



*TELENOR HUNGARY*

*SUSTAINABILITY*

*REPORT*

*2013*

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## Guide for this document

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## Dear Reader,

In this report, we provide an overview of Telenor Hungary's corporate responsibility efforts in 2013.

At Telenor, we believe that our business activities support social and economic growth, therefore, our responsibilities and activities are closely integrated. The growth of fast mobile internet and the increasing dominance of smartphones bring about revolutionary changes in work, education, administration and entertainment. Telenor wants to support and accelerate this transition, develop the fastest and best quality mobile internet network in Hungary, promote the adoption of smartphones, provide innovative services to improve customers' quality of life and enable them to make the most of all these opportunities.

We want to make our superfast Hipernet network available to all because we believe that internet access improves quality of life and contributes to economic growth. To support growth, we have invested several tens of billions of HUF in extending our frequency contracts and network development and signed a strategic partnership agreement with the Hungarian government. We are also aware that we need to make special effort to promote the growth of the internet and protect children vulnerable

to online threats. And we also have to support internet newbies to make the most of the web. We've launched many projects in recent years and entered into partnership with several NGOs including UNICEF to further these goals.

We are committed to supporting the society we are part of. We seek to contribute to social change through our services, expertise and tools as well as our volunteers' efforts. In 2013, we signed a strategic partnership agreement with the Hungarian Red Cross to help rescue staff working in disaster areas with our innovative solutions. Since 2011, we have made special effort to fight corruption, one of the biggest social challenges in Hungary. During the reporting period, we conducted a comprehensive corruption risk assessment and sought to improve colleagues' skills and commitment through workshops and newsletters. We have actively cooperated with Transparency International to improve the business environment and launched several projects to combat corruption and promote ethical business practices. Beyond all these initiatives, our company continues to be a responsible employer, control its supply chain, comply with the most stringent environmental requirements and set an example for others to follow also in this field. In 2013, these goals were supported by a comprehensive human rights due diligence process, the certification of our EMS system and supplier audits. Let me use this opportunity to thank our employees and partners for identifying with our goals and way of working and actively contributing to last year's CR efforts. I hope that next year I'll be able to share even more and better CR initiatives with you.

Christopher Laska  
CEO

## 2. ABOUT THE REPORT

2.1 Our reporting system

2.2 This report

2.3 Defining report content



## 2.1 Our reporting system

Telenor Hungary (hereinafter “Telenor”) publishes sustainability reports based on the international Global Reporting Initiative (GRI)<sup>1</sup> framework every year. Our previous sustainability report was published in February 2014 [on the years 2010 to 2012](#).

GRI is the most widely used and respected sustainability and responsibility reporting framework in the world. For more information please visit the website of the Global Reporting Initiative at: [www.globalreporting.org](http://www.globalreporting.org)

The information included in this report are 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
- our corporate data management system

The reliability of data and information has been ensured by expert and management reviews.

Compiling the report, special consideration has been given to the completeness of information, the accuracy and reliability of data and we also took special care to make data comparable, involve stakeholders and demonstrate sustainability in context.

## 2.2 This report

This report provides an overview of Telenor’s economic, environmental and social performance in the period between 1 January and 31 December 2013 in line with the GRI G4 guidelines. According to our self-classification, we have reached “Core” compliance level with the guidelines. As part of our effort to continuously improve our reporting system, we adopted the latest standard during the development of our report for 2013.

<sup>1</sup> Global Reporting Initiative (GRI)

The compliance of this report with GRI G4 guidelines has been audited by independent third party auditor DENKSTATT Hungary Kft. Our report is about only Telenor’s own activities. It does not cover points of sale operated by our partners neither Telenor Common Operation Ltd. (TnCO) established in Q4 2013. To read about the sustainability performance of our parent company, the Telenor Group (Telenor ASA) [please click here](#).



The figures published in the chapters of our report are also included in [Our sustainability performance in figures](#).

The acronyms used in the report are explained in [Acronyms](#).

Driven by the desire to protect the environment, we have published this report exclusively in an online format on our website.

## 2.3 Defining report content

Our sustainability report for 2013 was developed with the involvement of our stakeholders, focusing on material aspects. As a first step, the areas of sustainability specified by GRI G4 were reviewed and the areas relevant for Telenor’s business were identified by the CR function responsible for sustainability. The relevance of material aspects was evaluated based on two GRI

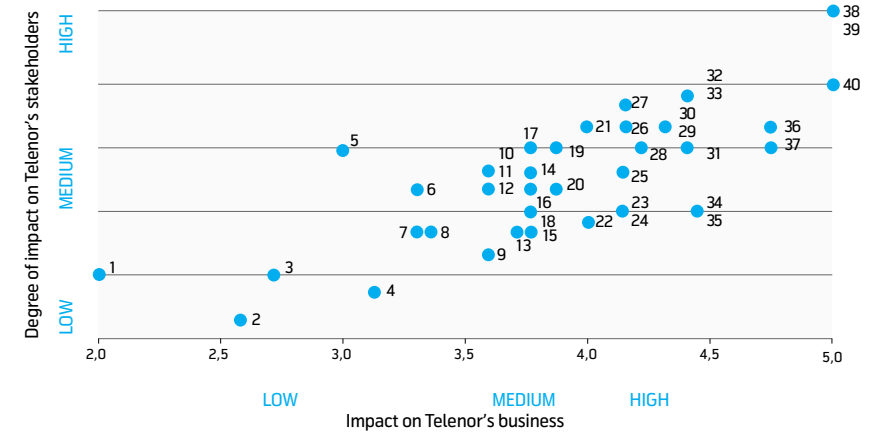
criteria in a survey covering internal and external stakeholders. As part of this survey, respondents were asked to evaluate specific topics on a scale from 1 to 5 depending on their perceived relevance for their group of stakeholders and Telenor’s business. In addition to quantitative answers, respondents were asked to provide a qualitative evaluation of Telenor’s sustainability reporting system. Having evaluated the results and comparing feedback to the existing CR<sup>2</sup> strategy, the key sustainability areas were identified.

<sup>2</sup> Corporate Responsibility

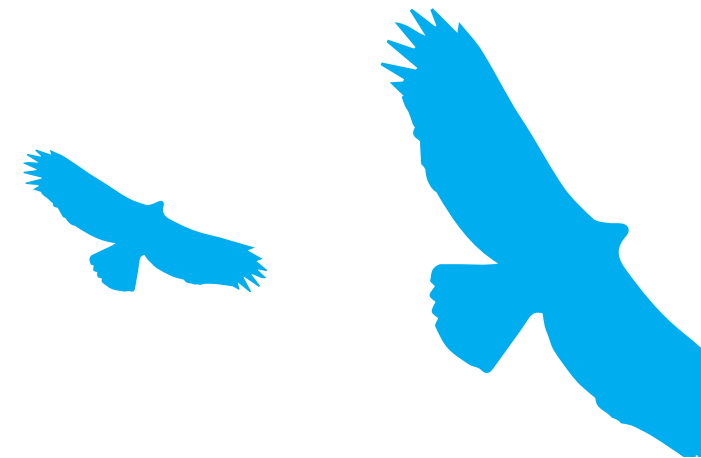


### Matrix of material aspects

Degree of impact on Telenor's stakeholders	HIGH	5. Healthcare	17. Employment data 19. Equal wages to men and women 21. Diversity and equal opportunity 26. Anti-corruption 27. Discrimination 28. Anti-competitive behaviour	29. Legal compliance related to products and services 30. Marketing communication 31. Indirect economic impact 32. Market presence 33. Economic performance 36. Customer health and safety 37. Occupational health and safety 38. Innovation 39. Education 40. Privacy
	MEDIUM	6. Supplier assessment for impacts on society 7. Water usage 8. Supplier assessment for labour practices	10. Local communities 11. Safety practices 12. Public policy involvement 13. Labelling 14. Legal compliance in social matters 15. Training and education 16. Employee-management relationship 18. Supplier environmental assessment 20. Emissions 22. Procurement practices 23. Effluents and waste 24. Materials usage 25. Compliance with environmental regulations	34. Environmental impact of products and services 35. Energy consumption
	LOW	1. Retirement 2. Biodiversity 3. Travel 4. Environmental spending	9. Supplier human rights assessment	-
		LOW	MEDIUM	HIGH
		Impact on Telenor's business		



The numbers were assigned to the aspects in an ascending order based on their impact on Telenor's operation.



If you have any question or comment related to our sustainability report please feel free to consult our CR Expert Gábor Vécsei.

[gvecsei@telenor.hu](mailto:gvecsei@telenor.hu)

# 3. OUR SUSTAINABILITY PERFORMANCE IN FIGURES



## Environmental performance

	Unit of measure	2010	2011	2012	2013	Change 2012=100%	Note
<b>Direct energy consumption</b>							
Total direct energy usage	GJ <sup>3</sup>	245,716	245,190	232,372	221,182	95.2%	
<b>Fuel consumption from non-renewable sources</b>							
Natural gas	GJ	4,542	2,691	2,633	2,540	96.5%	The reason for the increase in fuel consumption is the higher number of trips to Serbia before the establishment of TnCO. Petrol consumption increased because the hybrid cars purchased in 2013 have a petrol engine.
Diesel oil	GJ	17,361	15,365	15,691	16,028	102.1%	
Petrol	GJ	649	478	496	546	110.1%	
<b>Total</b>	<b>GJ</b>	<b>22,552</b>	<b>18,534</b>	<b>18,820</b>	<b>19,114</b>	<b>101.6%</b>	
<b>Electricity</b>							
Building management	GJ	17,424	17,784	18,684	18,036	96.5%	The figures reflect energy savings due to our network modernization project of 2010 to 2012.
Network operation	GJ	197,964	200,880	186,876	146,628	78.5%	
Network operation (green energy)	GJ	6,480	7,200	7,200	36,000	500.0%	The total electricity network of our site with the highest consumption was upgraded, and air conditioning equipment were replaced.
Heating and cooling	GJ	1,296	792	792	1,404	177.3%	
<b>Total</b>	<b>GJ</b>	<b>223,164</b>	<b>226,656</b>	<b>213,552</b>	<b>202,068</b>	<b>94.6%</b>	
<b>Energy consumption by area</b>							
Network	GJ	204,624	208,188	194,076	182,664	94.1%	
Buildings	GJ	25,272	22,392	23,220	23,076	99.4%	
Travel (air and road)	GJ	21,780	21,888	21,888	23,508	107.4%	
<b>Total</b>	<b>GJ</b>	<b>251,676</b>	<b>252,468</b>	<b>239,184</b>	<b>229,248</b>	<b>95.8%</b>	

<sup>3</sup> Gigajoule

	Unit of measure	2010	2011	2012	2013	Change 2012=100%	Note
<b>Energy intensity by area</b>							
Network	MJ <sup>4</sup> /customer	57	59	55	52	94.5%	
Building management	GJ/employee	23	21	20	22	110.0%	
Travel	GJ/employee	20	21	19	22	115.8%	
<b>Environmental impact of travel and transportation</b>							
Air	CO <sub>2</sub> <sup>5</sup> t <sup>6</sup>	135	242	231	289	124.8%	
Road (car)	t of CO <sub>2</sub>	1,364	1,204	1,222	1,265	103.6%	
<b>Total</b>	<b>t of CO<sub>2</sub></b>	<b>1,498</b>	<b>1,446</b>	<b>1,453</b>	<b>1,554</b>	<b>106.9%</b>	
<b>Direct CO<sub>2</sub> emissions</b>							
<b>Total direct CO<sub>2</sub> emissions</b>	<b>t of CO<sub>2</sub></b>	<b>1,630</b>	<b>1,362</b>	<b>1,385</b>	<b>1,428</b>	<b>103.1%</b>	
Electricity generation (network)	t of CO <sub>2</sub>	15	8	17	3	18.7%	
Gas used for heating (buildings)	t of CO <sub>2</sub>	252	149	146	160	109.3%	
Car travel	t of CO <sub>2</sub>	1,364	1,204	1,222	1,265	103.6%	
<b>Indirect CO<sub>2</sub> emissions</b>							
<b>Total indirect CO<sub>2</sub> emissions</b>	<b>t of CO<sub>2</sub></b>	<b>21,055</b>	<b>20,244</b>	<b>19,369</b>	<b>15,035</b>	<b>77.6%</b>	
Electricity (network)	t of CO <sub>2</sub>	19,286	18,559	17,628	13,319	75.6%	
Electricity (buildings)	t of CO <sub>2</sub>	1,697	1,642	1,697	1,638	96.6%	
District heating (buildings)	t of CO <sub>2</sub>	72	44	44	78	179.4%	
<b>Other indirect CO<sub>2</sub> emissions</b>							
Air travel	t of CO <sub>2</sub>	134.55	242.00	231.22	288.51	124.8%	

<sup>4</sup> Mega joule

<sup>5</sup> Carbon-dioxide

<sup>6</sup> ton



	Unit of measure	2010	2011	2012	2013	Change 2012=100%	Note
<b>Greenhouse gas emissions by area</b>							
Network	t of CO2	19,300	18,567	17,646	13,322	75.5%	
Buildings	t of CO2	2,059	1,855	1,906	1,876	98.4%	
Travel	t of CO2	1,498	1,446	1,453	1,554	106.9%	
<b>Total</b>	<b>t of CO2</b>	<b>22,857</b>	<b>21,868</b>	<b>21,004</b>	<b>16,752</b>	<b>79.8%</b>	
<b>Intensity of greenhouse gas emissions by area</b>							
Network	kg of CO2 / customer	5.39	5.23	5.01	3.82	76.2%	
Building management	t of CO2/employee	1.88	1.74	1.67	1.76	105.4%	
Travel	t of CO2/employee	1.37	1.36	1.27	1.46	115.0%	
<b>Water usage</b>							
Tap water (HQ)	m <sup>3</sup> <sup>7</sup>	16,838	14,261	16,588	17,480	105.4%	Water consumption increased because the artificial lake at our site had to be drained several times for technical reasons. The water consumption of certain shops is a virtual value because it is billed based on floor space rather than actual usage.
Tap water (Telenor shops)	m <sup>3</sup>	1,703	1,842	1,368	1,810	132.3%	
<b>Total</b>	<b>m<sup>3</sup></b>	<b>15,025</b>	<b>16,103</b>	<b>17,956</b>	<b>19,290</b>	<b>107.4%</b>	
<b>Used phone collection</b>							
Quantity of collected used phones	kg <sup>8</sup>	2,388	2,688	4,566	907	19.9%	
<b>Environmental expenses</b>							
Nissan Leaf electric car	HUF	-	-	-	8,431,560	-	
Annual environmental management fee	HUF	-	-	-	5,689,600	-	
Product fees	HUF	-	-	-	44,000,000	-	
<b>Total</b>	<b>HUF</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>58,121,160</b>	<b>-</b>	

<sup>7</sup> cubic meter

<sup>8</sup> kilogram



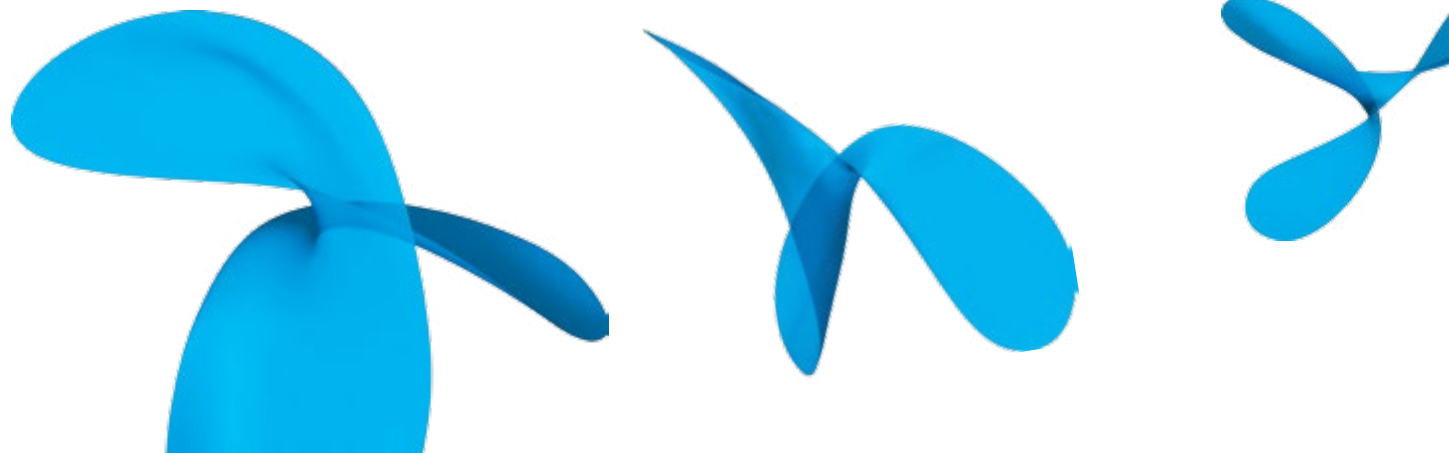
	Unit of measure	2010	2011	2012	2013	Change 2012=100%	Note
<b>Total waste production</b>							
Paper	kg	131,311	121,614	48,070	70,872	147.4%	
Plastic packaging waste	kg	900.9	97	1,320	0	-	
Glass packaging waste	kg	778.7	2,375	680	0	-	
Communal waste	kg	66,840	68,610	68,530	58,608	85.5%	
Waste water	m <sup>3</sup>	15,025	16,103	17,956	19,290	107.4%	
Electronic and telecommunications waste	kg	0	0	19,514	16,683	85.5%	
Lead batteries	kg	57,452	70,797	196,036	126,290	64.4%	

<b>Assessment of suppliers' environmental impact</b>							
Number of suppliers subject to impact assessment	no.	-	-	-	42	-	
Number of suppliers with major existing and potential risks identified	no.	-	-	-	11	-	
Number of suppliers making progress in the period under survey	no.	-	-	-	12	-	
Number of contracts terminated	no.	-	-	-	0	-	

<b>Fines for the breach of environmental law and regulations</b>							
Amount of fines	HUF	0	0	0	0	-	

**Ratios used to convert environmental data**

<b>Material Conversion ratios</b>	
Material	Conversion ratios
Natural gas	1 m <sup>3</sup> = 0.034 GJ
Diesel oil	1000 l = 34.75 GJ
Petrol	1000 l = 31.4 GJ
Electricity	1 GWh = 3600 GJ
CNG	1 m <sup>3</sup> of CNG = 1.89 kg of CO <sub>2</sub>



## Economic performance

	Unit of measure	2010	2011	2012	2013	Change 2012=100%
<b>Economic performance (based on IFRS<sup>9</sup>)</b>						
Sales	HUF million	165,166	160,302	157,929	152,945	96.8%
EBITDA <sup>10</sup>	HUF million	60,294	54,894	50,835	52,950	104.2%
EBITDA rate	%	36.5	34.2	32.2	34.6	107.5%
EBIT <sup>11</sup>	HUF million	33,269	26,078	35,420	37,119	104.8%
CAPEX* <sup>12</sup>	HUF million	8,913	15,043	11,503	11,198	97.3%
ARPU <sup>13</sup> index	HUF	3,734	3,647	3,662	3,574	97.6%

\* excluding frequency fees

## Proportion of senior management hired from the local community

No. of senior managers	person	-	-	-	24	-
No. of local senior managers	person	-	-	-	20	-
Ratio of local senior managers (%)	%	-	-	-	83.0	-

## Financial assistance received from government

Tax relief and tax credit	HUF	-	-	-	0	-
Subsidies	HUF	-	-	-	0	-
Investment grants, research and development grants, and other relevant types of grants	HUF	-	-	-	0	-
Awards	HUF	-	-	-	0	-
Financial assistance from Export Credit Agencies (ECAs)	HUF	-	-	-	0	-
Financial incentives	HUF	-	-	-	0	-
Other financial benefits received or receivable from any government for any operation	HUF	-	-	-	0	-
<b>Total</b>	<b>HUF</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>0</b>	<b>-</b>

<sup>9</sup> International Financial Reporting Standards

<sup>10</sup> Earnings before interest, taxes, depreciation and amortization

<sup>11</sup> Earnings before interest and taxes

<sup>12</sup> Capital expenditure

<sup>13</sup> Average revenue per unit

## Infrastructure investments

	Unit of measure	Financial value of investment/development	Social impact of development
<b>Brief description of investments and service development initiatives</b>			
Voice	HUF million	563	Improve the supply of mobile telecommunications services including voices services to Hungarian consumers and businesses
Data	HUF million	5,301	3G and 4G projects to promote digital literacy and improve the supply of mobile telecommunications services to Hungarian consumers and businesses
Other network	HUF million	504	Network infrastructure modernization because of ageing and environmental reasons (to reduce consumption)
<b>Total</b>	<b>HUF million</b>	<b>6,368</b>	<b>-</b>

## Social performance

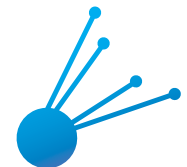
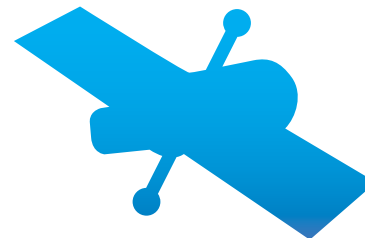
	Unit of measure	All employees	Men	Women
<b>Absentee rates – Total number of employees</b>				
No. of fatalities	no.	0	0	0
Workplace injury rate	%	0	0	0
Occupational diseases rate	%	0	0	0
Lost day rates because of workplace injuries or occupational diseases	%	0	0	0
Absentee rate*	%	0.340	0.149	0.503

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

	Unit of measure	Below 30 years of age	Between 30 and 50 years of age	Above 50 years of age	Men	Women
<b>Staff turnover</b>						
No. of new employees	person	54	69	2	65	60
Ratio of new employees	%	24	8	9	15	10
No. of employees leaving the organization	person	20	59	1	41	39
Ratio of employees leaving the organization	%	9	7	5	9	7

	Unit of measure	Senior managers	Middle managers	Team leaders	Staff
<b>Composition of employee base</b>					
No. of employees	person	24	51	103	887
Ratio of women in the different employment categories	%	29.2	25.5	44.7	63.7
Ratio of men in the different employment categories	%	70.8	74.5	55.3	36.3
Ratio of employees younger than 30 in the different employment categories	%	0.0	3.9	5.8	24.9
Ratio of employees aged between 30 to 50 years of age in the different employment categories	%	95.8	92.2	92.2	73.2
Ratio of employees older than 50 years of age in the different employment categories	%	4.2	3.9	1.9	1.9

	Unit of measure	2010	2011	2012	2013
<b>Composition of the Leadership Team, Telenor's governing body</b>					
Ratio of women in governing bodies	%	-	-	-	0
Ratio of men in governing bodies	%	-	-	-	100
Ratio of employees younger than 30 years of age in governing bodies	%	-	-	-	0
Ratio of employees aged between 30 to 50 years of age in governing bodies	%	-	-	-	100
Ratio of employees older than 50 years of age in governing bodies	%	-	-	-	0



	Unit of measure	Telenor contribution	Employee self-reliance	Total
<b>Benefit components*</b>				
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 <sup>14</sup> 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
Glasses contribution	HUF	18,000	0	18,000
<b>Total</b>	<b>HUF</b>	<b>779,000</b>	<b>513,000</b>	<b>1,292,000</b>

\* Annual maximum amount/colleague.

