Telenor Materiality Assessment 2015

Telenor's Materiality Process

Telenor Group has during the autumn 2015 updated its materiality assessment to better reflect current stakeholder concerns and the company's key sustainability risks and opportunities.

The assessment has been conducted in accordance with the Global Reporting Initiative G4 principles for defining report content. The process has therefore been conducted as illustrated in the below figure 1, following the key steps; identification, prioritisation and validation. This is the second review supported by an external organization since the materiality assessment was first conducted in accordance with this process in 2011. This process has been facilitated with support from EY.
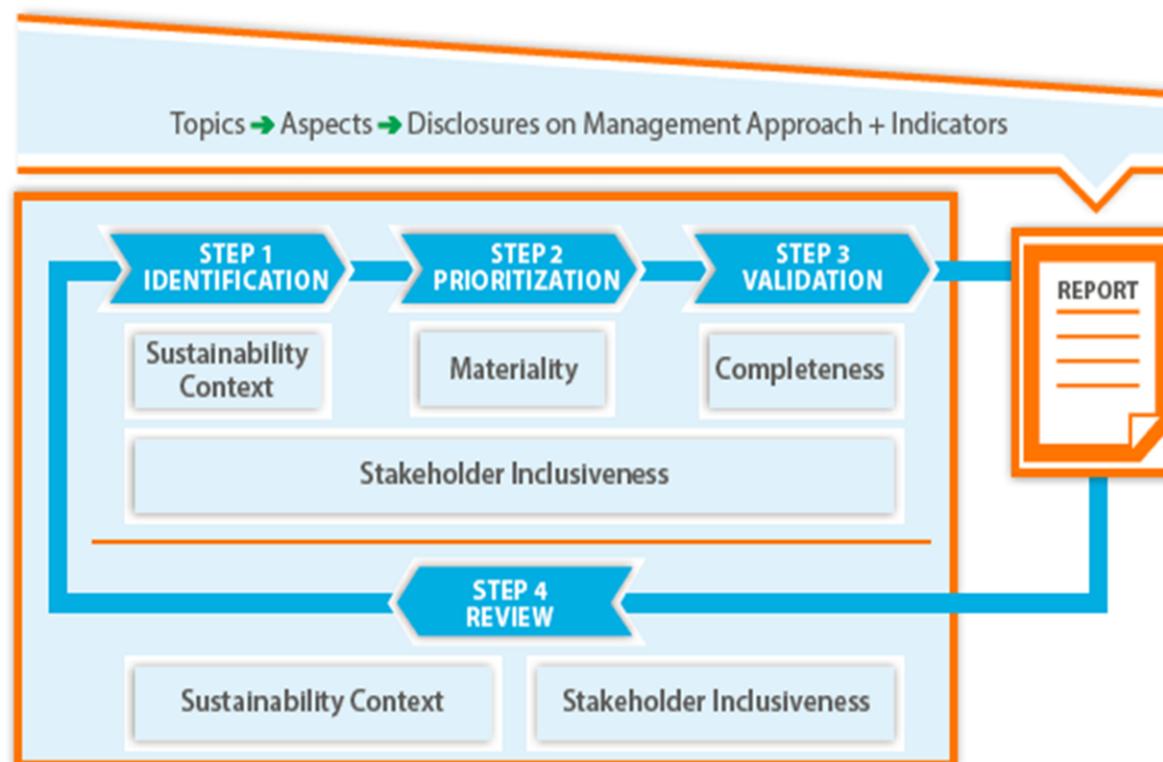
Identification

In order to identify relevant issues related to Telenor's activities, products, services, and relationships, a peer review, a media review and a literature review was conducted. The peer review identified key sustainability issues disclosed in the reporting of Telenor's peers. Two to three peers in each of the 13 markets where

Figure 1 Global Reporting Initiative Process for Defining Report Content

Telenor operates were reviewed to gain an understanding of how the focus differs in different markets. In addition, five of Telenor Group's peers were reviewed in order to assess the sustainability aspects material to other large telecom companies. The media review was undertaken to flag significant issues relating specifically to Telenor in the past two years. The media review was also conducted for all relevant markets. In addition a literature review was performed to gain valuable insights from industry wide assessments and key industry reports. New issues identified

from these three activities were added to the issue universe from Telenor's 2013 materiality assessment for further prioritization and assessment. Aspect boundaries for the 2013 issues were assessed and changes considered. New issues were identified inside and outside of the organisation, or both.

Based on a hypothesis of the relevance of emerging trends and drivers, internal experts were selected and interviewed to provide further insight on emerging trends and stakeholder expectations. This also gave to gain valuable understanding of the stakeholder engagement that has been executed over the last two years.

