

# Sustainability Report

Part of Annual Report 2014



# Sustainability Report

## Introduction

The Norwegian Parliament adopted in 2013 a statute creating a duty for large companies to report on how they follow up material sustainability issues. These changes to the Norwegian Accounting Act require this report to be provided by the Board of Directors and to be published in the annual report or in another public document referred to in the report.

The amendment requires a large enterprise to account for what the company is doing to integrate respect for human rights, labour rights and social issues, the environment and anti-corruption into their business strategies, daily operations and relationship with stakeholders. The report shall at least contain information on policies, principles, procedures and standards the company uses to integrate the above considerations. In addition to the requirements of the Norwegian Accounting Act, Telenor Group is committed to the disclosure of its social and environmental performance, focusing on material issues and communicating its progress in line with stakeholder expectations.

The ten focus areas covered in this report on social responsibility are based on a materiality assessment process in 2013 in line with stakeholder expectations. The assessment has been conducted on the basis of Global Reporting Initiative (GRI) G4 guidelines. More information is available at [www.telenor.com/sustainability](http://www.telenor.com/sustainability).

The Board of Directors of Telenor ASA has decided that the statement on how the company is delivering on material social responsibility issues should be provided as a separate section in the annual report for 2014.

DNV GL has been engaged by Telenor to carry out a claims check of this sustainability section of the annual report for 2014. The engagement has been undertaken in accordance with an agreed upon procedure based on DNV GL's general procedure for assessments of sustainability reporting (Verisustain), which has been tailored to the specific Telenor requirements. The DNV GL's independent review is to be found on the web site [www.telenor.com/sustainability/reporting](http://www.telenor.com/sustainability/reporting).

This sustainability report for 2014 includes our Danish operations, even though Telenor Denmark is classified as discontinued operation following the proposed joint venture with TeliaSonera currently subject to approval by the European Commission.

## Governing principles, policies and manuals

Telenor Group has adopted a code of conduct, governance principles, policies and manuals that we use to integrate material sustainability issues into our business strategies, daily operations and relationship with stakeholders. These internal rules are adopted by and implemented in all subsidiaries where Telenor Group has operational control. More information is available at [www.telenor.com/about-us/corporate-governance](http://www.telenor.com/about-us/corporate-governance).

## Human rights

### From policies to action

At Telenor, respect for human rights is important for how we run our business. Mobile services can contribute to the fulfilment of rights through the many opportunities that connectivity and access to telephones and internet bring.

At the same time we recognise that there may also be a potential negative impact from our business activities.

Our commitment to respect human rights is reflected in our Code of Conduct, Supplier Conduct Principles, and policies and manuals which are applicable Group-wide. The requirements therein reflect international frameworks like the UN Global Compact's ten principles and the UN Guiding Principles on Business and human rights.

We are maintaining our focus on understanding risks and integrating mitigating actions into our business processes, for example through implementing human rights due diligence across our business units. We are approaching this from a continuous learning and improvement perspective. As a company we face many challenges, and a rights respecting approach can therefore be demanding.

Challenges related to privacy and freedom of expression and to potential misuse of access to telecom data and networks by authorities continue to be high on our agenda. Although telecommunications enable the exchange of ideas and expression of opinions, we see that authority requests for access to our data and networks may present human rights risks.

Furthermore, we have maintained a high level of attention to various human rights challenges facing us in new markets such as Myanmar.

#### Status and ambitions

In 2014, we focused on implementing our human rights-related policy requirements. For example, we initiated human rights due diligence at business unit (BU) level by using our toolkit

developed in 2013. The guidance in this document draws on the UN Guiding Principles on Business and Human Rights, and helps the BUs identify risks and opportunities, and outline mitigating actions. The process has been supported by Group-led training and workshops and advice from independent experts. We have learned that this is a long-term process, not a one-time project. It takes time, requires cross-functional collaboration and must be based on a continuous-improvement approach. We have taken the first step on this journey and will continue to integrate human rights efforts into our business processes in 2015.

Telenor has continued its engagement with the Telecommunications Industry Dialogue on Freedom of Expression and Privacy, and a report on our alignment with the Industry Dialogue Guiding Principles can be found on our website [www.telenor.com/status-industry-dialogue](http://www.telenor.com/status-industry-dialogue).

We have also continued and strengthened our internal efforts relating to privacy and freedom of expression. In order to better understand how there could potentially be a negative impact on human rights as a consequence of authorities' access to our data and networks, training and workshops have been conducted with all BUs. On this basis we continue to develop our policies, guidance and processes. For more information see the Privacy and data protection section.

