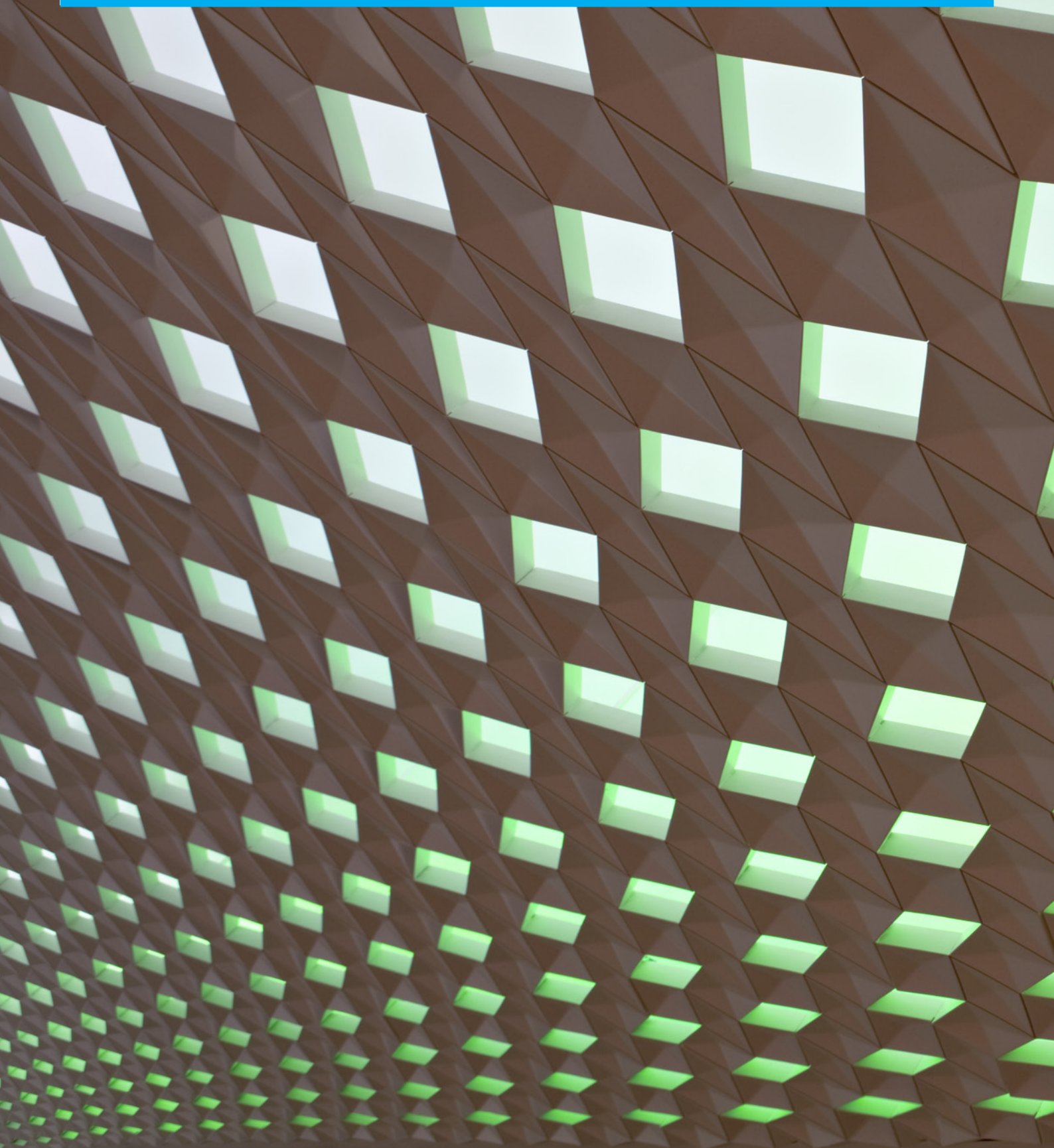


Sustainability Report 2011



31 May 2012



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About Us

Telenor Group is an international provider of telecom, data and media communication services.

Telenor Group has mobile operations in 11 markets in the Nordic region, Central and Eastern Europe and in Asia. The company also has a voting stake of 39.5 per cent (economic stake: 35.7 per cent) in VimpelCom Ltd., operating in 18 markets.

Headquartered in Norway, Telenor Group is one of the world's major mobile operators with 146 million mobile subscriptions in its consolidated operations per Q1 2012, revenues in 2011 of NOK 99 billion, and a workforce of approximately 30,000.

Our vision is simple: Telenor exists to help customers get the full benefit of communications services in their daily lives. We're here to help.

[Read More](#)

For more information about Telenor Group, please visit www.telenor.com



Telenor - Sweden

Telenor's wholly owned subsidiary, Telenor Sweden, is Sweden's third largest mobile operator.



Telenor - Pakistan

Telenor's wholly owned subsidiary, Telenor Pakistan, is the second largest mobile operator in Pakistan.



Uninor - India

Telenor holds a 67.25 per cent ownership interest in Indian greenfield mobile operator Uninor. The company launched its services in December 2009.



Grameenphone - Bangladesh

Telenor holds a 55.8 per cent ownership interest in Grameenphone, the largest mobile operator in Bangladesh. Grameenphone is listed on the Dhaka Stock Exchange (DSE) Ltd. and the Chittagong Stock Exchange (CSE) Ltd.



Telenor - Norway

Telenor's wholly owned Norwegian mobile operation is the country's leading telecommunications operator.



Telenor - Denmark

Telenor's wholly owned subsidiary, Telenor Denmark, is Denmark's second largest mobile operator.



Telenor - Hungary

Telenor's wholly owned subsidiary, Telenor Hungary, is the country's second largest mobile operator.



Telenor - Montenegro

Telenor's wholly owned subsidiary, Telenor Montenegro, is the country's largest mobile operator.



Telenor - Serbia

Telenor's wholly owned subsidiary, Telenor Serbia, is the country's second largest mobile operator.



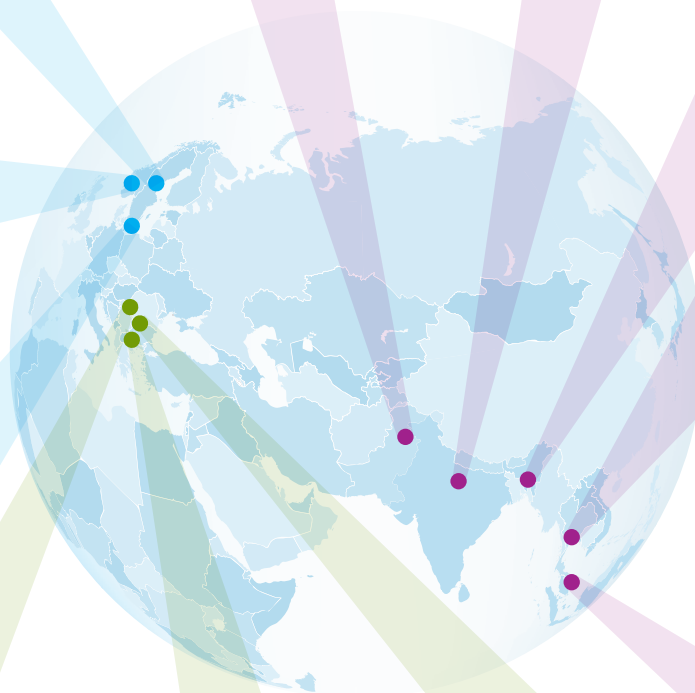
dtac - Thailand

Telenor's economic exposure in Thai mobile operator dtac is 65.5 per cent. dtac is the second largest mobile operator in Thailand and is listed on the Stock Exchange of Thailand and the Singapore Exchange.



DiGi - Malaysia

Telenor holds a 49 per cent ownership interest in DiGi, the third largest mobile operator in Malaysia. DiGi is listed on Bursa Malaysia.



VimpelCom Ltd.

Telenor Group holds a voting stake of 39.5 per cent (economic stake: 35.7 per cent) in VimpelCom Ltd., operating in 18 markets.



What is Sustainability at Telenor Group?



For Telenor Group, a sustainable business is one that delivers long-term growth and profitability by adding social, environmental as well as financial value. This means that we manage risks, embrace opportunities and build our reputation – while we continue to grow shareholder value.

Our business matters. Telecommunications has significant potential to positively impact people's lives, contribute to social and economic growth, have a beneficial influence on society, and help shape a sustainable future. Our efforts rest on two key strategic pillars: extending the benefits of mobile communications across all our markets and integrating responsible business practices in all aspects of our operations. Telenor Group's ambition is to create shared value for the company and for the societies in which our business units operate.

In all our markets we see examples of how people embrace new and innovative services to improve their lives or their income potential. Many more rely on our services to provide added safety. This is why topics such as service reliability and research & innovation are included in this report. Further, the topics covered in this report are selected through a materiality assessment based on methodology developed by the Global Reporting Initiative (GRI). You can read more about this in the chapter on [Stakeholder Engagement and Reporting Principles](#).



Message from President & CEO



Jon Fredrik Baksaas
*President and CEO,
Telenor Group*

I am pleased to present Telenor Group's Sustainability Report for 2011. It highlights our efforts and performance on issues of importance to our business and to our many stakeholders in wider society.

Our pursuit of responsible business remains a key priority. This is an open-ended and lasting commitment. As a future-facing company we strive to adapt and continuously improve our performance in accordance with expectations from the world around us and with the ten principles of the UN Global Compact.

Our industry is an enabler. Right now, rapid growth in mobile data is opening fantastic new opportunities for more people to access and explore a vast universe of information and empowerment. Essential services are made available to underserved population groups. As an example, many who were previously cut off from basic banking now enjoy access for the first time. Each month 1.5 million financial transactions are made through the Easypaisa mobile banking service in Pakistan.

In the absence of effective, internationally binding agreements related to climate change, the telecom sector is moving ahead with their own initiatives. At Telenor Group, our main climate change focus is to improve the energy efficiency of our networks and thereby reduce our carbon footprint. We also develop solutions for smart

use of communications that can deliver significant reductions in the greenhouse gas emissions of our many customers.

