

TENELOR HUNGARY

SUSTAINABILITY report

2015



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Dear Reader,

1. CEO STATEMENT

In this report, we give an overview of Telenor Hungary's sustainability efforts in 2015.

Being a global telecommunications operator, we at Telenor are committed to developing services that make our customers' lives easier and more convenient. Our technologies and services, particularly mobile internet, not only provide unlimited communications capabilities but also offer tools to realize innovative ideas and acquire new knowledge in order to improve life quality, reduce the digital divide and promote equal opportunities.

At the same time, reaching beyond our core business, we want to operate in a responsible way and help create a more sustainable corporate environment and a more sustainable society.

The opportunities provided by technology also set challenges for the players of our industry. The digital space is a new environment including not only benefits but also some threats. As a result, Telenor Hungary makes continuous efforts to protect children using digital technology. We not only block inappropriate content and provide information to parents, but also delegate volunteer staff to educate as many children as possible on safe internet and application use (based on learning resources developed by experts).

To maintain a supply chain that creates real value based on fair competition, we demand compliance with our governance principles and expect transparent, ethical and corruption-free conduct not only from our employees but also from our suppliers.

Our sustainability efforts are focused on safe internet and responsible business conduct. In addition, we give priority to environmental protection, responsible employment and we support our NGO partners in implementing projects in line with Telenor's sustainability strategy. I hereby thank all colleagues, corporate and NGO partners for their contribution to our sustainability performance and wish them success in their future endeavours.

Mike Michel
Acting Chief Executive Officer





2. About the report

2.1 This report

This report gives an overview of Telenor’s economic, social and environmental performance in calendar year 2015 in line with the GRI G4¹ guidelines. According to our self-classification, we have reached “Core” compliance level with the guidelines. This report has been audited for compliance with GRI G4 guidelines by independent third party auditor Mária Csutora, university professor. Our report covers only Telenor’s own activities. It does not include the performance of points of sale operated by our partners and Telenor Common Operation Zrt. (TnCO) established in Q4 2013. In line with the non-financial report prepared for Telenor Group every year, our environmental data include the consumption and emissions of TnCO’s office building, as their office building is also rented out by Telenor.

To read about the sustainability performance of our parent company, Telenor Group (formally Telenor ASA) please click [here](#). The figures related to major indicators published in the chapters of our report are also included in [chapter 3 titled Our sustainability performance in figures](#). The correspondence of figures included in our report to GRI G4 indicators can be checked in the chapter titled ‘[GRI Content Index](#)’. The acronyms used in the report are explained in the chapter titled ‘[Acronyms](#)’. Driven by the desire to protect the environment, we have published this report exclusively in an online format [on our website](#).

2.2 Defining report content

The methodology used in preparing our sustainability report for 2015 significantly relied on experience from previous years and the guidance and feedback received during the audits of past reports. As a result, to ensure improved transparency and focus, our report for 2015 gives a more detailed account of fewer aspects and includes more references to information available on our website.

Identifying the relevant aspects, our corporate responsibility experts reduced the scope of GRI G4 aspects compared to previous years and identified material aspects based on the findings of the material aspects survey conducted in 2015². Please see the list of material aspects covered by the survey in the following table that indicates whether the given aspects are relevant within or outside the boundaries of the organization and identifies the related core compliance indicator as well as the chapter discussing it in the report.

Material aspects survey results

MATERIAL ASPECT	THE ASPECT IS RELEVANT		THE ASPECT IS OUTLINED IN DETAIL IN THE FOLLOWING CHAPTER	INDICATOR
	Within the organization ³	Outside the organization		
Economic performance	x		4.5 Economic results	G4-EC1
Energy consumption	x	Customers	1 1.2 Energy usage and CO2 emissions	G4-EN5
Compliance with environmental regulations	x	Local residents, ecosystem	1 1.1 Environmental management	G4-EN29
Anti-corruption	x	Customers, suppliers	6.3 Practices to combat corruption and promote ethical business conduct	G4-S05
Legal compliance in social matters	x	Customers	6.2 Legal compliance	G4-S08
Customer health and safety		Customers, local residents	7.4 Safety of service	G4-PR2
Customer privacy	x	Customers	7.3 Privacy	G4-PR8
Legal compliance related to products and services	x	Customers	3. Our sustainability performance in figures	G4-PR9
The role of ICT in the life of young generations	x	Young internet users	9. Community engagement	Number of students attending a session on responsible internet use

We wanted to improve our data collection methodology. Early this year, we collected data as part of the data collection effort for the non-financial report to our parent company which helped us reduce the overall length of the exercise.

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

¹ Global Reporting Initiative

² The primary survey involving both internal and external stakeholders was based on an online questionnaire including a quantitative part assessing the importance of the given aspect and a qualitative part inviting respondents’ opinion about Telenor’s sustainability reporting system. Please note that we had a much higher number of internal respondents than external ones, yet the answers of both groups were considered with an equal weight due to the methodology of selecting material aspects.

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

The background of the slide is a dense, 3D-rendered field of white numbers (0-9) of various sizes and orientations, creating a textured, data-driven appearance. A dark purple horizontal band is positioned across the middle of the image, containing the section header text in white.

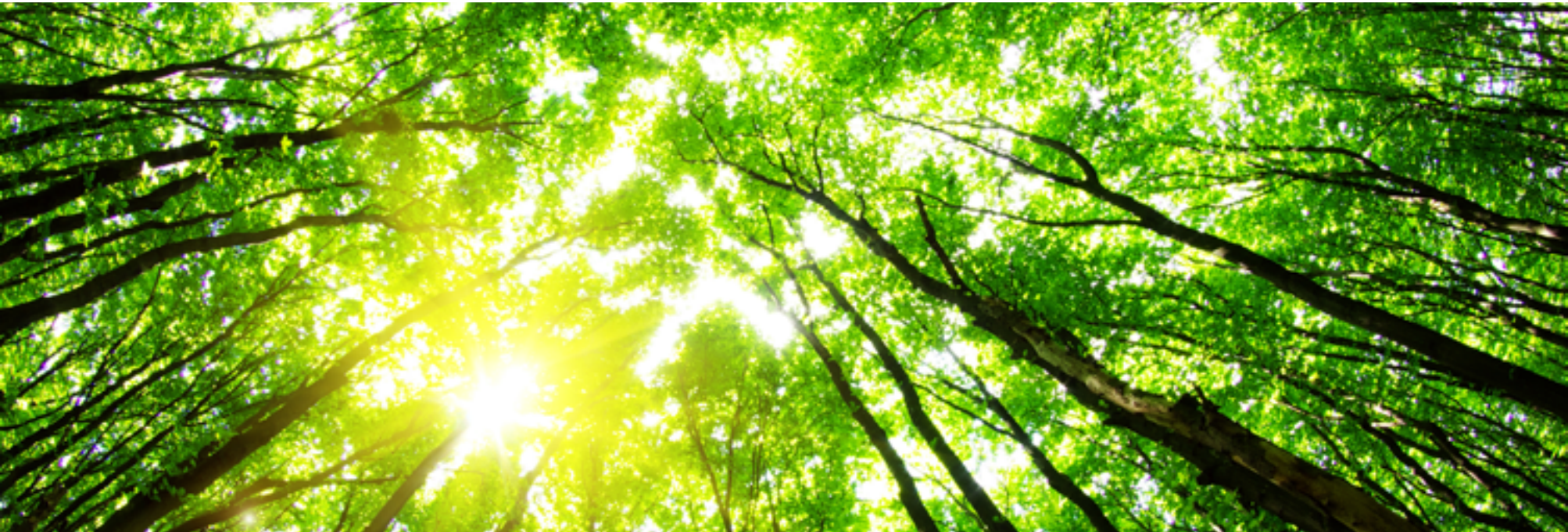
3. OUR SUSTAINABILITY performance in figures

To improve the transparency of our sustainability report, we grouped together the indicators of aspects identified as material aspects in the material aspects survey (at least one indicator per aspect). The table always indicates which indicator of the GRI G4 standard it is about and gives the chapter that discusses the given aspect and any major change of indices in detail.

Environmental protection

	2011	2012	2013	2014	2015	CHANGE (2014=100%)
G4-EN5 - 10.2 ENERGY USAGE AND CO2 EMISSIONS						
Intensity of energy use in the network (2015) (MJ ⁴ /customer)	59	55	52	59	65	+10,6%

G4-EN29 - 10.1 ENVIRONMENTAL MANAGEMENT						
Sanctions and fines for the breach of environmental law and regulations						
Amount of fines (HUF ⁵)	0	0	0	0	0	
Number of sanctions ⁶	0	0	0	0	0	



⁴ megajoule
⁵ forint
⁶ number
⁷ million forint

Economic Indicators

G4-EC1 - 4.5 ECONOMIC RESULTS		
Direct economic value produced (HUF million ⁷)		
Revenues	Net value of sales and revenues from financial investment and selling physical assets.	1 59 087
Distributed economic value (HUF million)		
Operating expenses	Payments to suppliers, non-strategic investment, royalty and fees paid to intermediaries	45 657
Value of employees' wages and non-wage benefits	Other employee-related payments (ongoing payments, non-future obligations)	8 964
Payments to investors	Any payment made to the organization's capital investors.	60 000
Payments to the state budget	Gross taxes	20 578
Community investments	Voluntary contribution to and capital investment in the broader community (including donations)	78