During 2014, we had a special focus on Myanmar. Continuing to work with the risk identified in our initial 2012 due diligence, we have taken many steps to further improve our processes and follow-up. This includes issues related to supply chain sustainability, privacy

and freedom of expression, land rights and conflict areas, as well as wider sustainability challenges such as corruption, child labour, employees' safety and security, and the environment. We gave an update on our activities within these areas in August 2014.

Telenor believes that engagement with stakeholders is important. Going forward we will seek to be open about challenges e.g. through updates such as the one we gave on Myanmar. We will also continue our participation in initiatives like the Telecommunications Industry Dialogue on Freedom of Expression and Privacy.

As we take the next steps in our work on human rights, implementation and training remain a priority. Our ambition is to take our business unit due diligence process forward, as well as to further improve our approach to privacy and freedom of expression.

#### Labour rights

##### From policies to action

Telenor is committed to respecting the principles of labour rights as laid down in the UN Global Compact and the ILO's fundamental conventions. These principles relating to respect for the rights to freedom of association and collective bargaining and the elimination of forced labour, child labour and discrimination in the work place are reflected in Telenor's Code of Conduct, Group Policy People and Supplier Conduct Principles.

Telenor believes in employee involvement, through management dialogue with employees or their recognised employee representatives. Throughout Telenor Group we are promoting partnerships based on good and trusting dialogue.

## Status and ambitions

In 2014 Telenor further developed the dialogue with the Telenor Works Council – Europe (TWC-E), where European employee representatives meet with Telenor Group Management. TWC-E held two meetings in 2014 with the objective of enhancing information exchange and discussions in relation to transnational issues.

In 2014, Telenor continued the dialogue with UNI Global Union, based on our global agreement as a platform and framework for dialogue on fundamental labour rights and agreed rules of engagement.

In 2014, Telenor maintained its commitment to employee involvement in its operations throughout the Group, and in several of our Asian operations employee involvement is provided for through local co-operation bodies (People Council), where employee representatives meet with the management.

Further, Digi in Malaysia has acknowledged the establishment of a DiGi union and after a negotiation process the parties entered into a collective agreement at the end of 2014. In Bangladesh, Grameenphone is awaiting a decision by the Labour Court, in a case filed by employees of Grameenphone related to union registration.

Going forward, we aim to further develop employee involvement throughout Telenor Group, utilising employees' experiences and insight, as part of ensuring decent work conditions for our employees.

## Ethics and anti-corruption

### From policies to action

Telenor endorses the ten principles of

the UN Global Compact (UNGC), which present clear standards of business ethics. As a member of the UNGC, we report annually on progress in embedding our ethical culture in all parts of our organisation. Telenor Group's commitment to integrity and transparency is clearly stated in our Code of Conduct. The Code of Conduct is the guardian of integrity within the Telenor Way and defines the standards by which we conduct business and behave as responsible and accountable representatives of Telenor. The document is signed by all employees upon joining the company, and re-signed whenever substantial updates are made.

Telenor is firmly opposed to corruption in all forms and is committed to doing business in accordance with the highest ethical standards. Telenor's zero tolerance for corruption and its ethical standards are set out in its Code of Conduct, Anti-Corruption Policy and other governing documents. Telenor's firm commitment to opposing any form of corruption requires a structured approach to integrating ethics and anti-corruption considerations across all functions and levels. Telenor's Group Anti-Corruption Policy states that Telenor shall actively attempt to ensure that corruption does not occur in Telenor's business activities. To this end, Telenor shall work against corruption through an adequate and risk-based Anti-Corruption Programme based on international best practice. This shall be implemented in all Telenor's subsidiaries directly or indirectly controlled by Telenor ASA.

Telenor has an organization with clearly defined roles and responsibilities for the implementation of the Anti-Corruption Programme, both at Telenor Group and business unit levels. The Group Policy

Anti-Corruption and the effectiveness of the Anti-Corruption Programme are assessed and revised on a regular basis, with the aim of alignment with prevailing international standards.

Telenor Group is a multinational company with operations in very different markets. Some of the markets in which we operate are emerging economies with potentially complex and sensitive political and social contexts and will have different challenges with respect to anti-corruption and other sustainability risks. Telenor's governing documents set one single standard which shall govern all business activities, regardless of where such activities take place.

Telenor believes that taking a risk-based approach to address specific local risks is key to ensuring implementation of our ethical standard in all our markets. Regular and Group-wide risk assessments are one key element in Telenor's Anti-Corruption Programme. All business units have a responsibility to conduct regular risk assessments and risk-based reviews of their anti-corruption procedures. The risk assessments are followed up at Group level. Risks shall be responded to with the adaptation and implementation of local requirements to ensure that such risks are managed in accordance with Telenor's ethical standards.

