



Company: Telenor ASA
Conference Title: Update on Sustainability Efforts in Myanmar
Presenter: Pål Kvalheim
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Pål Kvalheim: Ladies and gentlemen, good afternoon and welcome to this Telenor Update on our sustainability efforts in Myanmar. My name is Pål Kvalheim, I'm the Head of Group Communications and I have the pleasure of guiding you through this afternoon's session. We aim to finish within an hour and there will be a plenary Q&A session after the presentation. The presentation is broadcast live over the internet, I know there's a lot of followers out there and you have the possibility to pose questions and you can just follow the instructions on our webpage.

We are rapidly approaching the commercial launch in Myanmar and we experience a lot of interest in that, but today we will not give any market information like prices and services and so forth. We will only give an update on our sustainability efforts. We presented our plans for the rollout in Myanmar in February and this is you could say an interval report, an update on how we're building our business in Myanmar. There's no major news, it's just an update in line with our efforts to be transparent.

To present today we have our President and CEO Jon Fredrik Baksaas present; and Petter Børre Furberg, the CEO of Telenor Myanmar. We also have Mai Oldgaard, the Head of our Sustainability Department present, to help answer questions.

So without further ado I'll leave the floor to Jon Fredrik Baksaas.

Jon Fredrik Baksaas: Thank you Pål and also welcome to you from me. Autumn 2014, we're approaching very fast the initial launch of services in Myanmar. Myanmar is a very important country for us because it fills the geography basically between other operations that we have in the same area. The heading here says one year on. There has been a lot of preparations both for the competition that we were taking part in back in 2013 and with the conclusions coming out



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of that one starting with as much as 90 interested parties coming down to Telenor and Ooredoo being the two winners in that process. As you know with our experience in the Asian markets from before, we feel ourselves competent for this task and we know that this greenfield will be followed by many stakeholders' interests because of the very special political situation that the country has been in over the last decades, having lost out on the opportunity of the development in neighbouring countries.

Let me then before we move into the sustainability part of it, let me then give you a brief description on the presence that the Telenor Group now has in Asia. To the left here we have of course Pakistan. It's India, it's Bangladesh, it's coming up Myanmar and it's Thailand and it's Malaysia and in all these countries in place we see that we have been in Asia now for 18 years. This takes us into the sixth market in Asia and it makes us one of the biggest non-Asian operators in that region. We now have soon 160 million customers in our networks in these countries and of course the 50-60 million people living in Myanmar will now also be potential customers of Telenor going forward. Knowing the genes of the Telenor Group I surely hope that we can make an impact also in that market and compete for market leadership. That takes us all in all into a footprint of 1.1 billion people where we are making our company, the group and the logo visible and in that sense big figures when we were coming from a home country with 5 million people as Norway has right now. So when we entered here in the mid-90s it was more like an opportunity. We started in Bangladesh in 1996 and we now have close to 50 million customers in Grameenphone and that journey has been a long one, but what we've seen in Bangladesh is probably the very best example on how mobile communications basically both have contributed to and participated in growing the economy of that country and giving the people the opportunity to participate in modern communication and everything that comes with it. This is a phenomenal enabler. It grows the possibility for the individual at the ground. It grows the opportunity for organisations and it grows the capacities of the country. Grameenphone and Bangladesh is probably one of the very best examples on how modern mobile communication basically has given this country complete new dimensions on how to develop; and Grameenphone now serves as the biggest privately held company in Bangladesh, it supports a huge employment factor both directly and indirectly and it supports government funds by 5% of the annual GDP in the country and when you think about that kind of contribution in a country on a rapid development curve, we see the phenomenal impact that



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this industry has had over the years. That doesn't mean that this has been a walk in the park and many of you know that there have been instances in the 15+ years of history in Bangladesh which has brought controversial questions to the surface. We have tried to address them, we have tried to do something with them and we have come through them and there is a next phase. We also potentially foresee that similar issues might show up both in Bangladesh and in other operations as we move along – there are always surprises, new things happen without us or the industry being 100% capable of drawing the scenario that actually comes to the table.