Children's eagerness to explore new technologies knows few limits. Their online lives are enriching and fascinating to observe. But with the boldness come risks. Together with experienced partners we engage with students, teachers and parents through our successful school visits programme, which targets digital bullying. So far we have visited 250 Norwegian schools, and talked to 70,000 students and 12,000 parents. We are greatly encouraged by reports showing that there is less digital bullying today than when we started our campaign.

Over the last years we have taken major steps to improve the health and safety of our people, and we continue to target key risk areas. 13 people lost their lives working indirectly for Telenor Group during 2011. The majority of these fatalities occurred in Pakistan, where the general security situation remains a challenge. I am deeply saddened by this loss. In 2012 we will continue to work actively to improve security among our suppliers and their people. Risks associated with violent crime and road accidents will receive a special focus in this respect.

This report contains much more detail on a range of issues. It is my hope that it will provide useful insight into how we manage key sustainability issues at Telenor Group.



Message from Chairperson of the Board Ethics & Sustainability Committee



Liselott Kilaas

Deputy Chairperson of the Telenor Group Board of Directors and Chairperson of the Board Ethics and Sustainability Committee

In 2011, a new Ethics and Sustainability Committee of the Telenor Board of Directors was set up. In this way we continue to develop the strong commitment of the Board to oversee and assess the sustainability of activities across Telenor Group. The new Committee has a wider scope than the now discontinued Health, Safety, Security and Environment Committee. This reflects a growing recognition that the business sector plays an increasingly important role in building the societies of the future. It is also recognition of the fact that we are witnessing increased interest in sustainable business among Telenor Group stakeholders in all our markets.

Sustainability is also about maximising Telenor Group's capacity to deliver value for the communities in which we operate. Mobile phones and internet connectivity offer rich opportunities for improving lives. This insight has inspired Telenor

Group to develop a portfolio of initiatives called 'Enable'. These initiatives are all about applying communications technology in innovative ways to reach new beneficiaries, with a special focus on vulnerable and underserved groups.

During 2011, Telenor Group field inspectors made 2,397 inspections of suppliers and business partners. These inspections were made to assess the suppliers' performance against commitments they have made to our comprehensive Supplier Conduct Principles. The high number of field inspections underscores Telenor Group's commitment to strive to uphold basic rights and improve working conditions for the many people employed by our suppliers. The same level of activity is planned for 2012.

Decent work and respect for human rights and the environment remain crucial to Telenor Group's success as a sustainable and trusted company.

“ It is a growing recognition that the mobile business sector plays an increasingly important role in building societies of the future. ”



The Telenor Way

Employees of Telenor Group are ambassadors on many levels. It is up to us to ensure that the products we deliver are reliable and that they address real needs in society. As Telenor Group employees we must know, respect and abide by the formal rules and regulations – the ‘law of the land’ – in every country we operate in. Other responsibilities derive from our common culture and mindset.

Telenor’s position

Telenor is built around people; the people that are our employees, our customers and who make up society at large. At Telenor Group we believe it is essential that all our people have a clear understanding of how we do business, what values we represent and what standards we uphold. We call this the ‘Telenor Way’.

The formal framework for how we behave as employees of Telenor Group is set out in our Vision and Values, Codes of Conduct, Group Policies and Procedures and Leadership Expectations. But the full scope and impact of the ‘Telenor Way’ is not contained in any formal document.

Our employees are at the heart of how we do business. They are the ones who make it possible to deliver on our strategy. To do so we need highly skilled managers and staff, broad and consistent talent management, and a strong performance management culture.

To ensure sustainable business growth the ‘Telenor Way’, Telenor is firmly committed to providing a good working environment.



As a responsible employer Telenor shall maintain consistent, accurate and non-discriminatory employer practices in accordance with applicable legislation and good corporate governance. Recognition and compensation should contribute to attract, motivate and retain the right people who can deliver sustainable value for Telenor.

The ‘Telenor Way’ incorporates the way we act as a responsible employer and our efforts to ensure sustainable supply chain management.

We recognise that our core competence – communication – can be a significant enabler for people to seek and impart information, as well as contribute to social development. At the same time we need to be mindful of the human rights-related risks that may arise from our operations and seek to actively manage these so we minimise the likelihood of infringements.

Challenges

For its success, any organisation relies on the behaviours and values of its people. All our interaction with our stakeholders in society should be guided by a common understanding of what it means to be respectful. This is not a one-off. To ensure that we live up to our values it is important that we continue to impress upon our people what it means to represent the Telenor Group.





Strategic ambitions

The 'Telenor Way' is about strong ethics and customer orientation, enabled by leaders who believe in real empowerment. The 'Telenor Way' shall act as the anchor for all decision-making across Telenor. The 'Telenor Way' links the different elements of our culture and defines and structures how we do business through our Vision and Values, Codes of Conduct, Group Policies and Procedures and Leadership Expectations.

It is our ambition to ensure that all personnel are familiar with the 'Telenor Way' at a level relevant to their position and responsibilities, and also that the 'Telenor Way' forms an integral part of relevant people and business processes. The 'Telenor Way' forms the starting point for building strong, effective and valued relationships with our business partners, suppliers and customers.

2011 Status

We work systematically with awareness and training on how to use the 'Telenor Way' in daily decision-making, with initiatives both from Group and from our business units. Initiatives either are part of annual campaigns for all our employees and onboarding of new employees or they form part of our leadership programmes. In 2011 the global campaign was a dilemma training programme with online cases called 'The Telenor Way Challenge'. All our employees were invited to sit in teams, reflect on relevant cases and discuss their own dilemmas related to the 'Telenor Way'.



We continuously work on the human rights aspects of our business through the 'Telenor Way', our Sustainable Supply Chain efforts, and our governance system. During 2011 Telenor Group visited 2,397 suppliers to ensure good practices, engaged in stakeholder dialogue on children's rights and business, and worked on implementing the UN Guiding Principles developed by United Nations Special Representative of the Secretary General on human rights and transnational corporations and other business enterprises, John Ruggie.

In Bangladesh, in partnership with UNICEF, we work to improve the conditions for working and street children. Telenor Group also joined a number of other operators and

vendors in a dialogue on human rights, focusing on the rights to privacy and freedom of expression, and the challenges in this area pertaining to our industry.





Corporate Governance

Ever since the global financial crisis took hold, questions of how best to ensure accountability and meaningful checks and balances have been fiercely debated among investors, economists and politicians in most countries around the world. Corporate governance defines the framework of rules and procedures by which a company governs and controls its business.

Telenor's position

At a time when the general trust in business has been undermined by financial turmoil, we believe it is more important than ever for a responsible company to demonstrate that shareholder values are protected through transparency and good corporate governance. Telenor Group is committed to maintaining the highest standards of corporate governance, as set out in applicable Norwegian and international rules and recommendations.

In order to secure good and sustainable corporate governance, it is important that we ensure sound and healthy business practices, timely and accurate financial reporting and an environment of compliance with legislation and regulations across the Telenor Group.

Challenges

Telenor Group operates across markets and regions of great disparity, and no two business cultures are alike. Irrespective of where we operate, however, the

Telenor Group Board of Directors shall at all times be able to oversee that the company is directed and controlled in a responsible, professional, and transparent manner. In this way we seek to safeguard the success of the company over time. We ask for the trust of our investors. It is therefore essential that we repay that trust by ensuring that mechanisms are in place to secure the confidence of shareholders and capital market investors.

Strategic ambitions

Going forward, Telenor Group will continue to strengthen our focus on proper business controls and management. This is due both to our operations becoming more and more extensive and complex and to society's increased focus on responsible management, ethics and social responsibility. The success of our undertakings will be judged not on the basis of our principles, policies and guiding documents but on our conduct and the decisions we make.

2011 Status

The Board of Directors has established three sub-committees within the Board: The Governance and Remuneration Committee, the Ethics and Sustainability Committee and the Audit Committee, all of which are preparatory working committees of the Board.

The Ethics and Sustainability Committee is composed of four members of the Board. Liselott Kilaas chairs the Committee. The Committee supports the Board in

fulfilling its responsibilities with respect to ethics and compliance as stated in law, codes of practice and the Codes of Conduct and accompanying governing documents. The Committee also supports the Board with respect to corporate responsibility. The Committee further oversees Telenor Group's efforts to ensure good processes and performance for internal Occupational Health, Safety, Security and Supply Chain Sustainability. The Ethics and Sustainability Committee held five meetings in 2011.

➤ Read More

For a full description of corporate governance at Telenor and details relating to Telenor Group's compliance with the Norwegian Code of Practice, please refer to Corporate Governance in Telenor:

www.telenor.com





Business Ethics

“ Telenor’s Code of Conduct is a vital part of the ‘Telenor Way’ and describes how we shall conduct our business. ”

In today’s tightening legal environment, enterprises must manage the risk of bribery and corruption with greater care than ever before. The business landscape is being further transformed by growing stakeholder expectations that enterprises should be open and transparent about the ways in which they manage a range of non-financial issues, including risks relating to bribery and corruption.

Telenor’s position

Telenor’s Code of Conduct is a vital part of the ‘Telenor Way’ and describes how we shall conduct our business. It reflects applicable laws and widely recognised international treaties. It also builds upon Telenor’s corporate values: make it easy; keep promises; be inspiring and be respectful.

The Code of Conduct is an integral part of the formal governance regime in Telenor. This Code defines the core principles and ethical standards that form the basis of how we create value in our company. Such principles and standards are further incorporated in other governing documents as appropriate.

The Code of Conduct applies to members of the Board of Directors, managers and other employees as well as those acting on behalf of

the company. This Code does not apply directly to the company’s business partners. However, all suppliers and parties that have a direct contractual relationship with Telenor and offer products or services to Telenor must adhere to our Supplier Conduct Principles. These principles spell out the minimum standards that we expect to see achieved over time.