Any reported alleged incident of corruption shall be handled by the Ethics and Compliance Officer and be classified as a material incident. Any alleged bribery of public officials shall be handled at Group level.

A description of Telenor's Anti-Corruption Programme is publicly available on our web site

- [www.telenor.com/anti-corruption](http://www.telenor.com/anti-corruption)
- [www.telenor.com/wp-content/uploads/2014/12/Governance-and-Anti-Corruption-in-Telenor\\_Summary.pdf](http://www.telenor.com/wp-content/uploads/2014/12/Governance-and-Anti-Corruption-in-Telenor_Summary.pdf)

### Status and ambitions

In 2014 there was a need for minor adjustments to the Code of Conduct due to changes in Telenor's governing documents and the need to reflect business development and changes in the society, e.g. a new vision and mission and matters such as anti-corruption, conflict of interest, terrorism, cybercrime and fraud. The adjustments to the Code were adopted by the Telenor ASA Board of Directors on 24 June 2014 for further distribution and implementation in the business units through the Governance Work Programme 2014. As the changes were minor, the updated Code did not require a resigning process.

A major upgrade of the Ethics and Compliance framework was conducted in 2012 and new procedures and organisational changes were implemented in 2013 (Group Manual Ethics and Compliance and Group Governing Principles). Group Legal stated in its strategy for 2014 that a further upgrade of Group Ethics and Compliance's scope, management and competencies should be explored. One of the Ethics and Compliance initiatives in 2014 was to enter into a project with Deloitte to assess the compliance functions within selected companies without delving deeply into the various compliance areas. Input from the benchmark and internal surveys will be taken into consideration in the ongoing improving efforts of Ethics and Compliance in 2015.

During 2014, the reporting mechanism for compliance incidents has been

actively used on both local and Group level, and compliance incidents are handled and concluded in accordance with the requirements in the global Ethics & Compliance framework. More details are available on our web site [www.telenor.com/about-us/corporate-governance/ethics-compliance](http://www.telenor.com/about-us/corporate-governance/ethics-compliance).

In 2014, Telenor continued its Group-wide implementation and monitoring of the Anti-Corruption Policy and Anti-Corruption Programme. The Telenor Anti-Corruption Handbook was launched with a web-based app for smartphones, tablets and laptops in June 2014. The app is publicly available on [telenor.com](http://telenor.com): [www.telenor.com/media/articles/2014/download-our-anti-corruption-app](http://www.telenor.com/media/articles/2014/download-our-anti-corruption-app).

Further priorities in 2014 were Telenor's Group-wide anti-corruption risk assessment procedures, monitoring activities, support and follow-up of business units and review and implementation of Telenor Group's procedures for integrity due diligence of business partners. These efforts will continue during 2015, in addition to Telenor's ongoing focus on training and awareness of employees and the supply chain.

Information regarding the ongoing VimpelCom Ltd. investigations is to be found in the Telenor ASA Board of the Director's report for 2014.

### Climate and environment

#### From policies to action

Telenor is committed to protecting the environment by undertaking initiatives to promote greater environmental responsibility and support business initiatives using communications services to develop eco-efficient solutions. This includes adhering to local regulations and internationally

recognised environmental and energy efficiency standards across the Group.

As the threat of climate change increases, so does the risk to business. The risk includes potential damage to vital infrastructure and utilities through the impact of more extreme weather events. At the same time, climate change represents a business opportunity for the mobile industry to enable greenhouse gas (GHG) emission reductions in key sectors of the economy through the provision of innovative products and services for the power sector, transportation sector, manufacturing sector, service and consumer sector, agricultural sector and building sector.

Telenor – as an active member of the Global e-Sustainability Initiative (GeSI) – has contributed to the thought leadership position around the ICT-enabled low carbon economy through the SMART2020 report in 2009 and the SMARTer2020 report in 2013.

The mobile industry will experience continued growth in its total energy consumption and carbon footprint as mobile operators continue to increase their coverage, acquire more customers and develop more mobile broadband services due to market needs. Telenor Group's key focus is to stabilise its energy consumption by improving the energy efficiency of its networks, as these represent around 80% of its total energy consumption. All business units will focus on choosing cost-efficient energy-efficiency initiatives: network swaps, the sourcing of energy-efficient technologies, infrastructure-sharing and more energy-efficient data centres and buildings. In Asia, the business case for the use of solar panels instead of diesel generators has improved as costs have fallen. It still implies a substantial

investment, but our operations in Pakistan and Bangladesh have started scaling up their transformation to solar energy.