Bangladesh is one - 50 million customers, yes. Later in the 90s we started in Thailand and Malaysia and in 2004 we had the big auction process in Pakistan which again two international licences were made available and we participated in that and today Telenor Pakistan is the number two operator with 37 million subscribers and also here we can see a similar impact where the enabling factor of telecoms basically bring new features to the population and there are plenty of underserved areas in these country that telecommunications basically can assist, can make possible, complete new things for people to happen; not to mention financial services in Pakistan in particular where we also now run the biggest retail bank for the time being in Pakistan with simple financial services to people that basically are unbanked from before. When you're unbanked, you don't have the luxury of being connected to a bank, then suddenly you understand the benefit of becoming connected when you can start to transfer money in a safe and secure way without doing it the analogue way and send money in the envelope with a bus driver of whatever it is. So here there are numerous opportunities that comes with it.

Then the latest entry will then of course be Myanmar and Myanmar is in a very exciting political phase, coming out of more or less isolation, having lost out on the opportunities that I just have described for Bangladesh and Pakistan as I gave examples from. Here Myanmar will then come up and potentially run faster into the opportunities of this industry than what has been done in the other countries. The reason for that is that concept and services are more mature, the rollout and the technology concept has become more simple. We have a more efficient technology. We know more about the industry, we know more about how to go to market in a fairly poor environment so we are in a way not as greenfield as we were before. One more important distinction – when we started in Bangladesh and Pakistan, we started with voice and SMS. Here in Myanmar internet will come in the same go. Internet access will come and be as



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important as voice and SMS were under the previous entries. That also give us more opportunities but we also have to be thinking consciously about how does this impact people at the ground in Myanmar? How will they react to this? How will this be utilised and how will it be perceived and how do they embrace the opportunities that we know from other countries where we have seen also a kind of natural evolution. Here it comes more or less in one go and in the strategy base of the Telenor Group where we say Internet for All, this is the new potential that connectivity brings, namely access to the wide variety of the services that internet basically brings. Now I'm talking primarily about useful services for people in their daily life. I'm not necessarily thinking too much of the entertainment side of things, but that will also be important because it brings excitement. But it's access to knowledge, it's access to information and it's putting people at the same level as neighbouring countries over time in order to participate also then in natural trade and industry development, hopefully with a good distribution of income factors in the country over time so that the population is basically coming out as the winner over time. Once more I have to say we are launching services in September. We are not launching in the whole of the country because it's not possible to do the whole of the country in one go and Petter will address issues around that but we also see it here in Norway when we now have rolled out 4G to roughly 70% of the population. The 30% that do not have 4G as of now, they are expecting to get it fairly soon but it's the same issue – you have to start one place and you have to roll it gradually into the geography. Internet for All is a very strong concept. We believe it will bring in 3-4 years' time maybe 80% of all Telenor customers will be regular internet users. Today that figure is around 20% plus and when we take a look at that phenomenal potential that comes with it you can only start to imagine what it can bring.

Myanmar is one of if not the last greenfield in the core Telenor region. Here we have done greenfield rollouts before. We believe we have the competencies through the 18 years of operation that we've had in Asia. We also then know that there is a lot of issues that comes with this technology and these are opportunities but on the other side there are risk factors and also in Myanmar in particular since the institutional side of the Myanmar society basically has not been through a natural evolution compared to many other countries during the period of isolation. There is a lot to do on the institutional side on behalf of the country and the country does not have the simplest institutional capacities that we take for granted in other places. So the dialogue with authorities also has to do with what does it take to really be an efficient



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supplier of connectivity services in the country. That gives us a new issue on sustainability issues. We have been through that before. The Scandinavian countries have had their development on sustainability issues and now we are approaching some of these issues which maybe are issues that left our societies 40 or 50 years ago and these issues Petter will give examples on how we're working and addressing them.