Telenor’s stance on corruption is firmly anchored in our Code of Conduct, which clearly states that Telenor is opposed to all forms of corruption. Our anti-corruption policy prohibits offering, giving, asking for, accepting or receiving any form of bribery. We are working actively to ensure that corruption does not occur in any part of Telenor’s business activities. Our main tool for preventing corruption is our group-wide, risk-based anti-corruption programme.



Challenges

No region or country in the world is immune to corruption, and we are acutely aware that several of the countries where Telenor Group operates face significant challenges of this nature.

Telenor shall comply with all applicable laws and regulations. In the event that there are differences between such laws and regulations and the standards set out in our Code of Conduct, the highest standard consistent with applicable local laws shall be applied.

Our main challenge is therefore to ensure – in a systematic and holistic manner – good compliance monitoring against our internal rules and ethical framework – as well as against our Supplier Conduct Principles.

Strategic ambitions

Those who infringe laws, regulations or the 'Telenor Way' framework must be prepared to face consequences that reflect the infringement's type and scope. The Board of Directors shall take all action it considers appropriate to investigate any violations. If a violation has occurred, Telenor will take such disciplinary or preventive actions as it deems appropriate.

In 2011, two projects were started up to define the roles and responsibilities of the compliance function. One covers the sustainable compliance function and structure, including but not limited to roles and responsibilities. The other covers sustainable handling of compliance incidents, including but not limited to conduct of investigations and guidelines for disciplinary actions.

We will continue our development, implementation and monitoring of Telenor's anti-corruption programme. Central to this effort will be to address areas where there is significant risk of violations or system errors. In addition, we will ensure implementation of the revised Group Anti-Corruption Policy in our business units.

2011 Status

During 2011 we have updated our anti-corruption policy as well as made efforts to ensure that Telenor's anti-corruption programme also reaches into the supply chain. Management focus has been enhanced even further through implementation of additional controls.

We also continued to develop new formats for anti-corruption training and awareness building. Foremost among these was the strategy game 'Telepolia'. Competing in teams with the assignment of setting up a telecoms company, participants were faced with realistic scenarios that involved complex decision-making and dilemmas that they would spend much time reflecting on.

A number of short e-learning programmes are available for all our employees, and in 2011 we launched an updated module on anti-corruption.



Regulatory Issues

The telecommunications industry is subject to extensive regulations and licensing. The spectrum required to operate is a natural resource that national governments will seek to manage and allocate with great care. The role and responsibilities of the mobile network operators remains crucial as so many people and institutions rely on the services we provide in wider society.

Telenor's position

Regulatory pressure is increasing in the telecoms industry. Examples are industry-specific taxes, revenue-sharing models with governments and high spectrum licence fees. Regulatory issues represent some of the biggest risk factors for telecoms operators, but also opportunities to create value, for example by securing favourable spectrum positions.

Challenges

All international experience has clearly shown that the telecoms industry needs a well functioning regulatory regime to deliver optimal services to consumers. As a key player in a dynamic process it is important that our voice is heard as new regulations are prepared. This is true with respect to healthy competition as well as for issues like privacy and termination fees. Meaningful interaction with regulators and relevant public authorities is important to ensure the best possible service to society.

Strategic ambitions

Telenor's ambition is to develop best practice regulatory management capabilities and processes at both Group and business unit level. Telenor would like to stand out as a trusted partner to governments and regulators in developing sound regulatory frameworks with an aim to increase the level of transparency and predictability. Our ambition is to find solutions to create win-win opportunities for key stakeholders and Telenor.

2011/12 Status

On 2 February 2012, the Supreme Court of India delivered its judgment in which it quashed all 122 licences issued on and after 10 January 2008, including those granted to Uninor. The quashing is effective from 2 June 2012. Meanwhile, the Government sought recommendations from TRAI (Telecom Regulatory Authority of India) on reallocation of the 2G licences. Furthermore, the main elements of the new National Telecom Policy, which was released for consultation in October 2011, were decided on 15 February. This includes a range of spectrum policy issues.

In Bangladesh, Grameenphone's 2G licence and spectrum expired in November 2011. The renewal decision has not been finalised as some elements around the licence renewal are pending before the court. Thus, the final conditions for renewal are still unclear.

In Thailand, the new Frequency Act paves the way for a more level playing field between the state-owned licensees and DTAC. The first step was to establish a new regulatory body (NBTC). Before NBTC can proceed with the 3G auction (scheduled for Q3 2012) it has to put in place the National Frequency Plan and a National Frequency Table. In March 2012 NBTC announced it has approved the new master plans, which will become effective after they are published in the Royal Gazette.



Enabling Services

More and more people find that the mobile phone is the one item they hesitate to leave the house without. For some it is about flexibility and safety, for others it could be about new ways of working. A health worker in Norway might use her/his mobile broadband tablet to get instant information if an elderly patient has fallen and needs assistance. A rickshaw driver in Bangladesh might receive the call that tells him where he needs to be in five minutes, or his phone might allow him to pay his utility bills while he waits.

Telenor's position

Mobile communications enables people to access and share a wide range of information, which can have a positive impact on their lives and the communities in which they live. Bringing the benefits of mobile communications to a wider audience is one of Telenor's key objectives. We call this approach 'Enable'.

This thinking also underpins our approach to bridging the digital divide. We work systematically to ensure digital inclusion through extending physical area coverage, as well as enabling people to benefit from our communication services, be it through improved accessibility, provision of training or through innovative services like mobile banking.



The Impact of Mobile Financial Services

In 2011, Telenor and Boston Consulting Group (BCG) published a study showing that mobile financial services have the potential to reduce the number of unbanked in Pakistan by 20% by 2020. In India the number of people with formal savings accounts could increase by 142 million. The study also shows that economic inequality in Malaysia could be reduced by 5% and become roughly equivalent to that of Canada.

In the developing world, more than 2.5 billion adults - or approximately 72% of the population - remain unbanked. BCG's research estimates that up to 2 billion mobile phone users who are currently unbanked in these economies could be served through mobile financial services. The study investigated five Telenor markets: Bangladesh, India, Pakistan, Malaysia, and Serbia. Findings indicated that mobile financial services have the potential to reduce financial exclusion by 5-20% by 2020 and increase GDP by up to 5%.

▶ Read More

Read more about the study on our website:
www.telenor.com



Challenges

The ubiquity of the mobile phone is amazing. But to develop new ways of applying the mobile phone it is essential to earn the trust of the end-user. For us, that means working with reputable partners and ensuring that we develop services and solutions that are attuned to people's actual needs.

Strategic ambitions

Telenor Group's Enable strategy focuses on the transformative potential of telecommunications. Through strategic, communications-based projects, Telenor joins with experienced partners to bring new opportunities to underserved groups in society. Our goal is to develop Enable projects in all our business units. By focusing on what we know best – communications – we believe we can make a positive contribution.

In 2012, we shall establish new Enable projects and further extend the reach of existing initiatives within the Group. We will also facilitate systematic sharing of experiences and successful projects across the business units. Further, we will explore the area of mobile health in more detail, with the aim of better understanding its potential socio-economic impact.



The Role of Internet in Driving Economic and Social Growth

Increased adoption of Internet can accelerate business productivity, thereby generating income, jobs and government revenues in emerging economies. This is demonstrated in a study from October 2009 conducted by the Boston Consulting Group (BCG) and Telenor Group. The study provides estimates of the social and economic impact of Internet in three Telenor markets covering three different stages of market maturity (Bangladesh, Thailand, and Serbia).

Another study, from 2008 and carried out by Deloitte and Telenor Group, similarly shows how mobile communications allows people to stay in touch, access services and information instantly and get help in emergencies. In this way it contributes to social inclusion. In addition, there is a close correlation between mobile penetration and GDP growth, with a 10% increase in penetration being associated with a 1.2 percentage point increase in GDP growth. A range of other positive impacts can be found in areas such as health and education and conditions in rural areas. The researchers studied Telenor's markets in Bangladesh, Malaysia, Pakistan, Thailand, Serbia and Ukraine.

[▶ Read More](#)

Read more about the study on our website:
www.telenor.com





Uninor Citizen Information Centres

2011 Status

During 2011 Telenor's approach to Enable has been rolled out in all the business units with workshops covering how to plan and implement Enable projects.

In 2011, several of our business units have implemented new Enable projects. In Malaysia DiGi launched an e-homemaker project aiming to help poor women set up profitable micro-enterprises. Grameenphone in Bangladesh launched a new project to target maternal and infant care through SMS and voice communications, in partnership with USAid and the local organisation D.Net.

During 2011 we have furthered our efforts to extend the 'Povezivanje' programme in Serbia and 'Citizen Centres' project in India.



Uninor and Hand in Hand Citizen have partnered to establish more than 500 citizen information centres across the Indian state of Tamil Nadu. These micro-enterprises are designed to allow female entrepreneurs to deliver information communication technology training and support to other women in their communities. Tamil Nadu is one of the states of India where a recent study identified that women are 31% less likely to own a mobile phone than men, a fact that represents a significant 'gender gap'. Due to this gap, women have less access to life-enhancing and empowering products and services.

The centres also function as Internet kiosks and the women entrepreneurs sell Uninor top-up cards and other accessories, thus giving the women a sustainable source of income. The women entrepreneurs receive start-up support and training. At the same time, these centres give Uninor access to the rural market and provide an invaluable point of contact with underserved customers.

From GSMA mWomen website: 'Mohanapriya is an entrepreneur working with a Uninor Hand in Hand Citizen Centre. She is 22 and lives in rural India. When her father died, she and her mother were left surviving on INR 1000 (USD 22) per month. Their life changed when they were approached by Uninor and were given a loan and the opportunity to become entrepreneurs by running a Uninor Hand in Hand Citizen Centre. At their centre, Mohanapriya and her mother provide local women with ICT training, business training, and education on how to assert civil rights using ICT tools. Concurrently, Uninor benefits from motivated female sales agents who market their products in the village. Mohanapriya and her mother now run a successful business that allows them to make regular loan repayments and generate a monthly income of INR 4000 (USD 88).'

