests is recognised against the equity attributable to the owners of the parent. If the Group loses control over a subsidiary it derecognises the assets, liabilities and non-controlling interest, and reclassifies to profit or loss, or transfers directly to retained earnings as appropriate, the amounts recognised in other comprehensive income in relation to the subsidiary. Any investment retained at the date when control is lost is measured at fair value and a gain/loss is recognised.

Foreign currency translation

The consolidated financial statements are presented in NOK, which is Telenor ASA's functional currency. Transactions in foreign currencies are initially recognised in the functional currency at the exchange rate at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are translated to the functional currency using the exchange rate at the reporting date. All exchange differences are recognised in the income statement with the exception of exchange differences on foreign currency borrowings that provide an effective hedge against a net investment in a foreign entity, or monetary items that are regarded as a part of the net investments. These exchange differences are recognised as a separate component of other comprehensive income until the disposal of the net investment or settlement of the monetary item, at which time they are recognised in the income statement. Tax charges and credits attributable to exchange differences on those borrowings are also recognised in other comprehensive income. Non-monetary items measured at historical cost in foreign currency are translated using the exchange rates at the dates of the initial transactions. The date of initial transaction for non-monetary assets on which the Group has paid an advance consideration is the date of the payment of the advanced consideration.

The Group has foreign entities with functional currency other than NOK. At the reporting date, the assets and liabilities of foreign entities with functional currencies other than NOK are translated into NOK at the rate of exchange at the reporting date and their income statements are translated at the average exchange rates for the year. The translation differences arising from the translation are recognised in other comprehensive income until the disposal of the net investment, at which time they are recognised in the income statement.

Current/non-current classification

An asset is classified as current when it is expected to be realised, or is intended for sale or consumption, in the Group's normal operating cycle, it is held primarily for the purpose of being traded, or it is expected/due to be realised or settled within twelve months after the reporting date. Other assets are classified as non-current. A liability is classified as current when it is expected to be settled in the Group's normal operating cycle, is held primarily for the purpose of being traded, the liability is due to be settled within twelve months after the reporting period or if the Group does not have an unconditional right to defer settlement of the liability for at least twelve months after the reporting period. All other liabilities are classified as non-current.

Financial instruments, other than those held for trading, are classified based on maturity, and hedging instruments are classified consistently with the underlying hedged item.

Non-current assets held for sale and discontinued operations

Non-current assets and disposal groups are classified as held for sale if their carrying amounts will be recovered principally through sale rather than continuing use. This also applies for situations where the Group continues its operations but loses control over the operation. Non-current assets and disposal groups classified as held for sale are measured at the lower of their carrying amount and fair value less cost to sell and presented separately as assets held for sale and liabilities held for sale in the statement of financial position.

The criteria for held for sale classification is regarded as met only when the sale is highly probable, and the asset or disposal group is available for immediate sale in its present condition. Actions required to complete the sale should indicate that it is unlikely that significant changes to the plan will be made or that the plan to sell will be withdrawn. In addition, management must be committed to the plan, and must be expected that the sale will be completed within a year.

Property, plant and equipment and intangible assets are not depreciated or amortised once classified as held for sale. The equity method is discontinued for associated companies classified as held for sale.

A disposal group qualifies as discontinued operation if it is a cash generating unit that has either been disposed of, or is classified as held for sale, and represent a separate major line of business or geographical area of operations. Discontinued operations are excluded from the results of continuing operations and are presented as a single amount as profit or loss after tax from discontinued operations in the income statement. All consolidation procedures as presented above are still applicable, and only external revenues and expenses are shown as discontinued operations.

Operations previously classified as discontinued operations which cease to be held for sale are reclassified and included in continuing operations with retrospective effect. Comparative information in statements and disclosures are re-presented.

Business combinations

The acquisition of subsidiaries is accounted for using the acquisition method. Acquisition costs incurred are expensed and included in operating expenses. When the Group acquires a business, it assesses the identifiable assets acquired and liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic circumstances, and relevant conditions as of the acquisition date.

The acquiree's identifiable assets, liabilities and contingent liabilities that meet the conditions for recognition are recognised at their fair values at the acquisition date, except for non-current assets that are classified as held for sale and recognised at fair value less cost to sell, and deferred tax assets and liabilities which are recognised at nominal value.

Goodwill arising on acquisition is recognised as an asset measured at the excess of the sum of the consideration transferred, the fair value of any previously held equity interests and the amount of any non-controlling interests in the acquiree over the net amounts of the identifiable assets acquired and the liabilities assumed. If, after reassessment, the Group's interest in the net fair value of the acquiree's identifiable assets, liabilities and contingent liabilities exceeds the total consideration of the business combination, the excess is recognised in the income statement immediately.

Any contingent consideration will be recognised at fair value at the acquisition date. Subsequent changes to the fair value of contingent consideration which is not classified as equity will be recognised in the income statement as financial income or expense. If the contingent consideration is classified as equity, it will not be remeasured, and subsequent settlement will be accounted for within equity.

If the business combination is achieved in stages, the Group's previously held non-controlling interest in the acquiree is remeasured at fair value at the acquisition date through the income statement.

Investments in associated companies

An associated company is an entity over which the Group has significant influence and that is not a subsidiary or a joint arrangement. Significant influence is the power to participate in the financial and operating policy decisions of the investee but without the ability to have control over those policies. Significant influence normally exists when the Group has 20% to 50% voting power through ownership or agreements. Investments in associated companies are accounted for using the equity method.

Interests in joint arrangements

A joint arrangement is a contractual arrangement whereby the Group and other parties undertake an economic activity that is subject to joint control. That is when the strategic financial and operating policy decisions relating to the activities of the joint arrangement require the unanimous consent of the parties sharing control. If the parties to the joint arrangement have rights to the net assets of the arrangement, the arrangement is classified as a joint venture. If the parties have rights to the assets and obligations for the liabilities relating to the arrangement, the arrangement is classified as a joint operation.

In relation to its interest in a joint operation, the Group recognises its assets, including its share of assets held jointly, its liabilities, including its share of liabilities incurred jointly, its revenues and its expenses, including its share of revenues earned and expenses incurred jointly. Adjustments are made where necessary to bring the accounting policies in line with those of the Group. The accounting for joint operations structured through separate vehicles reflects the Group's involvement in the assets and liabilities and not the joint operations involvement with other joint operators.

Any goodwill arising on the acquisition of the Group's interest in a joint operation is accounted for in accordance with the Group's accounting policy for goodwill arising on the acquisition of a subsidiary (see above). Where the Group transacts with its joint operation, unrealised profits and losses are eliminated to the extent of the Group's interest in the joint operation.

Interests in joint ventures are accounted for using the equity method.

Equity method
The results, assets and liabilities of associated companies and joint ventures are accounted for using the equity method. Under the equity method, investments are carried in the consolidated statement of financial position at cost and adjusted for post-acquisition changes in the Group's share of the net assets of the investees (i.e. total comprehensive income and equity adjustments), less any impairment in the value of the investments. Adjustments are made where necessary to bring the accounting policies in line with those of the Group. Losses in excess of the Group's interest in such companies, including any long-term loans and receivables that, in substance, form part of the Group's net investment, are not recognised unless the Group has incurred legal or constructive obligations, or made payments on behalf of these associated companies or joint ventures.

Any goodwill is included in the carrying amount of the investment and is assessed for impairment as part of the investment. At each reporting date the Group evaluates if there are indications that the investment may be impaired. If there are such indications, the recoverable amount of the investment is estimated in order to determine the extent of the impairment (if any).

Where a Group entity transacts with an associate or joint venture of the Group, unrealised profits or losses are eliminated or deferred to the extent of the Group's interest in the relevant associated company or joint venture.

The share of net result, including amortisation of excess values, impairments, and reversals of impairments, is presented as a separate line item in the income statement between operating profit (loss) and financial items. Gains and losses on disposals are presented separately. The share of other comprehensive income is recognised in the Group's comprehensive income. Other equity adjustments in the investees are recognised in the statement of changes in equity.

Financial statements as of the reporting date are for some investments not available before the Group issues its quarterly financial information. In such instances, the share of net income of the investment is recognised in the consolidated financial statements with a one quarter lag. Adjustments are made for the effects of publicly available information on significant transactions or events that occur between the latest interim financial reporting of the investee and the date of the consolidated financial statements of the Group. To ensure consistency in reporting in Quarterly and Annual Reports, the figures in the Annual Report are not updated in situations where the financial statements for the investee are made available between the issuance of the quarterly report for the fourth quarter and the issuance of the Annual Report, unless the financial statements of the investee contains information about significant transactions or events.

Goodwill
Goodwill arising in a business combination is not amortised. Goodwill does not generate cash flows independently of other assets or groups of assets and is allocated to the cash-generating units (defined below) expected to benefit from the synergies of the combination that gave rise to the goodwill. Cash-generating units to which goodwill has been allocated are tested for impairment annually or more frequently if there is any indication that the cash-generating unit may be impaired. Impairment is recognised if the recoverable amount (the higher of fair value less costs of disposal and value in use) of the cash-generating unit is less than the carrying amount of the cash-generating unit. The impairment first reduces the carrying amount of any goodwill and then reduces the carrying amount of the other assets of the unit pro-rata. The carrying amount of any individual asset is not reduced below its individual recoverable amount or zero. Any impairment is presented as impairment in the income statement.

An impairment recognised for goodwill is not reversed if the recoverable amount of the cash-generating unit exceeds the carrying amount in a subsequent period. On disposal of businesses, the attributable amount of goodwill is included in the determination of gain or loss on disposal.

Cash-generating units
A cash-generating unit is the smallest identifiable group of assets that generates cash inflows that are largely independent of the cash inflows from other assets or groups of assets. In identifying whether cash inflows from an asset (or group of assets) are largely independent of the cash inflows from other assets (or groups of assets), management considers various factors including how management monitors the entity's operations (such as by product or service lines, businesses or geographical areas). Goodwill is monitored and tested for the group of cash-generating units combined in markets where the fixed and mobile operations are monitored and reported as one operating segment. The group of cash-generating units is in any case not larger than an operating segment determined in accordance with IFRS 8 Operating Segments.

Revenue from contracts with customers
Revenues from contracts with customers primarily comprise sale of
- Services: subscription and traffic fees, connection fees, interconnection fees, roaming charges, fees for data network services and fees for TV distribution and satellite services.
- Goods: customer equipment, primarily mobile devices/phones.

Recognition and measurement
When the Group enters into an agreement with a customer, the goods and services promised in the contract are identified as separate performance obligations to the extent that the customer can benefit from the goods or services either on their own or together with other resources that are readily available to the customer, and that the goods and services are separately identifiable from other promises in the contract. Goods and services that do not meet the criteria to be identified as separate performance obligations are aggregated with other goods and/or services in the agreement, until a separate performance obligation is identified. Examples of goods and services which are normally considered to be distinct performance obligations within the Group are mobile and fixed line subscription plans, handsets and other equipment and set-top boxes.

The Group determines the transaction price to be the amount of consideration which it expects to be entitled in exchange for transferring the promised goods and services to the customer, net of discounts and sales related taxes. Sales related taxes are regarded as collected on behalf of the authorities. The Group adjusts the transaction price for a significant financing component if, at contract inception, the expected period between the transfer of a good or service to the customer and when the customer pays for that good or service is more than one year, unless the timing of the transfer of those goods or services is at the discretion of the customer (i.e. prepaid services). The discount rate used reflects the relevant risk-free rate and customer specific credit risk. In some markets where discounted handsets and subscriptions are sold through external channels, the Group is the principal in the subscription sale only, while the discounted handset is regarded as sold by the dealer.

If the consideration promised in a contract includes a variable amount, the Group estimates the amount of consideration which it expects to be entitled. An amount of variable consideration is included in the transaction price to the extent that it is highly probable that a significant reversal in the amount of cumulative revenue recognised will not occur when the uncertainty associated with the variable consideration is subsequently resolved. When the Group sells a handset with an option for the customer to buy a new handset before the original instalment period is over, without paying the remaining instalments on original handset, the consideration related to the handset included in the current contract is estimated based on the expected value approach. If the Group is obliged to accept return of the original handset, the Group recognises a refund liability reflecting the amount of consideration the Group expects not to be entitled to, and a return good asset (with a corresponding adjustment to cost of sales) for its right to recover the handsets returned on settling the refund liability. The new device is accounted for as a new, separate contract.

The transaction price is allocated to each performance obligation in the contract on a relative stand-alone selling price basis. The stand-alone selling price for each performance obligation is determined according to the prices that the Group would achieve by selling the same goods or services to a similar customer on a stand-alone basis. Except when the Group has observable evidence that the entire discount included in a contract relates to only one or more, but not all, performance obligations in a contract, the Group allocates the discount proportionately to all performance obligations in the contract.

Revenue is recognised when the respective performance obligations in the contract are satisfied and payment remains probable. Revenue from sales of customer equipment, such as handsets or other devices, is normally recognised at the point in time when the equipment is transferred to customer, including the related significant risks and rewards of ownership. Revenue from the provision of services is generally recognised over time when or as the Group performs the related service during the agreed service period, by measuring progress towards complete satisfaction of the performance obligation. The effects of significant financing components are recognised over the payment period. Revenues for prepaid services are recognised based on usage.

Presentation and impairment
If recognised revenue exceeds amounts received or receivable from a customer, a contract asset is recognised. For the Group, this will for example be relevant for contracts where the transaction price allocated to a handset or other customer equipment is recovered by the Group through future service fee payments. If amounts received or receivable from a customer exceed revenue recognised for a contract, for example if the Group receives an advance payment from a customer, a contract liability is recognised. This will typically be relevant for prepaid services, where revenue is recognised based on usage.

Contract assets and contract liabilities are expected to be realised within in the Group's normal operating cycle and are classified as current within trade and other receivables and trade and other payables respectively. Contract assets are adjusted for provision for impairment in accordance with the expected credit loss model. The Group applies the simplified approach for contract assets, measuring the loss allowance at an amount equal to lifetime expected credit losses. Impairment for expected credit losses is recognised in the income statement and updated at each reporting date. The impairment is calculated by considering the historic evidence of the level of bad debt experienced for customer types.

Contract assets are transferred to receivables when rights become unconditional. Receivables from contracts with customers are presented separately from contract assets. The effects of significant financing components are presented as interest income, separately from revenue from contracts with customers in the statement of comprehensive income.

When another party is involved in providing goods or services to a customer, the Group evaluates whether it has an obligation to provide the specified goods or services itself (i.e. the Group is a principal) or to arrange for those goods or services to be provided by the other party (i.e. the Group is an agent). Where the Group acts as a principal, the revenues are recognised on a gross basis with any related expenses charged as costs. Where the Group acts as an agent, the expenses are offset against the revenues and the resulting net revenues represent the margins or commissions earned for providing services in the capacity of an agent.

Revenues from roaming are recognised gross and in line with generally accepted accounting principles within the telecommunications industry.

Licence payments to telecommunications authorities that are calculated based on revenue share arrangements are not offset against the revenues. Instead, they are recognised as variable lease expense because the Group is considered to be the primary obligor.

Costs of obtaining or fulfilling contracts with customers
Costs incurred that are incremental to obtaining a contract with a customer, and are expected to be recovered, are recognised as contract acquisition cost assets, and amortised in a way that is consistent with the recognition of the related revenue. Contract acquisition costs include, for example, certain commissions or bonuses to employees or dealers, directly related to the contracts obtained on behalf of the Group.

Costs directly related to fulfilling a specified contract with a customer, which generate or enhance resources that will be used in fulfilling the performance obligations in the contract, are recognised as contract fulfilment cost assets to the extent they are expected to be recovered. The costs are expensed in the period in which the related revenue is recognised. Contract fulfilment costs include, for example, costs incurred for connection and installation of equipment on customer premises, including direct labour and material costs.

Contract acquisition and fulfilment cost assets are presented as other non-current assets. The amortisation period normally covers the expected customer life, which is the contractual period and additional expected renewal periods assessed based on historical churn data, unless new costs are incurred on contract renewals. These costs are included in EBITDA. The Group applies the practical expedient of not capitalising contract costs that would have been amortised within 12 months.

Interest and dividend income
Interest income is accrued on a time proportionate basis that reflects an effective yield on the asset. Interest income is included in financial income in the income statement. Dividend income from investments is recognised when the Group's rights to receive payment have been established (declared by the General Meeting or otherwise) and classified as financial income.

Government Grants
Government grants are recognised when there is reasonable assurance that the grant will be received, and all attached conditions will be complied with. When the grants relate to an expense item, it is normally recognised as a reduction of the expense on a systematic basis over the periods that the related costs, for which it is intended to compensate, are expensed. When the grant relates to an asset, it is presented in the statement of financial position by deducting the grant in arriving at the carrying amount of the asset. The grant is recognised in the income statement over the useful life of a depreciable asset as a reduced depreciation expense.

Pensions
The Group operates various post-employment plans, both defined benefit and defined contribution plans. The Group's liability recognised in the statement of financial position related to defined benefit plans is the present value of the defined benefit obligation at the end of the reporting period less the fair value of plan assets. The defined benefit obligation is calculated annually by independent actuaries using the

projected unit credit method. The present value of the defined benefit obligation is determined by discounting the estimated future cash outflows using interest rates of high-quality corporate bonds that are denominated in the currency in which the benefits will be paid, and that have terms to maturity approximating to the terms of the related pension obligation.

The Group recognise service cost, comprising of current service cost, past service cost and non-routine settlements, as salaries and personnel costs in the income statement. Gains and losses on curtailments, which also form part of service cost, are presented as part of other income or other expenses in the income statement. Net interest expense is recognised as financial expense in the income statement.

Remeasurements, comprising of actuarial gains and losses and the return on plan assets (excluding net interest), are recognised in the statement of comprehensive income. Remeasurements are not subsequently reclassified to the income statement.

Past service cost is recognised in the income statement on the earlier of the date of the plan amendment or curtailment, and the date that the Group recognises related restructuring costs. A curtailment occurs when the Group is either demonstrably committed to make a material reduction in the number of employees covered by a plan, or amends the terms of a defined benefit plan such that a material element of future service by current employees will no longer qualify for benefits or will qualify only for reduced benefits.

Payments to defined contribution plans are expensed as incurred. When sufficient information is not available to use defined benefit accounting for a multi-employer plan that is a defined benefit plan, the plan is accounted for as if it was a defined contribution plan.

Leases

Determining whether a contract is, or contains, a lease is based on the substance of the contract and requires an assessment of whether the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration, i.e. whether the Group or a lessee of the Group has the right to obtain substantially all of the economic benefits from use of the identified asset and has the right to direct the use of the identified asset throughout the period of use.

The Group as lessee

The Group recognises lease liabilities to make lease payments and right-of-use assets representing the right to use the underlying assets for all leases where it is the lessee, except for low-value leases (i.e. leases of low-value assets, meaning mainly leased office equipment) and short-term leases. The Group has chosen to account for right to use spectrum as a lease. Short-term leases are leases with a lease term of 12 months or shorter that do not contain a purchase option, except for leases of spectrum licences. Lease payments on short-term leases and leases of low-value assets, are recognised as expenses on a straight-line basis over the lease term. Fixed non-lease components embedded in the lease contracts are not separated and hence recognised as lease liabilities and capitalised as right-of-use assets.

Right-of-use assets

The Group recognises right-of-use assets at the commencement date of the lease (i.e., the date the underlying asset is available for use). Right-of-use assets are measured at cost, less accumulated depreciation and impairments, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognised, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received. The cost of a right-of-use asset also includes an estimate of costs to be incurred by the Group in dismantling and removing the underlying leased asset, restoring the site on which it is located or restoring the underlying leased asset to the condition required by the terms and conditions of the lease. Unless the Group is reasonably certain to exercise an option to obtain ownership of the leased asset at the end of the lease term, the recognised right-of-use asset is depreciated on a straight-line basis over the shorter of its estimated useful life and the lease term. Right-of-use assets are subject to impairment assessments as described further below.

For spectrum licences, the Group might sometimes pay significant amounts up front and before the spectrum is available for the Group. The payments will under such circumstances be accounted for as a prepayment until commencement date.

Gains and losses arising from derecognition of right-of-use assets and corresponding lease liabilities (i.e. cancellation, transfer or sales of leases) are measured as the difference between the remaining net carrying amount of the right-of-use assets and corresponding lease liabilities, and any proceeds or termination fees, and are reported as other income or other expenses in the income statement as part of operating profit.

Lease liabilities

At the commencement date of the lease, the Group recognises lease liabilities measured at the present value of lease payments to be made over the lease term. The lease payments include fixed payments less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Group and payments of penalties for terminating a lease, if the lease term reflects the Group exercising the option to terminate. The variable lease payments that do not depend on an index or a rate are recognised as expense in the period in which the event or condition that triggers the payment occurs.

The Group determines the lease term as the non-cancellable term of the lease, together with any periods covered by an option to extend the lease if it is reasonably certain to exercise the option, or any periods covered by an option to terminate the lease, if it is reasonably certain not to exercise the option. For further information on judgement applied when evaluating lease term of contracts with renewal or termination options, see note 3.

In calculating the present value of lease payments, the Group uses the incremental borrowing rate at the lease commencement date if the interest rate implicit in the lease is not readily determinable. To arrive at the incremental borrowing rate the Group applies the respective country's (economic environment) risk free rate for the term corresponding to the lease term, adjusted for own credit risk. For subsidiaries with external financing, the Group applies the external borrowing rate corresponding to the lease term available to those subsidiaries.

After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the Group remeasures the lease liability upon the occurrence of certain events (e.g. a change in the lease term, a change in future lease payments, or other modifications). Generally, the amount of remeasurement of the lease liability is recognised as an adjustment to the right-of-use asset.

The Group as lessor

Receivables on assets leased to others under finance leases are presented at an amount equal to the net investment in the leases. Finance income is allocated using a constant periodic rate of return on the net investment over the lease term. Direct costs incurred that are directly attributable to negotiating and arranging the leases, are included in the receivables.

Lease income from operating leases is recognised on a straight-line basis over the lease terms. Incentives provided to the lessees are aggregated and recognised as a reduction of income on a straight-line basis over the lease terms. Initial direct costs incurred in negotiating and arranging an operating lease are included in the carrying amounts of the leased assets and recognised as an expense over the lease term on the same basis as the lease. Contingent rents are recognised as revenue in the period in which they are earned.

Subleases
In a transaction for which an underlying asset is re-leased by the Group to a third party, and the head lease between the head lessor and the Group remains in effect, the Group classifies the sublease as a finance lease or an operating lease by reference to the right-of-use asset arising from the head lease.

Financial instruments
A financial instrument is defined as any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity. The Group has classified financial assets and liabilities into the following classes: trade receivables and other current and non-current financial assets, equity investments, cash and cash equivalents, trade payables and other non-interest-bearing liabilities, interest-bearing liabilities, and derivatives. The categorisation of the financial instrument for measurement purposes is done based on the objective for holding the asset and the asset's contractual cash flow characteristics determined at initial recognition. The Group does not apply the fair value option.

The Group has financial assets classified in the following measurement categories: financial assets at amortised cost (FAAC), financial assets at fair value through other comprehensive income (FVTOCI), and financial assets at fair value through profit or loss (FVTPL). In addition, derivatives are used for hedging purposes. FAAC consist of financial assets held to collect contractual cash flows that are solely payments of principle and interest. Financial assets measured at FVTOCI consist of equity investments not held for trading. Financial assets measured at FVTPL include derivatives not designated for hedging purposes, assets held for trading and financial assets that are not classified in one of the other categories.

The Group has financial liabilities classified in the following categories: financial liabilities at amortised cost (FLAC) and financial liabilities at fair value through profit or loss (FVTPL). In addition, derivatives are used for hedging purposes. Financial liabilities at FVTPL include derivatives not designated for hedging purposes and other liabilities held for trading. FLAC consist of liabilities that are not a part of the category at fair value through profit or loss.

The financial instruments are recognised in the Group's statement of financial position as soon as the Group becomes a party to the contractual provisions of the instrument, using trade date accounting. Financial assets and liabilities are offset, and the net amount presented in the statement of financial position when the Group has the intention and legally enforceable right to settle the contracts net, otherwise the financial assets and liabilities are presented gross.

Trade receivables and other current and non-current financial assets
Trade receivables and other current and non-current financial assets include trade and other current receivables, other financial non-current interest-bearing and non-interest-bearing assets, and bonds and commercial papers with original maturity beyond three months. These assets are part of the category FAAC. FAAC are measured on initial recognition at fair value including directly attributable transaction costs and subsequently measured at amortised cost using the effective interest rate method.

FAAC are adjusted for provision for impairment in accordance with the expected credit loss model. The Group applies the simplified approach for trade receivables, measuring the loss allowance at an amount equal to lifetime expected credit losses. Impairment for expected credit losses is recognised in the income statement and updated at each reporting date. The impairment is calculated by considering the historic evidence of the level of bad debt experienced for customer types and the aging of the receivable balance.

Equity investments
Equity investments include equity instruments and capital contribution to Telenor Pension Fund. Equity investments are divided into the two categories of financial instruments at FVTOCI and FVTPL. Equity instruments measured at FVTOCI consist of equity investments not held for trading. Presenting fair value gains and losses in OCI for these equity instruments is considered to provide more useful information to users of the Group's financial statements, as this will allow the users to more easily identify the associated fair value changes. FVTOCI investments are initially measured at fair value plus directly attributable transaction costs and are subsequently measured at fair value. Unrealised gains and losses arising from changes in fair value are recognised directly in other comprehensive income until the investment is disposed of, at which time the cumulative gain or loss is reclassified within equity from other reserves to retained earnings.

Equity investments classified as assets held for trading are part of the category financial assets measured at FVTPL. Assets held for trading are initially and subsequently measured at fair value. Transaction costs are immediately expensed in this category. Gains and losses arising from changes in fair value are recognised in the income statement on the line net change in fair value of financial instruments at fair value through profit or loss.

Cash and cash equivalents
Cash and cash equivalents include cash, bank deposits, fixed rate bonds and commercial papers with original maturity of three months or less which are readily convertible to known amount of cash and subject to insignificant risk.

Trade payables and other non-interest-bearing financial liabilities
Trade payables and other non-interest-bearing financial liabilities include trade payables, contract liabilities, liabilities to associated companies and other current and non-current non-interest-bearing financial liabilities. These liabilities are a part of the category FLAC initially recognised in the statement of financial position at fair value, and subsequently measured at amortised cost using the effective interest rate method.

The Group has introduced supply chain financing for some of the vendors to the Group. In circumstances where the supply chain financing arrangements are linked to the payment terms of the contract with the vendor, the payable for the services or goods delivered are reclassified from trade payables to current non-interest-bearing liabilities, as the payment terms are not extended beyond normal payment terms for the Group and interests related to early payments provided by the bank is carried by the vendor. When the payable is reclassified from trade payable to current non-interest-bearing liability, the Group shows a cash outflow from operating activities if it is related to operating activities and cash outflow from investing activities if it is related to investing activities. At the same time a cash inflow is recognised in financing activities, reflecting the required payment to the financial institution providing the supply chain financing arrangement. When the Group makes the payment to the finance institution, it will be reflected as a repayment of debt in financing activities in the statement of cash flow. Supply chain financing arrangements that do not have any link to payment terms or any other parts of the contract with the vendor are classified as trade payables.

Cash outflow from such arrangements are presented as operating activities in the Statement of Cash Flows.

Interest-bearing liabilities
Interest-bearing liabilities include bonds and commercial papers, bank loans and overdrafts, and are classified in the category FLAC. These liabilities are initially measured at fair value net of transaction costs and are subsequently measured at amortised cost using the effective interest-rate method. In addition, where fair value hedge accounting is applied the hedged liabilities are adjusted for gains and losses attributable to the risk being hedged. On extinguishment of debt, in whole or in part, the difference between the carrying amount of the liability and the consideration paid is recognised in the income statement.

Derivatives
The Group uses derivative financial instruments such as forward currency contracts, interest rate swaps, cross currency interest rate swaps and, to a small extent, interest rate options to hedge its risks associated with interest rate and foreign currency fluctuations.

The derivative financial instruments are measured at fair value. Any gains or losses arising from changes in fair value on derivatives that are not cash flow hedges or hedges of net investments are recognised in the income statement as financial income or expense. The accounting for fair value hedges and hedges of net investments are described below.

Derivatives embedded in other financial instruments or other non-financial host contracts are treated as separate derivatives when their risk and economic characteristics are not closely related to those of the host contract and the host contract is not carried at fair value with unrealised gains or losses recognised in the income statement. Currency derivatives embedded in committed purchase or sales contracts are not bifurcated and recognised at fair value if the contract requires payments denominated in either the functional currency of one of the parties to the contract or in a commonly used currency for purchase or sales in the relevant economic environment.

Derivatives are recognised without any offsetting; as assets when the value is positive and as liabilities when the value is negative, unless the Group has the intention or legally enforceable right to settle the contracts net.

Hedging
The Group applies hedge accounting for hedges that meet the criteria for hedge accounting. The Group has fair value hedges and hedges of net investments in foreign operations.

At the inception of each hedge relationship, the Group designates and documents the hedge accounting relationship, risk management objective and strategy for undertaking the hedge. The documentation includes identification of the hedging instrument, the hedged item or transaction, the nature of the risk being hedged and how the entity will assess the hedging instrument's effectiveness in offsetting the exposure to change in the hedged item's fair value or cash flows attributable to the hedged risk. Such hedges are expected to be highly effective in achieving offsetting changes in fair value or cash flows and are assessed on an ongoing basis to determine that they actually have been highly effective throughout the financial reporting periods for which they were designated.

Hedge relationships that meet the requirements for hedge accounting are accounted for in the Group's consolidated financial statements as follows:

Fair value hedges
Fair value hedges are hedges of the Group's exposure to changes in the fair value of a recognised asset or liability or an unrecognised firm commitment, or an identified portion of such, that is attributable to a particular risk and could affect the income statement. For fair value hedges, the carrying amount of the hedged item is adjusted for gains and losses attributable to the risk being hedged. The derivative is also measured at fair value, and gains and losses from both the hedging instrument and the hedged item are recognised in the income statement.

The Group discontinues fair value hedge accounting if the hedging instrument expires or is sold, terminated, or exercised, the hedge no longer meets the criteria for hedge accounting, or the Group revokes the designation. If the hedged item still exists and is not sold, the fair value adjustment to the hedged item attributable to the risk being hedged at de-designation will be amortised in the income statement over the remaining time to maturity.

Hedges of a net investment
A hedge of a net investment in a foreign operation is accounted for in a similar way to a cash flow hedge. Foreign exchange gains or losses on the hedging instrument relating to the effective portion of the hedge are recognised directly in other comprehensive income while any foreign exchange gains or losses relating to the ineffective portion are recognised in the income statement. On disposal of the foreign entity, the cumulative foreign exchange gains or losses recognised in other comprehensive income is reclassified to the income statement.

Income taxes
Current tax assets and liabilities are measured at the amount expected to be recovered or paid to the tax authorities. Deferred tax assets and liabilities are calculated using the liability method with full allocation for all temporary differences between the tax base and the carrying amount of assets and liabilities in the consolidated financial statements, including tax losses carried forward. Deferred tax assets and liabilities are not recognised if the temporary difference arises from the initial recognition of goodwill or in respect of temporary differences associated with investments in subsidiaries, associates or joint ventures where the timing of the reversal of the temporary difference can be controlled and it is probable that the temporary difference will not reverse in the foreseeable future.

For undistributed earnings in subsidiaries, deferred tax is provided for to the extent it is expected that retained earnings will be distributed in the foreseeable future. For undistributed earnings in associated companies, deferred tax is provided for because the Group cannot control the timing of the reversal of the temporary differences. Deferred taxes are calculated on undistributed earnings in foreign subsidiaries and associated companies based on the estimated taxation on transfer of funds to the parent company, based on the substantially enacted tax rates and regulation as of the end of the reporting period.

The Group treats expenses as tax deductible and income as not taxable based on interpretation of relevant laws and regulations and when it is assessed as probable that such treatment will be sustained in a tax review. The Group records provisions relating to uncertain or disputed tax positions at the amount expected to be paid, reflecting the effect of uncertainty over tax treatment. The provision is reversed if the disputed tax position is settled in favour of the Group and can no longer be appealed.

Deferred tax assets are recognised in the statement of financial position to the extent it is more likely than not that the tax assets will be utilised. The enacted tax rates at the end of the reporting period and undiscounted amounts are used.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities, and the Group is able to and intends to settle its current tax assets and liabilities on a net basis.

A change in deferred tax assets and liabilities because of change in tax rates is recognised in profit or loss, except to the extent that it relates to items that previously was recognised in other comprehensive income or directly in equity.

Inventories

Inventories are valued at the lower of cost or net realisable value for products that will be sold as a separate item. Inventories that will be sold as part of a transaction with several items, which is expected to earn net income, are not considered as an indicator of write down, even though the allocated sales price in the transaction is lower than the cost. Cost is determined using the FIFO or weighted average method, depending on the nature of the inventories.

Property, plant and equipment

Property, plant and equipment are recognised at cost less accumulated depreciation and accumulated impairment losses, if any. Depreciation is calculated to reduce the cost of assets, other than land, which is not depreciated, to their estimated residual value, if any, over their estimated useful lives. The cost to be capitalised as part of the asset, includes direct and incremental costs, borrowing costs for qualifying assets and the initial estimate of the cost of dismantling and removing the item and restoring the site on which it is located. If payment is deferred beyond normal credit term, its cost is the cash price equivalent. Depreciation commences when the assets are ready for their intended use.

The gain or loss arising on the disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is reported as other income or other expenses in the income statement as part of operating profit or loss.

Estimated useful life, depreciation method and residual value are evaluated at least annually. The straight-line depreciation method is used as this best reflects the consumption of the assets, which often is the passage of time. Residual value is estimated to be zero for most assets, except for any commercial buildings and vehicles which the Group does not expect to use for the assets' whole economic lives.

Repair and maintenance are expensed as incurred. If new parts are capitalised, replaced parts are derecognised and any remaining net carrying amount is recognised in operating profit (loss) as loss on disposal.

An exchange of assets is recognised at fair value if the transaction has commercial substance and the value of the assets can be measured reliably. If these criteria are not met, the carrying amount of the replaced assets is carried forward for the new assets.

Intangible assets

Intangible assets acquired separately are measured initially at cost and recognised as an intangible asset when the Group has control over the asset, future economic benefits are expected to flow to the Group and the cost can be measured reliably. The cost to be capitalised as part of the asset includes direct and incremental costs and, for qualifying assets, borrowing costs. If payment of an intangible asset is deferred beyond normal credit term, its cost is the cash price equivalent. The cost of intangible assets acquired in a business combination is the fair value at the date of acquisition. Following initial recognition, intangible assets are carried at cost less any accumulated amortisation and accumulated impairment losses, if any.

Intangible assets with finite lives are amortised over the useful lives. Useful lives and amortisation method for intangible assets with finite useful life are reviewed at least annually. The straight-line amortisation method is used for most intangible assets as this best reflects the consumption of the assets. The amortisation period for a customer base is the expected customer relationship and the amortisation method is based on historical experience of churn for the individual businesses.

Gains and losses arising from derecognition of intangible assets are measured as the difference between the net sales proceeds and the carrying amount of the assets and are reported as other income or other expenses in the income statement as part of operating profit.

Research and development costs

Development expenditures are capitalised only when the criteria for recognition is met, i.e. that it is probable that the expected future economic benefits that are attributable to the asset will flow to the entity, management has committed itself to complete the asset, the technical feasibility of completing the asset has been demonstrated and the cost can be measured reliably. The assets are amortised over their expected useful life once the assets are available for use. Costs incurred during the research stage of a project, as well as maintenance and training costs are expensed as incurred. Development costs that do not meet the criteria for capitalisation are expensed as incurred.

Impairment of property, plant and equipment, right-of use assets and intangible assets other than goodwill

At each reporting date, the Group evaluates if there are indicators that property, plant and equipment, right-of-use assets or intangible assets may be impaired. If there are indicators, the recoverable amount of the assets is estimated in order to determine the extent of the impairment (if any). Intangible assets with indefinite useful life and intangible assets not yet brought into use are assessed for impairment annually. If it is not possible to estimate the recoverable amount of an individual asset, the Group determines the recoverable amount of the cash-generating unit to which the asset belongs.

An asset's recoverable amount is the higher of fair value less costs of disposal and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a discount rate that reflects current market assessments of the time value of money and the risks specific to the asset or the cash-generating unit to which the asset belongs.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than it's carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount. The impairment is recognised in the income statement. If the impairment is subsequently reversed, the carrying amount of the asset (cash-generating unit) is increased to the updated estimate of its recoverable amount to the extent the increased carrying amount does not exceed the carrying amount that would have been recognised had no impairment losses been recognised for the asset (or cash-generating unit) in prior years. Reversals of impairments are recognised in the income statement.

Provisions

Provisions such as workforce reductions, onerous contracts and legal claims are recognised when the Group has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources will be required to settle the obligation, and the amount can be reliably estimated. Provisions are measured at management's best estimate of the expenditure required to settle the obligation at the reporting date and are discounted to present value.

Asset retirement obligations

An asset retirement obligation exists where the Group has a legal or constructive obligation to remove an asset and restore the site. Where the Group is required to settle an asset retirement obligation, the Group has estimated and capitalised the net present value of the obligations and increased the carrying value of the related asset. The cash flows are discounted at a pre-tax risk-free rate as risks are reflected in the cash flows. After the initial recognition, an accretion expense is recognised as finance cost relating to the asset retirement obligation, and the capitalised cost is expensed as ordinary depreciation with the related asset. The effects on the net present value of any subsequent changes to the gross removal costs or discount rates adjust the carrying value of assets and liabilities and are expensed over the remaining estimated useful life of the related assets.