Here we are on the six identified sustainability factors that has been in our focus for this year of preparations in Myanmar: institutional capacity development, the legal framework around the whole operation, the corruption issues, land issues, health & safety for people and the operation in general, and then in particular the conflict areas where a permanent ceasefire has not yet been implemented in the whole of the country. Very important issues and the issues that we have to be aware of not only today and tomorrow but also for a long period into the project as such.

With these words I give the word to Petter. Petter Børre Furberg has been with Telenor for soon 15 years, he started in 2000, so you're fairly young, but you started in Asia and you basically then tried to work a couple of years here in head office but after a couple of years you longed back to Asia, and there you are, Myanmar.

Petter Furberg: True. There are two things Fredrik typically said to me whenever he sees me. One is Petter, if I had been 20 years younger I would have wanted your job. The second thing he's saying is Petter: no shortcuts, which is the topic for today. So let me start by showing you a picture. This is a picture from a village in the North of Mandalay, the Mandalay division. I visited this village together with our employee number one, Mr. Minh who was hired by us in July last year and visited and stayed with his family. This is a very typical village in Myanmar and it's important to remember that Myanmar is a very poor country. It is a country primarily built on agriculture, so this is a typical village where you will find the people that we are in Myanmar to serve. The people that today are connected is around 10% of the population in Myanmar, those that are unconnected are generally being in villages like this. The development that they lack in general infrastructure after 50 years of isolation is tremendous. This village for instance is not connected by roads. This village has no electricity and the only major change that will happen in this village in the few coming years will be that we will be able to provide them with internet



Telenor ASA: Update on Sustainability Efforts in Myanmar and mobile connectivity. So for the Myanmar mission or the mission in Myanmar is very much centred around three things: we are there of course primarily to build a mobile network and to cover more than 90% of the population in five years. We are there to serve the mass market which is why you will see that we compared to our competitors is launching both 2G and 3G networking. It is because the cheapest phones in the world are still 2G phones and to connect a population that is generally very poor, you have to provide 2G connectivity.

The second thing that we are in Myanmar to do is of course to also build a telecom industry. There's only one operator today which is the state-owned enterprise. There is no industry around this and we are taking the learnings from all our Asian markets into building a telecom industry in this market. That means that are extensively outsourcing activities and we are building and training and teaching people internally in Telenor.

Then the third thing which is a topic for today, we are there to do the right things. We are there to build a responsible and sustainable business in Myanmar on the same standards as we are applying in the rest of the world. Quickly, because I know you're all waiting for our launch and yes, we are on track to launch by the end of September. Our licence obligation is to find eight months from licence award which was 5th February, so by 5th October we have to launch. We are going to launch in Naypyidaw, Mandalay and Yangon in the first phase and we are getting ready. Organisationally we are now around 400 people in the company, we have close to 100 sub-suppliers, 75% of them are local companies. We have 69 distributors currently signed up to manage the areas where we will launch and they are all local companies.

Then on the network and array IT side, our IT and core networks are ready. The only challenge and the biggest challenge we have faced in Myanmar is related to site rollout, building towers and erecting base stations and part of it has been related to the build permit process which I will come back to later.

So these six risk areas which Fredrik presented were defined in the beginning when we presented the case to the Telenor board. They were presented to the investor community as the key risks to focus on in Myanmar and from day one the management and the team on the ground have focused on managing these very specific risks. The first one I'll talk about is



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institutional capacity in development – why do we focus on this one? In general this is a country that goes through a tremendous reform and development and when we are coming in with telecoms which has requirements to rolling out very, very fast, we're also dependent on the organisations and institutions around us to actually respond to it. What we do see as a challenge is very much lack of human resources with the relevant competency in different institutions. We also see that they are overwhelmed with the reform process that is going on not only in telecom but in multiple sectors in the country today. Then of course when we come with hundreds of towers for approval at a local office which has previously never dealt with tower approvals before, they've only seen building permits for buildings and in general there was a state-owned enterprise that was only building towers in the past. There is a lack of processes for handling these things as well.