[Read More](#)

Read more about the study on our website:
www.mwomen.org





Better Healthcare for Roma in Serbia

The transformative power of mobile technology is well illustrated by Telenor's 'Povezivanje' project in Serbia. Telenor Serbia, UNICEF Serbia and the Serbian Ministry of Health work together to bring vital information and access to health services to the Roma population of Serbia.

Through the Povezivanje project, some 75 Roma women have been trained to become health mediators. These women serve as the bridge between the official Serbian health system and the Roma communities. With the help of laptops, mobile phones, Internet, special software and training provided by Telenor, the mediators communicate better among themselves and with the Roma. For example, the mediators are able to provide critical health information, on such topics as vaccinations and prenatal care, via SMS to Roma families. In 2010, they also prepared a database, which all state institutions are now using.

Since the launch of the joint project in April 2010, Telenor has witnessed a steady increase in the use of mobile services and improved communication between the mediators and Roma families.

The Povezivanje partnership has helped mediators in many ways to carry out their job better and more efficiently. Also as a result of this project, data on 95,708 Roma have been collected, registration records for 820 Roma habitats have been made and conditions where 26,347 families live have been described in detail in the last year.

Mediator Svetlana Ilic: 'You cannot imagine what it means to have a birth certificate. Officially these people do not exist for the state, so that is why we call them legally invisible. A nine-year-old boy without a birth certificate remained etched on my memory. He had no medical insurance and couldn't enrol in school. His parents had long lost any hope. So many years had passed that they became convinced that it is impossible for anything to change'.

Telenor and UNICEF partnership on the project continues by connecting 15 new mediators in 10 new cities, resulting in 75 mediators working in 60 municipalities of Serbia today.



75

Roma women
have been trained
to become health
mediators

▶ [Read More](#)

Read more about the Povezivanje study:
www.telenor.com





Safe Services

Mobile communications services offer improved quality of life for people everywhere. Whether it is reaching out for help in an emergency or simply staying in touch with family and loved ones, the mobile phone means added safety. But this is not the full picture. Connected children are also exposed. We know that parents rightly harbour concerns about the safety of their children. Just as children must learn the right behaviour as they navigate traffic on the way to school, the digital world is yet another such environment that children and young users need to master.

Telenor's position

Mindful of the potentially negative aspects of connectivity, Telenor wants to contribute to creating a safer user experience. The mobile phone should be a tool for opportunity and not for misuse. Telenor shall provide and promote safe services and user experiences and provide relevant and transparent information to stakeholders on issues of concern. Together with strong partners in wider society, we will also take an active role in promoting safe use of communications services among children and young adults as well as among teachers, parents and carers.

Challenges

Developments in the online world happen fast. New technologies and a host of content providers deliver enriching and stimulating experiences for young users. As a provider of mobile and internet connectivity we feel a responsibility for helping children and their parents develop digital life skills that ensure they are able to navigate safely when they are connected.

Strategic ambitions

More advanced communications tools place more responsibility on users as well as operators, and this is a particular concern for younger users. The Internet offers immense opportunities for children and young adults, but there are also pitfalls and dangers. Alongside experienced partners, Telenor engages with parents, teachers and children to create a safer mobile and Internet experience for everyone. Key priorities are

Fighting Child Sexual Abuse

During 2011, Telenor Serbia and Grameenphone in Bangladesh joined the Telenor Group business units in Norway, Sweden, Denmark, and Montenegro in blocking access to online child sexual abuse material. On 1 January 2012, Telenor Hungary did the same. In this way we prevent misuse of our services to access web domains that either national law enforcement or Interpol have found to contain illegal child sexual abuse images. Telenor does not engage in any kind of censorship or evaluation of the legality of the content – this is strictly the responsibility of the law enforcement agencies. Our role is to provide the technical solution and manage the filtering process based on a list of prohibited web addresses.

[Read More](#)

Read more about the study on our website:
www.telenor.com



preventing digital bullying and developing a safe online universe for young people to explore. In several of our markets Telenor offers parental control mechanisms that enable parents to limit children's exposure to unsuitable content.

At Telenor Group we appreciate that people are concerned about possible health risks related to electromagnetic fields (EMF). We therefore seek to communicate openly with consumers and interest groups who seek more information about any of our installations.

2011 Status

We work actively to prevent criminals from spreading illegal images that depict child sexual abuse. In partnership with national and international law enforcement agencies, we take steps to prevent children from becoming victimised and to stop misuse of our services. During 2011, we have furthered our efforts to extend the implementation of the filter against child sexual abuse material to Serbia and Hungary. We will continue our efforts to engage with relevant partners in all our markets in 2012 and seek to put in place effective mechanisms to prevent distribution of illegal child sexual abuse material.

Surf Academy in Sweden

The Telenor Surf Academy in Sweden was initiated to develop interaction between students and teachers on using Internet in schools. Surveys have shown that seven out of ten Swedish teachers felt that they needed training to deal with issues of privacy and safety related to the Internet.

As many as eight out of ten teachers said they needed to learn how to manage new media. The aim of the Telenor Surf Academy is to inspire and stimulate new thinking in education, with the purpose of providing enhanced user benefits of IT in schools. The starting point is that many students have knowledge about the Internet that the teachers do not have. By providing the students with educational tools and practical tips they spread knowledge to classmates and teachers.



▶ Read More

Read more about the study on our website:
www.telenor.com



“Use your head” Campaign in Norway

Young users are quick to pick up on new and fascinating services as they become available. Unfortunately, we know that mobile phones also provide added reach for bullies. A survey by Telenor found that almost half of all children aged 10 to 15 admitted that they had bullied others or knew someone who had.

In December 2008 Telenor Norway teamed up with the Red Cross and Kids and Media, a non-profit organisation which gives information and advice about children's use of digital media, to develop a free service that enables parents to block text or multimedia messages from certain phone numbers. The filter is easy to implement and blacklists bullies from texting or calling their victims. The message is instead routed

to an inbox that can be accessed by the child's parents, in order to document the bullying. Senders will also receive notification that they have been blocked from contacting the person.

“Use your head” visits schools and parents to increase awareness of cyber bullying, offering advice on how to discourage the bullies and how to stop ongoing bullying. Since the outset in 2008 more than 250 Norwegian schools, more than 70,000 children and around 12,000 parents have participated in the campaign. Surveys show that the extent of digital bullying has decreased over the past two years. The number of children between 10 and 15 who have bullied others via the Internet or with mobile phones is down by 10% compared to 2008.



Health and Electromagnetic Fields

Network equipment such as antennas, repeater sites and base stations emit radio waves in order to ensure an extensive and high-quality mobile coverage. The radio waves or electromagnetic fields (EMFs) encircle all electronic equipment. Whenever Telenor installs new network equipment, we adhere strictly to the electromagnetic exposure guidelines of the International Commission on Non-Ionizing Radiation Protection, which are endorsed by the [World Health Organisation](#) in order to ensure public health and safety.

Mobile phones also transmit radio waves and create electromagnetic fields as they communicate with base stations. The specific levels depend on the distance to the base station as well as the type of mobile phone. No harmful effects have so far been documented by research. However, we encourage continued research efforts into the long-term effects of electromagnetic field exposure. To this end we support relevant research programmes of the [Karolinska Insitutet](#) in Sweden.





Research & Innovation

The mobile industry continues to look at everyday needs of people and businesses, and seeks new ways to create value for their customers and society through innovative content and services. But innovation does not only come in the form of new services; mobile operators also innovate through new and improved production processes, business models and customer experiences.

Telenor's position

Research and innovation are key to ensure further business growth. Telenor takes a broad approach to its innovation activities, spanning from incremental improvements in the core business, operational efficiency and industrialisation processes to strategic research, new business and innovative services. Telenor collaborates with customers, industrial partners, and with research institutions worldwide to secure access to cutting edge knowledge, including EU research programmes, participation in various programmes and work streams of the global GSM Association, and various standardisation bodies.

Challenges

Innovation is often the successful start of a process to something new, and it may be incremental or radical. We must ensure that it is our understanding of people's

needs that sets the direction for our innovation processes. We need to develop a holistic approach, and research in Telenor must always address the future industry logic and new challenges and opportunities.

Strategic ambitions

Our innovation efforts should create value for our customers. We do so more and more through open innovation together with our customers and partners. Positioning in new ecosystems is high on Telenor Group's strategic agenda and our ambition is to develop collaborative partnerships with strategic partners in an open innovation system.

Our research activities should support long-term business development by focusing on early insights into future trends, opportunities and threats, deep insight within key strategic areas as well as access to international networks. Our research focus areas are: industry dynamics and business models, the future customer-centric company, next-generation services and service distribution and next-generation technical infrastructures.

2011 Status

Mobile financial services offer new ways to use the mobile phone for banking and payment based on Telenor distribution networks

and collaboration with banks. The first wave of market growth opportunities came from payment and domestic and international remittances in Bangladesh and Pakistan, where Telenor is covering unmet needs through a low cost distribution model. In more mature markets the main role for Telenor will be as a carrier of financial services for established service providers with added value elements from providing secure electronic signature and identification.

Telenor has been amongst the pioneers of mobile machine-to-machine (M2M) technology since the late 1990s. The fundamental purpose of M2M is to use wired or wireless networks to connect objects or devices, and today there are billions of devices that are capable of being connected. Telenor is delivering the essential ingredients of M2M connectivity and functionality to diverse industries, including transportation, asset management, utility companies, healthcare and more. In 2011, the Nissan LEAF telematics system, of which Telenor Connexion is part, won the GSMA award for 'Best Mobile Innovation for Automotive and Transport'.

The Telenor Innovation Centre at Fornebu was opened in 2011. The new centre is equipped with the latest interactive technology designed to facilitate and stimulate



creative thinking and it is tailored to serve as an arena where new services and solutions can be conceptualised together with partners and customers, as well as being a showroom where we demonstrate the ways in which we innovate at Telenor.

The Centre for Service Innovation (CSI) was officially opened in 2011 at the Norwegian School of Economics (NHH) in Norway. This is a consortium of the largest Norwegian service providers within telecom, banking and insurance, and national and international research groups. The CSI represents a new way of working and offers a unique opportunity for bridging research and business development.

