

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.

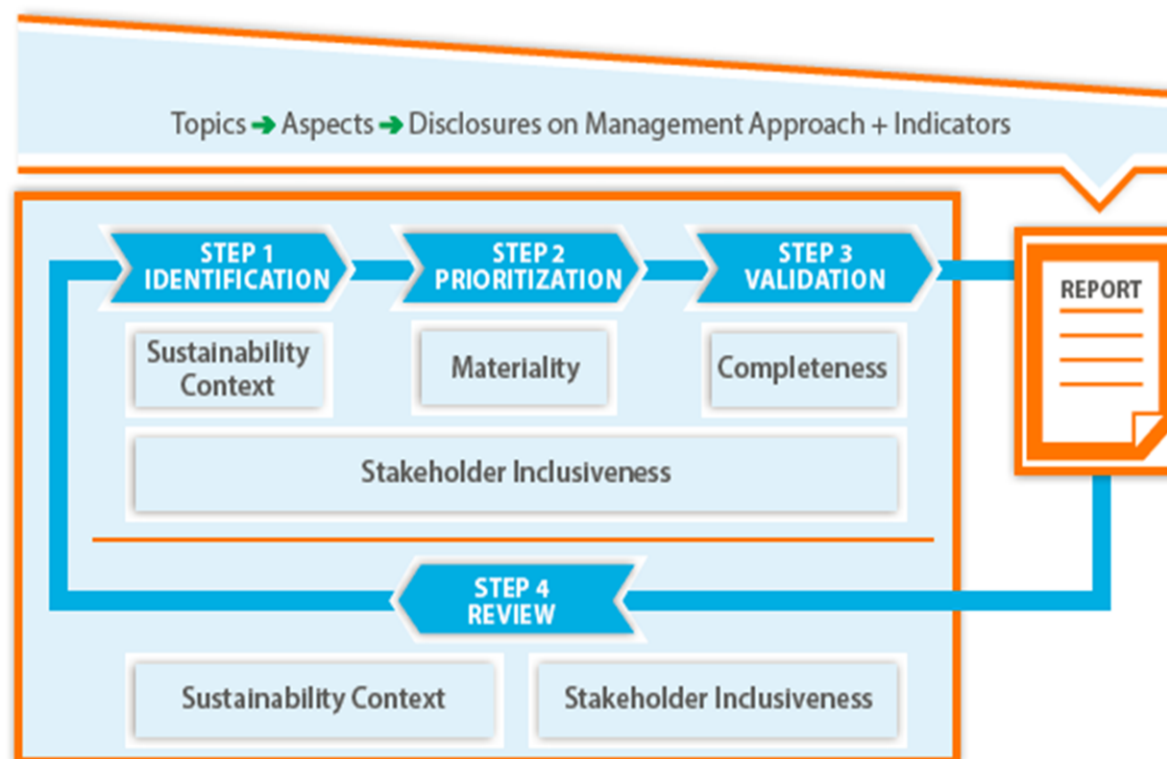


Figure 1 Global Reporting Initiative Process for Defining Report Content

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

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 external stakeholders and a score of High/Medium/Low related to importance to

internal stakeholders. 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.

