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STATEMENT FROM THE CEO

CONNECTING YOU TO WHAT MATTERS MOST. EMPOWERING SOCIETIES.

Connecting people, business and societies have been the core of our business for more than 160 years. We’re making sure that our customers are connected to what matters most in their everyday lives. To us, it’s more than good business. It’s empowering societies.

Sustainability at Telenor is about how we do business. We are committed to all UN Sustainable Development Goals but with specific focus on goal #10 Reduced Inequalities. We want to help unlock the benefits of the digital revolution and demonstrate how more can be achieved with connectivity. We work to raise standards and delivering wider access to our services.

Our people and our culture are instrumental in safeguarding the responsible and sustainable business that Telenor is committed to – both internally and in our supply chain. We fully support the UN Global Compact Principles, and together with our customers and partners we are well positioned to help deliver on the UN Sustainable Development Goals.

Connecting people, business and societies have been the core of our business for more than 160 years. Today, we do so with more relevance and personalisation than ever.

– Sigve Brekke, CEO
WHERE WE OPERATE

Scandinavia
- Norway
- Sweden
- Denmark

CEE*
- Hungary
- Serbia
- Montenegro
- Bulgaria

Asia
- Pakistan
- Bangladesh
- Thailand
- Malaysia
- Myanmar

Telenor ASA is listed on the Oslo Stock Exchange

* On 21 March 2018, Telenor announced it has entered into an agreement to sell its assets in Central and Eastern Europe (CEE) to PPF Group. The transaction includes Telenor’s wholly-owned mobile operations in Hungary, Bulgaria, Montenegro and Serbia and the technology service provider Telenor Common Operation. The transaction requires necessary regulatory approval and is expected to be completed within Q3 2018.
SUMMARY OF THE YEAR

HIGHLIGHTS 2017
Sustainability at Telenor is about how we do business. We are committed to all UN Sustainable Development Goals but with specific focus on goal #10 Reduced Inequalities. This is where we can deliver the most impact.

Environment and Climate Change
Telenor’s total energy consumption was approximately 3100 GWh – on the same level as for 2016 when comparing without India and the associated emissions of greenhouse gases was estimated to 1.1 million tonnes CO₂.

Diverse Workforce
Telenor Group employed close to 31 000 people (excluding India) of which 36 per cent are women.

Child Online Safety
Since, 2014 Grameenphone has educated 140,000 children on child online safety, reaching 600 schools and directly engaged with 35,000 parents, teachers and guardians.

Mobile Birth Registration
In Pakistan, Telenor and UNICEF are collaborating with government authorities and more than 4,200 designated government facilitators have been trained and equipped to report births via Telenor’s mobile-based solution.

Supply Chain Sustainability
Telenor carried out 5,000 supplier inspections resulting in 560 major non-conformities. In addition, the business units carried out more than 23,000 man-hours of capacity-building among our suppliers.

Privacy
Telenor has further strengthened its privacy function in terms of both competence and capacity and all privacy resources have undergone extensive training.

Digital Access and Outreach
Telenor Myanmar’s digital literacy centres, the Lighthouses, are multi-purpose online hubs for local communities in Myanmar, and since November 2015, close to 100,000 students have received online safety training.

Ethics and Compliance
In 2017, Telenor logged 911 incoming compliance reports – where one third of these compliance incidents were substantiated.
Responsible Business Conduct

Telenor exists to connect our customers to what matters most – we empower societies. This is our purpose. Delivering internet access and connectivity is the foundation of what we do. It enables our customers to connect their digital lives. We seek to personalise this experience based on their needs and preferences.

At Telenor we are convinced that more equality in the world is good for our business and for the people we serve. We remain committed to raising standards across our operations and to driving for greater access and increased opportunities by empowering societies wherever we are.

Some of the markets in which Telenor operates are emerging economies with potentially complex and sensitive political and social contexts, and the associated risks related to corruption and human rights especially will continue to fare high on the wider telecommunication industry agenda.

Responsible Business Conduct is about mitigating Telenor’s most critical business environment risks, seizing the opportunity to generate positive long-term value and meeting stakeholder expectations. Strengthening awareness, accountability and transparency are key to securing our licence to operate and ensure ethical and responsible business practices.

Telenor has developed high standards in the areas of anti-corruption, labour rights, human rights and the environment as defined in international conventions and best practices. These standards will be further developed and strengthened. This also applies to the standards within supply chain sustainability, anti-trust and Telenor’s role in contributing to society, e.g. financial services for financial inclusion or registration of child-births through a mobile device.

Telenor is contributing directly and indirectly to many of the UN Sustainable Development Goals and acknowledge the role of the private sector in delivering on these goals. In 2017, Telenor chose to specifically focus its efforts on The United Nation’s global Sustainable Development Goal number 10: Reduced Inequalities. Telenor has set out targets through to 2020 to contribute towards this goal by continuing supply chain capacity-building, training children in online safety and utilising mobile technology for birth registration. Telenor aims to reduce inequalities 1) by improving access to services through leveraging digital services and connectivity in innovative ways to address social and economic challenges, and 2) by raising standards in employment and supply chain sustainability across the supply chain.

Cyber security is a global risk affecting the telecommunications industry, but is also a potential differentiator. In 2017, implementing a global security programme and establishing global capabilities and common standards were prioritised. Experts have been recruited in global roles as part of a critical capability programme, and local security officers are in place in all business units. Telenor has a strong commitment to security, and this is at the foundation of everything the company does.

Gaining the customers’ trust is important to Telenor. Personal data is handled with care and customer data is used to create value for the customer. In 2017, in addition to preparing for implementation of the new EU GDPR regulation, Telenor strengthened competencies and recruited for new internal privacy capabilities.

Strategic Focus on Reducing Inequalities

Responsible business and sustainability is an integral part of Telenor’s business strategy. It is about how we do business. We are committed to all UN Sustainable Development Goals but with specific focus on goal #10 Reduced Inequalities. Our purpose is to empower societies. The way we run our company is based on clear standards on everything from privacy to anti-corruption, energy efficiency to human rights. We are working to continuously improve everything we do, and working with our suppliers to do the same.

We want to help unlock the benefits of
the digital revolution and demonstrate how more can be achieved with connectivity. We have made access to financial services more available and affordable. Our internet services have opened up possibilities to interact, learn, participate and grow both socially and economically. More women are using these services than ever before. Farmers are better informed on how to increase their output.

We work to raise standards and delivering wider access to our services. This is why we have initiatives in all markets designed to grow children’s online resilience. Our efforts to register the births of thousands of invisible children are ongoing in Pakistan and will soon commence in other Asian markets. And our supply chain sustainability work as well as human rights due diligence efforts, continue to raise standards internally and downstream.

As a responsible company however, we recognise that increased access does not always ensure more equal outcomes. Vigilance and proactive measures are sometimes needed to protect vulnerable groups or help them maximise the benefits of connectivity.

We have set targets for this work. To help vulnerable groups in our markets prepare for a digital future we will grow their capacity, skills and resilience. By 2020, we will facilitate access to identity for seven million and educate and build the resilience of four million children on online safety.

Furthermore, we will raise standards for our employees and our supply chain. We will build the capacity of our suppliers to raise standards in their operations through 100,000 hours of training.

In all these efforts our partners will be more important than ever. Partnerships between governments, businesses and organisations are central in order to stimulate growth and create shared value, both for the business and society. At Telenor we work in partnership with local authorities and local organisations and through a global partnership with UNICEF. The skills, networks and resources of our partners are essential to achieve the outcomes we seek.

**About the Report**

Telenor publishes this separate 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).

DNV GL has been commissioned to carry out an independent review of the Sustainability Report, in particular to assess the accuracy of claims. DNV GL’s independent review can be found at the end of this report.

This sustainability report for 2017 does not – in general – include performance data from our Indian operations, since Telenor India has been treated as an asset held for sale and discontinued operations in Telenor’s financial reporting for 2017. Exceptions to this will be significant incidents in India that will be reported as part of our principles of transparency.

On 21 March 2018, Telenor announced it has entered into an agreement to sell its assets in Central and Eastern Europe (CEE) to PPF Group. The transaction includes Telenor’s wholly-owned mobile operations in Hungary, Bulgaria, Montenegro and Serbia and the technology service provider Telenor Common Operation. The transaction requires necessary regulatory approval and is expected to be completed within Q3 2018.
Corporate Governance
Telenor Group’s corporate governance principles and practices define a framework of rules and procedures for the way business is governed and controlled in all Telenor business units. Each business unit adopts the relevant governing documents. The governance framework is used as a platform to integrate material sustainability issues into its business strategies, daily operations and relationship with stakeholders.

Telenor’s corporate values and ethical standards represent an important foundation for articulating and implementing the governance framework. Telenor works continuously to improve its governance regime. In 2017, Telenor has taken steps to simplify its governing documents. All Group policies have been modified to ensure that they are risk based and consist of clear and adequate requirements that are measurable and can be monitored.

Telenor’s commitment to integrity and transparency is clearly stated in Telenor’s Code of Conduct – which is owned and approved by the Board, and must be signed by all employees.

The Sustainability and Compliance Committee (the “Committee” or “SCC”) is a preparatory committee of the Board of Directors of Telenor ASA (the “Board”) that supports the Board in fulfilling the Board’s responsibilities with respect to addressing sustainability and the scope of compliance for the Committee. In its work, the Committee is guided by international conventions and recommendations, the Telenor Code of Conduct, and policies and manuals relevant to the scope of the SCC. The Committee also supports the Board in fulfilling its responsibilities to specifically address climate & environment, human rights, labour standards, and anti-corruption.


Reporting and Stakeholder Engagement
Telenor believes good corporate governance involves openness, trustful disclosure and engagement between all internal and external stakeholders.

Telenor’s commitment to integrity and transparency is clearly stated in Telenor’s Code of Conduct. The Code of Conduct is owned and approved by the Board, and must be signed by all employees.

The principles of transparency at Telenor are part of the corporate governance framework and are implemented within company operations. Transparency and openness around sustainability-related dilemmas and challenges will help the company drive continuous improvement based on an active dialogue with stakeholders.

Reporting
Expectations with regard to sustainability reporting from major stakeholders continue to increase. Telenor firmly believes that reporting will contribute to open discussions and to building knowledge on challenging issues. In order to ensure structured, transparent and relevant reporting of sustainability performance, Telenor Group reports to various external organisations including UN Global Compact, the international reporting standard GRI, and CDP regarding climate change disclosure.

Telenor uses the GRI Sustainability Reporting Standards-based materiality assessment process to involve a range of external and internal stakeholders to help identify social, economic and environmental topics that matter most both to them and Telenor’s business. The scope of the current materiality assessment and engagement process can be found here: www.telenor.com/sustainability/reporting/scope-and-principles.

In 2017, both Telenor Group and many of Telenor’s business units reported locally on their sustainability performance, which can be found at www.telenor.com/sustainability/reporting.

Telenor has continued its focus on human
rights transparency and reporting, including issuing an updated Authority Request access report and reporting on alignment with the guiding principles from the Telecommunications Industry Dialogue on Freedom of Expression and Privacy (ID).


For the fourth year in a row, the global climate reporting organisation CDP (formerly Carbon Disclosure Project) rated Telenor Group in their ‘Leadership’ category as part of its climate ranking list for 2017. Telenor is still the best telecom company with headquarters in Scandinavia.

### Stakeholder engagement

As part of Telenor’s strategic focus on responsible business conduct, the company aims to develop its stakeholder relations as a long-term owner and business partner, true to its commitments, values and the purpose of empowering societies. The company will purposefully apply business standards that may be higher than what is decreed by law in its respective markets.