Then lastly when you deal with something that is uncertain, when the rules are not clear like in this case, people further down in the hierarchy will be reluctant to make decisions and very often we have to escalate to get decisions to happen. The implication for Telenor in this area has been that we have seen slow approvals and slow processes related to build permit approvals and lease registrations which are typically at the local level. At the national level we are still waiting for the telecom rules to come out and I will come back to that later and it's still pending the approval and the review of the attorney general's office. This office is handling all the new laws and all the new rules in the country. We are generally supportive of international organisations that are helping the government in Myanmar to increase their capacity and in the telecoms sector it's particularly the World Bank as well as GSMA that has been helping the Ministry of Telecommunication to increase the capacity. Telenor is supporting through the GSMA to ensure that there is no conflict of interest and we are protecting the government's independence.

The legal framework which Fredrik mentioned is also going through and needs a radical reform. In the country there is an enormous number of new laws being approved. The government and the parliament is working very, very hard. In 2011 I think they approved around 14, in 2012 25, in 2013 37 laws were signed by the President and so far this year another 37 have been signed, so they're working very, very hard. But if you look at the website of parliament, they defined that there are 137 laws that are pending and needs their work either to be cancelled, to be



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rewritten or new laws to be created. What we are facing is in many of the areas where we touch the laws which is not only the telecom law, that there are many old laws from the colonial era that are outdated. We also meet conflicting laws, for example in the investment law it defines that foreign companies can lease land for up to 50 years, while the land law specifies that foreign companies can only lease land for up to one year. Imagine what happens when we then come with leases to a local land office – it is not easy.

For the telecoms sector we have been lucky. There has been a tremendous reform happened over the last year. The telecom law was passed by the parliament in October last year and signed by the President. The telecom rules have been developed by the telecom ministry together with the World Bank. They were completed late last year, sent out for public hearing and after the public hearing then passed on to the Attorney General. We are still waiting for the Attorney General's office to complete it but it's not devastating for us. The law provides sufficient framework for Telenor as such to operate, but the rules are important for interconnect, for licensing and for spectrum allocations etc etc which are more detailed within the telecom sector.

Then I know there is a topic which everyone is very interested in and I'll deal with it in detail. Lawful intercept is an obligation under the telecom law and it's norm in all countries where Telenor is operating. We have from the very beginning in open dialogue with the ministry talked about the importance of having very good processes in place for handling lawful intercept in Myanmar and we have had acceptance from the telecom industry also to include in the licence which is now written in the licence that we cannot hand out confidential information without a court order. The ministry has also agreed and publicly stated that the regulations for lawful intercept will be drafted in cooperation with an internationally independent organisation and once they have been drafted they will be open for consultation, open consultation. We of course encourage all organisations to participate in that consultation.

Thirdly Telenor will in the period until rules are in place, we will not respond to any requests for lawful intercept in Myanmar until this is in place.



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Corruption. It is a significant and it's a real issue in Myanmar. It is in the Telenor context perceived to be the most corrupt country but we are taking the experience from working in also other corrupt systems and countries to the work that we're doing in Myanmar and we are setting exactly the same standard of zero tolerance for corruption. Internally in Myanmar all employees go through corruption training as part of the codes of conduct. All leaders go through the dilemma training with respect to situations where this can arise and we are continuously repeating this in town hall meetings or other internal meetings the message of zero tolerance for corruption. In addition towards our suppliers we have zero tolerance for corruption included in the contracts. We are continuously working with them in teaching and training and we are developing material that they can use for their partners and in business in local language and we are participating physically in reviewing applications and meeting adjoining our partners for instance in application submission process – all of this to ensure that also at the supplier level we are handling this at a zero tolerance level. The implication of having this zero tolerance policy is that we in some instances can experience a slower process, but it's also in my view a fact that people gradually both internally and externally in Myanmar understand and know where we are standing on this issue.