In 2011, costs related to research and innovation that have been recognised in the income statement amount to NOK 0.8 billion (of which NOK 0.4 billion relates to research and development). This relates to research and innovation in technology, services, business models and processes. Telenor works on new services such as financial services, over-the-top services and M2M connectivity and on new group processes to industrialise operations across the Group.

In addition, Telenor has invested in innovation initiatives, creating new infrastructure services, such as

Telenor Group's Investment in Research & Innovation 2011



Total amount of Research and Innovation (NOK)

2.0^{bn.}



Infrastructure Innovation investments (NOK)

1.2^{bn.}



Research and Innovations costs (NOK)

0.8^{bn.}

the network upgrade to 4G in the Nordics and network upgrade to 3G in Asia. Including these investments the total amount of research and innovation in Telenor Group is estimated to be NOK 2.0 billion.



Climate Change

“ In 2011, several of our business units initiated or completed large-scale network upgrades that will result in energy efficiency improvements in the years to come. ”

The threat of global warming represents perhaps the greatest challenge to continued growth and development for our planet and its people. It remains a worrying fact that the global community has not yet been able to agree on a common way forward to reduce the strain on the climate. Irrespective of such delays, Telenor Group remains confident that finding the best way to manage and reduce our own carbon footprint and our energy costs makes good business sense. We will also encourage the uptake of climate-friendly technology among our customers.

Telenor's position

The telecoms industry will experience continued growth in energy consumption and CO₂ footprint as more people worldwide enter the digital age and more customers demand greater capacity mobile broadband services.

At Telenor Group, our main focus is to improve the operational efficiency of our networks. Energy use in Telenor Group's operations is the greatest contributor to our CO₂ emissions. The network represents more than 80% of the total energy consumption and energy efficiency is our top priority.

Challenges

The rapid network rollout that is taking place at our Indian operation Uninor caused our overall energy consumption figures to increase considerably in the past two years, adding 742 GWh in 2011 to a Group total of 3,063 GWh. It should, however, be emphasised that this rollout is based on modern and less power-hungry technology and an infrastructure-sharing model that contributes to bringing down the energy consumption.

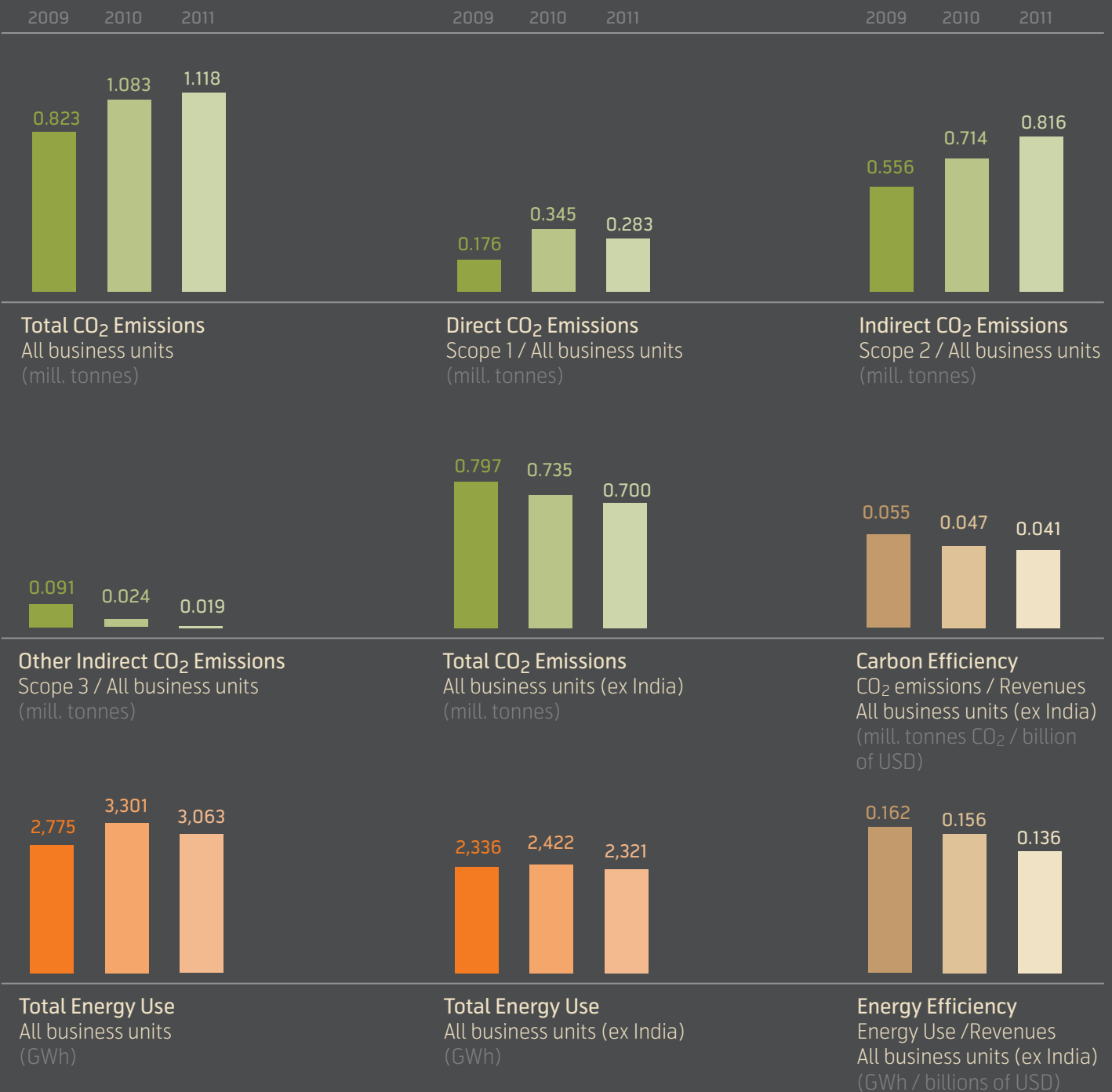
Strategic ambitions

Telenor Group's ambition towards 2015 is to stabilise our network's energy consumption. At all our business units management focus is on finding the most cost efficient ways of ensuring greater energy efficiency. Measures include network swaps, sourcing of energy efficient technologies, infrastructure-sharing, more energy efficient data centres and energy measures related to buildings.

Further, increased use of renewable energy sources is also expected to contribute to the reduction of the CO₂ footprint of our operations.



Key Figures





2011 Status

In 2011, all Telenor business units were focused on energy efficiency initiatives like network modernisation, infrastructure improvements and integration of energy requirements in procurement processes.

Total 2011 CO₂ emissions in Telenor Group are estimated to be 1.1 million tonnes of CO₂, which is an increase of 4% compared with 2010. The increase is mainly due to the increased activity and network expansion in India. Excluding India, the Group's CO₂ emissions were reduced by 4% compared to 2010.

In 2011, several of our business units initiated or completed large-scale network upgrades that will result in energy efficiency improvements in the years to come. In Norway, as part of the mobile network swap, 1,250 tons of old telecoms equipment has been either reused or recycled. The new telecoms equipment will reduce our energy consumption in Norway by around 15 GWh per annum, which is comparable to the consumption of 800 Norwegian homes.

In 2011, Grameenphone in Bangladesh received an award for building a greener network through a combination of converting 50 base station sites to run on renewable energy and dismantling 6,500 air-conditioners from other base station sites. These actions have resulted in a reduction of approximately 45,000 tons of CO₂ and a saving of more than 77 GWh of electricity since it became operational.

CO₂ reducing solutions

Telenor sees significant opportunities in helping our customers to reduce the CO₂ emissions and energy cost of their operations. The 'Smart 2020' report indicated that ICT can contribute to a 15% reduction in global CO₂ emissions by 2020 compared to a business-as-usual scenario. ICT can contribute to mitigate climate change by eliminating the need for physical products or activities through smart solutions and improved efficiency. As a leading international mobile operator, Telenor Group has a significant role to play in providing innovative solutions and shaping our future low carbon society. Telenor Group's main contribution is in smart use of communications, specifically in developing new solutions related to Machine-to-Machine (M2M) technology.

Telenor has established Telenor Connexion and Telenor Objects to develop the M2M business within the Group. In addition, some of our business units have already started to market a portfolio of sustainable services that enable energy and CO₂ savings for their customers, for instance telephone/video conferencing, Unified Communications, server virtualisation, and more.

In addition to energy efficiency measures on existing sites, Telenor Group supports deployment of new network equipment powered by renewable energy sources. We have already rolled out more than 100 base stations that run on solar, wind or hybrid energy sources.

Travel and transportation contributes to approximately 5% of Telenor Group's total emissions. Therefore, we strive to provide and promote ICT-based virtual collaboration thereby reducing the need for unnecessary work-related travel. Telenor Group has a strong focus on achieving CO₂ emission

reductions through improvements in fuel economy, optimal logistics and road travel, and extensive use of virtual-work solutions.





Environment

Electronic waste (e-waste) is the most rapidly growing segment of the municipal waste stream. E-waste from electronic products such as broken or obsolete computer monitors, central processing units (CPUs) and cell phones contains toxic materials that present health hazards and risks of environmental damage through land contamination and water and air pollution.

Telenor's position

Telenor is committed to minimising its environmental impact, making all reasonable efforts to reduce use of resources including energy, water and raw materials. This includes adhering to local and internationally recognised environmental and energy efficiency standards across the Group. An important tool to achieve this is our Environmental Management System (EMS), which is based on the ISO 14001 standard. Implementation of sustainable sourcing is mandatory for all our business units, as set out in the Group Sourcing Policy.

Challenges

Irresponsible management of electronic waste poses a significant risk to the Telenor Group. As a responsible mobile company, it is important for us to do what we can to encourage reuse and recycling of replaced network equipment, to collect discarded handsets and to make sure that all processes are carried out in a sustainable manner.

Strategic ambitions

Telenor Group aims to ensure that protecting the environment becomes an integral part of our day-to-day business. This in turn will affect everyone associated with Telenor - from suppliers and shareholders, to customers and society at large.

