



Telenor Myanmar – Business Sustainability Update

19 August 2014



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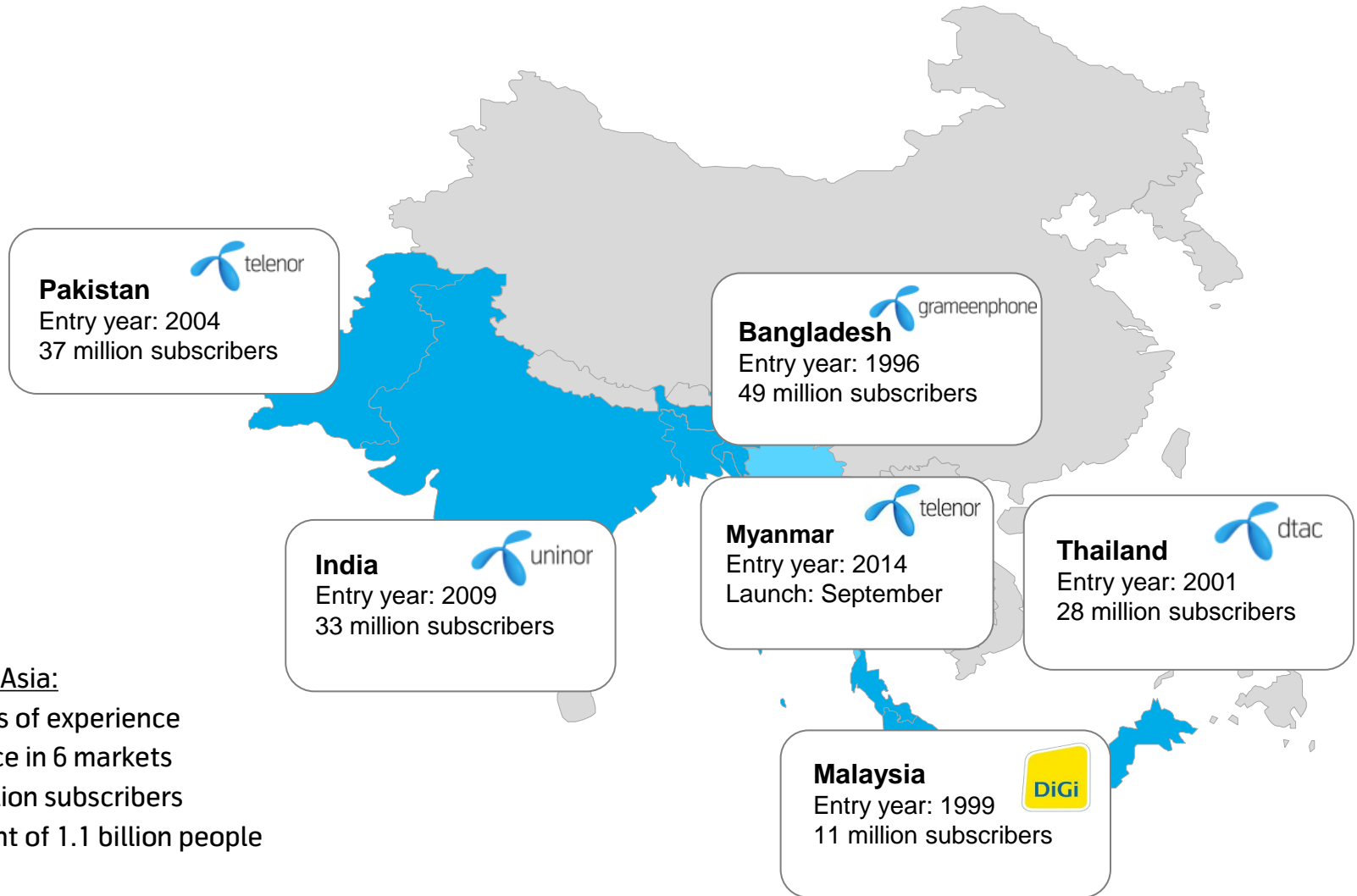
Myanmar – One Year On

