



SUSTAINABILITY
report 2014
TELENO^R HUNGARY

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1. CEO STATEMENT

Dear Reader,

In this report, we provide an overview of Telenor Hungary's sustainability activities in 2014.

Being a global operator, Telenor pays special attention to the cultural differences of its countries – both in terms of customer needs and social and environmental requirements. In all countries, we make an effort to understand the most important local challenges and leverage our experience to develop services that make the lives of local communities more comfortable. In line with this, we also do our best to respond to the special needs of our stakeholders with our sustainability initiatives. We want everybody to know of the opportunities offered by infocommunications technology (ICT) and close the digital divide both in geographical and social terms while strongly focusing on sustainable operation, one of our key pillars in business.

Thanks to their technology, telecom operators can help people acquire new knowledge and multiply their opportunities, and they can also provide innovative solutions to make customers' lives easier. New technology offers countless benefits but also comes with new threats that we want to eliminate. Telenor Hungary is making continuous efforts to protect children using digital services. We not only block inappropriate content and provide information to parents, but we also delegate volunteer staff to educate children on safe internet use.

Our key corporate governance principles include transparency, trust and ethical conduct. Corruption creates an unfair business environment and hinders the efficiency, growth and

competitiveness of entire industries. This is why we do our best to run Telenor in line with ethical values and want to promote these values in Hungary. We also want to make our supplier chain transparent and we encourage our suppliers to integrate Telenor Hungary's responsible values into their own corporate culture.

With relentless effort, we have successfully got closer to our goals of responsible operation, social welfare and environmental protection over the years. When new opportunities emerge, our commitment continues to grow even stronger and we do our best to use our service and resources to further boost growth and contribute to a simpler and more equal world based on the principle of sustainability.

Finally, let me thank all colleagues who work hard to reach sustainability results worthy of the name of Telenor. Although you can never be fully satisfied with your sustainability performance, it is a great pleasure for us that our Hungarian business unit has earned itself a recognized position in sustainability as well as an international comparison. Personally, I find it important to improve the sustainability of Telenor's operation and therefore I promise all colleagues maximum support for their sustainability efforts.

Christopher Laska
CEO





2. About the report

2.1 Our reporting system

Telenor Hungary (hereinafter referred to as Telenor) has published a corporate responsibility report or a sustainability report in every year since 2006. These reports aim to provide an overview of the company's economic, environmental and social performance. Our company has been publishing these reports according to the international Global Reporting Initiative (GRI)¹ framework since 2008. Our previous report, [published in December 2014](#), has already been prepared in line with the latest, 4th generation GRI standard. GRI is the most widely used and respected sustainability and responsibility reporting framework in the world. For more information about the reporting framework please [visit GRI's website](#).

The information included in this report is based on the following sources: our annual financial statement; a non-financial report prepared for our parent company; our statutory environmental reports; our internal policies; our core principles; and our corporate data management system.

The reliability of data and information is ensured by expert and senior management reviews. In compiling the report, special consideration was given to the completeness of information, the accuracy, timeliness and reliability of data and we also took special care to make data comparable, involve internal and external stakeholders and demonstrate sustainability in context.

2.2 This report

This report provides an overview of the economic, environmental and social performance of all organizational units included in Telenor's balance sheet in 2014 in line with the GRI G4 guidelines. According to our self-classification, we have reached "Core" compliance level with the guidelines. This report has been audited for data quality and compliance with GRI G4 guidelines by independent third party auditor DENKSTATT Hungary Kft. The audit process was completed with the involvement of the CR function and Telenor's CR Expert. Members of senior management were not involved. Our report covers only Telenor's own activities. It does not include the performance of points of sale operated by our partners and Telenor Common Operation Zrt. (TnCO) established in Q4 2013. To read about the sustainability performance of our parent company, Telenor Group (formally Telenor ASA) please click [here](#). The figures published in the chapters of our report are also included in chapter 3 entitled '[Our sustainability performance in figures](#)'. The correspondence of figures included in our report to GRI G4 indicators can be checked in chapter '[GRI Content Index](#)'. The acronyms used in the report are explained in chapter '[Acronyms](#)'. Driven by the desire to protect the environment, we have published this report exclusively in an online format [on our website](#).



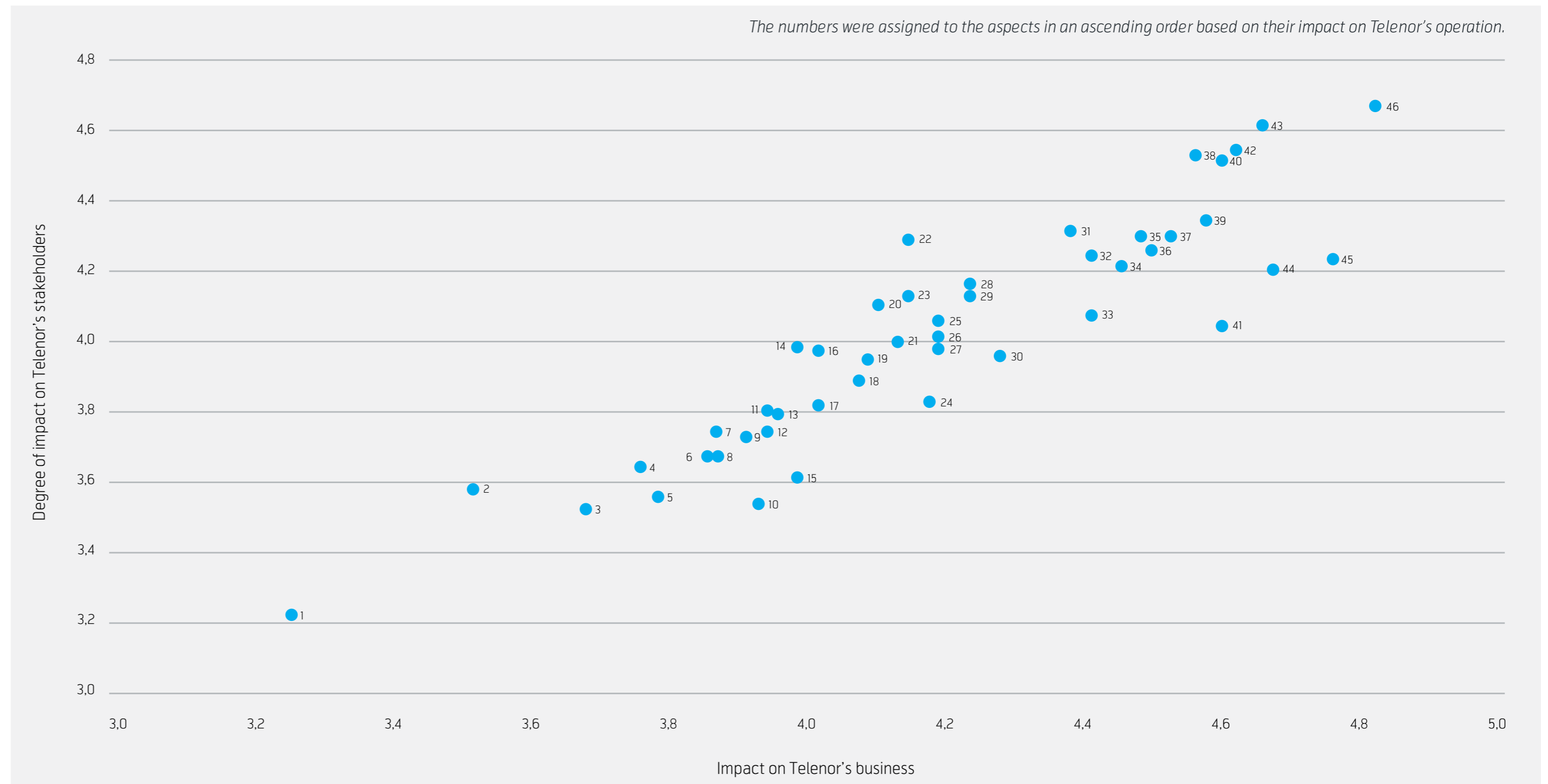
¹ Global Reporting Initiative



2.3 Defining report content

Our sustainability report for 2014 has been prepared with the involvement of the broadest range of stakeholders available. As a first step, the areas of sustainability specified by GRI G4 were reviewed and the areas and impacts relevant for Telenor's business were identified by CR staff responsible for sustainability. During the process, feedback from the previous year's material aspects survey was also considered. As a result, this report includes more relevant topics than the previous year. The relevance of material aspects was evaluated based on two GRI criteria.

A primary survey involving both internal and external stakeholders² was conducted. The survey included an online questionnaire filled in by employees, trade organizations and NGOs, authority representatives and external project partners.



In the quantitative part of this survey, respondents were asked to evaluate specific topics on a scale from 1 to 5 depending on their perceived relevance for their group of stakeholders and Telenor's business. In the qualitative part of the survey, we asked respondents to evaluate Telenor's sustainability reporting system. The questionnaire was distributed to about 150 external stakeholders and about 1,100 internal stakeholders. The completion rate was about the same (6% and 7%), but the material aspects survey reflects the opinion of the latter group more closely.

² Stakeholders were identified by CR staff based on the evaluation of our operating areas:
 internal stakeholders: staff employed by Telenor and external staff
 external stakeholders: e.g. trade organizations, NGOs, authorities, external project partners

The key areas of sustainability were finalized after the evaluation of questionnaire results. Industry trends (rise in internet and mobile internet penetration, growth of smart devices, use of smart devices at an increasingly young age), however, make it essential that we address the role of ICT and smart devices in young people's lives. As a result, this topic is also a key focus area of this report.

The following table shows whether the individual material aspects are relevant inside or outside the organization, and it also identifies the indicators published to satisfy "core" compliance requirements giving the report chapters in which they are outlined more in detail.

Degree of impact on Telenor's stakeholders		Impact on Telenor's business	
		Low	High
High		<ul style="list-style-type: none"> 20. Employment data 22. Anti-competitive behaviour 23. Safety practices 28. Forced labour 29. Diversity and equal opportunities 	<ul style="list-style-type: none"> 3/1 Discrimination 32. Equal wages to men and women 34. Employee-management relationship 35. Training and education 36. Legal compliance in social matters 37. Economic performance 38. Customer health and safety 39. Anti-corruption 40. Occupational health and safety 42. Innovation 43. Legal compliance related to products and services 44. Market presence 45. Compliance with environmental regulations 46. Customer privacy
		<ul style="list-style-type: none"> 1. Biodiversity 2. Environmental error reporting mechanism 3. Supplier assessment for labour practices 4. Public policy involvement 5. Supplier assessment for social impact 	<ul style="list-style-type: none"> 33. Environmental impact of products and services 41. Energy consumption
Medium		<ul style="list-style-type: none"> 6. Complaint management mechanism in terms of social impact 7. Materials usage 8. Supplier human rights assessment 9. Right of collective bargaining and workers' freedom of association 10. Supplier environmental assessment 11. Labelling 12. Local communities 13. Investments from a human rights' perspective 14. Retirement 15. Environmental spending 16. Procurement practices 17. Human rights complaint management mechanism 18. Water consumption 19. Indirect economic impact 21. Effluents and waste 24. Travel 25. Child labour 26. Marketing communication 27. Emissions 30. Labour complaint management mechanism 	
Low			

NO. OF ASPECTS	MATERIAL ASPECT	THE ASPECT IS RELEVANT		THE ASPECT IS OUTLINED IN DETAIL IN THE FOLLOWING CHAPTER	INDICATOR
		Within the organization ³	Outside the organization		
31.	Discrimination	X		10.2 Equal opportunities	G4-HR3
32.	Equal wages for men and women	X		10.1 Employment data	G4-LA13
34.	Employee-management relationship	X		10.1 Employment data	G4-LA4
35.	Training and education	X	Customers, young internet users	10.4 Growth opportunities at Telenor	G4-LA11
36.	Legal compliance in social matters	X	Customers	6.2 Promote legal compliance	G4-SO8
37.	Economic performance	X		4.5. Economic results	G4-EC4
38.	Customer health and safety		Customers, local residents	7.5 Security	G4-PR2
39.	Anti-corruption	X	Customers, suppliers	6.3 Practices to combat corruption and promote ethical business conduct	G4-SO3
40.	Occupational health and safety	X		10.3 Healthy working environment and work safety	G4-LA6
42.	Innovation	X	Customers	7.1 Innovation	Number of colleagues joining innovation platform
43.	Legal compliance related to products and services	X	Customers	3. Our sustainability performance in figures	G4-PR9
44.	Market presence	X		10.1 Employment data	G4-EC6
45.	Compliance with environmental regulations	X	Local residents, ecosystem	11.1 Environmental management	G4-EN29
46.	Customer privacy	X	Customers	7.5 Privacy	G4-PR8
	The role of ICT in the life of young generations		Young internet users	8.2 ICT in education 9. Community engagement	Number of students attending a session on safe internet use

If you have any questions or comment related to our sustainability report please feel free to contact us at fenntarthatosag@telenor.hu.

³ Material aspects cannot be assigned to any specific organizational unit. These material aspects are relevant for all organizational units.



3. OUR SUSTAINABILITY PERFORMANCE IN FIGURES

Environmental protection

UNIT OF MEASURE		2010	2011	2012	2013	2014	CHANGE COMPARED TO 2013	NOTE
DIRECT ENERGY CONSUMPTION								
Fuel consumption from non-renewable sources	GJ ⁴	22 552	18 534	18 820	19 114	19 898	+4,10%	
Electricity	GJ	223 164	226 656	213 552	202 068	224 532	+11,12%	
Total direct energy use	GJ	245 716	245 190	232 372	221 182	244 430	+10,51%	
FUEL CONSUMPTION FROM NON-RENEWABLE SOURCES								
Natural gas	GJ	4 542	2 691	2 633	2 540	2 954	+16,30%	Our petrol consumption increased due to administrative reasons. This includes an additional item not covered by previous reports.
Diesel oil	GJ	17 361	15 365	15 691	16 028	15 452	-3,6%	
Petrol	GJ	649	478	496	546	1 492	+173,26%	
Total	GJ	22 552	18 534	18 820	19 114	19 898	+4,10%	
ELECTRICITY								
Building management	GJ	17 424	17 784	18 684	18 036	18 180	+0,80%	Network energy consumption increased due to infrastructure development required by the migration from 3G to 4G technology.
Network operation	GJ	197 964	200 880	186 876	146 628	194 508	+32,65%	
Network operation (green energy)	GJ	6 480	7 200	7 200	36 000	10 800	-70,00%	
Heating and cooling	GJ	1 296	792	792	1 404	1 044	-25,64%	
Total	GJ	223 164	226 656	213 552	202 068	224 532	+11,12%	

⁴ gigajoule

UNIT OF MEASURE		2010	2011	2012	2013	2014	CHANGE COMPARED TO 2013	NOTE
ENERGY CONSUMPTION BY AREA								
Network	GJ	204 624	208 188	194 076	182 664	205 452	+12,48%	
Building management	GJ	25 272	22 392	23 220	23 076	23 472	+1,72%	
Travel (air and road)	GJ	21 780	21 888	21 888	23 508	41 220	+75,34%	
Total	GJ	251 676	252 468	239 184	229 248	270 144	+17,84%	
ENERGY INTENSITY BY AREA								
Network	MJ/customer	57	59	55	52	59	+13,45%	
Building management	GJ/employee	23	21	20	22	23	+5,53%	
Travel	GJ/employee	20	21	19	22	41	+85,33%	
ENVIRONMENTAL IMPACT OF TRAVEL AND TRANSPORTATION								
Air	t ⁶ of CO ₂ ⁵	135	242	231	289	548	+89,83%	
Road travel	t of CO ₂	1 364	1 204	1 222	1 265	2 164	+71,01%	
Total	t of CO₂	1 498	1 446	1 453	1 554	2 712	+74,51%	

⁵ carbon-dioxide

⁶ ton

UNIT OF MEASURE		2010	2011	2012	2013	2014	CHANGE COMPARED TO 2013	NOTE
DIRECT CO₂ EMISSIONS								
Electricity generation (network)	t of CO ₂	15	8	17	3,3	11,8	+263,38%	
Road travel	t of CO ₂	1 364	1 204	1 222	1 265	2 164	+71,01%	
Total direct CO₂ emissions	t of CO₂	1 378	1 213	1 239	1 269	2 176	+71,50%	
INDIRECT CO₂ EMISSIONS								
Electricity (network)	t of CO ₂	19 286	18 559	17 628	13 319	17 073	+28,19%	
Electricity (buildings)	t of CO ₂	1 697	1 642	1 697	1 638	1 596	-2,59%	
District heating (buildings)	t of CO ₂	72	44	44	78	58	-25,83%	
Total indirect CO₂ emissions	t of CO₂	21 055	20 244	19 369	15 035	18 727	+24,56%	
OTHER INDIRECT CO₂ EMISSIONS								
Air travel	t of CO ₂	135	242	231	289	548	+89,83%	
Joint projects implemented together with other business units of Telenor Group required more frequent personal encounters which resulted in more flights compared to 2013.								



UNIT OF MEASURE		2010	2011	2012	2013	2014	CHANGE COMPARED TO 2013	NOTE
GREENHOUSE GAS EMISSIONS BY AREA								
Network	t of CO ₂	19 300	18 567	17 646	13 322	17 085	+28,25%	
Buildings	t of CO ₂	2 059	1 855	1 906	1 876	1 841	-1,88%	
Travel	t of CO ₂	1 498	1 446	1 453	1 554	2 711	+74,51%	
Total	t of CO₂	22 857	21 868	21 004	16 752	21 638	+29,17%	
INTENSITY OF GREENHOUSE GAS EMISSIONS BY AREA								
Network	CO ₂ kg ⁷ /customer	5,39	5,23	5,01	3,82	4,90	+28,26%	
Building management	t of CO ₂ / employee	1,88	1,74	1,67	1,76	1,82	+3,46%	
Travel	t of CO ₂ / employee	1,37	1,36	1,27	1,46	2,68	+83,69%	
WATER USAGE								
Telenor House	m ³⁸	16 838	14 261	16 588	17 480	17 579	+0,57%	
Telenor stores	m ³	1 703	1 842	1 368	1 810	2 077	+14,75%	
Total	m³	18 541	16 103	17 956	19 290	19 656	+1,90%	
USED PHONE COLLECTION								
Quantity of collected used phones	kg	2388	2688	4566	907	1082	+19,29%	

⁷ kilogram

⁸ cubic meter

UNIT OF MEASURE		2010	2011	2012	2013	2014	CHANGE COMPARED TO 2013	NOTE
ENVIRONMENTAL EXPENSES								
Annual environmental management fee	HUF ⁹				5 689 600	4 490 000	-21,08%	
Product fees	HUF				44 000 000	35 539 392	-19,22%	
Total	HUF				49 689 600	40 029 392	-19,44%	
TOTAL WASTE QUANTITY								
Paper	kg	131 311	121 614	48 070	70 872	28 400	-59,92%	The volume of communal waste was increased significantly due to a change in administration required by new waste management legislation.
Plastic packaging waste	kg	901	97	1 320	0	4 466	-	
Glass packaging waste	kg	779	2 375	680	0	0	0%	
Communal waste	kg	66 840	68 610	68 530	58 608	156 111	+166,37%	
Waste water	m ³	18 541	16 103	17 956	19 290	19 656	+1,90%	
Electronic and telecommunications waste	kg	0	0	19 514	16 683	14 560	-12,7%	
Lead batteries	kg	57 452	70 797	196 036	126 290	118 684	-6,02%	
FINES FOR THE BREACH OF ENVIRONMENTAL LAW AND REGULATIONS								
Amount of fines	HUF	0	0	0	0	0	0%	G4-EN29

⁹ Forint

	UNIT OF MEASURE	2010	2011	2012	2013	2014	CHANGE COMPARED TO 2013	NOTE
ASSESSMENT OF SUPPLIERS' ENVIRONMENTAL IMPACT								
Number of suppliers subject to impact assessment	no ¹⁰	-	-	-	42	74	+76%	
Number of suppliers with major existing and potential risks identified	no	-	-	-	11	0	-100%	
Number of suppliers making progress in the period under survey	no	-	-	-	12	0	-100%	
Number of contracts terminated	no	-	-	-	0	0	0%	

RATIOS USED TO CONVERT ENVIRONMENTAL DATA	
Natural gas	1 m ³ = 0,034 GJ
Diesel oil	1 000 l ¹¹ = 34,75 GJ
Petrol	1 000 l = 31,4 GJ
Electricity	1 GWh ¹² = 3600 GJ
Electricity	1 GWh = 316 t CO ₂

¹⁰ number

¹¹ liter

¹² gigawatt-hour



Economic

	UNIT OF MEASURE	2010	2011	2012	2013	2014	CHANGE COMPARED TO 2013
OUR ECONOMIC PERFORMANCE (BASED ON IFRS¹³)							
Sales	HUF m ¹⁴	165 166	160 302	157 929	152 945	156 403	+2,26%
EBITDA ¹⁵	HUF m	60 294	54 894	50 835	52 950	50 747	-4,16%
EBITDA rate	%	36,5	34,2	32,2	34,6	32,4	-6,36%
EBIT ¹⁶	HUF m	33 269	26 078	35 420	37 119	31 852	-14,19%
CAPEX ¹⁷	HUF m	8 913	15 043	11 503	11 198	13 533	+20,85%
ARPU ¹⁸ index	HUF	3 764	3 647	3 662	3 574	3 594	+0,56%

	UNIT OF MEASURE	2010	2011	2012	2013	2014	CHANGE COMPARED TO 2013
PROPORTION OF SENIOR MANAGEMENT HIRED FROM THE LOCAL COMMUNITY¹⁹							G4-EC6
No. of senior managers		-	-	-	24	25	-
No. of local senior managers		-	-	-	20	19	-
Ratio of Hungarian senior managers	%	-	-	-	83%	76%	-8,4%

¹³ International Financial Reporting Standards

¹⁴ million

¹⁵ earnings before interest, taxes, depreciation and amortization

¹⁶ earnings before interest and taxes

¹⁷ capital expenditure

¹⁸ average revenue per unit

¹⁹ Proportion of people of Hungarian nationality among the CEO, CxOs and Directors