Land issues. Land rights and land grabbing. Land grabbing is typically used in situations where land either by the private or the public is confiscated or used for commercial purpose without compensating the rightful owner. It has typically in Myanmar been associated with mining, forestry or large manufacturing factory areas. We have had enormous focus on this from day one but please also remember that tower erection is in a very different scale than the typical land grab cases. Up in the right hand corner we have a picture from a site, a typical site that are building for a tower. The foundation is 10x10 metres and the plot of land that we typically would rent to put up then the tower and the equipment would be 15x15 metres. They are relatively small and they can easily be moved. Despite that we had an enormous focus though our processes to ensure that we do not face any land grab issues as we are going through and renting land for towers. One, this is included in the contractual obligations towards our tower companies. We are both within the tower companies and in Telenor checking and verifying according to a three step process which is focused on the identity of the land owner being sure that we know who we are dealing with, be sure that there is documentation of ownership of the land; and thirdly neighbour consent to ensure that neighbours are also fully aware of what's



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going to happen. We have also established a complaint system which allows people either to phone or through email to send complaints to Telenor and addition we are doing unannounced inspections by our own business assurance team to verify all this information according to our three step process.

Completing this process, the tower companies will go through a fairly comprehensive and long process towards local offices as well as state offices to secure the build permits but we do not build sites without build permits. So far we have done 678 spot checks meaning focused entirely on land rights and to prevent land grabbing and this has been done by our team which you can see down in the right hand corner.

Further safeguards in the system: the building permit process itself in Myanmar is also checking more or less the same information. Local township offices are typically also going out to do physical inspections on the sites where we're building. In addition the telecom ministry themselves have also been out doing spot checks to verify that the process is being completely transparent and done well. In addition for those that are registering land there is also control mechanisms included in the land lease registration process.

I would like to give you some examples of where we despite having this tight process do experience challenges. The first example I'll give you is a site which followed Telenor's internal process, the tower company followed the process, Telenor followed the process, building permit was given to the tower company and as you can see from the picture excavation started. Two weeks into the work the Department of Archaeology approached our people on the site and said you are building in a heritage zone. The work stopped immediately on the site, an investigation was conducted and discussions with this department. The conclusion from the department was you will be allowed to build but you have to make a camouflage tower on the site. The tower company decided instead to move to a different location and that site was backfilled back to its old status. Why did this happen? The reason is land type and institutional capacity problems. We in this case did not at the local level or at the state level have maps that showed that this was part of a heritage area. This is of course over time going to improve and we will have more focus going forward on these types of things but it is a result of what have talked about earlier, institutional capacity.



The second case I'm going to give you is a dispute over ownership. Again this case, the process was followed by the tower company, the process was followed by Telenor, building permit was received. In this case before excavation started a nearby monastery made a complaint that they were the rightful owner of the land. The land owner was able to prove his ownership of the land and he went through a court proceeding to secure it. Following that as you can see the tower was erected on the site and we are going forward. Why did this happen? It's clear that the attention around telecoms in Myanmar is very high. A lot of people would like to make money on telecoms and to have a site with a monthly recurring revenue is attractive for a lot of people

The third case I will give you is a suspected land grab case. In this case the process in the tower company was followed, the process in Telenor was followed, the building permit was received. Excavation started as you can see from the picture. As excavation started nearby villagers made a complaint to Telenor that this site was a part of land grab. We had rented the site from a lady and the land grab case had apparently happened by her husband. There was no linkage between the names and it was flipped in the process. Due to the dispute over the land, the tower company and we decided to move to a new location. The site was backfilled to its old status.

As it shows this is not easy but in general our process is able to capture it and we are able to respond to it in a responsible way.

The fifth topic, health and safety. We are not setting any lower standards in Myanmar than in any other country in the world. We are following the same principles as we do everywhere else and it's built on our three main principles: we go in and we make an assessment of the risk. We are then making training programmes etc for our sub-suppliers to ensure that they are able to live up to these standards and then we are following that up with audits. In cases where we do find that there are deviations from our standards we have focus on continuous improvements. So far we have trained 2,736 employees of our sub-suppliers and sub-sub-suppliers. We have in addition done 728 unannounced HSSE inspections on sites. This is by a dedicated HSSE team of eight people doing these site inspections. They are trained to do it and they have a very thorough investigation. In addition we are doing at least once a week inspections of all sites by our network rollout team. They are also doing HSSE checks but at a much more granular level.