Share-based payments

The Group has share-based payment programs to management and employees. Bonus shares in these programs are awarded net after tax. The Group is obliged to withhold an amount for an employee's tax obligation associated with a share-based payment and transfer that amount, normally in cash, to the tax authority on the employee's behalf. These share-based payment programs, including tax, are considered as equity-settled share-based payments. In addition, the Group is obliged to make a provision for social security tax related to these programs, to be transferred to the tax authority, normally in cash. This part of the share-based payment arrangements is recognised as a cash-settled share-based payment.

Equity-settled share-based payments are measured at fair value (excluding the effect of non-market-based vesting conditions) at the date of grant. The fair value determined at the grant date of the equity-settled share-based payments is expensed over the vesting period, based on the Group's estimate of the shares that will eventually vest, adjusted for the effect of non-market-based vesting conditions.

Cash-settled share-based payments are measured at fair value of the liability. The liability is remeasured at each reporting date.

Statement of cash flows

The Group presents the statement of cash flows using the indirect method. Cash inflows and outflows are shown separately for investing and financing activities, while operating activities include both cash and non-cash line items. Interest received and paid, and dividends received, are reported as a part of operating activities. Dividends distributed (both by Telenor ASA and by subsidiaries with non-controlling interests) are included as a part of financing activities. Value Added Tax and other similar taxes are regarded as collection of tax on behalf of authorities and are reported net.

Treasury shares

Own equity instruments which are reacquired (treasury shares) are deducted from equity. No gain or loss is recognised in the income statement on the purchase, sale, issue, or cancellation of the Company's own equity instruments.

NOTE 3 Critical accounting judgements and key sources of estimation uncertainty

The preparation of consolidated financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the disclosures of contingent liabilities, at the end of the reporting period. However, uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of the asset or liability affected within the next financial year.

Critical judgements in applying the Group's accounting policies

The following represents a summary of the critical accounting judgements the management has made in the process of applying the Group's accounting policies:

Lease term of contracts with renewal or termination options

The Group determines the lease term as the non-cancellable term of the lease, together with any periods covered by an option to extend the lease if it is reasonably certain to exercise the option, or any periods covered by an option to terminate the lease, if it is reasonably certain not to exercise the option, within the period for which the contract is enforceable.

The Group determines the period for which the contract is enforceable considering the broader economics of the contract and not only contractual termination payments. For example, if the Group expects to use significant non-removable leasehold improvements beyond the date on which a lease contract can be terminated, the existence of those leasehold improvements may indicate that the Group might incur a more than insignificant penalty if it terminates the lease.

When the Group concludes that the enforceable period exceeds the notice period of a cancellable lease or the initial period of a renewable lease, the Group considers whether it is reasonably certain to extend the lease or not to exercise the option to terminate the lease. The threshold for being reasonably certain is not explicitly specified in IFRS 16 Leases. However, the Group considers reasonably certain to be lower than virtually certain and significantly higher than more likely than not under IAS 37 *Provisions, Contingent liabilities and Contingent Assets*. The Group applies judgement in evaluating whether it is reasonably certain to exercise an option to renew or not exercise an option to terminate a lease contract, considering all relevant factors that create an economic incentive for the Group to exercise the renewal or not exercise an option to terminate, including significant leasehold improvements.

The main part of the Group's lease contracts excluding spectrum licences relates to the mobile networks (mainly towers) and land/property. For lease of land for own towers or leasing of towers from tower companies/other operators, factors considered in particular for assessing the lease term are technology development and potential changes in business models. Based on an assessment of these factors, the lease term for the Group's leases relating to sites will normally be within a range of 4 to 7 years. This means that the lease term for sites with renewal options shall normally be the higher of a non-cancellable period or within a range of 4 to 7 years. Some sites may be in strategically important locations and it might be more than reasonably certain that the sites will be maintained beyond 7 years. In these exceptional cases, the lease term may be up to 10 years.

Consolidation of Digi

The Group consolidates Digi. Digi is listed on Bursa Malaysia Securities Berhad and the shares in Digi are widely dispersed. As the Group owns 49% of the shares, 98% of the shares must be present at the General Meeting for the Group not to have the majority of the votes at the General Meeting. As a consequence of this and based on experience from past general meetings, the Group has the power to direct Digi's activities. The Group's assessment is that the ability to exercise control is upheld through a majority of the votes at the General Meeting and at the Board of Directors meetings. Consolidation based on de facto control is assessed on an ongoing basis.

Key sources of estimation uncertainty - critical accounting estimates

A critical accounting estimate is one which is both important to the presentation of the Group's financial position and results and requires management's most difficult, subjective or complex judgements, often as a result of the need to make important estimates based on assumptions about the outcome of matters that are inherently uncertain. Management evaluates such estimates on an ongoing basis, based upon historical results and experience, consultations with experts, trends, and other methods which management considers reasonable under the circumstances, as well as forecasts as to how these might change in the future.

Depreciation and amortisation, see note 17, 18 and 19

Depreciation and amortisation expenses are based on management's estimates of residual value, depreciation and amortisation method and the useful life of property, plant and equipment, right-of-use assets, and intangible assets. Estimates may change due to technological developments, competition, changes in market conditions, climate change and other factors and may result in changes in the estimated useful life and in the amortisation or depreciation charges. Technological developments are difficult to predict and the Group's views on the trends and pace of development may change over time. The impact of climate change on technological development, markets, and economic or legal environment, together with remaining licence period and general expected developments in technology and markets are critical estimates in the evaluations of useful lives. The useful lives are reviewed at least annually taking into consideration the factors mentioned above and all other important relevant factors. Estimated useful lives for similar types of assets may vary between different entities in the Group due to local factors such as growth rate, maturity of the market, history and expectations for replacements or transfer of assets, climate and quality of components used. A change in estimated useful life is a change in accounting estimate, and depreciation and amortisation plans are adjusted prospectively.

Impairment, see note 15, 16, 17, 18, 19 and 20

The Group has made significant investments in property, plant and equipment, intangible assets, goodwill, associates and other investments, and is party to a significant amount of lease contracts giving rise to right-of-use assets, both in the ordinary telecommunication industry and in the digital sphere. Goodwill, intangible assets with indefinite useful life and intangible assets not yet in use are tested for impairment annually or more often if indicators of impairment exist, whereas other assets are tested for impairment when circumstances indicate there may be a potential impairment. Factors that indicate impairment which trigger impairment testing include the following: significant fall in market values; significant underperformance relative to historical or projected future operating results; significant changes in the use of the assets or the strategy for the overall business, including assets that are decided to be phased out or replaced and assets that are damaged or taken out of use; significant negative industry or economic trends; significant loss of market share; significant adverse political and/or regulatory development including unfavourable court decisions and significant cost overruns in the development of assets.

In accordance with IAS 36 *Impairment of assets* the recoverable amounts of assets and companies is the higher of value in use and fair value less cost of disposal. Value in use, particularly when discounted cash flow methods are used, involves management judgement. There is estimation uncertainty, complexity and subjectivity related to the value in use determination, including determining appropriate cash-generating units, determining the discount rate, estimating future performance, revenue generating capacity of the assets, margins, prices on future renewals of spectrum licences, political and regulatory risk, required maintenance capex, network costs and technological developments, and assumptions of the future market conditions. In some markets, certain expenses and capex are denominated in foreign currency and impacted by currency fluctuations. Recessionary effects and increased macroeconomic risks may impact the estimates of growth, future performance and discount rates used in estimating recoverable amounts of assets. Discount rates are impacted by several macroeconomic factors including borrowing rates, country risk, inflation assumptions and currency development. For assumptions used, external evidence has been taken into consideration.

The Group is exposed to climate-related physical risks such as potential damage to infrastructure and utilities through the impact of more extreme weather events and rising sea levels. Climate-related regulatory risks for the Group include potentially higher operational costs due to increasing carbon taxes and energy/fuel taxes, as well as risks of higher capital expenditures due to a required transition towards the use of renewable energy solutions and energy efficient networks. Climate-related risks are considered in the cash flow projections.

There are significant variations between different markets with respect to growth, mobile penetration, ARPU, market share, inflation, regulatory costs, and technological development, resulting in differences in EBITDA margins, future investments, and long terms growth assumptions. The future developments of EBITDA margins, invested capital and growth, are important in the Group's impairment assessments, and the long-term estimates of EBITDA margins for each country are uncertain.

Asset retirement obligations (ARO), see note 25

Asset retirement obligations exist where the Group has a legal or constructive obligation to remove an asset and restore the site. The Group has asset retirement obligations relating primarily to equipment and other leasehold improvements installed on leased network sites and in administrative and network buildings. Where the Group is required to settle an asset retirement obligation, the Group has estimated and capitalised the net present value of the obligations and increased the carrying value of the related asset.

In most situations, the timing of asset removals will be well into the future and there is uncertainty as to whether and when the obligation will be paid. Provisions for asset retirement obligations are based on management's estimates of the reasonably possible outcomes in terms of both the range of settlement dates and amount of expenses, as well as probabilities to be assigned to each of the reasonably possible outcomes. The actual gross removal costs that the Group will incur may be significantly different from the estimated costs, for example due to negotiation of prices for a large amount of removals or agreements that reduce or relieve the Group from its obligations. The actual timing of the removals may also differ significantly from the estimated timing, for example due to change in strategy, technological developments, changes in market conditions and other factors, and may result in changes in the provisions. The estimated cash flows are discounted at a pre-tax risk-free rate as risks are reflected in the cash flows.

Deferred tax assets, see note 13

Deferred tax assets are recognised to the extent that it is probable that the tax assets will be realised. Significant judgement is required to determine the amount that can be recognised and depends foremost on the expected timing, level of taxable profits as well as tax planning strategies and the existence of taxable temporary differences. The judgements relate primarily to tax losses carried forward in some of the Group's foreign operations. When an entity has a history of recent losses the deferred tax asset arising from unused tax losses is recognised only to the extent that there is convincing evidence that sufficient future taxable profit will be generated. Uncertainty related to new transactions and events and the interpretation of new tax rules may also affect these judgements.

Uncertain tax positions, legal proceedings, claims and regulatory discussions, see also note 13 and 34

The Group is subject to various legal proceedings, disputes and claims including regulatory discussions related to the Group's business, licences, tax positions, investments etc., of which the outcomes are subject to significant uncertainty. Management evaluates, among other factors, the degree of probability of an unfavourable outcome and the ability to make a reasonable estimate of the amount of loss. Unanticipated events or changes in these factors may require the Group to accrue for a matter that has not been previously accrued for because it was not considered probable or a reasonable estimate could not be made, or increase or decrease an amount accrued for a matter in previous reporting periods.

The Bangladesh Telecommunication Regulatory Commission (BTRC) has over several years conducted an information system audit of Grameenphone for the period 1997 to 2014. On 2 April 2019, Grameenphone received a demand notice from BTRC for payment of NOK 8.7 billion. On 20 and 24 February 2020, the Appellate Division of the Supreme Court (AD) ordered Grameenphone to make payment of a total deposit of approximately NOK 2.0 billion to BTRC in two equal instalments before 24 February 2020 and 31 May 2020. Both instalments were paid before due dates. Errors in the audit-findings, the unprecedented long period covered by the audit, inclusion of already settled/resolved items, erroneous claim on behalf of third parties and inclusion of sub-judice items in conjunction with the absence of merit based determination through any solution process, create significant uncertainty about the validity of the demand and outcome of the dispute. Please see Note 34 Legal disputes and contingencies for further details.

NOTE 4 Held for sale and discontinued operations

Discontinued operations and assets held for sale

As announced on 8 July 2021, Telenor Group has entered into an agreement with M1 Group to sell 100 percent of its mobile operations in Myanmar for a total consideration of USD 105 million (approximately NOK 920 million), of which USD 55 million (approximately NOK 480 million) is a deferred payment over five years. The transaction corresponds to an implied enterprise value of approximately USD 600 million (approximately NOK 5.2 billion). On 17 March 2022, Telenor Group was informed that Myanmar Investment Commission has given final regulatory approval to the sale of Telenor Myanmar to M1 Group, see note 38. With effect from the second quarter 2021, Telenor Myanmar has been classified as assets held for sale and discontinued operations. The comparative numbers for the income statement are re-presented.

On 1 February 2021, a state of emergency was declared under military leadership in Myanmar. Due to worsening of the economic and business environment outlook and a deteriorating security and human rights situation, Telenor saw limited prospects of improvement going forward. As a consequence, Telenor recognised an impairment of NOK 6.5 billion in the first quarter. Telenor estimated the value in use of the cash-generating unit Myanmar as of 31 March 2021 based on a scenario analysis incorporating discounted cash flows from current revenue streams and capex levels, as well as the substantial uncertainty emerging from the overall unstable situation. Determination of key assumptions, including number of days with continued shutdown of mobile data, and probabilities to be assigned to the scenarios came with significant uncertainty. The discount rate applied in the terminal value of 12.2% was unchanged from 31 December 2020, as the increased risk emerging from the current situation was reflected in the cash flow scenarios. After the impairment (of which NOK 3.6 billion related to property, plant and equipment, NOK 2.4 billion related to right-of-use assets net of lease liabilities and NOK 0.5 billion related to other assets) the recoverable amount of the cash-generating unit Telenor Myanmar was approximately zero. Since the first quarter, Telenor Myanmar has generated significant profits (mainly in the fourth quarter). Due to the continued uncertain situation, Telenor has in the fourth quarter recognised an additional impairment of NOK 1.0 billion, bringing the recoverable amount of the cash generating unit Telenor Myanmar back to approximately zero as of 31 December 2021.

The profit (loss) for Telenor Myanmar presented as discontinued operation are as follows:

NOK in millions	2021	2020
Revenue	4,835	6,971
EBITDA	2,751	4,272
EBIT	(5,743)	1,516
Profit (loss) before tax	**(6,185)**	**1,349**
Income taxes	(53)	(158)
Profit (loss) after tax	**(6,238)**	**1,191**
Gain (loss) on disposal after tax	-	-
Profit (loss) from discontinued operations - attributable to equity holders of Telenor ASA	**(6,238)**	**1,191**

As announced on 22 October 2019, the Group entered into an arrangement with Nordic Entertainment Group (NENT) to combine the companies' satellite-based entertainment businesses in a joint venture to extract synergies and deliver enhanced customer experience. With effect from the fourth quarter 2019, the Group's Canal Digital operations, the main contributor to the Broadcast segment, were classified as asset held for sale and discontinued operations in the Group's financial reporting. The arrangement was approved by the European Commission on 30 April 2020 and the transaction was closed on 5 May 2020. Accordingly, the Group disposed of Canal Digital as a subsidiary and recognised its 50% share of the joint venture Allente at fair value of NOK 3.1 billion with a gain of NOK 1.7 billion recognised in the income statement in 2020. See note 20.

On 23 February 2017, the Group entered into an agreement with Bharti Airtel Limited (Airtel), whereby Airtel would take full ownership of Telenor India. The transaction was completed 14 May 2018. The exposure to claims related to the period Telenor owned the business remains with Telenor. A guarantee to Airtel was recognised at fair value as of closing date of the transaction, and subsequent changes to the estimate are recognised on the discontinued operations line in the income statement. During 2021, an additional provision of NOK 0.2 billion plus interests was recognized following reassessment of the demand from Department of Telecommunication (DoT).

The profit (loss) of all disposal groups including Telenor Myanmar presented as discontinued operations until disposal, and subsequent adjustments:

NOK in millions	2021	2020
Revenue	4,835	8,267
EBITDA	2,751	4,587
EBIT	(5,743)	1,832
Profit (loss) before tax	**(6,185)**	**1,592**
Income taxes	(53)	(161)
Profit (loss) after tax	**(6,238)**	**1,431**
Gain (loss) on disposal after tax	(515)	1,755
Profit (loss) from discontinued operations - attributable to equity holders of Telenor ASA	**(6,753)**	**3,186**

The losses on disposal recognised during 2021 is mainly related to Telenor India and gain on disposal recognized during 2020 was mainly related to Canal Digital.

Cashflow related to discontinued operations presented below are from external transactions. Hence, the cash flows for discontinued operations do not reflect these operations as if they were standalone entities.

NOK in millions	2021	2020
Net cash flow from operating activities	2,574	3,758
Net cash flow from investing activities	(256)	(1,095)
Net cash flow from financing activities	(981)	(987)
Total cash flows from discontinued operations	**1,337**	**1,676**
Effects of exchange rate changes on cash and cash equivalents	(229)	(64)
Net cash flows from discontinued operations	**1,108**	**1,612**

On 24 November 2021, Telenor Sweden agreed to divest Open Universe and the company's fiber to the home (FTTH) accesses in the single dwelling unit (SDU) segment to Global Connect for a total consideration of NOK 2.9 billion. The transaction was approved by the Swedish competition authorities in December 2021 and subsequently Telenor Sweden finalised the divestment on 1 February 2022. The sale includes around 200,000 ports in the open fiber networks model and approximately 14,000 single dwelling unit fiber to the home accesses. As a result, related assets of NOK 0.7 billion has been classified as assets held for sale as of 31 December 2021.

The major classes of assets and liabilities of the disposal groups classified as held for sale as of 31 December 2021 (representing mainly Telenor Myanmar, Telenor India and Open Universe transaction in Sweden) and 31 December 2020 (representing mainly India):

NOK in millions	31 December 2021	31 December 2020
Assets		
Property, plant and equipment	717	-
Inventory	13	-
Trade and other receivables	317	-
Cash and cash equivalents	1,863	-
Total assets classified as held for sale	**2,910**	**-**
Liabilities		
Non-current liabilities	23	-
Current liabilities	5,557	3,070
Total liabilities held for sale	**5,580**	**3,070**

Assets held for sale of NOK 2.2 billion relates to Telenor Myanmar and remaining NOK 0.7 billion relates to Open Universe. Liabilities held for sale includes NOK 2.1 billion related to Telenor Myanmar and NOK 3.4 billion representing the exposure to claims from the Indian Department of Telecommunications (DoT) related to the period the Group owned the business in India.

The accumulated amounts for discontinued operations recognised in Other comprehensive income within Equity are as follows:

NOK in millions	2021	2020
Telenor Myanmar	(802)	(195)
Telenor India	(180)	(136)
Total gain (loss)	**(982)**	**(331)**

NOTE 5 Segments

Segment information for 2021 and 2020 is reported in accordance with the reporting to Group Executive Management (chief operating decision makers) and is consistent with financial information used for assessing performance and allocating resources. The accounting principles for the segment reporting are consistent with those applied by the Group. The Group's operating and reportable segments are based on business activities and geographical location. The main products and services are mobile communication and fixed line communication. In addition, the Group reports Other units as a separate segment. The segment result is defined as EBITDA before other income and other expenses.

The Group's mobile communication business mainly includes voice, data, internet, content services, customer equipment and messaging. In Norway, Sweden, Denmark and Finland, the fixed line businesses are reported together with mobile operations. Fixed services comprise telephony, internet and TV and leased lines, as well as data services and managed services.

Other units consist of Corporate Functions, Telenor Infra, Telenor Satellite and Other Businesses. Corporate Functions comprise activities such as global shared services, research and development, strategic Group projects, Group Treasury, the internal insurance company, and support functions. Telenor Infra operates all passive infrastructure in Norway previously operated by Telenor Norway, Norkring and Telenor Real Estate. Telenor Satellite offers broadcasting and data communication services via satellite. Other Businesses consists mainly of mobile communication business at sea conducted by Telenor Maritime; Global Services, which is focused on interconnecting global operators and delivering key communications services on a global scale; Telenor Real Estate; Connexion, which is specialising in Internet of Things with capabilities to support the most advanced machine-to-machine-communication and Internet of Things customers worldwide; and other businesses, including internet based services and financial services, none of which are material enough to be reported as separate segments.

Deliveries of network-based regulated services within the Group are based on cost-oriented prices based on negotiations between the units. All other transactions between the segments are based on market conditions. Gains and losses arising from internal transfer of businesses, group contribution and dividends within the Group are not included in the income statements for the segments.

Change in composition of reportable segments

Pursuant to announcement on 8 July 2021 about divestment of Telenor Myanmar, Telenor Myanmar is classified as discontinued, hence not part of the Group's segment reporting. From 1 January 2020, Telenor Infra became the operator of all passive infrastructure in Norway. However, Telenor Norway retained ownership of its passive infrastructure, and as a second step, the ownership of the passive mobile infrastructure was transferred from Telenor Norway to Telenor Infra with effect from 1 January 2021. The reported figures for 2020 have not been restated to reflect the transfer.

Segment Information 2021

NOK in millions	Revenues	External revenues	EBITDA before other income and other expenses [1]	EBITDA [1]	Depreciation, amortisation and impairment losses	Operating profit (loss)	Investments [2]	Capital employed [3]
Norway	25,362	24,915	12,758	11,726	(6,739)	4,987	5,637	25,326
Sweden	12,107	12,038	4,434	4,428	(2,651)	1,777	1,839	16,242
Denmark	5,346	5,259	1,413	1,362	(927)	434	1,077	4,621
DNA - Finland	9,712	9,678	3,645	3,643	(2,651)	993	1,625	33,951
dtac - Thailand	21,878	21,826	8,067	7,934	(6,050)	1,884	3,852	39,701
Digi - Malaysia	13,136	13,088	6,281	6,248	(2,621)	3,626	1,699	12,463
Grameenphone - Bangladesh	14,464	14,362	9,052	8,730	(2,327)	6,403	2,853	7,976
Pakistan	5,604	5,328	2,976	2,967	(1,751)	1,216	3,129	8,886
Other units	7,518	3,747	1,508	1,323	(1,231)	92	1,027	n.m.
Eliminations	(4,887)	-	(971)	(987)	1,080	93	-	n.m.
Group	**110,241**	**110,241**	**49,162**	**47,375**	**(25,869)**	**21,506**	**22,737**	**n.m.**

Segment Information 2020

NOK in millions	Revenues	External revenues	EBITDA before other income and other expenses [1]	EBITDA [1]	Depreciation, amortisation and impairment losses	Operating profit (loss)	Investments [2]	Capital employed [3]
Norway	26,307	25,509	12,787	11,368	(6,345)	5,023	5,544	24,322
Sweden	12,618	12,561	4,832	4,686	(2,457)	2,228	1,435	16,642
Denmark	5,308	5,217	1,360	1,270	(953)	317	520	4,795
DNA - Finland	9,998	9,977	3,553	3,576	(2,547)	1,030	1,919	33,764
dtac - Thailand	23,704	23,661	9,076	8,844	(6,302)	2,542	7,717	41,502
Digi - Malaysia	13,766	13,719	6,938	6,819	(2,734)	4,085	1,605	12,511
Grameenphone - Bangladesh	15,483	15,411	9,776	9,659	(2,623)	7,036	1,165	6,474
Pakistan	5,880	5,598	3,167	3,133	(1,929)	1,205	889	9,454
Other units [4]	7,968	4,186	1,725	5,808	(1,234)	4,575	724	n.m.
Eliminations	(5,193)	-	(867)	(871)	815	(56)	-	n.m.
Group	**115,839**	**115,839**	**52,347**	**54,293**	**(26,309)**	**27,984**	**21,519**	**n.m.**

[1] See table below for definition and reconciliation of EBITDA.
[2] Investments consist of capex and investments in businesses. See page 174 for alternative performance measures. Financial figures for 2020 have been restated to align with Group definition of Capex.
[3] Capital employed (average for the period) adjusted for dividend and group contribution payables/receivables. For definition of capital employed and Group figures, see page 174 for alternative performance measures. (n.m. – not measured)
[4] Revenues of NOK 50 million have been reclassified from eliminations to Other units as correction of error.

Reconciliation

NOK in millions	2021	2020
EBITDA before other	49,162	52,347
Other income	173	4,426
Other expenses	(1,960)	(2,480)
EBITDA	47,375	54,293

Geographical distribution of external revenues based on customer location

NOK in millions	2021	2020
Norway	25,725	26,302
Sweden	12,810	13,056
Denmark	5,422	5,414
Finland	9,528	9,860
Thailand	21,866	23,690
Malaysia	13,150	13,776
Bangladesh	14,359	15,412
Pakistan	5,343	5,598
Other countries	2,037	2,731
Total revenues	110,241	115,839

Assets by geographical location of the company

	Non-current assets excluding deferred tax assets and other non-current assets		Total assets	
NOK in millions	2021	2020	2021	2020
Norway	34,503	34,882	56,423	59,584
Sweden	17,349	20,270	22,803	25,773
Denmark	3,921	3,891	7,723	10,939
Finland	33,985	36,344	38,522	40,706
Thailand	37,973	42,644	47,305	54,402
Malaysia	13,266	13,704	17,333	17,853
Bangladesh	12,958	11,378	16,648	14,910
Pakistan	10,536	9,508	12,784	13,563
Myanmar	349	13,180	2,543	14,802
Other countries	2,816	2,964	3,658	3,996
Total assets	167,657	188,766	225,740	256,529

NOTE 6 Disaggregation of revenues

Disaggregation of revenues from contract with customers

In the following table, revenues are disaggregated by major revenue streams divided into the reportable segments as shown in note 5.

Year 2021

NOK in millions	Norway	Sweden	Denmark	DNA Finland	dtac Thailand	Digi Malaysia	Grameenphone Bangladesh	Pakistan	Other units	Eliminations	Group
Type of good/ services											
Mobile operation	**15,350**	**8,268**	**4,814**	**7,496**	**18,502**	**12,941**	**14,288**	**5,461**	**-**	**(1,011)**	**86,111**
Services	13,362	6,541	3,617	5,951	16,133	11,077	14,263	5,451	-	(1,010)	75,385
Goods	1,987	1,728	1,197	1,546	2,370	1,864	25	10	-	(1)	10,726
Fixed operation	**9,058**	**3,623**	**502**	**2,185**	**-**	**-**	**-**	**-**	**1,732**	**(561)**	**16,540**
Services	8,690	3,616	502	2,185	-	-	-	-	1,732	(511)	16,214
Goods	369	7	-	-	-	-	-	-	-	(50)	326
Other	**639**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**3,903**	**(1,855)**	**2,687**
Services	639	-	-	-	-	-	-	-	3,888	(1,855)	2,672
Goods	-	-	-	-	-	-	-	-	14	-	14
Sum type of goods/services	**25,047**	**11,892**	**5,316**	**9,682**	**18,502**	**12,941**	**14,288**	**5,461**	**5,635**	**(3,427)**	**105,338**
Type of mobile subscription											
Contract	11,525	5,723	3,199	5,396	10,286	4,996	629	162	-	(71)	41,845
Prepaid	122	177	-	209	5,190	5,883	13,591	5,224	-	(516)	29,881
Other [1]	1,715	640	419	345	656	198	44	65	-	(423)	3,659
Sum services in Mobile operation	**13,362**	**6,541**	**3,617**	**5,951**	**16,133**	**11,077**	**14,263**	**5,451**	**-**	**(1,010)**	**75,385**
Timing of revenue recognition											
Over time	22,691	10,157	4,119	8,136	16,133	11,077	14,263	5,451	5,621	(3,376)	94,272
At a point in time	2,356	1,735	1,197	1,546	2,370	1,864	25	10	14	(50)	11,066
Total revenue from contract with customers	**25,047**	**11,892**	**5,316**	**9,682**	**18,502**	**12,941**	**14,288**	**5,461**	**5,635**	**(3,427)**	**105,338**
Other revenue [2]	314	216	30	31	3,376	195	176	143	1,883	(1,461)	4,903
Total revenue	**25,362**	**12,107**	**5,346**	**9,712**	**21,878**	**13,136**	**14,464**	**5,604**	**7,518**	**(4,887)**	**110,241**
Segment revenue as presented in note 5	**25,362**	**12,107**	**5,346**	**9,712**	**21,878**	**13,136**	**14,464**	**5,604**	**7,518**	**(4,887)**	**110,241**

[1] Other includes revenues from other mobile and non-mobile services, refer to definitions on page 174.
[2] Other revenue includes mainly lease revenue, see note 18 for more information.

Year 2020

NOK in millions	Norway	Sweden	Denmark	DNA Finland	dtac Thailand	Digi Malaysia	Grameenphone Bangladesh	Pakistan	Other units	Eliminations	Group
Type of good/ services											
Mobile operation	**15,503**	**8,718**	**4,777**	**7,722**	**20,681**	**13,579**	**15,309**	**5,729**	**-**	**(1,089)**	**90,928**
Services	13,263	6,830	3,591	6,123	18,612	12,143	15,295	5,684	-	(1,078)	80,464
Goods	2,240	1,887	1,185	1,599	2,070	1,437	13	45	-	(11)	10,465
Fixed operation	**9,679**	**3,697**	**505**	**2,241**	**-**	**-**	**-**	**-**	**1,845**	**(620)**	**17,346**
Services	9,274	3,675	505	2,241	-	-	-	-	1,845	(529)	17,010
Goods	405	22	-	-	-	-	-	-	-	(92)	336
Other	**712**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**4,345**	**(2,023)**	**3,033**
Services	712	-	-	-	-	-	-	-	4,339	(2,023)	3,027
Goods	-	-	-	-	-	-	-	-	6	-	6
Sum type of goods/services	**25,894**	**12,415**	**5,281**	**9,963**	**20,681**	**13,579**	**15,309**	**5,729**	**6,189**	**(3,733)**	**111,307**
Type of mobile subscription											
Contract	11,452	6,052	3,250	5,579	11,908	5,454	647	179	-	(55)	44,467
Prepaid	154	171	-	220	6,039	6,452	14,604	5,440	-	(342)	32,737
Other [1]	1,658	607	341	324	665	236	45	65	-	(681)	3,259
Sum services in Mobile operation	**13,263**	**6,830**	**3,591**	**6,123**	**18,612**	**12,143**	**15,295**	**5,684**	**-**	**(1,078)**	**80,464**
Timing of revenue recognition											
Over time	23,249	10,506	4,096	8,363	18,612	12,143	15,295	5,684	6,183	(3,630)	100,501
At a point in time	2,645	1,910	1,185	1,599	2,070	1,437	13	45	6	(102)	10,807
Total revenue from contract with customers	**25,894**	**12,415**	**5,281**	**9,963**	**20,681**	**13,579**	**15,309**	**5,729**	**6,189**	**(3,733)**	**111,307**
Other revenue [2]	414	203	27	35	3,022	187	174	151	1,779	(1,460)	4,532
Total revenue	**26,307**	**12,618**	**5,308**	**9,998**	**23,704**	**13,766**	**15,483**	**5,880**	**7,968**	**(5,193)**	**115,839**
Segment revenue as presented in note 5	**26,307**	**12,618**	**5,308**	**9,998**	**23,704**	**13,766**	**15,483**	**5,880**	**7,968**	**(5,193)**	**115,839**

[1] Other includes revenues from other mobile and non-mobile services, refer to definitions on page 174.
[2] Other revenue includes mainly lease revenue, see note 18 for more information.

Type of goods/ services:

Mobile operation:

Services: include revenues from subscription and connection fees, voice and non-voice traffic, interconnect, outbound and inbound roaming, national roaming, telemetric, revenues related to service providers and MVNOs, and other mobile services.

Goods: include revenues from sales of handsets and other customer equipment.

Fixed operation:

Services: include revenues from traffic, subscription and connection fees for PSTN/ISDN and Voice over Internet Protocol (VoIP), revenues from subscription, traffic charges and connection fees for xDSL, cable and fibre, revenues from TV services and data services, and revenues from fixed wholesale and other fixed retail.

Goods: include revenues from sales of customer equipment.

Other includes revenues mainly from non-core services in Other units.

Type of mobile subscription:

Contract includes revenues from subscriptions which are paid according to invoice from the Group. Revenue is recognised over time when or as the Group performs the related services over the agreed service period.

Prepaid includes revenues from subscriptions paid for in advance, except when invoiced in advance by the Group. Revenues are recognised based on usage.

Other includes revenues from other mobile services.

Timing of revenue recognition:

Over time includes revenues from the provision of services recognised over time when or as the Group performs the related services over the agreed service period, by measuring progress towards complete satisfaction of the performance obligation.

At a **point in time** includes revenues from sale of goods recognised at the point in time when the goods are delivered to the customer.

NOTE 7 Costs of materials and traffic charges

NOK in millions	2021	2020
Traffic charges	(12,307)	(12,516)
Cost of materials etc	(16,870)	(16,522)
Total costs of materials and traffic charges	(29,176)	(29,037)

Costs of materials etc includes variable lease expenses, see note 18 for more information.

NOTE 8 Salaries and personnel costs

NOK in millions	2021	2020
Salaries and holiday pay	(9,175)	(9,908)
Social security tax	(913)	(952)
Pension costs including social security tax (note 26)	(1,039)	(1,046)
Share-based payments [1]	(136)	(160)
Other personnel costs	(502)	(508)
Own work capitalised	1,307	1,421
Total salaries and personnel costs	(10,457)	(11,152)

[1] Include expenses related to the Group's employee share programme, and the Group's long term incentive programme for managers and key personnel (please refer to note 35 as well as 11 and 12 of the Board of Directors' report).

The average number of labour-years employed in continuing operations was approximately 16,000 in 2021 and 18,000 in 2020.

NOTE 9 Other operating expenses

NOK in millions	2021	2020
Other cost of premises, vehicles, office equipment etc.	(2,458)	(2,894)
Operation and maintenance	(5,818)	(6,234)
Marketing and sales commission	(5,069)	(5,163)
Advertising	(1,763)	(1,761)
External personnel and consultancy fees	(1,949)	(2,018)
Variable lease expenses [1]	(2,783)	(2,964)
Other [2]	(1,606)	(2,269)
Total other operating expenses	(21,446)	(23,302)

[1] See note 18 for more information.
[2] Includes expenses related to short term and low value leases, see note 18 for more information.

NOTE 10 Other income and other expenses

NOK in millions	2021	2020
Gains on disposals of property, plant and equipment (PPE), right-of-use assets and operations	145	4,366
Other	28	60
Total other income	**173**	**4,426**
Losses on disposals of property, plant and equipment (PPE), right-of-use assets and operations	(499)	(518)
Expenses for workforce reductions, onerous contracts and other	(1,461)	(1,963)
Total other expenses	**(1,960)**	**(2,480)**

For the year 2021, other expenses consisted mainly of a fine from the Norwegian Competition Authority of NOK 788 million, losses on termination of leases in dtac of NOK 138 million, and workforce reductions (of which NOK 338 million in Grameenphone and NOK 168 million in Telenor Norway).

In 2020, total other income consisted mainly of the sale of Tapad of NOK 2.1 billion, the gain on sale and partial leaseback of the headquarter office building at Fornebu, Norway of NOK 1.2 billion, a gain of NOK 538 million from the sale and leaseback of development properties in Norway, and a NOK 310 million adjustment to the gain on the partial disposal of 701Search in 2019. Other expenses were mainly related to a provision of NOK 1.2 billion based on the decision from ESA (see note 34), and workforce reductions (of which NOK 308 million in Telenor Norway, NOK 139 million in Grameenphone, and NOK 110 million in Telenor Sweden).

NOTE 11 Research and development costs

Research and development costs that have been recognised in the income statement amount to NOK 187 million in 2021 (NOK 238 million in 2020). Expensed research and development activities mainly relate to new technologies, digital services and products, 5G projects, security awareness and network optimisation.

NOTE 12 Financial income and expenses

NOK in millions	2021	2020
Interest income on cash and cash equivalents	383	486
Other financial income	183	171
Total financial income	**566**	**657**
Interest expenses on financial liabilities [1]	(2,999)	(3,417)
Other financial expenses	(554)	(664)
Total financial expenses	**(3,553)**	**(4,081)**
Foreign currency gains	3,861	2,649
Foreign currency losses	(4,926)	(1,829)
Net foreign currency gains (losses)	**(1,066)**	**820**
Net change in fair value of financial instruments at fair value through profit or loss	128	(373)
Net change in fair value of hedging instruments and hedged items	(44)	(354)
Net gains (losses and impairment) on financial assets and liabilities	7	(0)
Other changes	**91**	**(727)**
Net financial income (expenses)	**(3,962)**	**(3,331)**

[1] Includes interest expenses on lease liabilities, see note 18 for more information.

In 2021, interest expenses related to interest-bearing debt amounts to NOK 1.7 billion, a decrease of NOK 0.3 billion compared to 2020. This decrease is mainly explained by lower interest rates. Further, interest expenses on lease liabilities amounts to NOK 1.3 billion, a decrease of NOK 0.1 billion compared to 2020.

Net foreign currency losses were NOK 1.1 billion in 2021, compared to gains of NOK 0.8 billion in 2020. The net foreign currency losses in 2021 was mainly related to translation of debt denominated in USD used for economic hedges of assets and USD liabilities in Pakistan. Net foreign currency gains in 2020 was mainly related to funding activities in EUR in the beginning of 2020, this partly offset by net foreign currency losses related to liabilities denominated in USD.

Net change in fair value of financial instruments in 2020 includes a loss of NOK 0.3 billion related to discontinuation of fair value hedge accounting.

NOTE 13 Income taxes

NOK in millions	2021	2020
Profit before taxes	17,084	24,292
Current taxes	(6,524)	(6,198)
Deferred taxes	785	(221)
Income tax expense	**(5,740)**	**(6,419)**

Current taxes in 2021 are impacted by a fine paid by Telenor to NCA for a claim on an alleged breach of the prohibition against abuse of a dominant position (see comments below on NCA case). Current taxes in 2020 were impacted mainly by the sale of Telenor's properties and sale of Tapad, partly offset by the provision for ESA decision against Telenor (see comments below on Provision based on the ESA decision). 2021 deferred taxes decrease is impacted by the foreign currency losses.