	UNIT OF MEASURE	2010	2011	2012	2013	2014	CHANGE COMPARED TO 2013
FINANCIAL ASSISTANCE RECEIVED FROM GOVERNMENT							G4-EC4
Tax relief and tax credit	HUF	-	-	-	0	0	0%
Subsidies	HUF	-	-	-	0	0	0%
Investment grants, research and development grants, and other relevant types of grants	HUF	-	-	-	0	0	0%
Fees and charges	HUF	-	-	-	0	0	0%
Financial assistance from Export Credit Agencies (ECAs)	HUF	-	-	-	0	0	0%
Financial incentives	HUF	-	-	-	0	0	0%
Other financial benefits received or receivable from any government organisation for any operation	HUF	-	-	-	0	0	0%
Total	HUF	-	-	-	0	0	0%

INVESTMENTS AND SERVICE DEVELOPMENT INITIATIVES	UNIT OF MEASURE	INVESTMENT AND DEVELOPMENT MONETARY VALUE (HUF MILLION)		CHANGE COMPARED TO 2013	SOCIAL IMPACT OF DEVELOPMENT
		2013	2014		
Voice	HUF m	563	436	-22,55%	Improvement in the quality of mobile telecommunications services including voice services to Hungarian consumers and businesses
Data	HUF m	5301	8323	+57%	3G and 4G projects to promote digital literacy and expand/improve the supply of mobile data services to Hungarian consumers and businesses "Internet for All"
Other network	HUF m	504	478	-5%	Network infrastructure modernization due to ageing and environmental reasons (to reduce ecological footprint)
Total	HUF m	6368	9237	+45%	

Social

	UNIT OF MEASURE	ALL EMPLOYEES	MEN	WOMEN
ABSENTEE RATES				
				G4-LA6
No. of fatalities		0	0	0
Workplace injury rate	%	0,00179%	0,00045%	0,00134%
Occupational diseases rate Lost day rates because of workplace injuries or occupational diseases	%	0,017%	0,021%	0,012%
Absentee rate ²⁰	%	3,10%	1,20%	4,72%

	UNIT OF MEASURE	YOUNGER THAN 30	BETWEEN 30 AND 50	OLDER THAN 50	MEN	WOMEN
STAFF TURNOVER						
No. of new employees		62	132	2	102	94
Ratio of new employees	%	40%	16%	9%	22%	17%
No. of employees leaving the organization (voluntary leave, leave with mutual consent, retirement, death)		19	115	1	46	89
Ratio of employees leaving the organization	%	12%	14%	5%	10%	16%

²⁰ Including days lost due to non-occupational diseases and non-workplace injuries

	SENIOR MANAGERS	MIDDLE MANAGERS	STAFF
COMPOSITION OF EMPLOYEE BASE			
Ratio of women in the different employment categories	16,0%	33,1%	57,6%
Ratio of men in the different employment categories	84,0%	66,9%	42,4%
Ratio of employees younger than 30 in the different employment categories	0,0%	1,5%	17,7%
Ratio of employees aged 30 to 50 in the different employment categories	100,0%	94,0%	80,4%
Ratio of employees older than 50 in the different employment categories	0,0%	4,5%	1,9%

NUMBER OF CASES OF DISCRIMINATION AND MEASURES TAKEN	2014	G4-HR3
Total no. of cases of discrimination	1	
No. of cases investigated by the organisation	1	
No. of cases with an action in progress	0	
No. of cases with an action and follow-up completed	1	
No. of cases with a closed status	1	



	UNIT OF MEASURE	TELENOR CONTRIBUTION	EMPLOYEE SELF-RELIANCE	TOTAL
BENEFIT COMPONENTS²¹				
Mobile phone	HUF	40 000	0	40 000
Employee tariff plan	HUF	96 000	0	96 000
Mobile internet	HUF	97 000	0	97 000
SZÉP ²² card	HUF	165 000	0	165 000
Health insurance and health fund	HUF	120 000	120 000	240 000
Sports card	HUF	33 000	33 000	66 000
Voluntary pension fund	HUF	120 000	120 000	240 000
Employee share programme	HUF	60 000	240 000	300 000
Life and accident insurance	HUF	30 000	0	30 000
Eyeglasses contribution	HUF	18 000	0	18 000
Total	HUF	779 000	513 000	1 292 000

²¹ Annual maximum amount/person

²² Széchenyi Recreation Card

	UNIT OF MEASURE	2010	2011	2012	2013	2014	CHANGE COMPARED TO 2013
COMPOSITION OF THE LEADERSHIP TEAM, TELENOR'S GOVERNING BODY							
Ratio of women in governing bodies	%	-	-	-	0	0	0%
Ratio of men in governing bodies	%	-	-	-	100	100	0%
Ratio of employees younger than 30 in governing bodies	%	-	-	-	0	0	0%
Ratio of employees aged 30 to 50 in governing bodies	%	-	-	-	100	100	0%
Ratio of employees older than 50 in governing bodies	%	-	-	-	0	0	0%

NO. OF COLLEAGUES INVOLVED IN PERFORMANCE EVALUATION AND GOAL SETTING ²³							G4-LA11
Women	%	-	-	-	-	76	
Men	%	-	-	-	-	67	
Total	%	-	-	-	-	72	

SUPPLIER ASSESSMENT FOR LABOUR PRACTICES							
Number of suppliers subject to impact assessment		-	-	-	47	74	+57%
Number of suppliers with major existing and potential risks identified		-	-	-	11	9	-18%
Number of suppliers making progress in the period under survey		-	-	-	14	19	+36%
Number of contracts terminated		-	-	-	0	0	0%

²³ Compared to statistical headcount

	UNIT OF MEASURE	2010	2011	2012	2013	2014	CHANGE COMPARED TO 2013
TOTAL NUMBER OF LEGAL ACTIONS FOR ANTI-COMPETITIVE BEHAVIOUR, AND NON-COMPLIANCE WITH ANTI-TRUST AND MONOPOLY PROVISIONS AND THEIR OUTCOMES							
No. of legal actions		-	-	-	0	0	0%
VALUE OF POLITICAL CONTRIBUTIONS							
Value of political contributions	HUF	-	-	-	0	0	0%
ASSESSMENT OF SUPPLIERS' IMPACT ON SOCIETY							
Number of suppliers subject to impact assessment		-	-	-	42	74	+76%
Number of suppliers with major existing and potential risks identified		-	-	-	11	0	-100%
Number of suppliers making progress in the period under survey		-	-	-	12	19	+58%
Number of contracts terminated		-	-	-	0	0	0%
PRIVACY COMPLAINTS							
							G4-PR8
No. of privacy complaints received		46	65	35	55	169	+207%
No. of substantiated complaints		18	33	11	32	128	+300%
Substantiated complaints received from third parties		18	29	11	25	60	+140%
Substantiated complaints received from regulatory authorities		2	1	1	1	1	0%
Number of data leaks		0	3	5	4	1	-75%
Number of data thefts		0	3	1	0	1	-
Number of data losses		0	1	0	0	0	0%

	UNIT OF MEASURE	2010	2011	2012	2013	2014	CHANGE COMPARED TO 2013
LEGAL ACTIONS RELATED TO THE HEALTH AND SAFETY IMPACT OF PRODUCTS AND SERVICES							G4-PR2
No. of legal actions		-	-	-	0	0	0%
No. of actions resulting in a fine or penalty		-	-	-	0	0	0%
Actions resulting in a warning		-	-	-	0	0	0%
Non-compliance with voluntary codes		-	-	-	0	0	0%
LEGAL ACTIONS RELATED TO MARKETING COMMUNICATIONS							
No. of legal actions		-	-	-	1	1	0%
No. of actions resulting in a fine or penalty		-	-	-	0	1	-
Actions resulting in a warning		-	-	-	1	0	-100%
Non-compliance with voluntary codes		-	-	-	0	0	0%
							G4-PR9
Degree of non-compliance with product- and service-related legal regulations and other requirements and the monetary value of associated fines	HUF	-	-	-	0	0	0%
SUPPLIER ASSESSMENT FOR HUMAN RIGHTS PRACTICES							
Number of suppliers subject to impact assessment		-	-	-	42	74	+76%
Number of suppliers with major existing and potential risks identified		-	-	-	11	0	-100%
Number of suppliers making progress in the period under survey		-	-	-	12	0	-100%
Number of contracts terminated		-	-	-	0	0	0%

	UNIT OF MEASURE	2010	2011	2012	2013	2014	CHANGE COMPARED TO 2013
MONETARY VALUE OF SIGNIFICANT FINES AND TOTAL NUMBER OF NON-MONETARY SANCTIONS FOR NON-COMPLIANCE WITH LAWS AND REGULATIONS²⁴							G4-S08
Monetary value of fines	HUF	-	-	-	5 000 000	0	-100%
No. of non-monetary sanctions	db	-	-	-	18	0	-100%

²⁴ This table includes cases not related to marketing communications, information supply or labelling in which Telenor was found guilty in violating the law by any authority



4. COMPANY INFORMATION

4.1 Telenor Hungary

Telenor Hungary, member of the global Telenor Group, is a leading provider of mobile voice and broadband services in Hungary. The company, based in Törökbalint, entered the Hungarian mobile communications market under the name Pannon GSM in 1994.

The reporting period did not have any material changes in the size, ownership structure, setup or supplier chain of the organization. We opened two new shops during the year which is not considered a material change with respect to the activities and size of the organization.

The company is 100% owned by Telenor Group of Norway.

- Telenor Mobil Communications AS 74.96%
- NYE Telenor Mobile Communications III AS 0.03%
- TLNR Hungary Távközlési Kft. 25.01%

Norway-based Telenor Group is one of the world's largest mobile operators and a leading global provider of telecommunications, data and media communications services. In 2014, it had mobile operations in 13 countries in the Nordics, Central and Eastern Europe and Asia, as well as an interest in VimpelCom Ltd., operating in 14 markets with almost 186 million mobile subscriptions, 33,000 employees and an annual sales revenue of NOK 107 billion.

4.2 Governing bodies

The major governing body of Telenor Hungary is the shareholders' general meeting, while its operational management is overseen by a six-strong Board of Directors. Directors delegated to the Board by the shareholders are employed by Telenor Group. The Board of Directors is supervised by a Supervisory Board elected by the shareholders. One member of the Supervisory Board is delegated by employees which means employees participate in supervising the company's activities through this delegate.

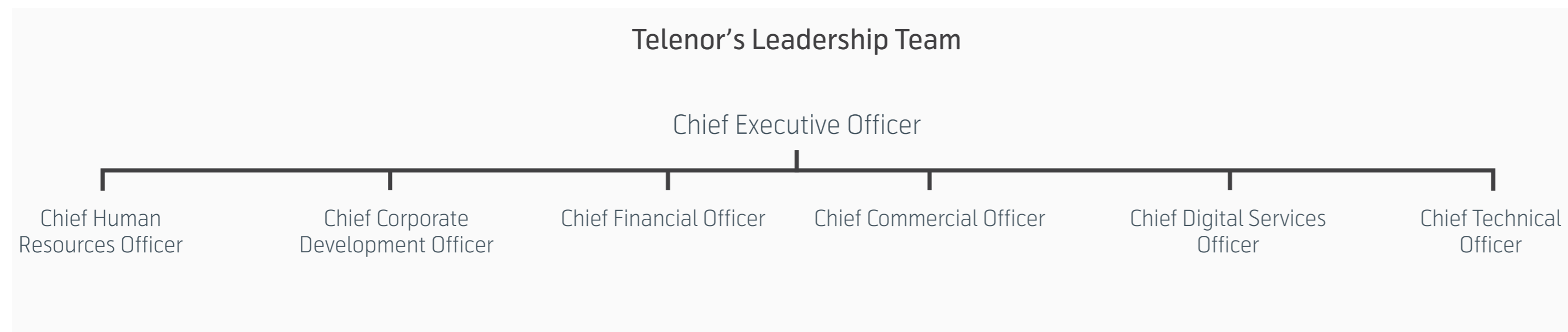
Board of Directors members²⁶:

1. Kjell Morten Johnsen,
2. Ingrid Riddervold Lorange,
3. Ronny Bakke Navdal,
4. Katja Christina Nordgaard,
5. Knut Giske,
6. Nils Katla

Supervisory Board members²⁷:

- Roland Szalai,
- Asbjørn Michelet Bakke,
- Gunn Ringøe.

The work organization and daily business of Telenor Hungary are managed by the CEO in line with the resolutions of the shareholder's general meeting and the Board of Directors. The CEO is employed by Telenor Group and is not a member of the Board of Directors. This position was filled by Christopher Laska in the reporting period.



²⁵ VimpelCom is a telecom operator present in many markets of the world in which Telenor has a 33% stake

²⁶ As of 31 December 2014

²⁷ As of 31 December 2014



4.3. Our services

We believe that mobile communications can be both a catalyst of economic growth and a key contributor to social progress. With our products and services, we want to help our customers keep in touch and we also want to contribute to sustainable growth.

Our company provides mobile voice and data services in Hungary. Earlier voice and SMS services accounted for the vast majority of our “mobile services”. Nevertheless, accelerated technology growth, the emergence of smart devices and the fast-based expansion of internet penetration have changed consumer needs and created new challenges for us. With the demand for anytime access rising, mobile data services have gained more ground in our services portfolio. In response to changing needs, we have made mobile internet available on various mobile devices and have been improving our infra-



²⁸ megabit per second

structure in an ongoing manner. As a result of network development efforts, October 2013 saw the launch of Hipernet 4G, the country’s fastest mobile internet service offering a theoretical maximum speed of 150 Mbps²⁸. Since then, we have been working to increase the outdoor coverage of 4G services.



In addition to network development efforts to improve the quality of our data services, we also keep expanding the range of content available in our online music and film streaming services. Our Deezer Music service provides access to a database of over 35 million music titles from a laptop, tablet or smartphone, while our MyTV services offers the programmes of 25 television channels made available in a large-screen format in response to customer feedback.

4.4 Our customers

Telecommunications and infocommunications have grown to become an integral part of people’s private and working lives. With mobile growth, an accelerated pace of life and changing business models, we have to satisfy the increasingly diverse needs of several customer segments in an impeccable quality. This is the only way to create value for our customers.

Our consumers include cost-sensitive young people open to novelties, senior customers driven by traditional values as well as more active adult mobile users open to innovation. A common feature of all these consumer segments is that they are continuously exploring the opportunities provided by mobile internet.

Our business customers have even more diverse needs. The type of services they need and their budget available depend on their core business, industry-specific requirements and size. Meeting the expectations of large enterprises often requires a high level of flexibility and creativity. The challenges faced when serving SME customers include their demand for close cost control and optimised service plans.

4.5. Economic performance

Our economic performance (based on IFRS, 2010-2014)

	2010	2011	2012	2013	2014
OUR ECONOMIC PERFORMANCE (BASED ON IFRS, 2010-2014)					
Sales (HUF million)	165 166	160 302	157 929	152 945	156 403
EBITDA (HUF million)	60 294	54 894	50 835	52 950	50 747
EBITDA rate (%)	36,5	34,2	32,2	34,6	32,4
EBIT (HUF million)	33 269	26 078	35 420	37 119	31 852
CAPEX (HUF million) ²⁹	8 913	15 043	11 503	11 198	13 533
ARPU index (HUF million)	3 764	3 647	3 662	3 574	3 594

In 2014, our company had sales of HUF 156.403 billion which is 2.26% higher than the year before. Our operating profit, however, declined by 14% due to frequency investments and higher depreciation. In terms of our economic performance, there was a major change in our CAPEX levels. 2014 saw a rise of 20% due to network development projects implemented during the year.

At the end of 2014, our company had 3,482,000 subscriptions, and the number of mobile internet customers exceeded 1,184,000. The unbroken popularity of smart devices is indicated by a 3.8-fold increase in the number of tablets sold in 2014 compared to 2013.

MONTHLY TRAFFIC PER CUSTOMER IN 2014 (MINUTES)	189
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Based on Telenor's annual report,³⁰ the company had total liabilities of HUF 171,675 million including equity and provisions of HUF 44,917 million and liabilities, accruals and deferred income of HUF 126,758 million.

²⁹ Excluding frequency charges

³⁰ As at 31 December 2014



3 482 000

PHONE SUBSCRIPTIONS



1 184 000

MOBILE INTERNET SUBSCRIPTIONS

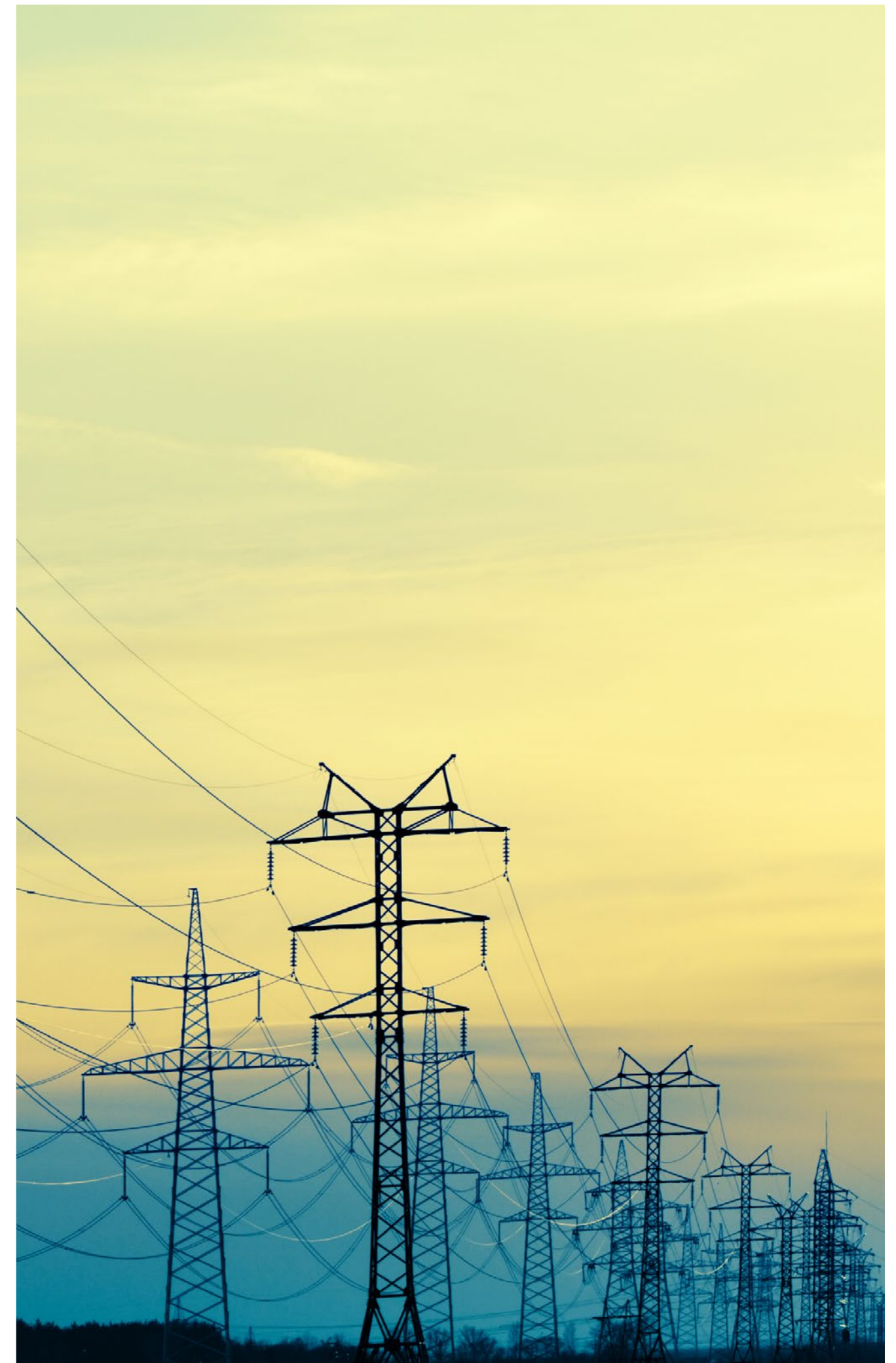


Infrastructure investments (2014)

Telenor Hungary makes effort to improve the supply of telecommunications services to its customers and contribute to their digital literacy through continuous development. To further this end, we have spent HUF 9,237 million on infrastructure development in the reporting period. 90% of this amount was spent to improve the availability of mobile data services. For more information on the environmental impact of our network development efforts please read chapter [11.2](#) titled [Energy consumption and CO2 emissions](#).

The company received no major government or political contribution and it provided no financial support to any political organisation in the reporting period.

INVESTMENTS AND SERVICE DEVELOPMENT INITIATIVES	INVESTMENT AND DEVELOPMENT MONETARY VALUE (HUF MILLION)		SOCIAL IMPACT OF DEVELOPMENT
	2013	2014	
Voice	563	436	Improvement of the quality of mobile telecommunications services including voice services to Hungarian consumers and businesses
Data	5 301	8 323	3G and 4G projects to promote digital literacy and expand/improve the supply of mobile data services to Hungarian consumers and businesses "Internet for All"
Other network	504	478	Network infrastructure modernization because of ageing and environmental reasons (to reduce ecological footprint)
Total	6 368	9 237	-



4.6. Membership in organisations

Our company is a member of the following trade and representative organisations and it supports the following initiatives:



Membership in trade organisations

- GSM ASSOCIATION
- COMMUNICATIONS RECONCILIATION COUNCIL (HÉT)
- SCIENTIFIC ASSOCIATION OF INFOCOMMUNICATIONS (HTE)
- ICT ASSOCIATION OF HUNGARY (IVSZ)
- HUNGARIAN MOBILE WALLET ASSOCIATION
- NMHH TECHNICAL SUPPORT SYSTEM
- SELF-REGULATORY ADVERTISING BOARD

Membership in representative organisations:

- AMERICAN CHAMBER OF COMMERCE (AMCHAM)
- HUNGARIAN BUSINESS LEADERS FORUM (HBLF)
- KÖVET ASSOCIATION FOR SUSTAINABLE ECONOMIES
- HUNGARIAN DONORS FORUM (MAF)
- BUSINESS COUNCIL FOR SUSTAINABLE DEVELOPMENT IN HUNGARY (BCSDH)

Endorsed initiatives

- NONPROFIT INFORMATION AND EDUCATION CENTRE (NIOK) – ADHAT DONATION LINE
- TRANSPARENCY INTERNATIONAL HUNGARY – CORPORATE SUPPORTERS' FORUM

As a member of trade organisations, Telenor has been involved in developing the legal and regulatory framework of communications and commented on new and amended legal regulations on behalf of the industry. We have entered into partnership with the authorities in several fields. Through the Spektrum working group of the Communications Reconciliation Council (HÉT), for example, we commented on the draft frequency management regulation of the National Media and Infocommunications Authority (NMHH), and we also contributed to establishing Hungary's official position for NMHH's international talks about spectrum usage. We provided a complex policy status report on several topics to help NMHH develop a well-founded expert opinion.