We also focus on other environmental aspects such as waste management and hazardous substances in equipment purchased. Electronic waste contains toxic materials that may present health hazards and run the risk of environmental damage through land contamination or water and air pollution. It is important for Telenor to reuse and recycle network equipment and handsets. We ensure that these processes are conducted according to internationally recognised standards and regulations.

#### Status and ambitions

In 2014, total energy consumption in Telenor Group was approximately 3,200 GWh. The associated emission of greenhouse gases in Telenor Group is estimated to a total of 1.1 million tonnes of CO<sub>2</sub>.

In 2014, close to 60% of our procurement processes with a contract value greater than USD 250,000 used a specified set of sustainability criteria.

In 2014, more than 120,000 meetings were carried out in Telenor's global organisation using video conferencing and virtual meeting solutions instead of actual travel.

In 2014, Telenor Group once again received CDP's top ranking for climate change transparency and performance for the global telecom sector. This achievement is the result of the effort of all business units in the energy efficiency area.

In 2014, Grameenphone was awarded the prestigious global Green Mobile

Award by GSMA for its extensive Climate Change Programme. Digi was ranked the top company in the national MYCarbon Awards 2014 for environmental reporting in Malaysia.

In 2014, ISO 14001-compliant environmental management systems were followed up on in all business units, and the work was also initiated in Telenor Myanmar. Five of our business units – Telenor Bulgaria, Telenor Serbia, Telenor Hungary, Digi and Uninor – are all certified according to ISO 14001.

During 2014, Telenor strengthened its policy on waste management. All business units shall secure sustainable waste management. All electronic waste shall be reused, recycled or safely disposed of and all business units shall ensure that these processes are conducted according to internationally recognised standards and regulations.

Mobile handset recycling initiatives have been established in nine business units: Telenor Hungary, Telenor Serbia, Telenor Montenegro, Digi in Malaysia, dtac in Thailand, Telenor Sweden, Telenor Denmark, Telenor Norway and Telenor Bulgaria. During 2014, more than 180,000 mobile handsets and mobile batteries were collected and recycled in an appropriate way.

Looking forward, our key climate measure will be to improve the energy efficiency of all business units – such as by upgrading our networks and integrating energy requirements into procurement processes.

Telenor will in 2015 work with industry organisations to refresh our insights and information on the ICT sector's role in a low-carbon transition in the lead-up to the United Nations Climate Change Conference in Paris in December 2015.

Our ambition is to inform policymakers about mobilising ICT in their low-carbon strategies and to engage customers and users of ICT in order to change its pivotal role.

The growing demand for ICT products and devices, and their increasingly short lifespans, has resulted in e-waste becoming one of the fastest growing waste streams globally, and our ambition for next year is to follow up and strengthen the recycling programmes in all business units.

#### Sustainable supply chain

##### From policies to action

Telenor strives for high standards and continuous improvement in our own operations and throughout the entire supply chain.

Telenor has adopted a set of Supplier Conduct Principles (SCPs) for all of Telenor's contracting parties. The SCPs are based on internationally recognised standards and include human rights, health and safety, labour rights, environment and anti-corruption.

It is important to build capacity among suppliers and reinforce their understanding of employees' health and safety, labour rights and environmental management, as well as to monitor their compliance with Telenor standards.

Improvement of supply chain sustainability in our operations can only be achieved through close co-operation with the supplier, and the goal of continuous improvement must always remain part of our focus.

#### Status and ambitions

In 2014, the focus was on mitigation of supply chain risk, health and safety of our suppliers' employees and anti-

corruption work in the supply chain. To secure the quality of this, Telenor carried out more than 5,200 supplier inspections (ranging from simple site visits to more comprehensive inspections or audits) across the Group in 2014, of which 75% were unannounced inspections. Approximately 500 major non-conformities were identified during the inspections. All major non-conformities are followed up with the suppliers with mitigation plans and closing processes.

More than 2,500 of these inspections were carried out in Myanmar, where Telenor has a special focus on risk in its supply chain. In 2014, 5 cases of child labour, 29 cases of underage labour and 16 cases of suspected underage labour were found and mitigated in Myanmar.

Since 2008, Telenor has carried out more than 15,000 sustainability inspections in our supply chain. In 2015, we will continue to conduct a high number of supplier inspections and audits.