Jon Fredrik Baksaas

President and CEO, Telenor Group



A strong regional provider of telecom services in Asia



Telenor in Asia:

- 18 years of experience
- Presence in 6 markets
- 158 million subscribers
- Footprint of 1.1 billion people

*Subscriber numbers as of June 2014.
Market position and footprint in 6 circles in India*

Building a digital future and Internet for All



Telenor in Myanmar

- One of the very last greenfields in the world – in a core Telenor region
- Leverage on greenfield and rollout know-how
- 18 years of experience in region Asia
- Operational experience from similar Asian cultures
- Aware of and tackling risks and challenges
- Telenor in continuous dialogue with Myanmar authorities and civil society
- Sustainability key to how we operate



Addressing sustainability risks and uncertainties

Institutional
capacity in
development

Legal
framework

Corruption

Land issues

Health & Safety

Conflict areas



Telenor Myanmar – Addressing and mitigating risks and challenges

Petter-B Furberg

CEO, Telenor Myanmar



Our focus in Myanmar

Deliver mobile services to everyone

Develop local staff and supplier market

Build sustainable & responsible business

Operational status

- On track for September launch
- Organisational readiness
- Network readiness



Addressing sustainability risks and uncertainties

Institutional
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Health & Safety

Conflict areas

1. Institutional capacity in development

Weak governmental institutional capacity:

- Human resources with relevant knowledge and expertise
- Overwhelming reform agenda
- Lack of processes for requests
- Lack of decision-making culture

Resulted in delays in areas such as:

- Local authorities related to build permits or land lease registration
- Attorney General's Office related to rules and regulations

Telecom regulator (PTD) is supported by the World Bank and GSMA



2. Legal Framework

Weak legal framework due to:

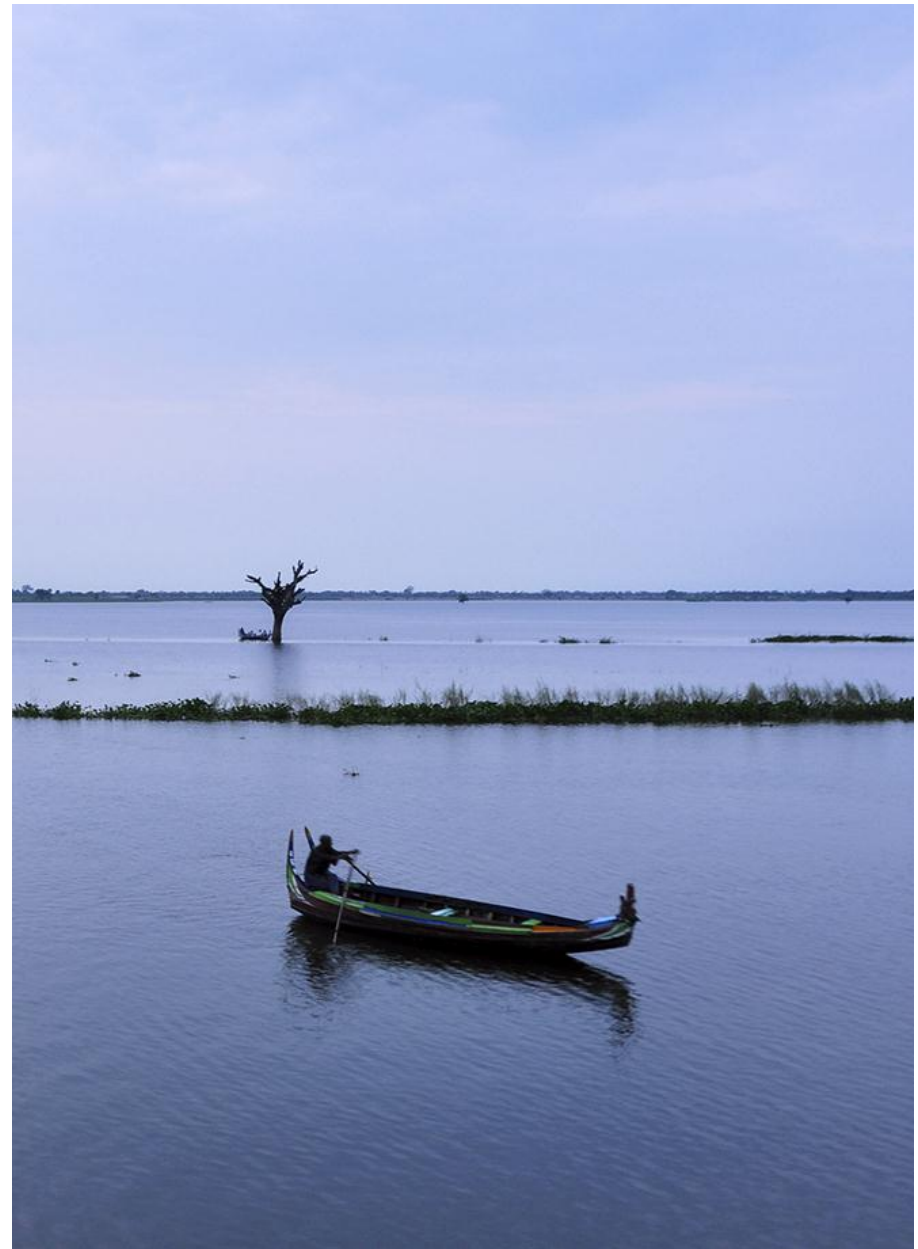
- Old laws passed during colonial era
- Conflicting laws - new laws don't cancel out old laws