Telenor Group's ambition for electronic waste is to fully implement complete recycling programmes for all our business units by year-end 2012. Telenor Group's 2015 ambition is to collect one million mobile phones & mobile phone batteries for reuse or recycling, every year.

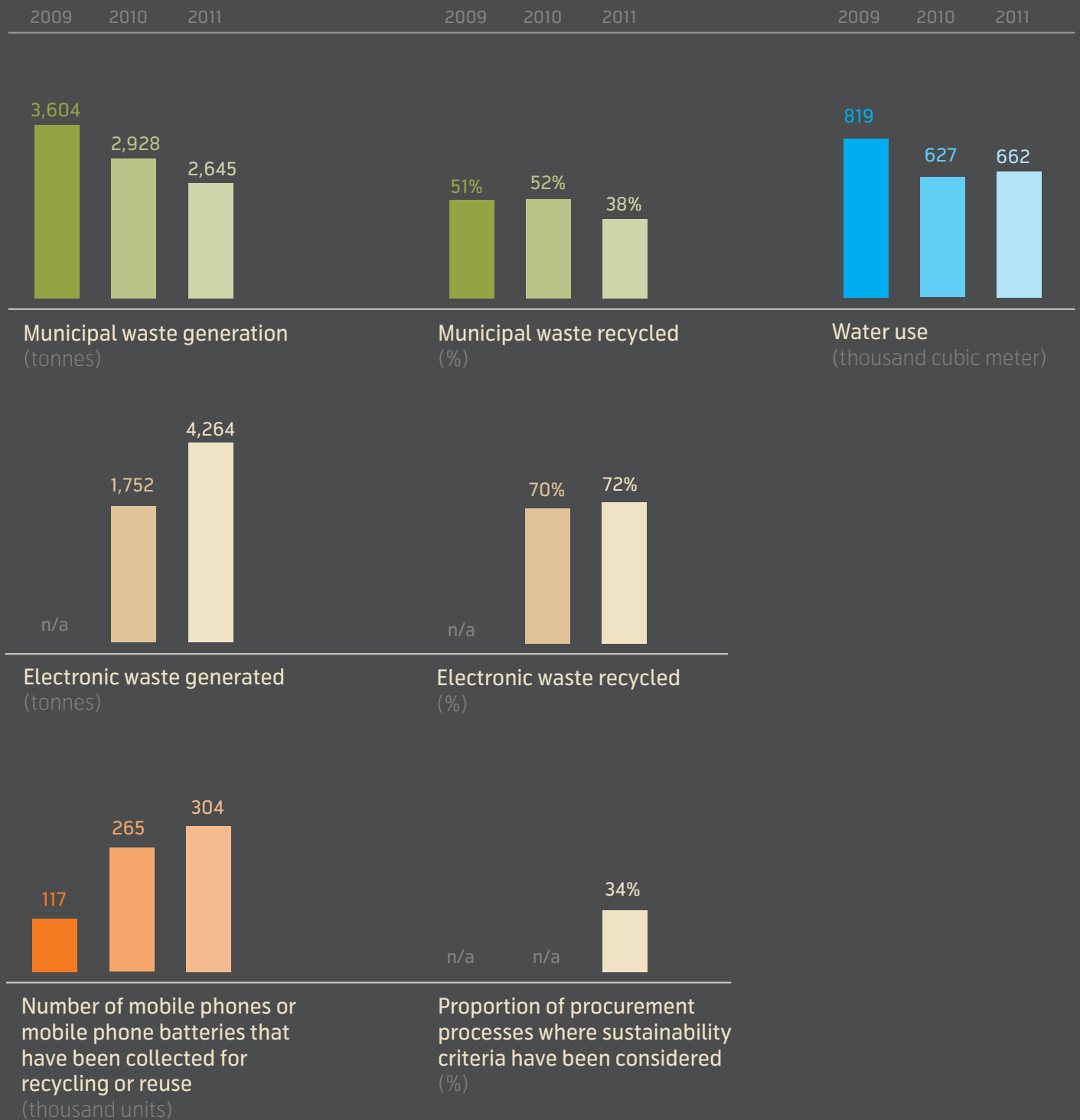
2011 Status

In 2010, all our business units worked to establish and implement Environmental Management Systems based on the ISO 14001 standard. Certification according to ISO 14001 was accomplished in two of our business units in 2010 - DiGi in Malaysia and Telenor Hungary. Uninor in India was certified in accordance with both ISO 14001 and OHSAS 18001 in March 2011. In January 2011, PwC was hired to conduct an independent assessment of the degree of implementation of the local EMS in the Group. A standardised assessment guide based on the requirements of ISO 14001 and OHSAS 18001 was used.

By the end of 2011 mobile recycling initiatives had been established in eight business units: Telenor Hungary, Telenor Serbia, Telenor Montenegro, DiGi, DTAC, Telenor Sweden, Telenor Denmark and Telenor Norway.



Key Figures





Picture taken by Thor Kenneth Løventhal/Østlands-Posten

Mobile Handset Recycling in Norway

In 2011, Telenor Norway re-launched its mobile phone recycling initiative. Annually, around 2 million mobile phones are sold in Norway, but only a fraction of that number has until now been returned for reuse or recycling. A survey of Norwegian households showed that customers wanted an easy, safe way to recycle their mobile phones. More than 90% of the components of a mobile phone can be recycled and used to produce new electronic products. This reduces the strain on the environment and the need to extract new raw materials for new phones. Recycling is also important because mobile phones contain materials that can be hazardous if they leak out into the environment.

Telenor Norway partnered with Norway's Association for Youth Sports to start a recycling campaign whereby children and parent volunteers from local sports clubs collected phones from households in their area. The sports clubs received a small cash award for each phone they collected. During the five months of the campaign, more than 172,000 used phones were collected. All phones are sent to the facilities of Telenor's recycling partner Regeneris, where they will be refurbished for re-sale or their components safely recycled. Our partner follows strict guidelines on security and management of hazardous materials. Telenor Group has global framework agreements with both Regeneris and 20:20mobile. To date, our business units in Norway, Sweden, Denmark, Hungary, Montenegro, Serbia, Malaysia and Thailand all run local recycling campaigns.



Occupational Health, Safety & Security

As a highly international company with a diversified workforce, Telenor Group has adopted a systematic approach to the way we look after the safety of our people.

Telenor's position

Telenor shall be a safe place to work. Our focus is on maintaining a good working environment and a culture that nurtures occupational health, safety and security. We also strive to manage security and safety risks, providing the necessary protection for our people. This means working across all business units to continuously improve as well as maintain readiness to handle crises and other severe incidents.

Challenges

Across all our markets Telenor Group employees are exposed to various types of physical risks. Most prominent among them are road accidents, particularly in countries with poor general road safety. Other physical risks such as violent crime also remain a problem in certain markets - although with limited effect on our employees to date.

Strategic ambitions

We will continue to focus on Occupational Health, Safety & Security in accordance with recognised international references, and to ensure continuous improvement within our business units.

For 2012, our main priorities are identifying common risks and to initiate group-wide initiatives for mitigation. This includes a more harmonised crisis management approach and common understanding of priorities, as well as frequent follow-up and monitoring of the business units' performance within this area.

2011 Status

A total of 9,680 employees went through our OHS&S training programme 'People First' in 2011.

Telenor had no work-related fatalities among employees during 2011. However, three work-related fatalities were reported by in-house contractors. The victims were security guards working at our base station sites. Regrettably, as many as 10 employees of Telenor's first line suppliers lost their lives during work for Telenor; three of these as a result of road traffic accidents and another seven lost their lives during violent attacks or robberies. The majority of these relate to the general security situation in Pakistan. For the whole group, the Lost-Time Injury Frequency (LTIF) for Telenor in 2011 was 0.45 injuries per million worked hours.

[▶ Read More](#)

The 'People First' programme is also available for Telenor's suppliers at: www.telenor.com



Supply Chain Sustainability

Telenor Group has operations in several markets where large parts of the workforce remain vulnerable. Examples of workers who are denied access to basic rights as set out in international conventions are all too many. Civil society organisations will therefore look to international business to be extra vigilant and systematic in their efforts to engage with their supply chains to ensure responsible business conduct.

Telenor's position

Supply chain sustainability (SCS) is a key focus area for Telenor. We require responsible business conduct from all our suppliers in accordance with our Supplier Conduct Principles (SCP) - and this is supported by systematic monitoring and risk management. We believe that decent working conditions, respect for human rights and the environment as well as willingness to improve standards amongst our suppliers is the only viable route forward. Together with our suppliers we can raise the bar and build competitive edge.

Challenges

The formal supply chain frameworks and contractual regimes of any large business will set out clearly that forced labour and child labour will not be tolerated. But good supply chain engagement goes beyond this. Building capacity and reinforcing the understanding of employee safety among suppliers is

time-consuming work. It is also a trust-building exercise and as such it must be aligned with and based on sound local anchoring. Most importantly, it is not a job that is ever finished. To achieve good supply chain sustainability, ongoing relationships must be maintained and the goal of continuous improvement must always remain in focus.

Strategic ambitions

We work to have a persistent focus on supply chain sustainability at all levels of our organisation. Our focus on continuous improvement is a long-term activity, which only yields results in cooperation with our supply chain. Our ambition is to make an impact in local markets through our supply chain sustainability efforts, with a specific focus on strengthening our framework for managing prohibited business practices in the supply chain in the short term.

2011 Status

In 2011, the Telenor Group has worked systematically on reducing risk in the supply chain as in previous years.

The Supply Chain SCP Risk indicator (SCSR) gives an indication of the risk level for the SCP in the supply chain, based on a global supplier Self Assessment Questionnaire (SAQ) made annually. In strict terms, the SCSR is the percentage of suppliers which have one or more risk factors classified as

'high', based on the results of the previous year's annual SAQ. The SCSR is subsequently reduced during a year, based on verification of concrete risk elimination by suppliers.