Social Indicators

G4-S05 - 6.3 PRACTICES TO COMBAT CORRUPTION AND PROMOTE ETHICAL BUSINESS CONDUCT	
Number of corruption cases and actions in 2015	0
G4-S08 – 6.2 LEGAL COMPLIANCE	
Monetary value of significant fines and total number of non-monetary sanctions for non-compliance with laws and regulations ⁸	
Monetary value of fines (HUF)	250 000 000
Number of non-monetary sanctions	0
G4-PR2 - 7.4 SAFETY	
Number of actions when legal regulations or voluntary standards on the health and safety impact of products and services were violated in a breakdown by outcome ⁹ :	
Number of legal actions	0
G4-PR9 – 7.4 SAFETY ¹⁰	
Degree of non-compliance with product- and service-related legal regulations and other requirements and the monetary value of associated fines	
Monetary value of fines (HUF)	0

⁸ Under this point, we considered cases in which Telenor was found guilty in violating the law and was fined at least HUF 1 million by the authorities. Relevant legal regulations include primarily Act C of 2003 on electronic communications and Decree No. 2/2015 (III. 30.) by the National Media and Infocommunications Authority (NMHH) on the detailed rules of electronic communications subscriber agreements

⁹ Relevant legal regulation: primarily Act LXXXVIII of 2012 on the market supervision of products

¹⁰ Relevant legal regulation: primarily Act CLV of 1997 on consumer protection

	2011	2012	2013	2014	2015	CHANGE (2014=100%)
G4-PR8 – 7.3 PRIVACY						
Privacy complaints						
Number of privacy complaints received	65	35	55	169	113	-33%
Number of substantiated complaints	33	11	32	128	83	-35%
Number of substantiated complaints reported by third parties	29	11	25	60	47	-22%
Number of substantiated complaints received from regulatory authorities	1	1	1	1	1	0%
Number of data leakage incidents	3	5	4	1	14	1300%
Number of data theft incidents	3	1	0	1	3	200%
Number of data loss incidents	1	0	0	0	0	0%
9.- SOCIAL RESPONSIBILITY						
Number of students attending a session on responsible internet use in 2015						840

4. *COMPANY INFORMATION*



4.1 Telenor Hungary

Telenor Hungary (hereinafter “Telenor”), member of the global Telenor Group¹¹, is Hungary’s second largest mobile operator playing a leading role in providing mobile voice and broadband services in the local market. The company based in Törökbálint entered the Hungarian market under the name Pannon GSM in 1994.

2015 saw a change in the company’s ownership structure. Telenor Hungary continues to be 100% owned by Norway’s Telenor Group but Telenor Mobile Communications AS became its single shareholder on 31 December 2015. Another major change at the organization in 2015 was the expansion of Telenor’s self-owned shop network to 30 shops by the end of the reporting period.

4.2 Governing bodies

The major governing body of Telenor is the general shareholders’ meeting whose rights are exercised by its single shareholder. Operative management is overseen by a five-member Board of Directors. Members of the Board of Directors are employed by Telenor Group. The Board of Directors is supervised by a Supervisory Board elected by the shareholders. One member of the Supervisory Board is delegated by employees, which means employees participate in supervising the company’s activities through this delegate.

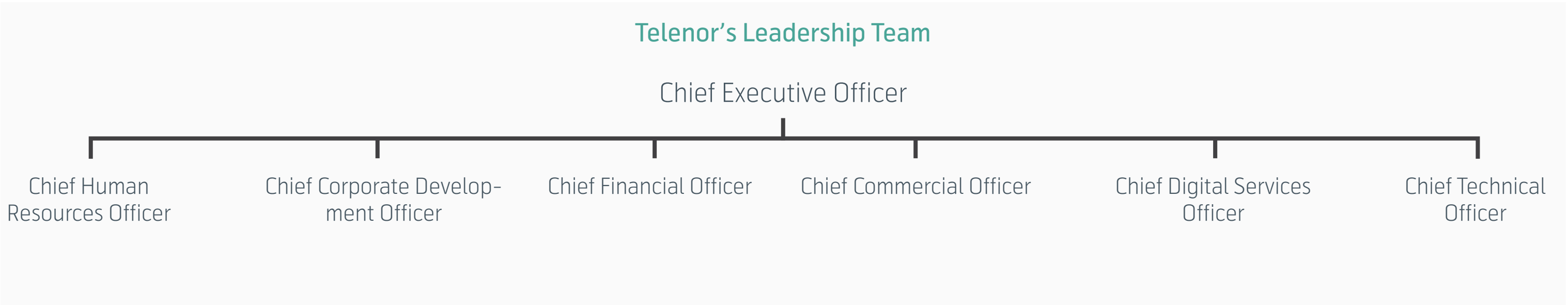
Members of the Board of Directors¹²:

- Kjell Morten Johnsen,
- Ronny Bakke Nævdal,
- Katja Christina Nordgaard,
- Knut Giske,
- Nils Katla

Members of the Supervisory Board¹³:

- Roland Szalai,
- Asbjørn Michelet Bakke,
- Gunn Ringøen

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



¹¹ Norway-based Telenor Group is one of the world’s largest mobile operators and a leading global provider of telecommunications, data and media communications services. In 2015, it had mobile operations in 13 countries in the Nordics, Central and Eastern Europe and Asia, as well as an interest in VimpelCom Ltd., operating in 14 markets with almost 200 million mobile subscriptions, 38,000 employees and an annual sales revenue of NOK 128 billion.

¹² As of 31 December 2015

¹³ As of 31 December 2015





4.3 Our services

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

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

In addition to concentrated network development efforts to improve the quality of our data services, we keep expanding the range of content available in our online music (Deezer) and film streaming (MyTV) services as well as their usage scenarios. With the launch of Telenor MyCard and Telenor MyWallet, we also offer financial solutions to our customers.

Having recognized the need to adopt a new approach to be able to satisfy today’s consumer needs and having considered customer requirements, demand and feedback, Telenor was the first operator in Hungary to enable its customers to create their own tariffs in an autonomous, flexible and personalized manner in 2015. In addition, Telenor has been the first operator in Hungary to offer its customers an opportunity to replace their existing handsets before the expiry of their loyalty period. Under the Anytime Upgrade programme, the company trades in its customers’ old handsets to further reduce the price of their new mobile phones.



4.4 Our customers

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

Our consumer base includes adult mobile internet users with a smartphone open to new mobile solutions, young people attracted to innovation and senior users with a preference for traditional mobile phone solutions. Telenor works hard to better understand the needs of its target segments and provide them with the highest quality service. With innovation being so critical in telecommunications, Telenor has also added several innovative solutions to its services portfolio. In addition to mobile voice and mobile internet services, we also offer financial and digital services to our customers. As a result of these new services, our customer

base now includes users keen to find digital entertainment solutions and mobile wallet users regularly using their mobile phones for payment.

Our business customers have even more diverse needs. The type of services they need and their budget available depend on their core business, industry-specific requirements and size. Serving our enterprise customers demands flexibility, creativity and, last but not least, high-quality telecommunications services based on a thorough understanding of customer needs. The challenges faced when serving SME customers include their demand for close cost control and optimised service plans.



4.5 Economic results

Our company had 3,416,000 subscriptions at the end of 2015 combined with a per capita usage of 196 minutes per month. The number of our mobile internet customers reached 1,362,000, which is 15% higher than the year before.

DIRECT ECONOMIC VALUE GENERATED AND DISTRIBUTED (2015)¹⁴

Direct economic value produced (HUF million)

Revenues	Net value of sales and revenues from financial investment and selling physical assets.	159 087
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Distributed economic value (HUF million)

Operating expenses	Payments to suppliers, non-strategic investment, royalty and fees paid to intermediaries	45 657
Value of employees' wages and non-wage benefits	Other employee-related payments (ongoing payments, non-future obligations)	8 964
Payments to investors	Any payment made to the organization's capital investors	60 000
Payments to the state budget	Gross taxes	20 578
Community investments	Voluntary contribution to and capital investment in the broader community (including donations)	78

¹⁴ To review our economic performance in a breakdown by the International Financial Reporting Standards (IFRS) please visit [our website](#).

Based on Telenor’s annual report¹⁵, the company had total liabilities of HUF 228,843 million including equity and provisions of HUF 86,757 million and liabilities, accruals and deferred income of HUF 142,086 million.

The company received no financial support either from the government¹⁶ or any political organisation and it provided no financial support to any political organisation in the reporting period.

Capital Expenditure in Infrastructure (2015)

BRIEF DESCRIPTION OF CAPITAL EXPENDITURE AND SERVICE DEVELOPMENT INITIATIVES	FINANCIAL VALUE OF CAPITAL EXPENDITURE/DEVELOPMENT (HUF MILLION)				SOCIAL IMPACT OF DEVELOPMENT
	2013	2014	2015	Ratio of investment compared to total investment (2015)	
Voice	563	436	461	5%	Improvement of the quality of mobile telecommunications services including voice services to Hungarian consumers and businesses
Data	5 301	8 323	6387	68%	3G and 4G projects to promote digital literacy and expand/improve the supply of mobile data services to Hungarian consumers and businesses “Internet for All”
Other network	504	478	2497	27%	Network infrastructure modernization because of ageing and environmental reasons (to reduce ecological footprint)
Total	6 368	9 237	9345		

4.6 Membership in organisations

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

Membership in trade organisations

- GSM Association
- Communications Reconciliation Council (HÉT)
- Scientific Association of Infocommunications (HTE)
- ICT Association of Hungary (IVSZ)
- Hungarian Mobile Wallet Association
- NMHH Technical Support System
- Self-regulatory Advertising Board

Membership in representative organisations:

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

Endorsed initiatives

- Nonprofit Information and Education Centre (NIOK) – ADHAT donation line
- Transparency International Hungary – Corporate Supporters’ Forum

As a member of trade organisations, Telenor has been involved in developing the legal and regulatory framework of communications and commented on new and amended legal regulations on behalf of the industry.

¹⁵ As of 31 December 2015
¹⁶ Tax benefits do not qualify as financial support from the government.