Effective tax rate

The table below reconciles the reported income tax expense to the expected income tax expense according to the Norwegian corporate income tax rate of 22%. It also discloses the main elements of the tax expense. Comments are provided on selected line items in the table below.

NOK in millions	2021	2020
Income tax expense at corporate income tax rate in Norway 22%	(3,759)	(5,344)
Effect of tax rates outside Norway different from 22%	(1,148)	(1,328)
Effect of changes in tax rates	(0)	9
Current and deferred taxes on retained earnings and dividend in subsidiaries and associated companies	(98)	(253)
Sale of Telenor properties	-	679
Sale of Tapad	-	201
Provision based on the ESA decision	-	(257)
Fine imposed by NCA	(173)	-
Other items	(590)	(102)
Prior years assessments or adjustments on current tax	23	(69)
Change in previously not recognised deferred tax assets	6	45
Income tax expense	**(5,740)**	**(6,419)**
Effective tax rate in %	**33.6**	**26.4**

Tax rates outside Norway different from 22%

Effects are mainly related to Grameenphone Ltd. (Bangladesh: 40%), Telenor Pakistan (29%) and Digi (Malaysia: 24%) having higher nominal tax rates than the nominal tax rate for Norway. Telenor Sweden (20.6%), DNA (Finland: 20%) and dtac (Thailand: 20%) have lower nominal tax rates.

Effect of changes in tax rates

Sweden enacted a decrease of their corporate income tax rate from 21.4% to 20.6% from 1 January 2021.

Current and deferred taxes on retained earnings and dividend in subsidiaries and associated companies

Includes current taxes on dividends received, as well as change in deferred tax liability (primarily withholding tax) recognised on undistributed earnings in subsidiaries and associated companies outside of Norway. Deferred taxes on retained earnings in foreign subsidiaries are provided for in full as of 31 December 2021 and 2020.

Sale of Telenor's properties

Last year Telenor has carried out an intra-group restructuring where the purpose has been to cultivate the Group's real estate business. As part of the restructuring several sales transactions have been completed, including the sale of the headquarter at Fornebu, Norway.

Sale of Tapad

The tax effect last year of the non-taxable gain on the disposal of Tapad is partly offset by tax on a gain on a related internal loan receivable.

Provision based on the EFTA Surveillance Authority (ESA) decision

The 2020 tax effect relates to NOK 1.2 billion provision for ESA decision against Telenor for abuse of dominant position in the Norwegian mobile broadband market (see note 34).

Fine imposed by the Norwegian Competition Authority (NCA)

In 2021 Telenor paid a fine of NOK 0.8 billion to NCA for a claim from 21 June 2018. The claim relates to an alleged breach of the prohibition against abuse of a dominant position related to the pricing model in one mobile wholesale agreement in the mobile market in the period 2010-2014 (see note 34).

Other items

In 2021 the increase on non-deductible items is partly related to increase of non-deductible sales and marketing costs in Grameenphone. In 2020 non-deductible items are offset by tax credits on network investments in dtac.

Tax losses carried forward

Tax losses carried forward in selected countries expire as follows as of 31 December 2021:

NOK in millions	Denmark	Thailand	Other	Total
2022	-	139	0	139
2023	-	2 063	1	2 064
2024	-	938	1	939
2025	-	305	2	307
2026	-	700	14	714
2027 and later	-	-	334	334
Not time-limited	735	366	242	1 344
Total tax losses carried forward	**735**	**4 512**	**594**	**5 841**
Of which deferred tax assets have not been recognised	146	427	485	1 059
Of which deferred tax assets have been recognised	**589**	**4 085**	**109**	**4 782**

Tax losses carried forward in selected countries expire as follows as of 31 December 2020:

NOK in millions	Denmark	Thailand	Other	Total
2021	-	0	26	26
2022	-	1 821	4	1 825
2023	-	2 223	-	2 223
2024	-	1 012	-	1 012
2025	-	366	-	366
2026 and later	-	-	256	256
Not time-limited	1 026	442	289	1 757
Total tax losses carried forward	**1 026**	**5 863**	**576**	**7 465**
Of which deferred tax assets have not been recognised	153	513	505	1 171
Of which deferred tax assets have been recognised	**873**	**5 351**	**71**	**6 294**

In 2021, tax losses carried forward, before and after valuation allowance, decreased by NOK 1.6 billion and NOK 1.5 billion, respectively, mainly due to utilisation of tax losses in Denmark and Thailand. In 2020, tax losses carried forward, before and after valuation allowance, decreased by NOK 4.1 billion and NOK 2.8 billion, respectively, mainly due to disposal of Tapad, and utilisation of tax losses in Denmark and Thailand.

Tax assets recognised on tax losses carried forward

Thailand and Denmark have recognised tax assets on unused tax losses as the Group expects there will be sufficient future taxable profits available to utilise these losses.

Uncertain tax positions

Pakistan

Telenor Pakistan has received reassessment orders from the Tax Authority concerning deductibility of certain expenses in tax returns and disputing the adjustment of advance income tax paid on import of equipment with a total exposure of NOK 2.5 billion. Telenor Pakistan is of the opinion that the deductibility of these expenses is in accordance with the tax law in Pakistan (also supported by external legal advisors), hence Telenor Pakistan disagrees with the reassessment orders and has challenged the orders, which are pending at various appellate forums.

Norway

In 2012, Telenor ASA recorded a loss on receivables on its Indian subsidiary Unitech Wireless after having repaid, as guarantor, all Unitech Wireless' interest-bearing borrowings, amounting to NOK 10.6 billion. A deferred tax asset of NOK 2.5 billion was recognised. In 2013, after the business transfer from Unitech Wireless to Telenor India was completed, Telenor ASA deducted the actual tax loss of NOK 9.3 billion in its tax return. During 2017 and 2018 Telenor ASA received draft notices of possible reassessment, and Telenor has disclosed an uncertain tax position in its Annual Reports since 2016. On 22 August 2019, Telenor ASA received a reassessment order related to income year 2013, disallowing deduction for the loss Telenor ASA recognised in 2012. Following this reassessment, Telenor ASA recognised a tax expense of NOK 2.5 billion in the third quarter 2019 and paid the amount on 3 October 2019. Telenor ASA disagrees with the tax authorities' position and has appealed the reassessment. In a decision received 10 February 2021 the Tax Appeal Board upheld the reassessment. Telenor ASA appealed the decision to the district court. The court hearing is scheduled from 2 to 9 March 2022.

Tax effect of temporary differences and tax losses carried forward as of 31 December

NOK in millions	2021 Deferred tax assets	2021 Deferred tax liabilities	2021 Of which deferred assets not recognised	2021 Recognised in the income statement	2020 Deferred tax assets	2020 Deferred tax liabilities	2020 Of which deferred assets not recognised	2020 Recognised in the income statement
Tangible and intangible assets	1,861	(11,885)	(80)	571	1,130	(12,487)	(91)	157
Undistributed earnings in foreign subsidiaries and associated companies	-	(344)	-	106	-	(465)	-	(52)
Non-current borrowings	4,920	(169)	-	(807)	6,785	(215)	-	714
Other non-current items	1,262	(1,307)	-	119	1,072	(1,194)	-	135
Total non-current assets and liabilities	8,043	(13,706)	(80)	(12)	8,987	(14,361)	(91)	954
Total current assets and liabilities	2,884	(288)	-	1,021	2,310	(111)	-	(574)
Tax losses carried forward	1,184	-	(216)	(241)	1,516	-	(239)	(613)
Valuation allowance recognised in the income statement				17				12
Deferred tax recognised in the income statement				**785**				**(221)**
Total deferred tax assets/liabilities	**12,111**	**(13,994)**	**(296)**		**12,812**	**(14,472)**	**(330)**	
Net deferred tax assets/liabilities	**-**	**(2,179)**	**-**		**-**	**(1,990)**	**-**	
Of which deferred tax assets	-	2,195		-	-	2,841		-
Of which deferred tax liabilities	-	(4,374)		-	-	(4,831)		-

For 2021, the decrease in deferred tax assets is mainly related to the reclassification of Telenor Myanmar as discontinued operations (see note 4).

Changes in net deferred tax assets/liabilities

NOK in millions	2021	2020
As of 1 January	(1,990)	(2,457)
Recognised in the income statement	785	(221)
Recognised in other comprehensive income	(592)	881
Recognised directly to equity	(14)	(19)
Acquisitions and disposals of subsidiaries	9	(90)
Translation differences on deferred taxes	63	(147)
Discontinued operations	(440)	63
As of 31 December	(2,179)	(1,990)

For 2021, the change of the amount recognised in other comprehensive income between 2021 and 2020 is related to gains on net investment hedges.

NOTE 14 Earnings per share

The calculations of earnings per share attributable to the ordinary equity holders of Telenor ASA are based on the following net income and share data:

Net income

NOK in millions	2021	2020
Net income from continuing operations	8,281	14,155
Net income from discontinued operations	(6,753)	3,186
Net income from total operations	1,528	17,341

Number of shares

In thousands	2021	2020
Weighted average number of shares for the purpose of basic earnings per share	1,399,458	1,407,764

Basic/Diluted earnings per share

NOK	2021	2020
Basic/Diluted earnings per share from continuing operations	5.92	10.05
Basic/Diluted earnings per share from discontinued operations	(4.83)	2.26
Basic/Diluted earnings per share for total operations	1.09	12.32

NOTE 15 Goodwill

NOK in millions	Telenor Sweden	dtac Thailand	DNA Finland	Tapad	Other [1]	Sum
Accumulated cost						
As of 1 January 2020	6,124	3,694	16,396	2,816	1,512	30,541
Translations differences	647	(122)	1,006	200	(4)	1,727
Arising on acquisition of subsidiaries	-	-	-	-	85	85
Derecognised on disposal of subsidiaries and reclassified to assets held for sale	-	-	-	(3,016)	(89)	(3,105)
As of 31 December 2020	6,771	3,572	17,401	-	1,504	29,248
Translations differences	(455)	(249)	(807)	-	(7)	(1,518)
As of 31 December 2021	**6,317**	**3,323**	**16,594**	**-**	**1,497**	**27,730**
Accumulated impairment						
As of 1 January 2020	(251)	-	-	(2,816)	(24)	(3,091)
Translations differences	(27)	-	-	(200)	-	(226)
Derecognised on disposal of subsidiaries and reclassified to assets held for sale	-	-	-	3,016	-	3,016
As of 31 December 2020	(278)	-	-	-	(24)	(301)
Translations differences	19	-	-	-	-	19
As of 31 December 2021	**(259)**	**-**	**-**	**-**	**(24)**	**(283)**
Carrying amount						
As of 31 December 2021	**6,057**	**3,323**	**16,594**	**-**	**1,473**	**27,448**
As of 31 December 2020	6,493	3,572	17,401	-	1,480	28,947

[1] Other includes primarily Digi (Malaysia) and Telenor Norway.

See note 16 for impairment testing.

NOTE 16 Impairment testing

Goodwill acquired through business combinations has been allocated to individual cash-generating units as presented in note 15.

The recoverable amount of assets and companies is the higher of value in use and fair value less cost of disposal. Fair value less cost of disposal derived from quoted market prices as of 31 December 2021 and 2020, has been applied to determine the recoverable amount of the listed cash-generating units with goodwill, Digi and dtac. Digi is listed on the Stock Exchange in Malaysia and dtac is listed on the Stock Exchange in Thailand.

Discounted cash flow models have been applied to determine the value in use for the remaining cash-generating units, based on the most recent financial forecasts approved by management. Management has projected cash flows based on financial forecasts and strategy plans covering the period 2022-2024 and 2022-2026 for DNA. The cash flows beyond the explicit forecast period have been extrapolated into perpetuity using a constant nominal growth rate to arrive at the terminal value. The estimates of value in use have been compared to market valuation and multiples for peers in the telecommunication business for reasonableness.

Key assumptions in the discounted cash flow models used for value in use calculations

Key assumptions used in the calculation of value in use are growth rates, ARPU, EBITDA margins, capital expenses (capex) and discount rates.

Growth rates – The expected growth in revenue, EBITDA, and EBITDA margin for a cash-generating unit is based on historical performance, expected development in the market in which the entity operates and assumptions in terms of development in market share. The growth rates applied in the explicit forecast period converge from its current level experienced over the last few years to the long-term growth level in the market where the entity operates. The growth rates used to extrapolate cash flow projections beyond the explicit forecast period are not higher than the average expected long-term growth in the markets in which the entities operates. In periods with relatively low discount rates, the estimated growth rates used in the projections might be determined significantly below the average expected long term growth observed in the market.

ARPU – Average revenue per subscription per month (ARPU), a key component when estimating revenue growth, is calculated based on mobile revenues from the company's own subscriptions, divided by the average number of subscriptions for the relevant period. ARPU is estimated based on the current ARPU level and expected future market development.

EBITDA margin[1)] – The EBITDA margin is estimated based on the current margin level and expected future market development. Committed or implemented operational efficiency programmes are included. Changes in the outcome of these initiatives may affect future estimated EBITDA margins.

Capital expenses (capex)[1)] **and spectrum licences** – A normalised level of capex as a percentage of revenues (capex/revenues) is assumed in the long run. Changes in traffic volumes and number of subscriptions during a growth phase will affect the future capex/revenues ratio. Estimated capex does not include capex that enhances current performance of assets, or new spectrum. However, renewals of existing spectrum licenses are included in the projections. For renewals of spectrum licenses, the renewal prices are related with uncertainty. To estimate renewal prices Telenor takes into consideration the development in neighbouring countries and more advanced markets.

Discount rates – Discount rates are based on Weighted Average Cost of Capital (WACC) derived from the Capital Asset Pricing Model (CAPM) methodology. The cost is derived from its weighted average cost of capital. In economies where the Group considers risk-free yields to be unreliable, the WACC rates used in discounting the future cash flows are based on a US 30-year risk-free interest rate, adjusted with a country risk premium and the inflation differential between the US and the relevant country. The discount rates consider the debt premium, market risk premium, gearing, corporate tax rate, inflation, and asset beta. For cash-generating units in economies with unstable inflation rates, rolling discount rates are applied.

1) Please refer to page 174 for description of alternative performance measures.

The recoverable amounts for the cash-generating units with significant goodwill have been determined based on the following discount rates and terminal value nominal growth rates for the years 2021 and 2020:

	Discount rate after tax (%)		Discount rate pre-tax (%)		Nominal growth in cash flow in terminal value (%)	
	2021	2020	2021	2020	2021	2020
Telenor Sweden	5.0	5.0	6.4	6.4	0.0	0.0
DNA	5.0	5.0	6.3	6.3	0.75	0.5

In the recoverable amount assessment, the Group has applied estimated cash flows after tax and corresponding discount rates after tax. The recoverable amounts would not change significantly if pre-tax cash flows and pre-tax discount rates had been applied instead.

Impairment in 2021 and 2020

The Group has not recognised any significant impairments in 2021 or 2020, except for the impairment recognised for discontinued operations, see note 4.

Sensitive cash-generating units with significant goodwill

Apart from DNA in Finland, the Group believes that no reasonably possible change in any of the key assumptions used for impairment testing would cause the carrying amounts of the cash-generating units with significant goodwill to exceed recoverable amounts. The recoverable amount of DNA has been estimated based on discounted cash flows from current revenue streams and the estimated recoverable amount exceeds the carrying amount by approximately NOK 4.8 billion. Key assumptions used to determine recoverable amount of DNA are listed in the table below:

Key assumptions in 2021	DNA
Revenue growth during 2022-2026, per cent [1]	1.9
EBITDA growth during 2022-2026, per cent [1]	3.3
EBITDA margin growth from 2022 to 2026, percentage points [2]	0.5
EBITDA margin in the year used as basis for calculation of terminal value, per cent	39.7
Nominal growth in cash flow in terminal value, per cent	0.75
Capex/revenues in the terminal value, per cent	14.3
WACC, per cent	5.0

1) Represents the compound annual growth rate during the period.
2) Represents annual growth during the period.

The Finnish market has historically seen a relatively high growth in subscription and traffic revenues. The expected growth in revenue and EBITDA for DNA reflects expectations of continued upselling of existing customers following the 5G rollout, increased market share within the business segment and higher contribution from value added services, supported by DNA's historical performance and external sources of information. Real GDP growth in the Finnish economy is expected to be between 1.5-2.0 % per year in the medium to long-term period, and inflation is expected to be at comparable level. Capex/revenues in terminal value represent normal investment level after 5G roll-out and is in line with historical levels (excluding spectrum). Spectrum prices are assumed to be in line with historical levels.

The following changes in key assumptions, in isolation, would result in the recoverable amount being approximately equal to the carrying amount. Consequential effects of a change in one key assumption on other key assumptions may occur. Predicting any interaction between them involves significant uncertainties and judgements, and thus has not been done. Changes beyond those described below may lead to impairment:

DNA
Decrease in revenue growth[1] during 2022-2026 by 1.4 percentage points
Decrease in EBITDA growth[1] during 2022-2026 by 1.2 percentage points
Decrease in EBITDA margin growth[2] from 2022 to 2026 by 0.5 percentage points
Decrease in EBITDA margin in the year used as basis for calculation of terminal value by 2.9 percentage points
Decrease in nominal growth in cash flow in terminal value by 0.7 percentage points
Increase in capex/revenues in the terminal value by 2.4 percentage points
Increase in WACC by 0.6 percentage points

3) Represents the compound annual growth rate during the period.
4) Represents annual growth during the period.

Sensitive cash-generating units without goodwill

The recoverable amount of Telenor Pakistan has been estimated based on discounted cash flows from current revenue streams subject to scenario analysis incorporating the uncertainty related to key assumptions; WACC and perpetual growth. The recoverable amount is estimated to be approximately equal to the carrying amount of Telenor Pakistan as of 31 December 2021. Hence, adverse changes in political and/or regulatory development, including unfavourable court decisions, and changes in management's and market participants' evaluations and assumptions, may give rise to impairment being recognised in future periods.

Telenor Pakistan's 900 MHz and 1800 MHz spectrum licence expired on 25 May 2019, and Telenor Pakistan applied for renewal. The renewal fee was set to NOK 4.0 billion by the Pakistan Telecommunication Authority (PTA) for an extension of 15 years. Telenor Pakistan disagrees with the terms and conditions for renewal and has challenged the terms and conditions. The case is now pending in the Supreme Court. In December 2021, Telenor Pakistan signed the licence agreement under protest whilst waiting for the Supreme Court's hearing of the case. Considering the unresolved dispute regarding the license payments, NOK 2.5 billion has been recognised as right-of-use asset. Please see note 34 for more information.

Intangible assets

NOK in millions	Customer base	Trade-marks [1]	Software acquired	Internally generated software	Others	Work in progress [2]	Total
Accumulated cost							
As of 1 January 2020	2,407	6,235	17,451	4,130	1,954	2,282	34,459
Reclassifications [3]	-	-	983	292	73	(1,519)	(171)
Additions	-	-	1,341	-	101	1,078	2,520
Additions internally developed	-	-	-	285	13	-	297
Additions through acquisition of subsidiaries	3	-	-	44	-	-	47
Translation differences	150	200	295	135	129	58	967
Derecognition	-	(63)	(308)	(632)	(173)	(4)	(1,180)
As of 31 December 2020	2,560	6,372	19,762	4,253	2,097	1,894	36,938
Reclassifications [3]	-	-	1,386	700	(423)	(2,053)	(391)
Additions	-	-	1,111	-	99	1,379	2,589
Additions internally developed	-	-	-	219	8	-	227
Additions through acquisition of subsidiaries	-	-	-	-	-	-	-
Translation differences	(114)	(331)	(518)	(103)	(92)	(40)	(1,199)
Derecognition	(77)	-	(871)	(392)	(250)	(1)	(1,592)
Reclassified to assets held for sale	-	-	(361)	-	-	-	(361)
As of 31 December 2021	2,369	6,041	20,510	4,677	1,438	1,178	36,212
Accumulated amortisation and impairment							
As of 1 January 2020	(726)	(3,080)	(14,173)	(3,568)	(1,533)	(8)	(23,090)
Amortisation - continuing operations	(295)	-	(2,144)	(424)	(223)	-	(3,086)
Amortisation - discontinued operations	-	-	(53)	-	-	-	(53)
Impairment - continuing operations	-	-	-	(8)	-	(3)	(11)
Translation differences	(43)	(6)	(213)	(96)	(122)	-	(479)
Derecognition	-	-	274	543	175	8	1,000
As of 31 December 2020	(1,064)	(3,086)	(16,309)	(3,552)	(1,703)	(2)	(25,716)
Reclassifications [3]	-	-	-	(40)	230	-	190
Amortisation - continuing operations	(247)	-	(2,129)	(504)	(188)	-	(3,069)
Amortisation - discontinued operations	-	-	(10)	-	-	-	(10)
Impairment - discontinued operations	-	-	(140)	-	-	-	(140)
Translation differences	50	178	420	62	88	-	798
Derecognition	77	-	855	383	250	2	1,569
Reclassified to assets held for sale	-	-	361	-	-	-	361
As of 31 December 2021	(1,184)	(2,907)	(16,954)	(3,651)	(1,323)	-	(26,018)
Carrying amount							
As of 31 December 2021	1,185	3,134	3,556	1,026	115	1,178	10,195
As of 31 December 2020	1,496	3,286	3,453	702	394	1,892	11,222
Amortisation periods in years	3-20	-	3-10	3-5	3-5	-	-

1) Trademarks have indefinite useful lives.
2) The Additions line items represent net additions of work in progress during the financial year. Work in progress capitalised and activated within the same financial year is shown as Additions in the relevant asset categories in this table.
3) Including reclassifications to/from other lines in the statement of financial position which are not a part of this table.

Leases

Group as lessee

The Group recognise lease liabilities related to lease payments over the lease term with corresponding right-of-assets under all lease agreements where the Group is a lessee. In addition, the right to use the underlying spectrum is accounted for as a lease. For information on judgement applied when evaluating lease term of contracts with renewal or termination options, see note 3.

Right-of-use assets

Right-of-use assets are classified based on the nature of underlying assets as follow:

NOK in millions	Spectrum licences [1]	Network passive infra-structure	Cables	Land	Buildings	Others	Total
Accumulated cost							
As of 1 January 2020	48,471	16,525	5,305	4,814	2,869	109	78,091
Additions	5,495	4,256	378	1,620	1,772	48	13,570
Additions through acquisition of subsidiaries	2	-	-	-	-	-	2
Derecognition	(84)	(624)	(98)	(416)	(550)	(46)	(1,818)
Disposal of companies	-	-	-	(13)	(59)	-	(72)
Reclassifications	1	285	(29)	(234)	42	-	64
Translation differences	(461)	22	295	(152)	92	5	(199)
As of 31 December 2020	53,423	20,464	5,851	5,618	4,167	116	89,638
Additions	4,403	2,999	213	748	452	200	9,015
Derecognition	(93)	(1,121)	(191)	(453)	(348)	(40)	(2,246)
Reclassifications	(2)	(326)	-	238	87	-	-
Translation differences	(2,930)	(1,405)	(415)	(299)	(157)	-	(5,207)
Reclassified to assets held for sale	(4,563)	(4,414)	(1,403)	(105)	(102)	(6)	(10,594)
As of 31 December 2021	50,237	16,197	4,054	5,747	4,099	270	80,604
Accumulated depreciation							
As of 1 January 2020	(13,133)	(2,503)	(1,430)	(893)	(712)	(40)	(18,711)
Amortisation - continuing operations	(3,103)	(2,470)	(525)	(1,027)	(765)	(44)	(7,933)
Amortisation - discontinued operations	(466)	(739)	(191)	(26)	(24)	(3)	(1,448)
Derecognition	79	318	44	253	180	42	916
Disposal of companies	-	-	-	6	26	-	32
Reclassifications	124	6	(145)	(15)	(17)	-	(47)
Translation differences	234	112	(26)	56	(10)	(1)	365
As of 31 December 2020	(16,264)	(5,276)	(2,272)	(1,646)	(1,321)	(46)	(26,826)
Amortisation - continuing operations	(3,348)	(2,830)	(487)	(1,007)	(715)	(61)	(8,448)
Amortisation - discontinued operations	(93)	(405)	(126)	(10)	(10)	(1)	(645)
Impairment - discontinued operations	(2,542)	-	-	-	-	-	(2,542)
Reassessment of RoU assets - discontinued operations	(136)	(2,103)	(720)	(47)	(40)	(1)	(3,047)
Derecognition	93	572	180	278	312	34	1,469
Reclassifications	(3)	15	(2)	4	(14)	-	-
Translation differences	795	391	121	92	69	3	1,472
Reclassified to assets held for sale	4,543	3,651	1,150	89	88	5	9,526
As of 31 December 2021	(16,954)	(5,986)	(2,156)	(2,247)	(1,631)	(67)	(29,040)
Carrying amount							
As of 31 December 2020	37,159	15,188	3,579	3,972	2,845	70	62,813
As of 31 December 2021	33,283	10,211	1,898	3,500	2,467	203	51,565
Weighted average remaining lease term							
As of 31 December 2020 [1]	-	6	7	5	9	3	-
As of 31 December 2021 [1]	-	5	7	5	9	2	-
Related lease liability disaggregated per class of right-of-use assets							
As of 31 December 2020	17,047	15,071	2,966	5,189	4,535	75	44,882
As of 31 December 2021	14,760	10,134	1,460	4,499	4,024	201	35,077

1) See table below for overview spectrum licences, including lease term.

For lease of network passive infrastructure (lease of tower space in networks and lease of part of buildings for own towers), land for own sites or towers and lease of buildings for office spaces, equipment and retail stores, lease agreements generally contain termination options or renewal options. These options are used to limit the period to which the Group is committed to individual lease contracts and to maximise operational flexibility in terms of dynamic network requirements. The Group has determined the lease term as the non-cancellable term of the lease, together with any periods covered by an option to extend the lease on the same terms and conditions, if it is reasonably certain to exercise the option, or periods covered by an option to terminate the lease, if it is reasonably certain not to exercise the option. The remaining non-cancellable period for lease contracts under network passive infrastructure is 3 years on average, a reduction of 2 years from 2020 which is mainly due to exclusion of Myanmar from 2021 calculation and reduction of non-cancellable period after modifications of CAT lease agreement in Thailand. The non-cancellable period for lease contracts related to land is 2 years on average, which is mainly driven by non-cancellable lease agreements in Thailand.

On 1 February 2021, a state of emergency was declared under military leadership in Myanmar. Due to worsening of the economic and business environment outlook and a deteriorating security and human rights situation, Telenor saw limited prospects of improvement going forward. As a consequence, Telenor made an impairment of the right of use assets and at the same time reassessed the lease term of all the lease agreements in Myanmar, limiting the lease term to one year. Please see note 4 for further information.

The additions of spectrum licences in 2021 were primarily related to renewal of spectrum under the 900 MHz and 1800 MHz bands in Pakistan, acquisition of spectrum under 1800 MHz and 2100 MHz bands in Grameenphone, 3500 MHz band in Sweden and 3500 MHz and 26 GHz bands in Denmark. The additions of spectrum licences in 2020 were primarily related to acquisition of spectrum under the 700 MHz and 26 GHz bands in dtac, 900 MHz band in Denmark (the licences are held by TT Netværket), and 26 GHz band in DNA.

In 2021, the additions in network passive infrastructure were mainly related to site leases from towerco in Grameenphone, CAT equipment in dtac, tower spaces and part of building for own towers in Digi and Telenor Norway. The additions in cables were mainly in Sweden. The additions in building were mainly related to dtac and Telenor Infra. The additions in land were mainly related to land for own sites in dtac, Digi and Pakistan.

In 2020, the additions in network passive infrastructure were mainly related to tower spaces and part of building for own towers in DNA, Digi, Myanmar, and Telenor Norway. The additions in cables were mainly in Myanmar and Sweden. The additions in building were mainly related to dtac and leaseback of Fornebu headquarters in Norway (see more information related to the sale and leaseback transaction below). The additions in land were mainly related to land for own sites or towers in dtac, Digi and Pakistan.

For lease of spectrum, the agreements are generally non-cancellable. The Group has not considered periods covered by renewal options even if in some agreements the option to renew exists, given the uncertainty around terms and conditions of renewal of licences.

The following table sets forth the spectrum licences that the Group holds as of 31 December 2021:

Spectrum (MHz)	Bandwidth (MHz)	Spectrum expiration
Telenor Norway		
700	2x10	2039
800	2×10	2033
900	2×15	2033
1800	2×10 + 2×20	2028/2033
2100	2×20	2032
2600	2×40	2022
2600	2×40	2042
3500	120	2042
Telenor Sweden		
700	2×10 [1)]	2040
800	2×10 [1)]	2035
900	2×6a) + 2×5	2025
1800	2×20 + 2×10 [1)]	2027/2037
2100	2×19.8 + 1×5	2025
2600	2×40 1)	2023
3500	100 [1)]	2045
Telenor Denmark		
700	2x5 [2)]	2040
800	2×10 [2)]	2034
900	2×10 [2)]	2034
1500	45 2)	2042
1800	2×25 [2)]	2032
2100	2×15 + 1×5	2022
2100	2x20 [2)]	2042
2600	2×20 + 1×10	2030
3500	140 [2)]	2042
26000	600 [2)]	2042
DNA, Finland		
700	2x10	2033
800	2x10	2033
900	2x11.6	2033
1800	2x24.8	2033
2100	2x19.8	2033
2600	2x20	2029
3500	1x130	2033
26000	1x800	2033
dtac, Thailand		
700	2x10	2035
900	2×5 [3)]	2033
1800	2×5	2033
2100	2×15	2027
2300	1×60 [4)]	2025
26000	1x200	2035
Digi, Malaysia		
900	2×5	2032
1800	2×20	2032
2100	2×15	2034
2600	2×10 [5)]	2022
2600	2×10	2022
Grameenphone, Bangladesh		
900	2×7.4	2026
1800	2×7.2 + 2×7.4 +2x0.4	2026
1800	2×5	2033
2100	2×10	2026
2100	2×10	2028
Telenor Pakistan		
850	2×10	2031
900	2×4.8	2034
1800	2×8.8	2034
2100	2×5	2029
Telenor Myanmar - Assets held for sale		
900	2×5	2029
900	2×2.2	2023
1800	2×20	2029
2100	2×10+2×5	2029

1) The licences are held by Net4Mobility (a joint operation with Tele 2 owned 50% by the Group).
2) The licences are held by TT Netværket (a joint operation with Telia, owned 50% by the Group).
3) As a part the 900 MHz spectrum licencing conditions, dtac is entitled to use spectrum under the 850 MHz band before fully switching to the spectrum in the 900 MHz band.
4) The spectrum is held under capacity agreement with TOT and therefore, is not part of right-of-use assets.
5) The spectrum is held under agreement with Altel.

Telenor Pakistan's 900 MHz and 1800 MHz spectrum licence expired on 25 May 2019, and the renewal fee was set to NOK 4.0 billion (USD 449 million) by the Pakistan Telecommunication Authority (PTA) for an extension period of 15 years. Telenor Pakistan disagrees with the terms and conditions for renewal, primarily on the price. Telenor Pakistan believes that the renewal price should have been NOK 2.5 billion (USD 291 million), which is the same as for prior renewals for other operators. Accordingly, Telenor Pakistan challenged the terms and conditions for renewal of said licence in Islamabad High Court. On 19 July 2021, the High Court decided the case in Telenor's disfavor. Telenor Pakistan appealed the case to the Supreme Court on 31 August 2021. In December 2021, Telenor Pakistan signed the licence under protest whilst waiting for the Supreme Court's hearing of the case. Telenor Pakistan has paid a total of NOK 2.8 billion (USD 314 million excl. interest) of the demanded licence renewal fee, which is considered adjustable against the final outcome of the case. Considering the unresolved dispute regarding the license payments, NOK 2.5 billion has been recognised as right-of-use asset representing the in substance fixed lease payments, and NOK 0.3 billion has been recognised as prepayment.

Lease liabilities

Lease liabilities measured at amortised cost:

	2021			2020		
NOK in millions	Current	Non-current	Total	Current	Non-current	Total
Lease liability related to spectrum licences	2,264	12,496	14,760	3,601	13,446	17,047
Lease liability related to other lease contracts	4,713	15,604	20,317	5,697	22,138	27,835
Total lease liabilities	**6,977**	**28,101**	**35,077**	**9,298**	**35,584**	**44,882**

The distribution of lease liabilities per currency and subsidiary as of 31 December 2021 is as follow:

		2021			2020		
NOK in millions	Currency	Spectrum licences	Other lease contracts	Total	Spectrum licences	Other lease contracts	Total
Subsidiary							
dtac	THB	9,350	5,062	14,412	11,718	6,411	18,128
Digi	MYR	1,776	3,428	5,204	1,892	3,587	5,479
Grameenphone	BDT	1,230	2,059	3,289	562	1,505	2,066
Myanmar	MMK	-	-	-	220	4,595	4,814
Myanmar	USD	-	-	-	-	773	773
Pakistan	PKR	-	2,339	2,339	-	2,546	2,546
Pakistan	USD	88	-	88	343	-	343
Norway	NOK	1,401	351	1,752	1,560	714	2,274
Sweden	SEK	36	1,875	1,912	42	2,407	2,449
Denmark	DKK	585	569	1,154	285	686	971
Finland	EUR	294	1,589	1,883	426	1,768	2,193
Other units	NOK	-	3,044	3,044	-	2,844	2,844
Total subsidiaries		**14,760**	**20,317**	**35,077**	**17,047**	**27,835**	**44,882**

The lease liabilities maturity profile is as follow:

NOK in millions	Total as of 31.12.21	< 1 year	2 years	3 years	4 years	5 years	6 years	7 years	8 years	9 years	10 years	>10 years
Lease liabilities - spectrum licences	14,760	2,264	1,812	1,852	1,839	1,864	1,768	800	798	811	352	600
Lease liabilities - other lease contracts	20,317	4,713	3,752	3,650	2,944	1,995	796	465	316	226	161	1,299
Sum of lease liabilities	**35,077**	**6,977**	**5,564**	**5,503**	**4,783**	**3,858**	**2,565**	**1,265**	**1,114**	**1,037**	**514**	**1,899**
Future interest payments	4,672	1,158	927	744	562	404	277	192	151	114	80	63
Total including future interest	**39,749**	**8,135**	**6,491**	**6,247**	**5,345**	**4,263**	**2,842**	**1,457**	**1,264**	**1,151**	**594**	**1,961**

NOK in millions	Total as of 31.12.20	< 1 year	2 years	3 years	4 years	5 years	6 years	7 years	8 years	9 years	10 years	>10 years
Lease liabilities - spectrum licences	17,047	3,601	1,863	1,779	1,772	1,768	1,805	1,848	806	803	298	704
Lease liabilities - other lease contracts	27,835	5,696	4,977	4,401	3,857	3,382	2,144	874	498	331	161	1,513
Sum of lease liabilities	**44,882**	**9,298**	**6,840**	**6,180**	**5,629**	**5,150**	**3,950**	**2,723**	**1,304**	**1,134**	**459**	**2,217**
Future interest payments	6,077	1,501	1,187	959	753	565	393	261	171	127	89	74
Total including future interest	**50,959**	**10,795**	**8,027**	**7,139**	**6,381**	**5,715**	**4,343**	**2,984**	**1,474**	**1,261**	**548**	**2,291**

Cash payments made relating to lease contracts are presented below:

NOK in millions	Classification in cash flow statement	2021	2020
Payments of lease liabilities – principal portion	Financing activities	8,826	9,029
Payments of lease liabilities – interest portion	Operating activities	1,029	2,108
Payments of variable, short term and low value leases	Operating activities	3,540	3,800
Prepayments made at or before lease	Investing activities	1,202	984
Total cash outflow		14,597	15,922

Repayments of the principal portion related to total lease liabilities in 2021 of NOK 8.8 billion (NOK 9.0 billion in 2020) include instalment payment of spectrum licences of NOK 2.9 billion (NOK 3.6 billion in 2020) and repayments of other leases of NOK 6.0 billion (NOK 5.4 billion in 2020). During 2021, the instalment payments of spectrum licences were mainly in dtac, Norway and Pakistan whereas in 2020 it was mainly in dtac, Pakistan and Digi. Lease payments related to other lease contracts were mainly in dtac, Sweden, Digi, Myanmar, Pakistan and DNA in 2021 whereas in 2020 it was mainly in dtac, Sweden, Digi, and Myanmar.

Repayments of the interest portion of total lease liabilities in 2021 of NOK 1.0 billion include repayments of interest related to spectrum licences of NOK 0.3 billion (NOK 0.9 billion in 2020) and repayments of interest related to other lease contracts of NOK 0.7 billion (NOK 1.2 billion in 2020).

Payments of variable, short term and low value leases of NOK 3.5 billion include variable lease payments of NOK 3.2 billion and payments of short term and low value leases of NOK 0.3 billion.

Prepayments of investing activities of NOK 1.2 billion in 2021 mainly related to payments made at or before acquisition of spectrum licences of NOK 0.4 billion in Sweden for the bands of 3500 MHz and NOK 0.4 billion in Grameenphone for the bands 1800 MHz and 2100 MHz.