	Unit of measure	2010	2011	2012	2013
<b>Supplier assessment for labour practices</b>					
Number of suppliers subject to impact assessment	no. <sup>15</sup>	-	-	-	47
Number of suppliers with major existing and potential risks identified	no.	-	-	-	11
Number of suppliers making progress in the period under survey	no.	-	-	-	14
Number of contracts terminated	no.	-	-	-	0
<b>Total number of legal actions for anti-competitive behaviour, anti-trust and monopoly practices and their outcomes</b>					
No. of legal actions	no.	-	-	-	0
<b>Monetary value of significant fines and total number of non-monetary sanctions for non-compliance with laws and regulations</b>					
Monetary value of fines	HUF	-	-	-	5,000,000
No. of non-monetary sanctions	no.	-	-	-	18
<b>Value of political contributions</b>	HUF	-	-	-	0

<sup>14</sup> Széchenyi Recreation Card

<sup>15</sup> number

	Unit of measure	2010	2011	2012	2013
<b>Assessment of suppliers' impact on society</b>					
Number of suppliers subject to impact assessment	no.	-	-	-	42
Number of suppliers with major existing and potential risks identified	no.	-	-	-	11
Number of suppliers making progress in the period under survey	no.	-	-	-	12
Number of contracts terminated	no.	-	-	-	0
<b>Privacy complaints</b>					
No. of privacy complaints received	no.	46	65	35	55
No. of substantiated complaints	no.	18	33	11	32
Substantiated complaints received from outside parties	no.	18	29	11	25
Substantiated complaints received from regulatory bodies	no.	2	1	1	1
Number of data leaks	no.	0	3	5	4
Number of data thefts	no.	0	3	1	0
Number of data losses	no.	0	1	0	0
<b>Legal actions related to the health and safety impact of products and services</b>					
No. of legal actions	no.	-	-	-	0
No. of actions resulting in a fine or penalty	no.	-	-	-	0
Actions resulting in a warning	no.	-	-	-	0
Non-compliance with voluntary codes	no.	-	-	-	0
<b>Legal actions related product and service information and labelling</b>					
No. of legal actions	no.	-	-	-	22
No. of actions resulting in a fine or penalty	no.	-	-	-	22
No. of actions resulting in a warning	no.	-	-	-	0
Non-compliance with voluntary codes	no.	-	-	-	0

	Unit of measure	2010	2011	2012	2013
<b>Legal actions related to marketing communications</b>					
No. of legal actions	no.	-	-	-	1
No. of actions resulting in a fine or penalty	no.	-	-	-	0
No. of actions resulting in a warning	no.	-	-	-	1
Non-compliance with voluntary codes	no.	-	-	-	0
<b>Degree of non-compliance with product- and service-related legal regulations and other requirements, that is, the monetary value of associated fines</b>					
	HUF	-	-	-	0
<b>Supplier assessment for human rights practices</b>					
Number of suppliers subject to impact assessment	no.	-	-	-	42
Number of suppliers with major existing and potential risks identified	no.	-	-	-	11
Number of suppliers making progress in the period under survey	no.	-	-	-	12
Number of contracts terminated	no.	-	-	-	0





# 4. COMPANY INFORMATION

4.1 Telenor Hungary

4.2 Governing bodies

4.3 Our services

4.4 Our customers

4.5 Our economic performance

4.6 Membership in organisations



## 4.1 Telenor Hungary



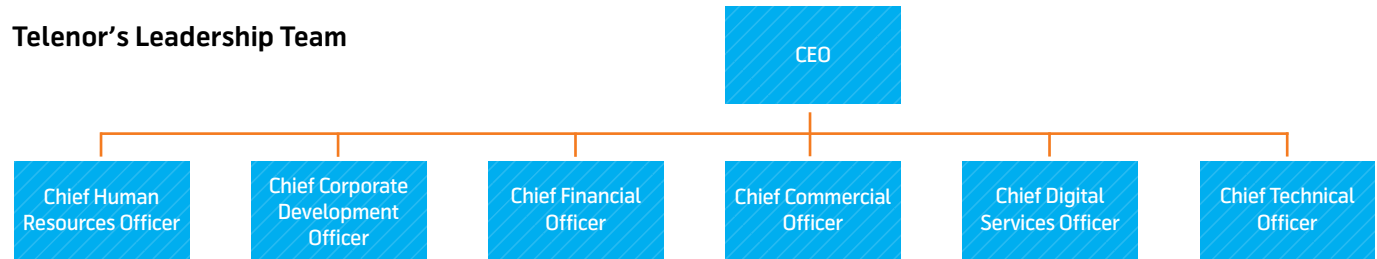
Telenor Hungary, member of the global Telenor Group, is a leading provider of mobile voice and broadband services in Hungary. The company based in Törökbálint entered the Hungarian mobile communications market under the name Pannon GSM in 1994.

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 2013, it had mobile operations in **13 countries** in the Nordics, Central and Eastern Europe and Asia with almost **166 million mobile subscriptions**, **33,000 employees** and an annual sales revenue of **NOK 104 billion**.

### Telenor's Leadership Team



### 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 that employees participate in supervising the company's activities through this delegate.

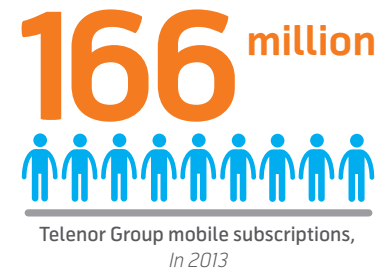
#### Board of Directors members<sup>16</sup>:

1. Kjell Morten Johnsen,
2. Ingrid Riddervold Lorange,
3. Ronny Bakke Nævdal,
4. Lars-Åke Norling,
5. Knut Giske,
6. Jon Erik Haug

#### Supervisory Board members<sup>17</sup>:

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

The 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 member of the Board of Directors. This position was filled by Christopher Laska in the reporting period.



<sup>16</sup> As of 31 December 2013

<sup>17</sup> As of 31 December 2013

### 4.3 Our services



Leveraging the potentials of mobile communications, Telenor wants to provide innovative products and services that contribute to sustainable development and enable customers to stay connected.

We believe that mobile communications can be both a catalyst of economic growth and a key contributor to social inclusion.

Our company provides mobile voice and data services. Earlier, voice and SMS services accounted for the vast majority of our business, but now mobile data services are getting more dominant. Internet access is provided through mobile internet available on various mobile devices, e.g. smartphones, computers and laptops.

Our tariffs and special offers are usually combined with attractively priced mobile devices from low-end products to smartphones, tablets and laptops.



Faster than ever mobile internet offers the experience of unprecedented freedom to all subscribers. Anytime internet access

plays an increasingly important role in our customers' lives. Telenor services provide them with nearly anytime and anywhere access to web-based information. We keep upgrading our infrastructure to offer the best and fastest mobile internet access to our customers. In December 2011, we completed the development of our new generation network, Hipernet (DC-HSPA+). As a result of ongoing network development, increasing bandwidth and mobile internet coverage across the country.

October 2013 saw the launch of Hipernet 4G, our fastest mobile internet service offering a theoretical maximum speed of 150 Mbps<sup>18</sup>. This service can be used to replace fixed-line internet.

At the same time, we keep expanding the range of innovations available to our customers. Our new content services bring about a revolution in online music consumption and enable users to access music from a legal source. Our television and film streaming service provides anytime and anywhere access to the programmes of 14 television channels and many Hungarian and international films and series from mobile phones, tablets, notebooks or desktop PCs<sup>19</sup>. We offer cloud computing solutions to make business customers' lives easier. We also strive to make the most of M2M<sup>20</sup> (machine-to-machine) solutions in transportation IT, security and healthcare.

To read more about our services please visit [our website](#).

<sup>18</sup> Megabit per second

<sup>19</sup> Personal computer

<sup>20</sup> Machine to machine



## 4.4 Our customers

Our daily business is focused on customer centricity. We do our best to meet the requirements of our customer segments and create genuine value for them.

**Consumers:** Consumers is a highly diverse segment. It includes optimistic, adventurous and cost-sensitive young people who tend to buy prepaid subscriptions, senior customers driven by traditional values as well as more affluent and active adult mobile users open to innovation. Telenor works hard to better understand its target segments and their requirements and provide the highest quality service to them.

**Large enterprises:** Meeting the expectations of large enterprises often requires a high level of flexibility and creativity. Our sales staff have an excellent understanding of the special needs of this customer group which enables them to provide large enterprises with impeccable service.

**Medium-sized enterprises:** The members of this segment have a strong need to control their costs which means that their mobile spending is also driven by cost considerations. At the same time, they demand personal customer management and fast or even immediate response and resolution to their issues.

**SOHO customers:** SOHO customers have highly diverse needs and expectations. They demand appropriate service levels, that is, stable and reliable availability which can determine their business success. Cost optimization is also a key consideration for this group. They constantly seek new solutions to promote their business.

## 4.5 Economic performance

Our economic performance (based on IFRS, 2010-2013)

	2010	2011	2012	2013
Sales (HUF million)	165,166	160,302	157,929	152,945
EBITDA (HUF million)	60,294	54,894	50,835	52,950
EBITDA rate (%)	36.5	34.2	32.2	34.6%
EBIT (HUF million)	33,269	26,078	35,420	37,119
CAPEX (HUF million)*	8,913	15,043	11,503	11,198
ARPU index (HUF)	3,764	3,647	3,662	3,574

\* excluding frequency fees

In 2013, Telenor had sales of HUF 152.945 bn and an EBIT of HUF 37.119 bn. Our sales declined in 2013 compared to the previous year which was mostly due to a reduction in interconnect fees. Nevertheless, **our EBIT was 4.7% higher than in 2012** as a result of heavily reduced operating expenses and a reduction in the telecom tax (back in 2012, two different types of taxes were in effect).

The ARPU index was below the 2012 level which was attributable to the negative impact of the interconnect fee cut.





Telenor subscriptions at the end of 2013

**31,38%**



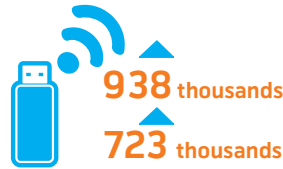
Its closing market share based on the number of used SIM<sup>21</sup> cards



Smartphone sales accounted



The number of small screen MBI users



The number of mobile internet subscriptions

Telenor had **3,487,000 subscriptions** at the end of 2013. Its closing market share (based on the number of used SIM<sup>21</sup> cards) was 31.38% at the end of the reporting period. **The number of mobile internet subscriptions increased to 938,000** compared 723,000 in Q4 2012. **The number of small screen MBI users increased by 42% over the same period of 2012.** At the end of 2013, **smartphone sales accounted for more than 77% of phone sales and tablet sales quadrupled compared to 2012.**

Telenor spent HUF 6.368 bn on network development in the reporting period.

Network development projects have the primary aim to promote digital literacy and improve the supply of mobile telecommunications services to Hungarian consumers and businesses. In addition, network modernization also reduces Telenor's environmental impact.

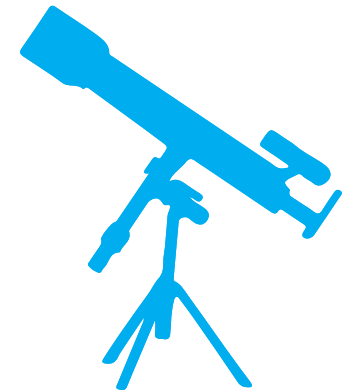
Using more energy efficient equipment enables us to reduce our energy consumption and emissions. For more information on the environmental impact of our network development efforts please read [11.2 Energy usage and emissions](#).

<sup>21</sup> Subscriber Identity Module

**Infrastructure investments**

Investments and service development initiatives	Financial value of investment/ development (HUF million)	Social impact of development
Voice	563	Improving the supply of mobile telecommunications services including voices services to Hungarian consumers and businesses
Data	5,301	3G and 4G projects to promote digital literacy and improve the supply of mobile telecommunications services to Hungarian consumers and businesses
Other network	504	Network infrastructure modernization because of ageing and environmental reasons (to reduce consumption)
<b>Total</b>	<b>6,368</b>	-

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





## 4.6 Membership in organisations

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

### Membership in trade organisations:

- Communications Reconciliation Council (HÉT)
- Scientific Association of Infocommunications (HTE)
- ICT Association of Hungary (IVSZ)
- Hungarian Mobile Wallet Association

### Membership in representative organisations:

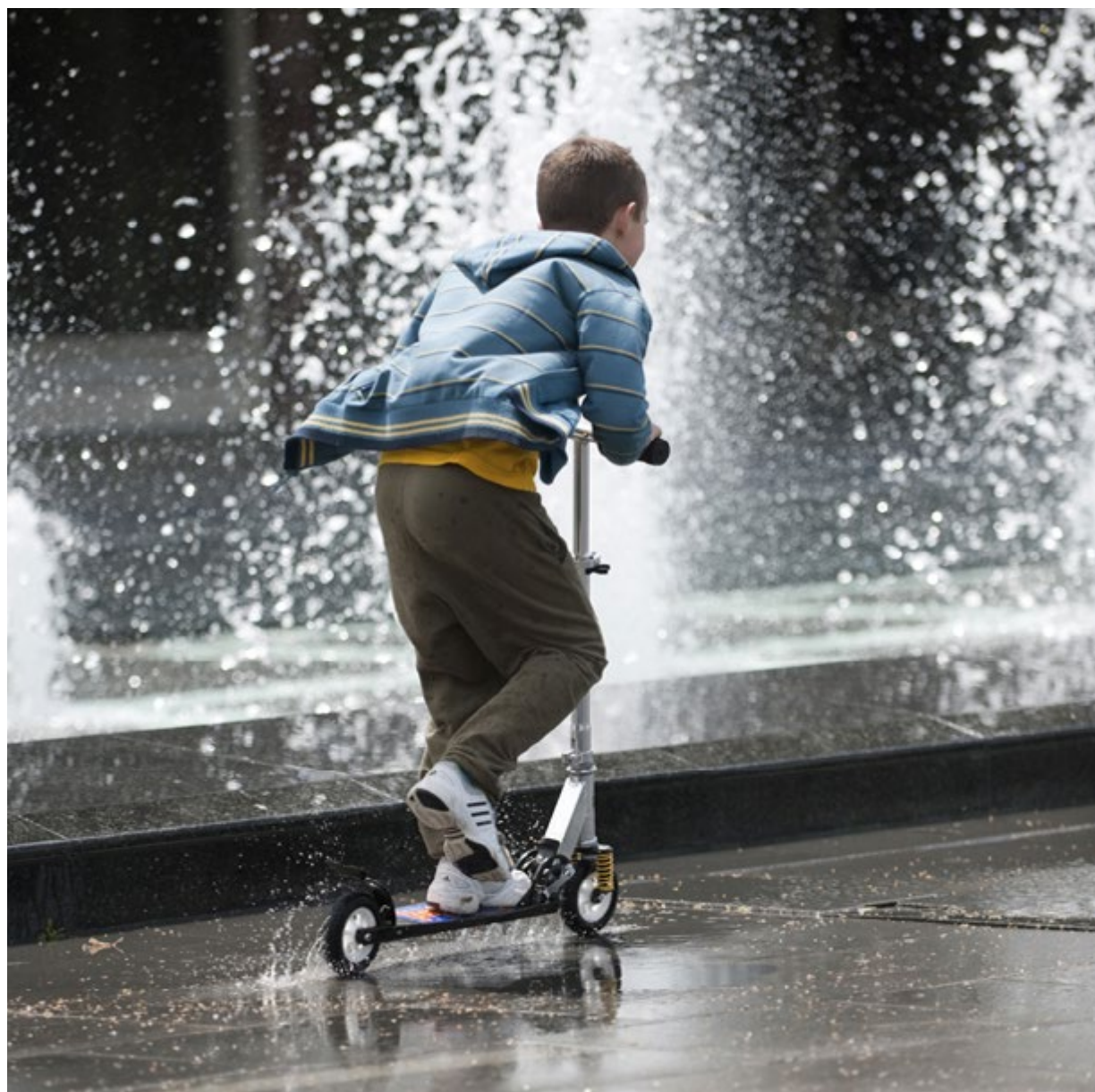
- American Chamber of Commerce (AmCham)
- Hungarian Business Leaders Forum (HBLF)
- KÖVET Association
- Hungarian Donors Forum (MAF)
- Business Council for Sustainable Development in Hungary (BCSDH)

### 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. It has been a partner to the authorities in several initiatives such as NMHH's Internet Roundtable for Child Protection where Telenor participated as a member of HÉT and IVSZ. For more information on the Internet Roundtable for Child Protection please read 8.1 Safe and responsible use of the internet by children.

In 2013, HÉT member companies including Telenor joined NMHH's initiative to publish uniform service description charts on their websites. The simplification and standardization of the information available on broadband internet tariffs aim to enhance the transparency of internet services and enable users to select the tariff best suited to their needs.



# 5. OUR STRATEGY

5.1 Our corporate strategy

5.2 Our stakeholders

5.3 Our CR strategy



## 5.1 Our corporate strategy

Our development efforts are centred around the needs of our customers. Our solutions make people's lives easier and contribute to the economic and social growth of Hungary. Therefore, mobile services mean more to us than mere technology. We believe that the benefits of mobile internet and mobility in general need to be made available to everyone.

We want to provide our customers 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 and reliable top-quality services. We are committed to offering products and services that satisfy the needs of our customers and enable them to live a connected lifestyle through voice and data technology, gain fast access to information and enjoy a richer entertainment and media experience.












## 5.2 Our stakeholders

Telenor has a wide and diverse range of stakeholders including different communities, employees and various other groups. To ensure our long-term sustainability, it is essential to develop cooperation with all stakeholder groups based on the principle of mutual understanding and continuously strengthen this cooperation through our activities.

Telenor's 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. Telenor needs to develop a thorough understanding of the needs and requirements of all stakeholder groups and consider these aspects when making corporate decisions. We are confident that responsible corporate governance requires openness towards and trust-based cooperation with all stakeholder groups. For this reason, we try to enter into a dialogue with the representatives of every stakeholder group.





Stakeholder group	Importance of dialogue	Form of dialogue	Relevant chapters
 <b>Employees</b>	Employees are key to our business success.	Employee Engagement Survey (EES) Telenor Health and Safety Ambassador Intranet news portal	10. Responsible employment
 <b>Suppliers</b>	Telenor expects its partners to identify with its corporate values, understand its business principles and accept and comply with its policies.	Workshops Risk assessments Audits	6.5 Ethical supplier chain
 <b>Customers</b>	Telenor wants to improve customers' quality of life with its voice and data services. To further improve our services, we continuously collect feedback from our customers.	Customer satisfaction surveys Customer centricity programmes organized for employees	7.5 Customer satisfaction
 <b>Media</b>	It is through the media that Telenor can most efficiently inform its stakeholders of company-related news. As the media acts as a mediator between Telenor and its stakeholders, it is important to have an appropriate dialogue with it.	Ongoing media work and regular updates for the media on Telenor's latest news through press releases, press conferences and media briefings	-
 <b>Public sector</b>	Telenor has contributed to shaping the industry environment by commenting on several industry-specific legal regulations and active involvement in consultation through representative bodies.	Ongoing consultation with the authorities and ministries in regulatory issues Membership in organisations Participation in forum activities	4.6 Membership in organisations 8.1 Safe and responsible internet use by children
 <b>NGOs</b>	NGOs are a target audience for Telenor, but they influence and shape our operation. NGO representatives provide expert support for appropriately targeting our activities and making the most of the social potentials of our technology.	Membership in organisations (KÖVET, MAF) NGO partnerships (UNICEF, Transparency International Hungary, Hungarian Red Cross, WWF, Take Me Home Foundation)	4.6 Membership in organisations 8. Infocommunications technology for the benefit of society
 <b>Children</b>	We want to help children acquire the skills and knowledge required to use the internet in a safe and responsible way. To achieve that, it is essential to consider the feedback received from the children and their parents when developing our programmes.	In-school education about safe and responsible internet use Corporate volunteers' programme at schools	8.1 Safe and responsible internet use by children 8.2 ICT in education 9 Community engagement
 <b>Telenor ASA (Owner)</b>	We have to meet economic, social and environmental requirements towards our parent company, Telenor ASA. Our performance has an impact on our shareholders.	Reports Regular data supply Workshops, conferences	-
 <b>Management</b>	To ensure the fulfilment of our corporate goals and responsible business management, our decision-making executives need to be provided with management information on a regular basis.	HSSE (Health, Safety, Security, Environment) Committee	6.6 HSSE
 <b>Local community</b>	Telenor and the communities hosting its HQ, shops and base stations have a mutual impact on each other. We consult the representatives of the affected communities before taking any major action (e.g. base station installation).	Community forums	7.7 Safety
 <b>Competitors</b>	Telenor makes special effort to do business in line with the principles of fair competition, as fair competition practices free of corruption serve the interests of all its stakeholders. Telenor cooperates with its competitors in trade organisations to promote the growth of the industry – while adhering to the principles of competition law.	Membership in organisations Conferences	4.6. Membership in organisations 6.2. Legal compliance 8.1 Safe and responsible internet use by children

### 5.3 Our CR strategy

Being a leading player of the Hungarian telecommunications industry, Telenor has a major economic, social and environmental impact on its stakeholders. Corporate responsibility has the task to minimize negative impact and maximize positive impact on stakeholders. Telenor has identified three key pillars for its CR strategy.

#### Economic responsibility

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.

Putting customers at the centre of our daily activities is an essential prerequisite to this. Our customer satisfaction surveys, employee programmes for promoting customer centricity and ongoing service development efforts all aim to enhance the customer experience and contribute to long-term business success.

Another important pillar of sustainable business is to conduct our activities in an ethical and corruption-free manner transparent to all stakeholders. We want to make Telenor a transparent and ethical company setting a model for all business players to follow. To further this goal, we have been cooperating with Transparency International for two years. For more information about this cooperation please read

[6.4 Telenor’s contribution to transparent business.](#)

#### Social responsibility

To demonstrate our social responsibility, we pursue responsible employment practices, use our technology for good causes and make our products and services available to all in a safe and accessible way.

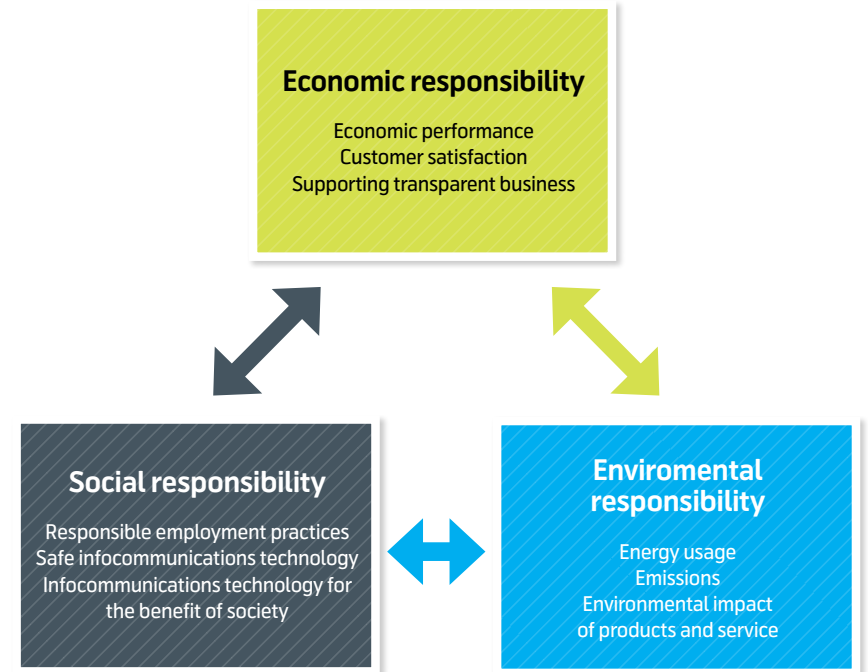
Employees are the cornerstone of our company’s success. Therefore, Telenor as an employer is committed to providing them with all the conditions required for safe, comfortable and efficient work.