5. *OUR STRATEGY*



5.1 Corporate strategy

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

5.2 Our stakeholders

In our daily business, we are in contact with a large number of stakeholder groups whose members have an impact on the company’s operation and/or are affected by the company’s activities. Our sustainable and responsible corporate governance principles as well as our business interests require continuous dialogue with all stakeholder groups to facilitate long-term and mutually beneficial cooperation. Understanding different needs and expectations will help us better serve our customers, maintain a fruitful cooperation with our partners and deliver a stable business performance.

STAKEHOLDER GROUP		IMPORTANCE OF DIALOGUE	FORM OF DIALOGUE	FREQUENCY
Internal stakeholders				
Employees	Our business success is based on the devoted and conscientious work of our employees.		Employee Engagement Survey (EES ¹⁷)	once a year
			MyVoice – a representative body of employees for discussing work-related issues	quarterly or in an ad hoc manner, on an as-needed basis
Management	Our successful and sustainable operation as a company depends on our managers’ well-informed decisions.		HSSE ¹⁸ Committee	quarterly
Telenor ASA (Owner)	Our performance has an impact on our shareholders who set economic, social and environmental expectations for us.		Reports Regular data supply Workshops, conferences	ongoing
External stakeholders				
Customers	We want to use customer feedback to meet changing customer needs at all times.		Customer satisfaction survey	ongoing
Suppliers	The quality of our products and services also depends on our suppliers’ performance. We expect our suppliers to identify with our corporate values, understand our operating principles and abide by our policies.		Supplier audits Risk assessment processes Supplier courses	once a year
NGOs	NGO experts help us make the most of our positive impact on the society.		Membership in organisations NGO partnership	ongoing
Public sector	Telenor has contributed to shaping the industry environment by commenting on several industry-specific legal regulations and being actively involved in consultation through representative bodies.		Consulting on regulatory issues Membership in trade and representative organisations Participation in forum activities	ongoing
Children	We make a special effort to facilitate safe and responsible internet use by the youngest generations. To achieve this, we need to develop a thorough understanding of their needs and feedback.		Education on safe and responsible internet use by children Corporate volunteers’ programme at schools	several times a year
Local communities	Our business activities impact the lives of local communities directly. As a result, we make continuous effort to maintain a dialogue with them.		Community forums	occasionally
Media	Media channels provide the most efficient way to contact our customers and other stakeholders.		Press releases Press conferences Expert media briefings Regular information supply to the media	ongoing
Competitors	In line with our principles of ethical conduct and the pertinent legal regulations, and having efficient financial management in mind, we respect the principles of fair competition.		Membership in organisations Conferences	ongoing

¹⁷ Employee Engagement Survey
¹⁸ HSSE – Health, Safety, Security, Environment



5.3 Corporate responsibility strategy

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

Economic responsibility

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

Corporate responsibility

Rather than just being an economic actor, our company is deeply embedded in society, and it has an impact on and is responsible for its members. To demonstrate our social responsibility, we apply responsible employment practices, use our technology for social causes and make our products and services available to all in a safe and accessible way.

Our company's success depends on its employees. As a result, we give high priority to the establishment of a safe, comfortable and efficient working environment. We also make a special effort to create suitable conditions for employing people with a reduced ability to work.

We do our best to leverage ICT solutions to create maximum value for society. As part of this commitment, we have launched an education programme in cooperation with our partners.

Protecting children is an integral part of our CR strategy. There are important education and safety issues related to the use of internet and smart devices by younger generations. In line with this commitment, we have launched a programme to educate children on responsible and safe internet and mobile phone use.

To implement our sustainable social projects as effectively as possible, we are committed to long-term cooperation with NGOs.

Environmental responsibility

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

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



A photograph showing the silhouettes of a man and a woman standing in front of a large window. They are looking out at a city skyline with many skyscrapers. The scene is backlit by a bright, warm light, likely from the sun, creating a strong orange and yellow glow. The man is on the left, wearing a suit, and the woman is on the right, wearing a light-colored blouse. The window frames are visible, and the city buildings outside are slightly blurred.

6. *responsible corporate governance*

6.1 Our ethical principles

6.2 Legal compliance¹⁹

Maintaining ethical corporate conduct and fighting against corruption are not only our legal and moral obligation but also an essential precondition to creating and fostering healthy and innovative competition generating real value for our customers.

Setting a model for our operation, Telenor’s [Code of Conduct](#) sets high standards of ethical business conduct for the company that need to be observed by all employees of Telenor Group. Employees and other parties acting on behalf of Telenor are also required to comply with the standards of our Code of Conduct.

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

For more information about Telenor’s Code of Conduct and its ethical and compliance function, please visit [our website](#).

We strive to fully comply with legal regulations in our daily business. Our competitive behaviour is driven by our desire to comply with the provisions of effective legal regulations, and particularly Act LVII of 1996 on the prohibition of unfair and restrictive market practices.

TOTAL NUMBER OF LEGAL ACTIONS FOR ANTI-COMPETITIVE BEHAVIOUR, AND NON-COMPLIANCE WITH ANTI-TRUST AND MONOPOLY PROVISIONS AND THEIR OUTCOMES	
Number of legal actions	1
Outcome of actions	in progress

The competition authority is currently investigating a partnership between Magyar Telekom and Telenor related to the networks and frequencies required for providing their broadband services. The investigation in itself, however, does not mean that a violation of competition regulations has been committed

MONETARY VALUE OF SIGNIFICANT FINES AND TOTAL NUMBER OF NON-MONETARY SANCTIONS FOR NON-COMPLIANCE WITH LAWS AND REGULATIONS²⁰

Monetary value of fines (HUF)	250,000,000
Number of non-monetary sanctions	0

In 2015, Telenor was fined HUF 250 million by the National Media and Infocommunications Authority for an unlawful unilateral contract amendment completed on 25 July 2014. The decision is now final, the fine has been paid by Telenor, but the company requested a judicial review which is currently underway.

To read more about legal cases related to marketing communications and information please read subchapter [7.1. Responsible marketing](#).



¹⁹ For the legal compliance indicators covered in this chapter, we considered only those cases where a regulatory authority passed a resolution in calendar year 2015, and we always considered resolutions of first instance. When referring to legal regulations, we listed only laws – lower level regulations (typically government decrees or ministerial decrees) were not identified.

²⁰ Relevant legal regulations include primarily Act C of 2003 on electronic communications and Decree No. 2/2015 (III. 30.) by the National Media and Infocommunications Authority (NMHH) on the detailed rules of electronic communication subscriber agreements. Under this point, we considered cases in which Telenor was found guilty in violating the law and was fined at least HUF 1 million by the authorities.

6.3 Practices to combat corruption and promote ethical business conduct

Telenor did not have any corruption case in 2015.

Telenor is firmly opposed to all forms of corruption. In our daily business, we consider the fight against corruption not only a statutory and moral obligation, but also a way to ensure healthy and efficient long-term competition and future success. Telenor has zero tolerance for corruption and is committed to doing business in accordance with the highest ethical standards.

Our Anti-corruption Handbook provides guidance to detect and prevent corruption. It aims to give Telenor employees a practical tool to help them comply with Telenor's values and formal anti-corruption rules.

Managing the risk of corruption

In line with our principles of ethical and transparent operation, we make continuous effort to assess and reduce the risk of corruption. In 2015, the Legal Department completed a questionnaire-based corruption risk assessment at medium and senior management and expert levels and shared the results with staff at workshops. Based on the detected risks, we placed special emphasis on improving stakeholders' corruption risk awareness in 2015.

In the reporting period, Telenor took the following measures.

- It added a warning clause to prevent corruption to its tender documentation.
- It called colleagues' attention to anti-corruption rules and the required anti-corruption measures in its newsletters and the e-learning course of Telenor's Code of Conduct (whose completion is mandatory for all Telenor employees).
- The managers and experts of the functions most exposed to the risk of corruption were offered seven workshops this year to discuss dilemmas and practical examples in an interactive setting.
- An anti-corruption e-learning course and a personal compliance session was added to the onboarding process of new employees.
- A compulsory anti-corruption e-learning course has been developed for Telenor staff that has been completed by 99% of employees already.
- We introduced ad hoc inspections in tendering and procurement processes to prevent and eliminate the risk of corruption.



Reporting and investigating violations

The Group Manual Ethics & Compliance contains clear investigation procedures and an outline of disciplinary procedures, the parties responsible for appropriate action and it provides guidance on the equal treatment of compliance incidents within Telenor Group. Employees who become aware of any kind of infringement are encouraged to report this to their leader or the Local or Group Ethics & Compliance Officer. Telenor runs a compliance hotline for this purpose where incidents can be reported in the official local language by phone, e-mail or postal service 24 hours a day, every day

of the year. Telenor does not allow reprisals of any kind against those who in good faith report an infringement or suspicion of an infringement, and it manages reports confidentially. Misconduct that may result in disciplinary action includes failure to promptly report a known or suspected breach.



6.4 Telenor’s contribution to transparent business

Telenor Ethical Company Award

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

As part of our partnership, we presented the Telenor Ethical Company Award for the fourth time in 2015. The award was established to recognize corporate programmes aiming to promote ethical business conduct.

In the enterprise category, the award has been granted to Grundfos Magyarország Gyártó Kft. whose Code of Conduct includes a large number of corruption case studies, while in the SME category the award went to Biofilter Környezetvédelmi Zrt. that enforces ethical guidelines not only among its own employees but also among its 4,600 partners providing a model and education for the entire industry.

For more details about our partnership with TI, please visit [our website](#).



“In the Pursuit of Facts”

To raise young people’s awareness of the importance of corruption-free and transparent business, Telenor and DUE student journalist association established ethical student journalist award “In the Pursuit of Facts” in 2013. The award is granted to applicants for fact-based stories on any topic of their choice.

In 2015, the ethics award went to Bernadett Virág who wrote an article on the marketing of fake higher education degrees and diplomas. Those finishing on the second and third places wrote about prejudice against the Roma among teenagers and gave a detailed insight into how tough it is to be a woman in India.