Legal framework for **Telecom**:

- Telecommunications Law – effective 2013
- Rules & regulations – not yet approved

Lawful Intercept (LI):

- License requires valid court order to disclose information
- Regulations to be drafted (with international support) and subject to public consultation
- Telenor will not respond to LI requests before overall regulation is in place



3. Corruption

Corruption is a significant and real risk

Our approach - **internally**:

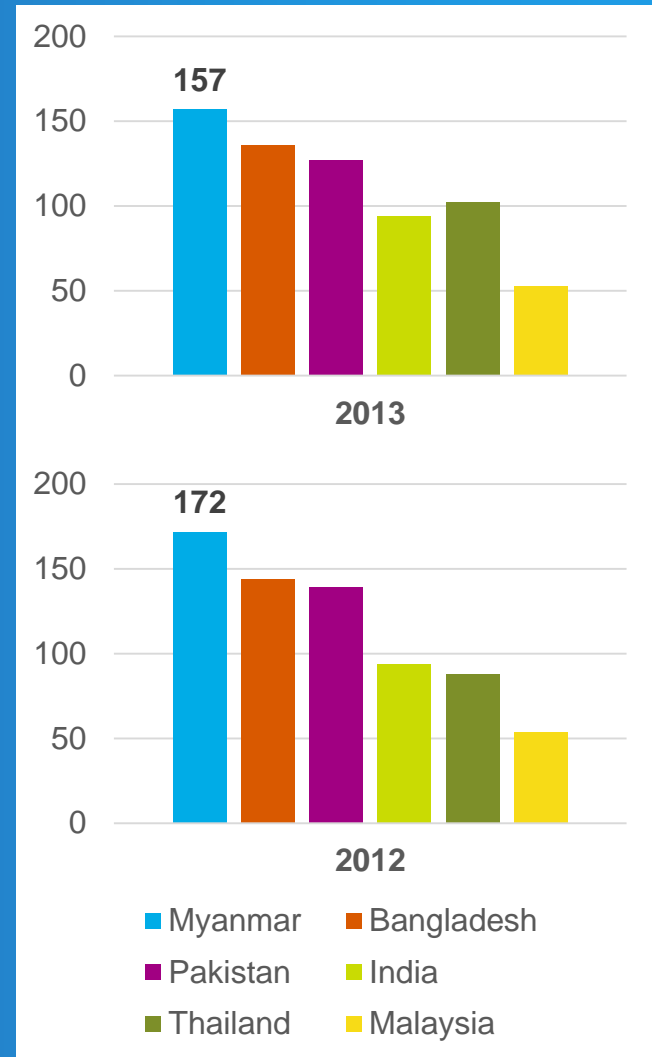
- Training in Codes of Conduct
- Continuous communication