Telenor has a strong focus on transparency. As an example, we carried out an open Myanmar sustainability update in August 2014. In this session, Telenor executives provided information on the sustainability risk and mitigation of risk in this area.

Telenor has an Agreement on Responsible Business Conduct that legally binds our suppliers to follow the Telenor SCPs and to accept active monitoring by Telenor. In 2014, Telenor signed a total of close to 17,500 such agreements on responsible business conduct.

In 2014, we also prioritised capacity-building among suppliers by HSSE

training together with awareness training. Telenor acknowledges the need for intensified supplier capacity-building – especially in our Asian markets – and we will therefore prioritise this in 2015.

Through its participation in the Joint Audit Co-operation (JAC) together with other telecommunications operators (currently 10 members), Telenor gained access to the results of thirty-five sustainability audits of global suppliers in 2014. Telenor executed four of these audits of global suppliers on behalf of JAC in 2014. After carrying out an audit, a Corrective Action Plan (CAP) listing all findings is agreed upon between the auditee and the auditor.

Telenor is an active member of the UN Global Compact Supply Chain Advisory Group and Global e-Sustainability Initiative (GeSI).

### Occupational health, safety and security

#### From policies to action

Telenor Group continues to focus on maintaining a positive working environment and a culture that nurtures occupational health, safety and personnel security (OHS&S). The company works across all of its business units to maintain and improve its readiness for security and safety risks.

Telenor's OHS&S approach covers its employees as well as contractors, vendors and suppliers. We believe that the health, safety, security and wellbeing of our employees are vital to our business and make a difference in employee engagement. They also increase productivity, e.g. by reducing absenteeism and thus reducing costs.

Telenor faces a range of OHS&S-related challenges in the markets in

which it operates. Traffic-related incidents remain a challenge, and in 2014 Telenor also experienced risks related to political instability, violent crime, economic uncertainty and instability in some markets.

#### Status and ambitions

In 2014, the sickness absence rate for the whole Telenor Group was 1.5%. We shall be aware of possible variations on quality of reported data due to different local national procedures and regulations related to reporting of sickness.

In 2014, more than 19,000 employees and in-house contractors attended HSSE related awareness training sessions.

In 2014, Telenor Group had one reported work-related fatality among its employees; in December 2014 a Grameenphone employee died of injuries from a traffic accident.

Telenor will continue to work with its partners and vendors to monitor and implement health and safety measures and provide them with proactive support in OHS&S matters.

#### Enabling services

##### From policies to action

Telenor Group's vision focuses on how we empower the societies; where we provide the power of digital communication, enabling everyone to improve their lives, build societies and secure a better future for all. Telenor works 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.

Telenor believes that the mobile phone can help transform the lives of individuals, allowing financial inclusion, access to knowledge and making health services affordable and accessible for all. Bringing the benefits of mobile communication to a wider audience is one of Telenor's key objectives. This is what Telenor calls Enable.

Telenor Group's objective is to create shared value, including maximising the impact of our communication services for society and our business. Our projects are built around our core services and technology and our strategic approach is to work with strong partners and through well-functioning networks.

#### Status and ambitions

As of 2014, Telenor had rolled out the 4G mobile technology standard in five countries and 3G in eight countries, with more countries on the roadmap. By 2016, nearly all of our markets will have 3G or 4G. Six of our operations have also rolled out or are evaluating Wi-Fi offerings. In our mature markets we are adding network capacity to sustain and improve the mobile data user experience as networks become congested.

In February 2014 Telenor and UNICEF signed a global partnership agreement. By joining forces with UNICEF, we wish to leverage the reach and capability of connectivity for children's survival and development.

In 2014, Telenor Pakistan, UNICEF and local authorities launched a pilot project in the provinces of Sindh and Punjab to augment birth registration rates using cellular technology.

In 2014, dtac in Thailand, UNICEF and the Ministry of Health stepped up the efforts of the «Best start» initiative,

which currently provides more than 69,000 users with free mobile information services to promote healthy mothers and children. The mobile phone will serve as the tool to convey life-saving information to pregnant women and new mothers and allow newborns the best possible start in life, underpinning one of the UN Millennium Goals.

In 2014, dtac and the Rak Ban Kerd project \*1677 Farmer Information Superhighway in Thailand continued their partnership focusing on providing agricultural data to farmers. The project also offers advice on agricultural techniques, capacity-building and support in obtaining standards and certifications.

Grameenphone established five online schools in different remote locations of the country in 2014. With this expansion, a total of ten online schools now provide quality education to close to 700 economically disadvantaged students.