Expenses recognised in the income statement related to lease contracts are presented below:

NOK in millions	Classification in income statement	2021	2020
Depreciation of right-of-use assets	Depreciation and amortisation	8,448	7,933
Interest expenses on lease liabilities	Financial expenses (note 12)	1,286	1,426
Variable lease expenses not dependant on index or rate	Other operating expenses (note 9)	2,783	2,964
Variable lease expenses not dependant on index or rate	Cost of materials and traffic charges (note 7)	116	168
Expenses relating to short term leases	Other operating expenses (note 9)	244	231
Expenses relating to low value leases	Other operating expenses (note 9)	12	14
Total		12,889	12,736

Variable lease expenses of NOK 2.9 billion (NOK 3.1 billion in 2020) recognised in other operating expenses include NOK 2.5 billion (NOK 2.7 billion in 2020) related to spectrum and NOK 0.4 billion (NOK 0.4 billion in 2020) related to other lease contracts. Variable lease expenses related to spectrum agreements vary mainly with revenue, as a significant part of the expenses are based on share of revenues under the agreements. Variable lease expenses related to other lease contracts of NOK 0.4 billion (0.4 billion NOK in 2020) represent energy charges paid to lessors as part of the lease agreements for some mobile sites, and the expenses vary with the consumption of energy on those mobile sites.

Sale and leaseback in 2020

As part of the Group's continued simplification program, the Group entered into two sale and leaseback transactions related to the headquarter office building at Fornebu, Norway, and development properties in Norway that will not be needed once the planned copper net decommissioning is completed.

Headquarter office building at Fornebu:

The Group disposed of its ownership of the headquarter office building at Fornebu, Norway, with a carrying amount of NOK 1.9 billion for a sale consideration of NOK 4.9 billion. Upon closing of the transaction, the Group entered into several lease agreements with Snarøyveien 30 AS for leasing back office space for parts of the building. The non-cancellable period under the lease agreements is between 7-15 years, with a lease term of 7-25 years. A lease liability of NOK 2.4 billion was recognised, and a right-of-use asset amounting to NOK 1.0 billion was recognised at the proportion of the previous carrying amount of the building that relates to the right-of-use retained by the Group. Consequently, a gain of NOK 1.2 billion (note 10) was recognised in the income statement which relates to the rights transferred. Under the lease agreements, in addition to the repayment of lease liability along with interest, the Group will make variable lease payment to the lessor for its share of common costs related to the use of the building.

Development properties:
The Group disposed of its ownership of several development properties in Norway with a carrying amount of NOK 0.1 billion for a sale consideration of NOK 0.9 billion. Upon closing of the transaction, the Group entered into lease agreements for leasing back those properties in their entirety for a period of 5 years. After the initial lease period, Telenor will rent small and limited areas to host fibre and mobile equipment. The non-cancellable period and lease term under these lease agreements are 5 years. A lease liability of NOK 0.2 billion was recognised, and a right-of-use asset amounting to NOK 24 million was recognised at the proportion of the previous carrying amount of the building that relates to the right-of-use retained by the Group. Consequently, a gain of NOK 0.5 billion (note 10) was recognised in the income statement which relates to the rights transferred.

Group as lessor

Operating leases

The Group has operating lease arrangements in which it is a lessor, mainly related to passive infrastructure sharing with other telecommunication operators. The Group has classified these leases as operating leases because they do not transfer substantially all the risks and rewards incidental to ownership of the underlying assets.

Revenue of NOK 4.9 billion (NOK 4.5 billion in 2020) (note 6) recognised in the income statement includes variable lease revenue of NOK 65 million (NOK 60 million in 2020) primarily relating to energy charges received from lessees based on the consumption.

The following table sets forth the maturity analysis of minimum lease payments to be received in nominal terms after the reporting date:

NOK in millions	2021	2020
Less than 1 year	4,919	4,599
1 to 2 years	4,478	3,917
2 to 3 years	4,438	3,851
3 to 4 years	2,658	3,679
4 to 5 years	400	1,256
After 5 years	504	127
Total	**17,397**	**17,430**

Finance leases

The Group has recognised receivables at present value of future lease payments to be received in lease arrangements where the Group has transferred substantially all the risks and rewards incidental to ownership of the underlying assets to the lessee.

	2021			2020		
NOK in millions	Current	Non-current	Total	Current	Non-current	Total
Sublease of land	329	1,203	1,533	375	1,565	1,940
Lease of satellite	94	153	247	98	245	343
Total finance lease receivables	**423**	**1,356**	**1,779**	**474**	**1,810**	**2,283**

During 2021, the Group recognised interest income of NOK 73 million (NOK 99 million in 2020) (note 12) related to finance lease receivables.

Sublease of land in Thailand
Dtac has Tower Service Agreement with CAT and under the agreement, dtac transferred towers that dtac procured under the concession agreement to operate and to provide cellular telephonic service and entered into lease agreement to use the towers. The right to use towers from CAT was recognised as right-of-use asset with corresponding lease liability. Under the agreement, dtac shall itself have lease agreements for the land with landowners and shall receive compensation from CAT for this. dtac recognised lease agreements as a lessee with the landowners for the land related to transferred towers to CAT with related lease liabilities. Right-of-use assets related to land was derecognised on 1 January 2019 based on the sublease arrangement with CAT and a finance lease receivable was recognised with reference to the tenure of the agreement with CAT.

Lease of satellite
The Group entered into a long-term lease with UPC on 1 April 2017 for the lease of 9 transponders on Thor 6, where the final payment from UPC will be made in January 2025. According to the agreement, substantially all the risks and rewards related to Thor 6 are transferred to UPC, and accordingly a finance lease receivable was recognised at present value, which represents the deferred payments to be received until January 2025.

The following table sets forth the maturity analysis of lease receivables:

NOK in millions	2021	2020
Less than 1 year	438	493
1 to 2 years	449	459
2 to 3 years	415	460
3 to 4 years	360	445
4 to 5 years	269	391
After 5 years	-	275
Total undiscounted lease payments receivable	**1,931**	**2,523**
Unearned interest income	(152)	(240)
Net investment in leases	**1,779**	**2,283**

NOTE 19 Property, plant and equipment

NOK in millions	Local, regional and trunk networks	Mobile telephone network	Subscriber equipment	Switches and equip-ment	Radio installa-tions	Cable-TV equipment	Buildings	Land	Corporate adminis-trative assets	Satellites	Work in progress [1]	Total
Accumulated cost												
As of 1 January 2020	60,458	37,759	1,758	17,304	44,326	6,286	11,960	1,060	11,467	5,021	7,364	204,764
Reclassifications [2]	1,173	2,123	141	507	1,879	87	(103)	2	477	-	(6,178)	107
Additions	2,796	1,554	864	310	2,092	107	98	9	866	-	5,573	14,269
Additions through acquisition of subsidiaries	-	-	-	-	1	-	-	-	2	-	-	3
Translation differences	828	246	81	163	(296)	85	(27)	(17)	100	-	88	1,252
Derecognitions	(1,007)	(1,357)	(194)	(2,499)	(1,278)	(63)	(4,699)	(367)	(1,528)	-	(33)	(13,026)
As of 31 December 2020	64,248	40,324	2,651	15,785	46,725	6,502	7,229	686	11,383	5,021	6,814	207,369
Reclassifications [2]	1,890	3,014	195	484	3,270	84	(560)	3	(106)	-	(7,839)	436
Additions	1,653	792	752	367	1,784	65	35	2	703	(14)	8,749	14,888
Translation differences	(1,187)	(1,685)	(65)	(403)	(1,920)	(59)	(127)	(28)	(381)	-	(223)	(6,079)
Derecognitions	(869)	(1,645)	(504)	(1,219)	(2,271)	(28)	(155)	(3)	(872)	-	(7)	(7,574)
Reclassified to assets held for sale	(2,064)	(1,564)	(1)	(484)	(3,751)	(272)	(36)	-	(465)	-	(167)	(8,804)
As of 31 December 2021	63,671	39,236	3,028	14,530	43,837	6,293	6,386	660	10,262	5,007	7,326	200,235
Accumulated depreciation and impairment												
As of 1 January 2020	(37,901)	(20,794)	(915)	(14,620)	(24,257)	(3,836)	(7,516)	(15)	(8,497)	(3,233)	-	(121,585)
Reclassifications [2]	140	256	-	(81)	(488)	(1)	34	11	176	-	-	48
Depreciation - continuing operations	(2,909)	(3,703)	(655)	(1,105)	(4,952)	(432)	(376)	-	(937)	(209)	-	(15,279)
Depreciation - discontinued operations	(224)	(207)	-	(75)	(664)	-	(5)	-	(80)	-	-	(1,254)
Impairment - continuing operations	-	-	-	-	(2)	-	-	-	-	-	-	(2)
Translation differences	(245)	(187)	(56)	(138)	235	(46)	35	-	(38)	-	-	(440)
Derecognition	972	1,196	194	2,377	1,215	63	3,030	-	1,463	-	-	10,510
As of 31 December 2020	(40,166)	(23,439)	(1,431)	(13,642)	(28,912)	(4,252)	(4,798)	(4)	(7,914)	(3,442)	-	(128,001)
Reclassifications [2]	(402)	(448)	(9)	(2)	(397)	-	381	1	641	-	-	(236)
Depreciation - continuing operations	(2,959)	(3,648)	(823)	(806)	(4,534)	(395)	(250)	-	(729)	(206)	-	(14,351)
Depreciation - discontinued operations	(43)	(38)	-	(9)	(136)	-	(1)	-	(17)	-	-	(245)
Impairment - discontinued operations	(641)	(817)	-	(43)	(1,488)	-	(15)	-	(215)	-	(176)	(3,395)
Translation differences	503	935	48	325	1,180	38	74	1	227	-	-	3,331
Derecognition	862	1,559	504	1,218	2,257	27	123	-	811	-	-	7,361
Reclassified to assets held for sale	1,463	1,562	1	484	3,746	135	36	-	465	-	176	8,067
As of 31 December 2021	(41,383)	(24,335)	(1,711)	(12,475)	(28,283)	(4,447)	(4,451)	(2)	(6,733)	(3,648)	-	(127,468)
Carrying amount												
As of 31 December 2021	22,287	14,901	1,317	2,055	15,554	1,846	1,935	658	3,529	1,359	7,326	72,767
As of 31 December 2020	24,081	16,885	1,220	2,143	17,812	2,250	2,431	682	3,469	1,579	6,814	79,367
Depreciation periods, years [3]	3-30	5-20	3	3-7	5-15	3-15	5-30	-	2-10	17	-	-

1) The Additions line items represent net additions of work in progress during the financial year. Work in progress capitalised and activated within the same financial year is shown as Additions in the relevant asset categories in this table.

2) Including reclassifications to/from other lines in the statement of financial position which is not a part of this table.

3) Asset categories presented in this movement schedule is an aggregated total from different asset components belonging to a particular category, and the disclosed depreciation rates represent a range of useful lives allocated to components.

NOTE 20 Associated companies and joint arrangements

Associated companies and joint ventures

NOK in millions	2021	2020
Balance as of 1 January	**6,417**	**4,299**
Additions	393	4,043
Disposals	3	(142)
Share of net income (losses) [1]	(480)	(414)
Share of other comprehensive income	79	-
Dividends received [2]	(532)	(1,211)
Translation differences	(198)	(157)
Balance as of 31 December	**5,683**	**6,417**
Of which investment in Telenor Microfinance Bank Limited [3]	952	980
Of which investment in Carousell [4]	2,619	2,669
Of which investment in Allente	1,420	1,978
Of which investment in others	692	790

1) Share of net income (loss) includes the Group's share of net income (loss) after taxes, amortisation of excess values, impairments, and adjustment for differences in accounting policies.
2) Of which NOK 0.5 billion from Allente in 2021 and NOK 1.2 billion in 2020.
3) Of which allocated to goodwill NOK 0.9 billion in 2021 and NOK 0.9 billion in 2020.
4) Of which allocated to goodwill NOK 2.1 billion in 2021 and NOK 2.2 billion in 2020.

During 2021, the Group injected NOK 0.3 billion representing its proportionate share of the capital into Telenor Microfinance Bank Limited (TMB). Share of net loss for 2021 includes the Group's share of losses related to TMB of NOK 0.3 billion (NOK 0.3 billion in 2020).

As announced on 22 October 2019, the Group entered into an arrangement with Nordic Entertainment Group (NENT) to combine their satellite-based entertainment businesses in a joint venture to extract synergies and deliver enhanced customer experience. The arrangement was approved by the European Commission on 30 April 2020 and the transaction was closed on 5 May 2020. Accordingly, the Group disposed of Canal Digital as a subsidiary and recognised its 50% share of the joint venture Allente at fair value of NOK 3.1 billion with a gain of NOK 1.7 billion recognised during the second quarter of 2020.

During 2020, the Group`s economic interest increased from 32.4% to 36.3% for correction of employee share options in Carousell and an additional gain of NOK 310 million on disposal of 701Search as a subsidiary was recognised. Following the capital investment in Carousell by consortium led by Naver during 2020, the Groups economic interest was reduced from 36.3% to 35.2%. Further, the Group exchanged its 11.3% ownership interest in associated company Silver Indonesia for additional 2.2% interest in Carousell and recognised a gain of NOK 55 million. As of 31 December 2020, the Group's economic interest in Carousell stands at 37.4%. During the third quarter of 2021, new capital of USD 100 million was raised by Carousell leading to the dilution of Group`s economic interest in Carousell to 33.6% as of 31 December 2021. The gain of NOK 21 million was recognised in 2021.

Allente

Allente Group AB (Allente) is a joint venture where the Group controls 50% of the shares and the voting rights. The joint venture is accounted for using the equity method. Allente is a Nordic TV distributor broadcasting via satellite and internet TV, to customers within Norway, Sweden, Denmark, and Finland. Allente was established in May 2020 through a merger between the former Group subsidiary Canal Digital and Nordic Entertainment Group (NENT).

The following table sets forth summarised financial information of Allente, and reconciliation with the carrying amount of the investment for the Group:

NOK in millions	2021	2020
Statement of comprehensive income		
Revenue	6,826	4,699
EBITDA	593	620
Depreciation and amortisation	(663)	(515)
Net financial items	-	(4)
Income tax expense	46	(58)
Net income	(25)	43
Other comprehensive income(loss)	148	12
Total comprehensive income (loss)	123	55
Group's ownership in %	50	50
Group's share of net income (loss) from continuing operations	**(12)**	**21**
Group's share of other comprehensive income (loss)	74	6
Group's share of total comprehensive income (loss)	**61**	**28**

NOK in millions	2021	2020
Statement of financial position		
Non-current assets	**4,910**	5,553
Current assets excluding cash and cash equivalents	**1,647**	1,662
Cash and cash equivalents	**191**	1,297
Non-current non-interest-bearing liabilities	**(514)**	(599)
Non-current interest-bearing liabilities	**(2,252)**	(2,610)
Current non-interest-bearing liabilities	**(1,940)**	(2,203)
Total equity	**2,042**	**3,101**
Group's share of equity	**1,021**	1,550
Goodwill related to the Group's investment	**399**	428
Carrying amount of investment	**1,420**	1,978
Dividends received	**501**	1,209

Malaysia and Thailand

In June 2021, the Group and Axiata Group Berhad announced that they have entered into an agreement to merge Digi and Celcom Axiata Berhad in Malaysia. The transaction is subject to approvals by shareholders and customary regulatory approval. If the merger is completed, the merged company will be accounted for as an associated company in the financial statements of the Group.

In February 2022, dtac and True Corporation ("True") announced that they have entered into an agreement to merge the two companies in Thailand. The transaction is subject to approvals by shareholders and customary regulatory approval. If the merger is completed, the merged company will be accounted for as an associated company in the financial statements of the Group. See note 38.

Joint operations

The Group is part of four joint arrangements for networks sharing in Sweden, Denmark, and Finland. These joint arrangements are structured through separate vehicles. The activities are designed for the provision of output to the investors and hence these arrangements are classified as joint operations.

Joint Operation	Description	Ownership interest in %
3G Infrastructure Services	Joint operation with the mobile operator 3 in Sweden [1]	**50**
Net4Mobility HB	Joint operation under partnership agreement with the mobile operator Tele2 Sverige AB in Sweden [1]	**50**
TT Netværket P/S	Joint operation with the mobile operator TeliaSonera Mobile Holding AB in Denmark	**50**
Suomen Yhteisverkko Oy	Joint operations with mobile Operator Telia Finland Oy in Finland [2]	**49**

[1] Under Swedish law, all partners in a partnership are jointly and severally liable for all obligations in a partnership.
[2] According to the shareholder's agreement, both partners in are jointly and severally liable for all obligations in the joint undertaking.

NOTE 21 Trade and other receivables

NOK in millions	Category	2021	2020
Receivables from contracts with customers		15,490	16,936
Provision for expected credit losses on trade receivables		(998)	(1,268)
Total receivables from contracts with customers as of 31 December	FAAC [1]	**14,492**	**15,667**
Interest-bearing receivables [3]		1,051	2,236
Finance lease receivable [4]		423	474
Accrued financial income		-	1
Other non-interest-bearing receivables		2,334	2,249
Provision for expected credit losses on other current receivables		(15)	(31)
Total other current receivables as of 31 December	FAAC [1]	**3,793**	**4,929**
Contract asset		362	412
Return good asset [5]		71	63
Governmental taxes and duties		685	905
Prepayments		2,336	4,383
Total other current non-financial assets as of 31 December	NF [2]	**3,455**	**5,763**
Total trade and other receivables as of 31 December		**21,739**	**26,359**

1) FAAC: Financial assets at amortised cost
2) NF: Non-financial assets and liabilities
3) This includes the current portion of the deferred sales consideration receivable from PPF Group for the sale of shares in Telenor Serbia in 2018. See note 22 for more information.
4) See note 18 for more information
5) Asset for the right to recover returned goods on settling refund liabilities.

As of 31 December 2021, NOK 3.1 billion (NOK 0.7 billion as of 31 December 2020) of trade and other receivables relates to handset instalments not due within one year.

Specification of contract assets:

NOK in millions	2021	2020
Balance as of 1 January	**412**	**470**
New contract assets during the period less transfer to receivables	(41)	(59)
Currency and other effects	(9)	1
Balance as of 31 December	**362**	**412**

Performance obligations to provide services are generally satisfied over time when or as the Group performs the related services over the agreed service period. For the majority of contracts with customers, services will be delivered monthly during the contract period of maximum 24 months, and payments normally follow the service delivery cycle. Performance obligations to deliver customer equipment are normally satisfied at the point in time when the equipment is delivered to the customer. Payments related to equipment are made either when the equipment is delivered to the customer or on a monthly basis over the agreed contract period due to instalment plans related to customer equipment giving rise to a receivable and/or due to other differences between recognised revenue and amounts received or receivable from a customer resulting in contract assets in the Group accounts. For the Group, the main part of recognised contract assets relates to contracts where the transaction price allocated to the customer equipment is recovered by the Group through future service fee payments. The contract assets are transferred to receivables when rights to payment become unconditional, normally monthly over the agreed instalment period.

Specification of provision for expected credit losses on trade receivables:

NOK in millions	2021	2020
Provision as of 1 January	**(1 268)**	**(1 200)**
Change during the year - continuing operations	148	(84)
Change during the year - discontinued operations	18	(13)
Disposal of subsidiaries	-	15
Reclassified to assets held for sale	49	2
Currency and other effects	55	11
Provision as of 31 December	**(998)**	**(1 268)**
Realised losses for the year - continuing operations	(778)	(839)
Realised losses for the year - discontinued operations	(54)	(54)
Recovered amounts previously provided for - continuing operations	85	73
Recovered amounts previously provided for - discontinued operations	-	2

Specification of the age distribution of trade receivables:

NOK in millions	Carrying amount	Not past due on the reporting date	Past due on the reporting date in the following periods: Less than 30 days	Between 30 and 60 days	Between 61 and 90 days	Between 91 and 180 days	Between 181 and 365 days	More than 365 days
As of 31 December 2021								
Trade receivables	15,490	12,825	990	239	137	277	399	621
Provision for expected	(998)	(101)	(43)	(45)	(51)	(135)	(229)	(394)
Total trade receivables	**14,492**	**12,724**	**947**	**194**	**86**	**142**	**171**	**227**
As of 31 December 2020								
Trade receivables	16,936	13,847	1,093	338	166	337	489	665
Provision for expected	(1,268)	(218)	(53)	(48)	(50)	(159)	(299)	(442)
Total trade receivables	15,667	13,629	1,040	290	117	178	190	223

For the trade and other current receivables that are not impaired or past due, there are no indicators at the date of the reporting that the debtors will not be able to meet their payment obligations.

NOTE 22 Other non-current assets and current financial assets

NOK in millions	Fair value level [5]	Category	2021	2020
Other non-current assets				
Equity investments	3	FVTOCI [1]	975	968
Financial derivatives	2	FVTPL [2]	59	273
Financial derivatives designated for net investment hedge	2		27	665
Other financial non-current non-interest-bearing assets		FAAC [3]	3,318	3,088
Fair value hedge instruments	2		927	2,387
Other financial non-current interest-bearing assets		FAAC [3]	970	1,362
Finance lease receivable [6]			1,356	1,810
Total non-current financial assets as of 31 December			7,632	10,553
Contract costs			4,059	3,926
Governmental taxes and duties			138	111
Prepayments			217	266
Total non-current non-financial assets		NF [4]	4,414	4,304
Total other non-current assets as of 31 December			12,046	14,856
Other current financial assets				
Assets held for trading	2	FVTPL [2]	48	39
Bonds and commercial papers > 3 months		FAAC [3]	327	356
Financial derivatives	2	FVTPL [2]	1	4
Financial derivatives designated for net investment hedge	2		320	177
Fair value hedge instruments	2		143	-
Total other current financial assets as of 31 December			839	576

1) FVTOCI: Fair value through other comprehensive income.
2) FVTPL: Fair value through profit and loss.
3) FAAC: Financial assets at amortised cost.
4) NF: Non-financial assets.
5) For information about the fair value level of financial instruments, see note 30.
6) See note 18 for more information.

Equity investments
Equity investments (FVTOCI) include capital contribution to Telenor Pension Fund of NOK 0.3 billion and other equity investments of NOK 0.7 billion (NOK 0.3 billion and NOK 0.7 billion in 2020, respectively).

Other financial non-current non-interest-bearing assets
Other financial non-current non-interest-bearing assets as of 31 December 2021 includes a deposit of NOK 2.0 billion paid to the Bangladesh Telecommunication Regulatory Commission (BTRC, see note 34), long term deposits of NOK 0.6 billion and other non-current receivables of NOK 0.7 billion (NOK 2.0 billion, NOK 0.6 billion and of NOK 0.5 billion in 2020, respectively).

Other financial non-current interest-bearing assets
As of 31 December 2020, other financial non-current interest-bearing assets includes deferred sales consideration receivable of NOK 1.0 billion (EUR 100 million) from PPF Group for the sale of shares in Telenor Serbia in 2018, while receivable of NOK 2.2 billion (EUR 215 million) was included in Trade and other receivables. During 2021, receivable plus interest of NOK 2.2 billion (EUR 215 million) was paid and the last installment plus interest of NOK 1.0 billion (EUR 101 million) is included in Trade and other receivables as of 31 December 2021 (see note 21).

Contract costs
Contract costs include incremental costs of obtaining and fulfilling contracts with customers. Costs of obtaining a contract typically include sales commissions incurred at the time of entering a sales contract with a customer. The amortisation period is the expected contract period, including expected renewals. The below tables set forth the costs capitalised and amortised during the year 2021 and 2020:

NOK in millions	As of 31 December 2020	Costs capitalised during the year	Amortisation - continued operations	Amortisation - discontinued operations	Impairment - discontinued operations	Translation Differences	As of 31 December 2021
Contract acquisition costs	3,851	2,518	(2,259)	-	-	(101)	4,008
Contract fulfilment costs	75	21	(25)	(3)	(12)	(6)	51
Total contract costs	3,926	2,539	(2,285)	(3)	(13)	(107)	4,059

NOK in millions	As of 31 December 2019	Costs capitalised during the year	Amortisation - continued operations	Amortisation - discontinued operations	Impairment - discontinued operations	Translation Differences	As of 31 December 2020
Contract acquisition costs	3,534	2,453	(2,188)	(13)	-	65	3,851
Contract fulfilment costs	80	40	(34)	(16)	-	5	75
Total contract costs	3,614	2,493	(2,222)	(29)	-	70	3,926

NOTE 23 Additional cash flow information

Changes in net operating working capital

Changes in net operating working capital include changes in accounts receivable and accounts payable related to operating activities, and inventory.

NOK in millions	2021	2020
Inventory	(319)	242
Trade and other receivables	392	1,589
Trade and other payables	831	(730)
Changes in net operating working capital	**905**	**1,101**

Property, plant and equipment and intangible assets reconciliation of additions and purchases

NOK in millions	2021	2020
Additions to property, plant and equipment and (see note 19)	**(14,888)**	**(14,269)**
Additions to intangible assets (see note 17)	**(2,816)**	**(2,817)**
Additions to right-of-use assets (see note 18)	**(9,015)**	**(13,570)**
Capital expenses incurred as part of assets held for sale	(127)	(16)
Lease liabilities	5,704	14,121
Change in estimates for ARO obligations	(339)	781
Adjustments in lease liabilities	-	(1,630)
Changes in accounts payable and prepayments	1,985	(1,420)
Other Adjustments	50	(181)
Purchases of property plant and equipment and intangible assets (cash flow from investing activities)	**(19,447)**	**(19,000)**

Cash payments at or before lease commencement date are classified as cash outflows from investing activities. Subsequent payments during the lease term are classified as cash outflows from financing activities.

During 2021, the recognised lease liabilities of NOK 5.7 billion represent the deferred payments of total additions in right-of-use assets of NOK 9.0 billion, NOK 3.3 billion was paid at or before lease commencement date mainly relating to spectrum licences in Pakistan (NOK 2.2 billion), Grameenphone and Sweden, which is classified as cash outflow from investing activities. See note 18 for more information related to leases.

During 2020, the recognised lease liabilities of NOK 14.1 billion (of which NOK 1.6 billion is related to sale and leaseback agreements in Norway) represent the deferred payments of total additions in right-of-use assets of NOK 13.6 billion, whereby NOK 1.1 billion was paid at or before lease commencement date mainly relating to spectrum licences in dtac, which is classified as cash outflow from investing activities. See note 18 for more information related to leases.

Changes in accounts payable and prepayments in 2021 are mainly due to reclassification from prepaid capex to right-of-use licences in Pakistan, see note 18 for more information. Changes in accounts payable and prepayments in 2020 are mainly related to change in capex related payables in Norway and Pakistan and spectrum licence renewal deposit in Pakistan, see note 18 for more information.

During 2020, adjustments in lease liabilities are mainly due to the sale and leaseback transaction related to the headquarter office building at Fornebu, Norway, and development properties in Norway. See note 18 for further information.

Acquisitions and disposals of subsidiaries, associated companies, and joint ventures

The table below shows the effects on the consolidated statement of financial position from disposals of subsidiaries, associated companies, and joint ventures.

NOK in millions	2021	2020
Disposals of subsidiaries, associated companies, and joint ventures		
Associated companies and joint ventures	(3)	142
Other non-current assets	12	4,587
Current assets	-	(159)
Liabilities	(1)	(1,777)
Gains (losses) adjusted for translation differences on disposals [1]	(174)	5,732
Sales price	**(166)**	**8,525**
Of which non-cash	182	(1,728)
Proceeds received as sale consideration	17	6,797
Cash in subsidiaries disposed of	-	854
Proceeds from disposal of subsidiaries and associated companies net of cash disposed of	**17**	**7,651**

[1] In 2021, there are no actual disposals, the effects are mainly related to adjustments to disposals made in 2020. In 2020, the total gain of NOK 5.7 billion mainly relates to disposal of Canal Digital, Tapad, 701Search and Valyou (see note 10 and 20)

During 2020, disposals of associated companies and joint ventures were mainly related to disposal of the associated company Silver Indonesia, see note 20.

During 2021, disposals of subsidiaries were mainly related to disposal of development properties. During 2020, disposals of subsidiaries were mainly related to disposal of the wholly owned subsidiary Canal Digital of NOK 1.7 billion to acquire a 50% share in the joint venture Allente, as well as disposal of the headquarter office building at Fornebu, Tapad Inc and Valyou.

The table below shows the effects on the consolidated statement of financial position from acquisition of subsidiaries, associated companies, and joint ventures.

NOK in millions	2021	2020
Purchases of subsidiaries associated companies, and joint ventures		
Investments in associated companies and joint ventures	393	4,043
Other non-current assets	-	139
Current assets	-	3
Liabilities	-	(48)
Non-controlling interests	1	-
Total purchase price and capital injections	**394**	**4,137**
Of which non-cash	(5)	(3,795)
Cash payments related to acquisitions	(391)	(340)
Cash in subsidiaries acquired	-	-
Purchases of subsidiaries associated companies and joint ventures net of cash acquired	**(391)**	**(340)**

During 2021, investments in associated companies and joint ventures are mainly related to capital injection in Telenor Microfinance Bank Limited (TMB), see note 20.

During 2020, investments in associated companies and joint ventures are mainly related to contribution of the wholly owned subsidiary Canal Digital to acquire a 50% ownership share in the joint venture Allente at fair value of NOK 3.1 billion and NOK 0.5 billion relates to Carousell. See note 20 for further information. In addition, a capital injection in the associated company TMB of NOK 0.2 billion, see note 20. Purchases of subsidiaries are related to acquisition of KNL Investments for a cash consideration of NOK 0.1 billion.

Reconciliation of interest bearing liabilities

NOK in millions	2021			2020		
	Interest-bearing liabilities	Lease liabilities	Total	Interest-bearing liabilities	Lease liabilities	Total
Balance as of 1 January	105,923	44,882	150,805	98,749	41,297	140,046
Cash flow from Financing activities						
Proceeds from borrowings	26,470	-	26,470	34,432	-	34,432
Repayments of borrowings	(29,399)	-	(29,399)	(33,257)	-	(33,257)
Payments of lease liabilities related to spectrum licences	-	(2,871)	(2,871)	-	(3,634)	(3,634)
Payments of lease liabilities related to other lease contracts	-	(5,955)	(5,955)	-	(5,395)	(5,395)
Net cash flow from financing activities	**(2,930)**	**(8,826)**	**(11,756)**	**1,175**	**(9,029)**	**(7,854)**
Change due to hedge accounting	(1,160)	-	(1,160)	1,200	-	1,200
Effects from exchange rate fluctuations	(4,915)	(2,227)	(7,142)	4,238	(362)	3,876
Net interest paid/accrued	(10)	353	343	303	(131)	172
Acquisitions	-	-	-	64	-	64
Disposals	(22)	-	(22)	(22)	(60)	(82)
New lease contracts	-	5,704	5,704	-	14,121	14,121
Termination and reassessment of lease contracts	-	(4,076)	(4,076)	-	(971)	(971)
Classified as liabilities held for sale	-	(733)	(733)	-	-	-
Other	201	-	201	215	18	233
Other changes	**(5,906)**	**(979)**	**(6,885)**	**5,999**	**12,614**	**18,613**
Balance as of 31 December	**97,086**	**35,077**	**132,164**	**105,923**	**44,883**	**150,805**
Non-current liabilities	87,811	28,101	115,911	98,627	35,584	134,211
Current liabilities	9,276	6,977	16,253	7,296	9,298	16,594

Cash flow from financing activities consists of proceeds from and repayments of borrowings, including repayments of lease liabilities – principal portion. Net cash flow from financing activities excluding repayments of lease liabilities amounted to NOK -2.9 billion in 2021 compared to NOK 1.2 billion in 2020, mainly explained by no bond issuances under the EMTN program in 2021. For comments related to lease payments, see note 18.

Dividends paid to non-controlling interests

During 2021, dividends paid to non-controlling interests in subsidiaries amounted to NOK 3.6 billion (NOK 1.2 billion in Digi, NOK 1.6 billion in Grameenphone and NOK 0.7 billion in dtac).

During 2020, dividends paid to non-controlling interests in subsidiaries amounted to NOK 3.2 billion (NOK 1.5 billion in Digi, NOK 1.1 billion in Grameenphone and NOK 0.6 billion in dtac).

Cash and cash equivalents as of 31 December

NOK in millions	2021	2020
Cash in the Group's cash pool systems	4,976	9,168
Cash outside the Group's cash pool systems [1]	9,777	10,951
Cash equivalents [2]	470	458
Total cash and cash equivalents in statement of financial position	**15,223**	**20,577**
Bank overdraft (part of cash in statement of cash flows)	(102)	(489)
Total cash and cash equivalents in statement of cash flows	**15,121**	**20,088**

[1] Includes restricted cash in Grameenphone of NOK 10 million as of 31 December 2021 (NOK 184 million as of 31 December 2020) mainly related to declared dividend not yet paid.
[2] Related to fixed deposit placement – shorter than 3 months maturity in Digi and Telenor ASA in 2021 and Digi in 2020.

The Group has established cash pool systems. Under these agreements, Telenor ASA is the Group account holder and the other companies in the Group are sub-account holders or participants. The banks can offset balances in their favour against deposits so that the net position represents the net balance between the bank and the Group account holder.
Subsidiaries in which Telenor owns less than 90% of the shares are normally not participants in the Group's cash pool systems held by Telenor ASA. As of 31 December 2021 and 2020 the major part of the cash and cash equivalents outside the Group's cash pool systems relates to Telenor ASA, dtac, Grameenphone, Telenor Pakistan and Digi.

NOTE 24 Additional equity information

Paid-in capital

NOK in millions, except number of shares	Number of shares	Share capital	Other paid in capital	Treasury shares	Total paid-in capital
Equity as of 1 January 2020	1,442,458,032	8,655	69	(120)	8,605
Share buyback	-	-	-	(138)	(138)
Cancellation of shares	(42,999,999)	(258)	-	258	-
Equity as of 31 December 2020	1,399,458,033	8,397	69	-	8,466
Share buyback	-	-	-	-	-
Cancellation of shares	-	-	-	-	-
Equity as of 31 December 2021	**1,399,458,033**	**8,397**	**69**	**-**	**8,466**

Nominal value per share is NOK 6.

Other reserves

NOK in millions	Net unrealised gains/(losses) reserve	Employee equity benefits reserve	Pension remeasurement reserve	Transactions with non-controlling interests	Share of equity adjustments and other comprehensive income in associated companies	Other equity transactions	Total other reserves
Equity as of 1 January 2020	88	382	590	-	1,475	(20,328)	(17,792)
Other comprehensive income (loss), net of taxes	32	-	(293)	-	(7)	-	(268)
Share-based payment	-	21	-	-	-	-	21
Share buyback	-	-	-	-	-	(3,974)	(3,974)
Disposal of equity investments at fair value through other comprehensive income	(4)	-	-	-	-	-	(4)
Equity adjustments in associated companies	-	-	-	-	2	-	2
Equity as of 31 December 2020	117	403	298	-	1,469	(24,302)	(22,014)
Other comprehensive income (loss), net of taxes	134	-	204	-	76	-	415
Share-based payment	-	66	-	-	-	-	66
Equity adjustments in associated companies	-	-	-	-	3	-	3
Other changes in other reserves during 2021	251	469	503	-	1,548	(24,302)	(21,530)

Net unrealised gains/losses reserve
This reserve includes unrealised gains and losses arising from changes in fair value of equity investments are recognised directly in other comprehensive income until the investment is disposed of, at which time the cumulative gain or loss is reclassified within equity from other reserves to retained earnings.

Employee equity benefits reserve
Share-based payments represents cost charged to income statement over the vesting period based on the fair value measured at grant date for equity-settled share-based payments provided to employees, including key management personnel, as part of their remuneration. In 2021, the Group did not pay any amount (NOK 48 million in 2020) related to the equity-settled share-based program.

Please refer to note 35 and chapter 12 in the corporate governance section of the Board of Directors' report for further details on these programmes.

Pension re-measurement
This reserve includes the effect of re-measurement of pension obligations arising due to change in assumptions, such as discount rate and long term demographic trends.

NOK in millions	Pension remeasurement	Income taxes	Net pension remeasurement
Equity as of 1 January 2020	790	(200)	590
Other comprehensive income (loss)	(385)	92	(293)
Equity as of 31 December 2020	406	(107)	298
Other comprehensive income (loss)	259	(54)	204
Equity as of 31 December 2021	665	(161)	503

See note 26 for more information relating to pension obligations.

Share of equity adjustments and other comprehensive income in associated companies
This reserve includes underlying adjustments to equity in associated companies, such as other comprehensive income, share buybacks and transactions with non-controlling interests.

Other equity transactions
This includes the decrease in other reserves as a result of acquisition and sale/cancellation of treasury shares and the increase as a result of transfers from
other paid-in capital, including transfers from other paid-in capital related to cancellation of treasury shares. The price paid in excess of the nominal value of the shares reduces this reserve.

Cumulative translation differences

NOK in millions	Foreign currency translation	Net investment hedge	Income taxes	Net translation differences
Equity as of 1 January 2020	**(939)**	**(1,979)**	**175**	**(2,746)**
Changes during 2020, excluding effects of disposal	2,496	(3,587)	789	(302)
Amount reclassified from other comprehensive income to income statement on disposal	(133)	-	-	(133)
Net changes during 2020	**2,363**	**(3,587)**	**789**	**(435)**
Equity as of 31 December 2020	**1,424**	**(5,565)**	**964**	**(3,181)**
Changes during 2021, excluding effects of disposal	(3,355)	2,447	(538)	(1,446)
Amount reclassified from other comprehensive income to income statement on disposal	-	-	-	-
Net changes during 2021	**(3,355)**	**2,447**	**(538)**	**(1,446)**
Equity as of 31 December 2021	**(1,931)**	**(3,118)**	**426**	**(4,627)**

During 2021, there was no reclassification from other comprehensive income to income statement

During 2020, a gain of NOK 133 million was reclassified from other comprehensive income to income statement which consisted of NOK 190 million currency gain on disposal of Canal Digital as a subsidiary and recognised its 50% share of the joint venture Allente, NOK 11 million currency gain on disposal of Valyou and NOK 68 million currency loss on disposal of Tapad. See note 20 for more information.