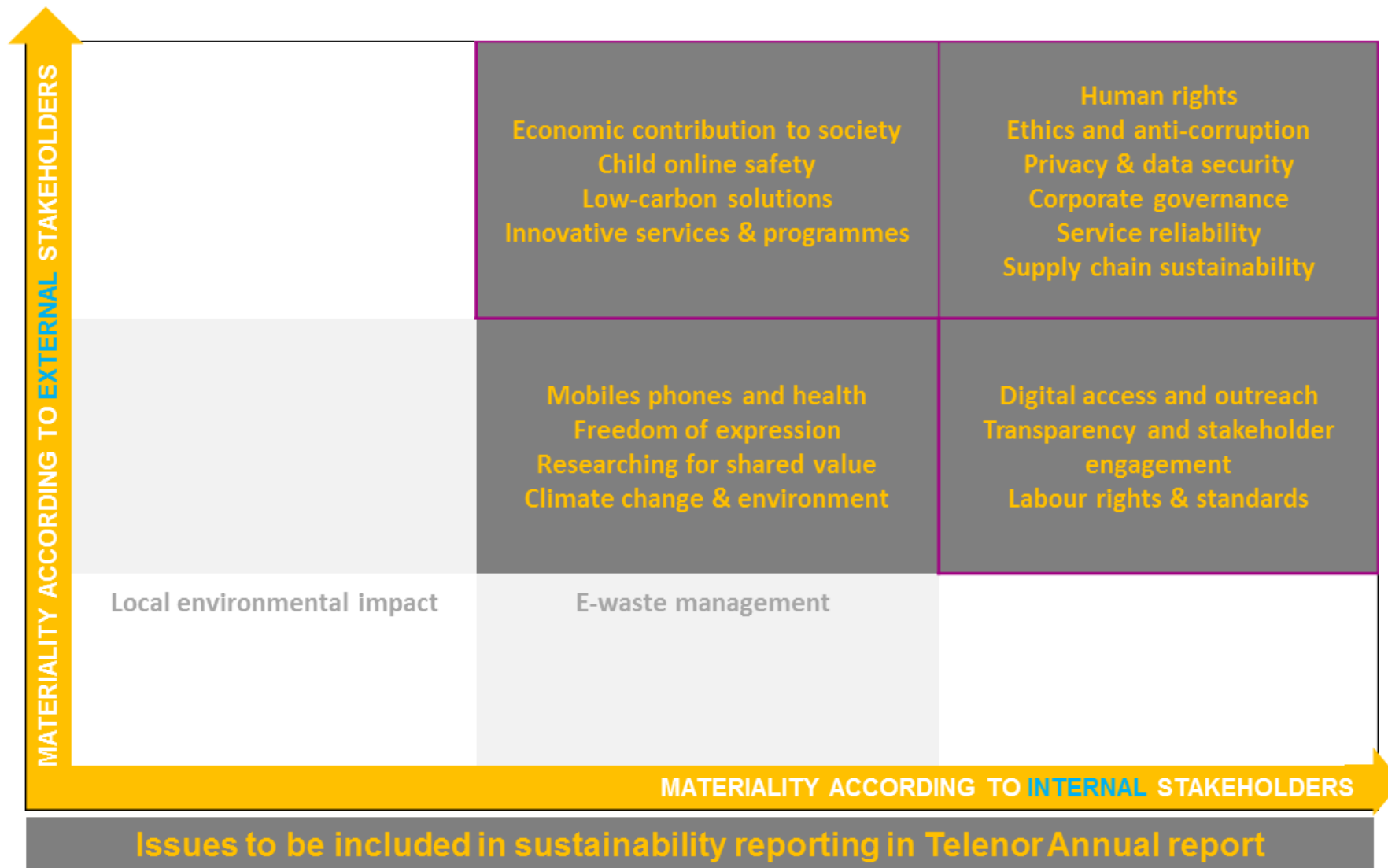
Validation

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



Material aspects within and outside Telenor

Telenor aspect	Corresponding GRI aspect	Material internally because	Material externally because
Ethics and anti-corruption - including anti-corruption and bribery, anti-competitive behavior, correct billing to customers	G4-36 G4-37 G4-42 G4-56 G4-SO4 Compliance Anti-corruption Anti-competitive behaviour	We never compromise on integrity. This is a company value.	All stakeholders expect Telenor to demonstrate best practice regarding business ethics.
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	G4-HR1 G4-HR5 G4-HR7 G4-HR9-12 Human Rights	We are committed to respecting International human rights.	All stakeholders expect Telenor to respect International human rights.
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	G4-PR8 Customer Privacy	Our customers trust is crucial to our business.	Telenor's customers expect us to protect their privacy.
Supply Chain Sustainability - including human rights, occupational health, safety and personnel security, environment, conflict minerals, hazardous materials, etc	G4- LA14 G4-HR6 Labour practices	Suppliers are part of our business and we want to build trust across the value chain.	Our suppliers want to comply with Telenor's requirements. Our customers want their services to be problem-free.