In 2014, Telenor Group continued its work on Enable projects in Serbia, connecting the Roma population. In Pakistan, the efforts to bank the unbanked through EasyPaisa continued.

Telenor and the Wikimedia Foundation continued their partnership in 2014, building on the commitment to bring Wikipedia to Telenor customers free of data charges and encourage the creation of articles on Wikipedia in local language in our markets. Telenor has now launched Wikipedia Zero in Montenegro, Malaysia, Myanmar, Thailand and Bangladesh. We are continuously looking at new Telenor markets to expand the partnership.

Going forward, we will continue in our efforts to provide people with Internet

access so as to allow financial inclusion, access to knowledge, and make health services affordable and accessible for all.

#### Privacy and data protection

##### From policies to action

Privacy and freedom of expression are among the internationally recognised human rights. Telecommunications generally contribute to freedom of expression. However, on some occasions the authorities may have a legitimate need to require telecommunications companies to comply with requests that limit privacy or free communication.

It is a fundamental principle of Telenor that it is governed by strict policies and that it always seek to ensure the proper handling of such requests from the authorities in order to limit the risk that our networks are being used to impose illegitimate restrictions on privacy or freedom of expression.

Telenor believes in increasing transparency and introducing safeguards against potential abuse. Telenor will continue to take active part in the industry dialogue with the authorities on surveillance and access to our customers' data.

Privacy and data protection are becoming increasingly material issues in all parts of society. Customers expect mobile operators to provide real-time, relevant and individualised services. Such services require the augmented use of personal data. On the other hand, we see an increase in customer awareness of privacy-related matters. Technology has enabled communication, but it has also enabled surveillance. Mobile users are increasingly looking at how their privacy is safeguarded, irrespective of



technologies, business models and data flows.

Today, switching from one mobile operator to another can be done easily and fast. Hence consumers' trust in operators' ability to handle and protect their personal data has become increasingly important. The different approaches taken to address data privacy concerns directly influence whether trust is strengthened or weakened.

Telenor takes pride in its efforts to safeguard the integrity of the vast volumes of information we collect and process. Even though national requirements vary throughout our operations, we strive to be transparent and informative about how we handle our customers' and employees' personal information. Telenor is convinced that being transparent about our use of customer data is the best way to ensure trust in our services.

The mobile industry needs to find mobile-friendly ways to help users to 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.

All customer data shall be managed with confidentiality, in accordance with strict standards, so as to prevent unauthorised access. In a wider perspective, this responsibility also involves respecting crucial human rights such as freedom of expression.

#### Status and ambitions

In 2014, Telenor initiated an internal project to strengthen its position on privacy, addressing both how we handle existing customer data and how we

design our products going forward.

In 2014, Telenor supported the development of the GSMA Mobile Connect Privacy Principles, which are expected to be approved by GSMA's members in first half of 2015. The principles establish a privacy baseline that applies to all parties that provide Mobile Connect-branded identity services. The principles build on the existing mobile privacy principles of GSMA and are consistent with legal frameworks in Europe, Asia and the US.

There are continuous developments in the regulatory regimes around the world. Across our markets we are seeing regulators taking new steps to strengthen privacy regulation. Telenor will continue its focused work on privacy to meet both regulatory requirements and the expectations of its customers.

Telenor Group will continue to improve its common internal framework for how it processes personal information in all its business operations. We are committed to ensuring that all our business units take action to prevent unauthorised access to personal data, and to ensure the safe and sound development of new services and applications.

#### Economic contribution to society From policies to action

Our business makes a significant economic contribution to thirteen countries in Europe and Asia. Digital services empower peoples' lives and create countless business opportunities. Investments sustain economic growth, local jobs and competencies – and company taxes support public services such as education and healthcare.

Each of these contributions is vital to local society and implies strong

obligations to maintain efficient operations and sustainable business conduct.

Telenor is committed to delivering affordable mobile services and Internet for All. New digital services have a great local impact on development and people's daily lives. Mobile services offer new business opportunities which enhance skills and reduce a country's brain-drain. The business community in each country can enhance that local impact by ensuring efficient operations and low costs. Government can enhance the local impact by way of efficient and balanced taxation which allows scope for investment and customer value.

As an investor, Telenor is committed to its shareholders creating optimal value from investment. Foreign capital has become a more scarce resource in many markets during recent years. If taxation increases at the expense of further investment, it might reduce growth and the welfare of citizens. This is why Telenor advises governments to levy taxes and fees in a fair and predictable way, to secure crucial investment in the countries.