We make effort to use ICT tools to the benefit of disadvantaged social groups and leverage our technology and allocate resources to develop applications that create substantial value for members of society. We believe that to implement sustainable social projects we need to establish long-term trust-based cooperation with NGOs. For this reason, we prefer long-term partnership to one-off sponsorship.

The protection of children is also a critical component of our CR strategy. Our technology is used by children at an increasingly young age, and besides undoubted benefits this also raises some important awareness and safety issues. Therefore, Telenor decided to develop and implement a long-term programme for promoting the safe use of the internet and mobile phones by children.

#### Environmental responsibility

Telenor Hungary’s key objective is to do its business minimizing the environmental impact of its activities and complying with all environment-related legal regulations. Telenor has an environmental impact in three major areas including mobile network operation, travel and transportation and building management. As intelligent building controls installed in 2008 have significantly reduced the environmental impact of building management, we focused our CR efforts on network infrastructure development and reducing the environmental impact of travel and transportation in the reporting period. In addition to monitoring and improving our environmental performance, we also want to promote sustainability through our products and services. Enabling customers to save energy through our technology and services can also improve our environmental results.



## 6. *responsible corporate governance*

6.1 Our ethical principles

6.2 Legal compliance

6.3 Practices to combat corruption and promote ethical business

6.4 Telenor's contribution to transparent business

6.5 Ethical supplier chain

6.6 HSSE

6.7 Human rights due diligence



## 6.1 Our ethical principles

Ethical business conduct means that we fulfil our promises and make fair offers. An ethical company is a reliable partner and employer that resists any corruption attempt. As we want to become Hungary's most respected company, we have to build our organization along these principles and make our partners operate by the same rules.

Telenor's [Code of Conduct](#) is central to the Telenor Way framework and describes how we shall conduct our business in line with our vision, values, group-level policies, regulations and management expectations. Telenor's Code of Ethics sets high standards of ethical corporate and business conduct for the company. The Code includes general rules related to customers and employees, describes the right attitude to information, physical assets and the environment and serves as the basis of corporate decision-making.

All employees of the Telenor Group shall receive, read and understand Telenor's Code of Ethics which shall be confirmed by them in writing. All employees and other parties acting on behalf of Telenor are obliged to comply with the standards in the Code of Conduct.

The Ethics & Sustainability Committee of the Telenor ASA Board of Directors shall oversee, assess and follow up that the organisations' leadership is creating an ethical atmosphere in the workplace according to the Code of Conduct and accompanying governing documents. It is the responsibility of unit-level local management to implement the Code of Conduct. Local management, supported by the Ethics & Compliance function, is responsible for sanctioning any breaches of the Code of Conduct, Telenor's Governing Documents and relevant laws and regulations.

We also want to help other business players in our environment operate in a more transparent way. As a result, we launched an Ethical Company project in partnership with Transparency International in 2012. In 2013, this project reached important milestones.

## 6.2 Legal compliance

At Telenor, we seek to fully comply with legal regulations when planning and conducting our business. Fair market competition free of corruption is the mutual interest of all our stakeholders.

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. In the reporting period, Telenor was not condemned for anti-competitive behaviour which demonstrates our commitment to fair and transparent management.

To enforce our corporate governance principles in daily business, we focus not only on legal compliance but also on enhancing the ethical and anti-corruption skills of our managers, employees and partners.

### Total number of legal actions for anti-competitive behaviour, anti-trust and monopoly practices and their outcomes<sup>23</sup>

No. of legal actions	0 <sup>24</sup>
----------------------	-----------------

In addition to cases listed in [7.4. Responsible marketing](#), the below table includes the cases in which Telenor was found guilty in violating the law and was fined for more than HUF 1 million by the authorities. The reporting period had one such case. Telenor was fined for HUF 5 million by the National Media and Infocommunications Authority (NMHH) because of its failure to comply with legal regulations on electronic communications when it increased its prices in a one-sided way on 16 July and 24 August 2012.

### Monetary value of significant fines and total number of non-monetary sanctions for non-compliance with laws and regulations

Monetary value of fines (HUF)	5,000,000 <sup>25</sup>
No. of non-monetary sanctions	18 <sup>26</sup>

<sup>23</sup> By this we mean 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).

<sup>24</sup> We considered only those cases in which the regulatory authority passed a resolution in calendar year 2013. We always took resolutions of first instance into account.

<sup>25</sup> We considered only those cases in which the regulatory authority passed a resolution in calendar year 2013. We always took resolutions of first instance into account.

<sup>26</sup> We considered only those cases when the regulatory authority established Telenor's violation of a legal regulation in 2013 but it decided not to impose a fine on the company.

### 6.3 Practices to combat corruption and promote ethical business



Telenor is firmly opposed to all forms of corruption. For Telenor, anti-corruption is not only a legal obligation and an ethical standpoint. Corruption is a threat to business and society in all countries. It undermines legitimate business activities and distorts competition, it ruins reputation and exposes individuals to risks. Telenor has zero tolerance for corruption and is committed to doing business in accordance with the highest ethical standards.

#### Anti-Corruption Handbook

Our [Anti-Corruption Handbook](#) provides guidance to all employees to help them do their jobs in line with Telenor's values and formal anti-corruption rules. The handbook aims to give Telenor employees a practical tool for following Telenor's values and formal anti-corruption rules.

#### Ethics and Compliance function

This function assists the CEO and the Board of Directors in ensuring that the Code of Conduct sets appropriate standards and is implemented and enforced.

Local management, supported by the Ethics and Compliance function, is responsible for sanctioning any breaches of the Code of Conduct, Telenor's Governing Documents and relevant laws and regulations.

Telenor Hungary has an Ethics and Compliance function headed by an Ethics and Compliance Officer who reports to the local management and Board.

Any employee may contact ethics and compliance staff with their dilemmas on ethical or legal conduct or organisational integrity in person, by phone or via e-mail.

#### Corruption risk assessment

Telenor makes special effort to regularly and appropriately evaluate and mitigate corruption risks. In the reporting period, Telenor carried out two corruption risk assessments. The risk assessment initiated by the Telenor Group evaluated anti-corruption practices and competitive behaviour. In addition, we conducted a legal risk assessment covering all aspects of our business. The assessment required by the Group was carried out by the Legal Department. As part of the process, the managers of the affected areas were interviewed and suggested procedures and risk mitigation recommendations were developed.

During the evaluation processes, major risks were identified in the reseller network and in the supply chain that resulted in the adoption of three new policies in 2013.

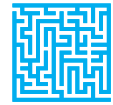
- (1) The [Conflict of Interest Identification and Management Policy](#) aims to ensure the enforcement of Telenor's interests by identifying conflicts of interest between Telenor's employees and its partners/competitors. Helping to explore and prevent certain types of corruption (e.g. favouritism), this policy also reduces the risk of corruption.
- (2) A new local manual was put in place about giving and receiving gifts, and organising and attending events. The manual complements our [Local Anti-Corruption Policy](#).
- (3) A separate policy was developed to set up a framework for summer trade events organized for existing and potential customers/partners in line with Telenor's principles.

#### Employee training



Telenor Way Week, Employee Workshop, 2013

It is essential that every employee understands the general principles and standards underlying our daily business and possesses appropriate knowledge about the practices required to comply with them. As a result, we use several channels to make our employees aware of the importance of ethical conduct, educate them on corruption risks and provide them with the necessary information. In 2013, we assessed our management’s awareness of legal risks and promoted the development of our employees’, managers’ and business partners’ ethical and anti-corruption skills through workshops, newsletters and various programmes.



	Awareness surveys	Annual legal workshop	Newsletters	Presentation for new entrants	Telenor Way Week
<b>Goal</b>	Assessing legal compliance knowledge and the ability to recognize legal risks	Keeping anti-corruption knowledge and awareness up-to-date, deepening 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	Providing a brief description of the 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.	Raising awareness of corporate ethical requirements
<b>Form</b>	Online questionnaire, interviews	Workshop, presentation	E-mail	Presentation	Events, workshops, games (“Átláccó” labyrinth)
<b>Participants</b>	Relevant experts (e.g. procurement experts), middle managers and senior managers	Relevant experts (e.g. procurement experts), middle managers and senior managers	All Telenor employees	New employees hired in the given quarter	All employees and select suppliers
<b>Number of participants</b>	100	40	1,065	about 20-25 people/event	150 people/2 employee workshops 200 people/3 supplier workshops 1,761 visitors to the “Átláccó” labyrinth

## 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. In this way, we ensure that incidents of non-compliance are met with equal measures across the Group. 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 maintains a compliance hotline throughout the Group. At this hotline, 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. Reported incidents are handled confidentially.

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.

We didn't have any corruption incident in 2013.

We plan to prepare more e-learning materials about this subject and enhance our activities to promote transparency.

## 6.4 Telenor's contribution to transparent business

Telenor has been partnering with Transparency International Hungary (hereinafter "TI") since 2012. We aim to jointly develop solutions to help SMEs combat corruption, a major threat to Hungary's competitiveness, in response to the findings of the National Integrity Study published by Transparency International Hungary in 2012.

To read more about the results of our partnership in 2012 [please click here](#).

### Key partnership milestones in 2013

1. Result of Transparency in Corporate Reporting (TRAC) survey: Telenor ranked first in a tie in TI's TOP 50 list
2. E-learning material "SME<sup>27</sup> Courage" prepared for suppliers and other companies
3. The Telenor Ethical Company Award was presented for the second time
4. Business Principles for Countering Bribery booklet compiled together with TI
5. Presentation by TI at the Legal Workshop
6. Management engagement survey at TOP200 companies

### International transparency survey<sup>28</sup>

Telenor was one of the four companies achieving the highest score in TI's transparency survey. The NGO reviewed the websites of Hungary's 50 largest companies to evaluate, among others, the publicity of their internal anti-corruption measures. Together with three other companies, Telenor scored 96% in the survey which is an outstanding result in Hungary. For the detailed results of TI's survey [please click here](#).

### Management engagement survey

On behalf of Telenor and TI Hungary, Dun-Bradstreet conducted a non-representative survey on the anti-corruption solutions of Hungary's most successful companies as part of the Figyelő Top200 programme. To access survey results [please click here](#).

## "Átláccó" festival



"Átláccó" labyrinth

Telenor supported TI's "Átláccó" Festival traditionally organised on the World Anti-Corruption Day for the third time. The conference on integrity and the attitude of young people to corruption was accompanied by an animation film contest for short films demonstrating anti-corruption behaviour. At the awards event, Telenor presented its special award to Tamás Borján for his short film on getting a driver's license.

To watch the winning films [please click here](#).

<sup>27</sup> Small and medium-sized enterprises

<sup>28</sup> The survey based on Transparency International's (TI) TRAC (Transparency in Corporate Reporting) methodology reviewed companies' websites to evaluate their reporting transparency in three fields: anti-corruption programmes, organisational transparency and reporting by country. As Telenor Hungary doesn't have any subsidiaries, it was included only in the sample for evaluating the publicity of anti-corruption programmes.

## Telenor Ethical Company Award



Presenting the Telenor Ethical Company Award – József Martin (Transparency International) and Tanja Vainio (ABB) (2013)

The Telenor Ethical Company Award was presented at the Figyelő TOP200 Gala event for the second time. Siemens Hungary Zrt. and ABB Kft. were selected as the winners in the large enterprise and SME categories, respectively. Telenor Hungary and its NGO partner Transparency International Hungary established the award in 2012 to start a tradition and recognize the ethical business initiatives of Hungarian enterprises.

[More information on the award and the winning application.](#)

## Business Principles for Countering Bribery booklet

With the support of Telenor Hungary, TI published its Business Principles for Countering Bribery booklet specifically for Hungarian small and medium-sized enterprises in 2013. The booklet aims to serve as a practical guideline for SME owners and managers wishing to adopt an anti-bribery strategy and run their business accordingly. Besides detailed practical descriptions, it includes typical situations with an inherent risk of bribery to help SMEs in their prevention efforts.

**“Being a responsible large enterprise we not only want to set an example but also provide specific and easy-to-adapt guidance to Hungarian SMEs for running an ethical business and developing an anti-bribery strategy.”**

(Christopher Laska, CEO)

To access the booklet [please click here.](#)

## “SME Courage”



Roundtable event organised by Telenor, Transparency International Hungary and the American Chamber of Commerce

The e-learning material titled “SME Courage – SMEs’ Guide to Anti-Corruption” jointly developed by Telenor and Transparency International aims to help small and medium-sized enterprises fight corruption. It aims to help users realize the situations involving the risk of corruption and be aware of potential consequences. The e-learning material “SME Courage – SMEs’ Guide to Anti-Corruption” is available free of charge [at Telenor’s website.](#)

A joint project by Telenor Hungary and TI won an exhibition opportunity at KÖVET Association’s CSR Market 2013 event. It was selected as one of the four best Hungarian corporate responsibility programmes in the large enterprise category.

## Telenor Ethical Student Journalist Award



Presenting the Ethical Student Journalist Award – István Kutas, Telenor (2013)

We want to promote the principles of ethical conduct and corruption-free business not only in the business community but also among young people. In line with this, we established the Telenor Ethical Student Journalist Award in 2013 that was presented to three students at the 20th National Youth Media Festival of DUE<sup>29</sup> Media Network.

Telenor and DUE established the “In Pursuit of Facts” Telenor Ethical Student Journalist special award. Candidates included student journalists and reporters submitting their articles, programmes, audio and video materials to win the award. They were expected to give examples on how investigative journalism can help change the world.

Award winners included Judit Varga, Miklós Kovács and Máté Csábi.

<sup>29</sup> Student Journalists’ Association



## 6.5 Ethical supplier chain

We expect not only our employees but also our suppliers and contract partners to comply with ethical principles. They have to accept our [General Terms of Procurement](#) and sign a contract to demonstrate their commitment to the [Telenor Supplier Conduct Principles](#). Based on international standards, these principles are related to compliance with human rights; fair and responsible employment; health and safety, that is, the lawful and safe employment of staff; protection of the environment as well as the prohibition to support corruption and terrorism.

Telenor has a large number of suppliers and takes special care to work with partners that can identify with Telenor's values. We had 551 active partners registered in the reporting period.

Within Telenor, the Supply Chain Sustainability team is responsible for the sustainability of our supply chain and the continuous improvement of ethical conduct. They monitor and control our contract partners' commitment to ethical principles and support the activities of our business partners and their subcontractors through training and consultation.

Based on the results of a preliminary risk assessment, Telenor has about 50 suppliers fill in the Self-Assessment Questionnaire for Telenor Suppliers every year. With this document, companies need to evaluate their operation and performance based on the requirements of their responsible business agreement and the Telenor Supplier Conduct Principles. These questionnaires help us identify the fundamental risks incurred by our suppliers and partners.

In addition to filling the Self-Assessment Questionnaire, we regularly assess our suppliers through comprehensive reviews and targeted inspections of varying subjects and

detail (involving site surveys, interviews, document reviews) – with special respect to the compliance of their management systems and environmental and health and safety practices with Telenor Supplier Conduct Principles and legal regulations.

Based on Telenor's own risk assessment and completed Self-Assessment Questionnaire, we carried out 47 supplier assessments in 2013 (8.5% of suppliers) covering our partners' environmental, employment, human rights practices and social impact.

Based on the results of these assessments, several corrective actions were taken in cooperation with suppliers. The assessed partners are currently implementing these actions with Telenor providing advice and monitoring their progress.

Adhering to ethical principles and enforcing them in its partner relationships, Telenor wants to contribute to fair and legal business practices in Hungary. As part of this effort, we intend to launch education programmes available to a broader audience to improve our suppliers' attitude and processes and further increase the number of covered and assessed companies in 2014.

### Evaluation processes for suppliers

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	42	11	12	0
Employment	47	11	14	0
Human rights	42	11	12	0
Social impact	42	11	12	0

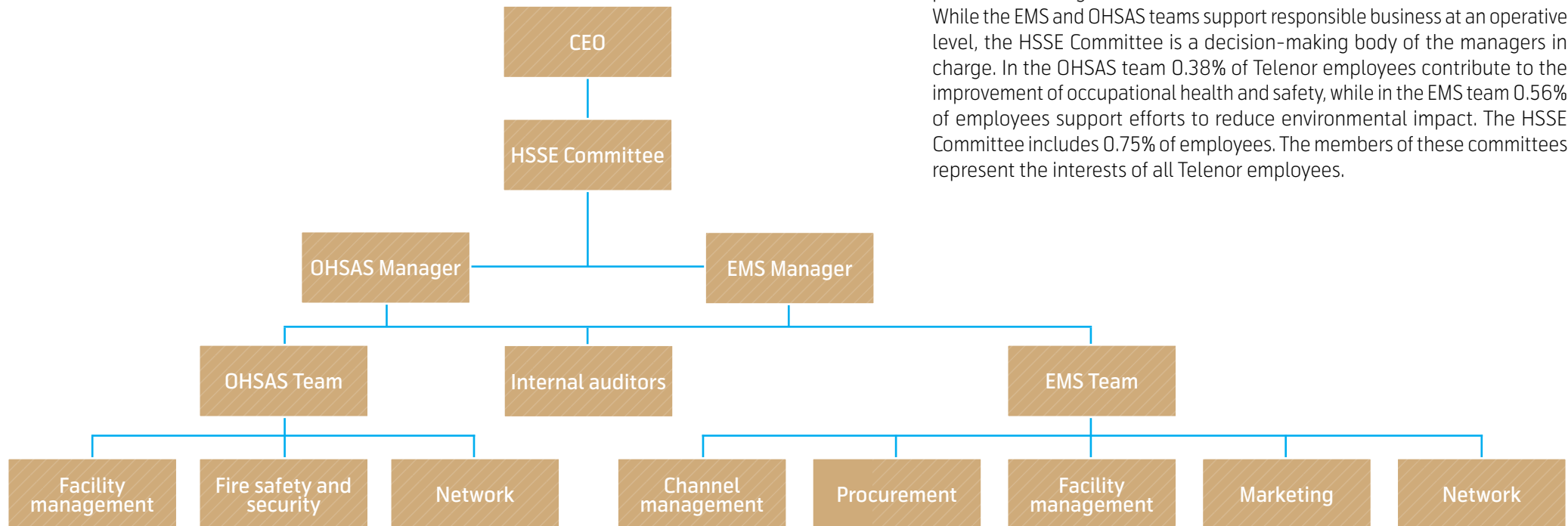
Besides compliance with ethical standards, environmental sustainability criteria are also considered in procurement under our new sustainable sourcing system deployed in 2010. The sustainable sourcing system aims to promote the procurement of equipment, tools and services that help us keep our environmental impact lower. The sustainable sourcing system is linked to our Environmental Management System.

## 6.6 HSSE

Similarly to the other units of Telenor Group, our company also has a HSSE (Health, Safety, Security, Environment) system. The HSSE system includes a certified Environmental Management System (EMS) and an Occupational Health, Safety and Security Management System (OHSAS) aiming to reduce our environmental impact and consolidate our health and safety commitment.

The operation of the HSSE system is overseen by the HSSE Committee representing the interests of the natural environment and all Telenor employees. The implementation and maintenance of the environmental management system is the responsibility of the EMS Manager, while that of the occupational health and safety management system is the responsibility of the OHSAS Manager. These systems are operated with the involvement of representatives from all affected functions. The processes of management systems are approved by the CEO.

### Organisational structure of the HSSE management system



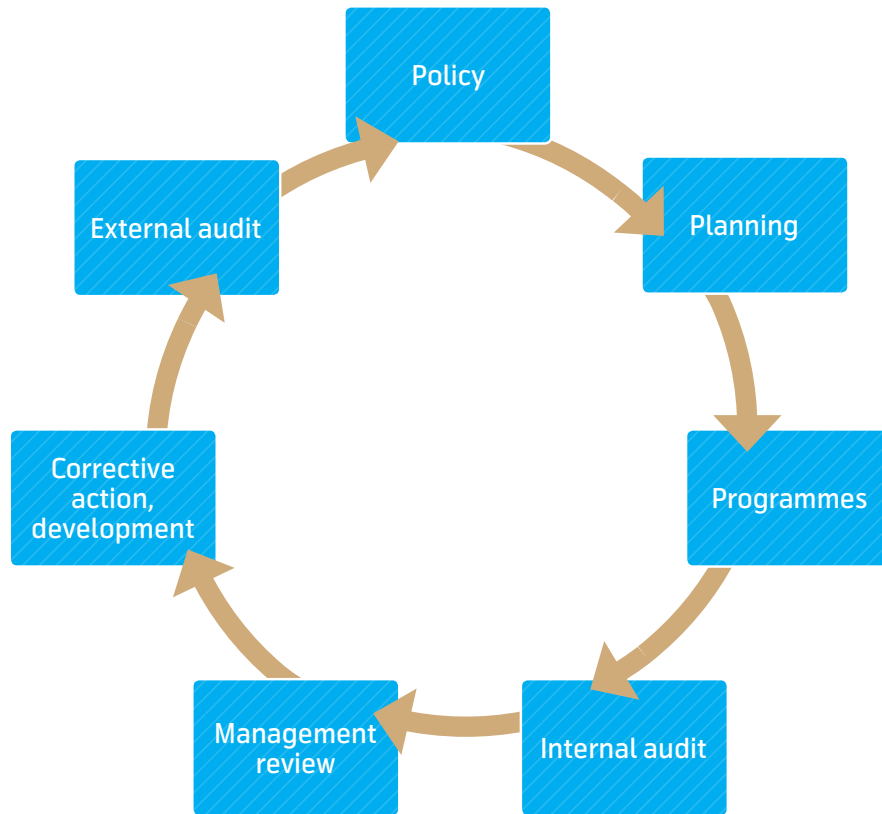
In compliance with the requirements of the adopted international standards, we have established, maintain and improve our management systems that support the setting and realizing of our environmental and occupational health and safety goals.

The activities of the working groups operating the management systems follow an annual process. They set their targets based on our policies and keep monitoring progress. Audits and corrective actions are critical for operating EMS. They are implemented by internal and independent external auditors, or – in the case of corrective actions – the EMS team and the affected functions. Internal audits are conducted by employees with an internal auditor’s qualification and they aim to identify non-conformities and improvement opportunities in house. Potential non-conformities and improvement opportunities are then presented to senior management as part of the management review.

While the EMS and OHSAS teams support responsible business at an operative level, the HSSE Committee is a decision-making body of the managers in charge. In the OHSAS team 0.38% of Telenor employees contribute to the improvement of occupational health and safety, while in the EMS team 0.56% of employees support efforts to reduce environmental impact. The HSSE Committee includes 0.75% of employees. The members of these committees represent the interests of all Telenor employees.

EMS was audited by independent certifying body SGS Hungary in 2013. As a result, our ISO 14001 certificate obtained in 2010 has been renewed.

In 2013, we renewed our environmental policy that includes our strategic goals and environmental principles responding to current environmental challenges.



An internal audit conducted in 2013 covered 11 functions and our shops. All non-conformities identified by the audit have been successfully corrected.

Having participated in a two-day training, twelve employees acquired the EMS-OHSAS internal auditor qualification in October 2013.

## 6.7 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 have to identify the fields where we or our partners face the risk of violating human rights. Being a telecommunications company, we also have 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 in this field for our consumers and partners alike.

As part of the project, we decided to set up a cross-functional working group next year and conduct a survey to identify major industry-specific risks in Hungary among the members of the above groups. After the risks and opportunities are ranked in an order of priority, we will develop an action plan in the next project phase. The eight functions to be involved in due diligence will include:

- Human resources
- Supply Chain Sustainability
- Customer service
- Government relations
- Procurement
- Law
- Corporate responsibility
- Building management

# 7. OUR COMMITMENT TO CUSTOMERS

7.1 Customer centricity

7.2 Accessible services

7.3 Innovation

7.4 Responsible marketing

7.5 Customer satisfaction

7.6 Privacy

7.7 Security



## 7.1 Customer centricity



Our development efforts are centred around the needs of our customers. We want to provide our customers with the broadest range of products and the highest quality services to deliver a no-compromise mobile experience.