6.5 Sustainable supply chain

When managing a sustainable supply chain, Telenor not only takes special care to select is suppliers in a responsible manner but it also audits and improves the ethical compliance of its contracted suppliers.

Continuing the practice of previous years, Telenor does its best to select partners that accept Telenor’s values, ethical and anti-corruption principles and make a contractual commitment to comply with [Telenor’s Supplier Conduct Principles](#) (sign the Agreement on Responsible Business Conduct, hereinafter referred to as “Agreement”). Telenor assessed the compliance of internal policies, procedures and training courses with the principles of ethical conduct at about 20 suppliers in 2015²¹.

We had 445 active partners registered in the reporting period (that also signed the above agreement).

Of our contract partners in 2015, 65 suppliers (15% of those signing the Agreement) completed our self-assessment questionnaire. Based on their answers, 20 partners were selected for a personal consultation on how to improve their compliance with the expectations set out in our Supplier Conduct Principles.

In addition to the self-assessment and in line with our consulting-based approach, comprehensive and targeted inspections were conducted at another 20 contractual partners based on a preliminary risk assessment.

TYPES OF IMPACT ASSESSMENT	NUMBER OF SUPPLIERS SUBJECT TO IMPACT ASSESSMENT	NUMBER OF SUPPLIERS WITH MAJOR EXISTING AND POTENTIAL RISKS IDENTIFIED	NUMBER OF SUPPLIERS MAKING PROGRESS IN THE PERIOD UNDER SURVEY	NUMBER OF CONTRACTS TERMINATED
Environmental	85	0	0	0
Employment	85	4	14	0
Human rights	85	0	0	0
Social impact	85	0	1	0

While in 2014, 74 suppliers were audited (questionnaire-based self-assessment and inspections) and 75 corrective actions were proposed, **in 2015 we directly audited 85 suppliers in detail and made 58 consultative recommendations. That is, we proposed fewer corrective actions in 2015.**

In the reporting period, we did not terminate any contract due to negative impact assessment results.

We raise our partners’ compliance awareness at personal awareness sessions. Interactive workshops aiming to improve **supplier awareness were held three times during the year – for different groups of suppliers. These sessions were about the contents of Telenor’s Supplier Conduct Principles and auditing practices. The results of these awareness sessions were immediately apparent in a more direct contact with suppliers and trust-based attitude during the audits.** For 2015, we set the goal to improve our suppliers’ knowledge and processes through broadly available training programmes. Leveraging the experience gained from these programmes, we will focus even more on improving suppliers’ awareness and knowledge in 2016.

Telenor’s SCS²² function played an active role in the activities of the Supply Chain Working Group of the Business Council for Sustainable Development in Hungary also in 2015.



²¹ All service providing partners are considered to be our suppliers. In 2015, we had 566 suppliers.

²² Supply Chain Sustainability

7. *CUSTOMERS*





7.1 Responsible marketing²³

Telenor’s marketing activities are regulated primarily by Act CLV of 1997 on Consumer Protection, Act XLVIII of 2008 on the Basic Terms and Limitations of Commercial Advertising Activities, Act XLVII of 2008 on Unfair Commercial Practices, Act C of 2003 on electronic communications and Act LVII of 1996 on the prohibition of unfair and restrictive market practices. Our marketing communication activities are overseen by the National Media and Infocommunications Authority (NMHH²⁴), the National Consumer Protection Authority, and the National Competition Authority (GVH). These authorities request data from us both on a scheduled and on an ad hoc basis in response to consumer reports and as part of their own statutory obligations.

The authorities did not condemn Telenor in any case related to marketing communications in 2015.

Telenor was condemned for the lack of proper information supply about products and services in some cases by NMHH in the reporting period²⁵. These cases were due to employee mistakes related to inaccurate data supply about products and services in the course of sales, late response to complaint letters and failure to appropriately investigate complaints.

²³ For the legal compliance indicators covered in this chapter, we considered only those cases where a regulatory authority passed a resolution in calendar year 2015, and we always considered resolutions of first instance. When referring to legal regulations, we listed only laws – lower level regulations (typically government decrees or ministerial decrees) were not identified.

²⁴ National Media and Infocommunications Authority

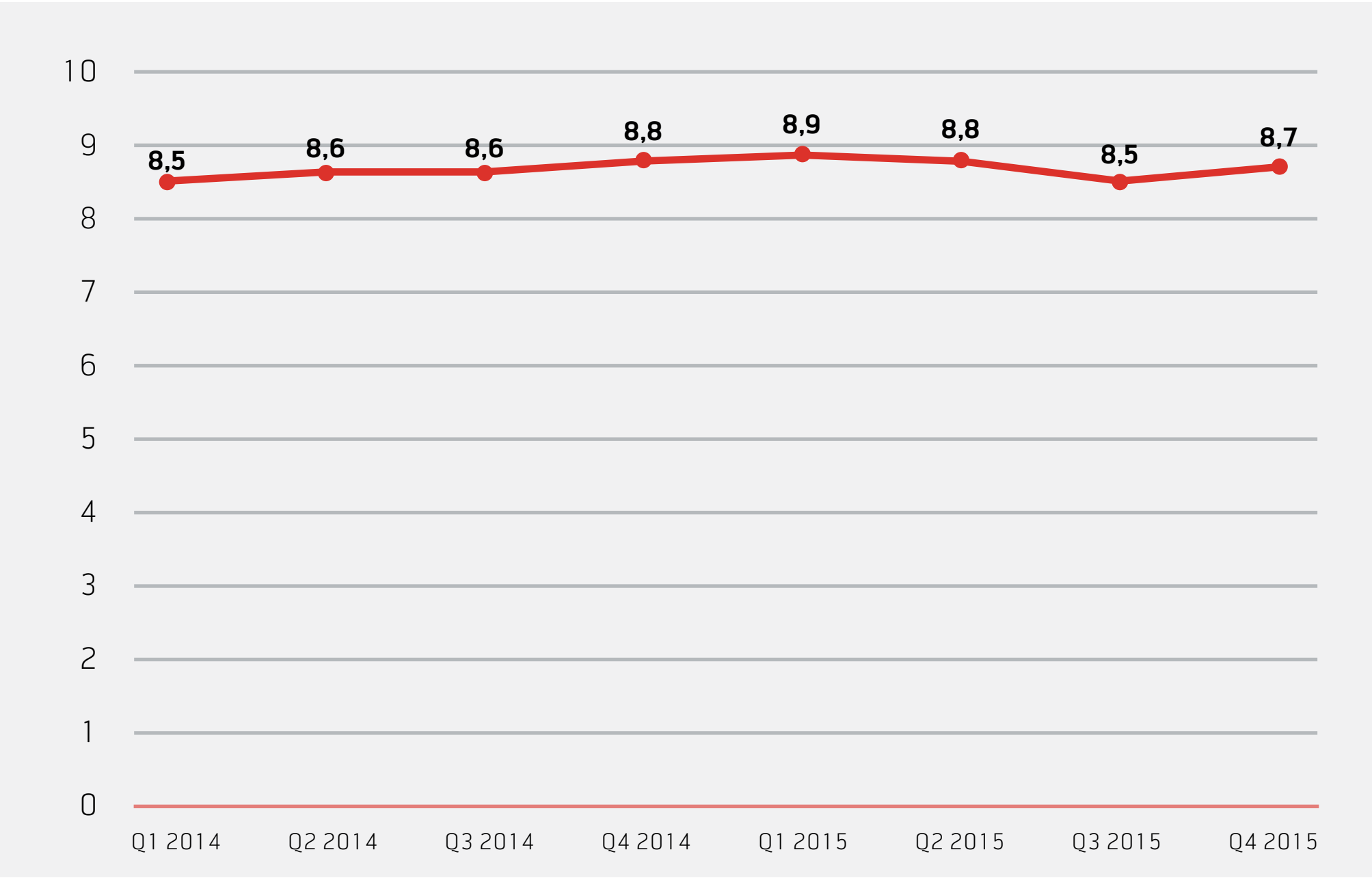
²⁵ This section includes cases when Telenor was condemned by the consumer protection authority for failing to provide appropriate information in response to a specific customer complaint.

²⁶ Source: TNS, Global Brand Tracker Base: population aged 14 to 65
Question: How would you rate your overall satisfaction with Telenor? Please rate your satisfaction on a scale of 1 to 10 where 1 means “very dissatisfied” and 10 means “fully satisfied”. You can give your opinion by selecting any number between 1 and 10. Top3 values: 8 to 10 on a scale of 10.

7.2 Customer satisfaction

Telenor wants to keep its customers satisfied with the quality of its products and services at all times. For this reason, Telenor has been monitoring customer satisfaction for several years with customers’ involvement, regular customer contact, analysing the feedback received and integrating it into future development goals.