Selected stakeholder engagement events within the sustainability area in 2017:

In February 2017, Telenor in Myanmar held its 4th annual sustainability briefing since 2014. At this session, the Telenor Myanmar CEO Lars Erik Tellmann expressed the company’s commitment to be open and transparent on its business, challenges, and how they face key sustainability issues such as responsible business conduct in the supply chain, energy innovation in a challenging market, ethics and compliance, cybercrime and legal frameworks as well as how to empower women in the workplace.

In September 2017, Telenor Group’s General Counsel and Chief Corporate Affairs Officer Wenche Agerup was invited to the UN General Assembly in New York to discuss how the business sector can commit to the Sustainable Development Goals (SDGs) and to present the reasons why Telenor has chosen to focus on reducing inequalities in society.

The Rohingyas situation in Myanmar was high on the international agenda in 2017. Telenor viewed the developments in the Rakhine State in Myanmar with grave concern, and published a statement to that effect in September 2017 which was communicated to the Myanmar authorities. See more information in the chapter on Human Rights.

The company follows developments closely and continues to focus on ensuring provision of services to all people in Myanmar. We will continue to seek to engage constructively and encourage all parties to follow up on the recommendations in the Annan report.

In October 2017, Telenor Group President and CEO Sigve Brekke was invited to hold the Rafto Challenge lecture at NHH Norwegian School of Economics in Bergen, presenting how Telenor Group works with human rights, how Telenor addresses challenges and how the company needs to stay vigilant and continuously improve.

In November 2017, top management in Telenor Group and the business units in Thailand, Bangladesh and Malaysia were invited to local forums from the private sector, government and NGOs to discuss how to collaborate on the UN Sustainable Development Goals with a specific focus on challenges and opportunities for partnering to reducing inequalities in society. These local top management forums will continue in other Telenor markets in 2018.

In December 2017, Telenor gathered 24 exceptional young talents from an estimated 8000 applicants in 13 countries to the Telenor Youth Forum in Oslo. The participants worked in teams to solve specific social challenges by designing digital solutions that can reduce inequalities in society.

In 2018, Telenor will continue its stakeholder engagement within the sustainability area:

- Arrange meetings and broader communication activities to engage with investors and relevant stakeholders in the company’s current sustainability challenges and opportunities.
- Demonstrate how Telenor can empower societies through its business and how we contribute to the UN Sustainable Development Goal of Reduced Inequalities.

### Ethics and Anti-Corruption

Telenor has zero tolerance on corruption and Telenor’s ethical standards promote proper business practices and reflect relevant laws, regulations and internationally recognised standards. These standards are set out in our Code of Conduct (approved by the Board), Group Policy on Anti-Corruption (approved by the President and CEO), Third Party Risk Policy (new) and other governing documents, that are implemented in all Telenor’s subsidiaries directly or indirectly controlled by Telenor ASA.

The Anti-Corruption Programme is part of Telenor’s Governance model which
clearly defines roles and responsibility for implementation of the Anti-Corruption Policy, both at Group and local business unit level. A global anti-corruption community, consisting of business unit policy managers or experts appointed by local policy owners, contributes to best practice-sharing across the Group.

The Sustainability and Compliance Committee of the Board supports the Board in fulfilling its responsibilities with respect to ensuring that Telenor builds and maintains an effective ethics and compliance programme, maximises the inherent benefits of such a programme, and consistently promotes a culture that demands ethical business conduct and compliance with the Code of Conduct, our policies and procedures, and responsible business practices.

The Group Chief Compliance Officer heads the group-wide Compliance function and supports the President and CEO and the Board in ensuring that the Code of Conduct sets the appropriate standards, and that these standards are implemented and enforced. Starting in 2018, the Chief Compliance Officer is also responsible for the Anti-Corruption Programme and the Third Party Risk Policy.

The Group Chief Compliance Officer reports functionally and administratively to the Group CEO & President and meets regularly in (along with functional reporting to) the Sustainability & Compliance Committee of the Board. With effect from 1 January 2018, the Local Head of Compliance in Telenor business units will report to the Group Chief Compliance Officer and the local Board/Board Committee, as well as administratively to the local CEO.

In accordance with a decision by the Telenor ASA Board of Directors in February 2017, Integrity Hotline management, fact finding and investigation of compliance cases have been moved from Group Compliance to Group Internal Audit & Investigation. Investigated cases are reported to the Risk and Audit Committee by the Head of Group Internal Audit and Investigation.


Telenor Group’s Anti-Corruption Programme has been effective for years. Regular reviews, alignment with prevailing international guidelines and implementation of learning are essential for maintaining an effective Anti-Corruption Programme. The programme is assessed and revised on a regular basis as part of the annual Group Governance Work Programme.

The Code of Conduct must be signed by all employees upon joining the company. The Code of Conduct is signed annually along with mandatory e-learning.

In Telenor, each employee has a personal responsibility to act with integrity and speak up if they become aware of potential breaches. Leaders have a particular responsibility to act as good role models and to build a safe, trustful and transparent culture in their teams. Managing breaches of the Code of Conduct and Governing Documents is an important pillar of Telenor’s ethics and compliance work. Employee confidence in reporting incidents is central to ensuring an ethical corporate culture.

To encourage individuals such as employees, suppliers and other
The Integrity Hotline and case management system have enabled stronger global oversight for Telenor. Around 58 per cent of all incoming reports in 2017 came in through the Integrity Hotline.

The reporting mechanism as well as a strengthened focus on communication and training has contributed to an increase in the total number of concerns over the last two years.

It is generally viewed as a sign of openness and trust that employees and other stakeholders speak up about their concerns. This allows the organisation to address the issues, investigate and take disciplinary action when needed, and especially to learn and aim to prevent issues from recurring. The reporting volume per 100 employees in 2017 amounted to 2.8 which is an increase from 2.4 in 2016.

Compliance Hotline & Incident Management Benchmark Report (comparing annual analysis of all industries/customer data of NAVEX) has a stable median level of global value over the past five years. In relation to companies that also capture reports from all reporting channels (web, hotline, open door, e-mails), the comparable median shows that Telenor is on a par with the industry. Increased use of incident management tools and a reduction in the number of employees are reflected in this year’s numbers.

Out of all the incoming reports, 30 per cent were submitted anonymously. As a comparison, the NAVEX Global 2017 Hotline Benchmark report shows that the median level has been stable at around 60 per cent anonymous reports since 2008.

In 2017, Group Investigations logged 911 incoming reports, a small increase from 2016. Around 57 per cent of these incoming reports were considered to be compliance incidents and were being handled by the Group Investigations organisation, along with 9 per cent of questions. About 38 per cent of the incoming reports were concerns pertaining to other parts of the organisation, such as line management or HR. All incoming reports shall receive an answer from Group Investigations - either through the confidential and anonymous communication channel or via a preferred means of communication. The compliance incidents were mainly in Business Integrity, Theft & Embezzlement and Working Environment.

About 60 per cent of the compliance incidents mentioned above were substantiated. Of the substantiated incidents, around 67 per cent resulted in termination of employment or other disciplinary sanction. In comparison, the NAVEX Global 2017 Hotline Benchmark report shows substantiation rates of around 40 per cent over recent years. The reason for Telenor’s higher score may reflect the fact that we get high quality reports, but it probably also indicates that the scope of cases for many customers in the benchmarking study is wider, including many HR cases which are generally more difficult to substantiate.

As part of the transfer of responsibility for fact finding and investigation from Group Compliance to the new unit Group Internal Audit and Investigation (GIA&I), Telenor is in the process of upgrading systems and processes to ensure a robust handling of compliance cases. Compliance will, when fact finding and investigation is concluded, handle the case as part of the updated resolution procedure which includes both disciplinary and corrective actions.

Integrity is a vital part of Telenor’s business. Telenor’s management is committed to sending clear, unambiguous and regular messages to all staff and business partners that corruption and bribery are unacceptable. Telenor’s governing documents set one single standard which shall govern all business activities, regardless of where such activities take place. Nevertheless, some markets in which Telenor operates are emerging economies with potentially complex and sensitive political and social stakeholders to voice their concerns. Telenor has established a global external reporting hotline and website (Integrity Hotline). Group Internal Audit & Investigation is conducting the investigations and fact finding for the reported concerns. The new organisational model will increase independence in the handling of cases.

The Integrity Hotline is a confidential channel where anyone can ask questions and raise concerns about possible breaches of Telenor’s Code of Conduct, including relevant laws, regulations and governing documents. The report intake of the Integrity Hotline is operated by an external service provider, NAVEX Global, while investigations and case handling are dealt with by Group Investigations. The Integrity Hotline is also made available to external parties. Reports that are brought to Group Investigations via e-mail or personal contact are logged in the system.

In 2017, Telenor logged 911 incoming compliance reports – where one third of these compliance incidents were substantiated.

The NAVEX Global 2017 Ethics & Integrity Hotline Benchmark report shows substantiation rates of around 40 per cent over recent years. The reason for Telenor’s higher score may reflect the fact that we get high quality reports, but it probably also indicates that the scope of cases for many customers in the benchmarking study is wider, including many HR cases which are generally more difficult to substantiate.
context, including markets associated with high corruption risks. This creates challenges that require robust, targeted measures to mitigate such risks. All Telenor business units have a responsibility to conduct regular risk assessments and risk-based reviews of their anti-corruption procedures, and implement remediating measures to mitigate risks. Telenor is focused on continuous improvement of risk management processes.

Labour Rights and Standards Policy and Actions
Maintaining a working environment and a culture that nurture occupational health, safety and personnel security (OHS&S) is important at Telenor. The OHS&S approach covers employees as well as in-house contractors, vendors and suppliers. Telenor believes that the OHS&S of employees is vital to its business and makes a difference in employee engagement. Telenor is committed to continuously learn from experience and improve its efforts within OHS&S and is currently reviewing procedures, policies and actions within this area.

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

Telenor believes in empowering employees through management dialogue with employees or their recognised employee representatives, and by utilising the employees’ experience and insight to influence working conditions and contribute to sustainable business growth. Telenor Group is, throughout its operations, promoting partnerships based on good and trusting dialogue, e.g. in relation to acknowledged unions or through local cooperation bodies such as the People Council.

All workforce restructuring in Telenor shall be done with the aim of creating and sustaining long-term business value. Workforce restructuring shall be done in a responsible manner, through verifiable processes and in accordance with the Telenor Way and applicable legal requirements and legislation.

At Telenor, attracting and retaining the best talent through training and development opportunities as well as career prospects is fundamental to continued competitiveness and growth. Telenor also strives for diversity, inclusion and equal employment opportunities in accordance with the People Policy.

Status and Ambition

OCCUPATIONAL HEALTH, SAFETY AND PERSONNEL SECURITY: In 2017, the Sickness Absence Rate (SAR) for the entire Telenor Group was 1.84 per cent. This number is reported with the acknowledgement of variations in reported data based on different local and national procedures and regulations related to sickness reporting. The total Lost Time Injury Frequency (LTIF) for Telenor Group was 0.23 injuries per million worked hours.

In 2017, close to 18,000 employees and in-house contractors attended Health, Safety, Security & Environment-related awareness-training sessions.

There were no work-related employee or in-house contractor fatalities reported in Telenor Group for 2017. It is with great regret that during 2017, we have experienced seven fatalities in our supply chain in Pakistan, Bangladesh and India. We provide the context for those deaths in the chapter on Supply Chain Sustainability.