Only part of our employees work in customer-facing positions during daily business. Still, we want all employees to have an opportunity to gain direct, first-hand experience with customers. The reporting period saw several programmes organized for this purpose.

The **Customer First Day** is an annual event organized at every subsidiary of the Telenor Group with the involvement of nearly all employees. This event aims to give every employee an opportunity to meet and talk to customers. In 2013, our staff contacted 9,305 passers-by at 15 sites in Budapest and at 5 sites across the country.

The **Customer First Workshop** also aims to strengthen customer centricity by providing employees with a direct customer service experience. The participants of the programme for non-sales employees were given the task to call customers based on detailed instructions. They were educated on the tools available for integrating customer feedback into decision making processes in a simple way.

### 7.2 Accessible services

We do our best to satisfy our customers' highly diverse needs. Being a service provider, we put special emphasis on providing information to our customers. Making fast and accurate information accessible to all is a basic requirement in all communication channels, but we keep seeking opportunities to further enhance service quality for our customers. In 2013, we used our technology solutions to modernize information supply in our shop network.

In the reporting period, all statutory sales forms were digitized in our shops. The documents available through a digital touchscreen are easy to access



In 2013

and manage for all customers including physically disabled and sight impaired visitors.

Digitized documents enable faster, more accurate and uniform information supply in all shops. Digital content can be immediately updated with changes to ensure that customers always see the most current and up-to-date information.

### 7.3 Innovation

#### Launching an innovation platform

Being an expert in telecommunications, we are aware that development is always based on innovation. Collecting, evaluating and implementing new ideas are essential to meet or exceed our customers' constantly evolving needs.

In 2013, we launched an innovation platform to support the identification and implementation of innovative ideas and enable Telenor staff to join forces and create value for customers from unexplored ideas available within the organisation. The processes are overseen and coordinated by a cross-functional Innovation Team. The 5 members of the team represent the entire organization.

If anyone at Telenor has a good idea, they can share it with all employees of the company. If the idea is liked by Telenor, it will be turned into a project and implemented. The submitted ideas need to be in line with Telenor's business goals and strategy.

If an organizational unit of Telenor needs a solution to an existing problem, it can involve groups, organizational units in its quest for a solution and conduct a virtual brainstorming session to address the issue.

To date, 494 Telenor employees have joined the initiative.



Customer First Workshop (2013)

## A new era in entertainment

The growth of mobile technology opens new vistas in entertainment. After the launch of its Deezer music service, Telenor entered the market with a television streaming service called Telenor MyTV in 2013. Telenor MyTV enables customers to consume high-quality legal content on demand anytime and anywhere.

The offering includes over 2,000 hours of film and television series and catch-up television services accessible on up to 4 different devices (including smartphones, tablets, laptops and desktop PCs).

We are very proud of MyTV, a unique service developed specifically for the Hungarian market. It offers high-quality content including programmes from leading content creators. We are continuously extending our TV and film offering based on customers' feedback.

## 7.4 Responsible marketing

In the course of its marketing activities, Telenor does its utmost to **comply** with effective legal regulations and considers the market environment as well as the feedback on its business from consumers and the competent authorities. Telenor is committed to providing its existing and prospective customers with clear and accurate information on the available services and the terms of using them. To ensure appropriate information supply to customers, Telenor keeps controlling compliance with consumer protection and other legal requirements in all phases of its marketing activities from planning services to launching them. Telenor makes effort to convey its messages to consumers through all channels thus ensuring that they are supplied with appropriate information.

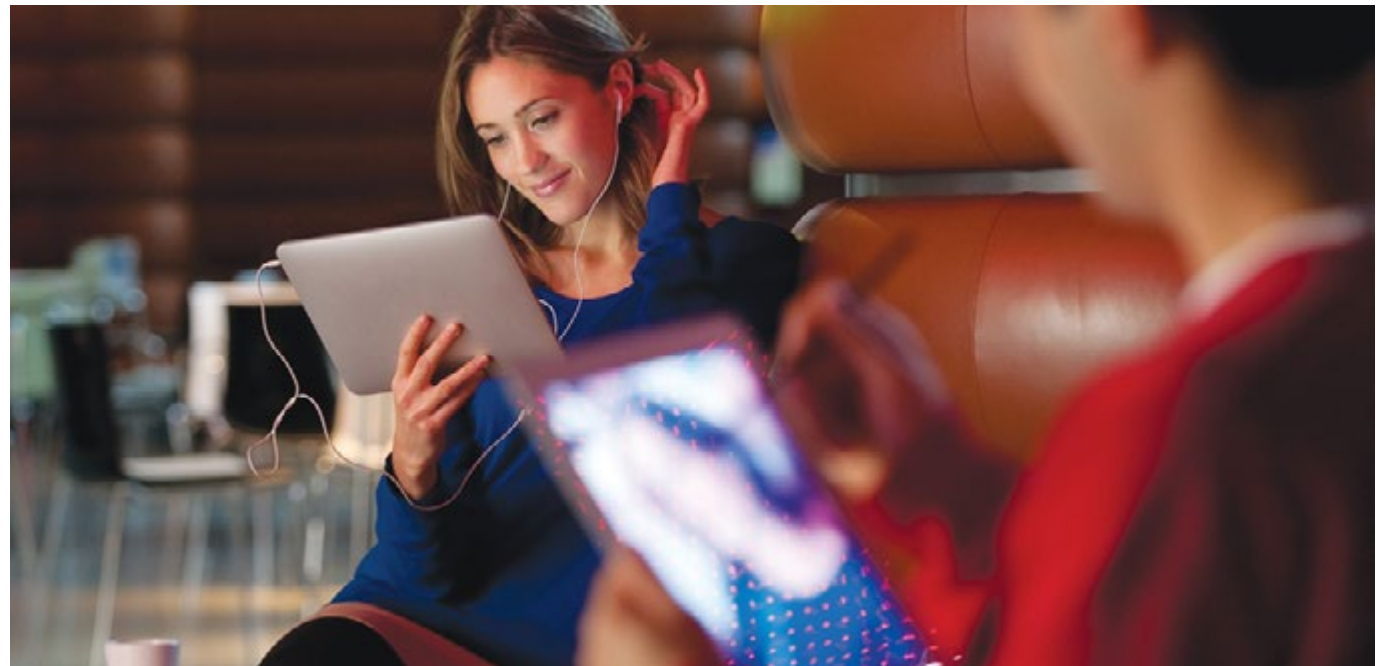
Telenor's marketing activities are regulated primarily by Act CLV of 1997 on consumer protection, Act XLVIII of

2008 on the basic terms and limitations of commercial advertising activities, **Act XLVII of 2008 on the prohibition of unfair commercial practices towards customers**, Act No. 100 of 2003 on Electronic Communication and Act LVII of 1996 on the prohibition of unfair and restrictive market practices.

Pursuant to the effective legal regulations, marketing communications activities are overseen by several authorities including the National Media and Infocommunications Authority (NMHH), the National Consumer Protection Authority, and the National Competition Authority (GVH). As part of their regulatory activities, these authorities request data from Telenor both on a regular and on an ad hoc basis. They conduct inspections not only based on consumer reports but also upon their own initiative.

The reporting period had 22 legal actions related to information supply about products and services.<sup>31</sup> Most of them were caused by individual negligence, that is, were cases when a customer service agent provided inaccurate information to a customer about a handset or service by mistake or failed to respond to a complaint in time.

Our company was condemned in a single case related to marketing communications in 2013.<sup>32</sup>



<sup>31</sup> 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.

<sup>32</sup> This section includes cases when a competent authority established that Telenor repeatedly (i.e. not in a single case) violated applicable legal regulations using a communication tool (e.g. TV commercial, billboard).

The Hungarian Competition Authority (GVH) found that Telenor breached the law when promoting the 5-day return warranty of its Hipernet tariffs in the years 2011 and 2012. GVH decided not to impose a fine because of the petty nature of the offence.

	Legal actions related to product and service information and labelling in a breakdown by outcome	Legal actions related to marketing communications in a breakdown by outcome
No. of legal actions	22	1
Outcome of actions	No. of actions of the same type	
No. of actions resulting in a fine or penalty	22	0
No. of actions resulting in a warning	0	1
Non-compliance with voluntary codes	0	0

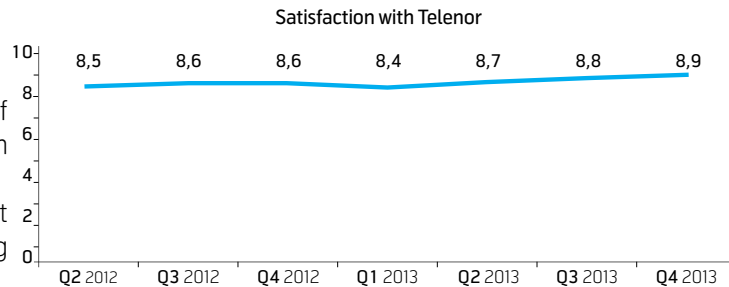
### 7.5 Customer satisfaction

Telenor has been monitoring the satisfaction of its consumers and business customers for a long time in order to better tailor its services to customer needs and further develop them based on their feedback. We are in regular contact with customers not only before the launch of new products or services but throughout the customer lifecycle and use their feedback to enhance the customer experience.

#### Consumer satisfaction survey

We regularly survey the satisfaction of consumers and business customers. In 2013, more than 9,000 interviews were conducted in the consumer segment to evaluate several factors including customer satisfaction.

As a result of continuous improvement, Telenor’s consumers had an average satisfaction score of 9 on a scale of 1 to 10 where 10 meant full satisfaction in 2013.



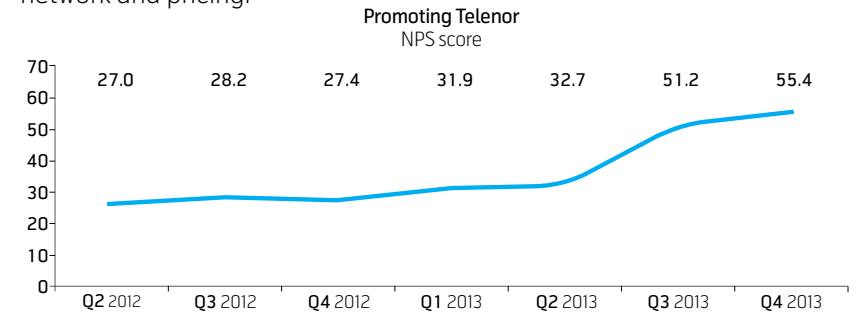
Source: TNS, Global Brand Tracker Sample: population aged 14 to 65 All in all, how satisfied are you with the service provided by Telenor? Please rate your satisfaction on a scale of 1 to 10 where 1 means “very dissatisfied” and 10 means “fully satisfied”. You can give your opinion by selecting any number between 1 and 10.

### Net Promoter Score (NPS)

NPS has become one of Telenor’s KPIs. NPS is measured both at a business unit and at a Group level to assess customer loyalty and Telenor’s performance relative to competitors. We want to understand what to do to achieve more recommendations, have more customers promote Telenor and obtain an NPS score better than our competitors.

**Q3 2013 saw a significant increase in NPS for all three operators which was due to a methodology/technical error.**

In Q4 2013, there was a major increase over the previous quarter due to the expansion of Telenor’s promoter base (those giving a score of 9 or 10 on a scale of 1 to 10) and a reduction in the number of neutral customers. The growth was primarily induced by favourable perceptions about Telenor’s network and pricing.



Source: TNS, Global Brand Tracker Base: population aged 14 to 65 years

How likely is it on a scale of 0 to 10 that you would recommend your mobile operator to a friend, family member or colleague? The sudden increase between Q2 2013 and Q3 2013 for all three mobile operators was caused by a methodology/technical error.

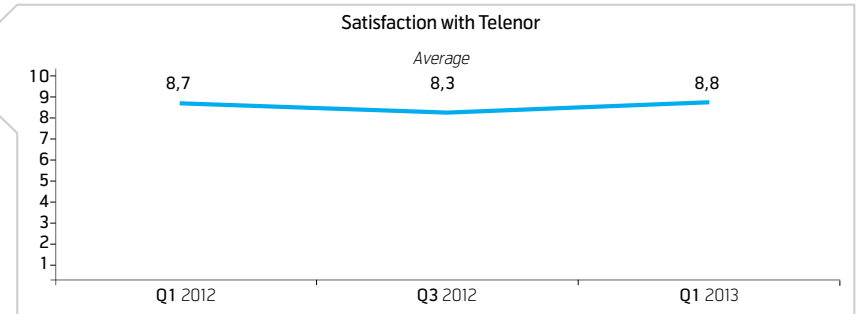


### Business customer satisfaction survey

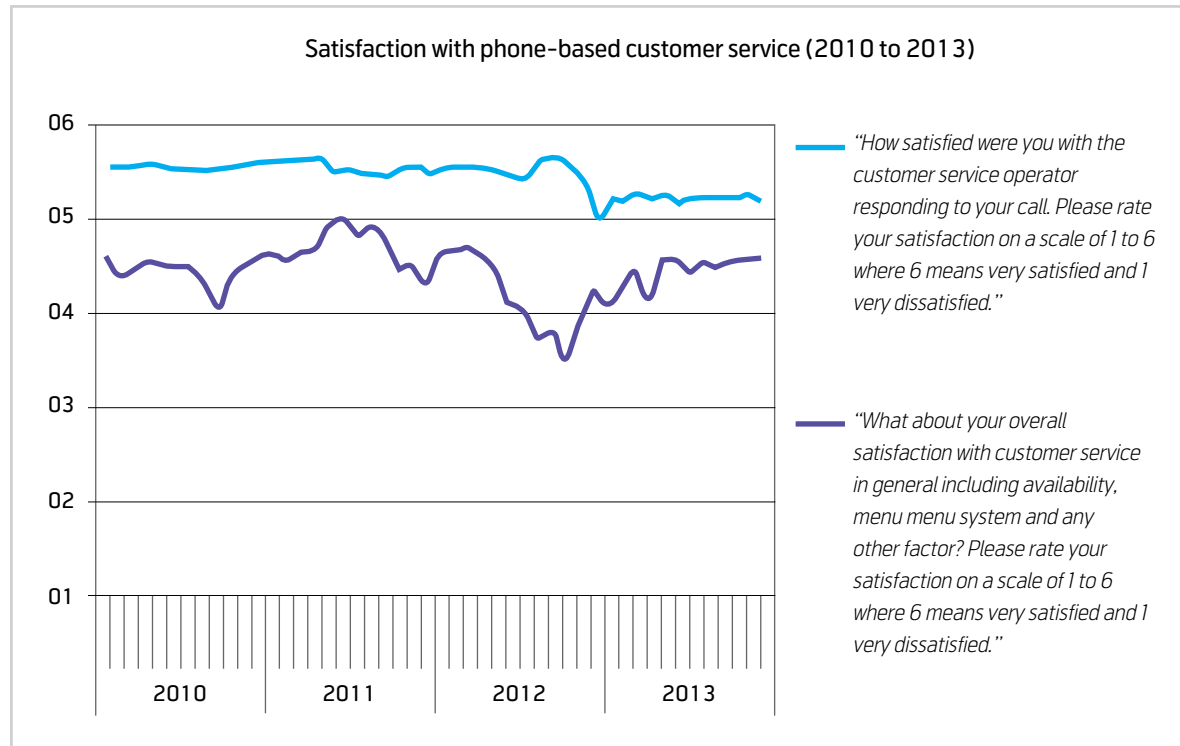
As the satisfaction of our business customers is also critical for us, we conduct regular satisfaction surveys also among them. In the last survey, we asked SMEs with 1 to 49 employees about their satisfaction. In 2013, nearly 600 business customers were included in our sample.

Telenor's SME customers with 1 to 49 employees gave an average satisfaction score of 9 to the company in early 2013 (on a scale of 1 to 10 where 10 meant full satisfaction). This score is a great achievement given that business customers tend to have a much greater diversity of needs compared to consumers.

To get clear and measurable feedback from customers on customer service, we also conducted satisfaction surveys in our IVR-based<sup>33</sup> evaluation system in the reporting period. Based on the results, we can proudly say that Telenor has maintained the excellent quality of its customer service and the high level of satisfaction of its customers over the past three years.



Source: Ipsos Tracking Sample: Telenor customers with 1 to 49 employees Please think of mobile operators whose services were used by you in the past 6 months. Please rate your satisfaction with Telenor as a mobile operator on a scale from 1 to 10 where 1 means "very dissatisfied" and 10 means "fully satisfied".



### 7.6 Privacy

All areas of our activities require the management of confidential information, sensitive business and customer data. Telenor is committed to strictly regulating its security obligations as privacy and data availability are subject to many threats (e.g. data phishing attempts, online malware, negligence, etc). 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 from 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 Act No. 100 of 2003 on Electronic Communication. In line with its legal obligations, Telenor outlines the rules for managing its subscribers' personal data in its General Terms and Conditions and its internal Privacy Policy. In compliance with the pertinent legal regulations, Telenor reports on all statutory data management activities specified by the data protection act for the records of the National Authority for Data Protection and Freedom of Information. As part of the audits checking the integrity of Telenor's billing system, the management of subscribers' personal data is regularly verified by Matrix Vizsgáló, Ellenőrző és Tanúsító Kft. as an

<sup>33</sup> Interactive Voice Response



independent certifying partner.  
 In the covered period, Telenor investigated all reported data management-related incidents and complaints. Out of the 55 incidents reported to the privacy function, Telenor was condemned for improper data management in 32 cases.

	2010	2011	2012	2013
No. of privacy complaints received	46	65	35	55
No. of substantiated complaints	18	33	11	32
Substantiated complaints received from outside parties	18	29	11	25
Substantiated complaints received from regulatory bodies	2	1	1	1
Number of data leaks	0	3	5	4
Number of data thefts	0	3	1	0
Number of data losses	0	1	0	0

## 7.7 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. Similarly to visible light, such radio-frequency electromagnetic waves have no harmful effect on human health. Before the establishment of a new base station, Telenor discusses the potential impact of the base stations' operation with stakeholders and responds to their questions to dispel any concern. **Upon constructing base stations and masts, health limits are always strictly observed.** Staff working to deploy a new site may not have an electromagnetic exposure higher than 10% of the 4 W/kg safety threshold. The limits for local residents are even more stringent corresponding to 20% of the employee threshold. Nevertheless, Telenor Hungary follows WHO<sup>34</sup> guidelines in developing its state-of-the-art radio frequency network. The reporting period didn't have any court verdict condemning Telenor for violating legal regulations on the careful management and use of products and services<sup>35</sup> or their health and safety impact<sup>36</sup>.

<sup>34</sup> World Health Organization

<sup>35</sup> Act CLV of 1997 on consumer protection

<sup>36</sup> Act LXXXVIII of 2012 on the market supervision of products

## Monetary values of fines for non-compliance with product- and service-related legal regulations and other requirements

Monetary value of fines (HUF)	0
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## No. of actions when legal regulations or voluntary codes on the health and safety impact of products and services were violated in a breakdown by outcome

No. of legal actions	0
Outcome of actions	No. of actions of the same type
No. of actions resulting in a fine or penalty	0
No. of actions resulting in a warning	0
Non-compliance with voluntary codes	0



## 8. INFOCOMMUNICATIONS TECHNOLOGY FOR THE BENEFIT OF SOCIETY

8.1 Safe and responsible internet use by children

8.2 ICT in education

8.3 Educational events

8.4 Animal protection

8.5 Supporting NGO activities

8.6 Disaster protection

8.7 Supporting law enforcement



## 8.1 Safe and responsible internet use by children

Telenor is 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.

In addition to offering them a range of services, we also support their education and encourage our staff to get involved in our initiatives as volunteers.

### Action against child pornography content

Telenor's internet network has been blocking websites with child sexual abuse content based on a blacklist provided by the National Police Headquarters (ORFK) and Interpol since 1 January 2012.

For more details about this partnership please read [last year's sustainability report](#).

### Parental control

In line with the joint Code of Ethics signed by Telenor and its competitors in 2008, Telenor offers its customers a free service enabling them to control access to adult content through all channels including SMS<sup>37</sup>, MMS<sup>38</sup>, WAP<sup>39</sup>, voice calls and the internet. Using this service, customers can ban access to premium rate content and restrict access to websites included in the operator's white list of safe, non-adult content.



In addition to the above Code of Ethics, Telenor provides an enhanced level of protection to children as part of its Telenor Net Pajzs Extra<sup>40</sup> internet security service. The parental control function enables parents to block violent, pornographic and other unwanted content based on their own settings and control the amount of browsing time available to their children.

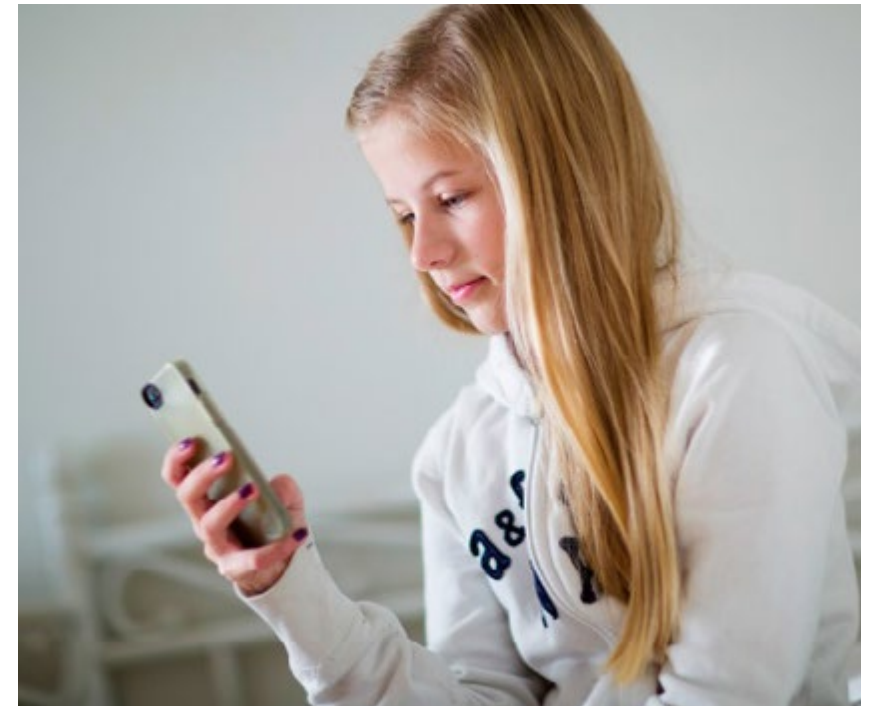
<sup>37</sup> Short Message Service

<sup>38</sup> Multimedia Messaging Service

<sup>39</sup> Wireless Application Protocol

### Reporting inappropriate content – Internet Hotline

The National Media and Infocommunications Authority (NMHH) launched an [Internet Hotline](#) in 2011. The service has a public online interface where Hungarian internet users can report any case of online harassment, pedophile, racist or extremely violent content. NMHH investigates reports, has unlawful content removed and regularly submits a list of websites offering reported and potentially unlawful content to the National Police Headquarters (ORFK). Telenor provides a direct link to the hotline from its website.



<sup>40</sup> This is not a free service. More information: <http://www.telenor.hu/internet/mobilinternet/biztonsag/netpajzs>

## Digital World



This partnership aims to promote the launch of new programmes and tools to raise awareness of children's rights and stop digital harassment.