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Given that we are doing so many inspections, of course we do discover deviations from our standards.

I will talk about one topic: underage labour which is a real problem in Myanmar. Part of it is because it is in many circles considered to be socially acceptable. It is also a fact that Myanmar has not yet signed many of the international treaties when it comes to conventions against child labour. Despite this we have entered Myanmar with the same standards and the same requirements as we have in all other countries where we're operating and they are based on our supplier conduct principles. It defines that nobody under the age of 15 should be employed and it defines that no-one under the age of 18 should be engaged in work that potentially could be hazardous. We have defined a site for building a tower as potentially hazardous. All our suppliers fully support this policy and are working well with us. We are focusing on training and teaching the sub-suppliers which in general are all local companies and the communities around these sites. We have also conducted a roundtable in cooperation with ILO inviting all our suppliers to discuss and work on how to manage potential risks of child labour. I will give you some examples of cases because we are doing all these inspections, I will give you some examples of cases that we have identified on our sites. The first case is from Bago. Site inspections identified a 17 and a 17½ year old boys on the site. This was their first day on the site. They had come to the site to deliver lunch to their uncle but had been convinced by the workers on the site that they could make some extra money by participating in the work at the site. This was in our rules a clear underage labour case. The workers were led off the site and the inspector briefed then the staff, the workers themselves and also the rest of the staff on the seriousness around this age limit.

The second case I'll give you is from a site in Mandalay. This was actually self-reported. It was the supplier of our tower company that reported that their supplier had broken the rules by having three children on one site, one at the age of 13 and two at the age of 12. They were doing excavation work. This is a clear violation of our age limits and a confirmed child labour case. It violates both the 15 year age limit and our 18 year age limit. The children were immediately removed from the site and an investigation carried out.



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The third case I'll give you is from Mandalay as well. The site inspectors identified a 15 year old boy on the site. Investigations also found out that his father was working on another site for the same sub-contractor and the boy had been encouraged to start working to increase the income for the family. Again a confirmed underage labour case and the worker was of course too young to carry out the work on a site like this which is considered to be potentially hazardous. The end result in this case was very positive because the sub-contractor was able to give the boy work at the company's office.

In summary we're dealing with all these cases on an individual basis and as you can see on the right hand side we have so far confirmed in all our inspections five child labour cases which in Norwegian would be the definition of *barnearbeid* and we have identified 14 confirmed underage labour cases, which in Norwegian translations would be *ungdomsarbeid*, and we have also an additional five cases which are suspected underage labour cases. Suspected means we believe they were younger than 18. They claim to be older and we were unable to prove their age but we still classify them the same as we do with confirmed cases. This also illustrates some of the problems dealing with underage labour in Myanmar. Many of the workers that are coming to the sites are coming from nearby villages or they are travelling with crews that are moving from site to site coming from other parts of the country and then living together with their families. Poverty is real and in some cases the children that we find or the underage labour that we find are the breadwinners of the family. It's also a reality that we...I think that's it, but in general we are following the ILO standards which is in line with Telenor's standard which is defined 15 years as the minimum age for any type of work and then 18 for potentially hazardous work. We are continuing to focus on educating our suppliers and their sub-suppliers in terms of child labour to prevent this from continuing.

The last topic I'll cover under the six risk areas is the conflict areas. As Fredrik mentioned there are bilateral ceasefire agreements signed with most of the ethnic groups but the situation still remains quite unstable. There is estimated to be or defined to be 135 ethnic groups in Myanmar and they make up around one third of the population. Their interests are related to self-rule, democracy, protection of local language, culture as well as access to natural resources. Our approach to these areas has always been they are part of our rollout obligation and they do represent approximately 30% of our expected customer base. Given the fact that some of these



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areas are partly self-governed, Telenor is actively working both with the government and the ethnic groups in these areas to prepare for our rollout and our business; but in all cases where we are dealing with these areas we have a very high attention on personnel safety being for our own staff or for our sub-contractors.