In 2021, the translation difference loss on net investment in foreign operations was caused by appreciation of the Norwegian Krone against all the functional currencies of the Group's investments except the Bangladeshi Taka. The depreciation of Euro by 5%, Swedish Krone by 7%, Thai Bath by 7%, Danish Krone by 5%, Pakistani Rupee by 6% and Myanmar Kyat by 23% against Norwegian Krone had the most significant impact on the translation difference loss.

In 2020, the translation difference gain on net investment in foreign operations was caused by depreciation of the Norwegian Krone against Danish Krone, Swedish Krone, Euro and Myanmar Kyat. The appreciation of Danish Krone by 7%, Swedish Krone by 11%, Euro by 6% and Myanmar Kyat by 9% against Norwegian Krone had the most significant impact on the translation difference gain.

Dividends paid and proposed

NOK in millions	2021	2020
Ordinary dividend per share in NOK – paid	**9.00**	8.70
Ordinary dividend per share in NOK - proposed by the	**9.30**	9.00

Total dividend of NOK 12.6 billion has been paid and charged to equity in 2021 (NOK 12.3 billion in 2020).

In respect of 2021, the Board of Directors proposed an ordinary dividend of NOK 9.30, to be resolved by the Annual General Meeting on 11 May 2022. The total amount of dividend is estimated to be NOK 13.0 billion based on the outstanding number of shares as of 31 December 2021. The dividend will be split into two tranches of NOK 5.00 and NOK 4.30 per share to be paid out in May 2022 and October 2022, respectively.

Non-controlling interests

NOK in millions	Country of incorporation and operation	Non-controlling interests share of net income (loss) 2021	Non-controlling interests share of net income (loss) 2020	Non-controlling interests in the statement of financial position 31.12.21	Non-controlling interests in the statement of financial position 31.12.20	Non-controlling interests share of dividend in 2021	Non-controlling interests share of dividend in 2020
Digi.Com Bhd	Malaysia	**1,227**	1,393	**686**	661	**1,196**	1,483
Grameenphone Ltd.	Bangladesh	**1,523**	1,824	**2,255**	2,324	**1,616**	1,159
Total Access Communications Plc (dtac)	Thailand	**314**	535	**2,287**	2,625	**484**	661
Others		**(1)**	(34)	**(23)**	(17)	-	-
Total		**3,063**	3,718	**5,205**	5,594	**3,296**	3,304

Summarised financial information for subsidiaries with significant non-controlling interests

Summarised statement of financial position as of 31 December:

	2021			2020		
NOK in millions	Digi.Com Bhd	Grameenphone Ltd	Total Access Communications Plc (dtac)	Digi.Com Bhd	Grameenphone Ltd	Total Access Communications Plc (dtac)
Current assets	3,251	1,010	6,189	3,383	1,002	6,867
Non-current assets	14,077	15,680	40,786	14,590	13,952	46,434
Current liabilities	(6,318)	(8,731)	(12,517)	(5,301)	(7,732)	(13,731)
Non-current liabilities	(9,053)	(3,032)	(25,917)	(10,761)	(2,151)	(29,286)
Total equity	**1,958**	**4,927**	**8,541**	**1,911**	**5,071**	**10,283**
Attributable to:						
Equity holders of Telenor ASA	1,271	2,672	6,254	1,249	2,747	7,658
Non-controlling interests	686	2,255	2,287	661	2,324	2,625

Summarised comprehensive income information 1 January – 31 December:

	2021			2020		
NOK in millions	Digi.Com Bhd	Grameenphone Ltd	Total Access Communications Plc (dtac)	Digi.Com Bhd	Grameenphone Ltd	Total Access Communications Plc (dtac)
Revenues	13,136	14,464	21,878	13,766	15,483	23,704
Net income	2,405	3,460	979	2,731	4,033	1,565
Total comprehensive income	**2,391**	**3,511**	**313**	**2,771**	**3,827**	**1,340**
Attributable to non-controlling	1,227	1,523	314	1,393	1,824	535

Summarised cash flow information 1 January – 31 December:

	2021			2020		
NOK in millions	Digi.Com Bhd	Grameenphone Ltd	Total Access Communications Plc (dtac)	Digi.Com Bhd	Grameenphone Ltd	Total Access Communications Plc (dtac)
Operating activities	5,343	5,623	6,779	5,786	3,524	7,655
Investing activities	(1,481)	(1,899)	(3,915)	(1,786)	(1,244)	(3,755)
Financing activities	(4,066)	(3,708)	(3,691)	(4,347)	(3,518)	(4,465)
Effect of exchange rate changes on cash and cash equivalents	(6)	4	(121)	7	74	(54)
Net increase/(decrease) in cash and cash	(210)	19	(947)	(339)	(1,164)	(620)

NOTE 25 Provisions and obligations

Non-current

NOK in millions	2021	2020
Provision for workforce reductions and onerous (loss) contracts	195	244
Asset retirement obligations	7,526	8,247
Other provisions	250	328
Total non-current provisions and obligations as of 31 December	**7,971**	**8,820**

Current

NOK in millions	2021	2020
Provisions for workforce reduction and onerous (loss) contracts	416	577
Asset retirement obligations	12	41
Other provisions	468	489
Total current provisions and obligations as of 31 December	**896**	**1,108**

Development in provisions

The table below shows the development of provisions during 2021. Provisions for legal disputes are mainly recognised as trade and other payables in the statement of financial position. Provisions made for discontinued operations are disclosed in note 4.

NOK in millions	Legal disputes	Asset retirement obligations	Workforce reduction and onerous (loss) contracts
As of 1 January	**4,499**	**8,288**	**822**
Obligations arising and effects of changes in estimates during the year	781	(474)	673
Accretion expense	-	122	-
Amounts utilised	(1,404)	(140)	(873)
Other changes and translation difference	(269)	(169)	(11)
Reclassified to liabilities held for sale	(60)	(89)	-
As of 31 December	**3,548**	**7,538**	**611**

Legal disputes

Following an investigation that started in 2012, the Norwegian Competition Authority issued a decision against Telenor Norway on 21 June 2018 with a fine of NOK 0.8 billion for breach of the prohibition against abuse of a dominant position related to the pricing model in a mobile wholesale agreement in the period from 2010 to 2014. Telenor's appeal to the Supreme Court was rejected on 26 November 2021. Telenor recognised cost of NOK 0.8 billion and paid the fine in December 2021. See note 34 for disclosures of significant legal disputes.

Workforce reduction

Provisions for workforce reductions included approximately 670 employees as of 31 December 2021 and approximately 820 employees as of 31 December 2020.

Asset retirement obligations

The Group has asset retirement obligations relating primarily to equipment and other leasehold improvements installed on leased network sites and in administrative and network buildings. Those leases generally contain provisions that require the Group to remove the assets and restore the sites to their original condition at the end of the lease term. The table above presents all changes in the Group's asset retirement obligations.

In most situations, the timing of asset removals will be well into the future and there is uncertainty as to whether and when the obligation will be paid. The actual gross removal costs that the Group will incur may be significantly different from the estimated costs, for example due to negotiation of prices for a large amount of removals or agreements that reduce or relieve the Group from its obligations. The actual timing of the removals may also differ significantly from the estimated timing.

NOTE 26 Pension obligations

The pension schemes of the Norwegian companies in the Group follow the requirements in the Act on Mandatory company pensions.

The Group provides pension plans for employees in Norway. In addition, the Norwegian government provides social security payments to all retired Norwegian citizens. Such payments are calculated by reference to a base amount annually approved by the Norwegian parliament (G-regulation). Benefits are determined based on the employee's length of service and compensation. The cost of pension benefit plans is expensed over the period that the employees render services and becomes eligible to receive benefits.

Telenor Pension Fund, covering the defined benefit plans offered to all employees in Norway, was closed to new members during 2006 and replaced by defined contribution plans with insurance companies.

3,383 of the Group's employees were members of the contribution plan in Norway as of 31 December 2021 (3,355 as of 31 December 2020). In 2021, 1,135 of the Group's employees were covered by the defined benefit plans through Telenor Pension Fund (1,234 in 2020). In addition, Telenor Pension Fund paid out pensions to 2,475 persons in 2021 (2,469 in 2020). Telenor Sweden has a defined benefit plan with 614 active members in 2021 (673 in 2020). Other companies outside Norway and Sweden primarily offer contribution plans.

The funded defined benefit plans in Norway have net funds of NOK 618 million as of 31 December 2021 (NOK 425 million in net funds as of 31 December 2020). The current service cost was NOK 174 million in 2021 (NOK 172 million in 2020). Net interest income was NOK 10 million (interest income of NOK 16 million in 2020).

Unfunded defined benefit plans have previously been offered to executive employees. These plans are now closed. As of 31 December 2021, the net defined benefit liability recognised in the statement of financial position was NOK 684 million (NOK 656 million as of 31 December 2020). The service cost was NOK 8 million in 2021 (NOK 11 million in 2020). Net interest cost was NOK 11 million (NOK 14 million in 2020). Telenor does not have a right to use the net funds in the funded plans to settle the obligations under the unfunded plans.

In Norway, the Group is a member of an agreement-based early retirement plan (new AFP). Essentially all the Norwegian employees are entitled to life-long benefits from the age of 62 from this plan, in addition to other plans. The plan is financed through a pooled arrangement, where private sector employers cover 2/3 of the funding requirements and the Norwegian government covers 1/3. For 2021, the contribution was 2.5% of total salaries between 1 and 7.1 times the base amount (G) (2.5% for 2020). For 2022 the contribution is set to 2.6%. The plan is considered to be a defined benefit multi-employer plan with limited funding and where plan assets are not segregated. The information required to calculate a proportionate share of the plan, and account for the plan as a defined benefit plan, is not available from the plan administrator. Consequently, the plan is accounted for as a defined contribution plan.

The defined benefit plan in Sweden has a net benefit liability of NOK 1,372 million as of 31 December 2021 (NOK 1,695 million as of 31 December 2020). The service cost was NOK 82 million and net interest cost was NOK 21 million in 2021 (NOK 76 million and NOK 23 million in 2020, respectively). The discount rate used for the pension calculations as of 31 December 2021 was 2.0% (1.5% in 2020) and expected salary increase was set to 3.0% (3.0% in 2020).

For the Norwegian defined benefit plans, the Group applies the K2013 risk table for mortality and a risk table for disability based on historical figures in Telenor Pension Fund (both implemented in 2013). The average expected lifetime in the risk tables is 88 years for men and 91 years for women. The table below shows the probability of an employee in a certain age group becoming disabled or dying, within one year, as well as expected lifetime.

	Mortality %		Disability %		Expected lifetime	
Age	Men	Women	Men	Women	Men	Women
40	**0.1**	**0.0**	**0.1**	**0.1**	**88**	**92**
50	**0.1**	**0.1**	**0.2**	**0.3**	**87**	**91**
60	**0.4**	**0.3**	**0.8**	**1.2**	**87**	**91**
70	**1.2**	**0.8**	**-**	**-**	**88**	**91**
80	**3.9**	**2.7**	**-**	**-**	**90**	**92**

The plan assets were measured at fair value 31 December 2021 and 31 December 2020. The calculation of the projected benefit obligations (PBO) as of 31 December 2021 was based on the member base at 20 October 2021 (at 14 October 2020).

The actuarial calculations for the Telenor Pension Fund obligations were carried out by independent actuaries. The present value of the projected defined benefit obligation, and the related current service cost and past service cost, were measured using the projected unit credit method.

Employees that leave the Group before the age of retirement receive a paid-up policy. Telenor Pension Fund administers some of these policies. This is at the discretion of the Telenor Pension Fund and does not affect the Group. At the time of issuance of a paid-up policy, the Group is relieved of any further obligations towards the receiver. The funds and obligations are valued at the time of issuance of paid-up policies and are derecognised from pension obligations and plan assets.

Changes in the defined benefit obligation and fair value of plan assets

NOK in millions	2021 Defined benefit obligation	2021 Fair value plan assets	2021 Benefit liability	2020 Defined benefit obligation	2020 Fair value plan assets	2020 Benefit liability
As of 1 January	**(10,231)**	**7,913**	**(2,318)**	(9,481)	7,586	(1,895)
Current service cost	(337)	-	(337)	(333)	-	(333)
Past service cost	26	-	26	50	-	50
Net interest	(189)	155	(34)	(238)	202	(36)
Discontinued operations	-	-	-	-	-	-
Sub-total included in Income Statement	**(501)**	**155**	**(345)**	(521)	202	(319)
Return on plan assets (excluding amounts included in net interest expense)	-	327	327	-	74	74
Actuarial changes arising from changes in demographic assumptions	(10)	-	(10)	13	-	13
Actuarial changes arising from changes in financial assumptions	(65)	-	(65)	(685)	-	(685)
Experience adjustments	15	-	15	182	-	182
Sub-total in Other Comprehensive Income	**(61)**	**327**	**266**	(490)	74	(416)
Effects of business combinations and disposals	(3)	-	(3)	102	(102)	1
Contributions by employer	-	448	448	-	424	424
Benefits paid	321	(303)	18	283	(253)	30
Translation differences	41	84	125	(124)	(19)	(142)
As of 31 December	**(10,432)**	**8,624**	**(1,808)**	(10,231)	7,913	(2,318)
Of which classified as:						
Pension obligations			(2,429)			(2,747)
Other non-current assets [1]			620			428

[1] Telenor does not have a right to use the net funds in the funded plans to settle the obligations under the unfunded plans.

Experience adjustments on benefit obligations are the effects of differences between previous actuarial assumptions and what has actually occurred.

Assumptions used to determine defined benefit obligations for Norwegian companies as of 31 December

	2021	2020
Discount rate in %	**1.90**	1.70
Future salary increase in %	**2.50**	2.00
Future increase in the social security base amount in %	**2.50**	2.00
Future turnover in %	**3.00**	4.00
Expected average remaining service period in years	**7.00**	8.00
Future pension increases in %	**1.75**	1.25

The Group has used the Norwegian covered bonds (OMF – Obligasjoner med fortrinnsrett) as basis for the discount rate as of 31 December for both 2021 and 2020 for the Norwegian plans. OMFs are covered bonds issued by mortgage companies owned by Norwegian banks under a well-established legal framework. Generally, bonds with ratings better than AA are considered to be of high quality. Most OMFs have AAA rating.

Components of net periodic benefit cost

NOK in millions	2021	2020
Current service cost	**(337)**	(333)
Past service cost	**26**	50
Net interest cost	**(34)**	(36)
Net periodic benefit costs	**(345)**	**(319)**
Contribution plan costs	**(709)**	(718)
Total pension costs charged to the income statement for the year	**(1,054)**	**(1,037)**
Of which reported as other expense (note 10)	**19**	45
Of which reported as pension cost (note 8)	**(1,039)**	(1,046)
Of which reported as net interest cost (note 12)	**(34)**	(36)

Sensitivity analysis

The table below shows an estimate of the potential effects of changes in the key assumptions for the defined benefit plans in Norway. The following estimates are based on facts and circumstances as of 31 December 2021. Actual results may deviate materially from these estimates.

NOK in millions	Discount rate		Future salary increase		Social security base amounts		Annual adjustments to pensions		Turnover	
Change in % is percentage points	-1%	+1%	-1%	+1%	-1%	+1%	-1%	+1%	-1%	+1%
Changes in:										
Increase (decrease) in benefit obligations	1,585	(1,168)	(482)	485	110	(164)	(907)	1,138	66	(124)

Asset categories

Telenor Pension Fund's weighted average asset allocations as of 31 December, by asset category, were as follows:

	2021	2020
Bonds %	58	59
Equity securities %	36	35
Other %	5	6
Total	100	100

The bond investments are in securities issued by the Norwegian government, Norwegian municipals, financial institutions, and corporations. Bonds held in foreign currencies are to a large extent currency hedged. Equity investments are both in Norwegian and foreign securities. There is no currency hedging for investments in foreign equity securities. The category Other consist mainly of investments in Private Equity and Hedge fonds.

Contributions in future years

The Group expects to contribute approximately NOK 374 million to the Telenor Pension Fund in 2022.

The following table shows expected benefit payments from the Norwegian defined benefit plans in future years:

NOK in millions	
Within the next 12 months (next annual reporting period)	185
Between 2 and 5 years	816
Next 5 years	1,489
Total expected payments next 10 years	2,490

The average duration of the Norwegian defined benefit plans at the end of the reporting period is 16 years.

NOTE 27 Trade and other payables and non-interest-bearing liabilities

Non-current non-interest-bearing liabilities

NOK in millions	Fair value level [4]	Category	2021	2020
Financial derivatives	2	FVTPL [1]	156	321
Financial derivatives designated for net investment hedge	2		950	984
Other non-current non-interest-bearing liabilities		FLAC [2]	282	161
Total non-current non-interest-bearing liabilities as of 31 December			1,388	1,466

Trade and other payables

NOK in millions	Fair value level [4]	Category	2021	2020
Trade payables			9,082	9,064
Accruals			13,530	13,929
Total trade payables and accruals as of 31 December		FLAC [2]	22,612	22,993
Contract liabilities			6,001	6,785
Government taxes, tax deductions etc.			3,707	4,113
Total other payables as of 31 December		NF [3]	9,708	10,898
Total trade and other payables as of 31 December			32,320	33,891

Current non-interest-bearing liabilities

NOK in millions	Fair value level [4]	Category	2021	2020
Financial derivatives	2	FVTPL [1]	6	1
Financial derivatives designated for net investment hedge	2		669	505
Other current non-interest-bearing liabilities		FLAC [2]	1,294	1,365
Total current non-interest-bearing liabilities as of 31 December			1,969	1,871

[1] FVTPL: Fair value through profit and loss.
[2] FLAC: Financial liabilities at amortised cost.
[3] NF: Non-financial assets and liabilities.
[4] For information about the fair value level of financial instruments, see note 30.

Other current non-interest-bearing liabilities include liabilities to financing institutions under supply chain financing programs of NOK 596 million as of 31 December 2021 (NOK 596 million as of 31 December 2020).

Specification of contract liabilities:

NOK in millions	2021	2020
Balance as of 1 January	6,785	6,410
Revenue recognised that was included in opening balance	(6,063)	(4,587)
New contract liabilities less transfer to revenue	5,990	4,848
Currency and other effects	(206)	115
Reclassified to liabilities held for sale	(505)	-
Balance as of 31 December	6,001	6,785

Contract liabilities comprise Group's obligation to transfer services to its customers for which it has received consideration in advance. This includes unearned revenue relating to prepaid services, connection fee not considered to be a separate performance obligation, and other contract liabilities.

NOTE 28 Interest-bearing liabilities

NOK in millions	2021 Current interest-bearing liabilities	2021 Non-current interest-bearing liabilities	2021 Total	2020 Current interest-bearing liabilities	2020 Non-current interest-bearing liabilities	2020 Total
Interest-bearing liabilities measured at amortised cost						
Bank loans	2,783	3,331	6,115	2,548	4,323	6,871
Bonds and Commercial Papers	6,423	83,781	90,204	4,211	94,031	98,242
Deposits from customers	32	-	32	32	-	32
Other liabilities	38	698	736	506	273	779
Total interest-bearing liabilities	**9,276**	**87,811**	**97,087**	**7,296**	**98,627**	**105,923**
Fair value of debt [1]			99,389			111,882
Of which fair value hierarchy level 1 [2]			92,421			102,223
Of which fair value hierarchy level 2 [2]			6,968			9,659

1) Excluding lease liabilities and licence obligations.
2) For information about the fair value hierarchy for valuation of financial instruments, see note 30.

Non-current interest-bearing liabilities

NOK in millions	Currency	2021 Debt before the effect of currency swaps	2021 Debt adjusted for the effect of currency swaps [2]	2020 Debt before the effect of currency swaps	2020 Debt adjusted for the effect of currency swaps [2]
Company					
Telenor ASA	EUR	62,981	39,014	72,224	43,552
	NOK [1]	-	(2,735)	-	(2,735)
	SEK	4,376	16,152	4,687	15,719
	USD	-	15,540	-	20,468
Total Telenor ASA		**67,357**	**67,970**	**76,910**	**77,004**
DNA - Finland	EUR	2,454	2,454	2,560	2,560
dtac - Thailand	THB	13,558	13,558	13,584	13,584
Digi - Malaysia	MYR	3,863	3,863	5,299	5,299
Other non-current interest-bearing liabilities		578	578	273	273
Total subsidiaries		**20,454**	**20,454**	**21,716**	**21,716**
Total non-current interest-bearing liabilities		**87,811**	**88,424**	**98,627**	**98,720**

1) Telenor ASA's debt position in Norwegian Kroner is a net asset position when including currency swaps.
2) Debt adjusted for currency swaps includes financial instruments that are not classified as interest-bearing liabilities in the statement of financial position.

Current interest-bearing liabilities

NOK in millions	Currency	2021 Debt before the effect of currency swaps	2021 Debt adjusted for the effect of currency swaps [2]	2020 Debt before the effect of currency swaps	2020 Debt adjusted for the effect of currency swaps [2]
Company					
Telenor ASA	NOK [1]	-	(558)	-	(2,760)
	EUR [1]	4,992	(658)	-	(883)
	SEK	-	351	2,871	3,080
	MYR	-	2,106	-	2,112
	THB	-	5,093	-	5,474
	USD [1]	-	(1,000)	-	(3,808)
Total Telenor ASA		**4,992**	**5,333**	**2,871**	**3,215**
DNA - Finland	EUR	-	-	628	628
dtac - Thailand	THB	2,121	2,121	1,849	1,849
Digi - Malaysia	MYR	1,460	1,460	828	828
Grameenphone - Bangladesh	BDT	563	563	125	125
Pakistan	PKR	81	81	489	489
Other current interest-bearing liabilities		58	58	506	506
Total subsidiaries		**4,284**	**4,284**	**4,425**	**4,425**
Total current interest-bearing liabilities		**9,276**	**9,617**	**7,296**	**7,640**

1) Telenor ASA's debt positions in Norwegian Kroner, US Dollars and Euro as of 31 December 2021 and 31 December 2020, are net asset positions when including currency swaps.
2) Debt adjusted for currency swaps includes financial instruments that are not classified as interest-bearing liabilities in the statement of financial position.

Debt issued under Telenor ASA's EMTN programme is based on documentation that is commonly used for investment grade issuers in the Eurobond market. This documentation contains provisions restricting the pledge of assets to secure future borrowings without granting a similar secured status to the existing lenders (negative pledges) and contains covenants limiting disposals of assets.

Bonds issued under the EMTN programme are subject to a Change of Control Clause. Such Change of Control shall be deemed to have occurred if a person or entity, other than the Kingdom of Norway, directly or indirectly owns or acquires more than 50% of the issued ordinary share capital of

Telenor ASA. If such Change of Control leads to a downgrade below investment grade rating, the holder of such bonds can require Telenor ASA to redeem the principal amount together with accrued interest. The full definition of this Change of Control Clause is described in the Final Terms for each specific bond issue.

In February 2020, Telenor ASA issued the following bond tranches under the EMTN programme:

- EUR 500 million with fixed coupon rate of 0.25% and maturity in 2028
- EUR 500 million with fixed coupon rate of 0.875% and maturity in 2035

All outstanding debt issued by Telenor ASA is unsecured.

Furthermore, debt in dtac is mainly comprised of issued bonds (NOK 11.7 billion) and debt to financial institutions (NOK 4.0 billion) and debt in Digi is mainly comprised of issued bonds (NOK 3.8 billion) and debt to financial institutions (NOK 1.5 billion).

The interest-bearing liabilities in subsidiaries are generally not guaranteed by Telenor ASA and are subject to standard financial covenants, some of which limit the ability to transfer funds to Telenor ASA in the form of dividends or loans.

NOTE 29 Financial risk management

Managing capital

Telenor Group's capital allocation priorities are:

1. Maintain a solid balance sheet
2. Offer competitive shareholder remuneration
3. Value driven investment approach

Telenor has a leverage guiding in the range of 1.8x to 2.3x Net debt/EBITDA before other items (see page 174 for alternative performance measures). As of 31 December 2021 the reported Net debt/EBITDA before other items was 2.1x (2.0x as of 31 December 2020). The targeted capital structure provides a good balance between shareholder return and a solid balance sheet with stable access to global debt markets, while also supporting Telenor's strategic priorities. As of 31 December 2021, Telenor ASA's long-term credit rating was "A3/negative watch" by Moody's Investors Service and "A-/stable outlook" by Standard & Poor's (S&P). During 2021, Moody's changed their rating outlook from "A3/stable outlook" to "A3/negative watch", while S&P's rating and outlook were unchanged throughout the year.

Key elements of the Group's capital structure include interest-bearing debt as disclosed in note 28, cash and cash equivalents as disclosed in note 23 and equity attributable to the shareholders of Telenor ASA as presented in the consolidated statement of changes in equity and in note 24.

In order to adjust the capital structure, the Group may acquire or sell own shares, distribute dividends to shareholders, return capital to shareholders or issue new shares. In 2021, Telenor's shareholder remuneration via dividend was NOK 12.6 billion comprised of ordinary dividends paid out in June 2021 (NOK 5.00 per share) and October 2021 (NOK 4.00 per share).

For the financial year 2021, the Telenor Board of Directors will propose an ordinary dividend of NOK 9.30 per share to be resolved by the Annual General Meeting in May 2022 and paid out in two tranches of NOK 5.00 and NOK 4.30 per share in June 2022 and October 2022, respectively. The total ordinary dividend amount proposed for the financial year 2021 is NOK 13.0 billion.

Telenor's shareholder remuneration policy is to aim for a year-on-year growth in dividend per share, where the annual dividends are paid in two instalments. Buyback of own shares or extraordinary dividend pay-outs might also be used as a measure to reach a targeted leverage.

Financial risk

Telenor Group Treasury is responsible for funding and financial risk management for the parent company and subsidiaries owned, directly or indirectly, more than 90% by Telenor ASA. Subsidiaries owned less than 90% normally have stand-alone financing and management of financial risks. Beyond hedging activities, the Group has limited trading activities.

Liquidity risk

The Group emphasises financial flexibility. An important part of this is to minimise liquidity risk through ensuring access to a diversified set of funding sources. Debt issued in the international capital market is predominately issued under the existing EMTN programme (Euro Medium Term Note) to secure longer dated funding and under existing ECP programme (Euro Commercial Paper) to secure shorter dated funding up to 12 months. In addition to these uncommitted loan programmes, the Norwegian domestic capital market is used from time to time.

Telenor ASA also has a sustainability-linked committed syndicated revolving credit facility (RCF) of EUR 1.8 billion with maturity in 2024. The RCF was undrawn as of 31 December 2021.

When permissible by local rules and regulations, subsidiaries owned 90% or more are part of Telenor ASA's cash management framework agreements and participate in Telenor ASA's cash pool setup. Subsidiaries owned less than 90% have established separate framework agreements for banking services.

Telenor ASA shall have sufficient sources of liquidity to cover expected operational liquidity needs for the next 12 months. Potential liquidity to fund acquisitions is considered separately.

Maturity profile of the Group's liabilities (in nominal values)

NOK in millions	Total as of 31.12.21	< 1 year	2 years	3 years	4 years	5 years	6 years	7 years	8 years	9 years	10 years	>10 years	Not specified
Interest-bearing liabilities													
Financial Debt	96,008	9,143	8,694	13,236	11,157	11,823	7,840	6,331	11,611	665	5,655	9,854	-
Other interest-bearing liabilities	134	134	-	-	-	-	-	-	-	-	-	-	-
Sum of interest-bearing liabilities [1]	96,142	9,276	8,694	13,236	11,157	11,823	7,840	6,331	11,611	665	5,655	9,854	-
Non-interest-bearing liabilities													
Trade and other payables	32,320	32,320	-	-	-	-	-	-	-	-	-	-	-
Other current non-interest-bearing liabilities	1,294	1,294	-	-	-	-	-	-	-	-	-	-	-
Derivative financial instruments	1,782	675	44	284	216	387	59	54	-	-	63	-	-
Other non-current non-interest-bearing liabilities	282	-	-	-	-	-	-	-	-	-	-	-	282
Sum of non-interest-bearing liabilities	35,677	34,288	44	284	216	387	59	54	-	-	63	-	282
Total	131,818	43,565	8,738	13,520	11,374	12,210	7,898	6,384	11,611	665	5,718	9,854	282
Future interest payments	8,260	1,322	1,425	1,415	1,056	781	584	462	365	224	196	430	-
Total including future interest payments	140,079	44,887	10,163	14,935	12,430	12,991	8,482	6,846	11,976	889	5,913	10,284	282

NOK in millions	Total as of 31.12.20	< 1 year	2 years	3 years	4 years	5 years	6 years	7 years	8 years	9 years	10 years	>10 years	Not specified
Interest-bearing liabilities													
Financial Debt	103,275	6,775	8,480	8,330	13,384	11,776	10,910	7,529	6,104	11,196	715	18,077	-
Other interest-bearing liabilities	521	521	-	-	-	-	-	-	-	-	-	-	-
Sum of interest-bearing liabilities [1]	103,796	7,296	8,480	8,330	13,384	11,776	10,910	7,529	6,104	11,196	715	18,077	-
Non-interest-bearing liabilities													
Trade and other payables	33,891	33,891	-	-	-	-	-	-	-	-	-	-	-
Other current non-interest-bearing liabilities	1,365	1,365	-	-	-	-	-	-	-	-	-	-	-
Derivative financial instruments	1,811	506	320	27	194	132	549	-	82	-	-	-	-
Other non-current non-interest-bearing liabilities	161	-	-	-	-	-	-	-	-	-	-	-	161
Sum of non-interest-bearing liabilities	37,228	35,762	320	27	194	132	549	-	82	-	-	-	161
Total	141,024	43,057	8,800	8,357	13,578	11,908	11,460	7,529	6,186	11,196	715	18,077	161
Future interest payments	8,226	1,331	1,223	1,152	1,094	857	612	469	382	314	189	602	-
Total including future interest payments	149,250	44,388	10,023	9,509	14,672	12,765	12,071	7,998	6,568	11,510	904	18,679	161

[1] The maturity tables do not include lease liabilities related to licences or other lease liabilities. See 18 for more information on licence commitments and lease liabilities.

Interest rate risk

The Group is exposed to interest rate risk through funding and cash management activities. Changes in interest rates affect the fair value of assets and liabilities. Interest income and interest expense in the income statement are influenced by changes in interest rates in the market. In 2021, average interest rate for the Group was 1.6% on interest-bearing liabilities, excluding lease and licence liabilities (1.8% in 2020).

The majority of debt issued by the Group is fixed rate debt. The Group uses interest rate derivatives to manage interest rate risk of the debt portfolio. This typically involves interest rate swaps, swapping floating interest rates to fixed interest rates and vice versa.

According to Group Policy, Telenor subsidiaries with external debt instruments shall maintain a balanced profile between fixed and floating rate debt. The portion of the fixed rate shall be between 30% to 70% of external debt. As of 31 December 2021, the portion of fixed rate of Group's debt was 50% (48% as of 31. December 2020). For Telenor ASA the portion of fixed rate debt as of 31 December 2021 was 55% (53% as of 31. December 2020).

Effect from the interest rate benchmark reform

The Group is exposed to the interest rate benchmark reform (IBOR reform) through financial instruments with exposures from EURIBOR, THBFIX (Thai Baht) and USD Libor interest rate fixings. As of 31 December 2021, there are no effects on the Group's consolidated financial statements as a result of the IBOR reform. The Group has signed ISDA Fallback Protocol and supplement as part of the transition plan to the alternative rates, further Group is in dialogue with counterparties about the IBOR reform, and this has not resulted in changes to the Group's risk management strategy.

The table below shows the financial instruments impacted by interest rate benchmark reform as of 31 December 2021:

NOK in millions	Non-derivatives Carrying amount	Derivatives Nominal amount
Bonds		
EURIBOR 12 months	70,547	
THBFIX 6 months	11,700	
	82,247	
Interest Rate Swaps		
EURIBOR 6 months		21,965
EURIBOR 3 months		15,975
THBFIX 6 months		5,836
USD LIBOR 6 months		881
USD LIBOR 3 months		7,651
		52,308
Cross Currency Swaps		
EURIBOR 6 months		10,483
EURIBOR 3 months		18,356
USD LIBOR 3 months		19,935
		48,774

Derivative instruments designated as fair value hedging instruments

The majority of debt is issued using fixed rate bonds. In order to manage interest rate risk, a portion of the debt may be swapped to floating interest rate by using interest rate swaps. Fair value hedge accounting is applied when hedge accounting criteria are met. There is an economic relationship between the hedged items and the hedging instruments, as the terms of the interest rate swaps match the terms of the fixed rate bonds (i.e., notional amount, maturity, payment and rate set dates).

Effectiveness testing is performed using the hypothetical derivative method and compares changes in fair value of the hedging instrument against the changes in fair value of the hedged item attributable to the hedged risk. Hedge ineffectiveness in fair value hedges can arise from:

- Different interest rate curve applied to discount the hedged items and hedging instruments.
- Differences in timing of cash flows of the hedged items and hedging instruments. The table below shows the effects of the Group's fair value hedges.
- The effects of the forthcoming IBOR reforms because these might take effect at a different time and have a different impact on the hedged item (the fixed rate debt) and the hedging instruments (the interest rate swaps used to hedge the debt).

The change in fair value of the hedging instrument and the hedged item is recognised on the line item Net change in fair value of financial instruments under financial items in the income statement.

Fair value hedging relationships

NOK in millions	2021	2020
Net gain / (loss) recognised in the income statement on hedged items	1,280	(1,308)
Net gain / (loss) recognised in the income statement on hedging instruments	(1,323)	954
Amount of hedge ineffectiveness	(44)	(354)

Net hedge ineffectiveness for 2020 includes a loss of NOK 0.3 billion related to discontinuation of fair value hedge accounting.

Financial instruments designated as hedging instruments in fair value hedges are classified on the line items Other non-current assets and Other current financial assets in the statement of financial position, see note 22:

	2021		2020	
NOK in millions	Assets	Liabilities	Assets	Liabilities
As of 31 December				
Nominal amounts fair value hedge instruments	42,278	-	44,488	-
Fair values of fair value hedge instruments	1,071	(120)	2,387	-

The following table shows the maturity profile of the Group's fair value hedge instruments (in nominal values):

NOK in millions	Total	< 1 year	2 years	3 years	4 years	5 years	6 years	7 years	8 years	9 years	10 years	>10 years
As of 31 December 2021	2,148	524	378	369	321	203	119	91	79	13	13	40
As of 31 December 2020	2,630	517	527	376	366	317	195	109	80	77	13	54

The terms of the fixed rate receive leg of the interest rate swaps designated as fair value hedge instruments match the terms of the fixed rate pay leg of the hedged items. The average interest rate terms of the floating pay legs of the interest rate swaps are EURIBOR 3/6 months + 71 basis points (+ 71 basis points in 2020) for EUR denominated swaps, and THBFIX + 140 basis points (+ 140 basis points in 2020) for THB denominated swaps.

The table below shows the carrying amounts of the Group's fair value hedge items, which are recognised on the line items Non-current interest-bearing liabilities and Current interest-bearing liabilities in the statement of financial position:

NOK in millions	2021	2020
As of 31 December		
Carrying amount of hedged items recognised in the statement of financial position	43,003	46,499
Fair value hedge adjustments included in the carrying amount of the hedged items	825	2,126

Interest rate risk sensitivity analysis

Effects on changes in fair value

The Group calculates the sensitivity on the change in fair value of assets and liabilities of a defined parallel shift in the yield curve of the relevant currencies. For each simulation, the same shifts in interest rates are used for all currencies. The sensitivity analysis is run only for assets and liabilities that represent significant interest-bearing positions. Due to debt instruments the net position is a liability. Since hedge accounting is applied and interest-bearing debt is measured at amortised cost, the full effect of change in fair value is not recognised in the income statement. This is shown in the table below:

	2021		2020	
NOK in millions	Yield curve increase 50 Basis points	Yield curve decrease 50 Basis points	Yield curve increase 50 Basis points	Yield curve decrease 50 Basis points
Reduction (increase) in fair value of net liabilities	1,629	(1,709)	1,933	(2,035)
Gain (loss) in the income statement	41	(44)	(9)	11

Sensitivity analysis of change in floating interest rates on net financial items in the income statement:

	2021		2020	
NOK in millions	Yield curve increase 50 Basis points	Yield curve decrease 50 Basis points	Yield curve increase 50 Basis points	Yield curve decrease 50 Basis points
Gain (loss) in the income statement	(491)	491	(547)	547

Exchange rate risk

The Group is exposed to changes in the value of NOK relative to other currencies. The carrying amount of the Group's net investments in foreign entities and proceeds from these investments varies with changes in the foreign exchange rate. The net income of the Group is also affected by currency fluctuations, as the profit and losses from foreign operations are translated into NOK using average exchange rates for the period. Exchange rate risk related to some net investments in foreign operations is partly hedged by issuing debt instruments in the currencies involved or correlated currencies when this is considered appropriate. Combinations of money market instruments (Commercial Paper and bonds) and derivatives (foreign exchange forward contracts and cross currency swaps) are used for this purpose. Short-term currency swaps are used for liquidity management purposes. Net investment hedge accounting is applied when possible.