We provide technical tools for internet safety, but an efficient solution also requires education on responsible internet use. Under a joint initiative launched in 2012, Telenor and MediaSmart Hungary Kft. published an e-learning material for young schoolchildren titled Digital World which has been available for parents and teachers since February 2013. The material aims to help users develop critical thinking skills about the free world of the internet at a young age.

To learn more about the educational resource Digital World please read [last year's report](#) or visit <http://www.digitálisvilag.hu>.

As a next step, the partners decided to actively involve teachers in the project. In 2013, Telenor announced a competition for kindergarten and primary school teachers aiming to promote the education of children on safe and careful internet use. Participants were required to submit an application demonstrating the efficient use of educational resource Digital World for teaching purposes. The winners of the competition were rewarded with valuable smart devices while 100 participants got a free Hipernet subscription for 12 months.

## Children's rights

On 20 November 2013, Children's Rights Day, UNICEF's<sup>41</sup> National Committee in Hungary and Telenor Hungary signed a partnership agreement. Telenor supports two main projects under the partnership:

1. Telenor made a commitment to promote the [HelpAPP](#) developed by UNICEF's National Committee in Hungary to help children who have been subject to abuse or harassment. It gives the app high visibility in the Telenor app sections of Google Play and Windows Marketplace, makes it available on its Go! Portal and promote it at its trade and community events.
2. As part of the Ébresztőóra (Alarm Clock) programme launched with the professional guidance of UNICEF and the sponsorship of Telenor, UNICEF trainers visit children in the upper grades of primary school to educate them on their basic rights. This programme aims to raise awareness of children's rights and let children know that they have a basic right to be safe and free from harassment also in the digital world. Thanks to Telenor's support, the programme is expected to reach 2,000 children.

## Teacher training

In addition to providing information and tools to children and their parents, it is also important to educate teachers on the online threats affecting children. In response to this need, Telenor sponsored the 12-hour "Tabby" project introducing teachers to the phenomenon of digital harassment and educating them on how to address it. Telenor donated 30 used laptops at a combined value of HUF 450,000 to the project.

## Internet Roundtable for Child Protection

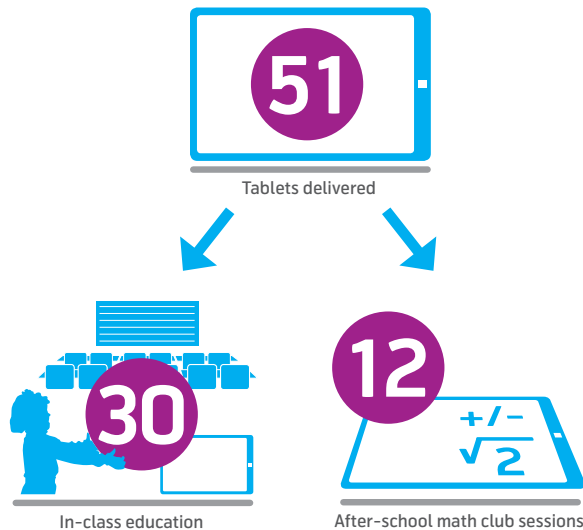
Telenor also contributed to internet security at an industry-level in the reporting period as member of the Internet Roundtable for Child Protection established upon NMHH's initiative. The Roundtable developed a recommendation for a web filtering software protecting children from online threats. As member of the Roundtable, Telenor was actively involved in identifying the technical parameters of the software. Telenor has made available the filtering software on its website free of charge.

<sup>41</sup> United Nations International Children's Emergency Fund

## 8.2 ICT in education

Members of the younger generation are increasingly affected by technology. ICT devices are an integral part of their daily lives. They can enjoy the benefits of technology not only when communicating with their parents and peers or spending their free time, but also at school.

Since September 2013, Telenor has run a pilot project at 'Áldás' Primary School enabling a class of fourth graders to be among the first children in Hungary studying several subjects using tablet computers and digital learning resources.



Before starting to use tablets in education, the parents of all participating children were consulted.

The project aims to evaluate the benefits and potential risks of our education modernization initiative for children, teachers and parents. The pupils have been using devices provided by Telenor to learn grammar, reading, writing as well as nature and science and English since September 2013. Besides supporting effective learning, tablets and digital learning resources also make studying an enjoyable experience.

As part of in-class activities and homework, the children acquire skills to use the internet and the latest mobile devices in a safe and responsible way. They had the opportunity to realize that in addition to cool games the internet also offers a wealth of useful educational apps and learnt how to select the apps they need. The teachers, children and parents involved in the programme made a great achievement in fighting digital illiteracy and bridging the digital divide.

As part of the project, 51 tablets were delivered to participating schoolchildren, teachers, learning content developers and the school's coordinator. The tablets support the in-class education of 30 children, while another 12 children enjoy their benefits at after-school math club sessions.

**“To be honest, first I had reservations about using tablets in education.**

**With six months behind us, however, I think differently. My child has been participating in the programme with great enthusiasm and using tablets made classes a lot more exciting. Children received much additional knowledge compared to traditional paper-based education.**

**Their teacher made a great job combining the interactive whiteboard, tablets and exercise books. Classes were not dominated by tablets. They were more like a complementary tool that became part of everyday learning. They supported not only in-class work but were also used by the children for making their homework.**

**I encourage all schools/teachers to follow this model. You should not be afraid of technology tools that are now an integral part of your daily lives but make the most of their benefits.”**

(Eszter Baczynski – parent)





## 8.3 Educational events

### Smartphone Academy

Smartphone Academy (2013)

Telenor doesn't want to be the sole source of knowledge and information. At our events, we aim to give users as well as amateur and professional developers a platform to let them support each other, learn from each other and gain inspiration. In 2013, we organized four Smartphone Academies on the below subjects:

- Security (privacy)
- Geolocation applications
- Games
- Search

The workshops aim to serve as a forum for people of different levels of experience and ambitions interested in mobile technology. The interactive nature of events facilitates knowledge sharing, informal discussion about smart phones and growth for all participants.



Telenor Youth Summit, Oslo (2013)

### Telenor Youth Summit



Kristóf Kálmán

Related to the international Youth Summit initiated by Telenor Group, Telenor Hungary organised a competition inviting young people aged 18 to 25 to make the world a better place through mobile technology in 2013.

In the competition, participants had to present their ideas on how to use mobile technology to address a social issue in a 90-second YouTube video.

Kristóf Kálmán's winning video titled "A Bite of Help" is based on a smartphone app addressing the global challenges of waste and hunger. He represented Hungary at the Telenor Youth Summit held in December 2013 in Oslo where he also had an opportunity to attend Nobel Peace Prize events. To watch the winning video [please click here](#).



## 8.4 Animal protection



On 28 August 2013, Vigyél Haza Alapítvány (Take Me Home Foundation) and Telenor announced a smartphone app for responsible dog ownership. The app provides useful assistance to dog owners and pet lovers and it also supports the activities of pet shelters and animal rescue NGOs.

The Take Me Home app leverages smartphone capabilities such as geolocation, camera, mobile internet and immediate access to social media sites. The app available on Android smartphones has three key functions:

- It enables dog owners to record the data, photo and place of residence of their dogs in the app. If a dog is lost, the system immediately sends a notification through the app to all users in the 2-km range of the place where it was last seen.
- The stray dog reporting function enables users to report stray animals seen on the streets in a simple and fast way. Pet lovers can upload information on the looks and behaviour of the abandoned dog together with a photo, while the system saves the GPS coordinates of the place.
- The Adoption menu helps would-be owners to select a dog to be adopted. Pet shelters joining the system can upload the data of their dogs available for adoption. This way, app users can directly contact them if they want to adopt one of their pets.

Results achieved until the end of 2013:

- 7,100 downloads
- 2,100 registered dogs
- 90 reported stray dogs

Telenor also donated 10 laptops and 3 broadband Hipernet subscriptions to Take Me Home Foundation.

We plan to add new functions to the app in 2014.

Link to the app in Google Play:

<http://bit.ly/vigyel-haza-app>

More information on the Take Me Home Foundation: <http://vigyelhaza.hu/about-us.html>

**7,100**  
downloads

end of 2013

**2,100**  
registered  
DOGS



end of 2013

**90**  
reported  
stray DOGS



end of 2013

## 8.5 Supporting NGO activities

### Donating tablets for fund raising activities



Tablets donated to WWF in action

The Hungarian office of WWF<sup>42</sup>, the world's largest environmental NGO, decided to upgrade the technology used for on-street fundraising in summer 2013. Driven by successful cooperation in the past, it selected Telenor as a project partner. In 2013, the two organizations launched an on-street fundraising trial never seen in Hungary before.

As part of the project, Telenor has provided WWF Hungary with 5 tablets and broadband Hipernet access free of charge. These cutting edge devices are used by the NGO's on-street fundraising staff called WWF Ambassadors on a daily basis. Using tablets, they no-longer need hardcopy prints to do their job.

The two-month trial has been very successful. The number of people approached on the street and in community areas has doubled and the amount of donations raised has also significantly increased.

<sup>42</sup> World Wide Fund for Nature

**Donation line**

Besides these apps, we run several donation lines and helplines using our services to help those in need. This way, we enable our customers to help in a fast, simple yet efficient way. Telenor supports the fund raising activities of more than 70 NGOs through the 13600 “ADHAT” donation line operated together with other telecommunications companies and the Nonprofit Information and Education Centre (NIOK) Foundation. For more information on the ADHAT line please click [here](#).

**8.6 Disaster protection**



Hungarian Red Cross Staff

On 8 May 2013, the World Red Cross and Red Crescent Day, Telenor Hungary signed a strategic partnership agreement with the Hungarian Red Cross. Telenor made the following commitments to support the disaster preparedness and response activities of the humanitarian organization:



Telenor employees participate in flood relief efforts (Kismaros, 2013)

- Stabilize the mobile network of disaster areas, expand its capacity as required
- Provide state-of-the-art communications devices including tablets, dust- and splash-proof smartphones, laptops and mobile internet access to support disaster response activities
- Mobilize Telenor volunteers for the rescue and damage relief efforts of the Hungarian Red Cross
- Upon the organization’s request, we set up a Call Center at the Telenor House at short notice. This Call Center is staffed with Telenor volunteers registering donation offers and requests reported through a toll-free (green) number.
- Establishing a Social Media Information System: The Social Media Information System aims to collect, consolidate and use information shared by the authorities and the general public. It can help the efficient coordination of volunteer activities, damage assessment, but its main function is to distribute relevant and credible information in an organized way, through the appropriate channels.



## 8.7 Supporting law enforcement

Telenor's 7-strong Law Enforcement Group responds to data requests from the authorities with investigative powers (police, courts, prosecutor's office, tax and customs authority). The number of such requests has been rising steadily from year to year.

Efficient data supply allows the authorities to clear up criminal cases (e.g. human trafficking, murder, robbery, harassment, drug trade, fraud, blackmail, theft, etc.) in a fast and effective manner.

Requests are processed and the required data are supplied to the authorities in 30 days of data receipt. Inquiries about crimes against under-age victims or against life are addressed immediately.

Our overtime activities are usually related to missing persons, finding potential suicide candidates and investigation in priority crime cases (e.g. armed robbery, threat of public endangerment, homicide, crimes against under-age victims, etc.).

- 7x24 availability
- 7 employees
- 160 data inquiries per day
- 800 data inquiries per week
- 40,000 data inquiries per year
- Annual cost: HUF 70,000,000

The requested data are produced and supplied to the authorities by Telenor free of charge.



Telenor provides 24x7 availability to the authorities to help investigate crimes against life.



Annual cost

# 9. COMMUNITY engagement

Telenor has a tradition of organising social events enabling employees to join forces and do something useful together for their environment, their community or social groups in need. In June we had a large-scale corporate volunteers' event, while in December we held a charity cake fair driven by our commitment to social responsibility.

## Tedd Oda!

We organized our corporate volunteers' programme Tedd Oda! Day for the second time in 2013. The programme offering for 19 and 20 June included many events including some requiring volunteer physical work, and others serving a charity cause or aiming to sensitise employees about important issues. To generate genuine social value and involve expertise, Telenor cooperated with NGOs and social institutions when organizing the programme. Activities were accompanied by a donation campaign. The summer clothes, beach items, sports bags, training shoes, leisure garments, personal hygiene kits and toys

collected were offered to Segítő Kéz (Helping Hand) Foundation in Törökbálint. The Tedd Oda! Day attracted more than 300 Telenor employees. We are especially proud of regional staff joining the initiative and providing help to those in need in their own local communities. During the two-day programme, volunteer employees participated in the following events:

- Disaster relief drill with Hungarian Red Cross
- Sanitary painting at the nursery in Törökbálint
- Blind football and other sensitisation programmes with "Láss" Association
- Charity cooking and food distribution for the homeless
- Baltazar Theatre: "Boys, Girls" performance
- Family day with "Segítő Kéz" (Helping Hand) family support service in Törökbálint
- Charity concert

- Visiting Budakeszi Wildlife Park with the pupils of "Csalogány" School
- Constructing a playground at the Pulmonology Hospital in Törökbálint
- Gardening and cake making in the Temporary Children's Home of Fészek Association in Érd
- Visiting Noé Animal Shelter with children from the Children's Home in Cseppkő utca
- Eco Film Club: "The 11th Hour"
- Visiting a photo exhibition on poverty titled "100 legszegényebb"
- Visiting Szeged Wildlife Park with disabled children living in Waltner Károly Children's Home
- Visit to Misina shelter in Pécs, the largest animal shelter of the region
- Repainting playground items in a local nursery at Margit tér, Debrecen
- Repainting windows at Fundamentum School, Győr

The programme series was concluded with a charity concert at Millenáris Park highlighting the importance of phone-based donations. At the event, we raised funds for Magic Lamp (Csodalámpa) Foundation granting wishes to five children suffering from serious illnesses. Telenor matched the funds raised through the phone-based campaign to bring the total up to HUF 1,000,000.



Blind football and other sensitisation programmes with "Láss" Association



Digital World training at the Family Day in Törökbálint



Watching "Boys, Girls", a performance by Baltazar Theatre



“It was a disturbing yet fantastic feeling to participate in Tedd Oda! programmes. I volunteered to do charity cooking and food distribution for homeless people. It was an eye-opener to personally experience their daily life conditions and listen to the stories of people who often

lost their homes in a fortnight due to the lack of friends or family. Despite the shocking experience I admired the strength of these people.

I think it’s great that Telenor offers its employees an opportunity to do socially valuable volunteer work even during business hours. In addition to helping vulnerable social groups, volunteer work also helps you adopt a mindset and awareness that can also prove very useful in your daily work.”

Zsófia Rédei, Telenor employee



### Cake fair

Our in-house cake fair spurred many employees to action also in 2013. 10 December saw 54 colleagues offering more than 1,300 pieces of cake for sale. Both those making the cakes and those selling them were volunteers ready to contribute their time to a charitable cause. This year, the funds raised at the event were contributed to Heim Pál Children’s Hospital. The institution used the amount to cover the expenses of installing a medical grade UPS with batteries donated to it by Telenor. One second of power outage may interrupt the operation of life-saving equipment and cause loss of data which means that a UPS can contribute to the hospital’s safe operation and the success of surgery operations.

The HUF 400,000 raised by the cake fair were matched by Telenor.

The above events are not only useful for the society and our environment, but they also provide a special social experience and improve the social sensitivity of our employees.



# 10. *responsible employment*

10.1 Employment data

10.2 Equal opportunity

10.3 Healthy working environment and work safety

10.4 Growth opportunities at Telenor

10.5 Employee Engagement Survey

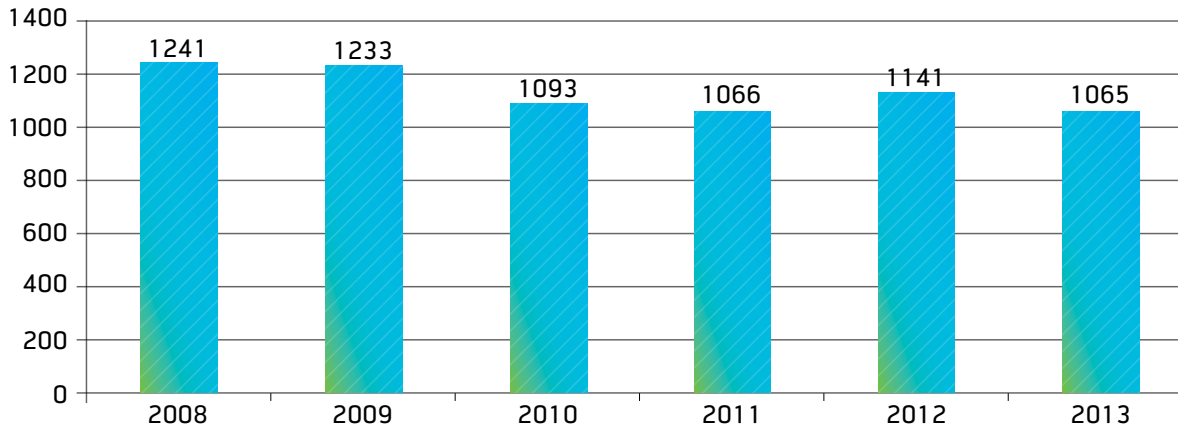


## 10.1 Employment data

Telenor’s employment policy was described in detail in the report for the years 2010 to 2012. As a result, this chapter focuses on 2013 data and the underlying changes. For more information on our employment approach and practices [please read our previous sustainability report](#).

### Employee headcount

Employee headcount (2010-2013)

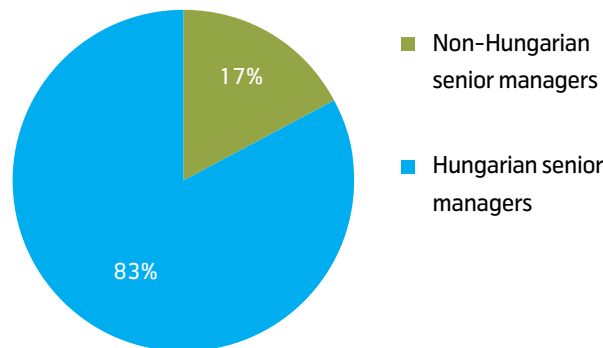


Telenor had 1,065 employees in 2013. 2013 saw the establishment of Telenor Common Operation Zrt. (TnCO). As a result, 139 employees were transferred from Telenor Hungary to TnCO and will continue their career at the new company. This is the reason behind the reduction of our headcount between 2012 and 2013.

### Ratio of Hungarian and non-Hungarian staff

99% of Telenor Hungary’s employees are of Hungarian nationality. The ratio of foreign employees is higher in senior management (CEO, CxO and directors). In 2013, 17% of Telenor employees in senior

Ratio of Hungarians and non-Hungarians in senior management (2013)

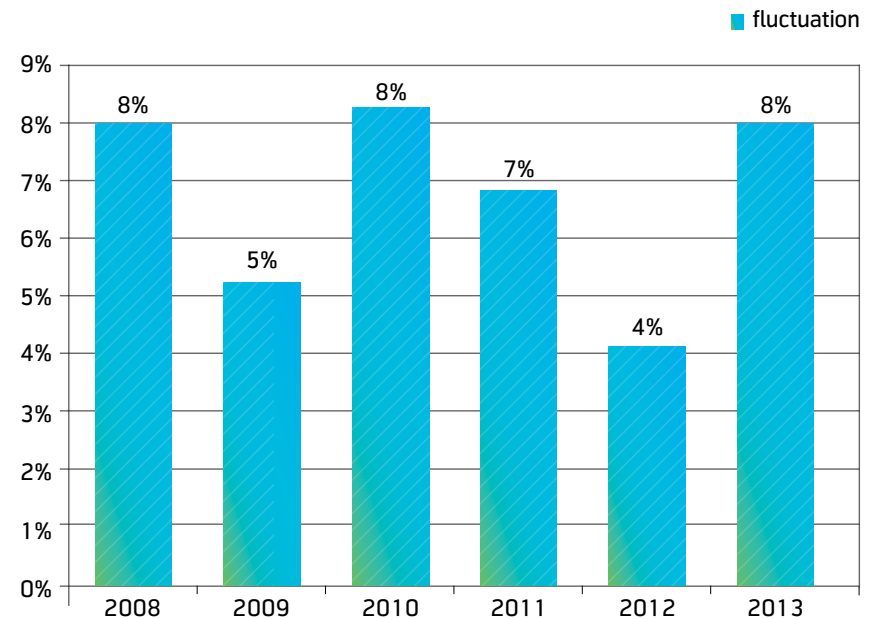


management positions were non-Hungarian. The seven-strong Leadership Team, Telenor’s governing body, had four non-Hungarian members in 2013. At the same time, 1% of our Hungarian employees worked abroad for Telenor Group’s different subsidiaries. Participating in international projects, cross-border cooperation and knowledge sharing are an integral part of the daily work of most experts and managers.

### Staff turnover

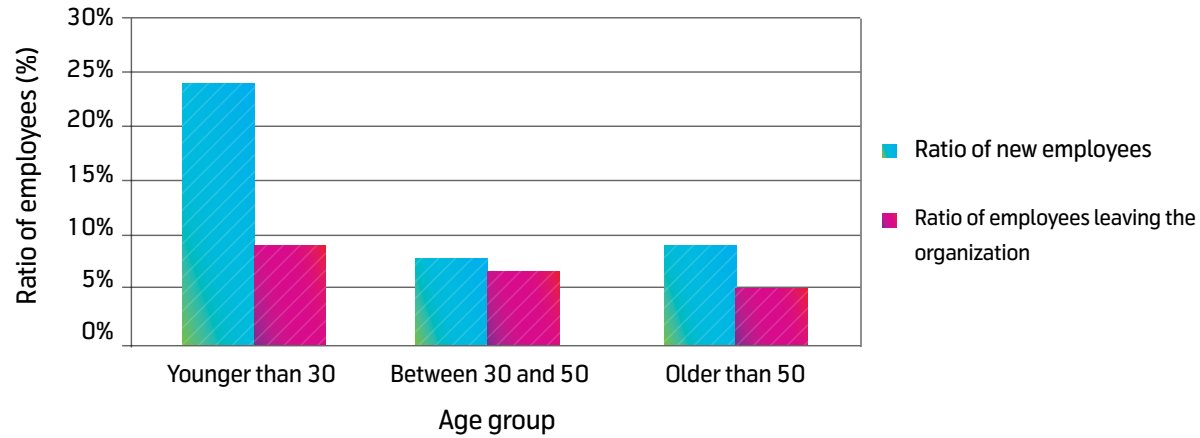
Voluntary staff turnover was around 7% in the past 6 years which is a healthy level for a company with commercial and customer service activities. It was partly due to the fact that Telenor had stable results and a clear vision in the Hungarian telecommunications sector.