Consumer satisfaction survey²⁶

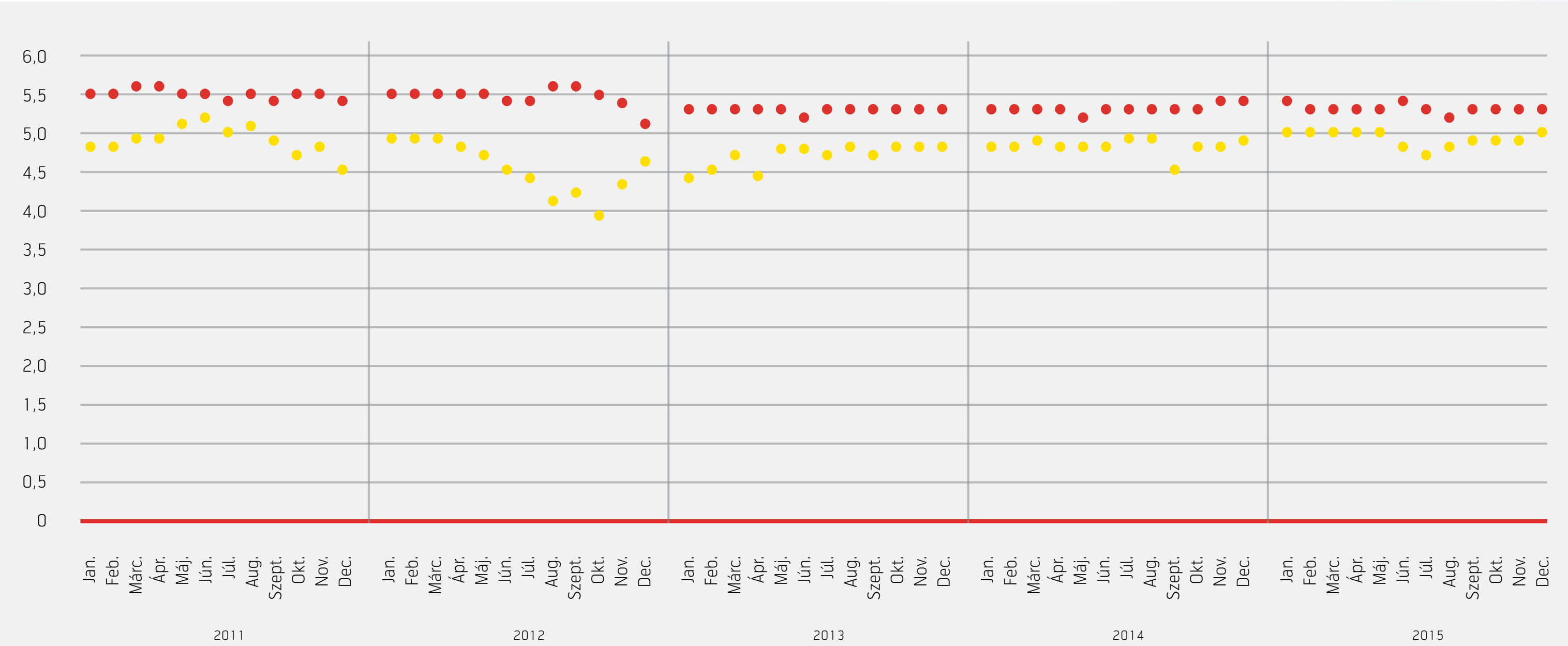


Based on a customer survey conducted in 2015, customers are satisfied with Telenor’s services. Telenor maintained its customer satisfaction level above 85% also during the reporting period.



Satisfaction with phone-based customer service

In order to obtain clear and measureable feedback about its performance and service quality, our customer service has been running continuous IVR-based²⁷ customer satisfaction surveys during the year. Based on the results, we can proudly say that Telenor maintained the excellent quality of its customer service and the high level of satisfaction and loyalty of its customers also in 2015. The results were steadily high throughout the year, only the summer period saw slightly lower scores from customers due to a sudden increase in workload and the resulting slower customer service caused by service-related changes.



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

²⁷ Interactive Voice Response



7.3 Privacy

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

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

The number of privacy violations declined over 2014 due to Telenor's continuous efforts to improve privacy. As a result of privacy training courses and workshops, colleagues and Telenor partners responsible for data management pay a lot more attention to privacy. In addition, 2015 saw the establishment of a more secure data channel. These actions are expected to further reduce the number of privacy complaints in the future.

PRIVACY COMPLAINTS	2010	2011	2012	2013	2014	2015	CHANGE OVER 2014
Number of privacy complaints received	46	65	35	55	169	113	-33%
Number of substantiated complaints	18	33	11	32	128	83	-35%
Number of substantiated complaints reported by third parties	18	29	11	25	60	47	-22%
Number of substantiated complaints received from regulatory authorities	2	1	1	1	1	1	0%
Number of data leakage incidents	0	3	5	4	1	14	1 300%
Number of data theft incidents	0	3	1	0	1	3	200%
Number of data loss incidents	0	1	0	0	0	0	0%

²⁸ World Health Organization

²⁹ Act CLV of 1997 on consumer protection

³⁰ Act LXXXVIII of 2012 on the market supervision of products

³¹ This section includes cases when Telenor was found guilty of not providing an appropriate user manual to the products it sold and was fined by the authority at least HUF 1,000,000. Telenor did not have such a case in 2015.

7.4 Safety of service

Every piece of equipment connected to the electricity network generates an electric field. Radio and television antennas as well as mobile phone antennas generate a radio-frequency electromagnetic field.

Before the establishment of a new base station, Telenor discusses the potential impact of the base station's operation with stakeholders and responds to their questions to dispel any concern. Base stations and towers are always constructed in close compliance with health limits on workers and local residents alike, as well as WHO²⁸ guidelines.

2015 didn't have any court ruling finding Telenor guilty of violating legal regulations on²⁹ the careful management and use of its products and services³⁰ or their health and safety impact.

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

Monetary value of fines (HUF)	0
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Number of actions when legal regulations or voluntary standards on the health and safety impact of products and services were violated in a breakdown by outcome:

Number of legal actions	0
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7.5 People with disabilities

To enable all customers to equally enjoy the opportunities provided by Telenor services, we pay special attention to serving the needs of people with disabilities.

To further this end, Telenor hired a specialist NGO (Motiváció Foundation) to help it make all shops fully accessible in 2015. As a next step, Telenor will use research results in its decision making processes to make the products and services sold in its retail network accessible to people with disabilities.

A composite image of Earth from space, showing the continents of Europe, Africa, and Asia. The image is overlaid with a dense network of glowing yellow and white lines that represent global communication or data networks. The lines are curved, suggesting satellite orbits or fiber-optic paths. The Earth's surface is detailed with clouds and city lights, particularly visible in Europe and Africa. The background is a deep blue space with a faint rainbow-like arc on the right side.

8. INFOCOMMUNICATIONS TECHNOLOGY FOR THE benefit OF THE SOCIETY

8.1 ICT in education

Hipersuli Education Programme

In May 2015, Telenor Hungary launched its special corporate responsibility initiative, the Hipersuli Education Programme in 15 classes of 5 schools. Telenor’s core business provides an opportunity to use digital technology in education. This initiative makes use of this idea. The project aims to deliver innovative

and effective methods to promote the broad adoption of digital education and support students in learning and teachers in teaching through the use of mobile devices and Hipernet. It uses information technology to facilitate children’s education and skills development. The programme has been supported also by the State Secretariat for Public Education and the Hungarian Institute for Educational Research and Development (OFI). Microsoft Hungary has contributed teacher training and Office 365 basic packages to Hipersuli’s success. Other programme participants include Digital Opportunity Foundation, which organizes Complex

Instruction Programme training courses for interested schools and Digital Identity Agency Kft., which conducts project-related research and prepares reports summarizing research findings.

The Hipersuli programme has been joined by 360 students and 31 teachers of one school in Budapest and four schools outside Budapest. Telenor supplied them with tablet computers, mobile internet, Wi-Fi routers, provided training for teachers, educated students on safe internet use and delegated school coordinators to give technical and education support to all participants.

“The Hipersuli programme aims to help children use mobile internet and mobile devices in a safe and efficient way for learning, gain a broader view of the world and become security-conscious internet users”, said Christopher Laska, CEO of Telenor Hungary, at the media event held to announce the launch of Hipersuli programme on 5 May 2015.

The programme involved all age groups including the lower and higher grades of primary school and secondary school with all students being given an opportunity to try digital learning. In spring 2015, Hipersuli was joined by children in the first, second, fourth, fifth, sixth and ninth grades.

As part of the project, children are allowed to take tablets home in two schools, while in the other schools they can use them only for classroom activities. In classes including Hungarian language and literature, maths, visual culture, foreign languages and science, teachers use websites and online apps introduced to them at teacher training sessions. Since autumn 2015, they can also access a continuously expanding range of digitized and digital teaching resources available on the National Public Education Portal.

An impact study on the initiative is under preparation with the involvement of participating students, teachers and parents. The results will be made publicly available at the website www.hipersuli.hu.



Christopher Laska at the media event announcing the launch of Hipersuli programme



An enthusiastic young participant of Hipersuli Programme

Schools involved in Hipersuli education programme:

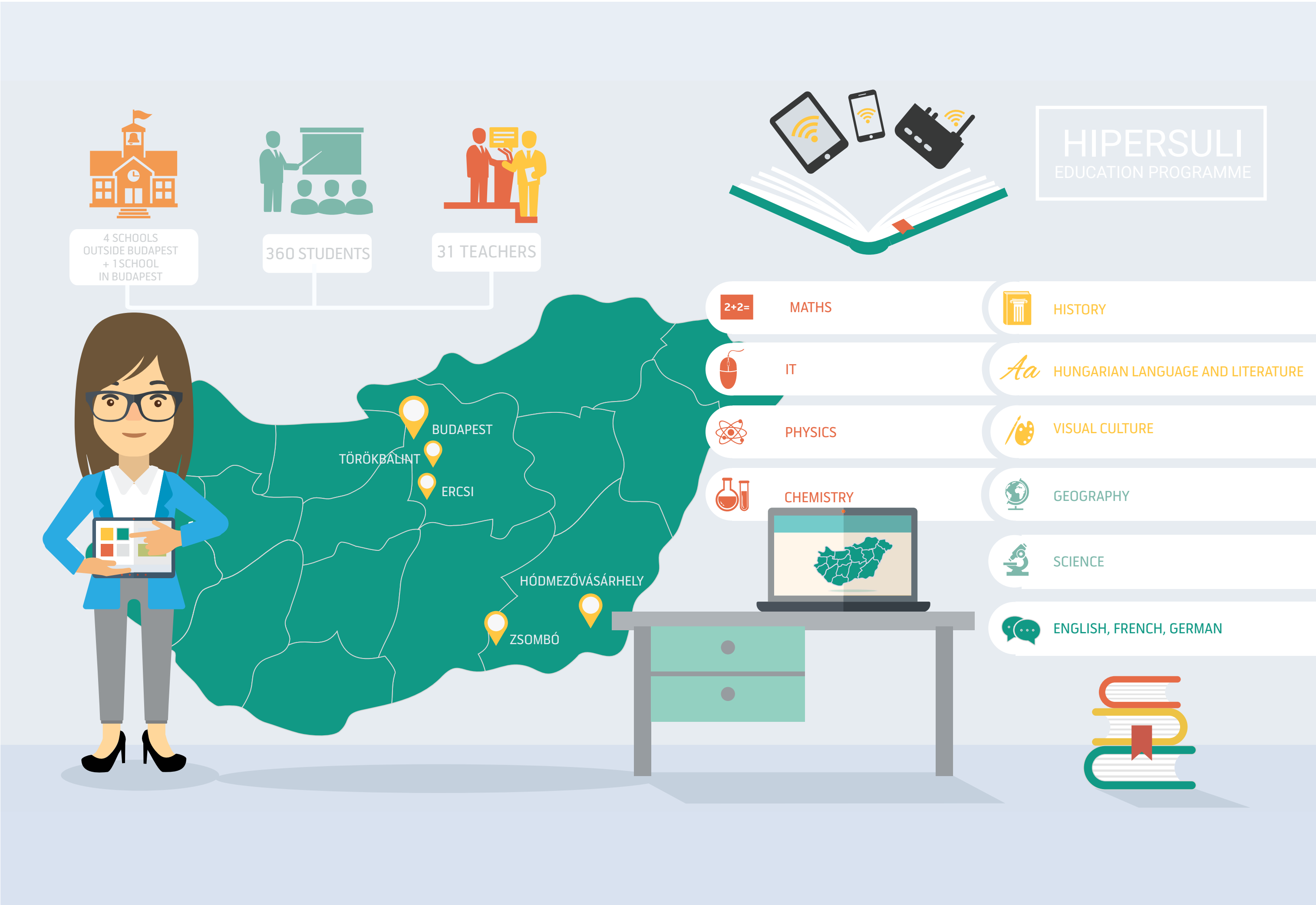
- Áldás Street Primary School, Budapest
- Eötvös József Primary School, Ercsi
- Németh László Primary and Secondary School, Hódmezővásárhely
- Bálint Márton Primary and Secondary School, Törökbálint
- St. Emeric Catholic Primary School, Zsombó

School subjects taught using a tablet under the programme:

- Hungarian language and literature, history, visual culture
- maths, chemistry, physics, IT
- science, geography
- English, French, German

The model project of Hipersuli Education Programme was launched in spring 2015 and will be completed in summer 2016. Telenor will summarize the results of the model project and use them for the further development of the Hipersuli programme.

At the website www.hipersuli.hu, you can read more about our research results and Hipersuli-related events.



KórházSuli

In addition to the classroom initiative, the Hipersuli programme keeps seeking new ways to use digital education solutions to enhance the efficiency and expand the opportunities of education. Telenor signed a one-year sponsorship agreement with the organizers of KórházSuli programme at the end of 2015.

KórházSuli is a voluntary initiative to facilitate the education of children in long-term hospital care with technology solutions and personalized learning content. As part of this program, hospital teachers use tablets and mobile internet at the bedside of young patients. This way, children can learn from resources tailored to their needs on a special interface developed for the KórházSuli programme. KórházSuli's digital learning materials are created by fellow students and reviewed by teachers. The further development of the programme was preceded by thorough testing. The partnership with Hipersuli has led to a breakthrough enabling the broader adoption of the hospital school programme.

For more information about KórházSuli please visit the programme's [website](#).



8.2 Safe and responsible internet use by children

Being a telecommunications company, it is both our duty and responsibility to reduce online threats to users of our products and services, children in particular. Therefore, **we are committed to providing maximum support to children, their parents and teachers enabling them to enjoy the benefits of our technology in a safe and responsible way.**

We have launched several initiatives to promote safe internet use by children:

- Our internet network has been blocking websites with child sexual abuse content based on a blacklist provided by the National Police Headquarters (ORFK) and Interpol.
- We provide a free service enabling customers to ban access to premium rate content and limit access to websites included in the operator's white list of safe, non-adult content on their children's mobile subscription.
- Our website includes a direct link to NMHH's interface for reporting online harassment, paedophile, racist or extremely violent content.
- We also made the [Norton Family](#) free child protection filtering software available [on our website](#) as recommended by the Internet Roundtable for Child Protection in 2014.



8.3 Supporting NGO activities

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

Our proprietary smartphone-based donation app [ADDODA](#) connects potential donors and charity organizations. We also run several donation lines and help-lines using our services to help those in need. Telenor supports the fund-raising activities of 50 to 60 NGOs through the 13600 “ADHAT” donation line operated together with other telecommunications companies and the Nonprofit Information and Education Centre (NIOK) Foundation. Services of special social importance include the free 24x7 counselling hotline of Blue Line Child Crisis Foundation (116-111), the Missing Children’s Hotline (116-000), the counselling hotline of DélUtán Foundation (13777), and the counselling hotline of the National Association of Hungarian Child and Youth Counselling Services (13700) (all numbers are toll-free for calls from within Hungary).

In 2013, UNICEF’s National Committee in Hungary and Telenor Hungary signed a partnership agreement. As part of this partnership, we supported UNICEF³² in launching the [Ébresztő-óra programme](#) to raise awareness of children’s rights. Until 2015, the initiative had reached more than 8,500 children who were educated on their rights at playful, interactive sessions. Telenor also made a commitment to promote smartphone app [HelpApp](#) aiming to provide help and practical advice to children who have been subject to abuse or harassment.

For more information on our activities promoting safe internet use by children and our partnership with UNICEF, please see our previous [reports](#) or visit [our website](#).

In 2013, Telenor signed a strategic partnership agreement with the Hungarian Red Cross focusing on cooperation in disaster management related communications. For more information on the two organizations’ joint efforts please visit [our website](#).

In October 2015, Telenor made the mobile fleet of Bátor Tábor Foundation available to all. The users of this tariff can make free calls between them and Telenor donates HUF 900 to Bátor Tábor Foundation per month after every user. For more information about the activities of Bátor Tábor Foundation please visit its [website](#).

In 2013, Vigyél Haza Alapítvány (Take Me Home Foundation) and Telenor announced a smartphone app for responsible dog ownership that helps lost or stray dogs find their way home or be adopted. As a result of this partnership, free microchip readers were installed in several dog-friendly restaurants in Budapest in 2015. Once the microchip is read, the restaurant contacts young volunteer vets of the Foundation who verify the dog owner’s data in an online database and contact him/her immediately to help the stray pet get back home as soon as possible. For more information about the app please visit [our website](#). You can download the app through [this link](#).

8.4 Supporting law enforcement

Telenor’s 7-strong Law Enforcement Group has been responding to data requests from authorities on a round-the-clock basis for several years. The number of such requests is about 40,000 per year. For more details about our company’s activities supporting law enforcement agencies please visit our [website](#).



³² United Nations International Children’s Emergency Fund



9. *community engagement*

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

Education on safe and responsible internet use

We made our TudatosNet e-learning material available to all on the website www.hipersuli.hu in autumn 2015. It includes chapters to educate young people on responsible internet use. In the last quarter of the year, 142 Telenor volunteers educated 840 students of 28 classes in 10 schools on safe internet use. As part of Telenor's volunteer day of 8 October, we held three-hour sessions at the four schools involved in our Hipersuli Programme. Under a campaign launched in December, volunteering employees delivered presentations on this subject at the schools of their own children.

Cake fair

In December 2015, we organized our traditional Christmas cake fair for the fifth time. We had 50 volunteering employees baking and selling cakes and hundreds of staff contributing to our donation to Gyermekkor Foundation. The HUF 400,000 raised by the cake fair was doubled by Telenor. As a result, the Foundation received HUF 800,000. This amount was used to support the activities of Madarász Street Children's Hospital, Budapest.