Exchange rate risk also arises when Telenor ASA or any of its subsidiaries enter into transactions or holds monetary items denominated in other currencies than their own functional currency. In accordance with Group Policy, committed cash flows in foreign currency equivalent to NOK 300 million or above are evaluated for hedging.

Financial instruments designated as hedging instruments of net investment in foreign operations

As of 31 December 2021 and 2020, material hedging positions are designated as net investment hedges.

There is an economic relationship between the hedged items and the hedging instruments as the net investment creates a translation risk that will match the foreign exchange risk on the debt and derivatives designated as hedging instruments.

Net investment hedging is mainly applied in currencies that have well-functioning financial markets, but the Group may also designate debt in correlated currencies as hedging instruments to hedge foreign exchange risk.

The Group has established hedge ratios to match the underlying risk of the hedging instruments with the hedged risk component. Hedge ineffectiveness may arise when the amount of the investment in the foreign subsidiary becomes lower than the amount of the debt and derivatives designated as hedging instruments. There was no ineffectiveness in the years ending 31 December 2021 and 2020.

For additional information and a reconciliation of the net investment hedge balance in equity, see note 24.

Net investment hedging relationships

NOK in millions	2021	2020
Amount recognised directly to other comprehensive income (OCI)	2,447	(3,587)

Interest-bearing debt and derivatives designated as hedging instruments in net investment hedges (only effective part of instruments is included):

	2021		2020	
NOK in millions	Debt	Derivatives	Debt	Derivatives
As of 31 December				
Nominal amounts net investment hedge instruments	(54,232)	9,184	(58,177)	9,046
Fair value net investment hedge instruments	(55,997)	(1,273)	(62,086)	(647)

Debt designated as hedging instruments in net investment hedges are recognised on the line items Non-current interest-bearing liabilities and Current interest-bearing liabilities in the statement of financial position.

Classification of derivatives designated for net investment hedge in the consolidated statement of financial position:

NOK in millions	2021	2020
As of 31 December		
Other non-current assets	27	665
Other financial current assets	320	177
Non-current non-interest-bearing financial liabilities	(950)	(984)
Current non-interest-bearing liabilities	(669)	(505)
Fair value net investment hedge instruments	(1,273)	(647)

The following table shows the maturity profile (in nominal values) of the Group's net investment hedge instruments (only effective part of instruments is included):

NOK in millions	Total	< 1 year	2 years	3 years	4 years	5 years	6 years	7 years	8 years	9 years	10 years	>10 years
As of 31 December 2021	(49,304)	(5,688)	(1,903)	(3,707)	(2,449)	(7,126)	(3,057)	(4,223)	(8,259)	(134)	(4,372)	(8,386)
As of 31 December 2020	(54,532)	(6,686)	(689)	(1,890)	(4,682)	(2,542)	(8,360)	(3,159)	(4,535)	(8,677)	(137)	(13,174)

Average currency rates in cross currency swaps designated as net investment hedge instruments were NOK/USD 8.57 (8.55 in 2020), USD/EUR 1.16 (1.16 in 2020), SEK/EUR 10.47 (10.57 in 2020) and NOK/EUR 10.83 (10.83 in 2020) in 2021. In 2021, average currency rates in foreign exchange contracts designated as net investment hedge instruments were NOK/SEK 1.00 (0.96 in 2020), NOK/EUR 9.98 (n.a. in 2020), USD/EUR 1.16 (1.19 in 2020), USD/MYR 0.24 (0.24 in 2020), USD/THB 0.03 (0.03 in 2020) and SEK/USD n.a (8.26 in 2020).

Exchange rate risk sensitivity analysis

This analysis does not consider correlation between currencies. Empirical studies confirm substantial diversification effect across the currencies that the Group is exposed to.

Effects on net currency gains (losses)

Currency gains and losses on monetary items in foreign currency are recognised in the income statements of Telenor ASA and its subsidiaries. Net currency gains (losses) in foreign subsidiaries are translated to NOK in the consolidated income statement. The table below shows the effect on consolidated net currency losses of 10% depreciation in functional currencies in the Group, keeping other currencies constant (only significant exposures are included in the table):

	Monetary Item Currency							
	2021				2020			
NOK in millions	EUR	SEK	USD	Other	EUR	SEK	USD	Other
Depreciating Functional Currency								
NOK	(146)	(443)	(1,212)	(116)	-	(605)	(1,290)	(106)

Effects due to foreign exchange translations on other comprehensive income

Translation of subsidiaries from their functional currencies into the presentation currency of the Group (NOK) will impact the Group's other comprehensive income (OCI) and equity. If NOK had weakened by 10% against all other functional currencies of the Group, the change in the carrying amount of consolidated equity as of 31 December 2021, including effects of net investment hedge, would have been an increase of approximately NOK 2.2 billion (increase of NOK 3.4 billion as of 31 December 2020).

The table below shows the impact on OCI of net investment hedge (NIH) instruments if the functional currency weakened by 10%.

	2021				2020			
NOK in millions	EUR	SEK	USD	Other	EUR	SEK	USD	Other
Currency effect on OCI (before tax) of NIH instruments								
NOK	(2,474)	(1,128)	(267)	(636)	(2,726)	(1,242)	(273)	(672)
Effect on other comprehensive income (OCI)	-	-	-	(4,505)	-	-	-	(4,913)

Effects due to foreign exchange translations on net income

Translation of net income from subsidiaries with functional currency other than NOK, also represents a currency exposure for the Group's reported figures. If the presentation currency (NOK) had weakened / strengthened by 10% against all other currencies included in the analysis, net income for the Group would have been NOK 0.3 billion higher / lower in 2021 (NOK 1.3 billion in 2020).

Credit risk

Credit risk is the loss that the Group would suffer if a counterparty fails to perform its financial obligations. The Group considers its maximum exposure to credit risk to be as follows:

Maximum credit exposure

NOK in millions	2021	2020
Cash and cash equivalents	15,223	20,577
Bonds and commercial papers > 3 months (note 22)	327	356
Financial derivatives (note 22)	1,333	3,506
Other financial non-current interest-bearing assets – deferred payment from disposal (note 22)	-	1,047
Current interest-bearing receivables – deferred payment from disposal (note 21)	998	2,180
Trade and other current financial receivables (note 21)	17,286	18,416

The Group's credit risks largely arise from trade receivables, financial derivatives and cash and cash equivalents.

Credit risk from cash and cash equivalents is managed by the Group's Treasury department in accordance with the principles defined in the Group Policy Treasury. Cash deposits are only made with approved counterparties and in accordance with approved credit limits per counterparty. Counterparty credit limits for core banks are reviewed by the Group's Board of Directors on a regular basis. The limits are set to minimise the concentration of risks and therefore mitigate financial loss through a counterparty's potential payment default.

Credit risk arising from financial derivatives and cash deposits is managed through diversification, internal risk assessment and credit scoring, as well as credit risk mitigation tools. The main risk mitigation tools include legal netting and collateral agreements.

Credit risk from other financial non-current interest-bearing assets and current interest-bearing receivables regarding deferred payment of EUR 100 million from disposal of operations in Central Eastern Europe (CEE) is mitigated through received bank and parent company guarantees as well as covenants in the sales agreement.

Credit risk related to trade receivables is assessed to be limited due to the high number of customers in the Group's customer base. As such, no further credit risk provision is required in excess of the normal provision for bad and doubtful receivables. See note 21 for information on receivables in terms of age distribution and provision for bad debt. Credit risk related to sale of handsets on instalment plans, where the effect of discounting is considered material, is also assessed to be limited. Credit risk related to such arrangements are embedded in the discount rate and reflected as reduced revenue.

As of 31 December 2021, NOK 658 million was posted as cash collateral (receivable). As of 31 December 2020, NOK 78 million was posted as cash collateral (receivable).

NOTE 30 Fair values of financial instruments

Principles for estimating fair values

Based on the characteristics of the financial instruments that are recognised in the financial statements, the financial instruments are grouped into classes and categories. The estimated fair values of the Group's financial instruments are based on available market prices and the valuation methodologies per class are described below.

Fair value hierarchy

The Group measures fair values using the following fair value hierarchy that reflects the significance of the inputs used in measuring fair value.

Level 1: Quoted prices (unadjusted) in active markets for identical financial instruments

Level 2: Inputs other than quoted prices included within Level 1 that are observable for assets or liabilities, either directly (i.e. as prices) or indirectly (i.e. derived from prices).

Level 3: Inputs for assets or liabilities that are not based on observable market data (unobservable inputs).

Interest-bearing liabilities

Fair values of interest-bearing liabilities as shown in note 28 are based on quoted prices where available. Interest-bearing liabilities that are not traded in an active market have been estimated using yield curves which incorporate estimates of the Telenor ASA credit spread. The credit curves have been extrapolated using indicative prices on debt issuance by Telenor ASA for different maturities. The yield curves have been interpolated from cash and swap curves observed in the market for different currencies and maturities.

Trade receivables and other current and non-current financial assets

For trade receivables and other current receivables, the carrying amount is assessed to be a reasonable approximation of fair value. The effect of not discounting is considered to be immaterial for this class of financial instruments.

Trade payables and other non-interest-bearing financial liabilities

For trade payables and other non-interest-bearing financial liabilities, the carrying amount is assessed to be a reasonable approximation of fair value. The effect of not discounting is considered to be insignificant for this class of financial instruments.

Equity investments

Fair values for listed shares as shown in note 22 are based on quoted prices at the end of the reporting period. Fair value of unlisted shares is estimated by using commonly used valuation techniques or measured at cost if the investment does not have a quoted market price in an active market and the fair value cannot be reliably measured.

Cash and cash equivalents

The fair value for this class of financial instruments is assessed to be equal to the nominal amount.

Derivatives

Fair value of currency swaps, foreign currency forward contracts and interest rate swaps as shown in note 22 and 27 is estimated based on calculating the net present value of future cash flows, using interest rate curves, exchange rates and currency spreads as of 31 December 2021 and 2020, respectively.

NOTE 31 Guarantees

Guarantee obligations:

NOK in millions	2021	2020
Guarantee obligations as of 31 December	**2 475**	2 477

The exposure to claims from the Department of Telecommunications (DoT) in India related to the period Telenor owned the business remains with Telenor. A guarantee to Bharti Airtel was recognised at fair value as of closing date of the transaction and classified as liabilities held for sale. As of 31 December 2021, the amount recognised was NOK 3.4 billion (NOK 3.0 billion as of 31 December 2020). The guarantee to Bharti Airtel is not included in the table above.

Purchased bank guarantees are not shown in the table.

NOTE 32 Contractual commitments

The Group has entered into agreements with fixed payments in respect of the following as of 31 December 2021 and as of 31 December 2020:

2021

NOK in millions	2022	2023	2024	2025	2026	After 2026
Contractual purchase obligations						
IT-related agreements	329	28	4	-	-	-
Other contractual obligations	5 080	1 855	334	45	13	10
Committed investments						
Property plant and equipment and intangible assets	3 621	9	-	-	-	-
Total contractual obligations	**9 031**	**1 892**	**338**	**45**	**13**	**10**

2020

NOK in millions	2021	2022	2023	2024	2025	After 2025
Contractual purchase obligations						
IT-related agreements	422	76	63	-	-	-
Other contractual obligations	6 511	2 193	1 999	74	44	10
Committed investments						
Property plant and equipment and intangible assets	4 311	25	-	-	-	-
Total contractual obligations	**11 243**	**2 294**	**2 062**	**74**	**44**	**10**

The tables above include agreements under which the Group has only committed minimum purchase obligations.

The table for 2020 has been updated with changes related to other contractual obligations in Denmark.

NOTE 33 Related parties

As of 22 March 2022, Telenor ASA was 53.97% owned by the Kingdom of Norway, represented through the Ministry of Trade, Industry and Fisheries (MTIF).

The Norwegian telecommunications market is governed by the Electronic Communications Act of 4 July 2003 and other regulations issued pursuant to this Act. The Group provides designated Universal Service Obligations (USO) through an agreement between the Group and the Norwegian Ministry of Local Government and Modernisation (MLGM). The USO obligation entails among other things the provision of public voice telephony and basic access to internet to all households and companies. The Group is imposed USO obligations to provide text telephony services for the deaf and hearing impaired. The Group receives no compensation for providing USO services.

In addition, the Group was in 2021 and 2020 subject to Special Service Obligations (SSO), mainly related to security and emergency following an agreement between the Norwegian Ministry of Justice and Public Security and Telenor Coastal Radio. The Group receives compensation for providing SSO. In 2021 and 2020, the Group received NOK 93 million and NOK 98 million, respectively, under this agreement.

The Group may also receive compensation for the obligations to fulfil additional requirements on the network to serve national security issues and other statutory services. In 2021 and 2020, the Group received a refund related to such activities of NOK 57 million and NOK 99 million, respectively.

In 2021 and 2020, the Group received NOK 67 and NOK 146 million in government grants, respectively, in connection with construction of broadband networks in designated areas in Norway.

The Group pays an annual fee to Norwegian Communications Authority and an annual levy to MLGM for delivering electronic communication services, including payments for frequencies and numbers. The fee/levy was NOK 206 million and NOK 219 million in 2021 and 2020, respectively.

In 2021, the Group invested NOK 1.2 billion in spectrum in the 2.6 GHz and 3.6 GHz frequency bands in Norway. The allocation in the 3.6 GHz band will be usable from 1 January 2022, while the 2.6 GHz band allocation can be used from 1 January 2023. Expiry of both licenses are 31 December 2042.

The Group provides mobile and fixed telephony services, leased lines, customer equipment, internet connections, TV distributions and other services to the state and companies controlled by the state in the normal course of business and at arms-length prices. The Group also purchases services, such as postal services, in the normal course of business and at arm's-length prices. Details of such transactions are not included in this note.

In addition, the Group sold transmission capacity and related services in the digital and analogue terrestrial transmission network to Norsk rikskringkasting AS of NOK 210 million in 2021 and NOK 211 million in 2020.

Transactions with associated companies and joint ventures

	2021		2020	
NOK in millions	Sales to	Purchases from	Sales to	Purchases from
	499	(696)	421	(712)

Amounts receivable from and amounts due to associated companies and joint ventures

	2021		2020	
NOK in millions	Receivables	Payables	Receivables	Payables
	88	(38)	78	(16)

Sales to associated companies in 2021 and 2020 include NOK 432 million and NOK 285 million in sale of satellite capacity to Allente Group. Allente Group AB was accounted for as an associate company from May 2020 upon the completion of the merger between Canal Digital AS and Viasat Consumer AB. Purchases from Strex AS regarding mobile content services were NOK 542 million in 2021 and NOK 567 million in 2020.

Transactions with subsidiaries have been eliminated on consolidation and do not represent related party transactions. See Note 15 Related Parties and Note 16 Shares in Subsidiaries in the financial statements of Telenor ASA for further details. The same applies to transactions with joint operations, see note 20 in the financial statements of Telenor Group.

For compensation to key management personnel, please refer to note 35 and chapter 11 and 12 in the corporate governance section of the Board of Directors' report.

NOTE 34 Legal disputes and contingencies

The Group is subject to various legal proceedings, disputes and claims including regulatory discussions related to the Group's business, licences and investments, the outcomes of which are subject to significant uncertainty. While acknowledging the uncertainties related to these matters, the management is of the opinion that based on the information currently available, these matters will be resolved without any material adverse effect individually or in the aggregate on the Group's financial position.

In case of certain matters below, we state that we have established a provision, and for the other matters, we make no such statement. With respect to the matters for which we do not state whether we have established a provision, either (a) we have not established a provision, in which case the matter is treated as a contingent liability under the applicable accounting standard; or (b) we have established a provision but expect disclosure of that fact to prejudice seriously our position with other parties in the matter because it would reveal the fact that Telenor believes an outflow of resources to be probable and reliably estimable. The development in provisions during 2021 related to legal disputes in total is disclosed in note 25.

See note 13 for uncertain tax positions.

Grameenphone

BTRC – Audit

BTRC has over several years conducted an information system audit of Grameenphone for the period 1997 to 2014. On 2 April 2019, Grameenphone received a demand notice from BTRC for payment of NOK 8.7 billion to BTRC (NOK 2.4 billion in principal and NOK 6.3 billion in interest), including some matters pending in ongoing formal resolution processes (sub-judice). These claims are unjustified from Telenor's and Grameenphone's position. In addition, BTRC has unauthorised and erroneously claimed NOK 4.2 billion, which mainly is related to an already resolved matter and other sub-judice matters with the National Board of Revenue (NBR). The total demand amounts to NOK 12.9 billion (the Demand). Overall, the Demand is based on allegations that Grameenphone has, amongst other things, underpaid various taxes, such as corporate taxes, SIM tax, VAT, and revenue share from its mobile operation. The Demand is comprised of claims against 26 line items, of which 22 line items are related to BTRC matters and no provision has been recorded based on the Demand dated 2 April 2019, as such. The other four line items are related to the NBR matters, where Telenor and Grameenphone in previous years have recorded provisions based on an assessment of the legal merits of the claims.

On 22 July 2019, BTRC imposed operational restrictions on Grameenphone by stopping No Objection Certificates (NOCs) and approvals on import of products, services, and equipment. Late August 2019, Grameenphone filed both a civil case (title suit) to the District Court contesting the Demand and an injunction application with a request to stay the suspension of NOCs and to restrain BTRC from taking any steps in enforcing the Demand. The District Court rejected the application for injunction. Grameenphone appealed before the High Court Division (HCD) on 17 September 2019. On 17 October 2019, HCD passed an injunction order restraining BTRC, for a period of two months, from taking any steps to realise or enforce the Demand and suspend NOCs for import of equipment/software and approvals of tariff/service packages etc. (the "HCD order"). The HCD order was appealed by BTRC to the Appellate Division of the Supreme Court (AD) and on 24 November 2019 the AD decided that the HCD order shall be maintained, subject to payment of NOK 2.0 billion by Grameenphone; otherwise the HCD order would stand vacated.

On 20 and 24 February 2020, the AD ordered the payment of the deposit of NOK 2.0 billion to BTRC to be made in two equal instalments within 24 February 2020 and 31 May 2020. Both instalments were paid before the due dates and recognised as non-current financial assets (see note 22). Further, AD directed BTRC to allow Grameenphone to carry on its business without any hindrance and fixed the matter on 31 May 2020 for passing further order. Due to the COVID-19 situation in Bangladesh, the meeting was postponed, and no new date has been set. BTRC has lifted the operational restrictions on the import of equipment/software and approvals of tariff/service packages etc. The original Title suit, where the court is supposed to assess the merits of the Demand, is pending at the District Court. BTRC and its Auditor appeared in the suit earlier, but they have not yet submitted their reply.

Singapore and Bangladesh have entered into a Bilateral Investment Treaty (BIT) and in October 2019, Telenor Asia Pte Ltd, a Telenor subsidiary being a shareholder in Grameenphone and domiciled in Singapore, sent a notice to the President of Bangladesh to initiate discussions as a first step in an attempt to resolve issues arising from the audit dispute between Grameenphone and BTRC pursuant to the procedural mechanisms in such BIT.

As set out above, Telenor's and Grameenphone's position is that the BTRC claims are unjustified. Grameenphone has performed a detailed assessment and obtained legal advice for each of the line items in the Demand. The errors in the BTRC audit-findings, the unprecedented long period covered by the audit (more than 20 years backwards), the inclusion of already settled/resolved items, the erroneous claim on behalf of third parties and the inclusion of sub-judice items in conjunction with the absence of merit based determination through any solution process, create significant uncertainty about the validity of the demand and outcome of the dispute.

Dividend restrictions by Bangladesh Bank

Bangladesh Bank informed Grameenphone in 2019 that future dividend repatriation to Telenor with respect to its shares which were issued against contribution in-kind will be suspended until supporting documentary evidence is submitted to Bangladesh Bank. The original shareholders in Grameenphone had contributed services which were incurred as pre-incorporation expenses, and received shares currently representing 2.9% of the total number of shares in the company. Grameenphone has responded to all queries from Bangladesh Bank and duly submitted all available documents as requested by Bangladesh Bank. On 13 April 2021, Bangladesh Bank issued a letter to Grameenphone where the bank revoked its earlier decision and allowed Grameenphone to undertake dividend repatriation related to the shares issued against contribution in-kind. Retained dividend in this matter amounted to NOK 0.2 billion, which was received in the second quarter 2021.

SIM tax on replacement SIM cards

The Large Taxpayer Unit-VAT has issued three notices to Grameenphone claiming SIM tax of in total NOK 1.5 billion (excl. interest) on the replacement of SIM cards issued during three time periods from July 2007 to June 2015. In 2019 and 2020, the VAT Appellate Tribunal gave decisions in Grameenphone's disfavour in two of the three periods (2007-2011 and July 2012-June 2015), representing a total demand of NOK 1.4 billion (excl. interest). Grameenphone has appealed the decisions to the High Court Division of the Supreme Court who passed stay orders on these two decisions by the Tribunal until final adjudication.

dtac

Revenue share - deduction of interconnect expenses

In January 2021 the two Thailand's state-owned telecom companies TOT Public Company Limited (TOT) and CAT Telecom Public Company Limited (CAT) merged and became National Telecom Public Company Limited (NT). The disputes mentioned below were initiated prior to the merger, as disputes with CAT, but as a result of the merger, NT is now dtac's counterpart in these proceedings.

dtac is involved in industry disputes with NT) related to the calculation of revenue share in the now expired concession. The issue of the disputes is whether dtac had the right to deduct interconnect expenses from its interconnect revenues to be used as basis for calculating the payment of concession fee to NT. Since late December 2019, various arbitration panels have made decisions in dtac's favor and disfavor for concession years 16 to (including) 20. Pursuant to these awards, dtac has an obligation to pay an approximate total amount of NOK 4.9 billion. Dtac has appealed the negative awards to the Central Administrative Court. Similar disputes exist for concession years 21 to 27 (16 September 2011 to 15 September 2018) where NT has presented claims of NOK 4.2 billion in total.

Revenue share - deduction of excise tax

On 11 January 2008, NT submitted a claim to the Arbitration Institute in Thailand requesting dtac to make concession revenue sharing payments for the concession period 16 September 2002 to 15 September 2006 amounting to NOK 6.6 billion including VAT and penalties. The basis for the claim is that revenue share paid by dtac to NT was made after deduction of excise tax. dtac's opinion is that it was entitled to deduct excise tax pursuant to resolutions made by the Thai Council of Ministers on 11 February 2003 and a letter issued by NT on 27 March 2003. On 28 May 2012, the Thai Arbitral Tribunal rendered an award in favour of dtac and dismissed NT's claim. However, on 31 August 2012, NT filed a lawsuit with the Central Administrative Court in Thailand in order to revoke the Arbitral Tribunal's award. On 29 January 2016, dtac was notified by the Central Administrative Court in Thailand that the court had decided the case in dtac's favour. NT has appealed the case to the Supreme Administrative Court in Thailand. These proceedings are pending.

Foreign ownership

One of dtac's competitors made a number of complaints to the Thai Police and the Thai Ministry of Commerce early in 2011, that dtac is in breach of the Foreign Business Act (FBA) limiting foreign ownership to 49% of the share capital without special governmental permission.

In addition, on 22 September 2011, one of dtac's minority shareholders (holding 100 shares in dtac) filed a complaint against the state agency, National Broadcasting and Telecommunication Commission (NBTC), with the Central Administrative Court in Thailand alleging that NBTC (as an administrative agency) has negligently failed to perform its duties in allowing dtac to operate its telecom business. The Central Administrative Court in Thailand has issued a summons requesting dtac to become a co-defendant in these proceedings. On 26 November 2015, the Central Administrative Court in Thailand ruled that the court cannot revoke dtac's right to operate. However, the court has ordered NBTC to investigate whether dtac is in breach of the FBA. Both NBTC and dtac have filed an appeal to the Supreme Administrative Court in Thailand.

Currently, these two cases are under the consideration of the Royal Thai Police and the Supreme Administrative Court in Thailand. Telenor believes that the Group's ownership structure in dtac was established, and is, in accordance with Thai law as well as established practices in Thailand.

India

Telenor's previous operations in India are subject to a number of disputes with the Indian Department of Telecommunications (DoT), which remain to be concluded.

One of these disputes is related to the basis for calculation of licence fees and spectrum usage charges for the entire duration of Telenor's operations in India. This is a principal matter common to all industry participants. During 2019 – 2021, DoT has issued demand notices in the mentioned matter to approximately NOK 4.7 billion, including penalty and interest, against Telenor's Indian subsidiaries. In a ruling in the fourth quarter of 2019 and in subsequent court orders in 2020, the Supreme Court of India upheld DoT's view on the determination of how to calculate licence fees and spectrum usage charges. Despite the Supreme Court's final ruling in this matter, there are still computational elements that remain unclarified and hence the outcome is uncertain.

On 2 February 2012, the Indian Supreme Court quashed all 122 2G licences awarded in 2008, including those granted to Unitech Wireless. The Indian Supreme Court ordered that all such 2G licences and spectrum should be auctioned. The spectrum auction was completed in November 2012 and the Group, through Telewings, secured spectrum licences in 6 circles. In February 2013, the Indian Supreme Court ordered the payment of retroactive spectrum fees for the licences quashed in February 2012. DoT issued a notice in November 2014 to Unitech Wireless seeking an explanation as to why retrospective spectrum fee payment should not be recovered by DoT pursuant to the February 2013 order of the Indian Supreme Court. Telenor replied to the above notice in December 2014. However, on 14 February 2017 DoT issued a demand notice of NOK 0.9 billion (including interest). Telenor has challenged such demand and the interpretation by DoT of the Indian Supreme Court judgment before the Telecom Disputes Settlement and Appellate Tribunal in India. A stay order is currently in place.

DoT has further issued a notice to 8 entities of Unitech Wireless relating to a financial penalty of NOK 1.2 billion imposed, due to an alleged violation of a merger approval for the Unitech Wireless entities. Telenor has contested the basis for the claim.

See note 4 under Discontinued operations and assets held for sale for information on provisions related to the period the Group owned the business in India.

Telenor Pakistan

Licence renewal

Telenor Pakistan's 900 MHz and 1800 MHz spectrum licence expired on 25 May 2019, and the renewal fee was set to NOK 4.0 billion by the Pakistan Telecommunication Authority (PTA) for an extension period of 15 years. Telenor Pakistan disagrees with the terms and conditions for renewal, primarily on the price. Telenor Pakistan believes that the renewal price should be NOK 2.5 billion, which is the same as for prior renewals for other operators. Accordingly, Telenor Pakistan has challenged the terms and conditions for renewal of said licence in Islamabad High Court.
On 19 July 2021, the High Court decided the case in Telenor Pakistan's disfavour. Telenor Pakistan appealed the case to the Supreme Court on 31 August 2021. In December 2021, Telenor Pakistan signed the licence under protest whilst waiting for the Supreme Court's hearing of the case. Telenor Pakistan has paid a total of NOK 2.8 billion (excl. interest) of the demanded licence renewal fee, which is considered adjustable against the final outcome of the case. Considering the unresolved dispute regarding the licence payments, NOK 2.5 billion has been recognised as right-of-use asset based on best estimate of the final outcome of the case, and NOK 0.3 billion has been recognised as prepayment.

Federal Excise Duty (FED) on interconnect charges

The Federal Board of Revenue (FBR) alleged that the Cellular Mobile Operators (CMOs) have, together, evaded Federal Excise Duty (FED) payable on interconnect charges. The alleged liability for Telenor Pakistan was approximately NOK 0.4 billion, excluding penalty and interests. The CMOs collectively challenged the FED decision on interconnect charges in the Islamabad High Court, as they had collected and paid the FED on the full value of calls. The case was decided in favour of the CMOs in January 2014 as no double taxation of excise duty is permissible on the basis of law. The decision of the single bench was appealed by the FBR. The Division Bench of the High Court dismissed the appeal in June 2019 and upheld the decision of the single bench. FBR has now filed an appeal before the Supreme Court against the judgment of the High Court. Telenor is contesting the matter along with the industry in the Supreme Court. On 11 January 2022, the Supreme Court rejected the appeal, and the case is thereby closed.

Telenor Norway

EFTA Surveillance Authority (ESA) and the Norwegian Competition Authority (NCA) initiated an inspection of Telenor Norge AS on 4 December 2012 based on the suspected abuse of a dominant position and/or anti-competitive collaboration in the Norwegian mobile market.

ESA

On 29 June 2020 ESA issued a decision against Telenor Norway and Telenor ASA with a fine of NOK 1.2 billion for abuse of dominant position in Norway. The investigation has covered a number of issues, but the final decision only concerns the alleged insufficient margins between Telenor's wholesale prices and prices for mobile broadband to residential customers when sold on a stand-alone basis between 2008 and 2012. The case rests on a number of legal, economic, and factual considerations, on which ESA and Telenor have different opinions. Telenor has paid the fine in accordance with the obligation in the decision. Telenor appealed the decision to the EFTA Court on 28 August 2020. The case is still under the court's consideration.

NCA

The case relates to an alleged breach of the prohibition against abuse of a dominant position related to the pricing model in one mobile wholesale agreement in the mobile market in the period 2010-2014. The NCA's concern relates to the roll-out of the third mobile network in Norway. On 21 June 2018, the NCA issued a decision where it imposed a fine of NOK 0.8 billion. Telenor appealed the decision to the Competition Complaint Board on 20 December 2018. In a decision from 19 June 2019, the Competition Complaint Board sustained the NCA fine, but with a split decision. Telenor appealed the decision by the Competition Complaint Board to the Gulating Court of Appeal on 18 September 2019 and the court proceeding took place in January and February 2021. On 24 June 2021, the Gulating Court of Appeal gave a ruling where they upheld the decision from NCA and the Competition Complaint Board. Telenor appealed the ruling to the Supreme Court on 3 September 2021. On 26 November 2021, the Supreme Court rejected the appeal. The case is thereby closed, and Telenor paid the fine in December 2021.

NOTE 35 Key management compensation and fees to external auditor

Key management compensation

The table below outlines key management compensation for 2021 and 2020 by categories. The figures presented in each category are the total amounts for both the President & CEO and the Group executive management (GEM).

NOK in thousands	2021 [7]	2020 [7]
Base salary [1]	**35,299**	38,609
Benefits [2]	**4,516**	5,269
Short-term incentive (STI) [3]	**10,548**	13,472
Long-term incentive (LTI) and Employee Share plan (ESP) [4]	**8,737**	7,718
Extraordinary items [5]	**913**	24
Pension [6]	**6,040**	6,726
Total compensation	**66,053**	71,817

1) Base salary includes holiday pay, if applicable.
2) Benefits include any type of cash or benefit in kind provided, such as car allowance or car benefit, insurances, mobile phone and broadband subscriptions, expatriate benefits, such as accommodation, children schooling, etc.
3) STI reflects the annual bonus earned in the respective year. Any applicable holiday pay is reported under 'Base salary'.
4) LTI and ESP are multi-year incentive plans. LTI is a restricted share plan under which participants can receive Telenor ASA shares or phantom shares for a defined maximum percentage of their annual base salary. The shares are locked for a period of 3 years (4 years for the shares granted prior to 2020). LTI is reported on expensed basis, i.e. cost in any particular year is a total of annual cost of all active programs in that year. ESP is a voluntary share purchase plan, where employees after holding shares for a period of 2 years, can potentially receive matching shares (1x or 3x) through the performance-based ESP bonus. ESP cost are expensed to income statement over the vesting period. Reported ESP reflects the actual bonus award issued in the respective year. No ESP bonus awards were issued in 2021.
5) In 2021, Telenor issued a one-time compensation to recognize the hardship the extensive restrictions related to travel and freedom of movement had on their expatriate population and their families. The compensation was equivalent to one-month base salary, and Rostrup and Sabanovic were also beneficiaries of this allowance. Extraordinary items in 2021 mainly include the allowances received by Rostrup and Sabanovic.
6) The calculations of pension benefits earned are based on the same actuarial and other assumptions as used in the pension benefit calculations in note 26.
7) Rostrup's assignment to Singapore has been impacted by travel restrictions. As a result, larger portions of Rostrup's compensation for the duration of the assignment are subject to taxation both in Norway and Singapore (double taxation). Norwegian taxes paid for 2020 of NOK 2.0 million and estimated Norwegian taxes for 2021 of NOK 6.2 million, before taking any exemptions into account, are not included in the above table.

In addition to the above, fees to the Board of Directors amount to NOK 5.5 million in 2021 and NOK 5.2 million in 2020. The fees consist of an annual fee reflecting the role in the Board and additional fees for any board committee the respective director takes part in.

Loans to employees

Total loans to employees were NOK 3.9 million as of 31 December 2021 and NOK 5.1 million as of 31 December 2020.

Fees to the auditors

The table below summarises audit fees for 2021 and 2020 and fees for audit related services, tax services and other services incurred by the Group during 2021 and 2020. Fees include both Norwegian and foreign subsidiaries.

	Audit fees		Fees for further assurance services		Fees for tax services		Other fees	
NOK in millions, excluding VAT	2021	2020	2021	2020	2021	2020	2021	2020
Telenor ASA	**6.1**	5.4	**0.3**	1.3	**0.6**	1.0	**2.0**	1.7
Other Group companies	**32.3**	28.9	**4.7**	4.0	**14.7**	14.7	**8.8**	7.0
Total Group auditors	**38.3**	34.3	**5.0**	5.3	**15.3**	15.7	**10.8**	8.7
Other auditors in subsidiaries	**0.9**	0.0	**0.0**	0.0	**0.0**	0.0	**0.0**	0.0
Total	**39.2**	34.3	**5.0**	5.3	**15.3**	15.7	**10.8**	8.7

Fees for audit services include fees associated with the required statutory and financial audits. Further assurance services principally include other attestation services required by laws and regulations, attestations related to information system, audits, attestations and agreed upon procedures reported on to regulators and other third parties.

Fees for tax services include tax compliance and advice regarding tax rules and consequences, as well as tax due diligence services in connection with acquisitions, disposals, and other transactions. Other fees relate primarily to process/system/project/supplier reviews, financial due diligence services and consultations in connection with acquisitions, disposals, and other transactions.

NOTE 36 Number of shares, authorisations, ownership etc.

As of 31 December 2021, Telenor ASA had a share capital of NOK 8,396,748,198 divided into 1,399,458,033 ordinary shares with a nominal value of NOK 6 each. All ordinary Telenor shares have equal voting rights and the right to receive dividends. As of 31 December 2021, the company held no treasury shares.

At the AGM in May 2019, authority was given to the Board of Directors to acquire up to 43 000 000 own shares, corresponding to approximately 2% of the share capital, for the purpose of cancellation. Within this authorisation, which was valid until AGM in May 2020, on 31 October 2019 Telenor completed the market part of share buyback programme where Telenor purchased 19,794,961 own shares in the open market. Prior to the AGM, Telenor entered into an agreement with its largest shareholder, the Kingdom of Norway, represented through the Ministry of Trade, Industry and Fisheries. The agreement implied that the Kingdom of Norway was committed, through the Ministry of Trade, Industry and Fisheries' participation and voting in Telenor's general meeting, to sell a proportionate number of its shares so that the Kingdom of Norway's ownership interest in Telenor would remain unaffected if Telenor repurchased shares for the purpose of cancellation. The agreement was valid until the AGM in 2020. Following AGM approval in May 2020, Telenor's share capital was decreased by NOK 257 999 994 by cancellation of the 19,794,961 repurchased shares under the authorisation from AGM in May 2019 and redemption of 23 205 038 shares owned by the Kingdom of Norway against payment of an amount of NOK 4 112 795 215.

Changes in treasury shares including redemption of shares owned by the Norwegian State:

	2021	2020
Balance as of 1 January	-	19,794,961
Purchase of treasury shares	-	23,205,038
Cancellation of treasury shares	-	(42,999,999)
Balance as of 31 December	-	-

As of 31 December 2021, Telenor ASA had about 57,100 registered shareholders, compared with about 47,800 as of 31 December 2020.