Voluntary staff turnover (2008-2013)

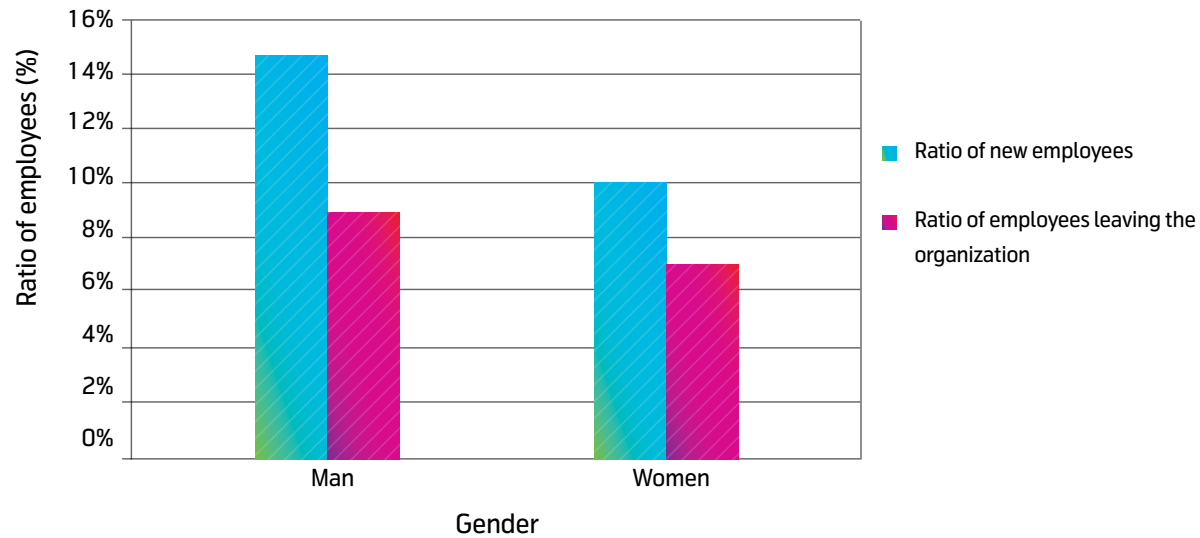


Turnover by age and gender

Voluntary staff turnover by age (2013)



Voluntary staff turnover by age (2013)





	Age group			Gender	
	Below 30 years of age	Between 30 and 50 years of age	Above 50 years of age	Men	Women
No. of new employees	54	69	2	65	60
Ratio of new employees	24%	8%	9%	15%	10%
No. of employees leaving the organization (voluntary leave, leave with mutual agreement, retirement, death)	20	59	1	41	39
Ratio of employees leaving the organization	9%	7%	5%	9%	7%

### Wage policy and benefits

There was no change in Telenor’s wage policy and system of benefits in 2013. They are described in detail in our [sustainability report for the years 2010 to 2012](#).

## 10.2 Equal opportunity

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.

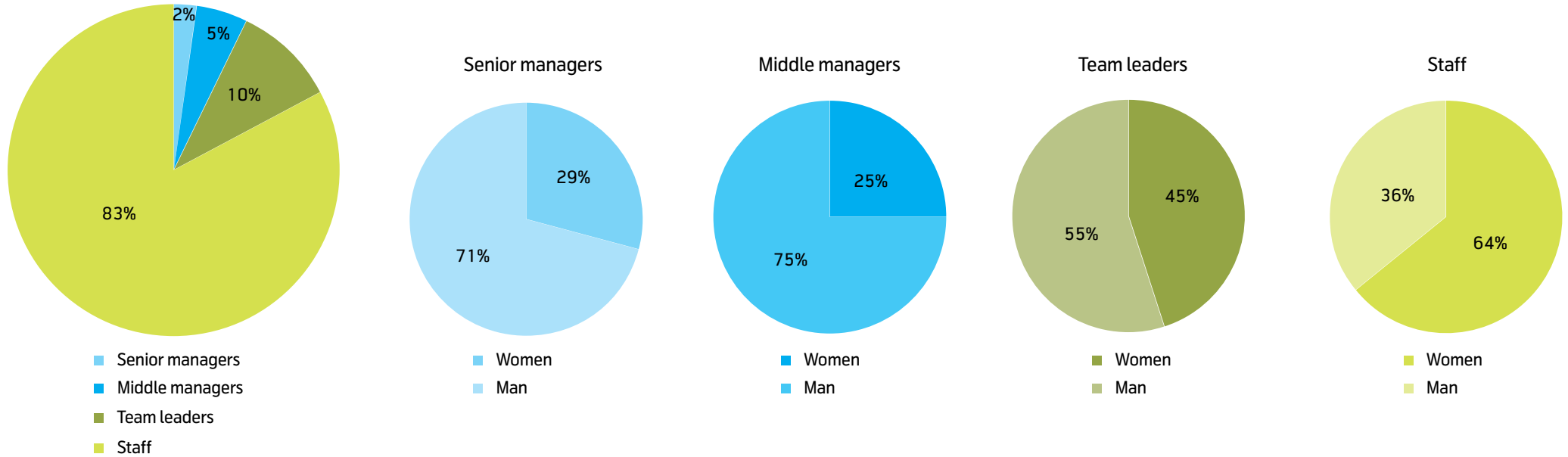


### Gender ratios

Men and women have a balanced ratio in the active employee base. The ratio of women in management positions, however, does not follow the same pattern. At a senior management level, only slightly more than one in four strategic positions are filled by women. At a ‘head of office’ level, this ratio is even lower. The reason is that the ratio of women is traditionally low at the technical degree programmes relevant for Telenor already at university. Telenor’s headcount composition reflects education and labour market patterns. Women are present in the highest numbers in personal and telephone customer service as well as in support positions where the middle management layer is thin. Here, heads of office have more employees in their team compared to other functions. This is why women are relatively underrepresented at the head of office level.



Employee distribution by job category (2013)



**Breakdown by age group**

One of four Telenor employees (24.9%) are younger than 30, while three of four (73.2%) are in the 30 to 49 age group. Only 1.9% are older than 50 years. Average age is relatively

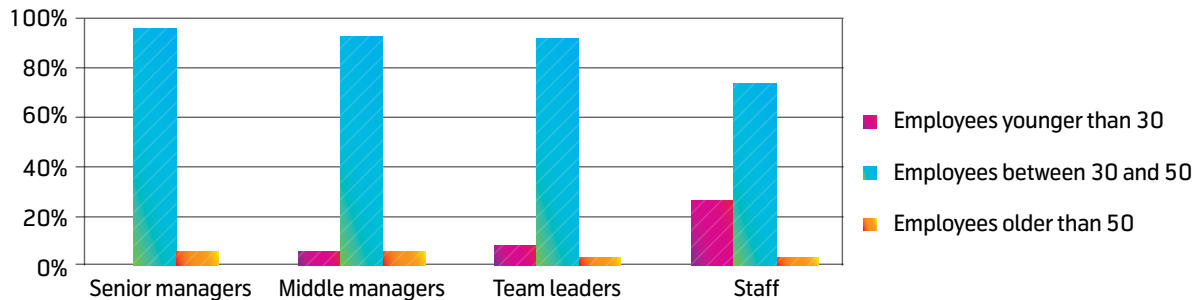
low (34.6) which is due partly to the nature of the industry and partly to the company's history of 20 years. Employees of different age groups are distributed evenly among job categories. It is the natural result of

employee career paths that higher age groups include more employees in senior management positions.

**Returning to work**

Supporting the return to work of employees with young children is a priority in Telenor's headcount policy. While employees are on maternity leave, Telenor signs a fixed-term employment contract with their substitutes which means that they can return from maternity leave (GYES or GYED)<sup>43, 44</sup> smoothly. In addition, part-time employment and teleworking/working from home options help parents with young children return to work earlier and better align their work with family priorities. These options are an integral part of our corporate culture and are highly popular with Telenor employees.

Employee distribution by age and job category (2013)



<sup>43</sup> Child Care Allowance (Gyermekgondozási segély)  
<sup>44</sup> Child Care Fee (Gyermekgondozási segély)





Csilla Marosfalvi and her 18-month-old daughter at Telenor's Santa party in 2013

In 2013, Telenor could offer an appropriate position to 89% of young mothers returning from parental leave. As a result of challenging tasks and flexible work arrangements, all of them were still being employed by Telenor one year after their return date.

Ratio of return and retention after parental leave	2013	
	Men	Women
No. of employees using parental leave	1	136
No. of employees returning from parental leave	0	37
Employees still employed by Telenor 12 months after their return from parental leave	0	32
Ratio of those returning to work (%) <sup>45</sup>	0	27%
Retention rate: <sup>46</sup>	0	89%

"I returned to work in August 2013, 18 months after my daughter Juli was born. Before my parental leave, I was Assistant to the CEO. Currently, I work in the team of Chief Corporate Development Officer Frank Klausz III. Although I fill a different position I am satisfied because I can smoothly continue my career at Telenor. I was happy to return to the company thanks to the availability of flexible working arrangements and understanding colleagues. I am grateful for the initial support I received that helped me catch up again in a short time and also made it easier for my daughter to adapt to the new situation.

I was looking forward to working with Frank. I am lucky to work in his division as being a father himself he understands that I have to succeed on two fronts.

As a result of Telenor's employment policy and Frank's open attitude we could agree on flexible work arrangements.

Using the tools provided by Telenor (Hipernet, laptop, phone, remote access, etc.) I can work flexibly and strike a better work/life balance. Working from home is a great invention that helps me optimize working time and efficiency. This way, besides my work and family, I have more time for self-development and pursuing my future goals.

I was loyal to Telenor before but this loyalty was further increased by the mutual trust and new challenges I experienced upon returning to work from my parental leave."

<sup>45</sup> (no. of those returning to work/using parental leave)

<sup>46</sup> (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) (%)



Ákos Oláh

### Supporting talented Roma youth

Telenor joined the equal opportunities initiative of the Hungarian Business Leaders Forum (HBLF) and IBM Hungary supporting the higher education studies of talented Roma youth in 2008. In the reporting period, Telenor contributed to the higher education of three students. Corporate mentoring is a key component of the programme. Telenor staff acted as mentors to students Bianka Lukács and Ákos Oláh. Our third supported student, Eszter Kovács, graduated in 2013. As part of the programme, Telenor provides students with internship opportunities in line with their fields of study to give them insight into corporate culture and processes, and help them acquire skills useful in their future careers. Telenor offered an internship to both mentored students. Ákos studies electrical engineering at the Budapest University of Technology and Economics. He is also member of Simonyi Károly College for Advanced Studies where he was elected Chairman last year.

### What did you do during your time at Telenor?

“I joined Telenor in June 2011. First I worked at the call center, then two months later I moved to the Transmission Network Planning Office. I was responsible for documenting 4G network implementation project phases and updating our internal system of administration. Then I spent another month at the Radio Network Planning Office where I was involved in 4G network testing. In July 2014, following a 6-month break, I joined Telenor Common Operation (TnCO) where I had HR-related responsibilities. I faced many challenges from interview arrangements to team building which I enjoyed very much.”

### What does the Romaster programme mean for you?

“The Romaster programme provides valuable support to my higher education studies. It means a lot in financial terms, because it helps me cover the costs of my accommodation, special classes and sometimes even university tuition fees. The programme also allowed me to meet several students of a similar background. We can share our experience and give advice to one another. As a result of the programme, I got to know many leading industry experts and gained engineering and HR experience in a multinational environment. I highly appreciate the help I receive to overcome my financial difficulties and the career advice provided by Telenor staff. I will be the first person in my family to earn a higher education degree which makes Telenor’s advice even more valuable.”

### 10.3 Healthy working environment and work safety

Telenor's Occupational Health and Safety Management System, as well as related goals and activities were discussed in detail [in our sustainability report on the years 2010 to 2012](#). As a result, this report includes only data and programmes for 2013. 2013 had one work-related accident that happened not at a worksite but during a Telenor event. The injured employee did not go on sick leave.

#### Diseases, injuries and absenteeism

Absentee rates	All employees	Men	Women
No. of fatalities	0	0	0
Workplace injury rate (%)	0	0	0
Occupational disease rate (%)	0	0	0
Lost day rates because of workplace injuries or occupational diseases	0	0	0
Absentee rate	0.340	0.149	0.503

Absentee rate	All employees	Men	Women
No. of working days	1,580,552	726,078	854,474
Illness-related absence (days)	5,361	1,080	4,281
Injury-related absence (days)	14	0	14

Most of the screenings and presentations were held in our office building to encourage participation among those who are otherwise too busy to participate in such programmes. During our health initiatives, 3,840 screenings were conducted and 7,920 health-related questionnaires were completed. Telenor employees were offered the following health programmes in spring 2013: Presentation about the structure and operation of the human locomotor system (the spine, in particular), its disorders and their consequences. At the



The garden of Telenor House

Health consciousness played an important role in our activities in 2013. In line with this, we paid special attention to education and prevention during the year. We organized several free programmes for employees to preserve and improve their health.

event, appropriate sitting postures and arm and leg positioning were demonstrated, and specialists showed some easy exercises suitable for the office environment and gave stress management tips. At the end of the presentation, participants could ask questions and request personal consultation. Our 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 specialists also gave personal health recommendations to those screened. The programme attracted 121 employees. At the bone density test, a special instrument was used to provide bone structure information to 47 employees. The autumn saw cholesterol and blood sugar level tests, ECG<sup>47</sup> and eye pressure tests, body mass analysis and hearing tests. In keeping with previous years' traditions, first aid courses and blood donation events were organized for volunteers in partnership with the Hungarian Red Cross.

<sup>47</sup> Electrocardiography

## 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 talents and provide them with extra growth opportunities.

### Performance evaluation

Performance evaluation and career planning are managed through the Telenor Development and Performance (TDP) process. Performance evaluation is a mandatory exercise within the Telenor Group for every internal employee on a quarterly basis. For more information about the process please read [the previous year's report](#).

We also recognize top performers, that is, people with outstanding personal achievements. Besides current performance, growth potential is also a key aspect to consider in today's fast changing industry environment. For Telenor, talents are top performers with an outstanding growth potential. Growth potential has 3 major aspects: willingness to grow (ability to learn); engagement; as well as professional and personal features that make an individual capable of addressing complex issues.

In addition, talents should also credibly represent corporate values.

The "top talent" status is assigned in the TDP process every year based on individual performance and growth potential. The list of proposed talents prepared at review meetings is approved by senior management. Then growth targets and the underlying actions are identified by the talents and their managers, and they are monitored and regularly updated during the year.

In addition to receiving support from the management, talents can also participate in the below specific development programmes as part of the Talent Care initiative:

1. Mentoring
2. Professional training courses
3. Skills development training
4. Career coaching
5. Cross-functional strategic projects
6. Inspirational programmes

### Training

As part of its Norwegian company culture, Telenor does its best to offer its employees opportunities for continuous skills development. At Telenor, 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.

For more information on our training systems please read [the previous year's report](#).

### Volunteer knowledge sharing

The Telenor Intelligence Agency, or TIA for short, is a new initiative launched in 2013 to promote knowledge sharing within the organisation. We want to expand knowledge sharing beyond the training and development opportunities identified at TDP interviews. This is a voluntary initiative that can be used to share any type of knowledge (e.g. it can be an Excel course as well as a presentation to share travel adventures).

TIA has 3-month semesters starting with a Knowledge Agents Summit where colleagues can meet the knowledge agents who volunteered to share their knowledge with them.

The first TIA semester between November 2013 and March 2014 included 10 training courses attended by 124 employees. We want to continue the initiative with new courses in 2014.





## 10.5 Employee Engagement Survey

High level employee engagement is a key differentiator of successful companies. 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 – is conducted by all Telenor Group companies once a year. Employee engagement is measured based on five drivers (pride, motivation, willingness to recommend, satisfaction, willingness to stay). The survey includes one question on each driver. In addition, satisfaction is measured in all areas closely related to engagement (e.g. physical working environment, growth opportunities, goals, etc.).

Survey results provide valuable feedback to management for setting development directions to improve business results and working conditions. The EES supports internal development through evaluating the key drivers of employee engagement. All Telenor employees participate in the survey to get the most objective view of the current situation. EES results are processed jointly in company and unit-level action planning.

The EES process runs at two levels:

- On the one hand, employees provide feedback on their own unit and the company as a whole. Based on this, the EES score or unit index is calculated;
- On the other hand, employees evaluate their managers. Evaluation results are used to calculate the leadership index.

The EES enables employees to evaluate their managers' performance and it gives managers appropriate feedback on their skills development needs.

	2010	2011	2012	2013
<b>EES index</b>	71%	81%	82%	76%
<b>Participation rate</b>	90%	96%	95%	98.5%

This year, nearly all employees of Telenor Hungary participated in the Employee Engagement Survey. The high participation rate (98.5%) ensures that we receive credible and well-founded results from the survey.

Based on the analysis of EES results, we identified a temporary drop in engagement which is fairly natural in periods of uncertainty caused by major organizational changes (e.g. the establishment of TnCO). We believe that one should give special attention to engagement in such periods. To make improvements as efficient as possible, we decided to involve the entire company in action planning using an online brainstorming tool developed by the Innovation Team. We also agreed to pay special attention to the efficient internal communication of future organizational changes.



# 11. OUR COMMITMENT TO THE ENVIRONMENT

11.1 Environmental management

11.2 Energy usage and CO2 emissions

11.3 Radiation

11.4 Collection of used mobile phones

11.5 Waste management

11.6 Paper usage

11.7 Water usage



## 11.1 Environmental management

### Environmental impact

Telenor has identified its processes that have a negative impact on the environment. These processes are as follows:



Establishment and operation of base stations	Office management	Car fleet management	Selling mobile phones
<ul style="list-style-type: none"> <li>• use of natural resources</li> <li>• electricity and water consumption</li> <li>• emissions</li> <li>• production of electronic and hazardous waste</li> <li>• electromagnetic radiation</li> </ul>	<ul style="list-style-type: none"> <li>• use of natural resources</li> <li>• electricity consumption</li> <li>• emissions</li> <li>• production of electronic waste</li> </ul>	<ul style="list-style-type: none"> <li>• use of natural resources</li> <li>• electricity consumption</li> <li>• emissions</li> </ul>	<ul style="list-style-type: none"> <li>• production of electronic waste, rare metals and hazardous waste</li> </ul>

Respect for the environment is an important core value for Telenor Hungary. We aim to reduce our environmental impact and strengthen people’s environmental consciousness through our products and services. We make continuous effort to minimize our environmental footprint, use of natural resources and waste production. Our environmental strategy is centred around energy efficiency, renewable energy resources, employee engagement and harnessing the opportunities of mobile communications.

### Environmental Policy

Our efforts to protect the environment in the reporting period have been driven by the Environmental Policy updated and approved in 2013. In this document, Telenor Hungary describes its environmental goals and environmental commitment and explains the principles supporting its ongoing efforts to reduce its environmental impact, comply with legal regulations and pursue continuous development to meet the requirements of the most stringent standards. [To access our Environmental Policy please click here.](#)

### Environmental goals

Taking into account the Environmental Policy, legal and other regulations, stakeholders, major environmental impacts and cost-efficiency considerations, the EMS Manager and other competent managers review environmental goals on an annual basis and set short, medium and long term goals with management involvement.

Our company aims to reduce its relative carbon emissions 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.



Environmental commitments	Goals	Results
Compliance with effective environmental regulations and the international ISO 14001 standard	Renewing our ISO 1400 certificate	Our certificate was successfully renewed in 2013
Reducing emissions from network operation	Reducing CO2 emissions to 17,300 tons in 2013	13,321.96 tons of CO2
	Reducing CO2 emissions to 1,430 tons in 2013	1,553.77 tons of CO2
Reducing emissions from travel and transportation	Setting up a system capable of monitoring electric car performance	In progress
Responsible management of waste from selling mobile communications devices	Ensuring the continuous availability of a system for collecting used mobile phones	907 kg of used mobile phones collected
Developing and selling mobile telecommunications solutions enabling customers to reduce their own CO2 emissions and/or energy usage.	Increasing the number of e-billing customers	The number of e-billing customers increased by 63.85% over previous year's level

### Environmental Management System

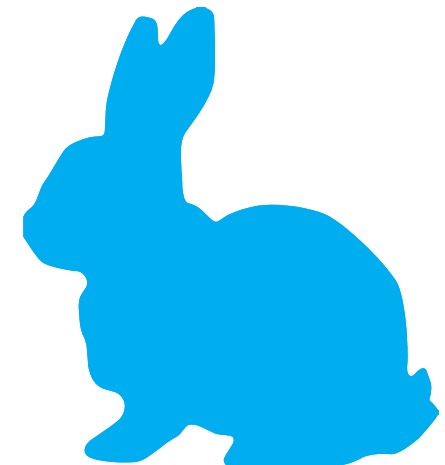
In December 2013, we upgraded our environmental management system based on the MSZ EN ISO 14001:2005 standard. The system aims to promote continuous improvement to reduce the company's environmental footprint and prevent pollution. To further this end, we established short and medium-term environmental and financial goals to mitigate our environmental impact and develop green solutions to replace polluting activities. The certificate proves that the system is compliant with the requirements of the standard. For more information on our Environmental Management System please read [6.6 HSSE](#).

Fines for the breach of environmental law and regulations	2010	2011	2012	2013
Amount of fines	0	0	0	0

### Environmental spending

In the reporting period, Telenor had the environmental spending as follows.

Environmental expenses (HUF)	2013
Purchasing an electric car	8,431,560
Annual environmental management fee	5,689,600
Product fees	44,000,000
<b>Total</b>	<b>58,121,160</b>

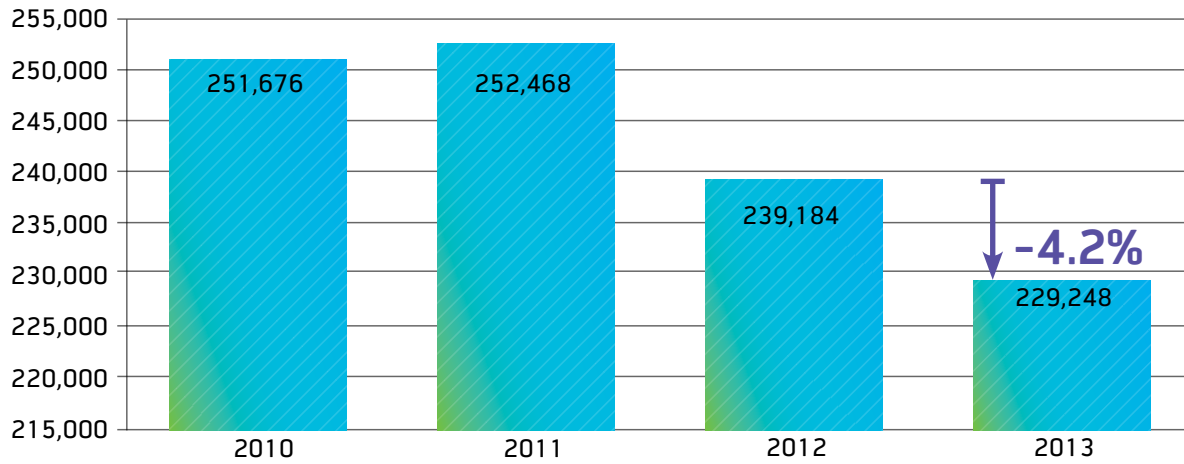




## 11.2 Energy usage and CO2 emissions

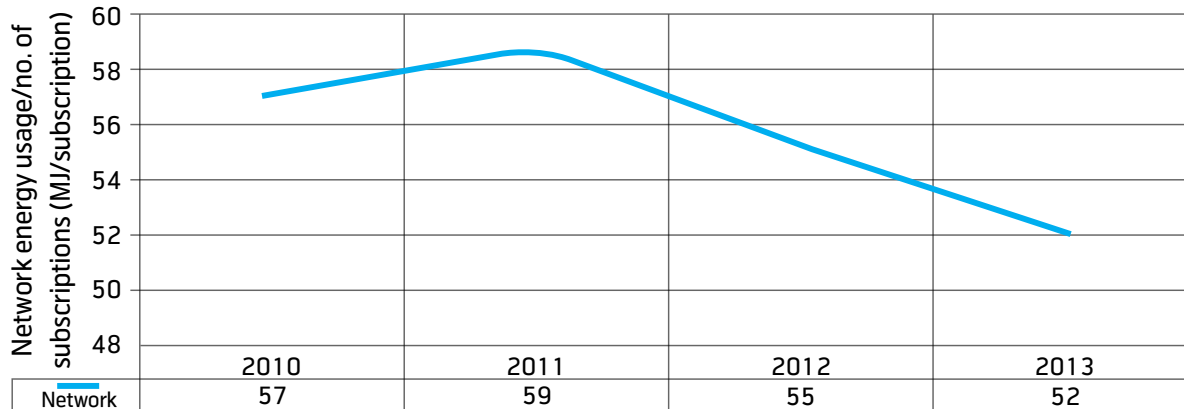
In 2013, 229,248 GJ of energy was used for our mobile network, office building and travel and transportation-related activities which is 4.2% less than the year before.