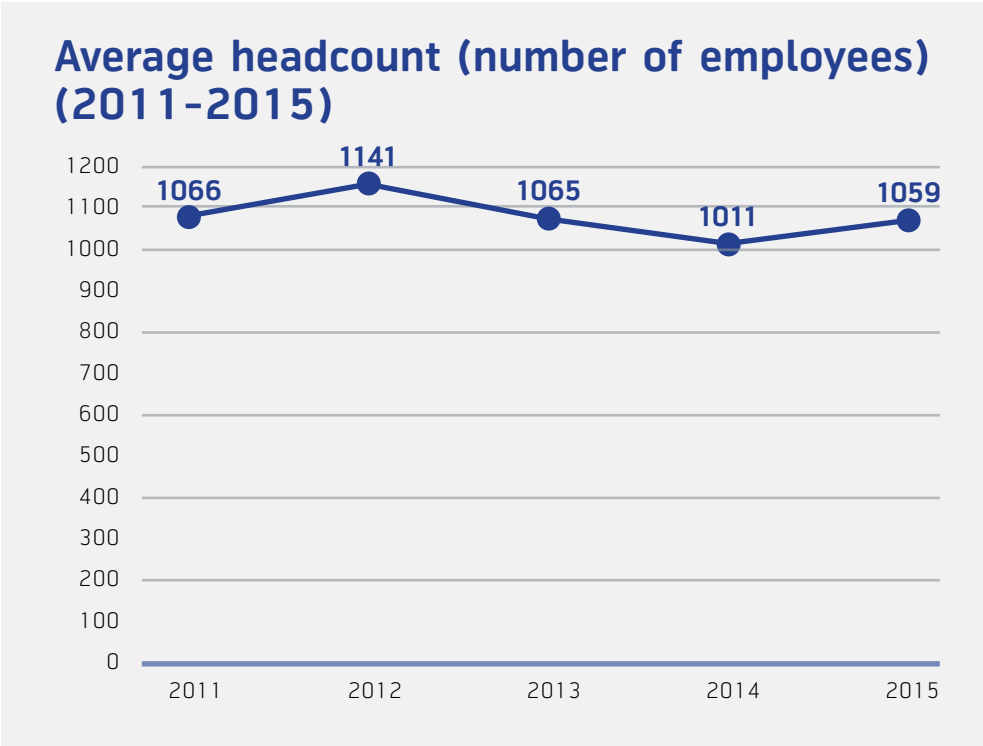


10. responsible employment

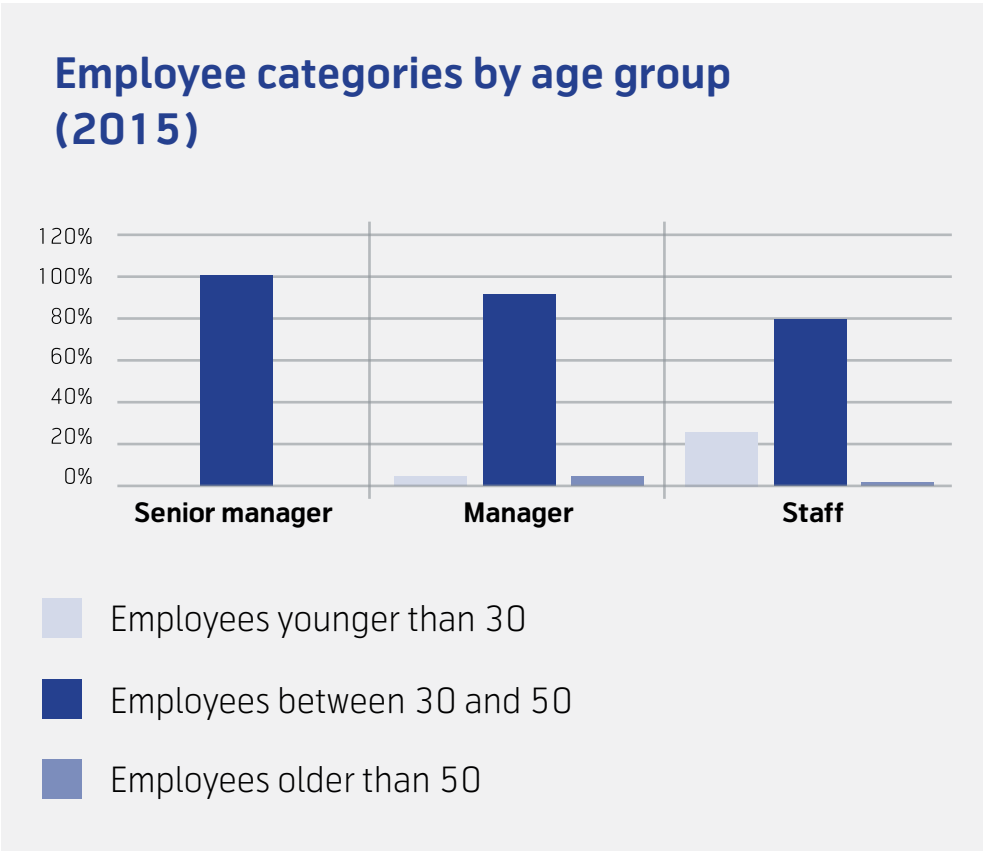
10.1 Employment data

Our company’s employment policy was presented in detail in our sustainability report for 2010 to 2012. This report includes only 2015 data and the analysis of changes, if any.

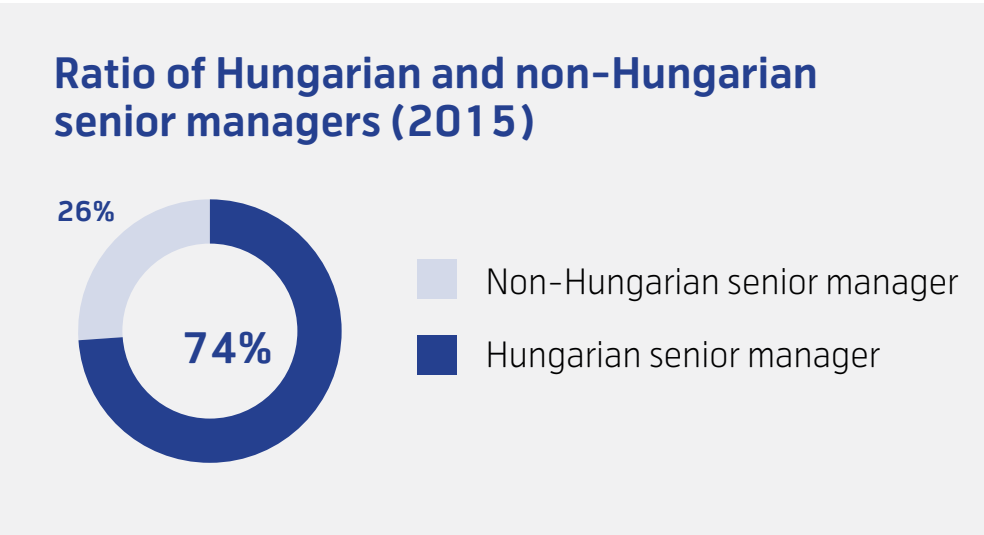
Employee headcount and age composition



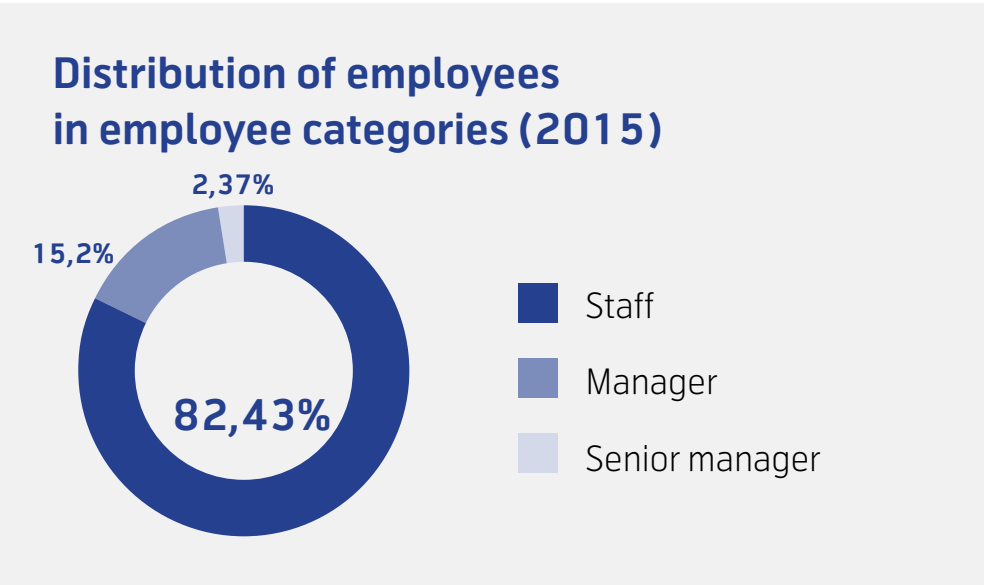
Our company had 1,059 employees on average in 2015. By the end of the year, our headcount grew to 1,138 people. We have an about equal number of male and female employees, mostly in the 30 to 50 age range.



A major HR event of 2015 was the insourcing of 21 shops formerly operated by partners. As a result, the number of our self-owned shops increased to 30, while the number of Telenor employees working in the retail network exceeded 300. With this expansion, we took another step in the direction of consultative sales that will require much training and development next year.



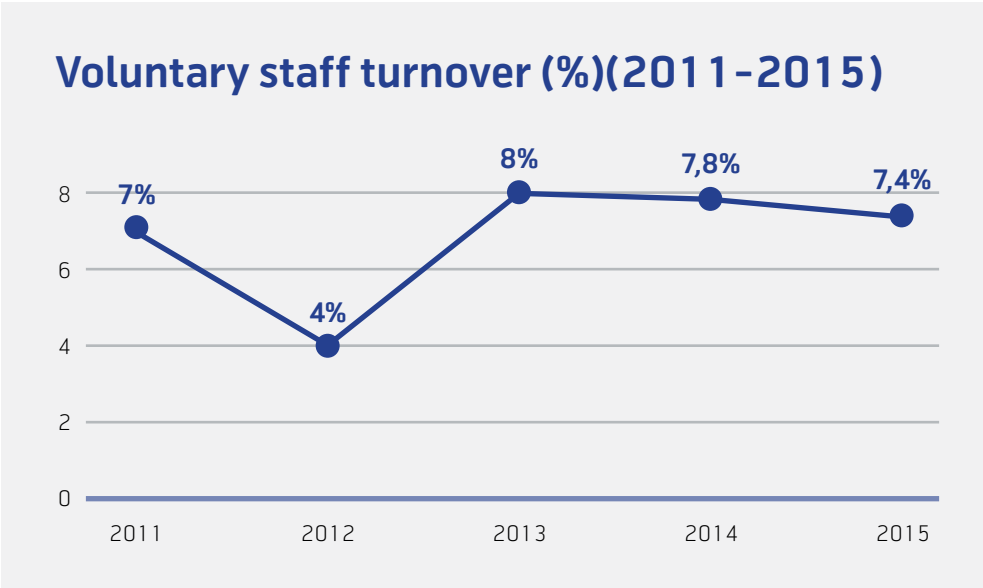
99% of Telenor Hungary’s employees are of Hungarian nationality. The ratio of foreign employees is higher in senior management (CEO, CxOs and directors). In 2015, 26% of Telenor employees in senior management positions were non-Hungarians. The seven-strong Leadership Team, Telenor’s top governing body, had four non-Hungarian members.