Telenor is a contractual partner of NMHH TSR, that is, the technical support system that makes electronic data unavailable temporarily or permanently as requested by a court or the National Tax Authority in line with effective legal regulations.



5. OUR STRATEGY

5.1. Corporate strategy

Our corporate strategy is centred around our commitment to meet changing and increasing customer needs at a high quality which requires the continuous development of our products and services. Our ICT solutions enable customers to keep in touch and use innovative applications in all areas of life. We want to provide them with the broadest range of products and the highest quality services to deliver a no-compromise mobile experience. To achieve this, we strive to develop the most state-of-the-art 4G network and reasonably priced, reliable services.

5.2. Our stakeholders

Our activities and diverse services connect us to many different social groups. Our stakeholders are the members of all groups that have an impact on the company's operation and/or are affected by the company's activities. Our sustainable and responsible corporate governance principles require continuous dialogue with all stakeholder groups to facilitate mutually beneficial long-term cooperation. Through the understanding of different needs and expectations, this will help us achieve a stable business performance and win the recognition and loyalty of our customers.

STAKEHOLDER GROUP	IMPORTANCE OF DIALOGUE	FORM OF DIALOGUE	FREQUENCY
Employees	Our business success is based on the thorough and conscientious work of our employees.	Employee Engagement Survey (EES ³¹)	once a year
Management	Our successful and sustainable operation as a company depends on our managers' well-informed decisions.	HSSE ³² Committee	quarterly
Telenor ASA (Owner)	Our performance has an impact on our shareholders who set economic, social and environmental expectations for us.	Reports Regular data supply Workshops, conferences	ongoing
Customers	We want to use customer feedback to meet changing customer needs at all times.	Customer satisfaction survey	ongoing
Suppliers	The quality of our products and services also depends on our suppliers' performance. We expect our suppliers to identify with our corporate values and abide by our policies and basic operating principles.	Supplier audits risk assessment processes	once a year
NGOs	NGO experts help us make the most of our positive impact on the society.	Membership in organisations NGO partnership	ongoing
Public sector	Telenor has contributed to shaping the industry environment by commenting on several industry-specific legal regulations and active involvement in consultation through representative bodies.	Consulting on regulatory issues Membership in trade and representative organisations: Participation in forum activities	ongoing
Children	We make special effort to facilitate safe and responsible internet use by the youngest generations. To achieve this, we have to develop a thorough understanding of their needs and feedback first.	Education for safe and responsible internet use by children Corporate volunteers' programme at schools	once or twice a year
Local communities	Our business activities impact the lives of local communities directly. As a result, we make continuous effort to maintain a dialogue with them.	Community forums	as required by local residents
Media	Media channels provide the most efficient way to contact our customers and other stakeholders.	Press releases Press conferences Expert media briefings Regular information supply to the media	ongoing
Competitors	In line with our principles of ethical conduct and the pertinent legal regulations, and having efficient financial management in mind, we respect the principles of fair competition.	Membership in organisations Conferences	ongoing

³¹ Employee Engagement Survey

³² HSSE - Health, Safety, Security, Environment system

5.3 Corporate responsibility strategy

Being a leading player of the Hungarian telecommunications industry and the Hungarian economy in general, our company has a major economic, social and environmental impact on its stakeholders. In line with our commitment to sustainable and responsible business, we do our best to identify and minimize our harmful impact, and strengthen our positive impact to maximise benefits for our stakeholders. Telenor has identified three key pillars for its CR strategy.

Economic responsibility

Being a business entity, it is our primary responsibility to operate profitably and reach our business goals so that our products and services can create long-term value for our stakeholders. To achieve this, we always have to focus on customer needs, create a customer-centric approach throughout the organization, tailor development efforts to customer requirements, and pursue transparent and ethical business to promote efficient competition and create value for all.

Corporate responsibility

Rather than just being an economic actor, our company is deeply embedded in society, and it has an impact on and is responsible for the members of society. To demonstrate our social responsibility, we apply responsible employment practices, use our

technology for social causes and make our products and services available to all in a safe and accessible way.

Our company's success depends on its employees. As a result, we give high priority to the establishment of a safe, comfortable and efficient working environment. We do our best to leverage ICT solutions to create maximum value for society. To implement our sustainable social projects as effectively as possible, we are forging long-term cooperation with NGOs. Protecting children is an integral part of our CR strategy. There are important education and safety issues related to the use of internet and smart devices by younger generations. In line with this commitment, we have launched a programme to educate children on responsible and safe internet and mobile phone use.

Environmental responsibility

Our key environmental goals are outlined in the [Environmental Policy](#) adopted in 2013. We want to fully comply with environmental regulations and minimize the environmental impact of our activities. Most of our environmental impact comes from energy consumption and CO2 emissions related to network operation, travel and facility management. We keep seeking development opportunities in these fields.

In addition to minimising our own environmental impact, we also actively contribute to reducing the environmental impact of our customers. To further this goal, we provide products and services enabling our customers to better manage their resources and reduce their own harmful emissions.





6. responsible corporate governance

6.1. Our ethical principles

Maintaining ethical corporate conduct and fighting against corruption are not only our legal and moral obligation, but also an essential precondition to creating and fostering healthy and innovative competition generating real value for consumers. We want to become Hungary's most respected company. To achieve that, we need to promote compliance with ethical and transparent corporate best practices in our own operation as well as throughout our supply chain.

Code of Conduct, ethics and compliance function

Telenor's [Code of Conduct](#) describes how we shall conduct our business in line with our values, group-level policies, regulations and management expectations.

Telenor's Code of Conduct sets high standards of ethical business conduct for the company that need to be observed by all employees of Telenor Group. All employees and other parties acting on behalf of Telenor must comply with the standards of the Code of Conduct.

The Ethics & Sustainability Committee of the Telenor ASA Board of Directors shall oversee that the organisations' leadership is creating an ethical atmosphere, while it is the responsibility of unit-level local management as well as the ethical and compliance function to implement the Code of Conduct.

To make the values of the Telenor Way and our company's strategy easier to understand, Telenor's Code of Conduct was upgraded in 2014. As part of the upgrade, more emphasis was given to zero tolerance on corruption, provisions were added for the transparent management of conflicts of interest and Telenor has made a clear commitment to ensuring an appropriate work-life balance for its employees.

For more information about Telenor's Code of Conduct and its ethical and compliance function, please read our [sustainability report for 2013](#).

6.2. Legal compliance

We strive to fully comply with legal regulations during our daily business. Our competitive behaviour is

driven by our desire to comply with the provisions of effective legal regulations, and particularly Act LVII of 1996 on the prohibition of unfair and restrictive market practices.

Thanks to our ethical and transparent operation, Telenor was not condemned for anti-competitive behaviour in 2014.

Except for some marketing communications and information supply issues described in section [7.2 of the report titled "Responsible marketing"](#), Telenor was not found guilty in violating the law by any authority in the reporting period³⁵.

6.3 Practices to combat corruption and promote ethical business conduct

Telenor is firmly opposed to all forms of corruption. In our daily business, we consider the fight against corruption not only a statutory and moral obligation, but also a way to ensure healthy and efficient

long-term competition and our future success. Telenor has zero tolerance for corruption and is committed to doing business in accordance with the highest ethical standards.

To help our employees work in compliance with Telenor's principles and formal policies, we published an [Anti-corruption Manual](#) in 2013 including guidance on how to recognize and avoid corruption.

Corruption risk assessment

In line with our principles of ethical and transparent operation, we are making continuous efforts to assess and reduce the risk of corruption. During the reporting period, we conducted several corruption risk assessments.

Upon Telenor Group's initiative, the Legal and Compliance Department completed a risk assessment including a questionnaire survey for employees and a workshop allowing them to discuss their ethical dilemmas.

Upon our own initiative, we performed a legal risk assessment covering all parts of our business.

During this assessment, we identified major corruption risks in our reseller and supplier networks related to e.g. unfair competitive advantage and bribery.

TOTAL NUMBER OF LEGAL ACTIONS FOR ANTI-COMPETITIVE BEHAVIOUR, AND NON-COMPLIANCE WITH ANTI-TRUST AND MONOPOLY PROVISIONS AND THEIR OUTCOMES ³³		2014
No. of legal actions		0 ³⁴

³³ By this we mean the formal identification of any of the below cases of misconduct specified in the Competition Act: unfair competition (Sections 2-7), unfair manipulation of business decisions (Sections 8-10), agreements restricting economic competition (Sections 11-20), abuse of dominant position (Sections 21-22), unauthorized concentration of companies (Sections 23-32).

³⁴ We considered only those actions where a regulatory authority passed a resolution in calendar year 2014. We always took resolutions of first instance into account.

³⁵ We considered cases in which Telenor was found guilty in violating the law and was fined for more than HUF 1 million by the authorities.

	ASSESSMENT OF LEGAL RISK AWARENESS	ANNUAL LEGAL WORKSHOP	NEWSLETTERS	PRESENTATION FOR NEW ENTRANTS	ANTI-CORRUPTION E-LEARNING COURSE
Goal	Identify corruption risks through assessing employees' legal risk awareness.	Keep anti-corruption knowledge and awareness up-to-date, deepen knowledge Topics covered: results of the survey assessing the ability to recognize legal risks, overview of Telenor's relevant policies with special respect to anti-corruption requirements and compliance with competition law	Brief description of standards and ethical conduct rules outlined in Telenor Group's Code of Ethics with practical examples	A mandatory 1-hour event organized every three months for new entrants where Telenor's values, ethical principles and expected anti-corruption conduct are discussed The concept of corruption, its manifestations, legal evaluation and warning signs are introduced Colleagues are informed about whom to contact for advice and how to file a compliance report.	Employees' knowledge about corruption-free business and appropriate behaviour is expanded through practical examples.
Form	Online questionnaire	Workshop, presentation	E-mail	Presentation	Online presentation material in the form of e-learning
Invited participants	Representatives of all affected functions	Representatives of all affected functions (e.g. marketing, marketing communications, digital services, finance)	All Telenor employees	New employees hired in the given period	All employees
Number of participants	about 350 people	194 people	about 1,150 people	about 20-25 people/quarter	about 1,150 people

To reduce the risk of corruption, we adopted a new local manual in 2014. This manual aimed to record corruption attempts against Telenor by customers and business partners.

We want to clearly and appropriately inform all Telenor employees about corruption and the policies underpinning our corporate culture. To further this goal, the Legal and Compliance Department launched a comprehensive project to review all corporate policies including mandatory requirements and made their text more concise and easier to understand.

To ensure appropriate training for all employees on our principles and standards, and enable them to acquire the required practical skills, we held the below training courses in 2014.

Reporting and investigating violations

The Group Manual Ethics & Compliance contains clear investigation procedures and an outline of disciplinary procedures, the parties responsible for appropriate action and a promise that the disciplinary actions will be fair and proportionate. Employees who become aware of any kind of infringement are encouraged to report this to their leader or the Local or Group Ethics & Compliance Officer. Telenor runs a compliance hotline for this purpose where incidents can be reported in the official local language by phone, e-mail or postal service 24 hours a day, every day of the year. Telenor does not allow reprisals of any kind against those who in good faith report an infringement or suspicion of an infringement. Misconduct that may result in disciplinary actions includes failure to promptly raise a known or suspected breach.

In 2014, we had a single case when a customer attempted to bribe an account manager. This case was reported to the company by an employee. As a result, Telenor now keeps a close eye on this customer and delegates at least two employees to any meeting with this customer.

6.4 Telenor's contribution to transparent business

Telenor Ethical Company Award

Telenor has been partnering with Transparency International Hungary (hereinafter "TI") since 2012. We joined forces to fight corruption posing a threat to Hungary's competitiveness and promote transparent business practices.



As part of our partnership, we presented the Telenor Ethical Company Award for the third time in 2014. The award was established to recognize corporate programmes aiming to promote ethical business conduct.

The Telenor Ethical Company Award was presented to Richter Gedeon Nyrt. and SIGNAL Biztosító Zrt. in the large enterprise and SME categories, respectively.

For more details about our partnership with TI, please read our [sustainability report for 2013](#), or the section about [Telenor's efforts to promote business transparency](#) on our website.

"In the pursuit of facts"



To raise young people's awareness of the importance of corruption-free and transparent business, Telenor and DUE student journalist association established ethical student journalist award "In the pursuit of facts" in 2013. The award is granted to

applicants for fact-based stories on any topic of their choice.

2014 award winners submitted stories about young smokers, the prosecution of an innocent man, and student card-related difficulties.

6.5. Sustainable supply chain

Its size, business activities and extensive supply chain make Telenor a key player of Hungary's national economy. It cooperates with many service partners in various fields³⁶ from consulting to purchasing that all contribute to the company's successful operation. As a result, we need to promote sustainability also in our partner network.

The Supply Chain Sustainability³⁷ (SCS) function has been playing a central role in establishing and maintaining the sustainability of our supply chain since 2008. As a key function, SCS sets demanding expectations for contractual partners and monitors compliance with them to support Telenor's high service quality and competitive position.

Acting as a consultant and monitor, the SCS function not only reduces supplier risk to Telenor, but also reduces business risk for the suppliers themselves to help them implement recommendations made during inspections.

³⁶ All service providing partners are considered to be our suppliers. In 2014, we had 539 suppliers.

³⁷ Sustainable supply chain

TYPES OF IMPACT ASSESSMENT	NUMBER OF SUPPLIERS SUBJECT TO IMPACT ASSESSMENT	NUMBER OF SUPPLIERS WITH MAJOR EXISTING AND POTENTIAL RISKS IDENTIFIED	NUMBER OF SUPPLIERS MAKING PROGRESS IN THE PERIOD UNDER SURVEY	NUMBER OF CONTRACTS TERMINATED
Environmental	74	0	0	0
Employment	74	9	19	0
Human rights	74	0	0	0
Social impact	74	0	19	0

Telenor framework for ensuring sustainability in the supply chain:

- MANAGEMENT COMMITMENT FROM TEL- ENOR
- EXPECTATIONS
- SUPPLIER COMMITMENT
- INSPECTIONS AND RISK MANAGEMENT

We take special care to work with partners that can identify with Telenor's values, ethical and anti-corruption principles. As part of this, we expect our contractual partners to sign an agreement on responsible business behaviour to demonstrate their commitment to the [Telenor Supplier Conduct Principles](#) based on international best practices. They also have to agree to convey the Telenor Supplier Conduct Principles to their own suppliers and enable Telenor to check compliance both in their organization and at their subcontractors. We had 466 active partners registered in the reporting period (that also signed the above agreement).

In 2014, one of our aims was to reach even more suppliers in a direct and targeted way. As a result, we

distributed self-assessment questionnaires to 60 suppliers to evaluate their compliance with the Telenor's Supplier Conduct Principles. Based on the evaluation of their answers, we initiated a development dialogue with 18 contractual partners.

In most cases, this dialogue improved the understanding of certain process goals and contributed to more efficient or compliant non-service activities.

In addition to the self-assessment, scheduled and ad-hoc comprehensive inspections were conducted at another 18 contractual partners based on a preliminary risk assessment. Risk analysis includes the evaluation of risks related to non-compliance with the Supplier Conduct Principles. It identifies key focus areas and ranks suppliers based on the risks associated with them. Risk assessment by SCS is supported by Procurement and it also relies on previous years' experience as an input. The annual plan is also approved by the Leadership Team. Inspections are con-

ducted in different subjects and at a different level of detail. Nevertheless, all inspection programmes check compliance with effective Hungarian labour law and health & safety regulations.

In addition to filling in the self-assessment questionnaire, we evaluated the compliance of our suppliers' management systems and environmental and health and safety practices with [Telenor Supplier Conduct Principles](#) and legal regulations.

After these inspections, several corrective actions were taken in cooperation with suppliers. Telenor monitors and supports the implementation of these corrective actions.

In 2015, we will seek to improve our suppliers' approach and processes through public and invitation-based training courses. In addition, we plan to set up a complex supplier pre- and post-certification system that would monitor suppliers throughout their lifecycle and help manage the risks associated with them.

In order to strengthen Telenor's SCS function, we organized an internal training course for employ-

ees to improve their skills for the evaluation of suppliers. As a result, there will be five more motivated volunteers available to support SCS's consulting and inspection activities.

To further the development of Telenor and its contractual partners, we have joined the Supply Chain working group of the Business Council for Sustainable Development in Hungary. This working group includes representatives from virtually all industries (e.g. food processing, transportation, spare part manufacturing, automotive industry, etc.). This working group aims to improve the approach of Hungarian business players in terms of ethics and sustainability, identify best practices and share them within the business community as broadly as possible.

Due diligence processes for suppliers in 2014

We carried out 74 supplier assessments in 2014 (13.7% of suppliers) covering our partners' environmental, employment, human rights practices and social impact.

6.6. Human rights due diligence

Telenor is present in the human rights arena in four distinct roles: as an employer, as an operator, as a customer and as an investor. Being a responsible company, we need to identify the fields where we or our partners face the risk of violating human rights. Being a telecommunications company, we also need to empower consumers and enable them to enforce their human rights providing them with access to education, healthcare and financial services. Respect for and focus on human rights is important also from a business perspective. We are committed to setting a model for our consumers and partners alike.

In addition, Telenor Group initiated a human rights due diligence process covering all operating companies. After analysing a wide range of documents, studying legal regulations, internal policies, international and Hungarian human rights reports, and conducting a questionnaire survey among the representatives of Telenor’s stakeholder groups, we identified country- and industry-specific human rights risks and improved our understanding of Telenor’s practices.

The 5 focus areas identified are as follows:



The action plans developed for all 5 focus areas are currently being implemented.

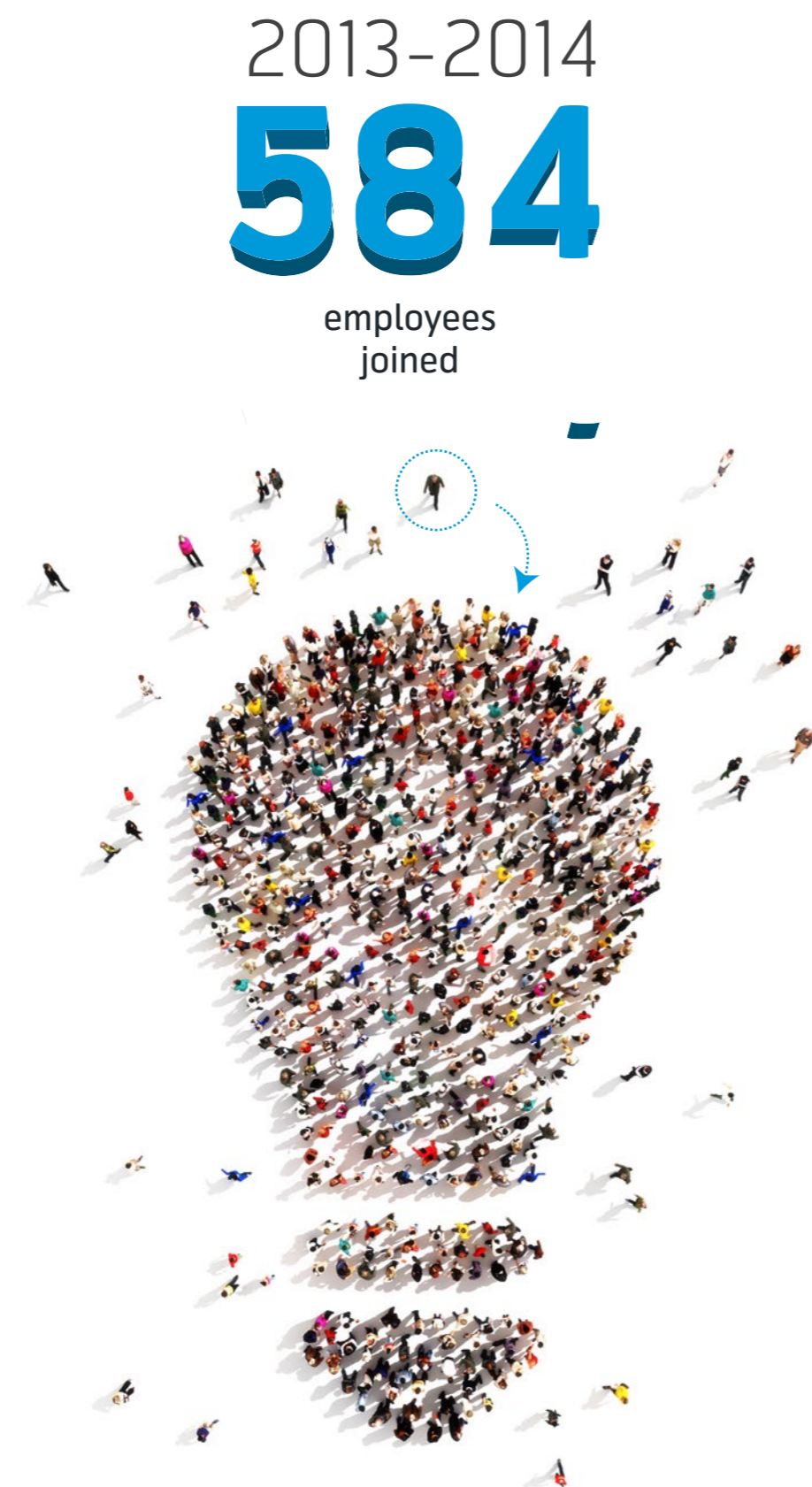


7. *CUSTOMERS*

To be successful, we need to ensure our customers' satisfaction with our products and services and provide them with an appropriate customer experience every time they interact with Telenor. For this, we need to improve our colleagues' customer centricity and develop our products and services on an ongoing basis.