Employee Involvement: In 2017 the Telenor Works Council – Europe (TWC-E) held six meetings, including four where European employee representatives met with the Telenor Group Management. The objective was to enhance information exchange and discussions in relation to transnational issues impacting employees, with a particular focus on the ongoing transformational changes in Telenor Group.

Additionally, Telenor has continued its commitment to promoting employee involvement in operations throughout the Group. Almost all of Telenor’s operations in Europe and Asia are providing for employee involvement through dialogue between management and recognised employee representatives, e.g. in relation to acknowledged unions or through the People Council as a local cooperation body.

In Bangladesh, Telenor and UNI Global Union have continued the dialogue on fundamental labour rights, focusing in particular on the unionisation issue in its operations in the country. There is an ongoing court case filed by employees of Grameenphone related to union registration. In 2016, the Labour Appellate tribunal announced a verbal verdict allowing for union formation in Grameenphone. The parties involved have been awaiting the written verdict for further guidance on the establishment of a union in the company. In January 2018, the written verdict was announced by the court, directing the case to the Director General of Labour. Telenor acknowledge the verdict and are pleased to see movement in the case. We await follow-up from the Director General of Labour paving the way for union registration in the Bangladeshi service sector.

Also in Bangladesh, the industry review of the labour rules has shown progress during 2017. The Government appointed a tripartite consultative committee to
propose a revised regulatory framework and in August, the government submitted a first draft on legal amendments to ILO for their review. A final proposal is expected in 2018 and Telenor is hoping that this will result in necessary legal clarifications of the labour rules applicable to the private service sector. Telenor views positively initiatives from its employees for establishing a union in Grameenphone according to applicable local laws and regulations.

DEVELOPING A DIVERSE WORKFORCE: Telenor aims to foster a diverse and dynamic workforce at all levels, in terms of gender, age, nationality and competence. Gender balance and diversity initiatives in 2017 included operationalising WIN (Women Inspirational Network) as a leadership development platform for more than 200 mid-level managers in all business units. Telenor has a six-month paid maternity leave policy for women employees as a minimum standard, 50/50 women and men in the interview process (when possible), and structured review of leadership appointments through the People Committee. In 2017, Telenor continued to build its stance on gender balance and diversity through its commitment to UN Sustainable Development Goal #10. While there are still gains to be made, recent efforts have yielded positive results. At year-end 2017, Telenor’s Group Executive Management included 42 per cent women leaders, and the senior leadership level improved from 23 per cent to 26 per cent women leaders. The nationality split amongst senior leaders at year-end 2017 included approximately 68 per cent Scandinavians, 13 per cent from the rest of Europe, 16 per cent Asians, and 3 per cent others.

During 2017, disability inclusion remained high on Telenor’s agenda with five business units running the Open Mind Programme, which provides training opportunities to persons with disabilities in the workplace. Integration of skilled personnel with migrant backgrounds also continued in Norway.

At year-end 2017, Telenor Group employed close to 31,000 people (excluding India) of which 36 per cent are women.

LOOKING AHEAD: Whilst undergoing business transformation, Telenor Group will continue promoting employee involvement throughout Telenor Group, and maintenance of good labour standards in the company’s operations. As Telenor Group operates in markets with differences in risk and regulation and also differences related to the local infrastructure, which to a high degree steers the OHS&S risks, we will focus on continued identification and mitigation of the local risks, combined with increasing group collaboration and secure local management attention and follow up. Telenor will continue to invest in programmes and initiatives to promote greater diversity at all levels – gender, age, nationality and competence – in the workplace, and in the societies where the company operates. Moreover, Telenor will continue its work to integrate people with disabilities through the company’s Open Mind Programme.

Supply Chain Sustainability Policy and Actions
Telenor strives for high standards in sustainability and continuous improvement in its operations throughout the supply chain. Telenor’s Supplier Conduct Principles (SCP) are based on internationally recognised standards,
including requirements on human rights, health and safety, labour rights, the environment and anti-corruption. It is mandatory for all Telenor contracting parties to agree to these principles.

Telenor’s approach to supply chain sustainability is to legally oblige the supplier to uphold responsible business practice, monitor compliance with Telenor’s requirements and to undertake capacity-building among suppliers. All suppliers are obliged to extend the supplier requirements further down in their own supply chain. Partnership and cooperation with suppliers is vital to achieving a responsible supply chain. Telenor is an active member of the Joint Audit Cooperation (JAC) and Global e-Sustainability Initiative (GeSi).

Status and Ambition

KEY SUPPLY CHAIN RISKS: The supply chain responsibility focus in 2017 remained on mitigation of supply chain risk, capacity-building and monitoring compliance with Telenor’s requirements on responsible business conduct. Our key risks are within working conditions in our Asian operations, such as health and safety (especially road accidents) and labour standards including underage/child labour. We follow up to ensure that preventive anti-corruption programmes are also in place with our suppliers.

There are also supply chain sustainability risks in the telecom downstream value chain and newer businesses such as telecom distribution and sales, with digital suppliers as well as new digital businesses.

SAFETY: Our most fundamental responsibility as an employer is to keep all people who work for us safe from harm – and we do not differentiate between our own employees, in-house contractors or our suppliers’ employees.

FATALITIES: It is with great regret that during 2017, we have experienced seven fatalities in our supply chain:

- In Pakistan, a supplier’s employee died in a motorbike accident. At the time of the incident he was not wearing his safety helmet.
- In Pakistan, a supplier’s employee was shot and killed in a robbery at a retail outlet while undertaking a market visit.
- In Pakistan, a second line supplier’s employee died in a road accident while three other employees were injured and sent to hospital.
- In Pakistan, a supplier’s employee died when their car collided with a mini truck. Three other employees were injured and sent to hospital.
- In Pakistan, a second line supplier’s employee fell down from a mobile tower and died.
- In Bangladesh, a supplier’s employee was killed in a road accident.
- In India, a supplier’s employee was killed in a road accident while driving a motorbike.

In all incidents, our required reporting procedures were followed and each and every one of the incidents were handled immediately and individually with mitigating actions. Risk re-assessment and plans for preventing similar incidents have been carried out. Employees’ families have been followed up and given compensation.

MITIGATING SUPPLY CHAIN RISKS:

All suppliers and parties having a direct contractual relationship with Telenor must comply with Telenor’s Supplier Conduct Principles (SCP). An Agreement on Responsible Business Conduct (ABC) legally oblige the supplier to comply with the SCP and certain requirements set out in the ABCs. As at year-end 2017, we have signed approximately 9000 ABCs with almost all our active suppliers that we have defined as in-scope for ABC (based on risk assessments). If a supplier has objections to signing our ABC, the risk involving softer requirements shall be considered and procedures for adjustments of text, clause on Responsible Business Conduct in the underlying contract, waivers and waived category list shall be followed. A small number of waivers for signing the ABC are given based on a supplier’s refusal to sign, and with the local CEO’s approval for local contracts or with Group Sustainability for global contracts.

Telenor is using EcoVadis as a risk-rating system for global suppliers to increase monitoring of the supplier’s sustainability performance. The EcoVadis platform is an external tool that measures a company’s performance based on a wide range of sustainability criteria and is a well-recognised tool used by a high number of buyers across many industries, including the telecom industry. The purpose of using EcoVadis is to measure sustainability performance based on verified external information, reduce risk and integrate sustainability into the sourcing processes.

MONITORING COMPLIANCE: Telenor carries out local inspections in all our markets in order to monitor compliance with the requirements on responsible business conduct. In 2017, Telenor carried out approximately 5000 supplier inspections (ranging from simple site visits to more comprehensive inspections or audits) across the Group. 84 per cent of the inspections were carried out unannounced. More than 560 major non-conformities were identified during the
inspections across the business units and have been followed up with mitigation plans and processes aiming to close these non-conformities.

In 2017, Telenor transferred to a new reporting tool platform. We have started using DNV GL’s Synergi Life as a common reporting tool for all local supplier inspections with a focus on environment, health and safety. The Synergi Life tool enables all our business units to manage non-conformances, incidents, risk, risk analyses, audits, assessments and improvement suggestions.

Through participation in the Joint Audit Cooperation (JAC) together with other telecommunications operators (13 members in 2017), Telenor gained access to the results of 89 sustainability audits of global suppliers in 2017. A standard IAC audit focuses mainly on preventive anti-corruption programmes, labour rights and working conditions as well as health, safety and the environment. Telenor performed six of these audits of global suppliers on behalf of JAC in 2017. After carrying out an audit, a Corrective Action Plan (CAP) listing all findings is agreed upon between the auditee and the auditor. Over time, JAC has carried out 366 audits in 27 countries, covering more than 817,000 workers. Going forward, the number of yearly audits carried out by JAC will increase and the focus will mainly be on tier 2 and tier 3 suppliers.

CHILD LABOUR/UNDERAGE LABOUR: During 2017, Telenor recorded two incidents in Pakistan and one incident in Bangladesh of underage labour (15-18 years) involving hazardous work. Further, one incident in Bangladesh and one incident in Pakistan of child labour (12-14 years) was identified. In 2017, the number of child labour/underage labour findings was significantly reduced from previous years: the number of incidents of underage labour in 2015 included 34 people, and the number of incidents of child labour in 2015 included 13 children. A similar number of incidents of underage labour in 2016 included 16 people and the number of incidents of child labour in 2016 included 4 children.

CAPACITY-BUILDING: The business units organised more than 23,000 man-hours of various capacity-building initiatives in 2017. The capacity-building involved various efforts to proactively build the local capacity of suppliers and sub-suppliers in order to drive continuous improvement in the supply chain. The activities vary from supplier to supplier depending on the overall risk picture of the business unit. Typical activities include on-site briefings, awareness sessions, workshops, forums, process support, online portals and resource guides, etc. The capacity-building is adapted to the practical situation and according to the real need of the supplier, focusing on awareness of Telenor Supplier Conduct Principles issues as well as specific activities related to skills development (e.g. tower climbing). Typical topics are: Labour rights, health and safety, anti-corruption, sustainability requirements as well as green telecom, empowerment of women and diversity. Some business units have also worked in industry and cross-industry collaborations to synergise efforts in capacity-building.

In Asia, road-related accidents are among the leading causes of on-the-job injuries and deaths, and as mentioned above, 70 per cent of all fatalities in Telenor’s supply chain in 2017 were road accidents; and all in Asia. Telenor Group’s footprint in Asia covers more than sixteen thousand employees and approximately six hundred thousand supply chain employees. With such large numbers of
people working for and with Telenor, and with an extensive network spreading over huge areas of land, the company holds major stakes in everyone’s safety. As Telenor’s markets grow rapidly, traffic and road-related safety is an increasing concern. Telenor launched a road safety initiative in 2016 aimed at increasing awareness of road safety and reducing road accidents. This awareness work has continued in 2017.

LOOKING AHEAD: Telenor’s focus on the long-term risks related to supply chain will stay high on the responsible business agenda, with continued work in 2018 on mitigation through local inspections, JAC audits and capacity-building. Further, Telenor will secure thorough risk assessment of the supply chain in the business units and also improve efforts in capacity-building.

Human Rights
Policy and Actions
Telenor’s business is about enabling people to communicate, and the company’s operations and services touch on core human rights. We see that we can positively impact rights, e.g. through digital birth registration (see ch. Innovating and Researching for Shared Value), but also recognise that our impact may be negative e.g. through potential misuse of our services (see ch. Child Online Safety). Telenor is also present in markets with significant human rights challenges. Understanding the complexity of the potential impacts of our business, mitigating negative impacts and continuously improving are key focus areas.