The 20 largest shareholders as of 31 December 2021 from the shareholder register [1]

	Name of shareholders	Number of shares	%
1	Ministry of Trade, Industry and Fisheries, Kingdom of Norway	755,220,420	53.97
2	Folketrygdfondet	66,000,408	4.72
3	State Street Bank and Trust Company (nominee)	26,433,684	1.89
4	State Street Bank and Trust Company (nominee)	26,400,357	1.89
5	State Street Bank and Trust Company (nominee)	21,571,358	1.54
6	JPMorgan Chase Bank (nominee)	15,349,781	1.10
7	JPMorgan Chase Bank (nominee)	14,938,299	1.07
8	State Street Bank and Trust Company (nominee)	12,161,996	0.87
9	State Street Bank and Trust Company (nominee)	9,117,443	0.65
10	State Street Bank and Trust Company (nominee)	8,473,683	0.61
11	Clearstream Banking S.A. (nominee)	7,827,325	0.56
12	The Northern Trust Comp (nominee)	6,704,373	0.48
13	The Bank of New York Mellon (nominee)	6,629,622	0.47
14	Verdipapirfondet KLP Aksjenorge IN	6,530,462	0.47
15	BNP Paribas (nominee)	6,219,838	0.44
16	VPF DNB AM Norske Aksjer	6,050,300	0.43
17	Verdipapirfondet Storebrand Norge	5,975,704	0.43
18	State Street Bank and Trust Company (nominee)	5,958,638	0.43
19	Euroclear Bank S.A./N.V. (nominee)	5,729,942	0.41
20	Danske Invest Norske INSTIT. II	5,165,878	0.37
	Total held by 20 largest shareholders	1,018,459,511	72.80
	Total all Telenor shares	1,399,458,033	100.00

The 20 largest shareholders as of 31 December 2021 beneficial ownership [2)]

	Name of shareholders	Number of shares	%
1	Ministry of Trade, Industry and Fisheries, Kingdom of Norway	755,220,420	53.97
2	Folketrygdfondet	66,000,408	4.72
3	BlackRock Institutional Trust Company, N.A.	25,040,740	1.79
4	DNB Asset Management AS	23,018,108	1.64
5	The Vanguard Group, Inc.	22,025,479	1.57
6	DWS Investment GmbH	21,747,244	1.55
7	Caisse de Depot et Placement du Quebec	20,182,311	1.44
8	Storebrand Kapitalforvaltning AS	18,381,514	1.31
9	KLP Forsikring	13,498,958	0.96
10	Lazard Asset Management, L.L.C.	11,639,054	0.83
11	BlackRock Advisors (UK) Limited	10,031,931	0.72
12	APG Asset Management N.V.	9,610,049	0.69
13	Danske Invest Asset Management AS	8,944,393	0.64
14	State Street Global Advisors (US)	8,441,308	0.60
15	Pyrford International Limited	8,428,446	0.60
16	Fidelity International	8,224,549	0.59
17	Aberdeen Standard Investments (Edinburgh)	7,696,064	0.55
18	Legal & General Investment Management Ltd.	6,960,846	0.50
19	Danske Bank Asset Management	6,906,599	0.49
20	Deka Investment GmbH	6,082,525	0.43
	Total held by 20 largest shareholders	**1,058,080,946**	**75.59**
	Total all Telenor shares	**1,399,458,033**	**100.00**

[1)] Source: VPS share register
[2)] The data is provided by Nasdaq Advisory Services and is obtained through an analysis of beneficial ownership and fund manager information provided in replies to disclosure of ownership notices issued to all custodians on the Telenor VPS share register. Every reasonable effort has been made to verify the data; however, neither Telenor nor Nasdaq Advisory Services can guarantee the accuracy of the analysis.

NOTE 37 COVID-19

The spread of cross-border diseases such as COVID-19 may have an operational effect on Telenor Group due to, among other things, mobility restrictions and lockdown measures, change in consumption, usage patterns, potential disruptions in the supply chain of hardware and handsets, maintenance of infrastructure and access to resources as well as impact on employees. During 2021, the Group has seen continued impact from the COVID-19 pandemic in Asia and through reduction in roaming revenues. The pandemic receded in Asia towards the end of the year following increased level of vaccination, and the economies gradually reopened. Nevertheless, the outlook for 2022 in Asia remains uncertain. Furthermore, the Group is exposed to the related uncertainty regarding the macroeconomic development and currency fluctuations.

In light of the effects on financial results and outlook, Telenor has assessed whether there are indicators of impairment of cash-generating units (CGUs) with or without goodwill and associated companies in accordance with IAS 36 *Impairment of Assets*. The expected impact of COVID-19 has been incorporated into the projected cash flows; however, with the exception of Telenor Myanmar (please see note 4), the Group has not recognised any significant impairments in 2021. Please refer to note 16. Telenor Myanmar is classified as discontinued operation.

Further, the need for additional provisions for expected credit losses related to trade receivables and contract assets has also been assessed, please see note 21. The level of provisions has not been significantly impacted by COVID-19.

NOTE 38 Events after the reporting period

Sale of Telenor Myanmar approved by Myanmar authorities

On 17 March 2022 Telenor Group was informed that the Myanmar Investment Commission has given final regulatory approval to the sale of Telenor Myanmar to M1 Group. During the regulatory approval process the Myanmar authorities made it a condition that M1 Group should have a local partner in the ownership of Telenor Myanmar after the transaction between Telenor and M1 closes. Telenor will close the transaction as soon as possible. The business will continue to operate under the brand name Telenor Myanmar for four months and have a transition service agreement with Telenor for six months. See note 4

Russia's invasion of Ukraine

On 24 February 2022 Russia began its invasion of Ukraine, resulting in geopolitical uncertainty and volatility. The resulting impact could be higher inflation, potential disruption of financial market and increased cyber threats among other things.

Dtac and True entered into agreement to merge

On 18 February 2022, Total Access Communication ("Dtac") and True Corporation ("True") announced that following the completion of the merger due diligence, the Board of Directors of each company approved the amalgamation and entered into an agreement to create a new telecom-tech company. There will be a voluntary tender offer (VTO) following regulatory approval. Prior to the VTO Telenor will hold around 28 % of the shares.

The outcome of the VTO will determine the equalized ownership percentage and the parties will be aiming for an ownership share of around one-third in the merged company. The transaction is subject to approvals by shareholders and customary regulatory approvals. Dtac and True have filed a merger notification with the National Broadcasting and Telecommunication Commission.

Divestment of Open Universe and fiber to the home (FTTH) in Sweden

On 1 February, Telenor Sweden finalised the divestment of Open Universe and company's fiber to the home (FTTH) to GlobalConnect Sverige AB for a total consideration of NOK 2.9 billion. The transaction was approved by the Swedish competition authorities in December 2021. The sale includes around 200,000 ports in the open fiber networks model and approximately 14,000 single dwelling unit fiber to the home accesses. See note 4.

Digital Money Myanmar Limited (Wave Money)

On 17 January 2022, Telenor Group announced that it has entered into an agreement with Yoma Strategic to sell the Group's 51 percent ownership share in Digital Money Myanmar Limited (Wave Money) for USD 53 million (around NOK 470 million) to Yoma MFS Holdings Pte. Ltd, a subsidiary of Yoma Strategic. The transaction is subject to various conditions in order to be completed, among them regulatory approval from the Myanmar Central Bank.

Dividend proposed or declared by the Board of Directors in subsidiaries with non-controlling interests

Grameenphone Bangladesh

On 26 January 2022, the Board of Directors of Grameenphone Ltd. proposed final dividend for 2021 of BDT 12.5 per share, which corresponds to approximately NOK 1.7 billion total dividend and approximately NOK 0.7 billion for the non-controlling interests ownership share.

Digi Malaysia

On 27 January 2022, the Board of Directors of Digi declared the final dividend for 2021 of MYR 0.039 per share, which corresponds to approximately NOK 0.6 billion total dividend and approximately NOK 0.3 billion for the non-controlling interests ownership share.

dtac - Thailand

On 28 January 2022, the Board of Directors of dtac proposed final dividend for 2021 of THB 1.05 per share, which corresponds to approximately NOK 0.7 billion total dividend and approximately NOK 0.3 billion for the non-controlling interests ownership share.

Income Statement

Telenor ASA 1 January – 31 December

NOK in millions	Note	2021	2020
Revenues	1	**895**	911
Salaries and personnel costs	2, 3	(631)	(651)
Other operating expenses	4	(890)	(870)
Depreciation, amortisation and impairment losses	8, 9	(18)	(31)
Total operating expenses		**(1,539)**	**(1,552)**
Operating profit (loss)		**(644)**	**(641)**
Financial income and expenses			
Financial income	6	15,061	17,110
Financial expenses	6	(967)	(1,213)
Net currency gains (losses)	6	1,457	(1,857)
Net change in fair value of financial instruments	6	185	(841)
Net gains (losses and impairment) on financial assets	6	10,383	-
Net financial income (expenses)		**26,119**	**13,199**
Profit before taxes		**25,475**	**12,558**
Income taxes	7	(1,630)	(600)
Net income		**23,845**	**11,958**

Statement of Comprehensive Income

Telenor ASA 1 January – 31 December

NOK in millions	2021	2020
Net income	**23,845**	**11,958**
Other comprehensive income (loss)		
Remeasurement of defined benefit pension plans	(34)	(46)
Income taxes	7	10
Items that will not be reclassified to income statement	**(27)**	**(36)**
Other comprehensive income (loss), net of taxes	**(27)**	**(36)**
Total comprehensive income (loss)	**23,818**	**11,922**

Statement of Financial Position

Telenor ASA as of 31 December

NOK in millions	Note	2021	2020
ASSETS			
Deferred tax assets	7	2 003	1 917
Pension funds	3	132	96
Goodwill		20	20
Intangible assets	8	5	
Right-of-use assets	9	945	-
Property, plant and equipment		13	16
Shares in subsidiaries	16	154 787	141 380
Non-current interest-bearing receivables from Group companies	15	31 592	37 591
Other non-current financial assets	10, 12	2 043	3 383
Total non-current assets		**191 540**	**184 409**
Trade receivables from Group companies		363	512
Trade receivables external		1	1
Other current financial assets	10, 12	830	382
Liquid assets and short-term placements	12	7 333	10 621
Total current assets		**8 527**	**11 516**
Total assets		**200 067**	**195 925**
EQUITY AND LIABILITIES			
Equity	11	**112 065**	**100 835**
Liabilities			
Non-current lease liabilities	9	883	-
Non-current interest-bearing external liabilities	12	67 357	76 910
Non-current non-interest-bearing external liabilities	12	1 077	1 276
Pension obligations	3	531	493
Other provisions		47	68
Total non-current liabilities		**69 895**	**78 747**
Current lease liabilities	9	67	-
Current interest-bearing liabilities to Group companies	12, 15	7 480	9 449
Current interest-bearing external liabilities	12	4 992	2 871
Drawings on Group's cash pool	12	1 965	1 480
Current non-interest-bearing liabilities to Group companies	12, 13	58	338
Current non-interest-bearing external liabilities	12, 13	3 545	2 205
Total current liabilities		**18 107**	**16 343**
Total equity and liabilities		**200 067**	**195 925**

Fornebu, 21 March 2022

Gunn Wærsted
Chair

Jørgen Kildahl
Vice Chair of the Board

Jon Erik Reinhardsen
Board member

Jacob Aqraou
Board member

Pieter Knook
Board member

Astrid Simonsen Joos
Board member

Elisabetta Ripa
Board member

Roger Rønning
Employee representative

Irene Vold
Employee representative

Jan Otto Eriksen
Employee representative

Sigve Brekke
President & CEO

Statement of Cash Flows

Telenor ASA 1 January – 31 December

NOK in millions	Note	2021	2020
Profit before taxes		**25 475**	**12 558**
Income taxes paid		(569)	(1 063)
Net (gains) losses, impairment and change in fair value of financial assets and liabilities		(10 383)	-
Depreciation, amortisation and impairment losses		18	31
Net currency (gains) losses not relating to operating activities		(1 747)	1,933
Net changes in interest accruals against Group companies		(48)	(130)
Received dividend		8 000	9 830
Recognised dividend		(8 000)	(9 830)
Interest received		137	234
Interest paid		(921)	(1 363)
Net changes in other accruals		673	2 150
Net cash flow from operating activities		**12 635**	**14 350**
Proceeds from sale of property, plant and equipment and intangible assets		-	-
Purchases of property, plant and equipment and intangible assets		(2)	(8)
Purchases of and capital increase in subsidiaries		(3,025)	(900)
Net cash flow from investing activities		**(3,027)**	**(908)**
Proceeds from borrowings		1 035	13 814
Repayments of borrowings		(4 445)	(11 446)
Payments of lease liabilities	9	(6)	-
Net change in Group's cash pool		2 684	7 346
Purchase of treasury shares		-	(4 119)
Dividends paid to equity holders of Telenor ASA		(12 595)	(12 277)
Net cash flow from financing activities		**(13 327)**	**(6 682)**
Effect on cash and cash equivalents of changes in foreign exchange rates		(54)	(49)
Net change in cash and cash equivalents		**(3 773)**	**6 711**
Cash and cash equivalents as of 1 January		9 141	2 430
Cash and cash equivalents as of 31 December		**5 368**	**9 141**
Specification of cash and cash equivalents:			
Liquid assets and short-term placements		7 333	10 621
Drawing from Group's cash pool		(1 965)	(1,480)
Cash and cash equivalents as of 31 December		**5 368**	**9 141**

Statement of Changes in Equity

Telenor ASA – for the years ended 31 December 2020 and 2021

NOK in millions (except for number of shares)	Number of shares	Share capital	Treasury shares	Share premium	Pension re-measurement reserve	Other reserves	Retained earnings	Total equity
Equity as of 1 January 2020	**1,442,458,032**	**8,655**	**(119)**	**69**	**88**	**(15,332)**	**111,942**	**105,303**
Net income for the period	-	-	-	-	-	-	11,958	11,958
Other comprehensive income for the period	-	-	-	-	(36)	-	-	(36)
Total comprehensive income	**-**	**-**	**-**	**-**	**(36)**	**-**	**11,958**	**11,922**
Dividends	-	-	-	-	-	-	(12,277)	(12,277)
Share buyback	-	-	(139)	-	-	(3,974)	-	(4,113)
Cancellation of shares	(42,999,999)	(258)	258	-	-	-	-	-
Share-based payment, exercise of share options and distribution of shares	-	-	-	-	-	-	-	-
Equity as of 31 December 2020	**1,399,458,033**	**8,397**	**-**	**69**	**52**	**(19,306)**	**111,623**	**100,835**
Net income for the period	-	-	-	-	-	-	23,845	23,845
Other comprehensive income for the period	-	-	-	-	(27)	-	-	(27)
Total comprehensive income	**-**	**-**	**-**	**-**	**(27)**	**-**	**23,845**	**23,818**
Dividends	-	-	-	-	-	-	(12,595)	(12,595)
Share buyback	-	-	-	-	-	-	-	-
Cancellation of shares	-	-	-	-	-	-	-	-
Share-based payment, exercise of share options and distribution of shares	-	-	-	-	-	7	-	7
Equity as of 31 December 2021	**1,399,458,033**	**8,397**	**-**	**69**	**25**	**(19,299)**	**122,873**	**112,065**

Notes to the Financial Statements

Telenor ASA

Contents notes

NOTE 1 General information and summary of significant accounting principles

Telenor ASA is a holding company and contains the Group Management, Corporate Functions, Research and Development and the Group's internal bank (Group Treasury).

The financial statements have been prepared in accordance with simplified IFRS pursuant to the Norwegian Accounting Act § 3-9 and regulations regarding simplified application of IFRS issued by the Ministry of Finance on 21 January 2008.

Telenor ASA's accounting principles are consistent with the accounting principles for the Group, as described in note 2 of the consolidated financial statements. Where the notes for the parent company are substantially different from the notes for the Group, these are shown below. Otherwise, refer to the notes to the consolidated financial statements.

Telenor ASA uses the indirect method for the statement of cash flows. Cash and cash equivalents consist of liquid assets, short-term placements, and drawings from cash pool. Net change in Group internal drawing rights are loans to, and placements from Group companies. These loans and placements have high turnover and are presented net.

Revenues are mainly sale of Group services to other Group companies, sale of research and development services and sale of other consultancy services. Purchases from other Group companies consist mainly of consultancy fees in strategic Group projects, property lease, IT-operations, and maintenance. Telenor ASA conducts the main part of the external debt financing in the Group, and provides loan and guarantees to, and receives deposits from Group companies. See note 28 to the consolidated financial statements.

Shares in subsidiaries and loans provided to subsidiaries are evaluated at the lower of cost or fair value. Any impairment losses and reversal of impairment losses are classified as net gains (loss and impairment) on financial assets in the income statement.

NOTE 2 Salaries and personnel costs

The Group's Chief Executive Officer and the Board of Directors have the same positions in Telenor ASA. Please refer to chapter 11 and 12 in the corporate governance section of the Board of Directors' report as well as note 35 of the consolidated financial statements, for further information about compensation to the Board of Directors, management and auditor.

NOK in millions	2021	2020
Salaries and holiday pay	(455)	(492)
Social security tax	(67)	(66)
Pension cost including social security tax (note 3)	(67)	(72)
Share-based payments [1]	(26)	(25)
Other personnel costs	(16)	4
Total salaries and personnel costs	**(631)**	**(651)**
Number of labour-years employed, average	341	370

[1] Share-based payments are costs related to Telenor's employees share program and Long Term Incentive plan (LTI) for senior executives and key personnel.

NOTE 3 Pension obligations

Telenor ASA is obliged to follow and complies with the Act on Mandatory Company Pensions. The company has a pension scheme according to the requirements set in the Act. Telenor ASA follows the same assumptions as the Group, see note 26 to the consolidated financial statements.

Changes in the defined benefit obligation and fair value of plan assets

	2021			2020		
NOK in millions	Defined benefit obligation	Fair value plan assets	Net liability defined benefit	Defined benefit obligation	Fair value plan assets	Net liability defined benefit
As of 1 January	(1,457)	1,060	(397)	(1,381)	998	(384)
Service cost	(32)	-	(32)	(36)	-	(36)
Net interest	(25)	19	(6)	(32)	25	(7)
Sub-total included in Income Statement	(57)	19	(38)	(68)	25	(43)
Return on plan assets (excluding amounts included in net interest	-	1	1	-	(50)	(50)
Actuarial changes arising from changes in financial assumptions	(67)	-	(67)	(81)	-	(81)
Experience adjustments	31	-	31	85	-	85
Sub-total included in Other Comprehensive Income	(36)	1	(35)	4	(50)	(46)
Effects of business combinations and disposals	(87)	85	(1)	(69)	76	8
Contributions by employer	-	48	48	-	50	50
Benefits paid	65	(41)	24	57	(39)	18
As of 31 December	(1,572)	1,172	(399)	(1,457)	1,060	(397)
Of which classified as:						
Pension obligations			(531)			(493)
Pension assets [1]			132			96

[1] Telenor does not have a right to use the net funds in the funded plans to settle the obligations under the unfunded plans.

Telenor ASA expects to contribute approximately NOK 71 million to the Telenor Pension Fund in 2022.

93 employees were covered by defined benefit plan of the Telenor Pension Fund. Telenor Pension Fund paid out pensions to 427 persons.

Components of net periodic benefit cost

NOK in millions	2021	2020
Service cost	(32)	(36)
Net interest cost	(6)	(7)
Contribution plan costs	(36)	(36)
Total pension costs recognised in the income statement	(74)	(79)
Of which reported as pension cost (note 2)	(67)	(72)
Of which reported as net interest cost (note 6)	(6)	(7)

NOTE 4 Other operating expenses

NOK in millions	2021	2020
Operating expenses related to country offices and services from shared service centres	(134)	(146)
Cost of premises, vehicles, office equipment, operation and maintenance etc.	(162)	(146)
Marketing, representation and sales commission	(50)	(27)
Workforce reductions and onerous contracts	(30)	(87)
Other operating expenses [1]	(514)	(464)
Total other operating expenses	(890)	(870)

[1] Other operating expenses are primarily related to safeguarding of interests and assessment of new market opportunities. In addition, audit fees and other fees to the auditor are included, see note 35 in the consolidated financial statements. Provision for bad debt of NOK 351 million is recognised against intercompany trade receivables, of which NOK 185 million is recognised in 2021.

NOTE 5 Research and development costs

Research and development expenses in Telenor ASA were NOK 131 million in 2021 and NOK 132 million in 2020. Research and development activities relate to new technologies and secure full utilisation of existing technologies and network.

NOTE 6 Financial income and expenses

NOK in millions	2021	2020
Interest income from Group companies	70	179
Group contribution and dividends from subsidiaries	14,903	16,877
Other financial income	87	54
Other financial income from Group companies	1	-
Total financial income	**15,061**	**17,110**
Interest expenses to Group companies	(15)	(21)
Interest expenses (external)	(952)	(1,192)
Total financial expenses	**(967)**	**(1,213)**
Foreign currency gain	2,804	2,017
Foreign currency loss	(1,347)	(3,874)
Net foreign currency gains (losses)	**1,457**	**(1,857)**
Net change in fair value of financial instruments at fair value through profit or loss	229	(1,709)
Net change in fair value of hedging instruments and hedged items	(44)	868
Net change in fair value of financial instruments	**185**	**(841)**
Gains on transfer of shares in subsidiaries [1]	12,659	-
Impairment losses on shares in subsidiaries [2]	(2,276)	-
Net gains (losses and impairment) on financial assets	**10,383**	**-**
Net financial income (expenses)	**26,119**	**13,199**

[1] Gains on transfer of shares in subsidiaries relate to transfer of shares in Telenor Infra AS to the wholly owned subsidiary Telenor Networks Holding AS as contribution in-kind.

[2] The impairment is related to Telenor Real Estate AS and due to Telenor Real Estate AS paid out a dividend to Telenor ASA of NOK 3.0 billion in 2021.

Group contribution and dividends received from Group companies is recognised as financial income in the year it is approved by the General Meeting in the relevant company and Telenor ASA obtains the right to the Group contribution and dividends. In 2021, Telenor ASA received and recognised NOK 6.9 billion in taxable Group contribution, which relates to the financial year 2020. Telenor ASA also received dividends of NOK 5.0 billion from Telenor Mobile Holding AS and dividend of NOK 3.0 billion from Telenor Real Estate AS. Telenor Mobile Holding AS has also distributed dividends received from its subsidiaries.

In 2020, Telenor ASA received and recognised NOK 7.0 billion in taxable Group contribution, which relates to the financial year 2019. Telenor ASA also received dividend of NOK 6.0 billion from Telenor Mobile Holding AS and dividend of NOK 3.8 billion from Telenor Communication II AS. Telenor Mobile Holding AS has also distributed dividends received from its subsidiaries.

NOTE 7 Income taxes

NOK in millions	2021	2020
Profit before taxes	**25,475**	**12,558**
Current taxes	(1,667)	(515)
Resolution of disputed items and adjustment in previous years' current income tax	(42)	6
Change in deferred taxes	79	(91)
Income tax	**(1,630)**	**(600)**
Tax basis		
Profit before taxes	25,475	12,558
Effect of other comprehensive income and tax-free transfers	(34)	(46)
Non-deductible expenses and tax-free income	(10,009)	28
Group contribution previous year	(6,903)	(7,047)
Dividend – tax-free	(8,000)	(9,830)
Changes in temporary differences recognised in income statement	(23)	82
Change in previously years deferred tax assets	61	-
Group contribution current year	7,011	6,596
Tax basis for the year	**7,578**	**2,340**
Current taxes at nominal income tax rate in Norway (22% in 2021 and 2020)	**1,667**	**515**
Effective tax rate		
Income tax expense at corporate income tax rate in Norway (22% in 2021 and 2020)	(5,605)	(2,763)
Non-deductible expenses and tax-free income	2,209	4
Accounting effect of received tax-free dividend	1,760	2,163
Resolution and adjustments of disputed item	12	6
Other	(7)	(10)
Income tax	**(1,630)**	**(600)**
Effective tax rate in %	**6.40%**	**4.78%**

NOK in millions	2021	2020	Changes
Temporary differences as of 31 December			
Non-current assets	(15)	(25)	10
Interest element in connection with fair value hedges of liabilities	(653)	(1,787)	1,134
Financial derivatives	(737)	633	(1,370)
Losses on guarantees	(280)	(280)	-
Other accruals for liabilities	(10)	(188)	178
Pension liabilities	(399)	(397)	(2)
Group contribution	(7,011)	(6,596)	(415)
Disallowed interest deduction carried forward	-	(73)	73
Total temporary differences as of 31 December	**(9,105)**	**(8,713)**	**(392)**
Tax rate	22%	22%	-
Net deferred tax assets	**2,003**	**1,917**	**86**
Changes in net deferred tax assets:			
Recognised in other comprehensive income [1)]			7
Recognised in the income statement			79

1) Deferred taxes recognised in other comprehensive income is related to tax re-measurement of defined benefit pension plans. Other comprehensive income elements are presented gross in the comprehensive income with the related tax effect on a separate line. Tax effect of 22% is included in change in deferred taxes.

The general tax rate in Norway is 22% in 2021.

Non-deductible expenses and tax-free income for 2021 includes gain of NOK 12.7 billion on transfer of shares in Telenor Infra AS to the wholly owned subsidiary Telenor Networks Holding AS as contribution in-kind, and impairment of NOK 2.3 billion related to Telenor Real Estate AS and comes as a consequence after Telenor Real Estate AS paid out a dividend to Telenor ASA of NOK 3.0 billion in 2021.

In 2012, Telenor ASA recorded a loss after having repaid, as guarantor, all Unitech Wireless' interest-bearing borrowings, amounting to NOK 10.6 billion. A deferred tax asset of NOK 2.5 billion was recognised. In 2013, the business transfer from Unitech Wireless to Telenor India was completed, and Telenor ASA deducted NOK 9.3 billion as loss on guarantees in its tax filing. In 2019, Telenor ASA has received a reassessment order from the Norwegian tax authorities disallowing deduction for the loss, which increases previous years' current income tax with NOK 2.5 billion in 2019. Telenor ASA disagrees with the order and has appealed. In a decision received 10 February 2021 the Tax Appeal Board upheld the reassessment. Telenor ASA has appealed the decision to the district court.

NOTE 8 Intangible assets

2021

NOK in millions	Accumulated cost as of 1 January	Additions	Disposals	Amortisations and impairment losses	Accumulated amortisations and impairment losses	Carrying amount as of 31 December
Software purchased (5 years)	412	-	-	(1)	(412)	-
Work in progress	5	-	-	-	-	5
Total intangible assets	**417**	**-**	**-**	**(1)**	**(412)**	**5**

2020

NOK in millions	Accumulated cost as of 1 January	Additions	Disposals	Amortisations and impairment losses	Accumulated amortisations and impairment losses	Carrying amount as of 31 December
Software purchased (5 years)	411	1	-	(13)	(411)	1
Work in progress	5	-	-	-	-	5
Total intangible assets	**416**	**1**	**-**	**(13)**	**(411)**	**6**

NOTE 9 Leases

Group as lessee

The Group disposed of its ownership of the headquarter office building at Fornebu, Norway in 2020.

Upon closing of the transaction, the Group entered into several lease agreements with Snarøyveien 30 AS for leasing back office space in parts of the building. In 2021 Telenor Group has entered corresponding new lease agreements with Group companies that have offices at Fornebu with the same conditions.

The non-cancellable period under the lease agreements is between 7-15 years, with a lease term of 7-25 years.

Telenor ASA has accounted for the new lease agreements in accordance with IFRS 16 from commencement date of the agreement on 1 October 2021.

Lease liability and a corresponding right-of-use asset is recognized at the commencement date of the lease.

Property lease cost until the commencement date of the new agreements is recognized as other operating expenses as in the previous years and amounts to NOK 33 million.

Right-of-use assets

NOK in millions	Buildings
As of 31 December 2020	**-**
Additions	956
As of 31 December 2021	**956**
Amortisation	(11)
As of 31 December 2021	**(11)**
Carrying amount	
As of 31 December 2020	-
As of 31 December 2021	945
Related lease liability disaggregated per class of right-of-use assets	
As of 31 December 2020	-
As of 31 December 2021	950

Lease liability

NOK in millions	2021 Current	2021 Non-current	2021 Total	2020 Current	2020 Non-current	2020 Total
Lease liability related to buildings	67	883	950	-	-	-
Total lease liabilities	**67**	**883**	**950**	**-**	**-**	**-**

The lease liabilities maturity profile is as follow:

NOK in millions	Total as of 31.12.21	< 1 year	2 years	3 years	4 years	5 years	6 years	7 years	8 years	9 years	10 years	>10 years
Lease liabilities - buildings	950	67	68	69	69	67	63	64	64	65	65	289
Sum of lease liabilities	**950**	**67**	**68**	**69**	**69**	**67**	**63**	**64**	**64**	**65**	**65**	**289**
Future interest payments	311	22	21	20	20	20	19	18	18	17	16	120
Total including future interest	**1,261**	**89**	**89**	**89**	**89**	**87**	**82**	**82**	**82**	**82**	**81**	**409**

Changes in lease liabilities during 2021 are presented below:

NOK in millions	2021	2020
Lease liabilities as of 1 January	**-**	**-**
Increase in lease liabilities related to other lease contracts due to new contracts or modification of existing contracts	956	-
Increase due to interest expense accrued	5	-
Decrease due to repayments of principal portion of lease liabilities	(6)	-
Decrease due to repayments of interest portion of lease liabilities	(5)	-
Lease liabilities as of 31 December 2021	**950**	**-**

Cash payments made relating to lease contracts are presented below:

NOK in millions	Classification in cash flow statement	2021	2020
Repayments of lease liabilities – principal portion	Financing activities	6	-
Repayments of lease liabilities – interest portion	Operating activities	5	-
Total cash outflow		**11**	**-**

Expenses recognised in the income statement related to lease contracts are presented below:

NOK in millions	Classification in income statement	2021	2020
Depreciation of right-of-use assets	Depreciation and amortisation	11	-
Interest expenses on lease liabilities	Financial expenses (note 6)	5	-
Variable lease expenses not dependant on index or rate	Other operating expenses (note 4)	27	-
Total		**43**	**-**

NOTE 10 Other financial assets

NOK in millions	2021	2020
Capital contribution in Telenor Pension Fund [1]	298	298
Derivatives financial instruments	29	671
Fair value hedging instruments	738	2,014
Other financial assets external	978	400
Total other non-current financial assets	**2,043**	**3,383**
Receivables from Group companies	317	165
Other current financial assets external	513	217
Total other current financial assets	**830**	**382**

[1] The amount capitalised in the statement of financial position is the cost price, which is considered an approximation of fair value. Telenor ASA holds the entire core capital in the Telenor Pension Fund. The capital contribution to Telenor Pension Fund is classified as equity investment.

NOTE 11 Equity and dividends

Allocation of equity and dispositions over the last two years is shown in a separate table, see statement of changes in shareholders' equity.

Nominal value per share is NOK 6.

Dividends paid and proposed

	2021	2020
Dividends per share in NOK – paid	**9.00**	8.70
Dividends per share in NOK - proposed by the Board of Directors	**9.30**	9.00

Dividend of NOK 12.6 billion has been recognised to equity in 2021 (NOK 12.3 billion in 2020).

Board of Directors proposes an ordinary dividend of NOK 9.30 for 2021 (NOK 13.0 billion), to be declared by the Annual General Meeting (AGM) on 11 May 2022. The proposed dividend shall be split into two tranches of NOK 5.00 and NOK 4.30 per share, to be paid in May and October 2022, respectively.

At the Annual General Meeting 11 May 2020, the share buyback programme approved by the Annual General Meeting in 2019 was finalised by cancellation of 19 794 961 own shares and redemption of 23 205 038 shares owned by the Norwegian Government by the Ministry of Trade, Industry and Fisheries against a payment of an amount of NOK 4.1 billion to the Ministry of Trade, Industry and Fisheries.

NOTE 12 Financial instruments and risk management

Risk management

Telenor ASA's treasury function is responsible for financial risk management including liquidity management, interest rate risk, managing foreign exchange risk, credit risk and capital management. The activities in the treasury function are performed according to policies and procedures approved by the Board of Directors of Telenor ASA.

Telenor ASA issues debts in Norwegian and foreign capital market mainly through certificates and bonds. In addition, Telenor ASA has established a sustainability-linked committed syndicated revolving credit facility of EUR 1.8 billion with maturity in 2024.

Financing of the Group's activities implies that Telenor ASA's income statement is exposed to changes in interest rates in the market. Fluctuation in interest rates also influences the fair value of assets and liabilities.

Telenor ASA holds debt in other currencies than Norwegian Kroner (NOK) and is exposed to currency risk related to changes in value of NOK compared to other currencies. Net investment hedge relationships are established to match currency fluctuation on debt instruments to currency fluctuations on foreign investments.

The Company is exposed to credit risk related to receivables and financial instruments with positive value against external parties and other companies in the Group.

Telenor ASA uses derivatives as forward currency contracts and interest rate swaps to manage the risk exposure related to changes in currency and interest rates. All derivative contracts are measured at fair value with changes through profit and loss. If the derivatives are designated for cash flow hedge accounting or as part of a hedge of net investment, the changes in fair value are recognised as other comprehensive income.

Telenor ASA is exposed to the interest rate benchmark reform (IBOR reform) through financial instruments with exposures from EURIBOR and USD Libor interest rate fixings. As of 31 December 2021, there are no effects on Telenor ASAs fair value hedging relationships as a result of the IBOR reform. Telenor ASA is monitoring and managing the transition to alternative benchmark rates and is in dialogue with counterparties about the IBOR reform.

See also note 29 in the consolidated financial statements where interest rate risk is explained in detail.

See also note 2 and note 29 in the consolidated financial statements where financial risks and accounting for financial instruments are explained in detail.

Fair value of financial instruments

Principles for estimating fair values

Based on the characteristics of the financial instruments that are recognised in the financial statements, the financial instruments are grouped into the classes and categories described below. The estimated fair values of the financial instruments are based on market prices and the valuation methodologies per class are described below.

Fair value hierarchy

Telenor ASA measures fair values using the following fair value hierarchy that reflects the significance of the inputs used in measuring fair value:

Level 1: Quoted prices (unadjusted) in active markets for identical financial instruments.

Level 2: Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).
Level 3: Inputs for assets or liabilities that are not based on observable market data (unobservable inputs).

Interest-bearing liabilities
Fair values of interest-bearing liabilities are based on quoted prices where available. Interest-bearing liabilities that are not traded in an active market have been calculated using yield curves, which incorporates estimates of the Telenor ASA credit spread. The credit curve has been extrapolated using indicative prices on debt issuance by Telenor ASA for different maturities. The yield curves have been interpolated from cash and swap curves observed in the market for different currencies and maturities.

Trade receivables and other current and non-current financial assets
For trade receivables and other current receivables, the nominal amount is assessed to be a reasonable approximation of fair value. The effect of not discounting is considered to be immaterial for this class of financial instruments.

Equity investments
Fair values for listed shares are based on quoted prices at the end of the reporting period. Fair value of unlisted shares is calculated using commonly used valuation techniques or measured at cost if the investment does not have a quoted market price in an active market and the fair value cannot be reliably measured.

Trade payables and other non-interest-bearing financial liabilities
For trade payables and other non-interest-bearing financial liabilities the nominal amount is assessed to be a reasonable approximation of fair value. The effect of not discounting is considered to be immaterial for this class of financial instruments.

Cash and cash equivalents
The fair value for this class of financial instruments is assessed to be equal to the nominal amount.

Derivatives
Fair values of currency swaps, foreign currency forward contracts and interest rate swaps are estimated based on calculating the net present value of future cash flows, using interest rate curves, exchange rates and currency spreads as of 31 December 2021 and 2020, respectively.

2021

NOK in millions	Carrying amount	Total as of 31 December 2021	2022	2023-2025	2026-2030	2031->
Interest-bearing liabilities						
Bonds and Commercial Papers	72,229	71,775	4,992	21,855	29,952	14,976
Other interest-bearing liabilities	120	-	-	-	-	-
Total interest-bearing liabilities external	**72,349**	**71,775**	**4,992**	**21,855**	**29,952**	**14,976**
Other interest-bearing liabilities Group	7,480	7,480	7,480	-	-	-
Drawing on Group cash pools	1,965	1,965	-	-	-	1,965
Interest-bearing liabilities Telenor Group	**9,445**	**9,445**	**7,480**	**-**	**-**	**1,965**
Non-interest-bearing liabilities						
Trade and other payables external	631	631	631	-	-	-
Trade and other payables Group companies	55	55	55	-	-	-
Other current non-interest-bearing liabilities	2,239	2,239	2,239	-	-	-
Derivative financial instruments liabilities	1,755	1,755	678	513	502	63
Other non-current non-interest-bearing liabilities	47	47	-	47	-	-
Total non-interest-bearing liabilities	**4,727**	**4,727**	**3,603**	**560**	**502**	**63**
Total	**86,522**	**85,948**	**16,075**	**22,415**	**30,454**	**17,004**
Future interest payments	-	5,584	818	2,563	1,592	610
Total including future interest payments	**86,522**	**91,531**	**16,894**	**24,978**	**32,046**	**17,614**

2020

NOK in millions	Carrying amount	Total as of 31 December 2020	2021	2022-2024	2025-2029	2030->
Interest-bearing liabilities						
Bonds and Commercial Papers	79,781	78,240	2,871	21,450	38,215	15,705
Other interest-bearing liabilities	-	-	-	-	-	-
Total interest-bearing liabilities external	**79,781**	**78,240**	**2,871**	**21,450**	**38,215**	**15,705**
Other interest-bearing liabilities Group	9,449	9,449	9,449	-	-	-
Drawing on Group cash pools	1,480	1,480	-	-	-	1,480
Interest-bearing liabilities Telenor Group	**10,929**	**10,929**	**9,449**	**-**	**-**	**1,480**
Non-interest-bearing liabilities						
Trade and other payables external	563	563	563	-	-	-
Trade and other payables Group companies	109	109	109	-	-	-
Other current non-interest-bearing liabilities	1,136	1,136	1,136	-	-	-
Derivative financial instruments liabilities	2,010	2,010	734	510	766	-
Other non-current non-interest-bearing liabilities	68	68	-	68	-	-
Total non-interest-bearing liabilities	**3,886**	**3,886**	**2,542**	**578**	**766**	**-**
Total	**94,597**	**93,056**	**14,862**	**22,028**	**38,981**	**17,185**
Future interest payments	-	5,445	879	2,193	1,610	763
Total including future interest payments	**94,597**	**98,501**	**15,741**	**24,221**	**40,591**	**17,947**

For specification regarding external interest-bearing liabilities in Telenor ASA, see note 28 in the consolidated financial statements.