As a taxpayer, Telenor is committed to operating correctly and according to laws and regulations by reporting and paying taxes at the level it is legally obliged to. Corporate compliance with tax laws and regulations plays an important role in enhancing respect for the rule of law. Tax compliance and transparency contribute to protecting society against fraud and illicit fiscal practices.

#### Status and ambitions

While global growth partly resumed in late 2013, economic slowdowns returned in several of our markets in

2014. Growth in Asia remained slow, and governments in Central and Eastern Europe struggled with fiscal challenges. In accordance with the positions of international organisations, Telenor has advised governments to meet deficits with predictable and balanced measures, and to share the burden evenly across a broad tax base. Telenor is committed to local growth, crucial investment and fair taxation in accordance with law, on an equal footing with other companies and industries.

During 2014, some governments prolonged the trend of excessive taxation against selected industries, in a targeted and non-predictable way. There is universal support for the principle of paying for exclusive licenses and radio frequencies, or contributing to the real costs of regulation – a support shared by governments and industry alike. But there is an increasing trend of distortive taxation in excess of that, with diverging tax levels between different industries, within the same country.

Sector-specific taxation includes the levy of higher taxes on some industries than others, such as import duties, gross revenue taxes, revenue share and

indirect taxes. This practice has been intensified in several European countries from 2009 onwards and in the wake of the financial crisis. Several European nations issued sector-specific taxation on the telecoms industry during the crisis, often against broadly accepted principles of taxation.

Hungary introduced excessive taxes on banking, energy and tele-communications in 2009-2010, and sector taxes were prolonged in 2013 and 2014. Total taxation reached a record level of 40% to 45% of the total price of mobile services, to the detriment of both consumers and businesses. Sector taxes even surpassed the level of corporate income tax from 2010 onwards. Mobile sector taxes exceeding the universal company taxes are evident in Asia, where countries like Bangladesh and Pakistan have increased the sector tax burden during recent years. Sector taxation directs investment away from industries which would create higher value, given equal tax treatment.

Countries which generally abstained from distortive sector-specific taxes include the Nordic countries, Bulgaria and Serbia. During 2014, taxation was

reduced in the Nordic countries in an effort to further enhance investment and economic growth.

The following table shows Telenor Group's economic impact country-by-country, including revenues, EBITDA, capital expenditure, the expected corporate income taxes for 2014 and number of employees. Sector-specific taxes, VAT and other fiscal contributions and levies, which often exceed the total corporate income tax, are not included in this table.

### Digital responsibilities

#### From policies to action

At Telenor we have an ambition to deliver Internet for All. Not for the privileged few but for everyone, everywhere. To achieve that ambition we need to examine the barriers that prevent people from enjoying the benefits that connectivity offers. While we are confident that the Internet enriches children's lives, we also know that children's drive to explore comes with certain risks.

As a particularly vulnerable group, children should receive special attention and a supportive eco-system should aim to address the risks and

2014	Revenues	EBITDA	Capex	Profit before taxes	Corporate income tax (CIT)	Employees
All figures in NOK million						Total - per 31.12
Norway	34 071	12 602	4 862	6 787	1 893	6 209
Sweden	13 543	3 842	1 525	2 280	507	2 083
Denmark	5 570	597	733	(263)	(20)	2 022
Hungary	4 254	1 382	1 227	875	207	1 169
Bulgaria	2 723	1 039	681	(431)	(29)	2 020
Serbia	3 039	1 110	283	794	109	1 403
Montenegro	541	185	46	185	13	317
Thailand	17 671	6 026	2 721	2 748	600	4 717
Malaysia	13 513	6 079	1 750	5 048	1 176	2 133
Bangladesh	8 367	4 435	1 232	2 839	1 225	4 722
Pakistan	6 247	2 379	2 301	1 651	635	4 641
India	4 212	1 164	1 374	616	4	3 318
Myanmar	290	(508)	4 281	(745)	-	367

grow the resilience of younger users. This eco-system needs to involve a range of different stakeholders.

At Telenor we see a role that we can play in several areas, and we have identified five focus areas where we want to make progress going forward. Across Telenor Group, our business units will strive to:

- Reach out to schools to grow awareness and provide education to children, parents, guardians and teachers
- Ensure guidance on the availability of meaningful and easy-to-use parental controls
- Provide access to toll-free child helplines with capacity to support children who have been exposed to harm
- Make available effective mechanisms for reporting illegal and harmful content
- Maintain effective mechanisms to prevent the spread of child sexual abuse

### Status and ambitions

In 2014, Telenor Group Executive Management called on all Telenor business units to develop their position within the five focus areas pertaining to digital responsibility and child online safety.