7.1 Innovation

Given the nature of our business activities and the fast pace of technology growth, our success also depends on our ability to implement innovations. To be able to meet our consumers' and business customers' changing needs, we established an innovation platform promoting the identification and implementation of innovative new ideas in 2013. This platform also provides a forum to colleagues for sharing their ideas related to environmental protection, health and safety. This platform was joined by 584 Telenor employees by the end of 2014. For more details about this system [please read our sustainability report](#) for 2013.



Innovation Platform

7.2 Responsible marketing

We seek to comply with all relevant legal regulations and respond to consumer and authority feedback in all areas of our business operation including marketing. As Telenor is committed to keeping its customers well-informed, it always complies with consumer protection and other legal requirements in all phases of its marketing activities.

Telenor's marketing activities are regulated primarily by Act CLV of 1997 on Consumer Protection, Act XLVIII of 2008 on the Basic Terms and Limitations of Commercial Advertising Activities, Act XLVII of 2008 on Unfair Commercial Practices, Act C of 2003 on electronic communications and Act LVII of 1996 on the prohibition of unfair and restrictive market practices. Our marketing communication activities are overseen by the National Media and Infocommunications Authority (NMHH³⁸), the National Consumer Protection Authority, and the National Competition Authority (GVH). These authorities request data from us both on a scheduled and on an ad hoc basis in response to consumer reports and as part of their own statutory function.

Telenor was condemned on one occasion by NMHH for its marketing communications activities during the reporting period. The Hungarian Competition Authority (GVH) found that Telenor violated the law when promoting its Családi Csomag (Family Package) service. As a result, Telenor was fined for HUF 10 million.

Telenor was condemned for the lack of proper information supply about products and services several times by NMHH in 2014³⁹. These cases were due to employee mistakes related to insufficient data supply about products and services, incomplete response to complaint letters and failure to answer letters by the statutory deadline.

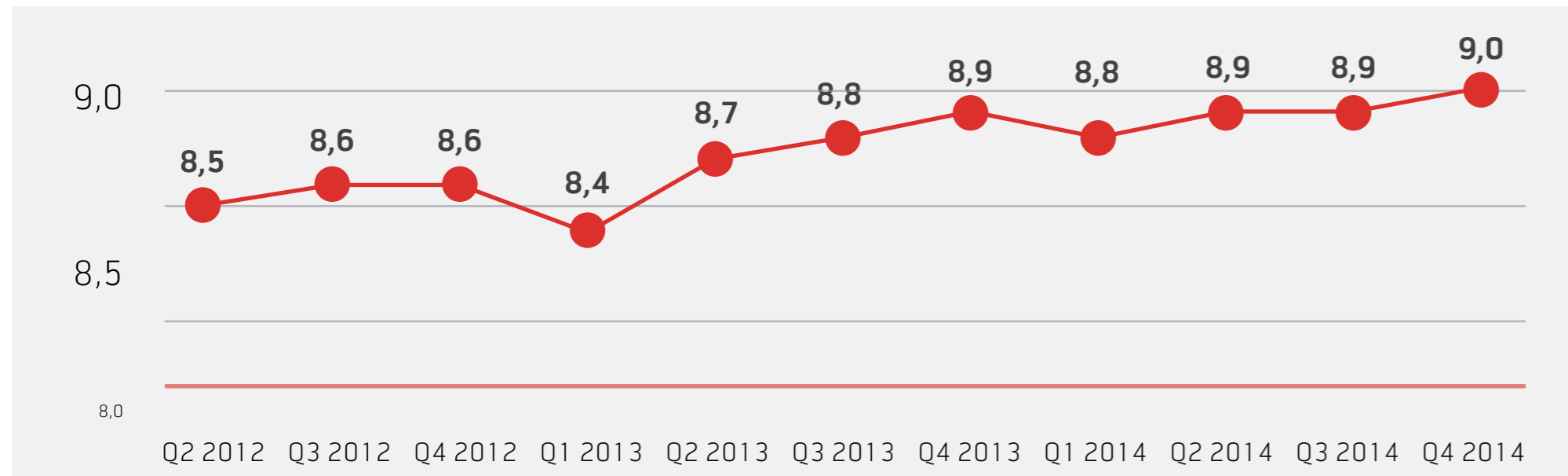
7.3 Customer satisfaction

We want consumers to be always satisfied with the quality of our products and services, the customer experience provided to them and implement development projects creating genuine added value for them. To ensure this, we have been conducting customer satisfaction surveys for several years. We regularly contact our customers and integrate their feedback into our development goals.

³⁸ National Media and Infocommunications Authority

³⁹ This section includes cases when Telenor was condemned by the consumer protection authority for failing to provide appropriate information based on a specific customer complaint.

Consumer satisfaction survey⁴⁰



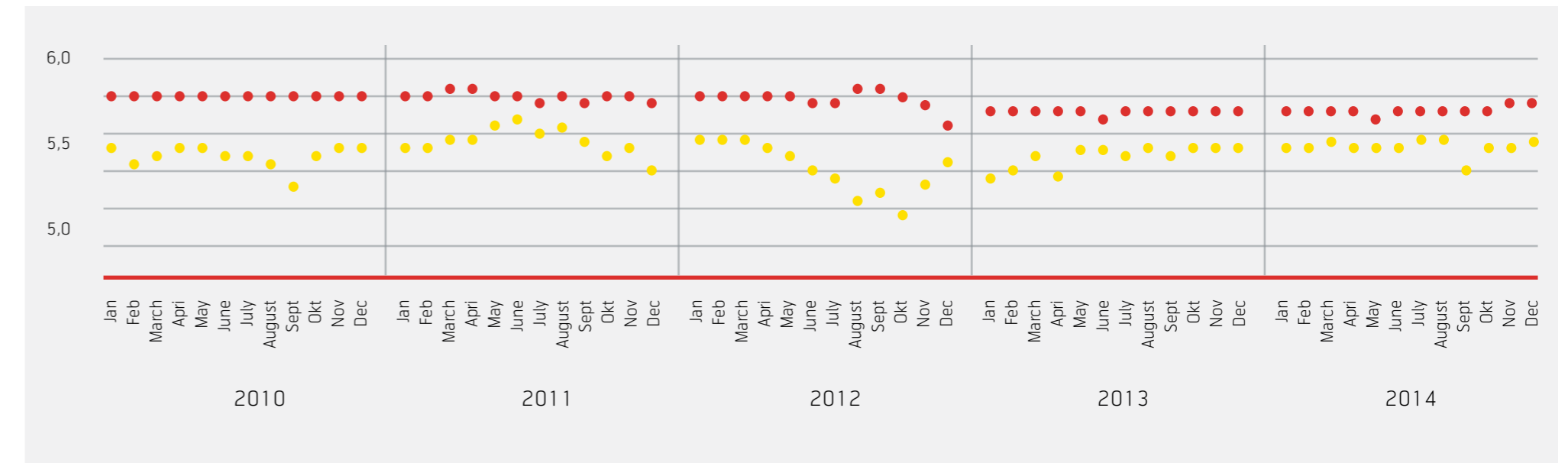
Telenor's consumers had an average satisfaction score of 9 on a scale of 1 to 10 in Q4 2014 where 10 meant full satisfaction. Satisfaction has slightly improved since 2012.



⁴⁰ Source: TNS, Global Brand Tracker Base: population aged 14 to 65
Question: How would you rate your overall satisfaction with Telenor? Please rate your satisfaction on a scale of 1 to 10 where 1 means "very dissatisfied" and 10 means "fully satisfied". You can give your opinion by selecting any number between 1 and 10.

⁴¹ Interactive Voice Response

Satisfaction with phone-based customer service



- **1.** How would you rate your satisfaction with the customer service operator responding to your call? Please rate your satisfaction on a scale of 1 to 6 where 6 means very satisfied and 1 very dissatisfied.
- **2.** What about your overall satisfaction with the customer service in general including availability, menu system and any other aspects? Please rate your satisfaction on a scale of 1 to 6 where 6 means very satisfied and 1 very dissatisfied.

7.4. Privacy

Due to the nature of our business activities, we manage personal data in virtually all fields on a daily basis. With technology and digital growth, privacy has become more critical than ever before in recent years. Telenor follows strict privacy rules, and manages privacy and data availability risks in line with customer expectations.

To manage data security risks in a structured and efficient manner, Telenor Hungary complies with the ISO 27001 standard and keeps working to protect not only customer data but also its own sensitive corporate data against potential attacks and abuse.

Telenor manages data in compliance with effective legal regulations, and in particular Act CXII of 2011 on the right of personal data protection and freedom of information and the Communications Act. In line with its statutory obligations, Telenor outlines the rules for managing its subscribers' personal data in its General Terms and Conditions and its internal Privacy Policy.

PRIVACY COMPLAINTS	2010	2011	2012	2013	2014	CHANGE COMPARED TO 2013
No. of privacy complaints received	46	65	35	55	169	+207%
No. of substantiated complaints	18	33	11	32	128	+300%
Substantiated complaints received from third parties	18	29	11	25	60	+140%
Substantiated complaints received from regulatory authorities	2	1	1	1	1	0%
Number of data leaks	0	3	5	4	1	-75%
Number of data thefts	0	3	1	0	1	-
Number of data losses	0	1	0	0	0	0%

In 2014, we had 169 privacy complaints. In 128 cases, we made a data management mistake that we reported to NMHH as required by the law. The significant rise in the number of complaints is due to a change in the reporting process of privacy complaints. More cases were recorded as a complaint than in the previous reporting period due to more stringent rules.

We take technical and organizational measures to improve privacy. In the reporting period, e.g. we implemented an IT solution to simplify the reporting of privacy violations. We also provide training courses to raise colleagues' privacy awareness.

7.5. Safety

Every piece of equipment connected to the electricity network generates an electric field. Radio and television antennas as well as mobile phone antennas generate a radio-frequency electromagnetic field. Please note, however, the electromagnetic waves have no harmful effect on human health.

Upon constructing base stations and masts, health limits are always strictly observed.

During our activities, we closely comply with health limits on workers and local residents alike, and we follow WHO⁴² guidelines in developing our network.

The reporting period did not contain any court ruling finding Telenor guilty of violating legal regulations on the careful management and use⁴³ of its products and services⁴⁴ or their health and safety impact.

Degree of non-compliance with product- and service-related legal regulations and other requirements and the monetary value of associated fines

MONETARY VALUE OF FINES (HUF)

0

No. of actions when legal regulations or voluntary standards on the health and safety impact of products and services were violated in a breakdown by outcome:

NO. OF LEGAL ACTIONS

0



⁴² World Health Organization

⁴³ Act CLV of 1997 on consumer protection

⁴⁴ Act LXXXVIII of 2012 on the market supervision of products



8. INFOCOMMUNICATIONS TECHNOLOGY FOR THE benefit OF THE SOCIETY

8.1. Safe and responsible internet use by children

With fast-paced technology growth and the broader adoption and rising penetration of the internet and smart devices, children start using mobile phones, computers and tablets at an increasingly young age. They acquire the skills to use these undoubtedly useful technology innovations very early in their lives which exposes them to some common online risks.

It is our responsibility to reduce the risks emerging through the use of our products and services.



We are committed to providing maximum support to children, their parents and teachers enabling them to enjoy the benefits of our technology in a safe and responsible way.

We have launched several initiatives to promote safe internet use by children. Under one of them, our internet network has been blocking websites with child sexual abuse content based on a blacklist provided by the National Police Headquarters (ORFK) and Interpol.

In addition, we provide a free service enabling customers to ban access to premium rate content and limit access to websites included in the operator's white list of safe, non-adult content on their children's mobile subscription.

Our website includes a link to NMHH's interface for reporting online harassment, paedophile, racist or extremely violent content. We also made the [Norton Family](#) free child protection filtering software available [on our website](#) as recommended by the Internet Roundtable for Child Protection in 2014.

For more information about our activities to promote safe internet use by children please read our [sustainability report for 2013](#).

Digital World

In addition to making technology solutions available, we also aim to support responsible internet use by children and promote the growth of digital literacy. In line with this goal, we joined forces with MediaSmart Hungary Kft. to develop a training material titled Digital World for young schoolchildren in 2013. This material helps children develop a critical approach to the internet already at young age. This material was made available as part of the accredited teacher training programme in 2014. As a result, fresh graduates will take safe internet skills to young schoolchildren in even more schools.

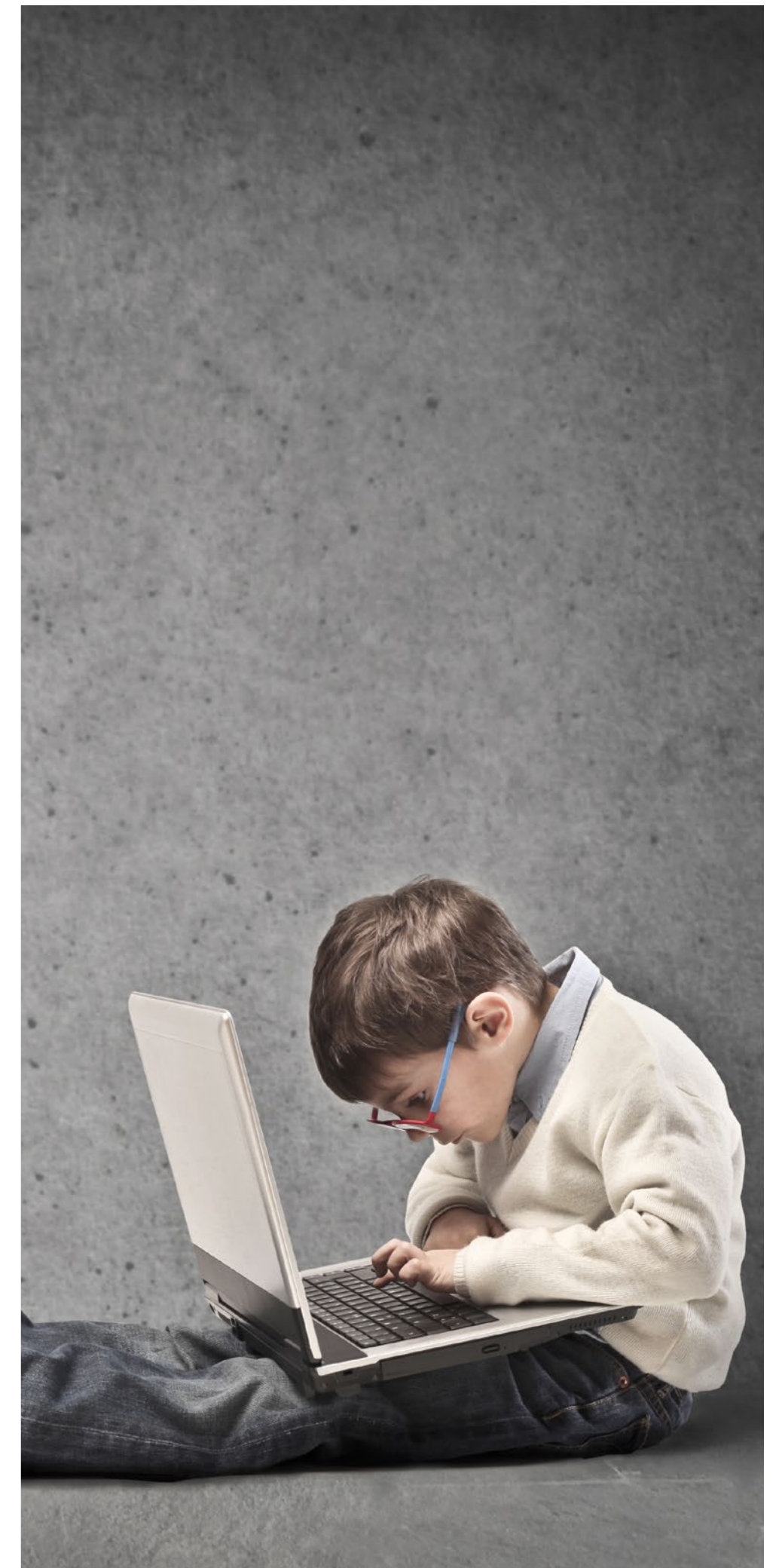
For more information about the Digital World learning material [please read our sustainability report for 2013](#) or visit the website of the [Digital World programme](#).

Children's rights

In 2013, UNICEF's National Committee in Hungary and Telenor Hungary signed a partnership agreement. As part of this partnership, we supported UNICEF⁴⁵ in launching the [Ébresztő-óra programme](#) aiming to raise awareness of children's rights. Under the initiative, volunteers held playful interactive sessions across the country for more than 2,000 children and educated them on their rights.

Telenor Hungary also agreed to promote the HelpAPP developed by UNICEF's National Committee in Hungary. [The HelpAPP](#) aims to help children recognize, avoid and manage violence. In 2014, the app was also made available on Firefox.

For more information about the partnership between UNICEF and Telenor, [please read our sustainability report for 2013](#) or [visit our website](#).



⁴⁵ United Nations International Children's Emergency Fund



8.2. ICT in education

Telenor Hungary is committed to contributing to social growth and bridging the digital divide through infocommunications technology (ICT). As part of this commitment, we support public education.

This commitment has been demonstrated several times in recent years through educating students on safe internet use. Nevertheless, our technology offers other benefits for children. Telenor's core business provides an opportunity for using digital technology in education. The pilot education programme launched in the 2013/2014 academic year and subsequent activities to prepare the Hipersuli programme were a practical implementation of this idea.

“Hipersuli” pilot project in Áldás Street Primary School and next steps

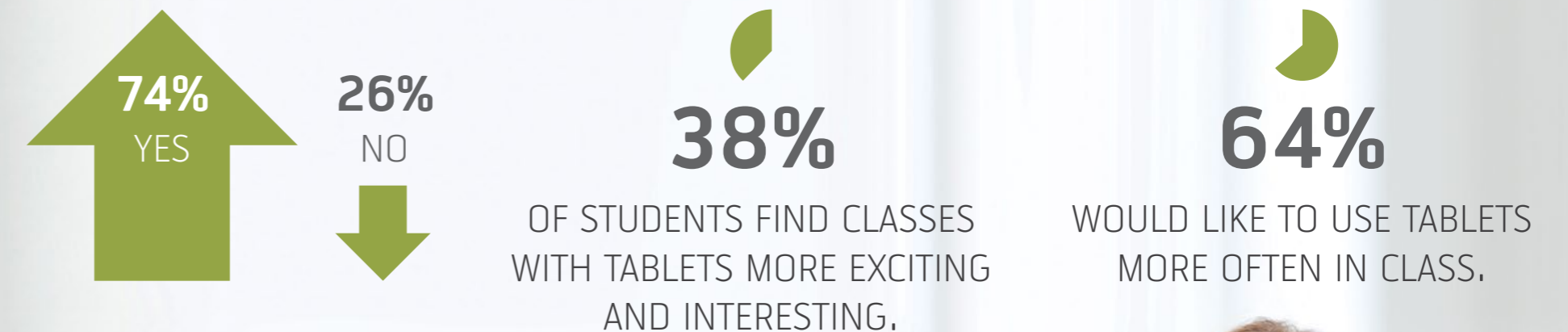
The “Hipersuli” education pilot project launched in Áldás Street Primary School, Budapest in autumn 2013 was completed in 2014. For more information [please read our sustainability report for 2013](#). Once the pilot project was successfully completed, we decided to extend the project to more schools. Partnerships were established, plans were prepared and arrangements were made for an academic research. Then the project team was set up for the Hipersuli education programme to be launched in 2015.

The Áldás Street project was evaluated to demonstrate the subsequent impact of the “Hipersuli” pilot programme. The survey aimed to evaluate the experience of using tablets among participating children, their parents and teachers. We wanted to find out how the use of these devices in education changed the target groups' attitude, motivation and school results. The following chart summarises the results of focus group interviews and a questionnaire survey.

AS A PARENT, HOW SATISFIED ARE YOU WITH THE WAY TABLETS ARE USED IN CLASS?



WOULD YOU LIKE TO USE TABLETS IN CLASS FOR OTHER SUBJECTS TOO?



HOW OFTEN DO YOU USE TABLETS IN CLASS?



Impact monitoring of “Okosuli” pilot project at Áldás Street Primary School (Source: Digital Identity Agency Magyarország Kft., 2015)



8.3 Educational events

Smartphone Academy

With the Smartphone Academy event series, Telenor aims to present relevant, progressive and exciting topics and usage scenarios to the growing community of smartphone users. It invites renowned subject matter experts to speak at these events and gives Hungarian developer teams an opportunity to introduce themselves to the wider public. These events also serve as a networking forum where participants can exchange views with each other and with invited experts.

In 2014, two Smartphone Academy events were organized. The event in March focused on wearable smart devices attracting a record number of participants. The event in April gave an overview of the past 20 years of mobile communications in Hungary.

Telenor Youth Summit

Telenor Group announced its Youth Summit competition in partnership with the Nobel Peace Center for the second time in 2014. The competition accepted applications from young people in 14 European and Asian Telenor countries who could use their digital native skills to demonstrate how mobile technology can be leveraged to address global social challenges.



“What will happen if we bring together 28 enthusiastic European and Asian young people and a team of global mobile industry leaders and experts at the headquarters of Telenor? Great ideas will emerge on how mobile and digital communication can be used to propel social and economic changes and enable individuals and communities to realize their true potentials

said Jon Fredrik Baksaas, President and Chief Executive Officer of Telenor Group.

The Hungarian winners of Telenor Youth Summit in 2014 supported talent management and helped victims of internet harassment with their ideas. The Hungarian winners were Kornélia Bálint, student of Budapest Corvinus University, and Márk Matusz, student of Berzsenyi Dániel Secondary Grammar School, Budapest (in the picture).