Changes interest-bearing liabilities

NOK in millions	2021	2020
As of 1 January	**79,781**	**71,419**
Change in cash flow from financing activities	(3,410)	2,369
Change due to hedge accounting	(1,134)	1,272
Effects from changes in foreign exchange rates	(3,671)	4,529
Interest [1]	30	40
Change in lease liabilities	950	-
Other changes	753	153
As of 31 December	**73,299**	**79,781**

[1] Classified as cash flow from operating activities.

NOTE 13 Current non-interest-bearing liabilities

NOK in millions	Category	2021	2020
Trade payables to Group companies	FLAC [1]	55	109
Financial derivatives to Group companies	FVTPL	3	229
Current non-interest-bearing liabilities within the Group		**58**	**338**
Trade payables external	FLAC	631	564
Government taxes, tax deductions, holiday pay etc.	NF [2]	123	135
Income taxes payable	NF	1,986	845
Financial derivatives	FVTPL	675	505
Other current liabilities	FLAC	130	156
Current non-interest-bearing external liabilities		**3,545**	**2,205**

[1] FLAC: Financial liabilities at amortised cost.
[2] NF: Non-financial assets and liabilities.

NOTE 14 Guarantees

NOK in millions	2021	2020
Guarantee liabilities	764	685

Guarantee liabilities contain the unrecognised guarantee liabilities issued by Telenor ASA. The guarantee liabilities mainly consist of guarantees issued by Telenor ASA on behalf of subsidiaries.

Purchased bank guarantees are not included in the table.

NOTE 15 Related parties

Telenor ASA's transactions with its major shareholder, the Norwegian State represented by the Ministry of Trade, Industry and Fisheries, are discussed in note 33 to the consolidated financial statements.

Telenor ASA's other related parties consist mainly of subsidiaries of the Group. Telenor ASA sells and buys services from these companies, see note 1 for further description, and provides loans and receives deposits from the companies. When permissible by local rules and regulations, subsidiaries owned 90% or more are part of Telenor ASA's cash pool systems and the internal bank in Group Treasury. Through the internal bank, the subsidiaries can get loans, place excess liquidity, and make currency exchanges.

In addition, Telenor ASA receives dividends that are recognised as financial income, see note 6. Group contributions and dividends recognised in 2021 and 2020 of NOK 14,903 million and NOK 16,877 million, respectively, are received from companies within Other units.

Lease liabilities to Telenor Real Estate AS of NOK 950 million are included under Financial transactions, Liabilities, see note 9.

Sales and purchases of services, receivables, and liabilities

	2021				2020			
NOK in millions	Sales	Purchases	Receivables	Liabilities	Sales	Purchases	Receivables	Liabilities
Subsidiaries								
Norway	255	42	13	13	250	49	20	32
Sweden	78	10	28	(2)	76	14	6	(1)
Denmark	37	9	6	3	35	14	4	2
Finland	5	2	-	-	5	-	7	-
dtac – Thailand	143	1	2	1	149	-	5	-
Digi – Malaysia	103	2	17	-	102	2	17	-
Grameenphone – Bangladesh	104	-	247	6	102	-	210	4
Pakistan	50	5	58	2	55	3	189	-
India	-	-	1	-	-	-	1	-
Broadcast	-	-	-	-	5	-	-	-
Myanmar	54	-	38	-	51	1	3	-
Other units	65	361	141	32	58	329	215	72
Total	**894**	**432**	**551**	**55**	**888**	**412**	**677**	**109**

Financial transactions, receivables, and liabilities

	2021				2020			
NOK in millions	Financial income	Financial expense	Receivables	Liabilities	Financial income	Financial expense	Receivables	Liabilities
Subsidiaries								
Norway	33	-	5,180	-	27	-	1,522	-
Sweden	18	-	1,135	-	18	-	1,146	-
Denmark	-	-	-	13	-	-	-	2,301
Finland	-	-	680	-	1	-	1,184	-
Other units	19	15	24,726	8,421	133	21	33,739	7,377
Total	**70**	**15**	**31,721**	**8,434**	**179**	**21**	**37,591**	**9,678**

NOTE 16 Shares in subsidiaries

The table below sets forth Telenor ASA's ownership interest in its subsidiaries. These subsidiaries will mainly be holding companies and their directly owned subsidiaries. Several of the subsidiaries named in the second part own shares in other subsidiaries as described in their respective annual financial statements.

Ownership interests correspond to voting interest if not otherwise stated.

Shares in subsidiaries

NOK in millions	Office	Ownership interest in % 2021	Ownership interest in % 2020	Carrying amount as of 31 December 2021	Carrying amount as of 31 December 2020
Telenor Networks Holding AS [1]	Norway	100.0	100.0	70,765	52,749
Telenor Global Shared Services AS	Norway	100.0	100.0	626	626
Telenor Communication II AS	Norway	100.0	100.0	7,235	7,235
Telenor Mobile Holding AS	Norway	100.0	100.0	70,977	70,977
Telenor Infra AS [2]	Norway	100.0	100.0	-	2,332
Telenor KB AS	Norway	100.0	100.0	-	-
Telenor Forsikring AS	Norway	100.0	100.0	300	300
Telenor Maritime AS [3]	Norway	98.9	98.9	172	172
Telenor GTI AS	Norway	100.0	100.0	3,850	3,850
Cinclus Technology AS	Norway	100.0	100.0	-	-
Telenor Digital AS	Norway	100.0	100.0	512	512
Telenor Real Estate AS [4]	Norway	100.0	100.0	351	2,627
Total				154,787	141,380

1) There has been a capital injection from Telenor ASA to Telenor Networks Holding AS in 2021.
2) As part of the capital injection from Telenor ASA to Telenor Networks Holding AS, the shares in Telenor Infra AS have been transferred to Telenor Networks Holding AS in 2021. Telenor Tower Holding AS is owned by Telenor Networks Holding AS.
3) The remaining 1.1% of shares in Telenor Maritime AS are owned by Telenor Communication II AS.
4) The shares in Telenor Real Estate AS were impaired in 2021 by NOK 2.3 billion.

Shares in subsidiaries owned through subsidiaries

	Office	Ownership interest in % 2021	Ownership interest in % 2020
Telenor Networks Holding AS			
Telway AS	Norway	100.0	100.0
Telenor Global Services AS	Norway	100.0	100.0
Telenor Svalbard AS	Norway	100.0	100.0
Telenor Norge AS	Norway	100.0	100.0
Telenor Tower Holding AS [1]	Norway	100.0	0.0
Telenor Satellite AS [2]	Norway	100.0	100.0
Telenor Communication II AS			
Telenor Financial Services AS	Norway	100.0	100.0
Telenor GO Pte Ltd	Singapore	100.0	100.0
SnT East Holding AS	Norway	100.0	100.0
Telenor India Private Ltd	India	99.9	99.9
Norkring België N.V.	Belgium	75.0	75.0
BLDNG.AI AS [1]	Norway	100.0	0.0
Telenor Marketplace Invest AS [3]	Norway	100.0	0.0
Telenor Mobile Holding AS			
Telenor Mobile Communications AS [3]	Norway	100.0	100.0
Telenor Danmark Holding A/S	Denmark	100.0	100.0
Telenor Sverige AB	Sweden	100.0	100.0
Telenor Connexion AB	Sweden	100.0	100.0
Canal Digital Finland Oy	Finland	100.0	100.0
Telenor Finland Holding Oy	Finland	100.0	100.0
Telenor Maritime AS			
Telenor Maritime Inc	USA	100.0	100.0
Telenor Maritime AB	Sweden	100.0	100.0
Telenor Maritime Pte	Singapore	100.0	100.0
Telenor Maritime Oy	Finland	100.0	100.0
Telenor Real Estate AS			
Telenor Eiendom Harelokken AS	Norway	100.0	100.0
Ilderveien 9 AS [4]	Norway	0.0	100.0
Telenor Nord 2 AS	Norway	100.0	100.0
Telenor Møre og Romsdal og Trøndelag 2 AS	Norway	100.0	100.0
Telenor Vestlandet og Rogaland 2 AS	Norway	100.0	100.0
Telenor Agder Vestfold og Telemark 2 AS	Norway	100.0	100.0
Telenor Viken og Innlandet 2 AS	Norway	100.0	100.0
Telenor Øvre Strandgate 5 2 AS	Norway	100.0	100.0
Telenor Festekontrakter AS	Norway	100.0	100.0
Telenor Jeløy Radio AS	Norway	100.0	100.0
Telenor Låveveien 55 AS	Norway	100.0	100.0
Telenor Tryvann Radio AS	Norway	100.0	100.0
Telenor Digital AS			
Telenor Health AS	Norway	100.0	100.0
Telenor Digital Asia LTD [5]	Thailand	0.0	99.0

[1] The company is newly established in 2021.
[2] The company was sold to Telenor Networks Holding AS in 2020.
[3] Telenor Marketplace Invest AS is sold from Telenor Mobile Communications AS to Telenor Communications II AS in 2021.
[4] The company is sold in 2021.
[5] The company is liquidated in 2021.

Other significant subsidiaries (owned through holding companies)

	Office
Telenor A/S	Denmark
Digi.com Bhd	Malaysia
Telenor Pakistan (Private) Ltd.	Pakistan
Total Access Communications Plc. (dtac)	Thailand
GrameenPhone Ltd.	Bangladesh
Unitech Wireless Private Limited	India
Telenor Myanmar Ltd.	Myanmar
DNA Plc	Finland

Responsibility Statement

We confirm that, to the best of our knowledge, the consolidated financial statements for the year ended 31 December 2021 have been prepared in accordance with IFRS as adopted by the EU, that the financial statements for the parent company for the year ended 31 December 2021 have been prepared in accordance with the Norwegian Accounting Act and simplified IFRS in Norway, that they give a true and fair view of the Company's and Group's assets, liabilities, financial position and results of operations, and that the Report of the Board of Directors gives a true and fair review of the development, performance and financial position of the Company and the Group and includes a description of the principle risks and uncertainties that they face.

Fornebu, 21 March 2022

Gunn Wærsted
Chair

Jørgen Kildahl
Vice Chair of the Board

Jon Erik Reinhardsen
Board member

Jacob Aqraou
Board member

Pieter Knook
Board member

Astrid Simonsen Joos
Board member

Elisabetta Ripa
Board member

Roger Rønning
Employee representative

Irene Vold
Employee representative

Jan Otto Eriksen
Employee representative

Sigve Brekke
President & CEO

Statement from the Corporate Assembly of Telenor ASA

On 23 March 2022, the Corporate Assembly of Telenor ASA passed the following resolution:

The Corporate Assembly recommends that the Annual General Meeting approves the Board's proposal for Financial Statements for Telenor Group and Telenor ASA for 2021 as presented to the Corporate Assembly, by transfer of NOK 23,845 million to retained earnings and a dividend payment of NOK 9.30 per share to be paid out in two instalments of NOK 5.00 per share and NOK 4.30 per share in May and October 2022, respectively.

Building a better working world

Statsautoriserte revisorer
Ernst & Young AS

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Medlemmer av Den norske Revisorforening

INDEPENDENT AUDITOR'S REPORT

To the Annual Shareholders' Meeting of Telenor ASA

Report on the audit of the financial statements

Opinion

We have audited the financial statements of Telenor ASA (the Company) which comprise the financial statements of the Company and the consolidated financial statements of the Company and its subsidiaries (the Group). The financial statements of the Company comprise the statement of financial position as at 31 December 2021 and the income statement, statement of comprehensive income, statement of cash flows and the statement of changes in equity for the year then ended and notes to the financial statements, including a summary of significant accounting policies. The consolidated financial statements of the Group comprise the statement of financial position as at 31 December 2021, the income statement, statement of comprehensive income, statement of cash flows and the statement of changes in equity for the year then ended and notes to the financial statements, including a summary of significant accounting policies.

In our opinion

- the financial statements comply with applicable legal requirements,
- the financial statements give a true and fair view of the financial position of the Company as at 31 December 2021 and its financial performance and cash flows for the year then ended in accordance with simplified application of international accounting standards according to section 3-9 of the Norwegian Accounting Act,
- the consolidated financial statements give a true and fair view of the financial position of the Group as at 31 December 2021 and its financial performance and cash flows for the year then ended in accordance with International Financial Reporting Standards as adopted by the EU.

Our opinion is consistent with our additional report to the audit committee.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the financial statements* section of our report. We are independent of the Company and the Group in accordance with the requirements of the relevant laws and regulations in Norway and the International Ethics Standards Board for Accountants' *International Code of Ethics for Professional Accountants (including International Independence Standards)* (IESBA Code), and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

To the best of our knowledge and belief, no prohibited non-audit services referred to in the Audit Regulation (537/2014) Article 5.1 have been provided.

We have been the auditor of the Company for 21 years from the incorporation of the Company on 21 July 2000 for the accounting year 2000.

Key audit matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements for 2021. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. For each matter below, our description of how our audit addressed the matter is provided in that context.

We have fulfilled the responsibilities described in the *Auditor's responsibilities for the audit of the financial statements* section of our report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the financial statements. The results of our audit procedures, including the procedures performed to address the matters below, provide the basis for our audit opinion on the financial statements.

Impairment assessment

Basis for the key audit matter

Telenor has performed impairment assessment for cash generating units (CGUs) with goodwill and other CGUs with impairment indicators. Uncertainty with respect to market and industry conditions, regulatory developments and when applicable country risk, increases the risk that CGUs may be impaired. The determination of recoverable amount, being the higher of fair value less costs of disposal and value in use (VIU), requires management's judgment. VIU is estimated based on a discounted cash flow model and has been applied for CGUs where observable market prices are not available. Determining the VIU involves estimation of long-term future cash flows, which are dependent upon management's estimate of future economic and industry conditions and technological developments, and weighted average cost of capital (WACC). The CGUs future operational performance and external factors have a significant impact on the estimated future cash flows.

Significant assumptions used in forecasting future cash flows are revenue growth, EBITDA growth, EBITDA margin, capital expenditure, long term growth rates and spectrum licence costs. For certain CGUs, estimated VIU also incorporates management's judgment about current and long-term country risk. Cash flow projections in the explicit period are based on forecasts and business plans approved by management and the Board of Directors whereas cash flow projections beyond the explicit period are extrapolated. Impairment assessment is a key audit matter because there is considerable estimation uncertainty, complexity and subjectivity related to determination of VIU.

Our audit response

We obtained an understanding of, evaluated the design, and tested the operational effectiveness of controls over the Group's impairment assessment process. This included testing management's controls over their review of the significant assumptions used in determining the VIU of the CGUs. We performed audit procedures that included evaluating the CGUs identified and compared the estimated VIU to the carrying amount of each CGU. We paid particular attention to the CGUs Telenor Pakistan and DNA, as we expected that the impairment assessment would be sensitive to changes in key assumptions within a reasonable range.

Our audit procedures included assessment of the appropriateness of valuation methods and models, significant assumptions, including supporting and contradicting evidence and mathematical accuracy. We also assessed the adequacy of the related disclosures provided, in particular disclosures about key assumptions and sensitivities. For future cash flows, we performed audit procedures to test and assess significant assumptions used in the VIU models, including projected revenue and EBITDA growth, management's models for forecasting spectrum license cost, normalized cash flows for the initial period in the terminal value and long-term growth rates, among others comparing them to external evidence such as economic and industry forecasts for the relevant markets. Further, we compared the cash flow projections used in the VIU models to the information approved by the Group's Board of Directors and evaluated the historical accuracy of management's business plans by performing look-back analysis. For WACC, we compared the applied market risk premium, long-term risk-free rate, beta and when applicable, inflation differentials (between US and local inflation) and country risk premium against external evidence. We also performed an analysis of the significant assumptions to evaluate the implied sensitivity of the valuation models. We included valuation specialists in our team to assist us with evaluation and testing of valuation models, assessment of key assumptions and analysis of external evidence.

We refer to note 3 and 16 to the consolidated financial statements for further details.

Regulatory disputes

Basis for the key audit matter
The Group is involved in regulatory disputes in several jurisdictions. These regulatory disputes are uncertain regarding timing, amounts and consequences of resolutions. The assessment of whether a liability should be recognized involves judgment from management.

Regulatory disputes is a key audit matter due to the amounts involved, potential consequences and the inherent difficulty in assessing the outcome.

Our audit response
We obtained and reviewed a summary of disputes and claims prepared by management and discussed the regulatory disputes. Furthermore, we made enquiries to external legal counsel, obtained external legal opinions and evaluated management's conclusion with respect to recognition, measurement and note disclosures by corroborating to the external legal opinions and other information obtained. We paid particular attention to regulatory disputes in Norway, Bangladesh, Thailand, India and Pakistan.

We refer to note 3 and 34 to the consolidated financial statements for further details.

Revenue recognition

Basis for the key audit matter
The Group delivers goods and services which can be sold separately or combined in promotional packages to millions of customers in multiple geographical locations. Determining revenue to be recognized is complex because of the high volume of customer contracts and transactions, continuously changing business and price models (including tariff structures, options and incentives) and the complexity of the IT-systems. The application of the Group's accounting policies for revenue recognition requires managements judgement.

Revenue recognition is a key audit matter because of the transaction volume, the complexity of the IT-systems and the judgement involved in the application of accounting policies.

Our audit response
Our audit procedures included test of controls and substantive procedures, including:

- assessment of the appropriateness of accounting principles
- test of the design and operating effectiveness of controls over the revenue processes, including test of general IT controls and application controls over the main IT-systems and applications
- test of application of revenue recognition accounting policies including test of stand-alone selling prices and allocation of revenue to performance obligations for a sample of contracts
- assess management's judgement and estimates
- test of end-to-end reconciliation from revenue system to accounting system
- test of accruals for deferred and unbilled revenue
- assessment of completeness and accuracy of note disclosures on revenue

We refer to note 2 and 6 to the consolidated financial statements for further details.

Other information

Other information consists of the information included in the annual report other than the financial statements and our auditor's report thereon. Management (the board of directors and the Chief Executive Officer) is responsible for the other information. Our opinion on the financial statements does not cover the other information, and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information, and, in doing so, consider whether the board of directors' report, the statement on governance and the statement on sustainability contain the information required by applicable legal requirements and whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information or that the information required by applicable legal requirements is not included, we are required to report that fact.

We have nothing to report in this regard, and in our opinion, the board of directors' report, the statement on governance and the statement on sustainability are consistent with the financial statements and contain the information required by applicable legal requirements.

Responsibilities of management for the financial statements

Management is responsible for the preparation and fair presentation of the financial statements of the Company in accordance with simplified application of international accounting standards according to section 3-9 of the Norwegian Accounting Act and of the consolidated financial statements of the Group in accordance with International Financial Reporting Standards as adopted by the EU, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Company's and the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or the Group, or to cease operations, or has no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists.

Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's and the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's and the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company and the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with the board of directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the audit committee with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the board of directors, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on other legal and regulatory requirement

Report on compliance with regulation on European Single Electronic Format (ESEF)

Opinion

As part of our audit of the financial statements of Telenor ASA we have performed an assurance engagement to obtain reasonable assurance whether the financial statements included in the annual report, with the file name telenorasa-2021-12-31-no.zip, has been prepared, in all material respects, in compliance with the requirements of the Commission Delegated Regulation (EU) 2019/815 on the European Single Electronic Format (ESEF Regulation) and regulation given with legal basis in Section 5-5 of the Norwegian Securities Trading Act, which includes requirements related to the preparation of the annual report in XHTML format and iXBRL tagging of the consolidated financial statements.

In our opinion, the financial statements included in the annual report have been prepared, in all material respects, in compliance with the ESEF Regulation.

Management's responsibilities

Management is responsible for the preparation of an annual report and iXBRL tagging of the consolidated financial statements that complies with the ESEF Regulation. This responsibility comprises an adequate process and such internal control as management determines is necessary to enable the preparation of an annual report and iXBRL tagging of the consolidated financial statements that is compliant with the ESEF Regulation.

Auditor's responsibilities

Our responsibility is to express an opinion on whether, in all material respects, the financial statements included in the annual report have been prepared in accordance with the ESEF Regulation based on the evidence we have obtained. We conducted our engagement in accordance with the International Standard for Assurance Engagements (ISAE) 3000 – "Assurance engagements other than audits or reviews of historical financial information". The standard requires us to plan and perform procedures to obtain reasonable assurance that the financial statements included in the annual report have been prepared in accordance with the ESEF Regulation.

As part of our work, we performed procedures to obtain an understanding of the company's processes for preparing its annual report in XHTML format. We evaluated the completeness and accuracy of the iXBRL tagging and assessed management's use of judgement. Our work comprised reconciliation of the iXBRL tagged data with the audited financial statements in human-readable format. We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Oslo, 21 March 2022
ERNST & YOUNG AS

Anders Gøbel
State Authorised Public Accountant (Norway)

(This translation from Norwegian has been prepared for information purposes only.)

Definitions

Alternative Performance Measures

Telenor Group's financial information is prepared in accordance with International Financial Reporting standards (IFRS). In addition, it is management's intent to provide alternative performance measures that are regularly reviewed by management to enhance the understanding of Telenor's performance, but not instead of the financial statements prepared in accordance with IFRS. The alternative performance measures presented may be determined or calculated differently by other companies.

The principles for measurement of the alternative performance measures are in accordance with the principles used both for segment reporting in note 5 in the consolidated financial statements and internal reporting to Group Executive Management (chief operating decision makers) and are consistent with financial information used for assessing performance and allocating resources.

Revenues

NOK in millions	2021	2020
Mobile subscription and traffic	68,817	73,869
Fixed telephony	960	1,255
Fixed Internet/TV	11,287	11,329
Fixed data services	711	694
Subscription and traffic revenues	81,776	87,147
Other revenues	28,465	28,692
Total revenues	110,241	115,839

Mobile subscription and traffic
Consist of subscription and connection fees, revenues from voice (outgoing traffic) and non-voice traffic, outbound roaming, and other mobile service revenues. Subscription and traffic include only revenues from the company's own subscriptions.

Fixed Telephony
Consist of subscription and connection fees, traffic (fixed to fixed, fixed to mobile, to other countries, value added services, other traffic) for PSTN/ISDN and Voice over Internet Protocol (VoIP).

Fixed Internet and TV
Consist of subscription, traffic charges and connection fees for xDSL, cable, fibre, and fixed wireless access, in addition to revenues from TV services. High-speed fixed internet includes fibre, cable, VDSL and fixed wireless access.

Fixed Data services
Consist of Nordic Connect/IP-VPN and security.

Other revenues
Interconnect
Consist of revenues from incoming traffic related to the company's own subscriptions. Revenues from incoming traffic related to service provider or MVNO (Mobile Virtual Network Operators) subscriptions are not included.

Other mobile
Consist of inbound roaming, national roaming, telemetric and revenues related to service providers and MVNOs. Telemetric is defined as subscriptions and services related to machine-to-machine (M2M) / Internet of Things (IoT), i.e. industrial mobile data applications directed at communication between machines.

Non-mobile
Consist of revenues from customer equipment and businesses that are not directly related to mobile operations.

Fixed wholesale and broadcasting
Consist of sale to service providers of telephony (PSTN/ISDN), Bitstream, LLUB, national and international interconnect, transit traffic, leased lines, and other wholesale products. Broadcasting consist of revenues from terrestrial radio and TV transmission.

Other fixed
Consist of leased lines, managed services, and other retail products.

Satellite
Consist of revenues from satellite services from the satellite position 1-degree west.

Infra
Consist of revenues from passive infrastructure services in Norway.

Connexion
Consist of revenues from subscription and services related to IoT, i.e., industrial mobile data applications directed at communication between machines.

Organic revenue growth

Organic revenue is defined as revenue adjusted for the effects of acquisition and disposal of operations and currency effects. We believe that the measure provides useful and necessary information to investors and other stakeholders for the following reasons:

- it provides additional information on underlying growth of the business without the effect of certain factors unrelated to its operating performance
- it is used for internal performance analysis, and
- it facilitates comparability of underlying growth with other companies (although the term "organic" is not a defined term under IFRS and may not, therefore, be comparable with similarly titled measures reported by other companies).

Reconciliation

NOK in millions	2021	2020	Change whole year	Change YoY
Revenue growth	110,241	115,839	(5,599)	-4.8%
Impact using exchange rates for 2021	-	(6,476)	6,476	
M&A	-	(410)	410	
Organic revenue growth	**110,241**	**108,953**	**1,288**	**1.2%**

NOK in millions	2020	2019	Change whole year	Change YoY
Revenue growth	115,839	107,975	7,864	7.3%
Impact using exchange rates for 2020		5,011	(5,011)	
M&A	(6,305)	(386)	(5,919)	
Organic revenue growth	**109,534**	**112,600**	**(3,066)**	**-2.7%**

Organic subscription and traffic revenue growth

Subscription and traffic revenues consist of revenues from mobile subscription and traffic, fixed telephony, fixed Internet/TV, and fixed data services.

Organic subscription and traffic revenues are defined as subscription and traffic revenues adjusted for the effects of acquisition and disposal of operations and currency effects. We believe that the measure provides useful and necessary information to investors and other stakeholders for the following reasons:

- it refers to the core revenue streams of the business making up 74% of total revenues and almost the entire gross profit for the Group,
- it provides additional information on underlying growth of the business within these core revenue streams, without the effect of certain factors unrelated to its operating performance,
- it is used for internal performance analysis, and
- it facilitates comparability of underlying growth with other companies (although neither "subscription and traffic revenues" nor the term "organic" are defined terms under IFRS and may not, therefore, be comparable with similarly titled measures reported by other companies).

Reconciliation

NOK in millions	2021	2020	Change whole year	Change YoY
Subscription and traffic revenue growth	81,776	87,147	(5,372)	-6.2%
Impact using exchange rates for 2021	-	(5,171)	5,171	
M&A	-	-	-	
Organic subscription and traffic revenue growth	**81,776**	**81,976**	**(200)**	**-0.2%**

NOK in millions	2020	2019	Change whole year	Change YoY
Subscription and traffic revenue growth	87,147	80,930	6,218	7.7%
Impact using exchange rates for 2020	-	3,838	(3,838)	
M&A	(4,548)	-	(4,548)	
Organic subscription and traffic revenue growth	**82,599**	**84,768**	**(2,168)**	**-2.6%**

Gross profit

Gross profit is a key financial parameter for Telenor and is the difference between total revenue and costs of materials and traffic charges. Gross profit reflects the profitability contribution of Telenor's revenue growth in its markets and therefore describes Telenor's potential for sustainable value creation, making gross profit a key financial parameter to follow. It is also used for internal performance analysis.

Reconciliation

NOK in millions	2021	2020
Total revenues	110,241	115,839
Costs of materials and traffic charges	(29,176)	(29,037)
Gross profit	**81,065**	**86,802**
Impact using exchange rates for 2021		(4,903)
Gross profit FX adjusted	**81,065**	**81,899**
Change	**(834)**	
Change (%)	**-1.0 %**	

Reconciliation

NOK in millions	2020	2019
Total revenues	115,839	107,975
Costs of materials and traffic charges	(29,037)	(27,243)
Gross profit	**86,802**	**80,732**
Impact using exchange rates for 2020		6,933
Gross profit FX adjusted	**86,802**	**87,665**
Gross profit FX adjusted excl. DNA	**82,880**	**85,062**
Change	**(2,181)**	
Change (%)	**-2.5 %**	

Operating expenses (opex)

Operating expenses (opex) is a key financial parameter for Telenor and consists of salaries and personnel cost and other operating expenses. Telenor's continuous effort to improve efficiency makes opex a key financial parameter to follow. It is also used for internal performance analysis.

Reconciliation

NOK in millions	2021	2020
Salaries and personnel cost	(10,457)	(11,152)
Other operating expenses	(21,446)	(23,302)
Operating expenses	**(31,903)**	**(34,455)**
Impact using exchange rates for 2021		1,921
Operating expenses FX adjusted	**(31,903)**	**(32,533)**
Change	**630**	
Change (%)	**-1.9 %**	

Reconciliation

NOK in millions	2020	2019
Salaries and personnel cost	(11,152)	(10,598)
Other operating expenses	(23,302)	(22,590)
Operating expenses	**(34,455)**	**(33,188)**
Impact using exchange rates for 2020		(1,526)
Operating expenses FX adjusted	**(34,455)**	**(34,714)**
Operating expenses FX adjusted excl. DNA	**(30,616)**	**(33,232)**
Change	**2,616**	
Change (%)	**-7.5 %**	

EBITDA before other income and other expenses and EBITDA margin

Earnings before interest, tax, depreciation, and amortisation (EBITDA) is a key financial parameter for Telenor. EBITDA before other income and other expenses is defined as EBITDA less gains and losses on disposals of fixed assets and operations, workforce reductions, onerous contracts, and one-time pension costs, see note 10. EBITDA margin is defined as EBITDA before other income and other expenses divided by total revenues. These measures are useful to investors and other stakeholders in evaluating operating profitability on a more variable cost basis as they exclude depreciation and amortisation expenses related primarily to capital expenses and acquisitions that occurred in the past and non-recurring items, as well as evaluating operating performance in relation to Telenor's competitors. EBITDA margin enables comparison between segments and other operators.

Reconciliation

NOK in millions	2021	2020
EBITDA	47,375	54,293
Other income	(173)	(4,426)
Other expenses	1,960	2,480
EBITDA before other income and expenses	**49,162**	**52,347**

EBITDA margin

NOK in millions	2021	2020
Total revenues	110,241	115,839
EBITDA before other items	49,162	52,347
EBITDA margin	**44.6%**	**45.2%**

Organic EBITDA growth

Organic EBITDA growth is defined as growth in EBITDA (before other income and other expenses) adjusted for the effects of acquisition and disposal of operations and currency effects. We believe that the measure provides useful and necessary information to investors, and other stakeholders for the following reasons:

- it provides additional information on underlying growth of the business without the effect of certain factors unrelated to its operating performance, and
- it is used for internal performance analysis.

Reconciliation

NOK in millions	2021	2020	Change whole year	Change YoY
EBITDA growth	49,162	52,347	(3,185)	-6.1%
Impact using exchange rates for 2021	-	(2,982)	2,982	
M&A	-	(122)	122	
Organic EBITDA growth	**49,162**	**49,243**	**(82)**	**-0.2%**

NOK in millions	2020	2019	Change whole year	Change YoY
EBITDA growth [1)]	52,347	47,545	4,802	10.1%
Impact using exchange rates for 2020		2,126	(2,126)	
M&A	(2,253)	(54)	(2,199)	
Organic EBITDA growth	**50,094**	**49,617**	**477**	**1.0%**

Capital expenses

Capital expenses (capex) are derived from the statement of financial position and consists of investments in PPE, intangible assets and prepayments for right-of-use assets excluding business combinations and asset retirement obligations. Capex is a measure of investments made in the operations in the relevant period and is useful to investors and other stakeholders in evaluating the capital intensity of the operations. Capex and capex/revenues are deemed to better gauge the actual investments in the period than the line items purchases of property, plant and equipment (PPE), intangible assets and prepayments for right-of-assets in the cash flow statement.

Capex excluding licences and spectrum is relevant to users to measure the level of underlying investments. Historically, licence and spectrum investments have varied significantly between reporting periods.

Reconciliation

NOK in millions	2021	2020
Purchases of PPE, intangible assets and prepayments for right-of-use assets (note 1)	19,447	19,000
Working capital movement of PPE, intangible assets and prepayments of right-of -use assets	1,745	(1,758)
Deferred licence obligations	1,340	4,466
Less:		
Discontinued operations	(188)	(556)
Capex	**22,345**	**21,152**
Licence and spectrum acquisition	(4,403)	(5,341)
Capex excl. licence and spectrum	**17,942**	**15,811**
Total revenues	110,241	115,839
Capex excl. licence and spectrum/Revenues (%)	**16.3%**	**13.6%**
Total Capex/Revenues (%)	**20.3%**	**18.3%**

Investments

Investments consist of capex and investments in businesses. Investments in businesses comprise acquisitions of shares and participations, including acquisitions of subsidiaries and businesses not organised as separate companies. Investments (or total investments) is deemed to better gauge the actual investments for the period than in the purchases of property, plant and equipment (PPE) and intangible assets line items in the cash flow statement.

Reconciliation

NOK in millions	2021	2020
Capital expenses	22,345	21,152
Investments in businesses	392	367
Investments	**22,737**	**21,519**

Net interest-bearing debt excluding licence obligations (Net debt)

Net debt consists of both current and non-current interest-bearing liabilities, current and non-current lease liabilities less related current and non-current hedging instruments, financial instruments, such as debt instruments and derivatives, and cash and cash equivalents. Net debt is adjusted for licence obligations.

Net debt is a measure of the Group's net indebtedness that provides an indicator of the overall balance sheet strength. It is also a single measure that can be used to assess both the Group's cash position and its indebtedness. The use of the term 'net debt' does not necessarily mean that the cash included in the net debt calculation is available to settle the liabilities included in this measure.

Net debt is considered to be an alternative performance measure as it is not defined in IFRS. The most directly comparable IFRS measure is the aggregate interest-bearing liabilities (both current and non-current) and cash and cash equivalents. A reconciliation from these to net debt is provided below.

Reconciliation

NOK in millions	2021	2020
Non-current interest-bearing liabilities	87,811	98,627
Non-current lease liabilities	28,101	35,584
Current interest-bearing liabilities	9,276	7,296
Current lease liabilities	6,977	9,298
Less:		
Cash and cash equivalents	(15,223)	(20,577)
Hedging instruments	(1,071)	(2,387)
Financial instruments	(327)	(356)
Adjustments:		
Non-current licence obligations	(12,496)	(13,446)
Current licence obligations	(2,264)	(3,601)
Net interest-bearing debt excluding licence obligations	**100,783**	**110,438**

Net debt/EBITDA

Telenor has so far measured leverage as the ratio Net debt/EBITDA before other income and other expenses. This ensures consistency with our alternative performance measure organic EBITDA growth, which is also based on EBITDA before other income and other expenses, and our external guiding for this parameter. Further, this prevents temporary spikes in leverage due to other income and other expenses and thus ensures transparency and a better understanding of Telenor's ability to cover debt with earnings from its regular operations.

Telenor aims to maintain a solid balance sheet through keeping Net debt/EBITDA before other income and other expenses in the range of 1.8x to 2.3x, in order to maintain financial flexibility and ensure cost efficient funding.

The measure provides useful information about the strength of our financial position and is regularly reported internally. For comparability, the 12 months rolling EBITDA before other income and other expenses in 2020 includes EBITDA before other income and other expenses contribution from Telenor Myanmar.

NOK in millions	2021	2020
Net debt	100,783	110,438
EBITDA before other items	49,162	56,520
Net debt/EBITDA before other items	**2.1**	**2.0**

Free cash flow

Telenor makes use of Free cash flow and Free cash flow before M&A activities as important performance measures when presenting and discussing our reported results. We believe it is both useful and necessary to communicate Free cash flow and Free cash flow before M&A activities for the following reasons:

- Free cash flow and Free cash flow before M&A activities allow us and investors to evaluate Telenor's liquidity and cash generated by our operations.
- Free cash flow excludes items that are deemed discretionary, such as Financing activities. In addition, Free cash flow before M&A activities excludes cash flows relating to acquisitions and disposals of businesses.
- Free cash flow facilitates comparability with other companies, although our measure of Free cash flow may not be directly comparable to similar titled measures used by other companies.
- These measures are used for management planning, reporting and incentive purposes.

A reconciliation of Net cash flow from operating activities and Net cash flow from investing activities to Free cash flow and Free cash flow before M&A activities is provided in the table below.

Reconciliation

NOK in millions	2021	2020
Net cash flows from operating activities	42,272	43,820
Net cash flows from investing activities	(17,228)	(10,565)
Payments of lease liabilities related to spectrum licences	(2,871)	(3,634)
Repayments of borrowings - supply chain financing	(1)	(89)
Dividends paid to and purchase of shares from non-controlling interest	(3,551)	(3,281)
Payments of lease liabilities related to other lease contracts	(5,955)	(5,395)
Free cash flow	**12,667**	**20,855**
M&A activities	1,653	8,313
Free cash flow before M&A activities	**11,014**	**12,542**

Return On Capital Employed (ROCE)

When evaluating different financial metrics before making an investment, the Group also considers the return on capital employed. Return on capital employed is calculated by dividing the return of last twelve months by the average balance of capital employed for the same twelve-month period. Return is defined as operating profit including share of profits from associated companies and joint ventures, less income taxes. Capital employed is defined as the sum of total equity and net interest-bearing debt including licence obligations and net pension obligations. The average of capital employed during the period is calculated as average of opening and closing balance for the given twelve-month period.

The calculated return on capital employed is based on the actual generated return, and hence it may be impacted by unusual returns or losses at a particular point of time.

Reconciliation

NOK in millions	2021	2020
Operating profit	21,506	27,984
Share of net income (loss) including gains/losses from associated companies and joint ventures	(459)	(361)
Income taxes	(5,740)	(6,419)
A - Earnings before adjustments	**15,307**	**21,204**
Total equity as of beginning of the period	43,918	43,339
Net interest-bearing debt including licence obligations as of beginning of the period	127,485	123,707
Net pension obligations as of beginning of the period	2,747	2,386
B - Total capital employed as of beginning of the period	**174,150**	**169,432**
Total equity as of end the period	31,500	43,918
Net interest-bearing debt including licence obligations as of end of the period	115,543	127,485
Net pension obligations as of end of the period	2,429	2,747
C - Total capital employed as of end of the period	**149,472**	**174,150**
D- Average capital employed before adjustments (D=(B+C)/2)	**161,811**	**171,791**
E - Adjustment for Myanmar and Canal Digital	5,756	12,382
F - Average capital employed (F=D-E)	**156,055**	**159,409**
G - Return on capital employed (G=A/F)	**10%**	**13%**

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