I will end with what I would say is a very unique concept that we have developed in Myanmar to deal with and work with the ethnic state groups. We have established a community outreach team which consists of eight state liaison officers. These are sons of the soil. They are local people living in these different conflict states. We have for Kachin, we have three SLOs for Shan, we have Kayah, Kayin, Mon and also Chin, so in total eight state liaison officers are working. Their job is to be both our voice and our ear in these communities and in the picture you can see Lulu who is our youngest SLO who is then having a meeting in Kayah, she is working in Kayah for the local community where she is explaining what we will do in their areas, managing expectations is also an important part of this because as Fredrik said it is not a rollout that will happen just instantaneously – this will happen over time. They also, the ears are taking feedback to us in terms of how we are operating in these areas. So far these SLOs have carried out in total 228 stakeholder meetings outside the conflict areas. This is focused particularly on the areas where we are rolling out right now, so we're having meetings in all the townships where we are rolling out, meeting with township members as well as the civil society in these areas. In addition in the conflict states we have had 178 ethnic state relationship meetings similar to what you see on the picture. In total we have covered more than 17,000 people in these meetings where we are talking about what Telenor will do in Myanmar and also listening to their concerns and potential issues.

So with that and another picture from Shan state where Mr. Sih who's our state liaison office up in Shan is also conducting a similar meeting. Thank you.

Pål Kvalheim: Thank you Petter. That ends our presentation and we will now open up for questions and I think we will start with the audience present. Fredrik will join us onstage. Please wait for the microphone before you pose your question as we have a large audience on the internet, so please go ahead anyone.



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Harald Nordgren: Hello, my name is Audun Aagre, I'm a Director in the Norwegian-Burma committee. Thank you very much for the presentations. Thank you very much for the collaboration last year and congratulations with the launch very soon. I would like to ask one question about the timeframe. It's only eight months since you signed an agreement that you now will launch. There has been some instance about the subcontractors and land issues, especially for the fiber constructions. What kind of challenges have there been by rolling out in this limited time? Thank you.

Petter Furberg: Yes. It's well taken. The biggest challenge we have faced in this process has actually been related to permits, building permits. That also includes the fiber companies that need permits to be able to dig the trenches and to stretch their fiber. So it's a real problem and we hope that it gradually will improve because for Myanmar to have sufficiently good internet connectivity we need more and better international connections for instance; and we have to build significantly more fiber inside the country to connect our hub site. Myanmar will rely heavily on microwaves in the beginning for transmission but over time we have to build much, much more fiber. So it's a valid question and it is a big challenge both for tower construction and for the fiber companies to get the permits.

Jon Fredrik Baksaas: Wasn't it also so that in Yangon we had the problem that ducts were to be made before the fiber could be laid but there were no indications on where these ducts were going to be done, so now they ended up doing a wire solution instead.

Petter Furberg: Yes. Of course the perfect solution for any country is to dig the fiber in the ground to avoid both a lot of breakage as well as it's visually much, much better, but given the speed we have and the requirements we have to actually launch quickly, that was a very real problem that had to be solved by eventually hanging fiber on poles, but over time it is an ambition for the city council in Yangon to actually get fiber in the ground.

Jon Fredrik Baksaas: I think we can add that Myanmar is not the only country with that problem.

Pål Kvalheim: If not I call upon the call conference host for questions from the audience watching the webcast.



Operator: As a reminder if you wish to ask a question please press *1. We will now take our first question from Karina Lundberg. Karina has stepped away from her phone. As a reminder if you wish to ask a question please press *1. We have no questions at this time.

Question: Thank you for your presentation and also I welcome your launching ceremony in our country. I want to ask a question, because our country, government allowed two companies for the licence, yours and Ooredoo, what is your experience of Ooredoo distribution in the market? Does this create a black market in our country? Have you any preparation to address this process please?

Jon Fredrik Baksaas: In general what a competitor does in the marketplace is in a way the responsibility of the competitor, but having seen that Myanmar is coming from a situation where the simcard is extremely high priced, now entering a mass market approach, we will try to make sure that that black market arbitrage is not there.