On the implementation side of the supply chain sustainability framework, i.e. on securing supplier commitments to Telenor's SCP a high volume of Agreements on Responsible Business Conduct (ABCs) have been signed with suppliers across Telenor worldwide, with a total of 12,354 ABCs signed by the end of 2011, which is an increase of 3,265 during 2011.

The most important element of responsible supply chain management is probably the actual supplier monitoring, carried out through announced or unannounced supplier inspections. During 2011, Telenor carried out 2,397 supplier inspections of various kinds across the group. With a target of 1,806 inspections by year-end, this target was exceeded.

On the impact side of Telenor's supply chain sustainability framework, the work on supply chain follow-up and risk reduction progressed very well in 2011. The starting point from 2010 for the SCSR indicator was 40% - and by the end of 2011 was down to 5%. The target of 80% reduction during 2011 was therefore exceeded at Group level (-88%).



Telenor's Group-wide HSSE e-learning programme People First is also available for Telenor's suppliers from www.telenor.com - and in 2011 a total of 19,726 employees of suppliers to Telenor went through this programme.

In order to measure real improvements from Telenor's systematic work on HSSE and supply chain sustainability over time, a set of long-term strategic KPIs are used. These have been increased from two to three for

2012 onwards, to better reflect the actual situation in our business units and to allow more customised ambitions.

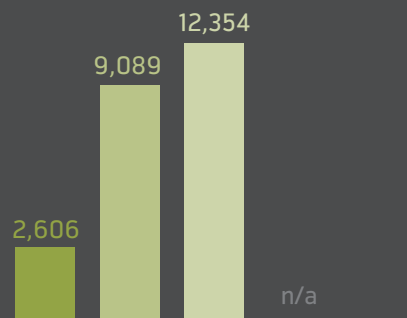
In the area of supply chain sustainability, the 'Long-Term Supply Chain Compliance Indicator' (LTSC) indicates the SCP risk development in the supply chain over time. The LTSC measures more concretely the average SCP risk or non-conformity level found per supplier assessment within a sample period of one year - and is based on supplier self assessments

as well as supplier inspections. The rationale for the LTSC is that it is expected that this average non-conformity level will go down over time, based on the systematic monitoring and follow-up in the supply chain done by the business units. The LTSC is defined as the total number of high SCP risks or major non-conformities found during supplier self assessments or inspections, respectively, in relation to the total number of supplier self assessments or inspections done within a period of one year.

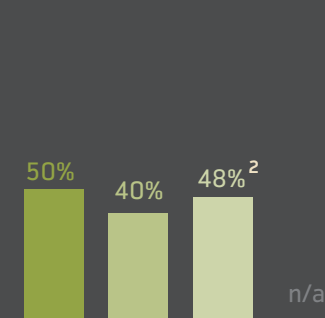


Key Figures

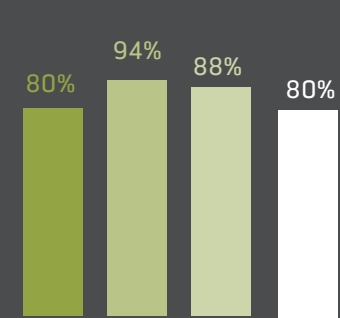
2009 2010 2011 2012 target 2009 2010 2011 2012 target 2009 2010 2011 2012 target



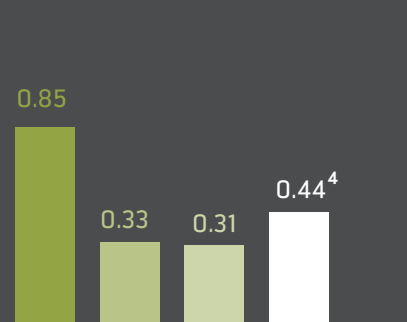
Number of suppliers covered by an Agreement on Responsible Business



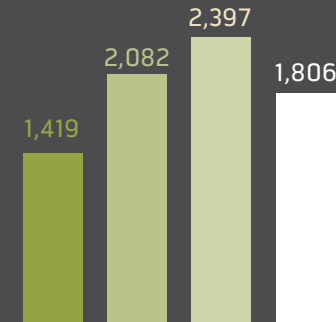
Supply Chain SCP Risk Indicator (SCSR) based on annual SAQ¹ (%)



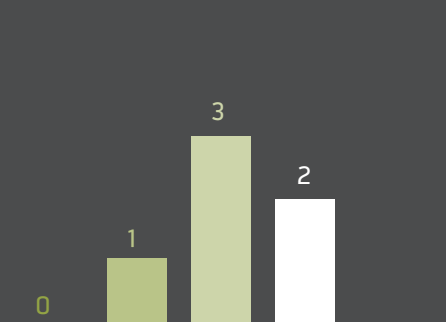
Systematic SCP risk reduction during the year³ (%)



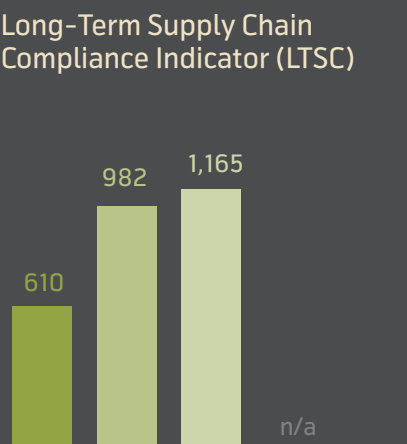
Long-Term Supply Chain Compliance Indicator (LTSC)



Number of on-site inspections of suppliers



Number of global supplier audits



Number of pro-active HSSE training sessions for suppliers



Fatalities in the supply chain⁵

- 1 This is the percentage of suppliers responding to SAQ at year-end with at least one high SCP risk factor.
- 2 The SCSR baseline for 2012 includes new risk elements related to prohibited business practices – and is not directly comparable to previous figures.
- 3 This is the percentage of reduction in SCSR from baseline end of previous year.
- 4 The LTSC for 2012 will include new risk elements related to prohibited business practices – and will not be directly comparable to previous figures.
- 5 This includes in-house contractors as well as employees of 1st line suppliers when working for Telenor.
- 6 Of these 13 fatalities, nine occurred as part of robberies or terrorist activity in Pakistan.



Service Reliability & Quality

Throughout large parts of the world, access to good mobile communications is taken for granted. As consumers we have become accustomed to a reliable service, not only for our day-to-day communications needs, but also to be able to reach help in emergencies, or to access important online services while we are on the go.

Telenor's position

The network is the basis for our business. High quality and reliability is key to a good customer experience. Preventing, minimising and correcting disruptions are therefore key priorities.

Challenges

Going forward we will continue to strive to ensure that our networks become more resilient against various types of threats. We also need to be even swifter in restoring services in the event of interruptions. This is important in connection with both large network swaps that make fundamental alterations to existing systems, and repair work. We will also look at how we can develop a more robust network and become better able to withstand damage from extreme weather conditions.

Strategic ambitions

Telenor's strategy to grow in emerging markets enables us to provide access to telecommunication services in remote areas. Our emerging and maturing market operations include Pakistan, Bangladesh, Thailand and India. Our area coverage in countries like Bangladesh, Pakistan and India has increased substantially in the past years.

The Telenor Group depends on key suppliers and third-party providers for supply and maintenance of equipment and services that it

needs to develop its network and operate its business. Problems that manifest themselves in relation to the supply chain may adversely affect the Group's business and results of operations.

Telenor also strives to provide access in remote areas in our more mature markets such as Malaysia, Serbia, Montenegro, Hungary and the Nordics. In areas not covered by its licensing requirements and that are not able to sustain a profitable service delivery, Telenor Norway has in many cases partnered with local governments to share the cost of installing network equipment.



2011 Status

On 10 June 2011, Telenor Norway experienced the most extensive breakdown since the mobile network was established in 1993, affecting users across the country. The breakdown occurred in connection with a restart and software upgrade on a server for mobile broadband, which again caused larger than normal signalling traffic between servers in the network. The increased signalling traffic prevented customers from making calls or sending SMSs. Upon establishing the cause of this failure, Telenor increased the overall network capacity and took other steps to ensure that an error of this type would not happen again. Telenor also reported the error to the Norwegian Post and Telecommunications Authority (NPT), which regulates the sector.



On 20–21 December 2011, dtac in Thailand undertook a migration of its technical database to a new system. The database was also redistributed to the various Home Location Register (HLR) units. The dtac technical team had been closely monitoring the network upgrade process, but a technical problem nevertheless arose with one of the HLRs. This affected a significant portion of dtac’s customers, who experienced serious difficulties getting their calls through. Over-congestion during the following day then caused almost the entire dtac network to fail. The service interruption lasted for approximately 4.5 hours. All customers affected by the incident, both pre-paid and post-paid, received airtime credits back on their local service.

Mobile Network Population Coverage in selected markets:

	 2G	 3G
Norway	100%	87%
Sweden	99%	99%
Denmark	99%	85%
Hungary	99%	92%
Serbia	95%	65%
Montenegro	99%	85%
Malaysia	95%	54%
Thailand	76%	0%
Bangladesh	99%	0%
Pakistan	74%	0%

[Read More](#)

For more information about competition, network and regulatory matters, visit: www.telenor.com





Data Protection & Privacy

Telecommunications services help people to access information and freely express their views. At the same time, we are aware that our services can be misused as a means of repression. While smartphones and innovative applications are bringing significant benefits to consumers and society, they are also leading to new privacy challenges across the mobile ecosystem.

Telenor's position

All customer data shall be managed with utmost confidentiality, in accordance with strict standards, so as to prevent any unauthorised access. In a wider perspective, this responsibility also involves respecting crucial human rights such as freedom of expression. For Telenor Group it is essential that we ensure protection of personal data to maintain customer confidence and trust in our services.

Challenges

Technology has enabled communication, but it has also enabled surveillance. Mobile users are increasingly looking for consistency in respect of how their privacy is safeguarded, irrespective of technologies, business models and data flows.

The mobile industry needs to find mobile-friendly ways to help users make informed decisions about their personal information and privacy. Another key challenge is to ensure that user privacy

is respected and protected by those designing and building new services and applications.