Human rights are governed internally as described in the chapter on “Corporate Governance”, and reporting of grievances through the Integrity Hotline to Compliance is described in the chapter “Ethics and Anti-Corruption”. Finally, Telenor’s approach to enterprise risk management is described in Sustainability and Compliance in the BoD report.

To help us navigate and identify the areas of potentially greatest impact, we conduct human rights due diligence both at Group and business unit (BU) levels. Human rights are also included in our materiality matrix. Our activities are drawing on the UN Guiding Principles on Business and Human Rights and other international guidance. We also find it helpful to look at human rights reflecting the four key roles we have as a company – employer, provider of telecom and digital solutions, purchaser of goods and services, and investor. This makes, for example, labour rights, privacy and freedom of expression (see below and ch. Privacy), supply chain sustainability and due diligence pre investment important to us.

Telenor has a three-pronged approach to human rights:

1. Addressing actual and potential risks and impacts of our business through
   i. Policies and processes – the principle of ‘respect’ is anchored in our Code of Conduct (CoC) and Supplier Conduct Principles (SCP), and due diligence is a policy requirement
   ii. Guidance – dedicated tools drawing on the UN Guiding Principles
   iii. Training and awareness – specialist training, as well as management and board discussions

2. Collaborating with others, for example through
   i. Stakeholder dialogue – with peers, civil society, investors, academia, government
   ii. Industry/multi-stakeholder initiatives – member of e.g. Global Network Initiative (GNI) and Joint Audit Cooperation (JAC) (see SCS chapter)

3. Being transparent on challenges and company practices to the extent possible in
   i. Annual reporting – this report
   ii. Issue-specific reporting – including our so-called ‘transparency report’ on the number of authority requests in our markets as well as a bi-annual ‘legal overview’ of key laws related to authority requests in our markets

iii. Sustainability updates/presentations – e.g. annual updates by Telenor Myanmar to stakeholders on key human rights issues

Status and Ambition
2017 saw many challenges related to human rights. The situation in the Rakhine State in Myanmar was and continues to be high on the international agenda. Telenor viewed the developments in Rakhine with grave concern, and published a statement to that effect in September 2017 which was communicated to the Myanmar authorities. The company follows the developments closely and continues to focus on ensuring provision of services to all people in Myanmar. We will continue to engage constructively and encourage all parties to follow up on the recommendations in the Annan report.

ADDRESSING RISKS: In order to stay informed and follow developments in human rights in our markets, we worked during 2017 to update our Group level human rights due diligence. With assistance from BSR we revisited our understanding of country risks, as well as exploring international trends and good practices for mitigation. This work also fed into an update of BU level due diligence, starting with a pilot in four BUs in Q4 2017. As part of this pilot our tools to conduct due diligence are being revised, recognising that our current tools are complex and taking in recent international developments and guidance since it was first developed in 2013-14. This is combined with refresher training on human rights for BUs. Both the Group and BU-level processes are ongoing.

COLLABORATION: Privacy and freedom of expression continued to be high on the agenda both internationally and within Telenor throughout 2017. For more
in-depth information on our internal efforts, please see the Privacy chapter. We also ran training sessions on human rights for personnel working on authority requests, e.g., in Telenor Norway. In March 2017, Telenor Group and six other members of the Telecommunications Industry Dialogue (Millicom, Nokia, Orange, Telefonica, Telia Company, Vodafone) joined forces with the Global Network Initiative (GNI). As members of the GNI, we work together with internet companies like Google, Facebook, Oath and Microsoft, and civil society, academic and investor members to address challenges to privacy and freedom of expression, in particular with respect to authority requests in our markets.

Telenor also continued to develop its transparency efforts related to its operations in Myanmar with a local seminar in February 2017.

In October 2017, Telenor Group President and CEO Sigve Brekke was invited to hold the Rafto Challenge lecture at NHH, presenting how Telenor Group works with human rights, how we address challenges and how we need to stay vigilant and continuously improve.

LOOKING AHEAD: The ongoing update of the Group and BU human rights due diligence will continue in 2018. This includes training of key personnel. The outcomes of this process will steer our priorities for the rest of the year. Telenor will also prioritise the multi-stakeholder efforts of the GNI.

Privacy
Policy and Actions
Customers expect not only real-time, relevant and individualised services, they also expect that their privacy is safeguarded. As a provider of mobile and internet connectivity, respect for the rights to privacy and freedom of expression is central to Telenor’s core business. The company approaches these issues from a privacy point of view as well as a security angle, with policies and manuals that set out mandatory requirements applying across all operations.

As the Internet of Things (IoT) is becoming more important, and privacy and security challenges are growing, connected units are no longer isolated from public access and Telenor must make it easy for end users to safely connect additional sensors or units to their current solutions. Telenor will continue to adapt to these challenges and provide secure solutions related to IoT.

Since 2015, Telenor has had a clear privacy position: being open and transparent about how personal data is collected and used, committed to using personal data to provide better and more relevant services, and thorough in keeping personal data safe. Since 2015, Telenor has been committed to the GSMA Mobile Connect Privacy Principles. The principles establish a privacy baseline that applies to all parties that provide Mobile Connect-branded identity services.

Telenor recognises that while telecommunications generally contributes to freedom of expression, there may be challenges related to the business. In many situations, authorities may have a legitimate need to require telecommunications companies to comply with requests that limit privacy or free communication. For Telenor, it is important to seek to limit the risks of unlawful restrictions on privacy and freedom of expression to the extent that we can. We therefore have strict policies that govern Telenor’s approach in responding to such requests.
Telecommunications Industry Dialogue on freedom of expression and privacy, as well as bilaterally with a range of stakeholders.

Even though national requirements vary throughout Telenor’s markets, Telenor strives to be transparent about how personal data is handled. Telenor believes this is the best approach to ensure and build the trust of customers and employees.

**Status and Ambition**

**A VALUE-DRIVEN APPROACH TO PRIVACY:** An internal project to strengthen Telenor’s position on privacy was concluded in 2015, which addressed both how the company handles existing customer data and how products are designed going forward. Telenor has decided to take a customer value-driven approach to privacy. Customers shall get as much value as possible when they share their data with Telenor. Therefore, whenever the company processes data on behalf of customers, Telenor strives to add value to the current experience and deliver more personalised and relevant services.

Building a strong privacy culture in Telenor is important. The commercial strategy of Telenor identifies the trust of our customers as one of the critical strategic enablers. At the same time, Telenor believes that, going forward, our dedication to privacy can develop into a differentiator in relevant markets. The aforementioned commercial strategy addresses the growing concern among customers regarding privacy by early consideration of privacy in Telenor’s business processes and strategic activities. The current key objective of this exercise is to ensure a strong level of protection of Telenor customers’ data and, in Europe, to ensure compliance with the European General Data Protection Regulation (GDPR).

**BUILDING INTERNAL CAPACITY:** In 2017, Telenor has further strengthened its privacy function in terms of both competence and capacity. All privacy resources have undergone extensive training and the central privacy team in Telenor has been strengthened with an increase in headcounts. Training has focused on general privacy upskilling and on implementing improved processes to handle data breaches and requests from authorities. In addition, Telenor has produced new internal guidelines and tools to assist privacy and commercial professionals in their daily work relating to privacy matters.

**STRENGTHENING PRIVACY THROUGHOUT TELENOR:** The Telenor Group Privacy Policy was simplified in 2017, and the Group Privacy Manual will be revised in Q1 2018 with the objective of strengthening the privacy organisation. Also, the Authority Requests Manual was updated in 2017 to reflect and address new challenges. In addition, the new Data Breach Manual was implemented to strengthen preparedness and handling of possible data breaches.

**LOOKING AHEAD:** Governments and regulators across Telenor’s markets are taking new steps to strengthen privacy and national security regulations and to introduce new measures that directly or indirectly affect Telenor’s ability to manage customer data. This trend is expected to continue and Telenor will also step up its focused work on privacy, freedom of expression and security to meet both regulatory requirements and the expectations of customers.

In order to meet privacy and security challenges, the following areas will be prioritised in 2018: compliance with changes in the European General Data Protection Regulation (GDPR), strengthened responsiveness to data breaches, implementation of Privacy by Design and Default, security operations, vulnerability management, security architecture, security culture, security intelligence and physical security.

**Cyber Security**

**Policy and Actions**

The growing digitalisation of society is making us all more vulnerable to extreme weather, human and technical errors as well as hostile acts that manipulate or paralyse networks and services. Increased use of telecommunications services and an ever-increasing complexity of systems and infrastructure leads to new cyber security risks. Criminals are becoming more advanced by the day.

As a network operator and provider of digital services, Telenor give cyber security a high priority. The quality and reliability of our telecommunications services depend on the stability of our network and the networks of other service providers with which we interconnect. These networks are vulnerable to damage or service interruptions, including interruptions caused by cyber security attacks. Repeated, prolonged or complex network or IT system failures could damage our services and consequently the trust our customers place in us as a reliable communications provider.

We depend on suppliers and third-party providers for supply and maintenance of equipment and services. Problems that manifest themselves in relation to the supply chain may adversely affect our business and operations. We work closely with our suppliers to prevent loss, misuse or unauthorised disclosure of confidential information. This includes placing high security requirements on suppliers, who must ensure adequate levels of privacy and security to stay in business. Telenor conducts a high degree of network monitoring and carries out regular and ad hoc inspections of the work performed by third parties.

Telenor is committed to providing secure,
well-functioning networks and services, and has a strong interest in doing so. Our customers and society in general must have confidence in Telenor as a trustworthy supplier of safe, reliable and secure telecommunications and digital services. Below we set out our view on how to respond to the global cyber security challenge.

**Status and Ambition**

Telenor is taking a number of steps to protect customer data and critical infrastructure. We are investing in security competence across our own organisation, and we are working with partners and vendors to raise awareness and set clear expectations with regard to security.

To meet the fast-evolving threats in the cyber domain, Telenor has developed a holistic, Group-wide and long-term security strategy aimed at securing Telenor’s global business. This strategy supports the rapid development in technology and services by early involvement of security and privacy in business processes and strategic initiatives. Furthermore, our ambition is to have security at the core of everything we do, in order to protect people in their digital life.

During 2017, the global security organisation in Telenor was strengthened with a substantial number of new security experts. With these capabilities now in place, Telenor is better equipped to cater for current and future security challenges and needs, both at Group and business unit levels. Particular focus has been given to strengthening operational security, through improved monitoring and establishment of critical operational capabilities globally, such as a global Security Operations Centre (SOC) and Computer Emergency Response Team (CERT). Telenor will continue to raise the security level through securing our systems and architecture, in order to address less sophisticated attacks as well as advanced attacks.

Telenor Group Security Policy and Manuals were updated during 2017 with the objective of strengthening Group involvement in strategic operational decisions in the business units. The main purpose has been to simplify the governing documents during the annual revision of the Governance Work Programme (GWP).

Furthermore, we are working systematically with the transformation programmes in Telenor to ensure that security is an integrated part, and that security and business objectives are aligned. Through this, Telenor is strengthening security levels and controls through several key transformation projects, such as in network virtualisation and common operating models.

Ensuring security at the core of everything we do is dependent on people, in addition to technology and processes. Our goal is to build a strong security culture within Telenor at all levels of the business. In 2017, we started a global Security Training Programme for all employees at Telenor. The aim of the programme is to raise awareness related to a broad range of security topics, such as phishing, secure passwords, and encryption, through a set of short and interactive lessons. In addition, cyber security exercises have been arranged in several business units to raise security awareness with top management. Going into 2018, we will explore different concepts to not only create general awareness regarding security, but to enable a security culture for every employee at Telenor.