Our approach - **suppliers**:

- Contractual obligations
- Capacity building of suppliers
- Review and participation in application submissions

Implications of our **zero-tolerance** policy is sometimes encountering a less speedy process

Corruption Perception Index



*) Source: Corruption Perceptions Index

4. Land Issues

Land rights and land grabbing are big risks

Our control systems:

- Contractual obligations - tower companies
- 3 steps to identify rightful ownership (ID, documentation, neighbour consent)
- Established complaint system
- Unannounced site inspections by Telenor's Business Assurance team

678* spot checks conducted

Further safeguards:

- build permit process
- lease registration process



*) unannounced inspections as of August 15, 2014 by Telenor Myanmar's Business Assurance Team visiting land owner, neighbors and community members to ascertain that all the due diligence was done before lease was signed

Land type & institutional capacity



Rightful Ownership



Suspected land-grabbing



5. Health and Safety

General framework

Same international standards & contractual framework as in all other Telenor companies, based on:

- Risk assessments
- Capacity building
- Audits & inspections focused on continuous improvements

2736* employees in our supply-chain have undergone **training**

728* unannounced **HSSE inspections** at sites supplemented by weekly visits to all sites by the **Network Rollout Team**



*) as of August 15, 2014 conducted by Telenor Myanmar's Business Assurance Team

Underage labour

Underage labour is prevalent in Myanmar:

- Considered socially acceptable by many
- Myanmar is currently not a signatory to many of the international conventions relating to underage work

All our partners in Myanmar sign the **Supplier Conduct Principles (SCP)**:

- Nobody under **15 years** will be employed
- For tower construction sites: minimum age **18 years** as we consider some aspects of this work as **potentially hazardous**
- All our suppliers fully cooperate
- Focus on educating & training local suppliers and community members
- Roundtable for suppliers by Telenor and International Labour Organization (ILO)



Through our on-site inspections, we have found incidents of Underage and Child Labour in our supply-chain

Situation

- Site in Bago
- On-site inspection identified two workers aged 17 and 17.5 years
- first day of work at the site and they lived in a nearby village and came to deliver lunch to uncle

- Site in Mandalay
- Self reported by sub-supplier (tier 2) of tower company (tier 1)
- Found 3 children (two 12 and one 13 years) working for one of their suppliers (tier 3)
- They were doing excavation work

- Site in Mandalay.
- Onsite inspection identified a 15 year old
- Investigations found that his father also works with the sub-contractor
- The 15 year old son had been sent to site to supplement the family income