8.4 Animal protection



In 2013, Vigyél Haza Alapítvány (Take Me Home Foundation) and Telenor announced a smartphone app for responsible dog ownership. The app was downloaded by over 16,000 users over a 12 month' period and 3,800 dog owners had their pets registered in the system. Active users reported 420 stray dogs and 170 private individuals used the app to look for their lost dogs during this period. The initiative was joined by 25 animal protection organizations that uploaded data of 750 dogs for adoption to the system. The app's functions provide valuable help to responsible pet owners. In addition, the Foundation's experts identified some new needs. In response to these needs, a new complex search function was added to the app in 2014. This function uses GPS coordinates to find the nearest dog walking area, dog-friendly restaurants or accommodation.

For more details about the app [please read our sustainability report for 2013](#).

8.5 Supporting NGO activities

Another way of using technology to serve the public good is to directly support NGO activities with our devices and services.

As part of this effort, we added new functions to our proprietary smartphone-based donation app [ADDODA](#) in 2014. The donation collection sites of the app connecting potential donors and charity organizations now include the charity shops of CSERITI-Adományháló. For more information about the app please read our [sustainability report for the years 2010 to 2012](#).

Besides these apps, we run several donation lines and helplines using our services to help those in need. Telenor supports the fund raising activities of 60 to 70 NGOs through the 13600 “ADHAT” donation line operated together with other telecommunications companies and the Nonprofit Information and Education Centre (NIOK) Foundation. A service of special social importance is the free 24x7 counselling hotline of Blue Line Child Crisis Foundation (116-111) and the Missing Children's Hotline (116-000) (toll-free numbers).

8.6 Disaster protection

In 2013, Telenor and the Hungarian Red Cross signed a strategic partnership agreement focusing on cooperation in disaster management related communications.

2014 saw a major expansion in the Hungarian Red Cross' infrastructure with Telenor donating nearly 200 Hipernet enabled devices to the organization including smartphones, tablets laptops, mobile internet routers, feature phones and rugged phones. In addition to the above devices, Telenor also helped the Red Cross deploy new apps.

Synaptel Kft.'s newly developed Workforce Management app will significantly simplify the activities of Hungarian Red Cross staff and volunteers. The app running on tablets and smartphones supports the immediate central processing and distribution of rescue, damage and aid data to provide on-site Red Cross staff with fast and continuous access to information. In 2014, the app was used successfully by the Red Cross in several missions.

In the summer season, the Balaton First Aid Service (BESZ) used mobile devices, Hipernet and a smartphone-based digital case log provided by Telenor. The data recorded using the new app enabled them to work with accurate statistics to further improve first aid activities.

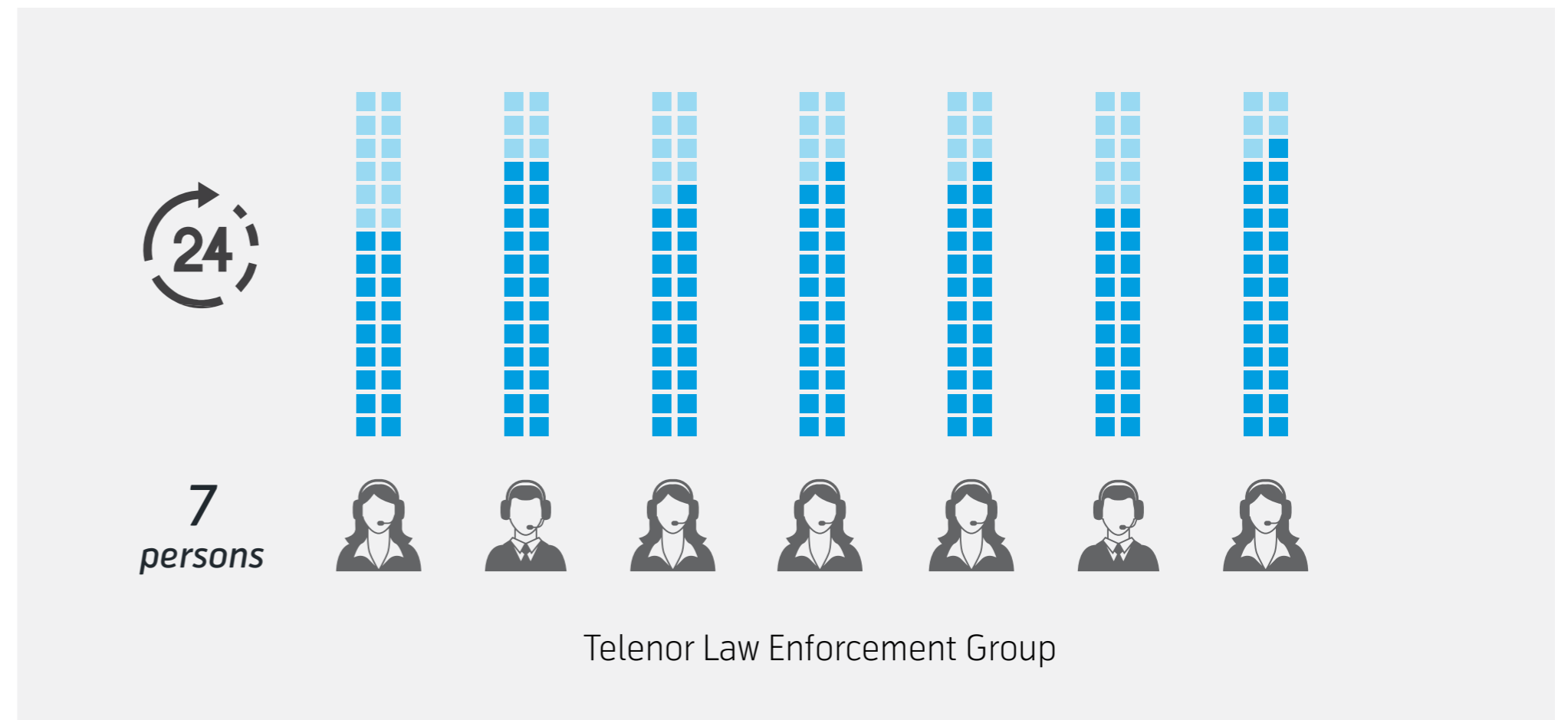
As part of its disaster response efforts, the Hungarian Red Cross provides temporary shelter to victims forced to leave their homes during a disaster. Telenor installed mobile phones with unlimited out-

going calls and availability at Red Cross shelters at Christmas 2014 to enable people to keep in touch with their families. Both the service and the mobile phones were donated by Telenor which means that victims can use them free of charge, with the support of Red Cross staff.

Based on the evaluation of the Hungarian Donors' Forum independent jury, the strategic partnership between Telenor and the Hungarian Red cross was awarded a special prize in the "Joint Value Creation" category in 2014. The two organizations continue their partnership also in 2015.

8.7 Supporting law enforcement

Telenor's 7-strong Law Enforcement Group responds to data requests from authorities on a round-the-clock basis. The number of such requests is about 40,000 per year. Our staff respond to about 160 queries every day allowing the authorities to clear up criminal cases in a fast and effective manner. For more details about our company's activities supporting law enforcement agencies [please read our sustainability report for 2013](#).





9. *COMMUNITY engagement*

Being a responsible company, we are committed to participating in the life of the society we are part of, and also beyond our market activities. For several years, Telenor has been organising events enabling its employees to join forces and act for the benefit of the society, specific social groups or their environment. Our volunteer programmes generate a community experience shaping employees' attitude and increasing their loyalty towards each other and to the company.

TeddOda!

In 2014, we organized our volunteer day called the TeddOda Day for the third time to lend a helping hand to local communities.

Our 2014 volunteer day involved more than 500 employees who held playful sessions about safe



Tedd Oda Day (2014)

internet use, privacy and the prevention of digital harassment to more than 700 students in 31 clas-

ses at 11 primary schools. Students and visitors also prepared joint presentations about the school of the future on smart devices taken to the schools by Telenor. The children contributed their creative ideas to these presentations. Most children aged 9 to 11 are comfortable using smart devices and are aware of the benefits of the internet. Nevertheless, they need to be educated on the threats of internet use and the importance of protecting their personal data. Telenor staff used playful exercises to demonstrate why sensitive data need to be managed in a careful way. At the end of the programme, each participating class received a convertible laptop and a free mobile internet subscription valid for 6 months.

"The internet offers children a great opportunity for learning, developing their skills and making their dreams come true. Being a mobile operator we are responsible for teaching them to use the web responsibly and critically. Through the children's learning material facilitating safe internet use and the tablets donated to the classes we want to help them avoid the threats and enjoy the freedom of exploration on the internet in a safe way"

(Christopher Laska, CEO of Telenor Hungary)

Cake fair

Our traditional charity cake fair held at the Telenor House in December enables colleagues to contribute home-made cakes, their volunteer time and cash to an organization of Telenor's choice.



Charity cake fair at the Telenor House in 2014

In 2014, cakes were made and sold by 45 passionate volunteers at the popular event which raised funds of over HUF 320,000. The funds were channelled to the Red Nose Foundation who used them to help the recovery of young patients at the children's department of the Pulmonology Hospital in Törökbálint.





10. responsible employment

Our company's employment policy was presented in detail [in our sustainability report for 2010 to 2012](#). This report includes only 2014 data and the analysis of changes if any.

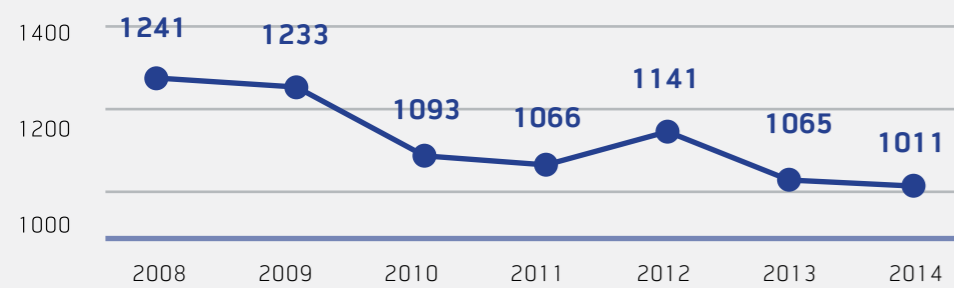
10.1. Employment data

Employee headcount and age composition⁴⁶

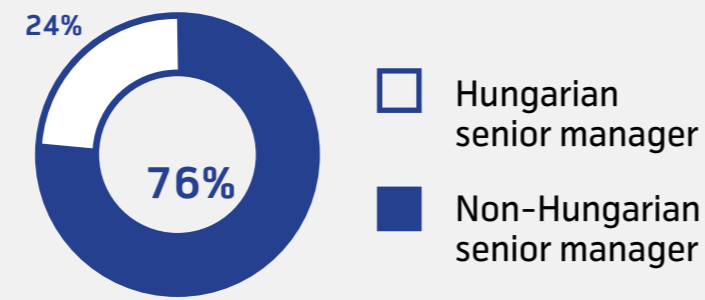
Telenor's headcount has varied between 1,000 and 1,300 for a long time driven by market trends, new business opportunities and workforce rightsizing.

Our company had 1,011 employees in 2014, the vast majority being Hungarian nationals. The ratio of non-Hungarian employees is high only in senior management (CEO, CxOs and directors). In 2014, the ratio of non-Hungarians was 24% in these positions.

Statistical headcount (2008 to 2014)

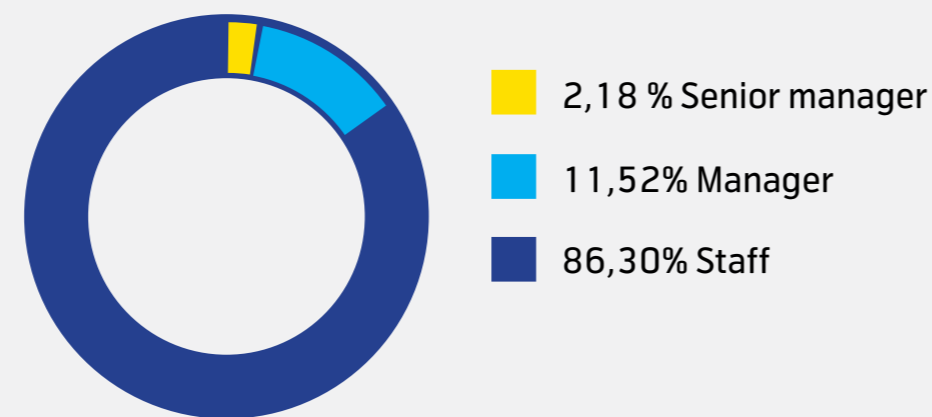


Ratio of Hungarian and non-Hungarian senior managers (2014)

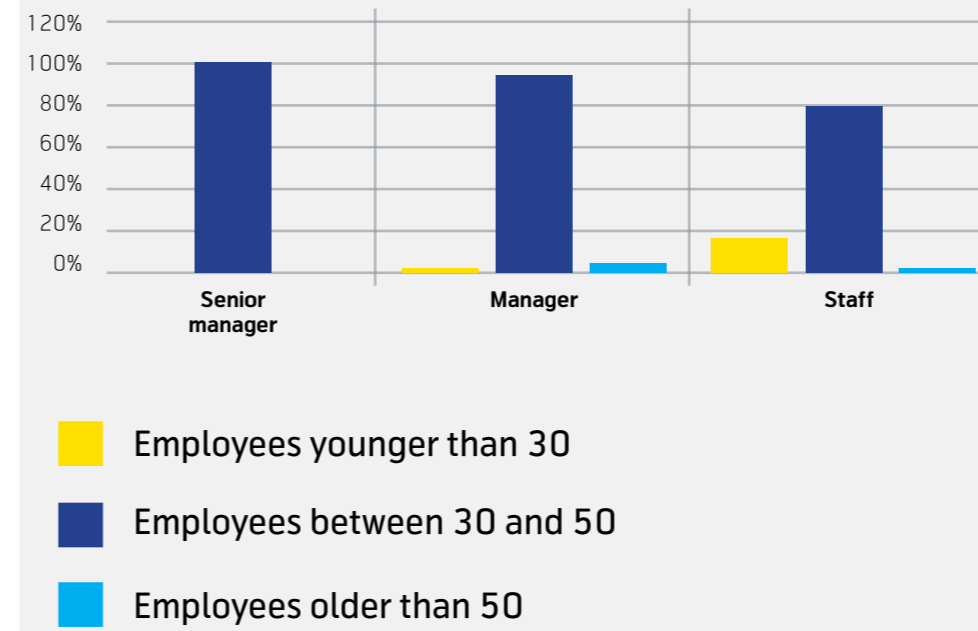


People younger than 30 account for 15% of headcount. 83% of employees are between 30 and 50, while only 2% are older than 50. Average age is relatively low (35.5) which is due partly to the nature of the industry and partly to the company's history of 20 years. The age distribution of employees in the different employee categories mostly corresponds to the age distribution of total headcount with older age groups overrepresented in higher (middle management) positions.

Distribution of employees by employment category (2014)



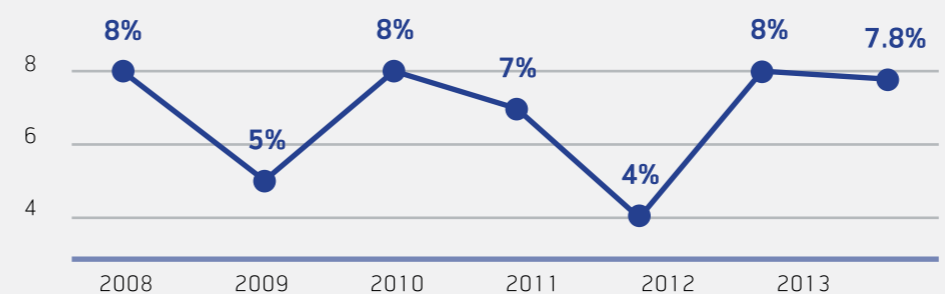
Distribution of employees by age (2014)



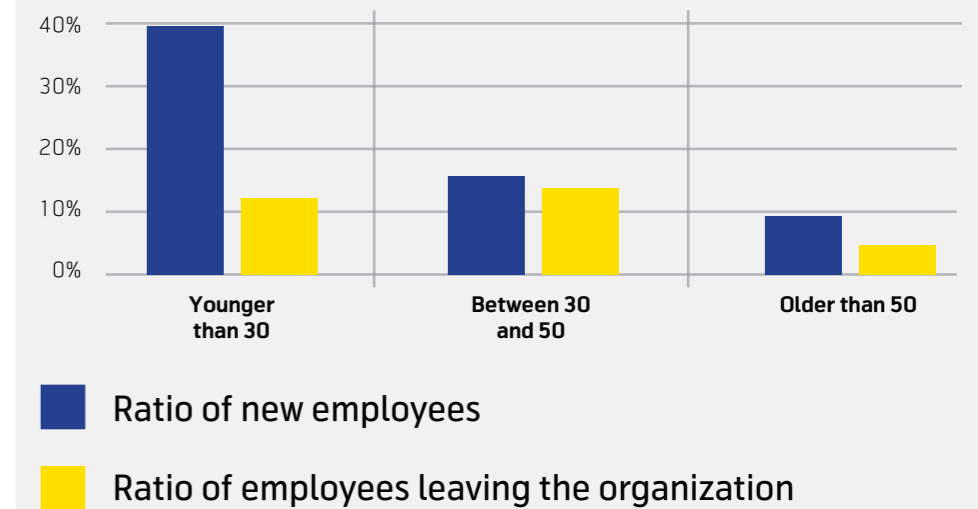
Staff turnover

Total staff turnover was 13.36% including a voluntary staff turnover of 7.8% in 2014. These values represent a healthy level for a company with commercial and customer service activities. This was partly due to the fact that Telenor has stable results and a clear vision in the Hungarian telecommunications sector.

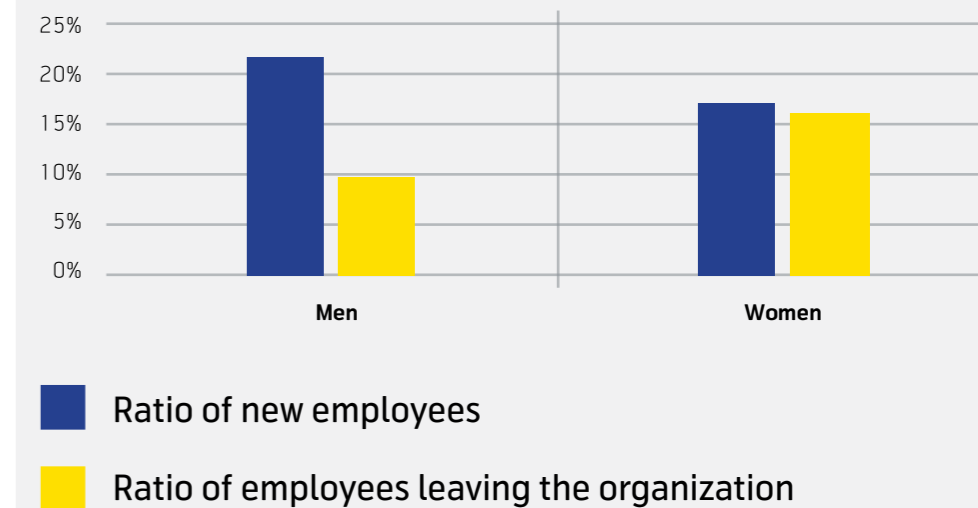
Voluntary staff turnover (%) (2008-2014)



Voluntary staff turnover by age (2014)



Voluntary staff turnover by gender (2014)



Staff turnover data are promisingly low despite the outsourcing of call centre activities. This means that our experienced operators preferred to stay with Telenor and we managed to relocate them to other functions keeping their valuable skills and customer relationship experience in house.

⁴⁶ We changed the methodology of classifying employees into employment categories used for the previous report. Our 2014 report has three employee categories (senior manager, manager, staff).

	YOUNGER THAN 30	BETWEEN 30 AND 50	OLDER THAN 50	MEN	WOMEN
No. of new employees	62	132	2	102	94
Ratio of new employees	40%	16%	9%	22%	17%
No. of employees leaving the organization (voluntary leave, leave with mutual agreement, retirement, death)	19	115	1	46	89
Ratio of employees leaving the organization	12%	14%	5%	10%	16%

Telenor employees are not members of a trade union and they do not have a collective bargaining agreement either. As a result, they are notified of any major organisational change (e.g. a group lay-off) in compliance with relevant legal regulations.

10.2. Equal opportunities

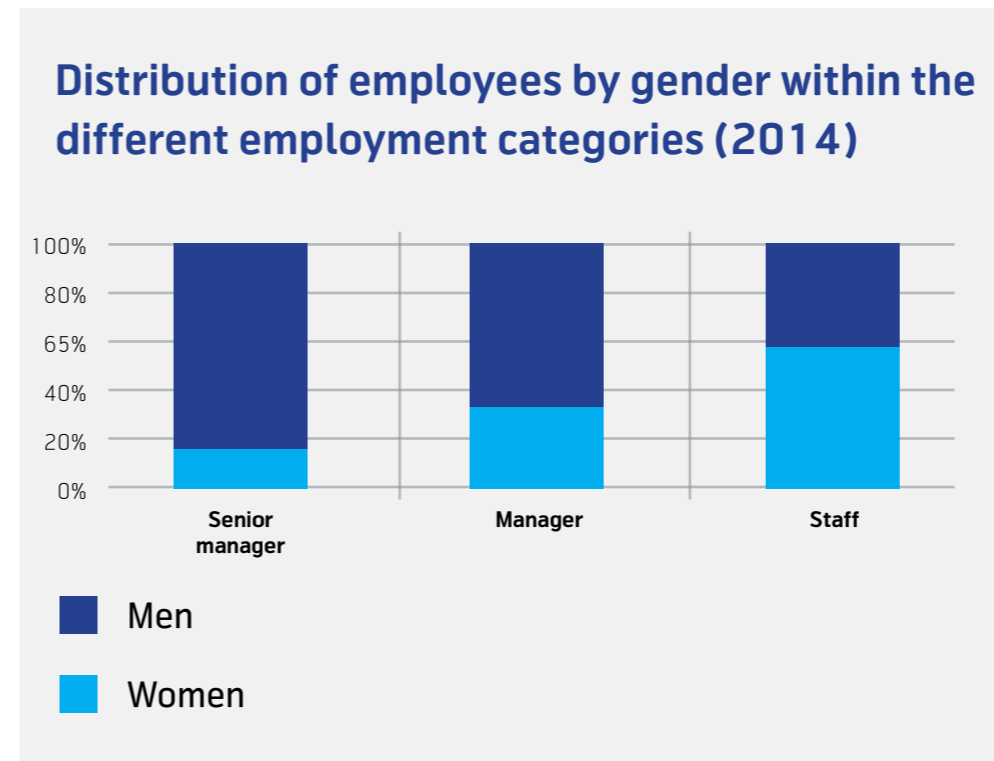
Providing equal terms of employment and career opportunities, and supporting an appropriate work-life balance are key components of Telenor's employment policy. We believe that our work-life balance practices and firm action against all kinds of negative discrimination improve our employees' loyalty and help Telenor perform better as a company.