Externally, Telenor actively contributes to strategic, international security arenas,
such as the GSMA Fraud and Security Group, the Information Security Forum (ISF), “Arendalsuka” in Norway and through active membership in the Europol Cyber Crime Centre Advisory Group for Communication Providers.

LOOKING AHEAD: The current challenges in the cyber security domain are expected to increase and play an even more crucial role going forward. The industry and society will become more digital and interconnected, for instance by entering into the cloud and IoT domain. For Telenor, this means we will continuously strengthen our critical security capabilities and competencies by establishing a well-functioning, global security operating model.

A number of key actions will be prioritised in 2018 to meet the privacy and security challenges, such as:

- Compliance with changes in the European data protection regulation, related to GDPR
- Strengthened monitoring of and responsiveness to cyber attacks
- Further developing a global operating model for security
- Further capability upgrade within the area of security operations, vulnerability management, security architecture, security culture, security intelligence and physical security.

Environment and Climate Change

Policy and Actions

Telenor is committed to minimising its environmental impact. Telenor’s business units operate with the policy of making all reasonable efforts to minimise use of natural resources including energy, water and raw materials.

Climate change is one of the most complex challenges facing people, businesses and governments. Climate-related risks include potential damage to vital infrastructure and utilities through the impact of more extreme weather events. At the same time, the ICT industry’s technology and smart services through the Internet of Things (IoT) have the potential to cut global carbon emissions, reduce resource intensity, stimulate economic growth and deliver substantial social benefits.

Telenor continues to engage with the industry organisations – such as GSMA and GeSI – and industry partners to embrace these opportunities. The SMARTer 2030 report (co-financed and supported by Telenor) identified a number of sectors where the enabling potential of ICT can deliver significant carbon emissions reduction – up to 20 per cent by 2030 and close to ten times the ICT industry’s own direct emissions. This places ICT as one of the key instruments for the achievement of the climate commitments undertaken in Paris and the implementation of related national action plans.

The mobile industry will risk continued growth in its total energy consumption and carbon footprint as mobile operators continue to increase their coverage, acquire more customers and develop more mobile broadband services due to market needs. The mobile industry requires significant amounts of electricity in Telenor’s network operations, and most power is supplied on-grid by national power generation companies. In Telenor’s Asian operations, the company also relies heavily on diesel used in its on-site generators to power infrastructure off-grid in remote locations or areas of unreliable on-grid power.

Telenor’s key focus has therefore been to stabilise energy consumption by improving the energy efficiency of its networks, as these represent around 80 per cent of the total energy consumption. The business units are focusing on cost-efficient energy initiatives: network swaps, sourcing of energy-efficient technologies, infrastructure-sharing and energy efficient data centres and buildings.

Changing regulations, significant reductions in renewable energy costs and concerns about energy security will impact global energy markets. Telenor’s Asian markets are very different from its European markets, both in the company’s carbon footprint and the type of energy that Telenor uses for its network operations. In general, developing countries will have the opportunity to leapfrog into the renewable age, and Telenor has already, in several of its Asian operations, started to replace traditional diesel-based on-site generators with cost-efficient solar/battery renewable energy technology.

The growing demand for ICT products and mobile devices, and their increasingly short lifespans, has resulted in e-waste becoming a significant concern and risk for the ICT industry. In this regard, all business units are mandated to secure sustainable waste management. All electronic waste is to be reused, recycled or safely disposed of, and all business units are to ensure that these processes are conducted according to internationally recognised standards and regulations.

Status and Ambition

For the fourth year in a row, the global climate reporting organisation CDP (formerly Carbon Disclosure Project) rated Telenor Group in their ‘Leadership’ category as part of its climate ranking list for 2017. Telenor is still the best telecom company with headquarters in Scandinavia.

ENERGY CONSUMPTION AND CO2 EMISSIONS: In 2017, the total data traffic volume in Telenor’s mobile network was more than 2600 petabytes – an increase of more than 300 per cent from 2015. In 2017, Telenor’s total energy consumption was approximately 3100 GWh – approximately the same level as for 2016 when comparing without India. In 2017, our Asian operations consumed around 69 million litres of diesel to power base
stations in off-grid areas or areas with unreliable on-grid power.

The associated emissions of greenhouse gases in 2017 for Telenor Group without India have been estimated to be a total of around 1.1 million tonnes of CO$_2$ when using location-based electricity emission factors for the indirect scope 2 emissions, and close to 1.3 million tonnes of CO$_2$ when using market-based electricity emission factors for indirect scope 2 emissions. The market-based method reflects the CO$_2$ emissions from the electricity that a company is purchasing, which may be different from the electricity that is generated locally in the country.

In the period 2012-15, Telenor’s energy consumption per end customer (without India) dropped by approximately 18 per cent and the associated CO$_2$ emissions per end customer dropped 24 per cent in the same period. In the period 2015-2017, Telenor’s CO$_2$ emissions per end customer increased by around 20 per cent due to the significant increase in data traffic volume – still representing only approximately 6 kg of CO$_2$ per customer per year in 2017.

**Energy and CO$_2$ per customer**

![Graph showing energy and CO$_2$ per customer](image)

By year-end 2017, Telenor Pakistan had installed solar energy solutions for more than 700 of its base stations and is planning for an additional 250 sites in 2018. Grameenphone in Bangladesh has more than 1200 solar powered base stations in place, and similarly Digi in Malaysia has close to 60 base stations powered by solar solutions. Also in Myanmar, Telenor has started scaling up with solar/battery technology for more than 80 base stations in 2017 and roll-out of solar/battery technology to another 1400 base stations in 2018.

**LOW CARBON SOLUTIONS:** In 2017, Telenor Group passed more than 12 million SIM connected devices globally on its IoT platforms. Telenor Connexion, Telenor’s dedicated IoT company, designs and operates global IoT solutions for the global market.

**ENVIRONMENTAL MANAGEMENT:** More than 61 per cent of Telenor’s procurement processes with a contract value greater than USD 250,000 used a specified set of environmental criteria in 2017. In addition, more than 177,000 meetings were carried out in Telenor’s global organisation using video conferencing and virtual meeting solutions that are reducing actual travel. In 2017, Environmental Management Systems (EMS) in line with ISO 14001 were followed up in our business units with the exception of Telenor Myanmar, where planning has started up and EMS implementation will be finalised in 2018. Seven Telenor business units are now certified according to ISO 14001: Telenor Bulgaria, Telenor Serbia, Telenor Hungary, Digi in Malaysia, Telenor Montenegro, Grameenphone in Bangladesh and Telenor Pakistan. The revised ISO 14001:2015 standard has so far been
implemented in 8 business units.

**E-WASTE INITIATIVES:** Mobile handset recycling initiatives have been ongoing for several years in nine of our business units: Telenor Hungary, Telenor Serbia, Telenor Montenegro, Digi in Malaysia, dtac in Thailand, Telenor Sweden, Telenor Denmark, Telenor Norway and Telenor Bulgaria, and in 2017 Grameenphone also started their mobile recycling initiative. Across Telenor, a total of more than 168,000 mobile handsets and mobile batteries were collected and recycled in 2017. During 2016/2017, updated guidelines/manuals for proper handling of e-waste have been implemented.

**LOOKING AHEAD:** Telenor’s key climate measure has been to stabilise the energy consumption in its networks while increasing market footprint, since network operations represent around 90 per cent of Telenor’s total CO₂ emissions. Going forward, Telenor will plan for a scale-up of renewable energy combined with continued focus on energy efficiency initiatives in all of its network operations, resulting in both savings in operating expenses and reduced CO₂ emissions.

**Child Online Safety**

**Policy and Actions**
When it comes to picking up new technologies and services, children and young people have fewer barriers than adults. As a result they are among those that benefit the most from connectivity. But in their exploring, they are also often over-trusting and therefore vulnerable. Children’s right to safety – online as well as offline – has firm backing in every society. But existing child rights mechanisms and organisations often struggle to deliver the support that’s needed. Telenor does not have a direct customer relationship with children. But Telenor’s services are used extensively by young people. Every Telenor business unit is therefore involved in efforts to grow the resilience of young people online, and by 2020, Telenor Group companies will deliver training on how to be safer online to four million children. By year-end 2017, such training had been delivered to more than 1.3 million children and young people. A further goal is to contribute to growing a comprehensive ecosystem that takes a 360° view of risks, resilience and roads to recovery.

Ensuring fool-proof child online safety is difficult. There are numerous devices around today that offer connectivity, and child protection features aren’t always easy to set. Once children are online, they will engage through a range of service platforms with different features and risks. Parents have a hard job keeping up with their children.

**Status and Ambition**
In 2017, Telenor continued to develop the company’s position on child online safety by forging new partnerships with influential and strong organisations such as BRAC and Parentzone and by developing its collaboration with Child Helpline International and UNICEF. All business units have worked systematically to deliver on the targets that will enable the company to meet the overall goal of offering meaningful training to four million children by 2020. The group-wide ‘Be Smart Use Heart’ brand has now been firmly anchored across most companies in the Telenor footprint.

**CURRICULUM:** Telenor believes the best way to keep children safe is to make them aware of common risks and encourage them to make the right choices. Getting the key messages across in an effective manner is important and almost all Telenor business units are involved with physical outreach programmes in schools. Along with this, Telenor also makes a range of digital resources available to children to help them make safer choices online. All Telenor business units work systematically to deliver on the overall goal of offering meaningful online safety training to four million children by year-end 2020.
available, mainly to parents and children. In 2017, Telenor took further steps to coordinate these efforts by contracting Parentzone in the UK to prepare an interactive and progressive curriculum that can be applied at all local business units. This curriculum will have separate sections on Understanding the Digital World, Being a Digital Citizen and Recovering When Things Go Wrong. For parents there will be a section called Raising Digital Citizens. Work on this curriculum is now ongoing and it will be available for the business units in the spring of 2018.

HELPLINE: Children will not always get things right, and when they don’t it is important that they have somewhere to turn, and that mechanisms for recovery are in place. Child helplines play an important role in this respect and Telenor Group has, in 2017, supported the development of an e-learning programme that is designed to grow the skills of child helpline staff who receive calls from children. Telenor does this in collaboration with Child Helpline International, which is an umbrella organisation for helplines around the world. The goal of this effort is that helplines shall be better able to respond to questions relating to difficult experiences children have had online. At year-end 2017, the e-learning tools were completed and roll-out will commence in early 2018.

TELENOR NORWAY: Surveys conducted among Norwegian parents reveal that many remain concerned about their ability to effectively help their children be safe online. In an effort to help those parents, Telenor Norway has made new guidance available at the Foreldreskolen, no portal. This includes such topics as setting age limits for gaming and social media, and respecting children’s privacy. Later in the year, a series of experts from, for example, Norway's Criminal Investigation Service, the Ombudsman for Children, UNICEF and the Snapchat school nurse “Helsesista” were introduced through a series of video interviews. These videos have received more than one million hits. At the same time, Telenor Norway continued the “Bruk Hue” school outreach programme and in total more than 290,000 children and 60,000 parents have been visited since 2009.