In order to identify and understand emerging stakeholder concerns and changes from 2013, In-depth stakeholder engagement was also conducted. Based on an assessment of Telenor's existing knowledge of stakeholder expectations through the ongoing stakeholder dialogue, and hypotheses of relevant emerging trends and stakeholder concerns, key external stakeholders were selected for in-depth interviews to provide further

insights. EY interviewed seven representatives of key external stakeholders to learn and understand about existing and emerging stakeholder concerns. Ongoing stakeholder engagement with key stakeholders was also used as input to the discussions and results.

Prioritization

Based on the identification phase, several hypotheses were developed, and preliminary scores were given. To ensure that the materiality assessment provides a reasonable and balanced representation of the organization's sustainability performance, a workshop was conducted with Telenor's Corporate Responsibility team. In the workshop the hypothesis on the important issues and their preliminary scoring was presented. It was debated collectively whether the issues identified were correctly placed and named, paying particular attention to significant changes in importance since 2013/14. The Group's strategy and the context of its activities played important parts of this scoring and the discussions. All the issues included in the assessment are valued as important

both to Telenor and its stakeholders, and so the scoring ranges from important to material. Within this frame, each issue was given an appropriate score of High/Medium/Low related to importance to stakeholders and a score of High/Medium/Low related to importance to Telenor. The participants anonymously scored the issues after each discussion and the results displayed in the end of the workshop. The result of the workshop was the basis for drafting the updated materiality matrix.

Validation

The suggested update of the materiality matrix resulting from the workshop was subject to further internal discussions and iterations based on insight from key experts and internal stakeholders.

The final suggested updates were validated by Head of Sustainability and approved on behalf of Chief Corporate Affairs Officer.

The 2015 materiality matrix will continue to be subject to further validation and feedback from key external stakeholders over time.

Telenor Group Materiality Matrix

Importance to Stakeholders

High
- Economic contribution to society
- Child online safety
- Low-carbon solutions
- Socially transformational solutions

- Human rights
- Ethics and anti-corruption
- Privacy and Data Security
- Corporate governance
- Service reliability and quality
- Responsible supply chain

Medium
- Mobiles phones and health
- Freedom of expression
- Researching for shared value
- Climate efficient energy use

- Digital access and outreach
- Transparency and stakeholder engagement
- Our employees

Low
- Local environmental impact

- E-waste management

| Low | Medium | High |

Importance to Telenor

Material Issues, detailed

Ethics and anti-corruption - including anti-corruption and bribery, anti-competitive behavior, correct billing to customers

Human rights - ensuring that operations or business relationships do not infringe on human rights, and respecting the human rights of everyone working for Telenor (directly or indirectly). Balancing governmental law enforcement impacting on this freedom in the companies in which Telenor operates, with respect for civil liberties and freedoms

Privacy and data security- avoiding personal and other information being overused for commercial purposes or being obtained or stolen by third parties, as well as protecting systems from internal and external attacks. Includes issues such as government control of networks, encryption of data and access to data by mobile, internet and application operators

Responsible supply chain - including human rights, HSSE, environment, conflict minerals, hazardous materials, etc

Service reliability and quality - avoiding network failures, ensuring reliability of high standards of the service in all operating areas, and delivering on promises to customers

Corporate governance - including policies ensuring board independence, board diversity, remuneration and responsibility and accountability of the board

Digital access and outreach- access to the service in all markets, including rural and remote areas. In emerging markets focus on bridging the digital divide. Links to economic development as a result of access to the internet and online services

Economic contribution to society - includes investments in local communities, including job creation, skills development, charitable contributions, tax and licenses

Transparency and stakeholder engagement - includes provision of timely, accessible and accurate disclosure of performance, goals and policies related to sustainability activities, and actively engagement with stakeholders who might be affected by the company's operations, products and services, including investors, governments, customers, suppliers and civil society

Child online safety - including online and mobile safety, entailing avoidance of digital bullying and abuse, access to child pornography and providing child specific user access controls

Freedom of expression - upholding the human right of freedom of expression through e.g. protecting the principles of non-discrimination of content on the internet, no government limitations or censorship on legal activities on-line

Our employees - including attraction and retention of the best people, training and development opportunities, career prospects – as well as occupational health and safety, in particular relating to working with masts, handling of equipment and tools, safe driving and travel safety

Mobiles phones and health - including electromagnetic fields from masts and mobile phones, user complaints concerning issues such as radiation, radio waves and Wi-Fi

Socially transformational solutions - including solutions with social benefits, such as mFinance, mHealth, mAgri, mEducation, mGovernment, mWomen and smart working

Low-carbon solutions - services and technologies that enable users to reduce their climate impact

Researching for shared value - including investment in, and development of new technologies that contribute to sustainability

Climate efficient energy use - including energy efficiency, energy use and reduction of greenhouse gas emissions from Telenor's energy use

E-Waste management - including e-waste, packaging, recycled materials, network equipment recycling and circular approaches to resource management

Local environmental impact - includes the understanding, prevention and mitigation of negative impacts on the environment from the company's operations such as base stations, data centres and offices, including biodiversity and efforts to protect and enhance the local environment