

# Telenor Group's non-financial reporting criteria

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## External requirements for Telenor's non-financial reporting

### EU NFR Directive

The EU "*Directive on disclosure of non-financial and diversity information by certain large undertakings and groups*" amends the existing accounting legislation to require certain large companies to disclose information on: Business model, policies, risks and outcomes including relevant indicators regarding environmental, social and employee matters, respect for human rights, anticorruption and bribery issues, and diversity in their board of directors.

### Norwegian Accounting Act

The Norwegian Parliament adopted in 2013 a statutory duty for large companies to report on how they follow up material sustainability issues. Norwegian Accounting Act § 3-3c requires this report to be provided by the Board of Directors and to be published in the annual report or in another public document referred to in the report. The amendment requires that large enterprises must account for what the company is doing to integrate respect for human rights, labour rights and social issues, the environment and anticorruption in their business strategies, in their daily operations and in their relationship with stakeholders.

### Norwegian Government Requirements

The Norwegian Government's whitepaper to Stortinget on state ownership (Eierskapsmeldingen, 2013/14) says that: Reporting is principal in the development of corporate sustainability. The volume of reporting by companies has become too extensive and the central theme is overshadowed by less relevant information – with more focus on the materiality principle, which is now introduced by the new GRI G4 standard. The whitepaper expects state owned companies to be frontrunners in the commitment to sustainability in their sectors, to prepare guidelines for their work on sustainability and to make the guidelines publicly available, to incorporate their commitment to climate and environment, human rights, employee and worker rights, and anti-corruption in their guidelines and also that state owned companies report on their sustainability performance, placing emphasis on key challenges, and target and performance indicators.

### Oslo Stock Exchange Guidelines

Oslo Stock Exchange – as one of the first stock exchanges in the world - launched in September 2016 their guidance on the reporting of corporate responsibility. Use of this guidance on the reporting of corporate responsibility is voluntary for companies but the guidance is intended to be a useful and practical tool to encourage efficient, comprehensive and relevant corporate responsibility reporting. The reporting process set out in the guidance is based on the Global Reporting Initiative's G4 Sustainability Reporting Guidelines.

## Telenor's non-financial reporting principles

Telenor publishes the Sustainability Report in accordance with reporting requirements mandated by the Norwegian Accounting Act §3-3c, which requires large enterprises to account for what the company is doing to integrate respect for human rights, labour rights and social issues, the environment and anti-corruption into their business strategies, daily operations and relationship with stakeholders. The report shall at least contain information on policies, principles, procedures and standards the company uses to integrate the above considerations.

In addition to these requirements of the Norwegian Accounting Act, Telenor's Sustainability Report includes other material issues in line with stakeholder expectations as well as Oslo Stock Exchange's guidance on the reporting of corporate responsibility. These material issues in the report have been articulated through a materiality assessment based on the Global Reporting Sustainability Standards' principles, and embody issues which are deemed to be most important to both Telenor and its stakeholders. Details on Telenor's materiality assessment can be viewed at [www.telenor.com/sustainability/reporting/scope-and-principles](http://www.telenor.com/sustainability/reporting/scope-and-principles).

We have sought to ensure that:

- The reported data accurately reflects our performance and serves the general needs of the Sustainability Report's users.
- The data is meaningful and consistent with the definitions, scope and boundaries stated in these Reporting Criteria.
- Any specific, material exclusions are stated and explained.
- We use consistent methodologies year to year wherever possible and, unless otherwise stated, to allow for sustainability performance comparison over time; any material changes in measurement methodologies versus the previous reporting year are made clear.
- We are clear regarding the use of assumptions we make and regarding our measurement and calculation methods.
- We report transparently such that the Sustainability Report's users can have confidence in the integrity of the data and information we report.

### **Telenor's non-financial data methodology**

Telenor's Non-Financial Reporting (NFR) system shall contribute to Telenor's Non-Financial KPIs and to provide additional information related to the the Group Executive Management for their key decision-making.

Further, to serve Telenor's external stakeholders with relevant and reliable non-financial information – including main reporting regimes such as EU NFR Directive, Norwegian Accounting Act, UN Global Compact and Global Reporting Initiative (GRI), CDP (climate) and GNI (authority requests) as well as research and analytics firms MSCI, Sustainalytics, OEKOM and EIRIS

NFR covers following main focus areas:

- Supply Chain Sustainability: SCS risk assessments, inspections and capacity building for Group Sustainability, Sustainable sourcing statistics for Group Sourcing
- Internal health and safety
- Climate and Environment including energy consumption, CO2 emissions, water consumption, waste and recycling
- People & Organisation
- Authorities Request

Frequency: Supply Chain Sustainability and internal health & safety data is reported quarterly. Other data is reported annually. Fatalities are reported immediately to top management.

Group Sustainability is responsible for scope, data quality and communicating results. Group Finance is responsible for reporting process and common reporting system (Hyperion). Full reporting responsibilities to local CFOs with sign-off focusing on data quality and control of reporting process.

The internal governance for NFR is to be found in Group Policy Sustainability with manuals and guidelines.

### **Telenor's general non-financial reporting criteria**

NFR reporting scope with all data and definition of metrics is to be found in the NFR Guidelines.

The following are Telenor's general non-financial reporting criteria:

- All Business Units and their operational sub entities (as per Telenor Group Governance structures) shall report aggregated on Business Unit level.
- Each Business Unit shall define a local reporting process to ensure high data quality input and analysis. Such reporting process can include appointing relevant persons to compile data, organizing regular meetings to clarify deadlines and expected deliverables, implement regular checks on data before submitting to Group, etc.
- The CFO in each Business Unit is the owner of the local non-financial reporting process. The CFO should appoint a single point of contact as Local NFR Coordinator (preferably in the local finance team, as local finance team is familiar with reporting in HFM and can help establish a reporting process for non -financial information in the same way as reporting of financial information).

Further, each Business Unit shall:

- 1) Keep up-to-date with the guidelines and definitions.
- 2) Quality check that the data reported in Hyperion Financial Management (HFM) reflects the local Group of companies (i.e. all companies are included) before promoting in HFM. Exceptions must be communicated to Group.
- 3) Quality check that data reported in HFM is reasonable, according to definitions and not materially misstated. Trends, changes and deviations are explained and necessary corrections are made before submitting to Group.
- 4) Monitor local non-financial performance.
- 5) The Business Unit (usually the Local NFR Coordinator) shall promote data in HFM which is a confirmation that data reported in HFM are completed and quality assurance has been performed.
- 6) Further, the CFO of the Business Unit shall make sign off – both on a limited data set on quarterly basis and on the full data set on yearly basis. A predefined Sign off- document shall be used by the Business Unit CFO and sent to Group Finance and Group Sustainability. This form is available in HFM NFRPROD, see also Appendix 2 for the template for the yearly sign off.