DIGI: Digi in Malaysia continued to develop their safe internet capacity-building programme in 2017, striving to convey their message on online risks and digital citizenship. An estimated 8000 students were reached through regular school modules in 2017, another 21,000 were reached through a mobile learning unit, and 18,000 visitors went through an interactive exhibit in Kuala Lumpur. Throughout the year Digi continued its close partnership with UNICEF, through research workshops and a series of town hall forums on Healthy Teen Relationships & Online Dating, targeting rural communities in Malaysia.

GRAMEENPHONE: Bangladesh has a large young population with 74.6 million young people under the age of 24 who are starting their digital journey. As the largest mobile ISP in the country, Grameenphone is also working to sensitise parents, guardians and teachers on internet safety.

Since, 2014 Grameenphone has educated 140,000 children through 600 schools across Bangladesh, and directly engaged with 35,000 parents, teachers and guardians. 250,000 copies of communications material have been distributed and 700 employees participated in the programme as ambassadors. To ensure scalability, Grameenphone has partnered with the largest NGO in the world, BRAC, which operates the largest non-formal education programme in the country.

TELENOR MONTENEGRO: In February 2017, UNICEF and Telenor Montenegro joined forces with the Montenegrin Government to launch #EndViolence, which aims to tackle the negative effects of violence, neglect and dysfunctional parenting. As part of the project, UNICEF launched the mobile app #NetFriends, focused on educating children on online violence. The app contains an educational role-play game, which takes children through real life scenarios and makes them learn how to recognise, prevent, stop and report violence. During May and June 2017, 80 teachers from nine schools in the capital Podgorica were educated on online safety and these teachers held workshops for 1300 pupils, taking them through scenarios from the #NetFriends application.

Building on this first collaboration between UNICEF and Telenor in Montenegro, the cooperation between Telenor Montenegro and UNICEF was furthered by the signing of a three-year agreement on “Digital literacy for every child” in October 2017.
TELENOR DENMARK: During March and April 2017, together with partners, Telenor Denmark ran an online video competition targeting school children from 4th to 6th grade. The purpose was to engage children on the topic of digital bullying and encourage them to record a video of how digital bullying is experienced through their eyes. More than 100 classes participated in the competition.

LOOKING AHEAD: In 2018, Telenor will continue to run significant outreach programmes to achieve the ambitious target of reaching four million children by 2020. As part of this effort we will ensure the involvement of our specialist partners, both to ensure the quality of the materials and guidance we make available, and to ensure that the content is current and engaging. With the new Digital Citizenship curriculum, Telenor will also significantly add to the online resources available on our websites. To ensure that the work undertaken in this area is meaningful to the defined target audience, it is important to strive to listen to the voices of children and young people as well as their parents.

Digital Access and Outreach Policy and Actions
As an increasing number of services are becoming available online, connectivity is becoming even more important in the effort to empower societies. Telenor sees this development as integral with the company’s commitment to reduce inequalities in the societies where it operates. Clearly the greatest challenges relating to access are in the emerging markets in South Asia, but the challenge of ensuring an inclusive internet is relevant for everyone. Telenor remains committed to bringing the benefits of digital access and outreach to all.

Status and Ambition
By year-end 2017 Telenor had rolled out 4G mobile technologies in all our markets, besides Bangladesh. All business units had also rolled out Wi-Fi offerings. In its mature markets, Telenor is adding network capacity to sustain and improve the mobile data user experience as networks become congested.

TELENOR PAKISTAN: In Pakistan, Telenor continued to develop Khushaal Zamindar, which is a free-of-charge Interactive Voice Response (IVR), robot-call and SMS-based service providing localised, contextualised and customised weather forecasts and actionable agriculture advisories to farmers. The service provides information on a range of cash crops, fruits & vegetables, fodder and livestock in three different languages. There are now more than four million monthly active users, across Punjab, Sindh, Gilgit Baltistan and Chitral. Almost 90 per cent of farmers in Pakistan are smallholders, out of which at least 60 per cent grow crops for subsistence. These farmers have limited or no access to agriculture information which results in primitive farming techniques or poor farm management. Khushaal Zamindar is in effect bridging the information gap between smallholders and the large progressive farmers.

As an extension of this successful concept, Khushaal Aangan is aimed at empowering Pakistan’s female farmers. In December 2017, in partnership with the Punjab Livestock and Dairy Development Board, Telenor Pakistan launched a free-of-charge IVR service designed for female farmers in Punjab. Appreciating the cultural sensitivities in the rural setting of Pakistan which inhibit access to phones by females and interacting with male voices on the other side, a dedicated information service for females addressing their specific needs is an ambitious effort towards digital inclusion.

Since November 2015, close to 100,000 students have received online safety training at Telenor Myanmar’s Lighthouses
of smallholder farmer women. Khushaal Aangan was able to sign up more than 30,000 users in less than one month.

**TELENOH DENMARK:** Telenor Denmark’s “Kør Godt” is a free driving app that enables users to track and improve their driving skills. It is the only telematics-based insurance product on the Danish market that does not require the user to install any kind of technical equipment in the car. “Kør Godt” enables all users to capitalise on their own data – either in a very direct way by using it to gain a fair discount on their car insurance, or by using it to monitor their own skills behind the wheel and becoming better drivers.

**TELENOH HUNGARY:** Telenor Hungary’s E-Tanoda programme enables digital tutoring based on a peer-to-peer concept where students from the top-performing Budapest secondary schools mentor children, mostly from Roma communities, living in disadvantaged settlements. This pilot project started in January 2017 and was later extended to two new rural sites in five secondary schools in Budapest. Telenor has been working with Microsoft and the Foundation for 21st Century Pedagogy on the project.

**DTAC:** In 2017, dtac continued to develop its SMART farmer project in Thailand, which aims to empower farmers through access to knowledge and information on their mobile phones. In partnership with the Thai Ministry of Agriculture and Cooperatives, dtac has run extended online marketing training courses nationwide to help farmers successfully present and sell their products online. This has included sessions on the essentials of communications technology, online marketing for agricultural products, required resources for e-commerce, risks of financial scams, trust protocols as well as workshops on how to build online stores.

Dtac has also partnered with Thailand’s National Electronics and Computer Technology Centre and the Department of Agricultural Extension, inventing an IoT solution for agriculture. The device, a sensor with the capability to monitor five parameters (light, soil humidity, temperature, water and wind) is linked to a router with a dtac SIM relaying this information to the cloud. The solution will enable the sending of targeted advisory information to farmers based on farm-level granular data, thereby helping smallholder farmers to achieve productivity gains. The solution will, for example, help to monitor and automatically adjust temperature in a storage room depending on crop specificity. In early 2017, thirty sets of devices were installed and trialled by farmers across the country.

**TELENOH MYANMAR:** Telenor Myanmar’s digital literacy centres, the Lighthouses, are multi-purpose online hubs for local communities in Myanmar. They serve as digital literacy centres, they host child online safety sessions as part of Telenor Myanmar’s outreach work, they are part of the company’s point of sale network and they are often local printing hubs. Since November 2015, close to 100,000 students have received online safety training at Telenor Myanmar’s Lighthouses. During 2017, some Lighthouses were discontinued, as they were not successful in fulfilling their role in the local community. Other centres were established in the same period and 61 Lighthouses were in operation at year-end 2017.

**Innovating and Researching for Shared Value**

Telenor strives to introduce innovative uses of digital communication to improve people’s lives, with solutions that can address social, economic and environmental problems, close the inequality gap and empower societies.

**INNOVATIVE SERVICES AND PROGRAMMES:** Telenor is committed to helping world leaders achieve the UN Sustainable Development Goals that were set in 2015. Leveraging the power of mobile for sustainable development includes applying innovation, resources and expertise to pursue the business opportunities inherent in building a greener, more equitable and inclusive society.

**RESEARCHING FOR SHARED VALUE:** At Telenor, research is key in helping the company gain insights and competencies to become a data-driven software organisation. This ambition also has a sustainability dimension. Research into using big data – the information flow from digital communications analysis – has the potential to provide important insights that can help tackle socio-economic challenges, such as the early identification and prevention of diseases.

**Status and Ambition**

**INNOVATIVE SERVICES AND PROGRAMMES:** Leveraging Mobiles & Partnerships to reduce inequalities: In 2017, Telenor and UNICEF continued the global partnership to leverage the reach and capability of connectivity for children’s rights and development. In 2017, Telenor and UNICEF continued building on their strong collaboration on promoting child rights and Safe Internet in Bangladesh, Thailand, Malaysia, Denmark and Hungary and stepped up their partnership in Serbia, Montenegro and Norway.

In Pakistan, Telenor, UNICEF and government authorities are collaborating to improve the birth registration rates using cellular technology. In line with the global goals, the project will empower unregistered children with legal identity that can help curtail child labour, trafficking and marriages as well as ensure the availability of authentic and timely data for better planning and access of public services such as justice, health, education and immunisation.

Given the learning during infrastructure
development and deployment, which among other things included the need for further time investment in quality capacity-building, the project has been delayed and will not reach the target for 2017 to register the births of 700,000 children. Nevertheless, the project has been scaled up to five districts in the provinces of Sind and Punjab in 2017. A significant ramp-up in design and scale from the pilot, the public birth registration infrastructure is now digitised in the target districts and more than 4200 designated government facilitators are trained and equipped to report births via Telenor’s mobile-based solution. Designated facilitators have started reporting data, with more than 100,000 birth reports submitted and 20,000 births registered as of the end of 2017. The target set by the partners for 2018 is to register the births of 700,000 girls and boys.

In Thailand, dtac, UNICEF and the Ministry of Health are continuing their work providing users with free mobile information services to promote healthy mothers and children. In our systems, we registered more than 280,000 subscribers in 2017.

In 2017, the efforts of Telenor Serbia, UNICEF and local authorities continued to enable the social inclusion of the Roma population in Serbia, including connecting this population to health services.

Financial inclusion: Easypaisa and Wave Money, Telenor’s financial services operations in Pakistan and Myanmar, service the mass markets. Valyou serves the niche segment of migrants in Malaysia. Telenor is focusing on initiatives aimed at promoting the financial inclusion of women.

In Myanmar, Wave Money, with support from the UN Capital Development Fund, is developing a gamified smartphone app to strengthen financial literacy among women in remote areas. Through the gaming application, people will learn about savings, interest payments and insurance while they play. The app will be launched in 2018.

Wave Money is working with Save the Children to provide income support as well as financial literacy training. Beneficiaries receive transfers via Wave Money. Through targeted financial literacy training, beneficiaries learn how to plan a budget and save for low-level investments to run a small business.

Easypaisa is supporting the Benazir Income Support Programme that provides income support to underprivileged families. The female recipients are provided with a monthly disbursement and the beneficiaries use mobile phones or specially designed ATM cards to cash-out their benefits via a mobile money agent. The programme focuses on empowerment of women to ensure provision and family subsistence. Easypaisa facilitates access to funds in remote areas of Pakistan and currently distributes monies to approximately 1.5 million beneficiaries under this programme.

Extending Life and Health Insurance Services: Telenor Group is offering life and health insurance to customers in several markets. Grameenphone’s Nirvoy Life Insurance increased its customer base to 5,670,000 in 2017. The aim of the service is to act as a mass loyalty product in addition to offering Grameenphone customers a social safety net. Easypaisa’s first mass market health insurance, Sehat Sahara, reached 125,000 subscriptions in 2017.

TELENOR HEALTH: Telenor Health, a digital health subsidiary established by Telenor Group in 2015, leverages
technology to help make high-quality health and wellness information, advice and services accessible to everyone, particularly people in emerging markets.