Total energy usage in GJ (2010-2013)

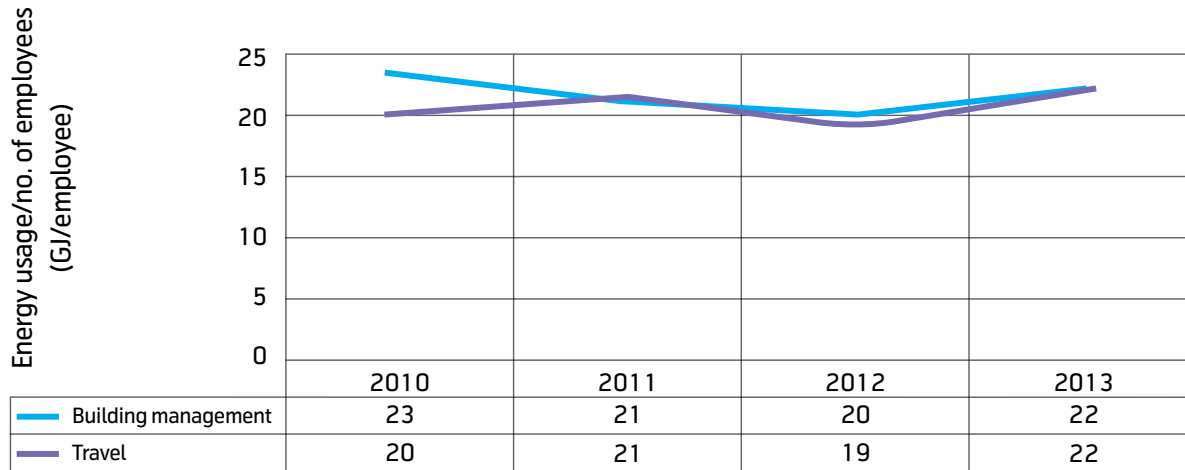


In 2013, we used 56 MJ of energy per subscription for network operation; 22 GJ of energy per employee for building management; and 22 GJ of energy per average employee for travel.

Energy intensity in network operation (2010-2013)

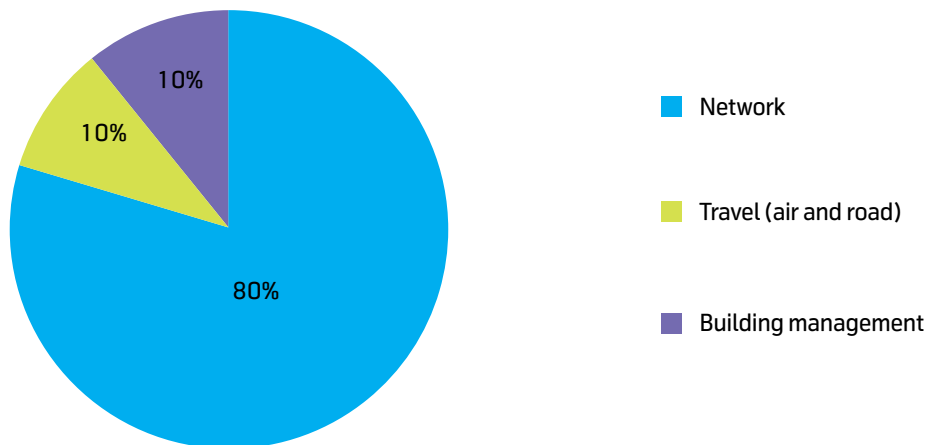


Energy intensity in building management and transport (2010-2013)



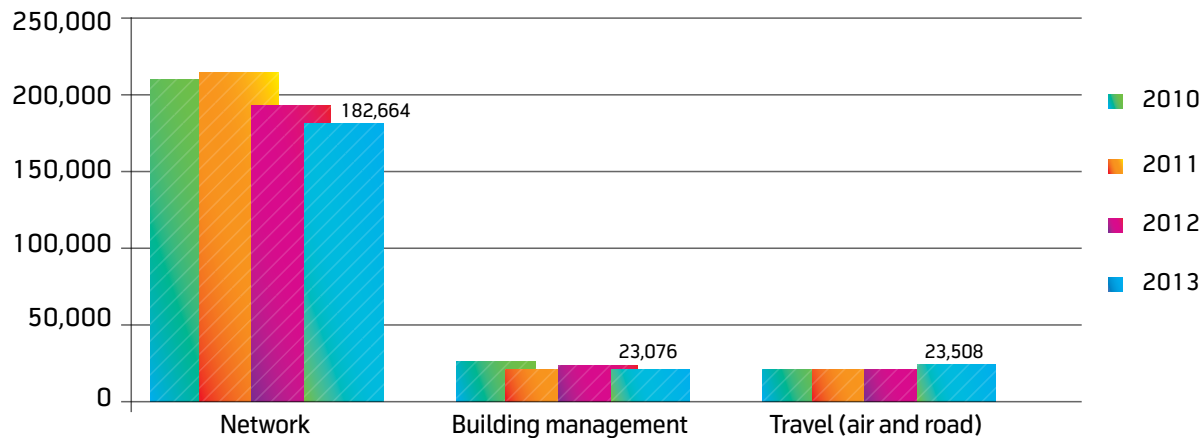
Network operation accounts for 80% of our energy usage, while the remaining 20% is distributed evenly among building management at the Telenor House and travel/transportation.

Distribution of energy usage by area of use (2013)



Network-related energy usage was reduced by 11,412 GJ, while travel/transportation-related energy usage increased by 1,620 GJ. Energy consumption related to building management remained flat in 2013 compared to 2012.

Energy usage by area of use in GJ (2010-2013)



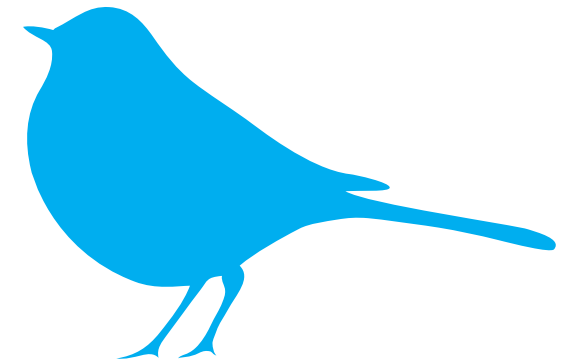
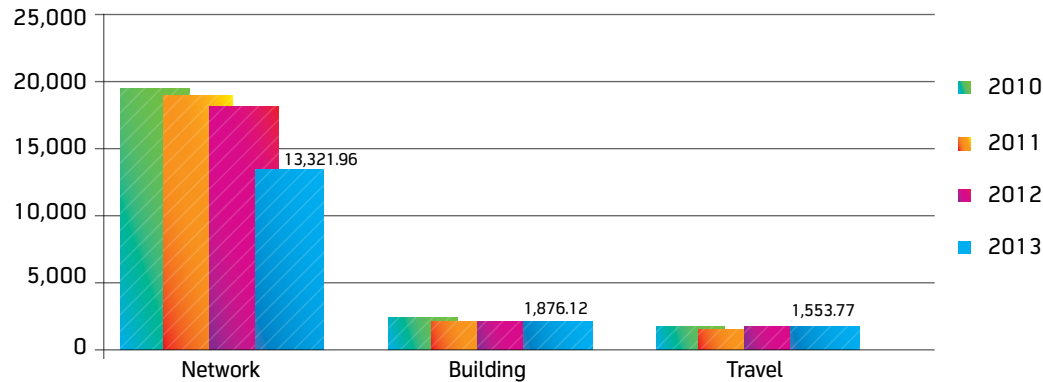
	2010	2011	2012	2013	Change (2012=100%)
<b>Energy consumption by area</b>					
Network-related energy consumption (GJ)	204,624	208,188	194,076	182,664	94.1%
Buildings (GJ)	25,272	22,392	23,220	23,076	99.4%
Travel (air and road) (GJ)	21,780	21,888	21,888	23,508	107.4%
<b>Total (GJ)</b>	<b>251,676</b>	<b>252,468</b>	<b>239,184</b>	<b>229,248</b>	<b>95.8%</b>

<b>Fuel consumption from non-renewable sources</b>					
Natural gas (GJ)	4,542	2,691	2,633	2,540	96.5%
Diesel oil (GJ)	17,361	15,365	15,691	16,028	102.1%
Petrol (GJ)	649	478	496	546	110.1%
<b>Total (GJ)</b>	<b>22,552</b>	<b>18,534</b>	<b>18,820</b>	<b>19,114</b>	<b>101.6%</b>

	2010	2011	2012	2013	Change (2012=100%)
<b>Electricity</b>					
Buildings (GJ)	17,424	17,784	18,684	18,036	96.5%
Network operation (GJ)	197,964	200,880	186,876	146,628	78.5%
Network operation – green energy (GJ)	6,480	7,200	7,200	36,000	500.0%
Heating and cooling (GJ)	1,296	792	792	1,404	177.3%
<b>Total (GJ)</b>	<b>223,164</b>	<b>226,656</b>	<b>213,552</b>	<b>202,068</b>	<b>94.6%</b>

In 2013, we had 16,751.85 tons of emissions from business activities which is 20% less than the year before.

CO2 emissions in tons by source (2010-2013)



	2010	2011	2012	2013	Change (2012=100%)
<b>Direct CO2 emissions</b>					
<b>Network</b>					
Electricity generation (t of CO2)	14.65	8.26	17.40	3.25	18.7%
<b>Buildings</b>					
Gas used for heating (t of CO2)	251.83	149.21	146.00	159.65	109.3%
<b>Car travel</b>					
Car travel (t of CO2)	1,363.63	1,204.44	1,221.68	1,265.25	103.6%
<b>Total</b>	<b>1,630.11</b>	<b>1,361.91</b>	<b>1,385.08</b>	<b>1,428.15</b>	<b>103.1%</b>

### Indirect CO2 emissions

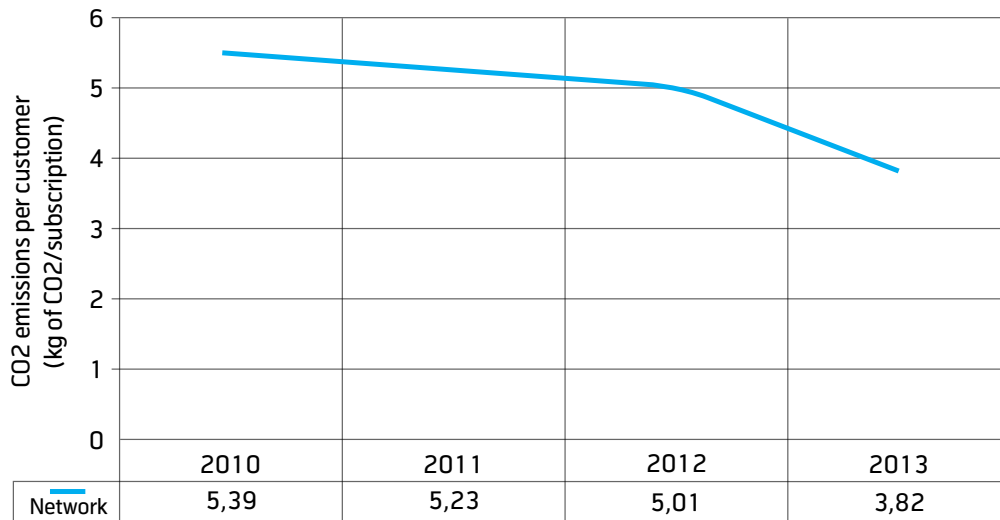
	2010	2011	2012	2013	Change (2012=100%)
<b>Network</b>					
Electricity (t of CO2)	19,285.50	18,558.75	17,628.24	13,318.71	75.6%
<b>Buildings</b>					
Electricity (t of CO2)	1,697.14	1,641.71	1,696.70	1,638.27	96.6%
District heating (t of CO2)	72.00	44.00	43.60	78.20	179.4%
<b>Total (t of CO2)</b>	<b>21,054.64</b>	<b>20,244.46</b>	<b>19,368.54</b>	<b>15,035.18</b>	<b>77.6%</b>

### Other indirect CO2 emissions

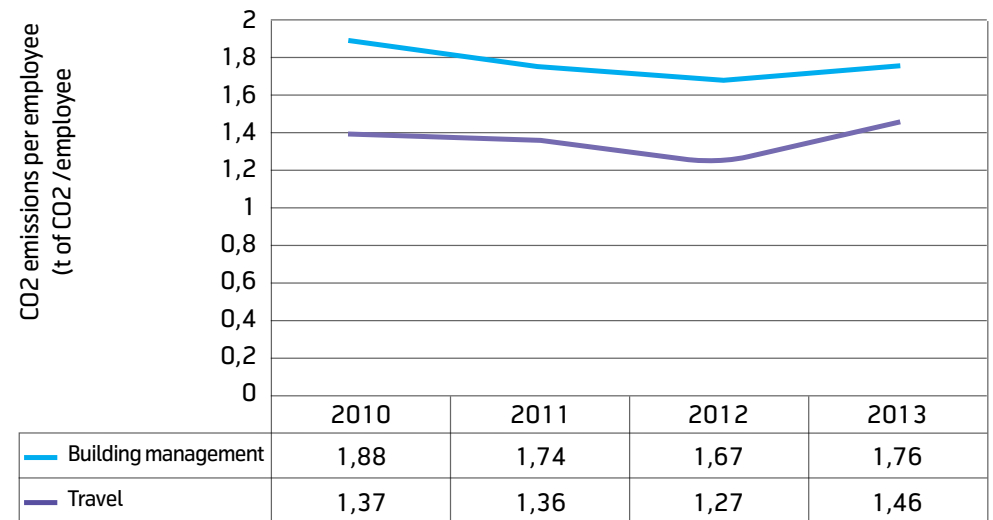
<b>Travel</b>					
	134.55	242	231.22	288.51	124.8%

In 2013, we had 3.82 kg of CO2 emissions per subscription from network operation; 1.76 tons of CO2 emissions per employee from building management; and 1.46 tons of CO2 emissions per average employee from travel.

Emissions intensity in network operation (2010-2013)



Emissions intensity in building management and travel (2010-2013)



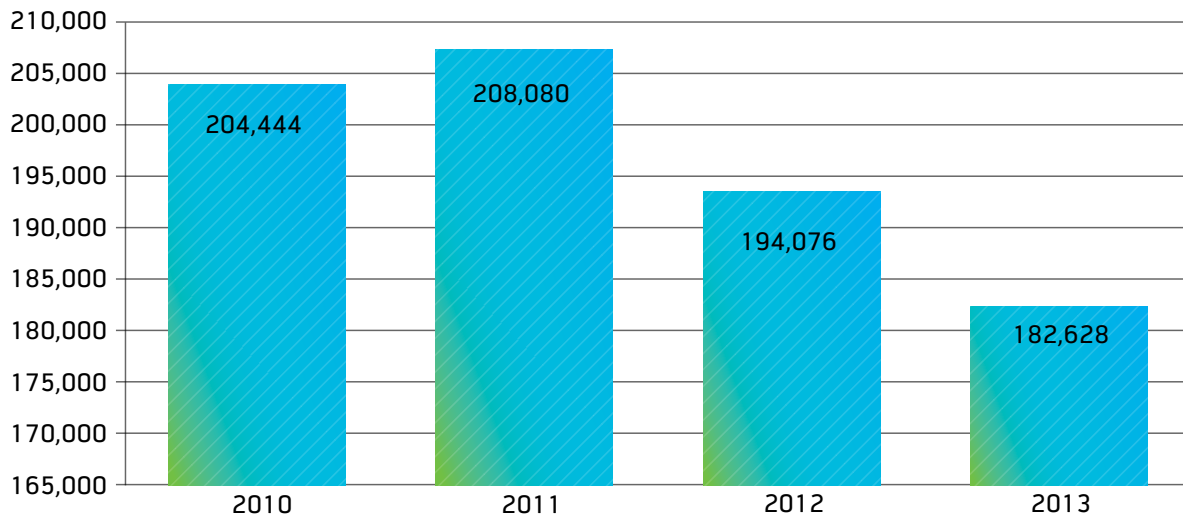


**Network**

The energy use of Telenor Hungary’s telecommunications network declined in absolute terms in 2013 despite major development projects completed. This was due mostly to the removal of equipment supporting legacy technologies used before the network modernization

programme of 2010 to 2012. 2013 was the first full year when the energy efficiency of equipment installed during the technology swap was reflected in energy consumption throughout the year.

Energy in GJ used in network operation (2010-2013)

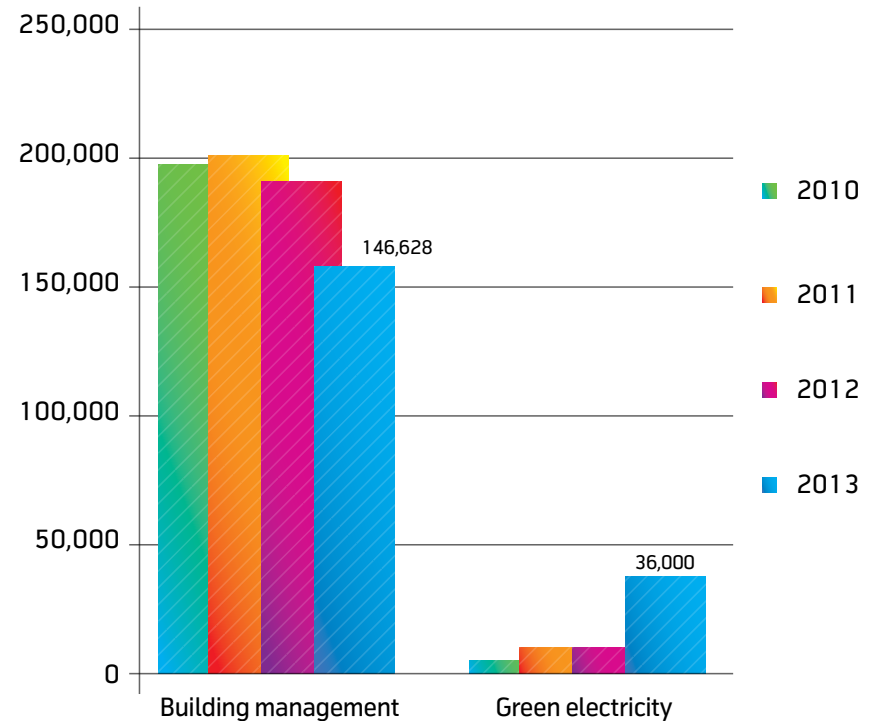


Energy savings also came from the modernization of the electricity supply system of one of our key and most power hungry sites which resulted in more reliable operation, higher energy efficiency and less power loss.

In 2013, the air conditioning equipment of switches across the country were also replaced with energy saving systems.

At the same time, a higher ratio of electricity was obtained from renewable sources. This green energy also contributed to reducing our carbon footprint in 2013. In 2013, we purchased 36,000 gigajoules of energy from green sources compared to only 7,200 gigajoules in 2012 which is a fivefold increase. In percentage terms, green energy contributed 19.71% of the total energy volume required for network operation in 2013, while this ratio was only 3.71% in the year before.

Traditional and green energy in GJ for network operation (2010-2013)



### Building management



Telenor House

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 last year's report](#).

The reporting period saw no material change in the building's energy consumption. Some minor adjustments were required because of weather conditions.

Heat pumps produced 8,657 GJ of heating/cooling energy, while the solar system produced 284 GJ of energy in the reporting period.



Geothermal heat pump at the Telenor House



Solar cells in the yard of the Telenor House

### Travel

Telenor seeks to use environmentally friendly telecommunications solutions as an alternative to travel in order to reduce traffic. It makes effort to prevent or reduce fuel consumption, harmful emissions as well as emissions caused by transport and business travel. To save time and energy, our office building offers employees several technology options to hold their meetings and conference calls on-site, and we also support our employees in working from home. The Telenor House has 7 meeting rooms with teleconferencing facilities, and 6 meeting rooms also support videoconference calls. In spite of this, travel-related energy consumption increased by 7.4% in 2013 resulting in CO2 emissions of 1,553.77 tons. The reason is that joint projects implemented with other business units of the Telenor Group required more frequent personal visits which resulted in more flights. Another reason is the establishment of TnCO, a new company consolidating the network and IT planning, implementation and maintenance activities of Telenor Hungary, Telenor Serbia and Telenor Montenegro, in 2013. In the period before TnCO's establishment, staff had to travel more by road to participate in collaboration and coordination meetings in neighbouring countries.

Although Telenor's environmental impact caused by road and air travel slightly

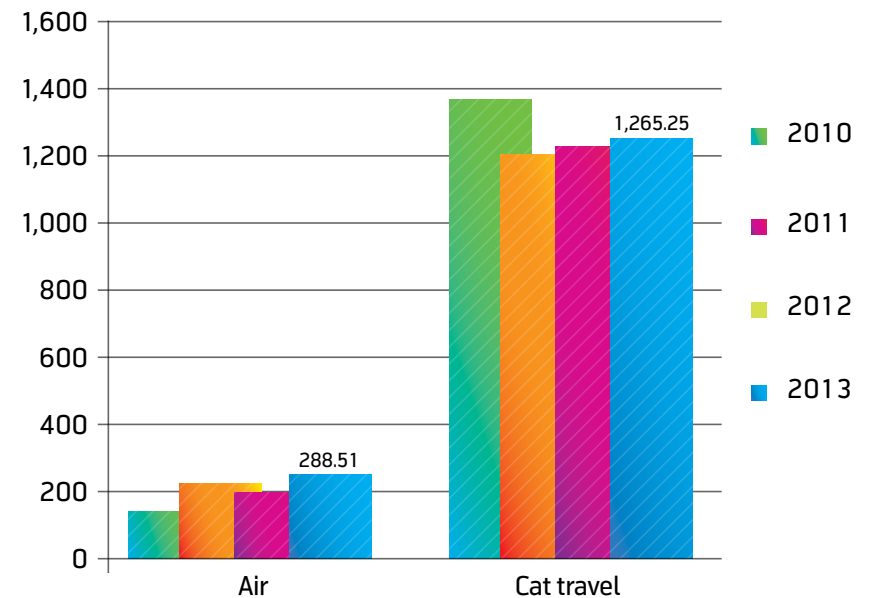
increased due to cross-border and cross-company activities, we continuously seek and make use of opportunities for improvement.



Nissan Leaf electric car

In 2013, we added an electric car to our car fleet whose environmental and economic impact is currently being tested and monitored by Telenor employees.

Environmental impact of travel in tons of CO<sub>2</sub> (2010-2013)



### 11.3 Radiation

Telenor feels responsible for the health and safety of its customers, employees and the communities living in its service areas. 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 RF<sup>48</sup> 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 [the previous year's report](#).

### 11.4 Collection of used mobile phones



Customers can return their used mobile phones and batteries to our shops any time.

The collected used devices are resold in foreign markets for recycling. 907 kg of used mobile phones were collected in the reporting period.

### 11.5 Waste management

Telenor is committed to reducing the use of natural resources and supports the recycling of all devices and materials. During its business 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

<sup>49</sup> Liquid Crystal Display

regulations. To support recycling, the following six types of waste generated by our services and business workflows are sorted:

- paper waste
- glass waste
- plastic waste
- metal waste
- electronic waste,
- batteries

In the period under survey, 54.36% of the waste produced in our office building as part of our daily business was recycled.