Petter Furberg: We have a very strict control through our distribution. It's one of what we consider to be Telenor's strength in our business in Asia is the distribution model that we are building. Between us and the customer there is only two levels – it's a distributor and a retailer and the retailer is also connected directly to Telenor. We do believe that in general we will be able to control the price and we promised that it should cost just 1,500 kyat per simcard to buy it and we strongly encourage any customer once we launch not to pay anything more unless it is a golden number. That's the only reason why they should and in that case the shop should also be able to sell a 1,500 kyat simcard. 1,500 kyat is \$1.50.

Pål Kvalheim: Any other questions?

Aakash Kolekar: Hi, my name is Aakash Kolekar from the GID project management team. Congratulations for a nice presentation on the upcoming launch. We feel that there are a lot of challenges in getting the right site spots so how far are we in getting the required number of spots to enable us to launch as we have planned? So can you give us some insights on that?



Telenor ASA: Update on Sustainability Efforts in Myanmar

Petter Furberg: As I said we are on track towards the launch in the three main cities by the end of September.

Pål Kvalheim: Ok, if there are no more questions we will thank you all for attending this update...do we have some questions on the phone?

Operator: We will now take our first question from Karina Lundberg. Please go ahead.

Karina Lundberg: Yes, hello. My name is Karina Lundberg. I just wonder, the legal structure in Myanmar is rather weak and I wonder a little bit about what international standards will you operate, will you report when you operate in Myanmar? Are you reporting according to GRI or do you have any other report schedules for reporting your operations?

Jon Fredrik Baksaas: First of all the telecom law in Myanmar is not necessarily a weak one but the regulations that is coming under the law is not yet fully complete and this is where the details in a way are spelt out and this is where the process is so that the Myanmar government will also make use of an independent international/global organisation in order to assist in reaching at international standards in the field. Here we of course also have our practices in Europe and as you know the practices in this field varies also from country to country in Europe where legislations are different only to mention between Norway and Sweden for that matter, so there are differences and we reckon that the authorities will through an international institution bring forward a suggestion which they will put up for international hearing or to hearing for interested parties and until we know how these things evolve, we will have to in a way make decisions later on on how we're going to respond to the final solution selected and implemented in Myanmar.

Petter Furberg: You said it, the telecom regulation which we are under, we're still waiting for the final. We've seen the draft. It's now being reviewed by the attorney general and it's a good international high standard telecom regulation. The investment laws in Myanmar are also accommodating for foreign investors as is here today and the practice of them under the MIC, the investment commission in Myanmar is also generally very good.

Karina Lundberg: Can I ask something to follow up?



Pål Kvalheim: Yes please.

Karina Lundberg: I just wonder, international standards on telecoms at that time but what about international standards according to human rights, for example the UN global compact, if the local laws in Myanmar is in conflict with global compact or for that sake in conflict with the internal ethical standards of Telenor, have you any thoughts about how you're going to handle this kind of situation if they are coming up?

Jon Fredrik Baksaas: We are not in that situation as yet but if that situation comes as you play out as a potential scenario, then of course we will have to address it and address the deviations between the one and the other, but until we see that final framework we don't see that we should in a way free that question to its fullest potential right now as we are in a way in the midst of the launch phase. We've said that on legal intercept we will not do any distribution of call records from customers using the network until the legal intercept framework is established and that is part of the licence terms, so I think we have covered that part and that risk of it at least.

Karina Lundberg: Thank you. Thank you for that.

Pål Kvalheim: As there are no more questions I think it remains to say thank you for attending this update. The next you'll hear from Myanmar is the launch some weeks from now. I apologise for the small technical problems and we'll welcome you back. Thank you very much.

Jon Fredrik Baksaas: Also from me thank you. This is an exciting project for us. We have a long term ambition to bring connectivity to as many customers as we can at affordable price levels. We've demonstrated that in Asian countries as of now and we're ready for also the competition situation in Myanmar. Thank you.