In Bangladesh, Telenor Health partnered with Grameenphone to offer “TonicFree”, a free service to all active Grameenphone subscribers as part of an effort to drive both societal impact and customer loyalty. The service includes discounted access to a qualified doctor over the phone, discounts on services at over 200 hospitals, diagnostic centres and pharmacies, health and wellness content and free “hospital cash” insurance coverage to help with costs such as lost wages and medication. By end 2017, more than 4.7 million Grameenphone subscribers had joined TonicFree, with the member base growing by as much as 20,000 per day.

In April 2017, Telenor Health and Grameenphone launched the first two customer-paid Tonic products, “Tonic Astha” and “Tonic Shurokkha”. Aimed at the emerging middle classes, Astha and Shurokkha include more comprehensive health insurance coverage and free access to doctors via phone and chat, making high-quality healthcare more accessible. Grameenphone and Telenor Health have sold paid Tonic offerings to both business customers and consumers, including through new channels such as pharmacies.

RESEARCHING FOR SHARED VALUE:

Based on our 2015 study using big data for the analysis of social good, studying the spread of dengue in Pakistan and the impact of human mobility, Telenor Group has continued our collaboration with Harvard’s TH Chan School of Public Health. Throughout the year, preparatory work for studies on the spreading of multi-resistant malaria in a contiguous, three-nation area (Thailand, Bangladesh and Myanmar), has been conducted. The work is 90 per cent on the way towards the big milestone of full approval and first-level data extraction in all three countries. Opportunities to undertake a study of dengue in Malaysia are also being explored. We are also looking at other potentially interesting insights to be garnered from this kind of research, e.g. studying influenza in Norway.

Mobile Phones & Health

Mobile communications are delivered via radiofrequency signals that are electromagnetic fields (EMFs). Radio base stations are the essential part of the infrastructure which transmit and receive those signals, and the base stations need to be located where people use their mobile devices. A number of base stations will be required, from macro sites to small cells or in-building systems, to provide sufficient coverage, signal strength and data capacity to maintain the quality of service that customers now expect.

Policy and Actions

At all its base stations and antenna installations, Telenor is committed to adhering strictly to national and international guidelines for health and safety. Across Telenor, our business units work in accordance with the guidelines provided by national regulations and the International Commission on Non-Ionizing Radiation Protection (ICNIRP). These guidelines are endorsed by the World Health Organisation (WHO) and represent the basis for all our planning, installation work and safety measures at antenna sites. Telenor is also committed to recognising and respecting the public’s interest in acquiring environmental information about electromagnetic fields, and striving to provide stakeholders with accurate and relevant information relating to installations, services and products.

Status and Ambitions

As far as EMFs in the frequency ranges used for mobile communications are concerned, it is important to note that the WHO has concluded that ‘Considering the very low exposure levels and research results collected to date, there is no convincing scientific evidence that the weak radiofrequency signals from base stations and wireless networks cause adverse health effects’.

The WHO further states that ‘research has not been able to provide support for a causal relationship between exposure to electromagnetic fields and self-reported symptoms, or “electromagnetic hypersensitivity”. However, as mobile and wireless solutions become ever more ubiquitous, concerns about possible health risks from the long-term use of mobile communication solutions or from living near mobile communication towers are voiced in all the countries in which Telenor companies operate.

Even though no harmful effects have so far been proven in research, users may
take precautions to limit their exposure, such as:

- Using hands-free equipment when talking on mobile phones
- Avoiding long calls
- Sending SMS/MMS rather than calling


**Service Reliability**

Reliability of service in all operating areas is key to delivering on the company’s promise to its customers. Telenor believes that the infrastructure it provides is vital for helping customers connect and keep safe, especially during times of disaster. Fire, flooding and other natural and man-made disasters are hazards faced by all citizens, and when they happen, communication networks are often disrupted. The ability to communicate is essential in supporting disaster relief and saving lives.

**NETWORK AVAILABILITY DURING NATURAL DISASTERS:** 2017 was also a year when millions of people were affected by heavy flooding in our markets in Asia.

In Myanmar, Telenor provided life-saving food, water and sanitation items to flood-affected households in Pakokku township, one of the three worst affected townships in the Magway Region during the flooding in August. Provision of relief assistance was carried out by Telenor’s implementing partner, Network Activities Group (NAG). A solar-powered mobile phone charging station for affected people helped to keep them connected.

In August, Bangladesh faced one of the worst flood situations in decades. As a conscious corporate citizen, Grameenphone came forward to support those affected. Cascading rain waters from the mountains, coupled with the heavy monsoon rains in Bangladesh itself, burst the banks of the rivers and flooded low-lying Bangladesh. Grameenphone came forward to support those most badly affected through its disaster response partner, the Bangladesh Red Crescent Society (BDRCS). Grameenphone network teams also worked day and night to ensure that the GP network remained, as always, the most resilient in the face of such a calamity.

Tropical storms in August led to severe flooding in the northeast provinces of Thailand, which affected dtac’s network installations. Dtac emergency teams surveyed at incident areas and reported back to relevant parties for urgent action. Further, dtac coordinated with the government to donate survival kits, and also provided free air-time to victims in the incident area.

A storm caused power outages and transmission interruptions at 35 base stations in Montenegro at the beginning of January. Storms and heavy rain in south, southwest and western Serbia caused power outages at 106 base stations in September. In both situations, power company teams and Telenor teams solved power problems at most of the sites quickly, and network operation was restored within 24-48 hours.

2017 started out with relatively calm weather conditions in Norway and a stable situation for the Telenor network. 2017 ended with two storms, Ylva and Aina, both with moderate impact on the network. Electricity outages and fibre damage were the main reasons for Telenor’s customer impacts. A mobile mast collapsed due to strong winds during Ylva in November 2017. The mast was rebuilt and critical services were re-established before Christmas. Telenor Norway has, since the Dagmar (third strongest storm to hit Norway in 50 years) swept over the country in 2011, increased reserve power capacity at its installations, enhanced battery backup at several base stations, and acquired high-tech mobile trailers ready to cater for communication in crisis areas. Telenor Norway also has mobile generators, which can supply electricity to communication equipment during serious power failures. In addition, the company runs emergency drills and maintains a dialogue with relevant authorities about robustness and emergency response.

Many of Telenor’s business units, especially the ones operating in disaster-prone areas, have sound backup plans and redundancy options to ensure service reliability under challenging circumstances.
Telenor’s global business contributes to society in a multitude of ways. Our digital services impact local economies via direct value creation, innovation and productivity gains in other industries, employment, investments in future value creation, and contribution to public finances via taxes and other levies.

We also believe that our business impacts social standards positively by exercising good corporate governance and compliance with good business conduct, and by enhancing sustainable business practices which drive the focus on social and working conditions in other sectors.

**UN Sustainable Development Goals**

The participation of business in the implementation of the UN Sustainable Development Goals (SDGs) is critical as a key driver of innovation and employment. Mobile technology has a key role to play, providing connectivity and services for billions of people around the world.

At Telenor we are committed to UN Sustainable Development Goal #10 Reduced Inequalities as we believe this is where we can deliver the most impact. We believe the most effective way for us to contribute to this goal is to deliver wider access to our services and to raise the standards of our own work and help raise those of our partners in society.

We are focused on amplifying and accelerating our impact on the SDGs, through working with partners on initiatives such as mobile birth registration, growing children’s resilience online, and focusing on decent working conditions in our supply chains. We have set targets for this work and have detailed our progress in this report. From services such as mobile money and mobile agriculture, to big data for social good and mobile health services, we are making a difference and contributing to the Sustainable Development Goals.

**Tax policy**

**Our commitment**

It is Telenor Group’s responsibility and our ambition to contribute to economic, environmental and social development in countries where we are present, acting with accountability and transparency. We aspire to be a trusted company, recognised for strong business ethics. We recognise the sovereign right of all States to introduce new tax legislation and to amend old legislation. We understand the importance of the taxes we pay in supporting the development and growth of the communities in which we operate, and take a responsible approach respecting our tax obligations.

We support a stable and transparent fiscal environment that is based on universal tax principles, levying tax based on predictable legislation applied by objective authority, and tested by independent court systems. Our aim is to engage constructively in dialogue with
the relevant authorities on tax legislation, such as reviews of tax rules and the need for any changes. We support initiatives to improve international transparency in taxation matters, including OECD measures on country-by-country reporting and automatic exchange of information.

**Governance**

Telenor Group has an internal Policy on Tax. This Policy is approved by our Group President & CEO. The Policy is owned by our Group CFO, who is responsible for the tax strategy, the supporting governance framework and for management of tax risk.

Day-to-day responsibility for each of these areas sits with the Group Head of Tax, who reports to the CFO and will be communicating our tax strategy throughout the group. Furthermore,

Telenor’s Code of Conduct is our backbone, defining the ethical standards for how we all conduct our business.

**Ambitions**

Telenor Group shall be a prudent taxpayer worldwide, and is committed to ensuring compliance with all relevant legal tax filing, tax reporting and tax payment obligations globally. We recognise a responsibility to pay the correct amount of tax in each of the jurisdictions in which we operate. We may respond to tax incentives and exemptions, and aim to avoid double taxation on capital gains and dividend repatriation. Contracts entered into between separate legal entities within Telenor Group shall be documented and be in accordance with the arm’s length principle.

We shall be open and transparent with tax authorities about our tax affairs, and provide the information that is necessary for those authorities to perform their work in a collaborative, courteous and timely manner.

Telenor Group aims to apply diligent professional care and judgement, including ensuring that all decisions are taken at an appropriate level and supported by documentation that evidences the judgements involved. We shall always be able to defend our positions, and external advice may be sought in relation to areas of complexity or uncertainty to support the Group in complying with its tax strategy.

We aim to manage tax risk in the same way as any other operational risk across the Group. Business heads will generally take the lead role in identifying, managing and monitoring tax risks within the business. Business heads are required to immediately notify the Tax Policy owner regarding matters that may represent a tax exposure, and continuously update the Tax Policy owner on any subsequent developments.

In international matters, we shall follow the terms of the relevant Double Taxation Treaties and relevant OECD guidelines in dealing with such issues as transfer pricing and establishing taxable presence.

**Transparency**

Concerns with regard to so-called tax havens have been mounting in recent years. Extensive efforts are ongoing internationally to prevent tax evasion and non-disclosure of financial information through the use of tax havens. Norwegian authorities have concluded tax information exchange agreements with a number of new countries. Norwegian requirements for country-by-country reporting have so far only been introduced for large companies and the issuers of listed securities in the extractive and forestry industries.
Since 2014, Telenor Group has communicated a sincere commitment to corporate responsibility by voluntarily reporting country-by-country incomes and tax contributions. We support initiatives to improve international tax transparency, including OECD initiatives for country-by-country reporting and automatic exchange of information.

**Economic Contribution to Society**

In this chapter, we report on our economic contribution to society, our country-by-country contributions to public finances, and our specific contribution to reduced inequalities.

There is an increasing focus on the discrepancy between the positive growth effects of globalisation and digitalisation, against the unequal distribution of the gains of this development. In many countries, stable economic growth combines with stagnant, or even falling real incomes for parts of the population.

We believe that we can contribute in two basic ways to closing the emerging inequality gap. We already contribute to reduced inequalities by providing internet access, digital and financial inclusion, which again empowers entrepreneurship among those in need of new income. Further, our contributions to public finances enable public services in education, health, and other services that benefit all. We support the obligation of corporate organisations to pay their lawful and legitimate, due share of taxes and levies in the countries of local operation. Still, it is largely in the hands of local governments to ensure that legitimate tax revenues have a socially just effect on society via public services.