#### Total waste production<sup>50</sup>

Type of waste	2010	2011	2012	2013
Paper waste <sup>51</sup> (kg)	131,311	121,614	48,070	70,872
Plastic packaging waste (kg)	900.9	97	1,320	0
Glass packaging waste (kg)	778.7	2,375	680	0
Communal waste (kg)	66,840	68,610	68,530	58,608
Waste water (m3)	15,025	16,103	17,956	19,290
Electronic and telecommunications waste (kg)	0	0	19,514	16,683
Lead batteries (kg)	57,452	70,797	196,036	126,290

90% of electronic waste was recycled in the reporting period; in 75% of the cases, the material of phones was reused, while 15% were used in thermal recycling. The remaining 10% of electronic waste was safely disposed of. The reporting period had no glass packaging waste produced because the glass items used in the building and in the canteen are all returnable.

<sup>50</sup> The waste quantity for the years 2010 to 2012 differs from figures in our previous sustainability report which is due to a more transparent description of waste categories in this year's report.

<sup>51</sup> Paper packaging, cardboard and confidential documents

<sup>48</sup> Radio frequency



In previous years, glass packaging waste included fruit jars used by the old building management company in the canteen providing catering services to employees.

In 2013, the company shifted to a new system of collecting plastic packaging waste. In this system, such waste is not separately recorded. From 2014 on, plastic waste will be sorted again.

## 11.6 Paper usage

Telenor sorts waste and supports electronic document management to reduce its environmental impact. We are striving to be a paperless office, we do not print the majority of our documents and even if we do so, we use recycled paper and use duplex printing as a standard setting.

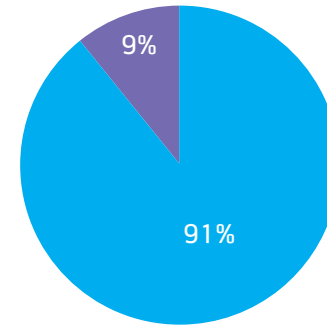
Driven by our commitment to high-quality customer service and environmental consciousness, we implemented several development projects in the reporting period to minimize paper usage.

Initiative		Digitizing sales forms in shops
Target	Save paper and ink by avoiding printing	
Estimated reduction in environmental impact	Saving about 6,300 kg of paper per year	
Results achieved by the end of 2013	All sales forms have been available in a digital format in all shops since November 2013.	
Initiative		E-learning programme for sales staff
Target	Reducing paper and cartridge usage by using electronic tests and course materials. Reducing administration and archiving workload (e.g. training registration, correcting tests, archiving documents) Reducing travel to training courses and exams	
Estimated reduction in environmental impact	About 250 kg of paper was saved per year	
Results achieved by the end of 2013	By the end of 2013, all course materials, tests, application and feedback forms are managed in an electronic system.	
Future plans	Continued system development to make training more efficient, seeking new opportunities for training.	
Initiative		Telenor Explorer Magazine (Telenor Felfedező Magazin)
Target	Old hardcopy campaign leaflets, tariff tables and 5 different brochures were replaced by the bimonthly Magazine including our current products/services/handsets and sales propositions.	
Results achieved by the end of 2013	The first edition was printed in 300,000 copies. Then it was reduced to 150,000 copies and further reductions are planned.	
Future plans	We want to limit the number of print copies of the magazine and create a digital version that will help us take our latest news to more customers faster.	
Initiative		E-billing
Target	As part of our strategy to ensure excellent service quality and environmental consciousness, we implemented e-billing in 2009. Customers using this service can access their bills in a fast and convenient paperless way. This is an environmentally friendly solution as it eliminates printing and the distribution of postal checks to customers. As a result, every customer subscribing to e-billing helps preserve the environment.	
Estimated reduction in environmental impact	1148.89 kg of paper was saved	
Results achieved by the end of 2013	The no. of e-billing customers increased by 63.82%. In 2013, a new initiative was launched to further reduce paper usage for printing bills. With customers' support, bills to be mailed to the same billing address were put and sent in a single envelope.	



### 11.7 Water usage

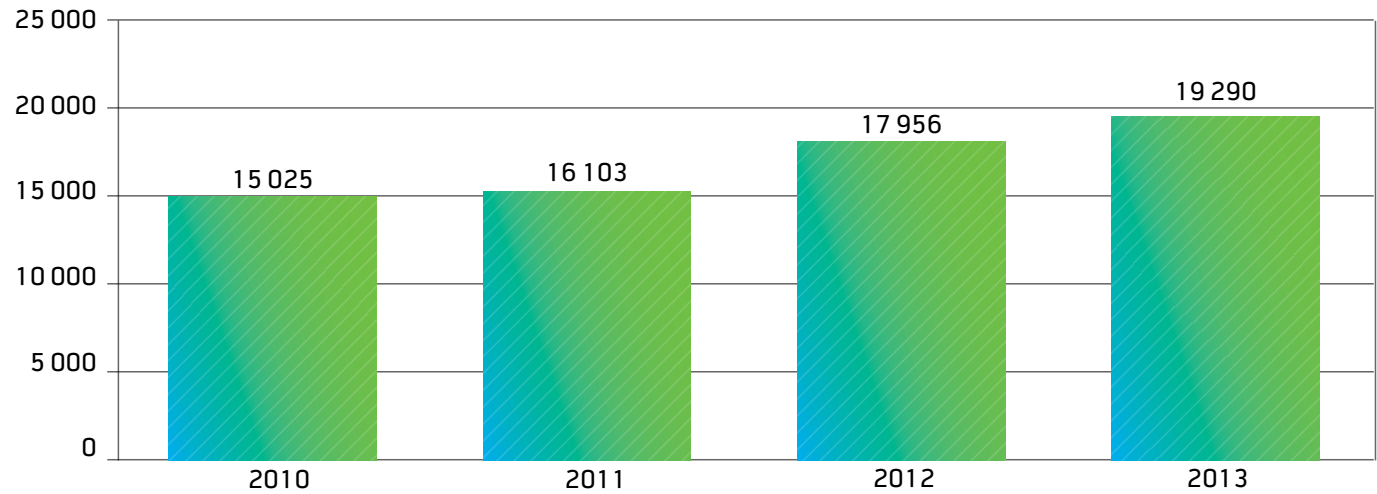
Telenor used 19,290 cubic meters of water for its operation in the reporting period. 91% of this volume was consumed in the Telenor House, while the remaining 9% was consumed by the 9 shops owned by Telenor. Water usage was 7.4% higher than in the previous year because the artificial lake at our site had to be drained several times for technical reasons.



Distribution of energy usage by area of use (2013)

- Telenor House
- Telenor shops

Total water consumption in m<sup>3</sup> (2010-2013)



Telenor's water consumption (2010-2013)

	2010	2011	2012	2013	Change (2012=100%)
Telenor House (m <sup>3</sup> )	16,838	14,261	16,588	17,480	105.4%
Telenor shops (m <sup>3</sup> )	1,703	1,842	1,368	1,810	132.3%
Total water consumption (m <sup>3</sup> )	15,025	16,103	17,956	19,290	107.4%



Telenor is committed to continuously monitoring, evaluating and improving its sustainability performance. Having reviewed our achievements in the reporting period, we set the following goals to be reached by the end of the next reporting period, that is, 31 December 2014. The progress made in achieving these goals will be described in our sustainability report for the year 2014.

## Identified areas of improvement and goals:

Our reporting system	
<b>Closer stakeholder involvement</b>	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.
<b>Improving data collection methods</b>	The system of data collection will be modernized and made more efficient through the installation of a software-based solution.
<b>Extending certification</b>	Next year's report will be fully certified not only for compliance with GRI guidelines but also in terms of data conformity by a third party.
Responsible corporate governance	
<b>Improving corruption-related employee awareness</b>	We will further educate our employees on corruption through new e-learning materials and transparency enhancement programmes.
<b>Ensuring sustainability in the supply chain</b>	More supplier partners will be subject to sustainability performance audits.
Environmental management	
<b>Improving goals monitoring</b>	We will use more efficient tools to promote the realization of Telenor's environmental performance goals and organize a higher number of environmental activities more frequently.
<b>Improving employees' environmental consciousness</b>	We want to make our employees more environmentally conscious through awareness and education programmes with a special focus on environmentally friendly travel options.
Customers	
<b>Improving service related information-supply to customers</b>	We want to limit the number of print copies of Telenor Felfedező Magazin (Telenor Explorer Magazine), and create a digital version that will help us take our latest news to more customers faster.



**Community engagement**

**Identifying the focus of corporate volunteer programmes** Corporate volunteer programmes will 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 will develop action plans to mitigate threats and resolve issues in key human rights risk areas identified.



# 13. gri content index

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G4-EC1	Direct economic value generated and distributed	4.5 Economic performance	20	The structure to show economic value generated and distributed is not fully in line with the format required by GRI G4. This form of standard disclosures cannot be applied to our company because of technical reasons.
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G4-EN17	Other indirect greenhouse gas (GHG) emissions (Scope 3)	11.2 Energy usage and CO2 emissions	69		
G4-EN18	Greenhouse gas (GHG) emissions intensity	11.2 Energy usage and CO2 emissions	69		
G4-EN19	Reduction of greenhouse gas (GHG) emissions	11.2 Energy usage and CO2 emissions	70-71		
<b>EFFLUENTS AND WASTE</b>					
G4-DMA	Generic disclosures on management approach	11.1 Environmental management	63-64		
G4-EN23	Total weight of waste by type and disposal method	11.5 Waste management	72-73		



DMA and Indicators			Page no. (or link)	Identified omission(s)	Reason(s) for omission(s)
<b>PRODUCTS AND SERVICES</b>					
G4-DMA	Generic disclosures on management approach	11.1 Environmental management	63-64		
G4-EN27	Extent of impact mitigation of environmental impacts of products and services	11.2 Energy usage and CO2 emissions 11.6 Paper usage	70 73		
G4-EN28	Percentage of products sold and their packaging materials that are reclaimed by category	11.4 Collection of used mobile phones	72	The standard disclosure doesn't include the quantity of reclaimed packaging materials and the percentage rate of reclaimed products.	The information is currently unavailable.
<b>COMPLIANCE</b>					
G4-DMA	Generic disclosures on management approach	11.1 Environmental management	63-64		
G4-EN29	Monetary value of significant fines and total number of non-monetary sanctions for non-compliance with environmental laws and regulations	11.1 Environmental management	64		
<b>TRANSPORT</b>					
G4-DMA	Generic disclosures on management approach	11.1 Environmental management	63-64		
G4-EN30	Significant environmental impacts of transporting products and other goods and materials for the organization's operations, and transporting members of the workforce	11.2 Energy usage and CO2 emissions	71		
<b>OVERALL DATA</b>					
G4-DMA	Generic disclosures on management approach	11.1 Environmental management	63-64		
G4-EN31	Total environmental protection expenditures and investments by type	11.1 Environmental management	64		
<b>SUPPLIER ENVIRONMENTAL ASSESSMENT</b>					
G4-DMA	Generic disclosures on management approach	6.5 Ethical supply chain	33		
G4-EN33	Significant actual and potential negative environmental impacts in the supply chain and actions taken	6.5 Ethical supply chain	33		

DMA and Indicators		Page no. (or link)	Identified omission(s)	Reason(s) for omission(s)
<b>CATEGORY: SOCIAL</b>				
<b>SUB-CATEGORY: LABOR PRACTICES AND DECENT WORK</b>				
<b>EMPLOYMENT</b>				
<b>G4-DMA</b>	Generic disclosures on management approach	10.1 Employment data 10.2 Equal opportunity	53 55-58	
<b>G4-LA1</b>	Total number and rates of new employee hires and employee turnover by age group, gender and region	10.1 Employment data	54-55	The disclosure doesn't include data in a breakdown by region.
<b>G4-LA2</b>	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	14	Currently, we have no records including data in a breakdown by region.
<b>G4-LA3</b>	Return to work and retention rates after parental leave, by gender	10.2 Equal opportunity	57	
<b>OCCUPATIONAL HEALTH AND SAFETY</b>				
<b>G4-DMA</b>	Generic disclosures on management approach	6.6 HSSE 10.3 Healthy working environment and work safety	34-35 59	
<b>G4-LA5</b>	Percentage of total workforce represented in formal joint management-worker health and safety committees that help monitor and advise on occupational health and safety programs	6.6 HSSE	34	
<b>G4-LA6</b>	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	59	The disclosure doesn't include data in a breakdown by region.

DMA and Indicators		Page no. (or link)	Identified omission(s)	Reason(s) for omission(s)
<b>TRAINING AND EDUCATION</b>				
G4-DMA	Generic disclosures on management approach	10.4 Growth opportunities at Telenor	60	
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	60	
G4-LA11	Percentage of employees receiving regular performance and career development reviews, by gender and by employee category	10.4 Growth opportunities at Telenor	60	
<b>DIVERSITY AND EQUAL OPPORTUNITY</b>				
G4-DMA	Generic disclosures on management approach	10.2 Equal opportunity	55-58	
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	3 Our sustainability performance in figures 10.2 Equal opportunity	14 56	Disclosure doesn't include classification in a breakdown by minority groups. The company has no records about the minority-affiliation of employees.
<b>SUPPLIER ASSESSMENT FOR LABOR PRACTICES</b>				
G4-DMA	Generic disclosures on management approach	6.5 Ethical supply chain	33	
G4-LA15	Significant actual and potential negative impacts for labor practices in the supply chain and actions taken	6.5 Ethical supply chain	33	
<b>SUB-CATEGORY: HUMAN RIGHTS ASSESSMENT</b>				
G4-DMA	Generic disclosures on management approach	6.7 Human rights due diligence	35	
G4-HR9	Total number and percentage of operations that have been subject to human rights reviews or impact assessment	6.7 Human rights due diligence	35	The standard disclosure does not include the number and percentage ratio of activities. The due diligence process will cover all aspects of our business but most of it will be conducted only in 2014.
<b>SUPPLIER HUMAN RIGHTS ASSESSMENT</b>				
G4-DMA	Generic disclosures on management approach	6.5 Ethical supply chain	33	
G4-HR11	Significant actual and potential negative human rights impacts in the supply chain and actions taken	6.5 Ethical supply chain	33	

DMA and Indicators			Page no. (or link)	Identified omission(s)	Reason(s) for omission(s)
<b>SUB-CATEGORY: SOCIAL</b>					
<b>LOCAL COMMUNITIES</b>					
<b>G4-DMA</b>	Generic disclosures on management approach	5.3. Our CR strategy 7.7. Safety 11.1. Environmental management	26 41 63-64		
<b>G4-S02</b>	Operations with significant actual or potential negative impacts on local communities	7.7. Safety 11.1. Environmental management 11.2. Energy usage and CO2 emissions	41 63 65-69		
<b>ANTI-CORRUPTION</b>					
<b>G4-DMA</b>	Generic disclosures on management approach	6.3 Practices to combat corruption and promote ethical business	29		
<b>G4-S03</b>	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	29		
<b>G4-S04</b>	Communication and training on anti-corruption policies and procedures	6.3 Practices to combat corruption and promote ethical business 6.4 Telenor's contribution to transparent business	30 31-32		
<b>G4-S05</b>	Confirmed incidents of corruption and actions taken	6.3 Practices to combat corruption and promote ethical business	31		
<b>PUBLIC POLICY</b>					
<b>G4-DMA</b>	Generic disclosures on management approach	4.5 Economic performance 6.3 Practices to combat corruption and promote ethical business	21 29		
<b>G4-S06</b>	Total value of political contributions by country and recipient/beneficiary	4.5 Economic performance	21		

DMA and Indicators		Page no. (or link)	Identified omission(s)	Reason(s) for omission(s)
<b>ANTI-COMPETITIVE BEHAVIOUR</b>				
G4-DMA	Generic disclosures on management approach	6.2	Legal compliance	28
G4-S07	Total number of legal actions for anti-competitive behavior, anti-trust, and monopoly practices and their outcomes	6.2	Legal compliance	28
<b>COMPLIANCE</b>				
G4-DMA	Generic disclosures on management approach	6.2	Legal compliance	28
G4-S08	Monetary value of significant fines and total number of non-monetary sanctions for non-compliance with laws and regulations	6.2	Legal compliance	28
<b>SUPPLIER ASSESSMENT FOR IMPACTS ON SOCIETY</b>				
G4-DMA	Generic disclosures on management approach	6.5	Ethical supply chain	33
G4-S010	Significant actual and potential negative impacts on society in the supply chain and actions taken	6.5	Ethical supply chain	33
<b>SUB-CATEGORY: PRODUCT RESPONSIBILITY</b>				
<b>CUSTOMER HEALTH AND SAFETY</b>				
G4-DMA	Generic disclosures on management approach	7.7	Safety	41
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	7.7	Safety	41
<b>PRODUCT AND SERVICE LABELING</b>				
G4-DMA	Generic disclosures on management approach	7.4	Responsible marketing	38
G4-PR4	Total number of incidents of non-compliance with regulations and voluntary codes concerning product and service information and labeling, by type of outcomes	7.4	Responsible marketing	39
G4-PR5	Results of customer satisfaction surveys	7.5	Customer satisfaction	39-40

General standard disclosures		Chapter	Page no. (link)
<b>MARKETING COMMUNICATIONS</b>			
G4-DMA	Generic disclosures on management approach	7.4 Responsible marketing	38
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	7.4 Responsible marketing	38
<b>CUSTOMER PRIVACY</b>			
G4-DMA	Generic disclosures on management approach	7.6 Privacy	40-41
G4-PR8	Total number of substantiated complaints regarding breaches of customer privacy and losses of customer data	7.6 Privacy	41
<b>COMPLIANCE</b>			
G4-DMA	Generic disclosures on management approach	7.7. Safety	41
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	7.7. Safety	41



## About the report

**GRI** Global Reporting Initiative  
**CR** Corporate Responsibility

## The report in figures

**GJ** Gigajoule  
**MJ** Megajoule  
**CO2** Carbon-dioxide  
**t** Ton  
**m3** Cubic meter  
**kg** Kilogram  
**IFRS** International Financial Reporting Standards  
**EBITDA** Earnings before interest, taxes, depreciation and amortization  
**EBIT** Earnings before interest and taxes  
**CAPEX** Capital expenditure  
**ARPU** Average revenue per user/unit  
**m** million  
**SZÉP** Széchenyi Recreation Card (Széchenyi Pihenőkártya)  
**TnCO** Telenor Common Operation Zrt.

## Company information

**Mbps** Megabit per second  
**PC** Personal Computer  
**M2M** Machine to machine  
**SIM** Subscriber Identity Module  
**IVSZ** ICT Association of Hungary (Informatikai, Távközlési és Elektronikai Vállalkozások Szövetsége)  
**HÉT** Communications Reconciliation Council (Hírközlési Érdekegyeztető Tanács)  
**HTE** Science Association for Communications and IT (Hírközlési és Informatikai Tudományos Egyesület)  
**BCSDH** Business Council for Sustainable Development in Hungary  
**AmCham** American Chamber of Commerce  
**MAF** Hungarian Donors Forum (Magyar Adományozói Fórum)  
**HBLF** Hungarian Business Leaders Forum  
**NIOK** Nonprofit Information and Education Centre (Nonprofit Információs és Oktató Központ)  
**KÖVET** Association for Sustainable Economies

## Our strategy

**EES** Employee Engagement Survey

## Responsible corporate governance

**SME** Small and medium-sized enterprises  
**TI** Transparency International  
**CSR** Corporate Social Responsibility  
**DUE** Student Journalists' Association  
**HSSE** Health, Safety, Security, Environment  
**EMS** Environmental Management System  
**OHSAS** Occupational Health and Safety Management System

## Customers

**NMHH** National Media and Infocommunications Authority (Nemzeti Média- és Hírközlési Hatóság)  
**IVR** Interactive Voice Response  
**WHO** World Health Organization  
**KPI** Key Performance Indicator  
**NPS** Net Promoter Score

## Infocommunications technology for the benefit of society

**ORFK** National Police Headquarters  
**SMS** Short Message Service  
**MMS** Multimedia Messaging Service  
**WAP** Wireless Application Protocol  
**UNICEF** United Nations International Children's Emergency Fund  
**ICT** Infocommunications technology for the benefit of society  
**WWF** World Wide Fund for Nature

## Responsible employment

**GYES** Child Care Allowance (Gyermekgondozási segély)  
**GYED** Child Care Fee (Gyermekgondozási segély)  
**ECG** Electrocardiography  
**TDP** Telenor Development and Performance

## Environmental protection

**LCD** Liquid Crystal Display  
**RF** Radio frequency

Upon the request of Telenor Magyarország Zrt. (hereinafter “Telenor”), Denkstatt Hungary Kft. carried out an independent third-party audit of Telenor’s Sustainability Report for the year 2013 (hereinafter “Report”).

## Subject, criteria and limitations of GRI conformity assessment

Denkstatt Hungary Kft. assessed whether Telenor prepared its Report for the year 2013 in conformity with GRI guidelines.

During the GRI conformity assessment of the Report, special consideration was given to conformity with GRI guidelines, the GRI content index and the application of GRI G4 indicators.

The detailed, itemised review of indicators included in the GRI content index aimed to evaluate the fulfilment of targeted GRI G4 core requirements.

The assessment was confined to the indicators covered by the Report. It did not extend to the evaluation of data included in the report, textual information or the data collection process.

The scope of the assessment was limited to conformity with GRI guidelines and the indicators listed in the GRI content index.

## Conclusions

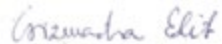
Conformity with GRI guidelines was assessed based on adherence to the “Reporting Guidelines” included in the G4 Sustainability Reporting Guidelines. The level of conformity was evaluated based on the detailed, itemised review of indicators in the GRI content index of the draft Report dated 3 October 2014.

Assessment results and the proposed modifications were outlined in a Preliminary Audit Report submitted to Telenor. The Sustainability Report was updated with the proposed modifications. The results of expert evaluation and potential areas of improvement were discussed in a final assessment report. These findings have no impact on our conclusions with respect to the Report.

## Findings

The GRI conformity assessment of the Report discovered nothing that would lead us to assume that the Report was prepared not in line with GRI guidelines or it would not fulfil the requirements of the targeted GRI G4 core level.

Budapest, 20 October 2014



Edit Csizmadia  
CSR Consultant  
Denkstatt Hungary Kft.



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Written by **Andrea Herdon, Ágnes Nagy and Gábor Vécsei**

### Contributors:

Zoltán Bánhidi, Attila Baranyai, dr. Orsolya Bényi, Gabriella Bognár, Hedvig Csókány Begitter, Imre Csörgör, Ágnes Drágus, Gábor Egyed, dr. Márk Erdélyi, Mercédesz Eszes, Baczynski Eszter, Anita FazekasBoros, Gabriella Fehér, Rita Fülöp, Barnabás Gábor, Dorottya Gál, Attila Gyuk, Andrea Hajdu, Frank Klausz III., István Imre, Barbara Jánosa, Katalin Juhász, Nelli Kadlok, Mónika Kassai, András Kerekes, dr. János Kőszegi, Norbert Kun, István Kutas, Csilla Marosfalvi, Gergely Menich, Ákos Molnár, László Nagy, Zoltán Németh, Ákos Oláh, Zsolt Pintér, dr. Nikolett Pósan, Zsófia Rédei, Zsolt Rozgonyi, Péter Sebestyén, Zsuzsa Steigerwald, Mónika Szabó, Roland Szalai, Péter Szűcs, István Tóbi, Csaba Tóth, Enikő Tóth Szlamka, Tünde Vendriczki

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