Telenor aspect	Corresponding GRI aspect	Material internally because	Material externally because
Service reliability - avoiding network failures, ensuring reliability of high standards of the service in all operating areas, especially during times of disasters	G4-8 Reliability	Primarily important to our external stakeholders but network reliability is essential for our business.	Our customers expect reliable services.
Corporate governance - including policies ensuring board independence, board diversity, remuneration and responsibility and accountability of the board	G4-34-55 Compliance	By applying good corporate governance principles in what we do as an organisation, we create value and maintain a healthy corporate culture.	We consider good corporate governance to be a prerequisite for value creation and trustworthiness and for access to capital.
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	G4-EC8 Digital Divide	Primarily important for the societies we serve, but also an important part of our operations.	We aim to enable the digital transformation of societies we serve by extending internet connectivity to as many people as possible.
Economic contribution to society - includes investments in local communities, including job creation, skills development, charitable contributions, tax and licenses	G4-EC8 Vital for society	For Telenor it is important to attract local talent – and the skillsets of our close to 38,000 employees contribute to develop the national workforce of every country we are present in.	Mobile communication and digital services are vital engines of economic development and growth, and facilitate the modernization of both private and public services.
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	G4-24-27 Stakeholder engagement	We strive to communicate well around the sustainability risks and opportunities we encounter in our diverse geographical operations. More importantly, we also disclose how we manage them.	We recognize the intrinsic value of engaging with range of stakeholders - to help us improve our performance and deliver value in line with stakeholder expectations.
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	G4-19 G4-PR2 Occupational Health and Safety	At Telenor we have an ambition to deliver Internet for All – and we need to develop a supportive ecosystem that addresses online safety risks and grow the resilience of younger users.	While we are confident that the Internet enriches children’s lives, we also know that children’s drive to explore comes with certain risks.

Telenor aspect	Corresponding GRI aspect	Material internally because	Material externally because
Freedom of expression - respecting 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	G4-HR1 G4-HR5 G4-HR7 G4-HR9-12 G4-PR8 Human Rights Labour Practices	We see that challenges relating to privacy & freedom of expression continuing to emerge and in some markets these are becoming more complex. This is primarily an issue for the societies we serve, but can also have repercussions for our operations.	While telecommunications generally contributes to freedom of expression, on some occasions, authorities may have a legitimate need to require telecommunications companies to comply with requests that limit privacy or free communication.
Labour rights and standards - including diversity, 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	G4-LA7 Occupational Health and Safety Labour Practices Grievance Mechanisms	Telenor is committed to respecting labour rights principles as laid down in UN Global Compact and ILO’s fundamental conventions.	The labour rights principles relate to respecting the rights to freedom of association and collective bargaining, the elimination of forced labour, child labour and discrimination in the work place.
Mobile phones and health - including electromagnetic fields from masts and mobile phones, user complaints concerning issues such as radiation, radio waves and Wi-Fi	G4-LA7 Occupational Health and Safety	All business units work in accordance with national and international guidelines and these represent the basis for all our planning, installation work and safety measures at antenna sites.	Health matters and at Telenor we are respectful of anyone coming forward with concerns about possible health effects of mobile use and about living within close proximity to mobile infrastructure.
Innovative services and programmes - including solutions with social benefits, such as mFinance, mHealth, mAgri, mEducation, mGovernment, mWomen and smart working	G4-26 Innovation Stakeholder engagement	Research is key in helping Telenor gain insights and competencies to become a data driven software organization and we also supports world leaders in their commitment to reach the new UN Sustainable Development Goals.	We are confident that communication and mobile technologies can be successfully applied to secure better health, quality education, reduced inequalities and better protection of our shared environment.
Low-carbon solutions - services and technologies that enable users to reduce their climate impact	G4-EC2 Climate risk Emissions	Telenor is committed to minimize its environmental impact and engages with the industry and partners to embrace opportunities related to ICT sector’s role in a low-carbon transition.	Our technology and smart services have the potential to reduce global carbon emissions; by up to 20 per cent by 2030 and close to ten times the industry’s own direct emissions.

Telenor aspect	Corresponding GRI aspect	Material internally because	Material externally because
Researching for shared value - including investment in, and development of new technologies that contribute to sustainability	G4-26 Innovation Stakeholder engagement	Research is key in helping Telenor gain insights and competencies to become a data driven software organization and we also supports world leaders in their commitment to reach the new UN Sustainable Development Goals.	Research in using big data – the information flow from digital communications analysis – has the potential of providing important insights that can help tackle socio-economic challenges.
Climate change and environment - including energy efficiency, energy use and reduction of greenhouse gas emissions from Telenor’s energy use	G4-EN3 G4-EN5-6 G4-EN15-18 Energy Emissions	Telenor is committed to minimize its environmental impact and engages with the industry and our partners to embrace opportunities related to the ICT sector’s role in a low-carbon transition.	Climate change is one of the most complex challenges facing people, businesses and governments.