In November 2014, the GSMA formed a partnership with Child Helpline

International (CHI) to protect young people and safeguard their right to be heard. Together the GSMA and CHI will establish a roadmap for promoting child helplines across the globe. Telenor Group has been an enthusiastic supporter of this partnership and will promote quality helplines and support efforts to also reach such geographic locations where there is no service today.

Several of our business units started engaging with youth, teachers and parents to grow their digital resilience during 2014. At dtac in Thailand, a broad alliance was created to this end, involving government sector agencies, NGOs, UNICEF and dtac. For the age group 6-12 (Digikidz) the approach is about engagement with parents, schools and teachers. For older children and young adults a different approach is taken, which includes nationwide talk shows and a Youth's Voice campaign.

In India, Uninor kicked off their WebWise campaign in 2014. This centred on a group of seventeen WebWise ambassadors at Uninor and a partnership with a local Indian NGO called Jaagoteens. Content was developed to educate schoolchildren, and workshops were held at seven locations. In total, sixty-eight workshops were held and twenty-nine schools and more than 10,000 students were visited. During these visits a survey was conducted among all the students.

The Use Your Head campaign is Norway's most extensive drive against digital bullying. Since 2009 more than 550 schools have been visited and almost 166,000 pupils and 33,000 adults have improved their understanding of the issues surrounding digital bullying. In 2014, a Use Your Head app was developed and ambassadors in a celebrity programme came forward with their own experiences of digital bullying. The campaign uses relevant and effective communication channels and involves employees and their networks to reach out to the target groups.

Going forward into 2015, Telenor Norway will expand its target group to also include younger children (10-13 years), and the focus will be on further educating adults/parents.

Telenor will continue to engage with organisations that are dedicated to promoting children's rights in 2015. Our goal is to help children across all our markets to develop digital life skills. We are also determined to support the effort to end cyberbullying. To achieve this we are working with UNICEF and the Red Cross, as well as a string of smaller specialist NGOs. Government agencies are often involved and we see this as an area where real progress is best achieved through alliance-building and mutually reinforcing partnerships.

Fornebu, 17 March 2015

  
Svein Aaser  
Chairman

  
Frank Dangeard  
Deputy Chairman

  
Jon Erik Reinhardsen  
Board member

  
Marit Vaagen  
Board member

  
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Board member

  
Brit Østby Fredriksen  
Board member

  
Harald Stavn  
Board member

  
Jon Fredrik Baksaas  
President & CEO

# A GLANCE AT THE TELENOR group

Telenor

## Norway

Telenor is the country's leading telecommunications operator.



Telenor

## Sweden

Telenor is the third largest mobile operator in Sweden.



Telenor

## Denmark

Telenor is the second largest mobile operator in Denmark.



Telenor

## Hungary

Telenor is the second largest mobile operator in Hungary.



Telenor

## Serbia

Telenor is the largest mobile operator in Serbia.



Telenor

## Montenegro

Telenor is the largest mobile operator in Montenegro.



Telenor

## Bulgaria

Telenor is the second largest operator in Bulgaria.



The Telenor Group is listed  
on the Oslo Stock Exchange



Telenor  
**Pakistan**

Telenor is the second largest mobile operator in Pakistan.



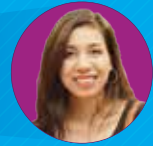
Uninor  
**India**

The Indian greenfield mobile operator Uninor launched its services in December 2009 and has presence in seven Indian telecom circles.



Grameenphone  
**Bangladesh**

Grameenphone is the largest mobile operator in Bangladesh. Grameenphone is listed on the Dhaka Stock Exchange (DSE) Ltd and the Chittagong Stock Exchange (CSE) Ltd.



Telenor  
**Myanmar**

License signed in February 2014 and services launched 8 months later. Ambitions to become market leader.



dtac  
**Thailand**

dtac is the second largest mobile operator in Thailand and is listed on the Stock Exchange of Thailand.



Digi  
**Malaysia**

Digi is the third largest mobile operator in Malaysia. Digi is listed on Bursa Malaysia.

VimpelCom

Telenor Group holds an economic stake of 33 per cent in VimpelCom Ltd. with 222 million customers (Q4 2014) in 14 markets.



telenor  
group

[www.telenor.com](http://www.telenor.com)

**Contact details:**

Jan Kristensen,  
Director, Group Sustainability  
[jan.kristensen@telenor.com](mailto:jan.kristensen@telenor.com)  
[www.telenor.com/sustainability](http://www.telenor.com/sustainability)