Traditional approaches to online privacy are often based on a patchwork of national and local laws. However, new mobile applications, services and data flows are increasingly global, and strictly nationwide data privacy laws seem unable to keep pace.

Strategic ambitions

Our ambition is also to contribute to establishing universal guidelines and approaches across the ICT industry that address consumer concerns and foster confidence and trust among mobile users.

Going forward we will further improve our common framework for how we process personal information in all our business operations. We are committed to ensuring that all our business units take action to prevent any unauthorised access to personal data, and to ensure a safe and sound development of new services and applications.

2011 Status

Telenor has been contributing to the GSMA's work for preparing Mobile Privacy Principles as well as the ongoing work on Privacy Design Guidelines for Mobile Application Development. The GSMA represents the interests of nearly 800 of the world's mobile operators and has been working on privacy challenges in the

mobile sector with its members and engaging with representatives from across the ecosystem.

Through our Brussels Office we follow developments on privacy issues in the EU, and we seek to influence, contribute and prepare for any regulation that will affect Telenor. Telenor also participates in privacy projects in GSMA, and in the ETNO data protection working group.

Privacy is strictly regulated in Europe, and is also widely discussed by governments and the industry in the countries where Telenor operates in Asia. New legislation concerning processing of data will probably soon enter into force in Malaysia. In India, in May 2011, a new amendment to the legislation had more or less the same consequences for Uninor as the EU directives regarding privacy have in our EU operations. All major business units in Telenor have their own Local Privacy Officer, responsible for annual assessment of data protection and for providing guidance on all relevant matters. This Local Privacy Officer also follows up to ensure correct processing of data in close cooperation with the Local Information Security Function.

During 2011, Telenor Group participated in a dialogue with regional ICT peers, sharing information and discussing solutions to common issues regarding freedom of expression and privacy.





Stakeholder Engagement & Reporting Principles

Large global companies experience a growing interest from stakeholder groups in wider society. Shareholders might want to know that their company is mindful of good corporate governance, whereas the environmentally-conscious are keen to work out carbon footprints. As the interest in the non-financial performance of businesses picks up, it is only natural that stakeholders ask for comparable data and uniform processes of reporting.

Telenor's position

Telenor Group strives to continuously improve our communication with stakeholders. This includes bilateral and other forms of dialogue with stakeholders, and our regular reporting on our non-financial performance.

Measuring the economic, social and environmental performance of Telenor Group is key to understanding the impact of our operations, to drive continuous improvement and maintain a transparent dialogue with stakeholders. Telenor is committed to continuously improving its systems and processes for collecting, consolidating and reporting data in connection with non-financial performance.

Challenges

As a large international company Telenor Group is facing growing attention from the world around us. The fact that people take an interest in our company is stimulating, but it also tells us that we need to be more systematic in bringing out information. This is why we have stepped up our non-financial reporting. But understanding stakeholder concerns, and acting

on them, goes far beyond simple disclosure of data. It involves proactive dialogue on many levels and also taking the time to meet stakeholders face to face.

Every day Telenor Group receives requests from interest groups that seek disclosure of information relating to issues of context in wider society. At Telenor Group we believe that transparent reporting builds trust. Healthy and robust openness is a prerequisite for good stakeholder dialogue, but we must also ensure that we protect sensitive data relating to our customers.

Strategic ambitions

Telenor's ambition on sustainability reporting is to serve stakeholders with relevant and reliable non-financial information. We have assessed both the materiality of sustainability issues, improved and assured the quality of data as well as advanced external communication. The topics covered reflect our significant economic, environmental and social impacts, or these topics are considered important by our stakeholders. We will continually engage with stakeholders so we can better understand their expectations and interests.



External Reporting

Telenor Group also reports to various external organisations - following the guidance of international frameworks - to ensure structured, transparent and relevant reporting of sustainability performance.



01 The Dow Jones Sustainability Indexes

DJSI ranks companies worldwide based on their performance according to economic, environmental and social criteria. Currently, Telenor ranks in the top five in the mobile telecommunications sector for its persistent and long-term corporate responsibility efforts. In 2011/12, Telenor was once again listed as one of the top five companies in its sector.

02 The United Nations Global Compact

Telenor submits information to the UN in line with ten globally accepted principles - in connection with human rights, labour, environment and anti-corruption. By participating in the Global Compact, Telenor has undertaken to incorporate the UN Global Compact principles in our everyday operations.

03 Carbon Disclosure Project (CDP)

Alongside 4,500 other companies around the world, Telenor annually reports to the Carbon Disclosure Project (CDP) on its performance related to climate change. CDP is an internationally accepted framework that urges organisations to measure and disclose their greenhouse gas emissions and climate change strategies in one shared format. In 2011, Telenor was listed as one of the top 10 telecommunications companies on carbon disclosure.



2011 Status

In 2011, to ensure the appropriate focus and relevance of our sustainability work and reporting, we conducted a materiality assessment to identify and prioritise sustainability issues of importance to Telenor Group (i.e. those that offer the greatest shared value to our business and to our stakeholders). Our materiality assessment was conducted based on methodology developed by the Global Reporting Initiative (GRI). This methodology is also closely linked to the AA1000 AccountAbility Principles which are developed by AccountAbility – an independent not-for-profit organisation promoting accountability, sustainable business practices and corporate responsibility.

The process of identifying our most material sustainability issues was structured into three stages:

- 01 Identification (internal studies such as a global stakeholder perception study carried out in 2011) and interviews with internal and external stakeholders
- 02 Prioritisation (evaluate the importance of sustainability issues)
- 03 Validation (ensure that we have a common understanding of material issues).

In 2011, we completed a major upgrade of our sustainability reporting system and procedures.

A new non-financial reporting system was implemented in 2010 to ensure more streamlined financial and non-financial reporting. During 2011, we have further developed new reporting guidelines in order to standardise data acquisition and ensure more timely and complete reporting. The new system and procedures provide improved data processing, analysis and reporting. As part of this system, financial and non-financial reporting have been integrated.

In 2011, Telenor Group also assigned PwC to conduct a limited review of our non-financial reporting processes for the 2010 reporting period, according to the International Standard on Related Services (ISRS) 4400 – ‘Engagements to Perform Agreed-upon Procedures’. The results from this review are used internally to set a baseline for the quality of non-financial reporting data and data acquisition.

At Telenor Group we report on our non-financial performance based on the internationally used framework of Global Reporting Initiative (GRI). Telenor is gathering and publishing sustainability information following the G3 (Third Generation Sustainability Reporting) framework of the GRI. Our self-assessment in 2010 stated that the application level of our Sustainability Report according to the GRI standards was ‘B’ – meaning that we are reporting on an intermediate level as well as having policies in place for our sustainability performance.

For 2011, Telenor will publish sustainability reporting in two main formats: our stand-alone PDF report and web-based reporting on www.telenor.com. The two reporting formats will be independent of each other, but complementary. The web reporting will contain more accessible information on case studies and initiatives in our different markets. The web reporting will also contain our full Global Reporting Initiative report, following the G3 guidelines. This PDF report aims to provide a summary of the most material sustainability information in one easily downloadable and readable format.

[▶ Read More](#)

In addition, we publish a summary of key sustainability information in our [Annual Report for 2011](#)

Independent assurance report

To the management of Telenor ASA

Scope of Engagement

We have been engaged by the management of Telenor ASA to perform an independent assurance of the Telenor Group 2011 Sustainability Report for all sections with heading "2011 Status" or "2011/2012 Status" ("the Report").

The content of the Report that is within the scope of our procedures and which are published on the Telenor Group's web pages is marked with a label that confirms it has been subject to assurance by Ernst & Young.

Reporting criteria

As a basis for the assurance engagement, we have used relevant criteria in the sustainability reporting guidelines of the Global Reporting Initiative (GRI G3.1). We consider these reporting criteria to be relevant and appropriate to review the Report.

The management's responsibility

Telenor ASA's management is responsible for the accounting of non-financial information. It is also responsible for selecting the information, collecting the data for presentation and preparing the Report.

The auditors' responsibility

Our task is to issue a statement on the "2011 Status" or "2011/2012 Status" in the Telenor Group 2011 Sustainability Report on the basis of the engagement outlined above. The content verified by us, and published on the Telenor Group's web pages is marked with a text confirming the assurance engagement.

Assurance standard used and level of assurance

We have performed the assurance engagement in accordance with the ISAE 3000, "Assurance engagements other than audits or reviews of historical financial information". The standard requires that we plan and execute procedures in order to obtain limited assurance that the "2011 Status" or "2011/2012 Status" in the Report is, in all material respects, an accurate and adequate representation with respect to sustainability, business operations and events during 2011. The procedures performed in order to obtain limited assurance aim to verify the plausibility of information and probe less deeply than those performed for assurance engagements aimed at obtaining reasonable assurance.

Assurance procedures for the Sustainability Report

Our assurance of the Report has been planned and performed in accordance with ISAE 3000 (limited assurance). The standard requires that we plan and execute procedures in order to obtain limited assurance on the Report.

Our review of the Report has involved the following activities:

- Interviewed representatives from Telenor's wider management group to gain an understanding of their approach to managing social, ethical and environmental issues that are covered in the Report
- Reviewed documentation of Telenor's processes for collecting and consolidating non-financial data
- Recalculated on a test basis data presented in the tables in Report

- Traced selected group data to relevant sources of information in the Telenor Group consolidation system
- Reviewed conversion factors in relation to their sources, relevance and accuracy
- Obtained and considered evidence to support the assertions and claims made in the Report
- Evaluated the overall presentation of the Report, including the consistency of the information, based on the above-mentioned criteria

We believe that our procedures provide us with an appropriate basis to conclude with a limited level of assurance for the Telenor Group 2011 Sustainability Report for all sections with heading "2011 Status" or "2011/2012 Status".

Conclusion

On the basis of our procedures aimed at obtaining limited assurance, nothing has come to our attention that causes us to believe that the information in the Report does not comply with the above mentioned reporting criteria.

Oslo, 31. May 2012
ERNST & YOUNG AS



Terje Klepp
State Authorized Public Accountant



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