Wage policy, equal payment to men and women

Telenor has a wage system based on wage brackets. Jobs are evaluated in our wage system based on the responsibilities associated with them and labour market demand. Our wage policy is also governed by the [Code of Conduct](#) mandatory for all Telenor employees. The Code of Conduct declares that the company objects to all kinds of discrimination and ensures equal opportunities in employment.

The wage policy and benefits scheme of our company has not changed in recent years. For more details please read [our sustainability report for 2010 to 2012](#).

Gender ratios⁴⁷



The gender distribution of our staff (statistical headcount) is balanced including 55% women and 45% men. The ratio of women in management positions, however, does not follow the same pattern. Only about one in three middle managers are women, and less than 20% of strategic senior management positions are filled by women. Although the Board of Directors includes several women, Telenor Hungary's Leadership Team consists exclusively of men. The reason is that the ratio of women is traditionally low at the technical degree programmes relevant for Telenor already among university students. Telenor's headcount composition reflects education and labour market patterns. The ratio of women in middle management positions is highest in personal and phone-based customer service and support. However, as the management layer is thin here, the number of female middle managers at these functions is lower than elsewhere in the company.

Incidents of discrimination

NO. OF CASES OF DISCRIMINATION AND MEASURES TAKEN IN 2014	2014
Total no. of cases of discrimination	1
No. of cases investigated by the organisation	1
No. of cases with an action in progress	0
No. of cases with an action and follow-up completed	1
No. of cases with a closed status	1

Telenor is committed to establishing working conditions in line with the requirements of fair employment and does its best to have ethical conduct recognized at the workplace. In line with this, Telenor objects to all kinds of discrimination and ensures equal opportunities in employment.

In 2014, we had a single case potentially involving discrimination. The investigation plan prepared in response to the report was approved by the Ethical and Compliance Officer, and the investigation has been carried out. The investigation failed to clearly prove discrimination which is why it did not result in any sanction. Nevertheless, three recommendations were made and have been partly or fully implemented by the affected people and functions.

⁴⁷ We changed the methodology of classifying employees into employment categories used for the previous report. Our 2014 report has three employee categories (senior manager, manager, staff).

RATIO OF RETURN AND RETENTION AFTER PARENTAL LEAVE	2013		2014	
	MEN	WOMEN	MEN	WOMEN
No. of employees using parental leave	1	136	0	118
No. of employees returning from parental leave	0	37	0	26
Employees still employed by Telenor 12 months after their return from parental leave	0	32	0	12
Ratio of those returning to work (no. of those returning to work/using parental leave)	0%	27%	-	22%
Retention rate: no. of employees still employed 12 months after their return from parental leave/no. of employees returning to work from parental leave in the previous year	0%	86% ⁵⁰	-	46%

Returning to work

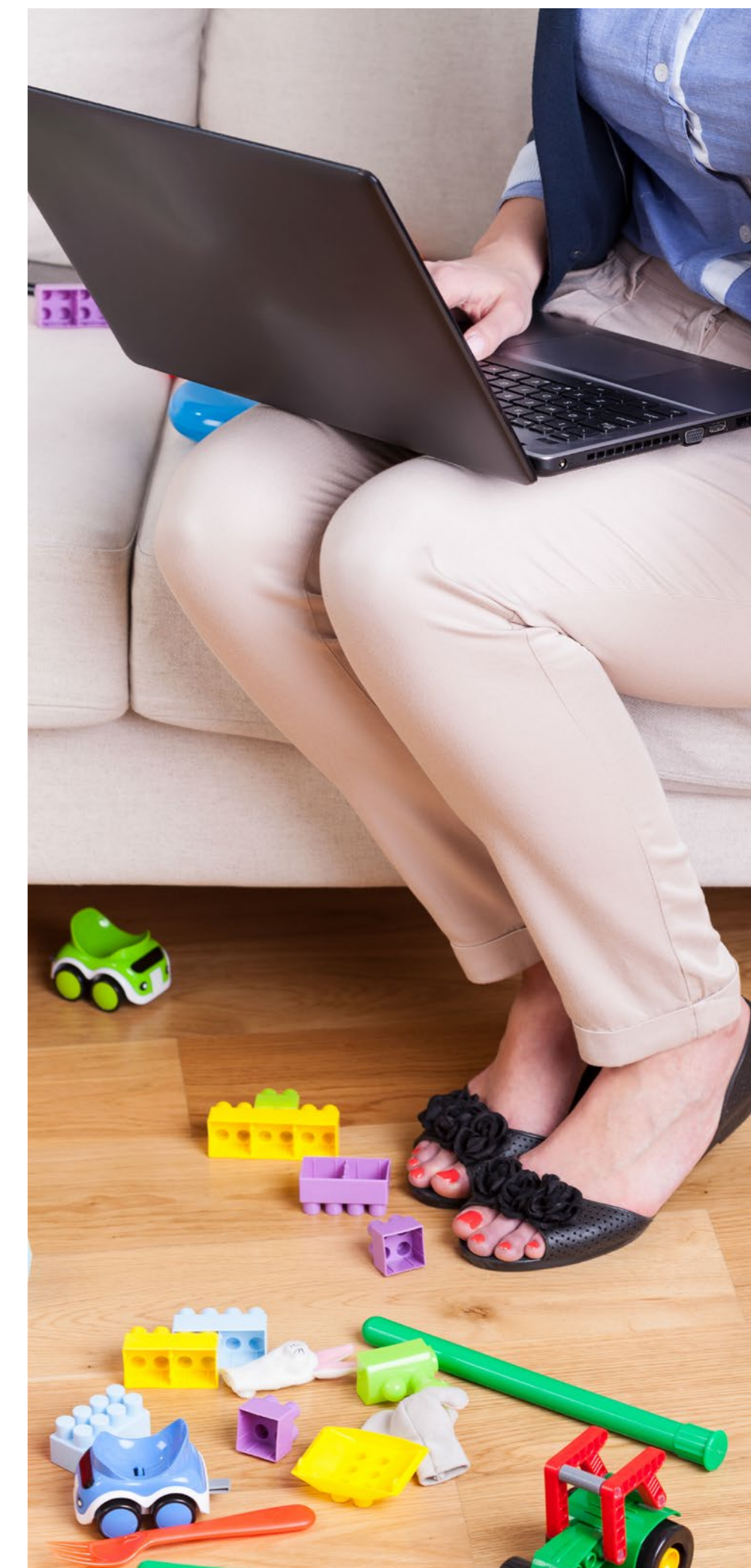
Supporting the return to work of employees with young children is a priority in Telenor's corporate policy. While employees are on maternity leave, our company signs a fixed-term employment contract with their substitutes which means that they can return from maternity leave (GYES or GYED)^{48 49} smoothly.

2014 saw a significant drop in the retention rate; with a slight decline in the ratio of those returning

to work. This was partly due to the fact that several people on parental leave had previously filled positions that were terminated due to fast-paced changes in the industry. Some colleagues decided to become full-time mothers, or their new life situation prevented them from returning to their previous positions (time spent away from family was deemed to be too great).

Equal opportunities are guaranteed for employees by corporate values, organizational culture and [Telenor's Code of Conduct](#). As a result, our experts

in charge of organizational development regularly evaluate options to improve female career management at Telenor. Part-time employment, teleworking and flexible working hours are viable options in our new office building. Such work arrangements enable mothers with young children to return to work earlier and better manage their workplace and family obligations.



⁴⁸ Child Care Allowance (Gyermekgondozási segély)

⁴⁹ Child Care Fee (Gyermekgondozási díj)

⁵⁰ Our report for 2013 included 89% instead of 86% due to a technical error.

10.3. Healthy working environment and work safety

Occupational Health and Safety Management System

As part of its HSSE (Health, Safety, Security, and Environment) system, Telenor has an Occupational Health and Safety Management System (OHSAS) which aims to ensure the highest level of occupational health and safety and identify related improvement opportunities with the involvement of people from all affected functions. For more information about the operation and goals of OHSAS please read the HSSE chapter of our sustainability report for 2013.

2014 saw 4 work-related accidents. The injured employees went on sick leave in 3 cases.

Health awareness plays a key role in our activities. As a result, a special effort to raise our employees' health awareness and support prevention every year was conducted. Similarly to previous years, several free programmes were organized for employees to preserve and improve their health in 2014.

Telenor employees were offered the following health programmes in 2014:

Cardiovascular screening included cholesterol and blood sugar level testing, blood pressure and body fat measurements and body mass index calculation. Based on the results of the on-site screening, a personalised risk assessment was conducted and presented to participants right on the spot. In addition to the risk assessment, the specialist also gave a personal health recommendation. The programme attracted 50 employees.

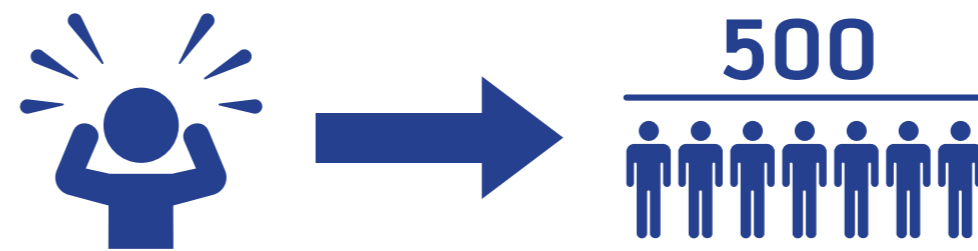


ABSENTEE RATE	ALL EMPLOYEES	MEN	WOMEN
No. of working days	223 132	102 897	120 235
Illness-related absence (days)	6 907	1 209	5 661
Injury-related absence (days)	37	22	15

Staff were also provided with a melanoma screening with a dermatologist available for consultation after the screening.

In summer 2014, an all-company stress test was organised to help identify the most important sources of stress, related risks and protective factors. It also provided immediate feedback on employees' relationship to stress, work-life balance, physical and mental symptoms related to stress and their underlying risks. More than 500 colleagues joined the anonymous test.

Colleagues also had an opportunity to request free anti-flu vaccination which was used by more 130 people in 2014. If required (e.g. due to trips to foreign countries), other vaccines were also provided to staff. The Telenor House has a fully equipped, state-of-the-art fitness room, several sports grounds and saunas available to employees. These facilities are used by more and more people every year. In addition to the in-house occupational medical practice there is a GP service available to colleagues on an appointment basis at the Telenor House.



Together with the Hungarian Red Cross, two blood donation events were conducted in 2014: 55 and 66 employees donated blood in May and November, respectively.



ABSENTEE RATES ⁵¹	TOTAL	MEN	WOMEN
No. of fatalities	0	0	0
Workplace injury rate ⁵²	0,002%	0,0005%	0,001%
Occupational diseases rate	0%	0%	0%
Lost day rates due to workplace injuries or occupational diseases	0,02%	0,02%	0,01%
Absentee rate	3,1%	1,2%	4,7%



⁵¹ We comply with legal regulations on documenting accidents and preparing accident statistics: Act XCIII of 1993 on Labour Safety, and MÜM Decree no. 5/1993 (XII. 26.) of the Ministry of Labour on the execution of specific provisions of Act XCIII of 1993 on Labour Safety. We have no internal policy available on this subject.

⁵² Excluding traffic accidents

10.4. Growth opportunities at Telenor

Selecting and retaining appropriately skilled and engaged employees is one of the greatest challenges of today's companies. At Telenor, we pay special attention to our employees' performance and provide them with extra growth opportunities.

Performance evaluation, identification of talents

Performance evaluation is managed through the Telenor Development and Performance (TDP) process. TDP is a standard process mandatory for all internal employees of Telenor Group.

RATIO OF EMPLOYEES INVOLVED IN THE TDP PROCESS IN 2014 (%) ⁵³	
Women	76%
Men	67%
Total	72%

We recognize top performers, that is, people with outstanding personal achievements, and we also seek to identify outstanding talents with a great growth potential. We offer them targeted development programmes such as mentoring, professional

training courses, skills enhancement courses, career coaching, involvement in strategic cross-functional projects and different inspirational programmes.

Although the process itself involved all Telenor employees⁵⁴, the above table showing the ratio of TDP participants in 2014 includes only those who registered in the relevant IT system that they passed all phases of the process. That is, actual participation is close to 100%, and the difference is due to administrative reasons.

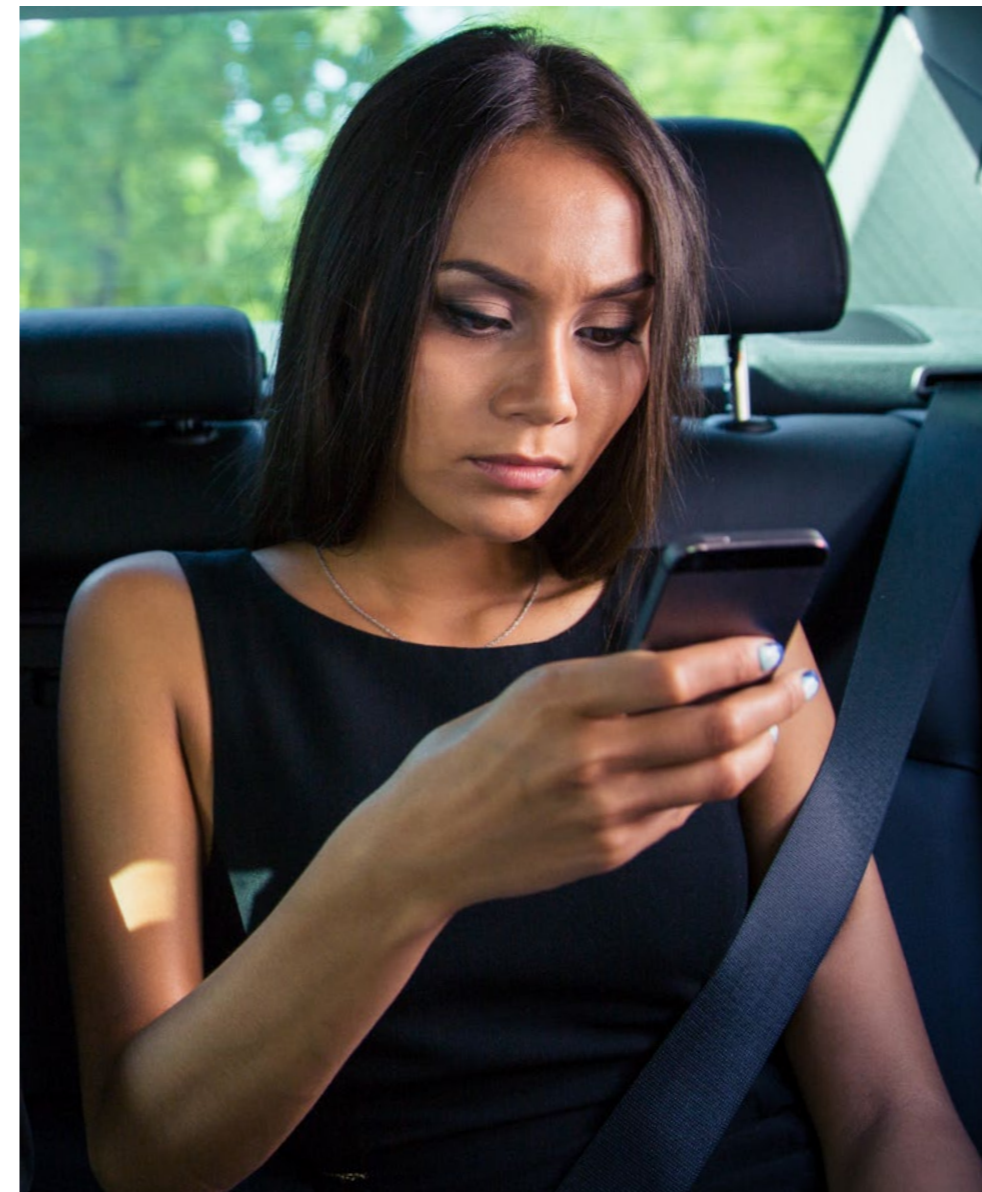
For more details about our performance evaluation system and "top talent" initiative, please read our sustainability reports for [2010 to 2012](#) and [2013](#).

Training

As part of its Norwegian company culture, Telenor does its best to offer its employees opportunities for continuous skills development. At our company, all employees are responsible for their own career development supported by the company through the performance management process, as well as various training, development and talent management programmes.

One of these programmes launched in 2013 promotes voluntary knowledge sharing within the organization. Volunteers joining this initiative can share any kind of knowledge they have: in 2014, topics offered included Excel skills, graphology and body building. The success of the programme is demonstrated by the fact that the

25 different courses attracted 200 employee registrations during the reporting period.



For more details about our training systems please read [our sustainability report for the years 2010 to 2012](#).

10.5. Employee engagement

Companies with a high ratio of engaged employees tend to perform better in business. We want to make Telenor a company where employees enjoy working and are motivated to reach our common goals. This is why we measure employee engagement every year.

The Employee Engagement Survey – or EES – aims to measure employee engagement and satisfaction. The results of this survey provide valuable feedback for management in setting future development directions. As the detailed description of the EES process is found in our sustainability report for 2013, the following section focuses on EES results in 2014.

⁵³ Compared to statistical headcount

⁵⁴ Colleagues absent for a longer period of time in a given year are not involved in the process (e.g. long sick leave, parental leave).

EES INDEX RESULTS (2010 TO 2014)	2010	2011	2012	2013	2014
EES index	71%	81%	82%	76%	79%
Participation rate	90%	96%	95%	98,5%	99,1%

Our key strengths are as follows: we are proud of Telenor as a workplace, we have a good understanding of our [Code of Conduct](#) and we are satisfied with our working environment.

Areas of improvement include customer-centricity, leadership development and the reinforcement of core values within the organisation.



EES had a particularly high participation rate in 2014. 99.1% of employees joined the survey which means that it provided reliable and credible results. Based on the analysis of their answers, 79% of employees are clearly committed to Telenor.





11. *environment*

11.1. Environmental management

Our environmental strategy, policy and goals

Respect for the environment is an important core value for our company. Our key objective is to do business minimizing the environmental impact of our activities and complying with all environment-related legal and other regulations. We also want to make people more environmentally conscious through using our products and services. In light of this, our environmental strategy is centred around energy efficiency, renewable energy resources, employee engagement and harnessing the opportunities of mobile communications. Telenor provides environmental education to its employees on a regular basis encouraging them to protect the environment and prevent environmental damage.

We also have an [environmental policy](#) matching our environmental strategy which expresses our commitment to the environment and environmental goals. A key principle of our policy is precaution which applies especially to radiation. Driven by our sense of responsibility for the health and safety of our customers, employees and communities, we comply with WHO safety guidelines in antenna design and installation.

Our environmental goals are set by the EMS⁵⁵ team involving the representatives of six functions in 2014 based on our environmental strategy, in line



with our environmental policy and other regulations, and considering the opinion of stakeholder groups, our environmental impact and financial as-

pects. The fulfilment of goals is reviewed on an annual basis when new short, mid and long term goals are also established.

Our company aims to reduce its relative carbon emissions compared to added value⁵⁶ created by Telenor by 40% by 2017 compared to 2008 as a baseline year.

In addition to reducing our use of natural resources and waste production, promoting waste sorting, using innovative, environmentally friendly and energy efficient technologies (heat pumps, solar cells, intelligent building control) at our sites, giving preference to environmental development and investment projects and integrating environmental principles into our supplier relations, we also want to make energy saving solutions available to our consumers.

⁵⁵ Environmental management system (EMS)
⁵⁶ Added value: sum of EBITDA and employee costs

ENVIRONMENTAL COMMITMENTS	GOALS	RESULTS
Compliance with effective environmental regulations and the international ISO 14001 standard	Functions, Telenor shops and base stations satisfy the requirements of internal and external environmental audits	Continuous compliance with legal regulations and standards in which Telenor is also supported by external experts
Reducing harmful emissions from network operation	In 2014, we had CO ₂ emissions capped at 19,313 tons.	As a result of intensive network development, harmful emissions from network operation increased in the reporting period.
Reducing harmful emissions from travel and transportation	In 2014, we had CO ₂ emissions capped at 1,430 tons.	Harmful emissions were up due to the travelling needs of colleagues involved in international projects and changes in the methodology used for calculating consumption.
	Setting up a system capable of monitoring electric car performance	The system is up and running, performance is being monitored.
Responsible management of waste from selling mobile communications devices	Ensuring the continuous operation of a system for collecting used mobile phones	In 2014, 1,082 tons of used mobile phones were collected
Developing and selling mobile telecommunications solutions enabling customers to reduce their own CO ₂ emissions and/or energy usage.	Increasing the number of e-billing customers	The number of e-billing customers was doubled in 2014.

Environmental Management System

To facilitate better response to environmental challenges, Telenor set up an [Environmental Management System](#) based on the MSZ EN ISO 14001:2005 standard that was last upgraded with the help of an independent external partner in December 2013. This system ensures continuous compliance with the standard's requirements.

The system aims to promote continuous improvement to reduce the company's environmental footprint. To further this end, we established short and medium-term environmental and financial goals to mitigate our environmental impact and develop green solutions to replace polluting activities. Internal and external audits are conducted to identify non-compliances and improve opportunities

within the organization. Internal audits conducted in 2014 covered 9 functions, Telenor shops⁵⁷ and 9 base stations.

The Environmental Management System (EMS) is running as part of the HSSE (Health, Safety, Security, and Environment) system. For more details about the structure and operation of EMS and HSSE systems [please read the HSSE chapter of our sustainability report for 2013](#).