**Policy and Actions**

Telenor is dedicated to enhancing mobile communication and digital services to facilitate economic development and better public services. The role of mobile services and digital access in economic growth and innovation is becoming increasingly evident. The vital role of digital services was acknowledged in 2016 when both the European Union and several national governments devised digital modernisation strategies, including in the Nordic countries, Hungary, Pakistan and Thailand. In 2017, Telenor made enhanced contributions to the Digital Norway initiative by investing in the Norwegian Industry 4.0 centre (Toppindustrisenteret). Telenor also engaged in national dialogue with governments on improved telecom frameworks in Myanmar and Bangladesh.

Telenor has reported our country-by-country earnings, investments, taxation and employment since 2014. We report and pay taxes at the legally-obliged level in each country in a responsible and transparent way (see notes to the Financial Report for details). Telenor advises governments to forge tax systems based on universal tax principles as advocated by the IMF and World Bank, with universal tax levels across a broad tax base. Tax collection practices should rest on predictable legislation applied by an objective authority, tested by independent courts. Predictable and universal taxation is a crucial safeguard for efficient investment and affordable services for everyone.

**Status and Ambitions**

A company contributes directly to the national economy through its investments, wages, taxes and fees, and indirectly through the similar production that the company induces in vendors and partners in the value chain. Mobile communication creates a vibrant ecosystem of large and small businesses that employs millions in Telenor’s markets. We are a long-term investor, employer and taxpayer. In 2017, Telenor invested NOK 23.5 billion from a total revenue of NOK 124.8 billion, adding up to an investment ratio of 18.9 per cent capital expenditure to revenue (22.8 per cent investment ratio in 2016). During the coming years, Telenor is committed to investing further in our markets in support of the ambition to capture new growth opportunities, enhance internet access and connectivity, and improve efficiency.

In 2016, a study conducted by KPMG quantified Telenor’s economic contribution to our 13 countries of operation at a total of USD 20.3 billion (NOK 163.8 billion) in 2015, divided between USD 7 billion (NOK 56 billion) in direct gross value added by our own business, and a further USD 13.4 billion (NOK 107.8 billion) value added induced in other companies through our local value chains and employee spending. The methodology to estimate direct value added was further elaborated at company level in December 2016 (Telenor Research 05/2016: Telenor in the National Economy: A Methodology). In accordance with global national accounting conventions, the formula can be applied to Telenor where Gross Value Added corresponds to EBITDA plus total personnel cost. On publicly reported accounting data covering the last four years, this yields the following direct Gross Value Added contribution for Telenor Group:

For Telenor Group as a whole, corporate income tax is paid in those countries where we have our operations. The

<table>
<thead>
<tr>
<th>Year</th>
<th>NOK million</th>
<th>EBITDA</th>
<th>+</th>
<th>Total personnel cost</th>
<th>= Gross Value Added</th>
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<tbody>
<tr>
<td>2014</td>
<td>40,490</td>
<td>11,375</td>
<td>51,865</td>
<td></td>
<td></td>
</tr>
<tr>
<td>2015</td>
<td>43,326</td>
<td>12,406</td>
<td>55,732</td>
<td></td>
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<tr>
<td>2016</td>
<td>45,103</td>
<td>13,152</td>
<td>58,255</td>
<td></td>
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</tr>
<tr>
<td>2017</td>
<td>48,891</td>
<td>12,802</td>
<td>61,693</td>
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</table>
corporate income tax rate has been reduced in some countries over the last few years, which will have an impact on our payable taxes. Entering 2017, Norway reduced the corporate income tax rate from 25 per cent to 24 per cent, and in 2018 the tax rate will be 23 per cent. In Hungary, the corporate income tax was reduced from 19 per cent to 9 per cent in the same period. However, corporate income tax (CIT) is only one part of our total tax contributions – we also pay several industry-specific taxes, fees, indirect taxes (VAT, GST, sales tax, etc.) and customs duties.

Telenor Group follows the terms of applicable Double Taxation Treaties, relevant OECD guidelines in dealing with transfer pricing and establishing taxable presence, and the recently introduced BEPS initiatives. We endorse the aims of transparency and fairness across the global tax system, exchange of financial information, and concerted action to fight base erosion and profit shifting. Our policy and practice is in line with legislation in all our markets.

COUNTRY-BY-COUNTRY REPORTING
Financial Year 2017

<table>
<thead>
<tr>
<th>Country</th>
<th>Revenues*</th>
<th>EBITDA*</th>
<th>Capex*</th>
<th>Profit before taxes*</th>
<th>Corporate income tax (CIT) paid*</th>
<th>Employees total per 31.12</th>
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<tbody>
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<td>Norway</td>
<td>31 490</td>
<td>10 823</td>
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<td>1 283</td>
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<td>4 532</td>
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<tr>
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<td>23 543</td>
<td>21 960</td>
<td>6 854</td>
<td>30 800</td>
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</table>

This table specifies the most important elements of Telenor’s direct economic contribution country-by-country. It includes Telenor’s revenues, EBITDA, capital expenditure, the corporate income taxes paid in 2017 and the number of employees, ex. India. The table does not specify all taxes and fiscal levies – only Corporate Income Tax (CIT) is included.
Analytical tool

GRI index
Telenor reports its sustainability performance in accordance with the GRI Sustainable Reporting Standards. These standards incorporate the key concepts and disclosures from GRI G4 guidelines with a new and improved structure and format. The standards are issued by the Global Sustainability Standards Board (GSSB), and we use them to report publicly on our impacts on the economy, the environment and society. GRI represents a universally applicable, comparable framework which facilitates transparency and accountability. Telenor’s GRI index can be found here: www.telenor.com/sustainability/reporting/gri-index.

Verification statement
DNV GL has been commissioned by Telenor to carry out an independent review of the Sustainability Report 2017, in particular to assess the accuracy of claims. The engagement has been undertaken in accordance with the requirements in the ISAE 3000 standard as well as DNV GL’s general method for assessments of sustainability reporting.
Independent Limited Assurance Report

to the Directors of Telenor ASA

Scope of engagement

Telenor ASA ("Telenor") commissioned DNV GL Business Assurance Norway AS ("DNV GL", "us" or "we") to conduct a limited assurance engagement over Selected Information presented in the 2017 Sustainability Report (the "Report") for the reporting year ended 31st December 2017.

Selected information

The scope and boundary of our work is restricted to a review of claims within the Report sections (the "Selected Information") listed below:

- Sustainability at Telenor
  - Responsible Business Conduct
  - Strategic Focus on Reducing Inequalities
  - About the Report

- Responsible Business at Telenor
  - Corporate Governance
  - Reporting and Stakeholder Engagement
  - Ethics and Anti-Corruption
  - Labour Rights and Standards
  - Supply Chain Sustainability
  - Human Rights
  - Privacy
  - Cyber Security
  - Environment and Climate Change
  - Child Online Safety
  - Mobile Phones & Health
  - Service Reliability

- How Telenor Impact Societies
  - UN Sustainable Development Goals
  - Tax policy
  - Economic Contribution to Society

Please see www.telenor.com/wp-content/uploads/2018/03/Claims-assured-by-DNV-GL-16032018.pdf for a detailed presentation of all claims that have been reviewed.

Relevant data and activities between 1st January 2017 and 31st December 2017 were sampled to check for consistency between claims and actual performance. To assess the claims, which includes an assessment of the risk of material misstatement in the Report, we have used Telenor Group’s non-financial reporting criteria (the "Criteria"), which can be found here www.telenor.com/wp-content/uploads/2018/03/Telenor-non-financial-reporting-criteria.pdf

We have not performed any work, and do not express any conclusion, on any claims related to Lost Time Incident Frequency (LTIF), any financial claims in the section "Economic contribution to society", nor any on other information that may be published in the Report or on Telenor’s website for the current reporting period or for previous periods.

Our conclusion

Based on the procedures we have performed and the evidence we have obtained, nothing has come to our attention that causes us to believe that the Selected Information presented in the Report is not fairly stated and has not been prepared, in all material respects, in accordance with the Criteria.

This conclusion relates only to the Selected Information, and is to be read in the context of this Assurance Report, in particular the inherent limitations explained below.

Standard and level of assurance

We performed a limited assurance engagement in accordance with the International Standard on Assurance Engagements (ISAE) 3000 revised – ‘Assurance Engagements other than Audits and Reviews of Historical Financial Information’ (revised), issued by the International Auditing and Assurance Standards Board. This standard requires that we comply with ethical requirements and plan and perform the assurance engagement to obtain limited assurance.

DNV GL applies its own management standards and compliance policies for quality control, in accordance with ISO/IEC 17021:2011 - Conformity Assessment Requirements for bodies providing audit and certification of management systems, and accordingly maintains a comprehensive system of quality control including documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

The procedures performed in a limited assurance engagement vary in nature and timing from, and are less in extent than for, a reasonable assurance engagement; and the level of assurance obtained is substantially lower than the assurance that would have been obtained had a reasonable assurance engagement been performed. We planned and performed our work to obtain the evidence we considered sufficient to provide a basis for our opinion, so that the risk of this conclusion being in error is reduced but not reduced to very low.
Basis of our conclusion

We are required to plan and perform our work in order to consider the risk of material misstatement of the Selected Information; our work included, but was not restricted to:

- Assessing the appropriateness of the Criteria for the Selected Information;
- Conducting interviews with Telenor’s management to obtain an understanding of the key processes, systems and controls in place to generate, aggregate and report the Selected Information;
- Seven visits to Telenor’s head office in Oslo to review processes and systems for preparing market-level data consolidated at group level; and
- Performing limited sample testing of the Selected Information to check that data had been appropriately measured, recorded, collated and reported.

Inherent limitations

All assurance engagements are subject to inherent limitations as selective testing (sampling) may not detect errors, fraud or other irregularities. Non-financial data may be subject to greater inherent uncertainty than financial data, given the nature and methods used for calculating, estimating and determining such data. The selection of different, but acceptable, measurement techniques may result in different quantifications between different entities.

Our assurance relies on the premise that the data and information provided to us by Telenor have been provided in good faith. DNV GL expressly disclaims any liability or co-responsibility for any decision a person or an entity may make based on this Assurance Report.

Our competence, independence and quality control

DNV GL established policies and procedures are designed to ensure that DNV GL, its personnel and, where applicable, others are subject to independence requirements (including personnel of other entities of DNV GL) and maintain independence where required by relevant ethical requirements. This engagement work was carried out by an independent team of sustainability assurance professionals. Our multi-disciplinary team consisted of professionals with a combination of environmental and sustainability assurance experience.

Responsibilities of the Directors of Telenor and DNV GL

The Directors of Telenor have sole responsibility for:

- Preparing and presenting the claims in accordance with the Criteria;
- Designing, implementing and maintaining effective internal controls over the information and data, resulting in the preparation of the claims that is free from material misstatements;
- Measuring and reporting the claims based on their established Criteria; and
- Contents and statements contained within the Report and the Criteria.

Our responsibility is to plan and perform our work to obtain limited assurance about whether the Selected Information has been prepared in accordance with the Criteria and to report to Telenor in the form of an independent limited assurance conclusion, based on the work performed and the evidence obtained. We have not been responsible for the preparation of the Report.

For and on behalf of DNV GL Business Assurance Norway AS

03.04.2018

Jørgen Hanson
Principal Consultant and Lead Assuror
DNV GL – Business Assurance

Gareth Manning
Principal Consultant and Reviewer
DNV GL – Business Assurance