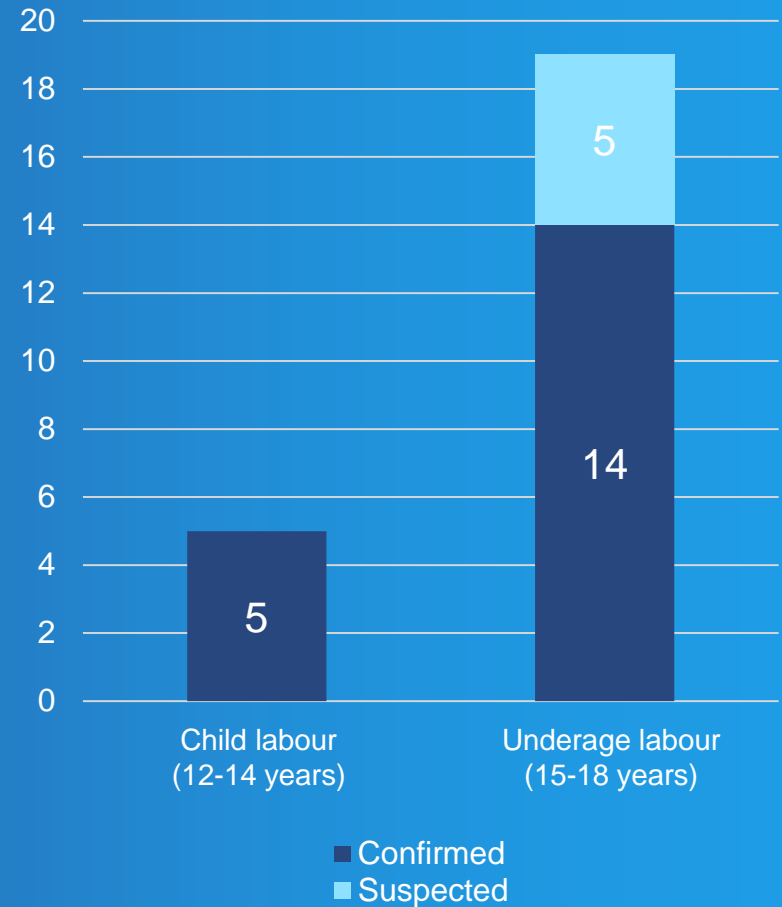
Mitigation action

- Confirmed underage labour
- The workers were lead off site
- Inspector briefed the two workers and the rest of the crew on the strict requirement at the construction site

- Confirmed child labour.
- Violating both Telenor requirements for age (15 & 18)
- Children immediately removed from site and investigation carried out.

- Confirmed underage labour
- The worker was too young to carry out potentially hazardous work
- End result: the sub-contractor gave the 15 year old a job in the company office

- Each case investigated and dealt with on individual basis
- According to international standards (ILO)
- Focus on continuous education



*) as of August 15, 2014 conducted by Telenor Myanmar's Business Assurance Team and Telenor's Network Rollout Team

6. Conflict Areas

Background:

- Bilateral ceasefire agreements with most armed ethnic groups, but remaining quite unstable
- 135 ethnic groups making up about 1/3 of the population
- Interests related to self-rule, democracy, protection of local language, customs and culture and access to natural resources

Telenor's approach:

- Coverage requirements of >90% in 5 years with 30% of the customer base in the ethnic states
- Working both with the Government and the ethnic groups in the States
- High standards for safety



Unique Community Outreach team

8 State Liaison Officers (SLO) to act as link between Telenor and the ethnic state groups

The SLOs have carried out*:

228 stakeholder engagement meetings

178 ethnic state relations meetings

In total they have met more than 17,300 community members



*) as of August 15, 2014



Thank you



Q&A



Appendix

4. Land Issues

Example 1 - Land type & institutional capacity

Background:

- Internal process followed by tower company and Telenor
- Build permit was issued by local city development office (CDC) of the Township
- Excavation started

Situation:

- Almost two weeks into the work Department of Archaeology, National Museum and Library demanded all work to be stopped as it was part of a “heritage zone”
- All work was stopped immediately

Solution:

- The Department was willing to give permission to build a camouflaged tower
- Tower company instead decided to find another site outside the zone



4. Land Issues

Example 2 - Rightful Ownership

Background:

- Internal process followed by tower company and Telenor
- Build permit was issued by local city development office (CDC) of the Township
- No excavation had started

Situation:

- Site was near a Monastery and the Monastery claimed they owned the land and wanted money

Solution:

- Land owner showed all required legal documents
- Legal process with lawyers and local authorities to establish the land owner as the rightful owner – not the Monastery
- Tower erection is now almost completed



4. Land Issues

Example 3 - Suspected land-grabbing

Background:

- The land was owned by a local lady
- Internal process followed by tower company and Telenor
- Build permit was issued by local city development office (CDC) of the Township
- Excavation started

Situation:

- Villagers came to tower company to complain, claiming that the land had been land-grabbed by the lady's husband. The land was registered in her name with no connection to the husband's family name

Solution:

- Due to the uncertainty in establishing the ownership, we are choosing a site elsewhere
- The site has been back-filled