Environmental spending

In 2014, our environmental activities incurred the following expenses.

Telenor was not fined for any breach of environmental law and regulations in the reporting period.

ENVIRONMENTAL EXPENSES (HUF)	UNIT	2013	2014
Annual environmental management fee	HUF	5 689 600	4 490 000
Product fees	HUF	44 000 000	35 539 392
Total	HUF	49 689 600	40 029 392

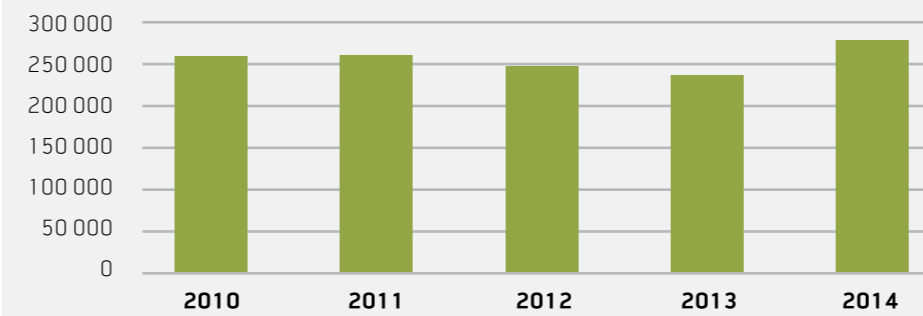
⁵⁷ In 2014, we had 10 self-owned shops across the country all of which were audited.



11.2. Energy usage and CO₂ emissions

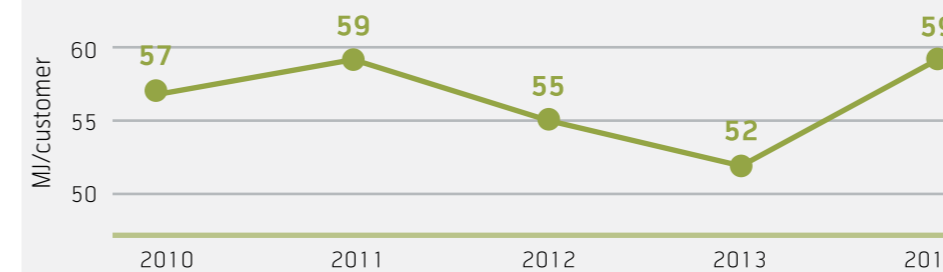
In 2014, 270,144 GJ of energy was used to operate our mobile network and office building as well as for travel and transportation-related activities. This is 17.84% higher than our energy consumption of 229,248 GJ in 2013. Please read find the reasons of this increase in the subchapters to follow.

Total energy consumption (GJ) (2010-2014)



In 2014, we used 59 MJ of energy per subscription for network operation; 23 GJ of energy per employee for building management; and 41 GJ of energy per average employee for travel.

Energy consumption in network operation (2010-2014)

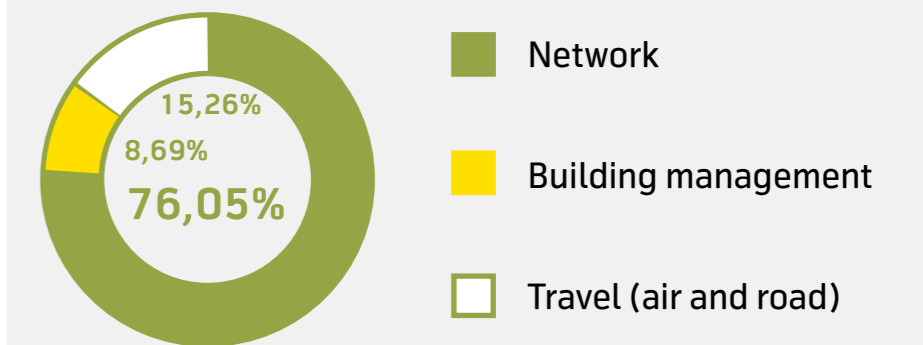


Energy consumption in facility management and travel (2010-2014)



Network operation, travel & transport and running the Telenor House accounted for 76%, 15% and 9% of our total consumption, respectively.

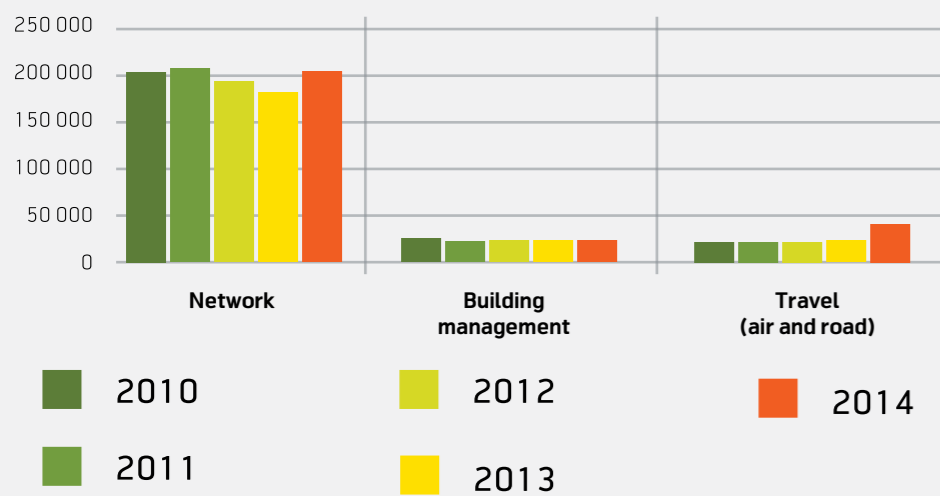
Distribution of energy consumption by field of use (2014)



UNIT OF MEASURE		2010	2011	2012	2013	2014	CHANGE COMPARED TO 2013
FUEL CONSUMPTION FROM NON-RENEWABLE SOURCES							
Natural gas	GJ	4 542	2 691	2 633	2 540	2 954	+16,30%
Diesel oil	GJ	17 361	15 365	15 691	16 028	15 452	-3,6%
Petrol ⁵⁸	GJ	649	478	496	546	1 492	+173,26%
Total	GJ	22 552	18 534	18 820	19 114	19 898	+4,10%

ELECTRICITY							
Building management	GJ	17 424	17 784	18 684	18 036	18 180	+0,80%
Network operation	GJ	197 964	200 880	186 876	146 628	194 508	+32,65%
Network operation (green energy)	GJ	6 480	7 200	7 200	36 000	10 800	-70,00%
Heating and cooling	GJ	1 296	792	792	1 404	1 044	-25,64%
Total	GJ	226 164	226 656	213 552	202 068	224 532	+11,12%

Distribution of energy consumption by field of use (GJ) (2010-2014)



Our network consumed significantly more energy in 2014 (22,788 gigajoules) and there was a major increase also in travel & transport-related consumption (17,712 gigajoules). The energy used for running the Telenor House remained flat.

In 2014, our business operation generated CO₂ emissions of 21,638 tons which is 29.17% higher than in the previous reporting period.



⁵⁸ Fuel consumption of company cars

Direct CO₂ emissions⁵⁹

	UNIT OF MEASURE	2010	2011	2012	2013	2014	CHANGE COMPA- RED TO 2013
NETWORK							
Electricity generation	t of CO ₂	15	8,26	17,40	3,25	11,81	+263,38%
ROAD TRAVEL							
Car travel	t of CO ₂	1 364	1 204	1 222	1 265	2 164	+71,01%
Total	t of CO₂	1 378	1 213	1 239	1 269	2 176	+71,50%

Indirect CO₂ emissions

NETWORK							
Electricity	t of CO ₂	19 286	18 559	17 628	13 139	17 073	+28,19%
BUILDINGS							
Electricity	t of CO ₂	1 697	1 642	1 697	1 638	1 596	-2,59%
District heating	t of CO ₂	72	44	44	78	58	-25,83%
Total	t of CO₂	21 055	20 244	19 369	15 035	18 727	+24,56%

⁵⁹ Unlike our sustainability report for 2013, this report does not include a section about the volume of gas used for heating the building. Such data are not available for the year 2014.

Other indirect CO₂ emissions

	UNIT OF MEASURE	2010	2011	2012	2013	2014	CHANGE COMPARED TO 2013
AIR TRAVEL							
Air travel	t of CO ₂	135	242	231	289	548	+89,83%

In 2014, we had 4.90 kg of CO₂ emissions per subscription from network operation; 1.82 tons of CO₂ emissions per employee from building management; and 2.68 tons of CO₂ emissions per average employee from travel.

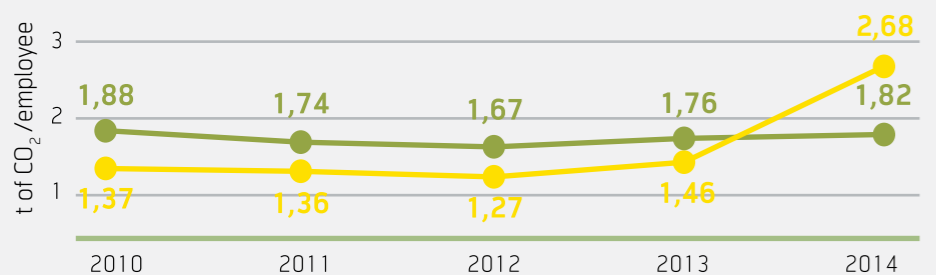
Network

The electricity consumption of the telecommunications network increased by 12.48% in 2014 compared to the previous year. The increase was mostly due to infrastructure development required for our migration from 3G to 4G technology. 5.2% of the total energy volume used for network operation came from green energy sources.

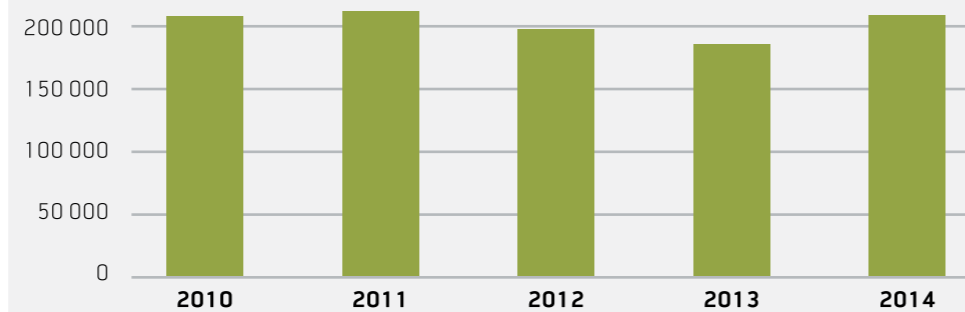
Harmful emissions in network operation (2010-2014)



Harmful emissions in facility management and travel (2010-2014)



Electricity used in network operation (GJ) (2010-2014)



Building management

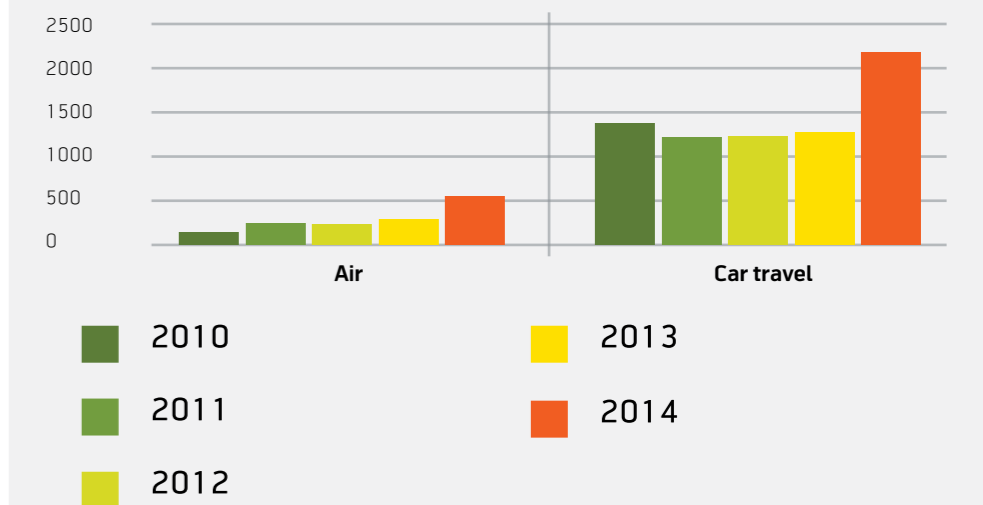
The headquarters of Telenor Hungary, the Telenor House in Törökbálint, is one of Hungary's most state-of-the-art and most environmentally friendly office buildings. When designing the Telenor House, we wanted it to be as environmentally conscious and innovative as possible. For more information about energy equipment, geothermal heat pumps, solar cells and intelligent building controls used at the Telenor House please [click here to read our sustainability report for 2010 to 2012](#).

The reporting period saw no material change in the building's energy consumption. The slight increase was due to the system adapting to changes in weather. Heat pumps produced 7,649 GJ of heating/cooling energy, while the solar system produced 277 GJ of energy in the reporting period.

Travel

Telenor makes effort to prevent or reduce fuel consumption, harmful emissions as well as emissions caused by transport and business travel. It uses environmentally friendly telecommunications solutions as an alternative to travelling. To save time and energy, our office building offers employees several options to hold their meetings and conference calls using our technology on-site, and we also support our employees in working from home. The Telenor House includes several meeting rooms for teleconferencing and videoconferencing facilities. In spite of the above, energy consumption from travel increased by 75.34% in 2014 over 2013 which translates into 74.51% higher CO₂ emissions.

Environmental impact of travel and transport (ton of CO₂) (2010-2014)





Nissan Leaf electric car

The increase in travel-related energy consumption and emissions was caused by several factors. Joint projects implemented together with other business units of Telenor Group required more frequent personal encounters which resulted in more flights than the year before. Based on a decision by the function responsible for environmental protection, the total fuel consumption of road transport now includes an item not presented in previous reports, namely, the fuel consumption of company buses and privately owned cars used for commuting by employees⁶⁰.

Despite the increase in energy consumption and emissions in 2014, we keep seeking opportunities to reduce travel-related consumption. Goals set at a company level include a reduction in air travel, using more hybrid vehicles in the company fleet or promoting the use of the electric car available.

The Nissan Leaf electric car purchased in 2013 and the 44 hybrid cars in the fleet are used by Telenor employees. The related reduction in environmental impact and other financial implications are continuously being monitored in order to identify opportunities for improvement.

Our company aims In 2014, about 4,100 kms were travelled by the electric car which reduced CO2 emissions by about 468 kg, and 1,100,000 kms were travelled by hybrid cars which reduced CO2 emissions by about 3.4 tons compared to using traditional vehicles of a similar category. to reduce its relative carbon emissions compared to added value⁵⁶ created by Telenor by 40% by 2017 compared to 2008 as a baseline year.

⁶⁰ The consumption of privately owned cars was calculated based on an expert estimate.

⁶¹ Radio frequency

11.3. Radiation

Telenor feels responsible for the health and safety of its customers, employees and the communities living in its service area. Therefore, it always fully complies with Hungarian and international regulations specifying safe exposure limits to electromagnetic fields (e.g. WHO safety limits and warnings) and internal Telenor Group policies (Telenor Guideline on RF⁶¹ Emission Control of Cellular Radio Sites) when installing new base stations. It also provides objective guidance to stakeholders on the potential impact of radiation. For more information on base station installation practices [please read our sustainability report for 2010 to 2012](#).

11.4. Collecting used mobile phones



Mobile telephones are made of 95% recyclable materials which can be easily extracted and processed.

Their hazardous waste content can all be sorted and reused for the manufacturing of new products using state-of-the-art methods. In order to reduce the environmental impact of our business and our customers' activities, we provide an opportunity to customers for returning their used mobile phones and batteries to self-owned and partner shops at any time. The collected used handsets are resold in foreign markets for recycling. In 2014, 1,482 tons of used mobile phones were collected.

11.5. Waste management

Telenor is committed to reducing the use of natural resources and supports the recycling of tools and materials. Within its scope of activities, Telenor ensures sustainable waste management and makes its suppliers and contractual partners follow environmental standards in line with its own. Telenor Hungary sorts hazardous waste in compliance with the relevant Hungarian legal regulations. Of the waste produced by our services and administrative activities, we sort the following types of waste for recycling: paper waste, glass waste, plastic waste, metals, electronic waste and batteries.

In the period under survey, 20.38% of the waste produced in our office building as part of our daily business was recycled.

Total waste production

100% of the waste is collected by a contracted partner company partly for recycling and partly for safe disposal in line with respective legal regulations.

The volume of paper waste was significantly reduced from 2013 to 2014. There was a major reduction in paper waste as a result of a major scrapping project in 2013 when a large volume of unnecessary documents were discarded. In 2014 we had no such event.

The increase in plastic packaging waste was due to the fact that this type of waste was not separately recorded in our waste collection system in 2013. Plastic packaging waste has been sorted since 2014.

The reporting period had no glass packaging waste produced because the glass items used in the building and in the canteen are all returnable.

The major increase in communal waste was due to a change in administration required by new waste management legislation. Starting from 2014, the waste volume is calculated by Telenor rather than the company removing the waste from the site. Despite the difference in numbers, there was no change in the frequency of transporting waste from the site or in the volume of waste containers. As a result, the difference was probably caused by a difference in density used for calculation.

11.6. Paper usage

Telenor sorts waste and supports paperless electronic document management to reduce its environmental impact. We have launched several initiatives to⁶² promote the concept of a paperless office, hold e-learning courses for colleagues whenever possible and make commercial forms available in our shops in a digitized format.

The most important result of the reporting period was achieved thanks to our customers' environmentally conscious approach: the number of e-billing customers doubled in 2014

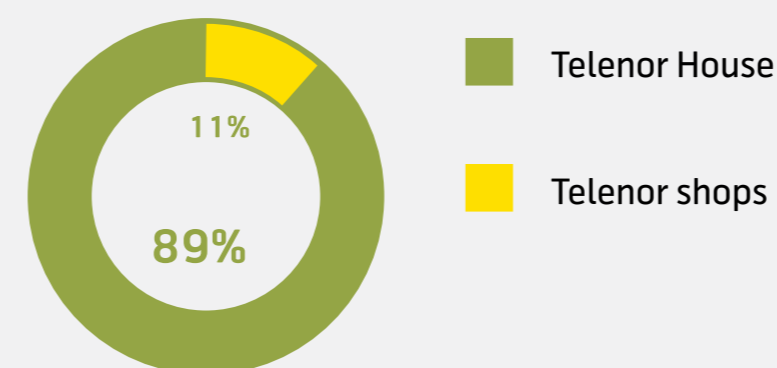
This was partly due to the introduction of simplified e-bills enabling customers to access and download their bills with a single click after giving their e-mail address or phone number.

TOTAL WASTE QUANTITY	2013	2014
Paper waste ⁶³ (kg)	70 872	28 400
Plastic packaging waste (kg)	0	4 466
Glass packaging waste (kg)	0	0
Communal waste (kg)	58 608	156 111
Waste water (m ³)	19 290	19 656
Electronic and telecommunications waste (kg)	16 683	14 560
Lead batteries (kg)	126 290	118 684

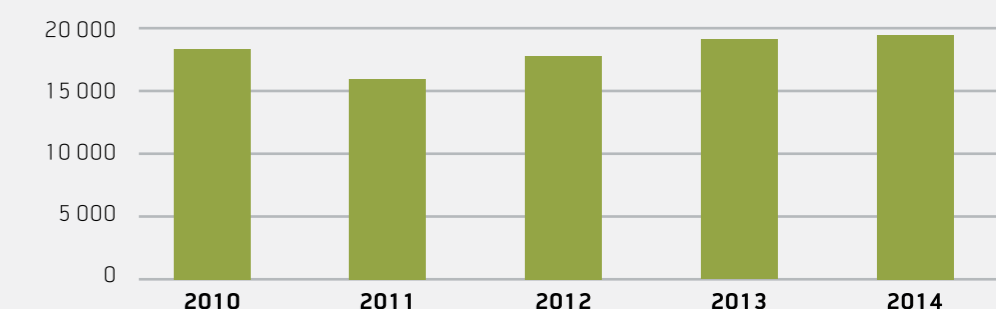
11.7. Water consumption⁶⁴

Telenor used 19,656 cubic meters of water for its operation in the reporting period. 89% of this volume was consumed in the Telenor House, while the remaining 11% was consumed by the shops owned by Telenor. This quantity was 1.9% more than the year before. The increase was due to the renovation of the artificial lake next to the Telenor House which had to be refilled more times in 2014 than in 2013.

Distribution of water consumption by field of use (2014)



Total water consumption (m³) (2010-2014)



⁶² For more details on our efforts to reduce paper usage please read our sustainability report for 2013.

⁶³ Paper packaging, cardboard and confidential documents

⁶⁴ In our report for 2013, the chart "Total water consumption" had 15,025 m³ instead of 18,541 m³ at the year 2010 due to a technical error.

12. FOLLOW-UP OF PREVIOUS GOALS AND SETTING OF NEW GOALS



Follow-up of goals set in 2013

To ensure sustainable development and business success, we need to follow-up and evaluate past performance, keep setting new goals, improve our existing systems and seek new opportunities created by changes in technology and business. In line with this, the following table shows the fulfilment of our goals set in 2013 and new goals for 2015 whose progress will be shown in our next sustainability report.

FOLLOW-UP OF GOALS SET IN 2013		
Our reporting system		
Closer stakeholder involvement	We want the representatives of stakeholder groups to get more closely involved in developing this report. Besides questionnaire surveys, we will also use one-to-one interviews and roundtable discussions to learn their views.	☹️
Improving data collection methods	We will install a software to modernize the system of data collection and enhance its efficiency.	☹️
Extending certification	Next year's report will be fully certified not only for compliance with GRI Principles but also in terms of data conformity by a third party.	😊
Responsible corporate governance		
Improving corruption-related employee awareness	We will further educate our employees on corruption through new e-learning materials and transparency enhancement programmes.	😊
Ensuring sustainability in the supply chain	More supplier partners will be subject to sustainability performance audits.	😊
Environmental management		
Improving goals monitoring	We will use more efficient tools to promote the realization of Telenor's environmental performance goals and organize more and more frequent environmental activities.	☹️
Improving employees' environmental consciousness	We want to make our employees more environmentally conscious through awareness and education programmes with a special focus on environmentally friendly travel options.	☹️
Customers		
Improving service related information supply to customers	We want to limit the number of print copies of Telenor Felfedező Magazin (Telenor Explorer Magazine), and create the content's digital version that will help us update a wider range of customers on our latest news in a faster manner.	☹️
Community engagement		
Setting the focus of corporate volunteer programmes	Corporate volunteer programmes increasingly focus on safe and responsible internet use by children.	😊
Employee involvement	Employees will be increasingly involved in internet safety awareness programmes both as organisers and as participants.	😊
Human rights		
Human rights risk assessment	We develop action plans to mitigate threats and resolve issues in key human rights risk areas identified.	😊



Our goals set in 2014

OUR GOALS SET IN 2014

Our reporting system	We want to improve our reporting system both in terms of stakeholder involvement and data collection methodology. A stronger IT support for data collection facilitates the acquisition of more accurate and broader data from within the organization.
Responsible corporate governance	To facilitate responsible governance, we want to further raise employees' awareness of corruption risks and hold training courses to develop suppliers' approach and processes. In addition, we plan to set up a complex supplier pre- and post-certification system that would monitor suppliers throughout their lifecycle and help manage the risks associated with them efficiently.
Customers	We want to improve consumer satisfaction and improve the accessibility of our services for people with disabilities. As part of this effort, we cooperate with an expert NGO in developing a proposal to make our shops fully accessible to people with disabilities.
Environmental management	To reduce our employees' environmental impact we want to improve their environmental awareness through several activities.
Infocommunications technology for the benefit of the society	We want to promote quality improvement in public education through the use of ICT tools. To further this end, we plan to launch our large-scale Hipersuli programme in 2015.
Environment	To reduce our company's environmental impact, we are committed to reducing our travel-related hazardous emissions.
Responsible employment	We want diversify our workforce and promote mutual acceptance between different social groups. We plan to join forces with a competent NGO to prepare a project for hiring people with a reduced capacity to work.

13. *gri content index*



GENERAL STANDARD DISCLOSURES		CHAPTER	PAGE NO (LINK)
STRATEGY AND ANALYSIS			
G4-1	CEO statement	1. CEO statement	3.
ORGANIZATIONAL PROFILE			
G4-3	Name of organization	4.1 Telenor Hungary	25.
G4-4	Brands, products, services	4.3 Services	26.
G4-5	Location of organization's headquarters	4.1 Telenor Hungary	25.
G4-6	Countries where the organization operates	4.1 Telenor Hungary	25.
G4-7	Nature of ownership and legal form	4.1 Telenor Hungary	25.
G4-8	Markets served	4.4 Customers	26.
G4-9	Scale of organization	4.1 Telenor Hungary	25.
		4.5 Economic results	27.
		10.1 Employment data	52.
G4-10	Composition of employee base	10.1 Employment data	52.
		10.2 Equal opportunities	53.
G4-11	Percentage of employees covered by collective bargaining agreements		0, because our company has no collective bargaining agreement
G4-12	The organization's supply chain	6.5 Sustainable supply chain	36.
G4-13	Significant changes during the reporting period	4.1 Telenor Hungary	25.
G4-14	How the precautionary principle is used within the organization	11.1 Environmental management	59.
G4-15	Endorsed initiatives	4.6 Membership in organisations	29.
G4-16	Membership in organisations	4.6 Membership in organisations	29.
IDENTIFIED MATERIAL ASPECTS AND BOUNDARIES			
G4-17	Entities included in the organization's consolidated financial statements or in other equivalent documentation	2.2 This report	5.



GENERAL STANDARD DISCLOSURES		CHAPTER	PAGE NO (LINK)
G4-18	Defining report content	2.3 Defining report content	6-7.
G4-19	Material aspects	2.3 Defining report content	7.
G4-20	The boundaries of material aspects within the organization	2.3 Defining report content	7.
G4-21	The boundaries of material aspects outside the organization	2.3 Defining report content	7.
G4-22	The effect of any restatements of information provided in previous reports and the reasons for such restatement	10.2 Equal opportunities	54.
		11.7. Water consumption	66.
G4-23	Major changes compared to the previous reporting period in terms of report content and boundaries	No major changes happened compared to the previous reporting period in terms of report content and boundaries	
STAKEHOLDER ENGAGEMENT			
G4-24	Stakeholder groups engaged by the organization	5.2 Our stakeholders	31.
G4-25	Principles defining the relationship with stakeholder groups	5.2 Our stakeholders	31.
G4-26	Stakeholder management system	5.2 Our stakeholders	31.
G4-27	Dialogues with stakeholder groups	6.5 Sustainable supply chain	37.
REPORT PROFILE			
G4-28	Reporting period	2.2 This report	5.
G4-29	Date of publishing latest report	2.1 Our reporting system	5.
G4-30	Frequency of reporting	2.1 Our reporting system	5.
G4-31	Contact person	2.3 Defining report content	7.
G4-32	Compliance level	2.2 This report	5.
G4-33	The organization's policy and current practice with regard to seeking external assurance for the report	2.2 This report	5.



GENERAL STANDARD DISCLOSURES		CHAPTER	PAGE NO (LINK)				
GOVERNANCE							
G4-34	Governing bodies of the organization	4.2 Governing bodies	25.				
ETHICS AND INTEGRITY							
G4-56	Values, principles, standards and expected conduct of organization	5.1 Corporate strategy 6.1 Our ethical principles	31. 34.				
GENERAL STANDARD DISCLOSURES		CHAPTER	PAGE NO (LINK)	IDENTIFIED OMISSION(S)	REASON(S) FOR OMISSION(S)	EXPLANATION FOR OMISSION(S)	THIRD-PARTY VERIFICATION
CATEGORY: ECONOMIC							
ECONOMIC PERFORMANCE							
G4-DMA	General information about management approach	4.5 Economic results 5.3 Corporate responsibility strategy	27. 32.				
G4-EC1	Direct economic value generated and distributed	4.5 Economic results	27				
G4-EC4	Financial assistance received from government	4.5 Economic results	27	The standard disclosure does not include the number and percentage ratio of activities.	The company considers the amount of received tax credit as confidential information.		✓
MARKET PRESENCE							
G4-DMA	General information about management approach	10.1 Employment data	52.				
G4-EC6	Proportion of senior management hired from the local community at significant locations of operation	10.1 Employment data	52.				✓
INDIRECT ECONOMIC IMPACT							
G4-DMA	General information about management approach	4.5 Economic results 5.3 Corporate responsibility strategy	27. 32.				



GENERAL STANDARD DISCLOSURES		CHAPTER	PAGE NO (LINK)	IDENTIFIED OMISSION(S)	REASON(S) FOR OMISSION(S)	EXPLANATION FOR OMISSION(S)	THIRD-PARTY VERIFICATION
G4-EC7	Development and impact of infrastructure investments and services supported	4.5 Economic results	28.				
G4-EC8	Material indirect economic impacts including their magnitude	4.5 Economic results 5.3 Corporate responsibility strategy	27-28. 32.				
CATEGORY: ENVIRONMENTAL							
ENERGY							
G4-DMA	General information about management approach	1 1.1 Environmental management	59.				
G4-EN3	Energy consumption within the organization	1 1.2 Energy usage and CO₂ emissions	61-65.				
G4-EN4	Energy consumption outside of the organization	1 1.2 Energy usage and CO₂ emissions	61-65.				
G4-EN5	Energy intensity	1 1.2 Energy usage and CO₂ emissions	61.				
G4-EN6	Reduction of energy consumption	1 1.2 Energy usage and CO₂ emissions	61.				
WATER							
G4-DMA	General information about management approach	1 1.1 Environmental management	59-60.				
G4-EN8	Water consumption	1 1.7 Water consumption	66.				
EMISSIONS							
G4-DMA	General information about management approach	1 1.1 Environmental management	59.				
G4-EN15	Direct greenhouse gas (GHG) emissions	1 1.2 Energy usage and CO₂ emissions	63.				
G4-EN16	Indirect greenhouse gas (GHG) emissions	1 1.2 Energy usage and CO₂ emissions	63.				
G4-EN17	Other indirect greenhouse gas (GHG) emissions	1 1.2 Energy usage and CO₂ emissions	64.				
G4-EN18	Greenhouse gas (GHG) emissions intensity	1 1.2 Energy usage and CO₂ emissions	64.				



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EFFLUENTS AND WASTE							
G4-DMA	General information about management approach	1 1.1 Environmental management	59.				
G4-EN23	Total weight of waste by type and disposal method	1 1.5 Waste management	66.				
PRODUCTS AND SERVICES							
G4-DMA	General information about management approach	1 1.1 Environmental management	59.				
G4-EN27	Extent of mitigation of environmental impact of products and services	1 1.4 Collecting used mobile phones 1 1.6 Paper usage	65. 66.				
G4-EN28	Percentage of products sold and their packaging materials that are reclaimed by category	1 1.4 Collecting used mobile phones	65		The standard disclosure does not include the quantity of reclaimed packaging materials and the percentage rate of reclaimed products.	The information is currently unavailable.	
COMPLIANCE							
G4-DMA	General information about management approach	1 1.1 Environmental management	59.				
G4-EN29	Monetary value of significant fines and total number of non-monetary sanctions for non-compliance with environmental laws and regulations	1 1.1 Environmental management	60.				✓
TRANSPORT							
G4-DMA	General information about management approach	1 1.1 Environmental management	59.				
G4-EN30	Significant environmental impact of transporting products and other goods and materials for the organization's operations, and transporting members of the workforce	1 1.2 Energy usage and CO2 emissions	63-65.				
OVERALL DATA							
G4-DMA	General information about management approach	1 1.1 Environmental management	59.				
G4-EN31	Total environmental protection expenditures and investments by type	1 1.1 Environmental management	60.				



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SUPPLIER ENVIRONMENTAL ASSESSMENT							
G4-DMA	General information about management approach	6.5 Sustainable supply chain	36.				
G4-EN33	Significant actual and potential negative environmental impacts in the supply chain and actions taken	6.5 Sustainable supply chain	37.				
CATEGORY: SOCIAL							
SUB-CATEGORY: LABOR PRACTICES AND DECENT WORK							
EMPLOYMENT							
G4-DMA	General information about management approach	10.1 Employment data 10.2 Equal opportunities	52. 53.				
G4-LA1	Total number and rates of hiring new employees and employee turnover by age group, gender and region	10.1 Employment data	53.	The disclosure does not include data in a breakdown by region.	Currently, we have no records including data in a breakdown by region.		
G4-LA2	Benefits provided to full-time employees that are not provided to temporary or part-time employees, by significant locations of operation	3. Our sustainability performance in figures	19.				
G4-LA3	Return to work and retention rates after parental leave, by gender	10.2 Equal opportunities	54.				
MANAGER-STAFF RELATIONSHIP							
G4-DMA	General information about management approach	10.1 Employment data	52				
G4-LA4	Minimum period of notice for major changes in organization and whether or not such period of notice is indicated in the collective agreement.	10.1 Employment data	52	The disclosure does not include a specific minimum period of notice.	The company does not specify any specific period of notice for major organizational changes.		✓
OCCUPATIONAL HEALTH AND SAFETY							
G4-DMA	General information about management approach	10.3 Healthy working environment and work safety	55.				



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G4-LA6	Type of injury and rates of injury, occupational diseases, lost days, and absenteeism, and total number of work-related fatalities, by region and by gender	10.3 Healthy working environment and work safety	55	The disclosure does not include data in a breakdown by region.	Currently, we have no records including data in a breakdown by region.		✓
TRAINING AND EDUCATION							
G4-DMA	General information about management approach	10.4 Growth opportunities at Telenor	56				
G4-LA10	Programs for skills management and lifelong learning that support the continued employability of employees and assist them in managing career endings	10.4 Growth opportunities at Telenor	56				
G4-LA11	Percentage of employees receiving regular performance and career development reviews, by gender and by employee category	10.4 Growth opportunities at Telenor	56	Disclosure does not include a breakdown of employees by category.	There are no records available at the company about the breakdown of employees involved in this process by category.		✓
DIVERSITY AND EQUAL OPPORTUNITIES							
G4-DMA	General information about management approach	10.2 Equal opportunities	53				
G4-LA12	Composition of governance bodies and breakdown of employees per employee category according to gender, age group, minority group membership, and other indicators of diversity	10.2 Equal opportunities	53	Disclosure does not include classification in a breakdown by minority groups.	The company has no records about the minority-affiliation of employees.		
EQUAL WAGES TO MALE AND FEMALE EMPLOYEES							
G4-DMA	General information about management approach	10.1 Employment data	52				
G4-LA13	Comparison of the wages and non-wage benefits provided to male and female employees.	10.2 Equal opportunities	53	The standard disclosure does not include a comparison of the wages and non-wage benefits provided to male and female employees.	The company has no records about differences in the wages of male and female employees.		✓



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SUPPLIER ASSESSMENT FOR LABOR PRACTICES							
G4-DMA	General information about management approach	6.5 Sustainable supply chain	36.				
G4-LA15	Significant actual and potential negative impacts for labour practices in the supply chain and actions taken	6.5 Sustainable supply chain	37.				
SUB-CATEGORY: HUMAN RIGHTS							
DISCRIMINATION							
G4-DMA	General information about management approach	10.2 Equal opportunities	53.				
G4-HR3	No. of discrimination incidents and actions taken in response to such incidents	10.2 Equal opportunities	53.				✓
EVALUATION							
G4-DMA	General information about management approach	6.6 Human rights due diligence	38.				
G4-HR9	Total number and percentage of operations that have been subject to human rights reviews or impact assessment	6.6 Human rights due diligence	38.				
SUPPLIER HUMAN RIGHTS ASSESSMENT							
G4-DMA	General information about management approach	6.5 Sustainable supply chain	36.				
G4-HR11	Significant actual and potential negative human rights impacts in the supply chain and actions taken	6.5 Sustainable supply chain	37.				
SUB-CATEGORY: SOCIAL							
LOCAL COMMUNITIES							
G4-DMA	General information about management approach	5.3 Corporate responsibility strategy 7.5 Security 11.1 Environmental management	32. 43. 59.				



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G4-S02	Areas of business that have or may have a material impact on the local community	7.5 Security	43.				
		1 1.1 Environmental management	59.				
		1 1.2 Energy usage and CO2 emissions	61-66.				
ANTI-CORRUPTION EFFORTS							
G4-DMA	General information about management approach	6.3 Practices to combat corruption and promote ethical business conduct	34.				
G4-S03	Total number and percentage of operations assessed for risks related to corruption and the significant risks identified	6.3 Practices to combat corruption and promote ethical business conduct	34.				✓
G4-S04	Communication and training on anti-corruption policies and procedures	6.3 Practices to combat corruption and promote ethical business conduct	35.				
G4-S05	Confirmed incidents of corruption and actions taken	6.3 Practices to combat corruption and promote ethical business conduct	36.				
PUBLIC POLICY							
G4-DMA	General information about management approach	4.5 Economic results	27.				
G4-S06	Total value of political contributions by country and recipient/beneficiary	4.5 Economic results	28.				
ANTI-COMPETITIVE BEHAVIOUR							
G4-DMA	General information about management approach	6.2 Promote legal compliance					
		6.3 Practices to combat corruption and promote ethical business conduct	34.				
G4-S07	Total number of legal actions for anti-competitive behaviour, anti-trust, and monopoly practices and their outcomes	6.2 Promote legal compliance	34.				



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COMPLIANCE							
G4-DMA	General information about management approach	6.2 Promote legal compliance	34.				
G4-S08	Monetary value of significant fines and total number of non-monetary sanctions for non-compliance with laws and regulations	6.2 Promote legal compliance	23.				✓
SUPPLIER ASSESSMENT FOR IMPACTS ON SOCIETY							
G4-DMA	General information about management approach	6.5 Sustainable supply chain	36.				
G4-S010	Significant actual and potential negative impacts on society in the supply chain and actions taken	6.5 Sustainable supply chain	37.				
SUB-CATEGORY: PRODUCT LIABILITY							
CUSTOMER HEALTH AND SAFETY							
G4-DMA	General information about management approach	7.5 Security	43.				
G4-PR2	Total number of incidents of non-compliance with regulations and voluntary codes concerning the health and safety impacts of products and services during their life cycle, by type of outcomes	7.5 Security	43.				✓
PRODUCT AND SERVICE LABELING							
G4-DMA	General information about management approach	7.2 Responsible marketing	40.				
G4-PR4	Total number of incidents of non-compliance with regulations and voluntary codes concerning product and service information and labelling, by type of outcomes	7.2 Responsible marketing	40.				
G4-PR5	Results of customer satisfaction surveys	7.3 Customer satisfaction	41.				
MARKETING COMMUNICATIONS							
G4-DMA	General information about management approach	7.2 Responsible marketing	40.				
G4-PR7	Total number of incidents of non-compliance with regulations and voluntary codes concerning marketing communications, including advertising, promotion, and sponsorship, by type of outcomes	7.2 Responsible marketing	40.				



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CUSTOMER PRIVACY							
G4-DMA	General information about management approach	7.4 Privacy	42.				
G4-PR8	Total number of substantiated complaints regarding breaches of customer privacy and losses of customer data	7.4 Privacy	42.				✓
COMPLIANCE							
G4-DMA	General information about management approach	7.5 Security	43.				
G4-PR9	Monetary value of significant fines and number of non-monetary sanctions for non-compliance with laws and regulations concerning the provision and use of products and services	7.5 Security	43.				✓
INNOVATION							
DMA	General information about management approach	7.1 Innovation	40.				
	Number of colleagues joining innovation platform	7.1 Innovation	40.				✓
THE ROLE OF ICT IN THE LIFE OF YOUNG GENERATIONS							
DMA	General information about management approach	8.2 ICT in education 9. Community engagement	46. 50.				
	Number of students attending a session on safe internet use	9. Community engagement	50.				✓



ACRONYMS



About the report

GRI Global Reporting Initiative

TnCO Telenor Common Operation Zrt.

Our sustainability performance in figures

ARPU Average revenue per unit

CAPEX Capital expenditure excluding spectrum charges

CO2 carbon-dioxide

EBIT Earnings Before Interest and Taxes

EBITDA Earnings Before Interest, Taxes, Depreciation and Amortization

GJ gigajoule

GWh gigawatt-hour

HUF forint

IFRS International Financial Reporting Standards

Mbps Megabit per second

kg kilogram

l litre

m million

m3 cubic meter

MJ megajoule

SZÉP Széchenyi Recreation Card

t ton

Company information

AmCham American Chamber of Commerce

BCSDH Business Council for Sustainable Development in Hungary

HBLF Hungarian Business Leaders Forum

HÉT Communications Reconciliation Council (Hírközlési Érdekegyeztető Tanács)

HTE Science Association for Communications and IT (Hírközlési és Informatikai Tudományos Egyesület)

IVSZ ICT Association of Hungary (Informatikai, Távközlési és Elektronikai Vállalkozások Szövetsége)

KÖVET KÖVET Association for Sustainable Economies

MAF Hungarian Donors Forum (Magyar Adományozói Fórum)

NIOK Nonprofit Information and Education Centre (Nonprofit Információs és Oktató Központ)

NMHH National Media and Infocommunications Authority (Nemzeti Média- és Hírközlési Hatóság)

Our strategy

EES Employee Engagement Survey

Responsible corporate governance

DUE Student Journalists' Association (Diákújságíró Egyesület)

SCS Supply Chain Sustainability

TI Transparency International

Customers

IVR Interactive Voice Response

KPI Key Performance Indicator

WHO World Health Organization

Infocommunications technology for the benefit of the society

ORFK National Police Headquarters (Országos Rendőr-főkapitányság)

UNICEF United Nations International Children's Emergency Fund

Responsible employment

GYED Child Care Benefit (Gyermekegondozási díj)

GYES Child Care Fee (Gyermekegondozási segély)

HSSE Health & Safety, Security and Environment system

MEBIR Occupational Health and Safety Management System

TDP Telenor Development and Performance

Environment

ISO International Organization for Standardization

KIR Environmental Management System (EMS)

RF Radio Frequency

Independent Assurance Letter

Denkstatt Hungary Kft. was commissioned by Telenor Magyarország Zrt. ("Telenor") to carry out an independent third-party audit of Telenor's Sustainability Report for the year 2014 (the "Report").

Scope, criteria and methodology

The assessment of the Report covered the following aspects:

- the application of the GRI G4 Principles for Defining Report Content and Quality;
- stakeholder engagement and materiality – these concepts are of outstanding importance in GRI G4;
- the use of the GRI G4 indicators;
- compliance with the chosen 'in accordance' option (core);
- the evaluation of data, texts, the data collection and data management processes, as well as the generation of indicators through data checks and interviews with data owners. Denkstatt checked whether data are accurate, reproducible and reliable. The background data of indicators related to material aspects were given particular attention to during the assessment.

Results and Development Recommendations

After the first phase of the assessment process, a Preliminary Assurance Report was submitted to Telenor on the results of the first phase and necessary modifications. The final version was updated according to the recommended amendments. The expert evaluation and potential areas of improvement were summarized in a detailed Final Assurance Report. The main findings of the report were:

- the improvement of the stakeholder engagement process is necessary, as referred to in the final version of Telenor's Sustainability Report;
- in line with the materiality concept, the presence of material issues in the Report should reflect their significance;
- as required for the core 'in accordance' option, conditions must be established for the disclosure of at least one indicator related to each identified material aspect (apart from the general standard disclosures) with content and structure defined by the GRI G4 Guidelines;
- in order to improve the availability, management, transparency and accuracy of background data, a data management system needs to be established with support from the top management.

Conclusions

It can be concluded the Report provides a comprehensive coverage of Telenor's sustainability activities in 2014.

During the audit of the Report, nothing has come to our attention that would lead us to assume that the Report was not prepared in line with the GRI guidelines or it would not fulfill the requirements of the targeted GRI G4 'in accordance' option (core).

Independency

Denkstatt Hungary Kft. has no relations of any kind with Telenor that would pose a risk to the independency of the assurance process or its results.

Budapest, 2 December 2015



Edit Csizmadia

CSR Consultant
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