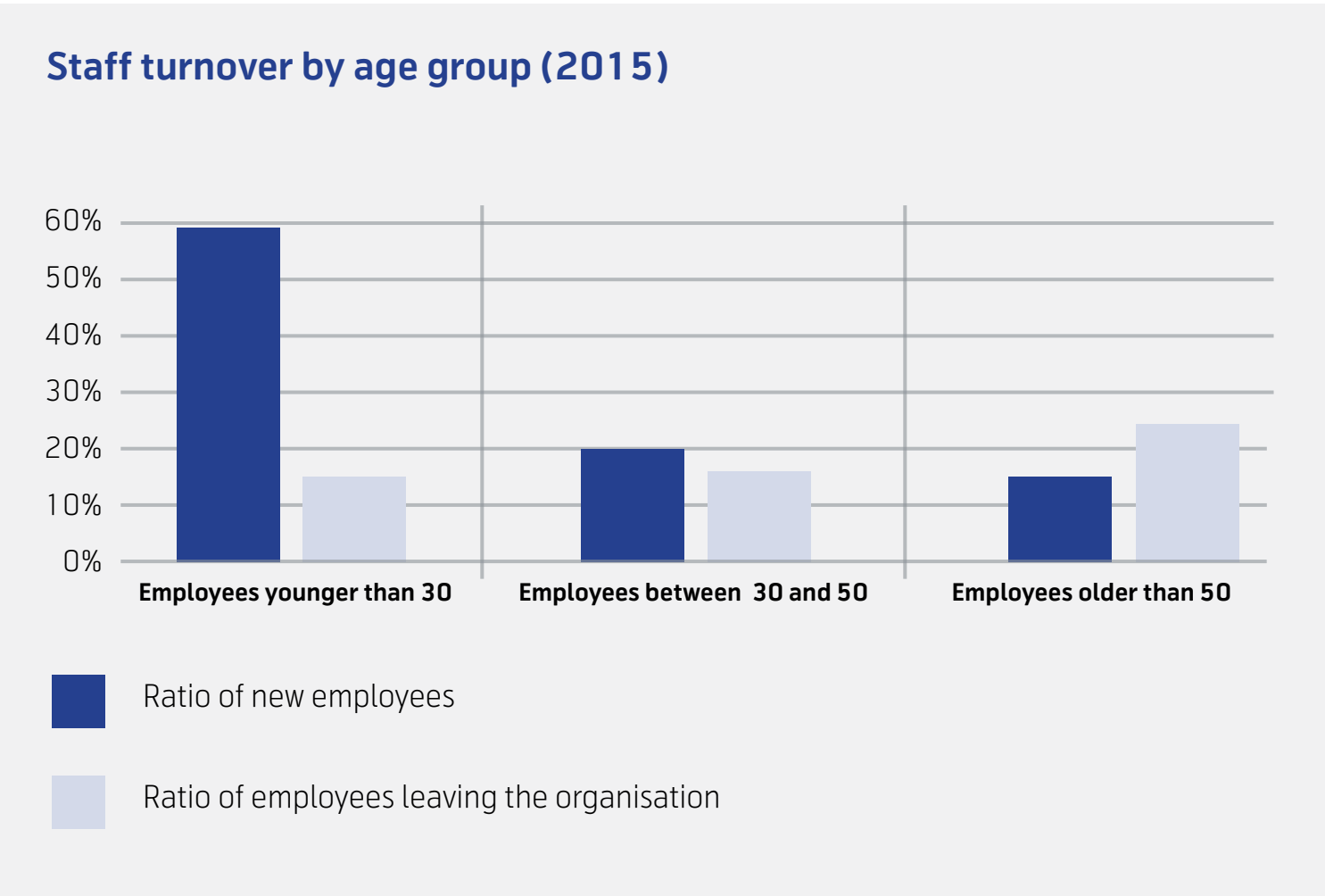
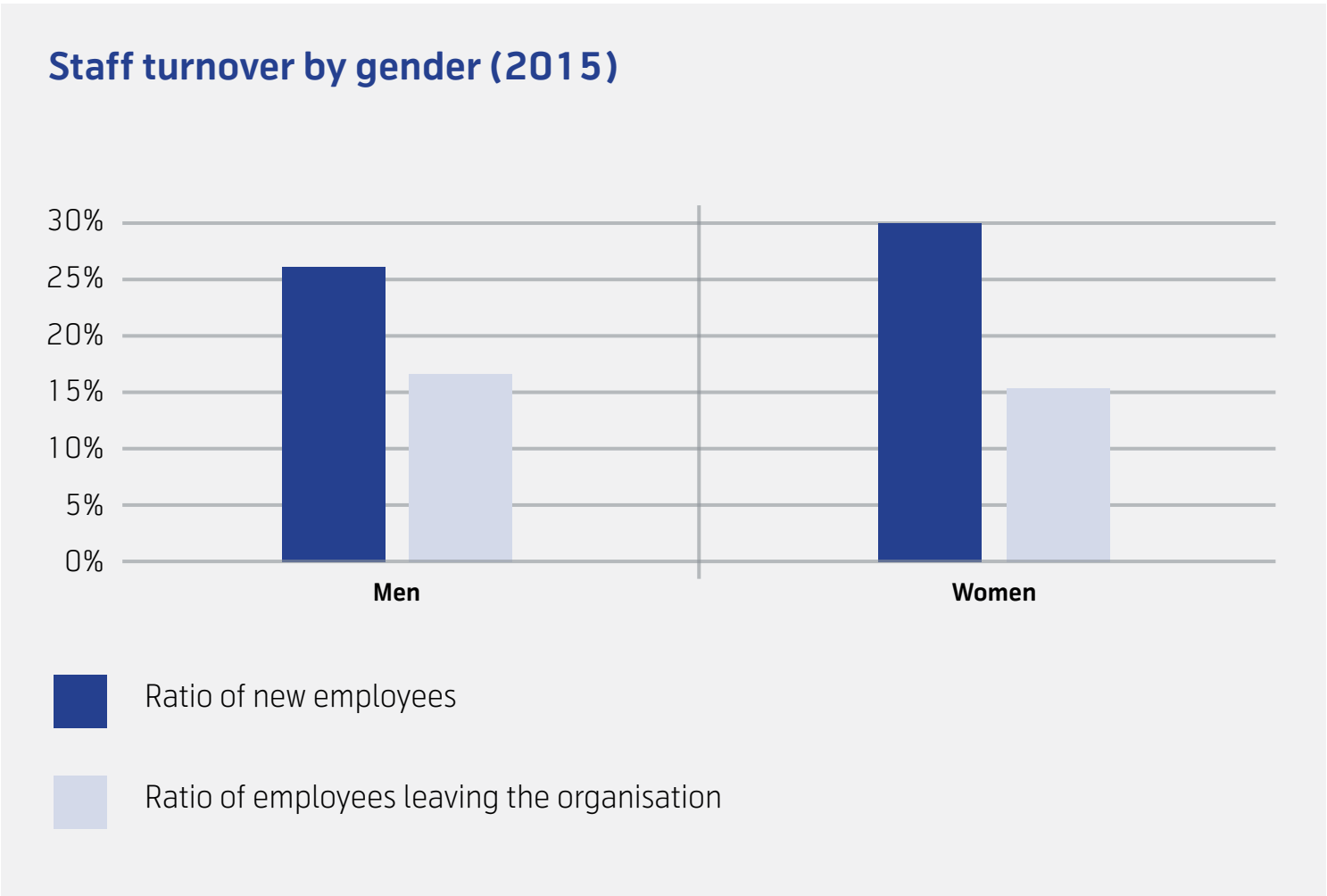
Staff turnover

Voluntary staff turnover has been around 8% for several years which is a healthy level for a company with commercial and customer service activities. In 2015, turnover was 7.4% which is also in line with this trend.

Overall staff turnover (including both voluntary and non-voluntary turnover) was 16%³³ which is also a healthy level. This good result is partly due to the fact that Telenor has stable results and a clear vision in the Hungarian telecommunications industry.



	YOUNGER THAN 30	BETWEEN 30 AND 50	OLDER THAN 50	MEN	WOMEN
No. of new employees	133	161	3	128	169
Ratio of new employees ³⁴	58%	20%	15%	26%	30%
No. of employees leaving the organization	35	129	5	82	87
Ratio of employees leaving the organization ³⁵	15%	16%	24%	17%	15%



³³ Overall turnover is calculated dividing the number of employees leaving the company during the year by the average headcount. With the headcount increasing significantly during the year, turnover was much lower compared to the year-end headcount. (Average headcount was 1,059 people, while year-end headcount was 1,138 people).

³⁴ Within the specific employee group.

³⁵ Within the specific employee group.

Benefits

	TELENOR CONTRIBUTION	EMPLOYEE SELF-RELIANCE	TOTAL
Mobile phone (HUF)	40 000	0	40 000
Employee tariff plan	96 000	0	96 000
Mobile internet (HUF)	97 000	0	97 000
SZÉP card (HUF)	165 000	0	165 000
Health insurance and health fund (HUF)	120 000	120 000	240 000
Sports card (HUF)	33 000	33 000	66 000
Voluntary pension fund (HUF)	120 000	120 000	240 000
Employee share programme (HUF)	60 000	240 000	300 000
Life and accident insurance (HUF)	39 600	0	39 600
Eyeglasses contribution (HUF)	18 000	0	18 000
Total	788 600	513 000	1 301 600

For more information about Telenor’s system and composition of benefits please read [our sustainability report for the years 2010 to 2012](#).

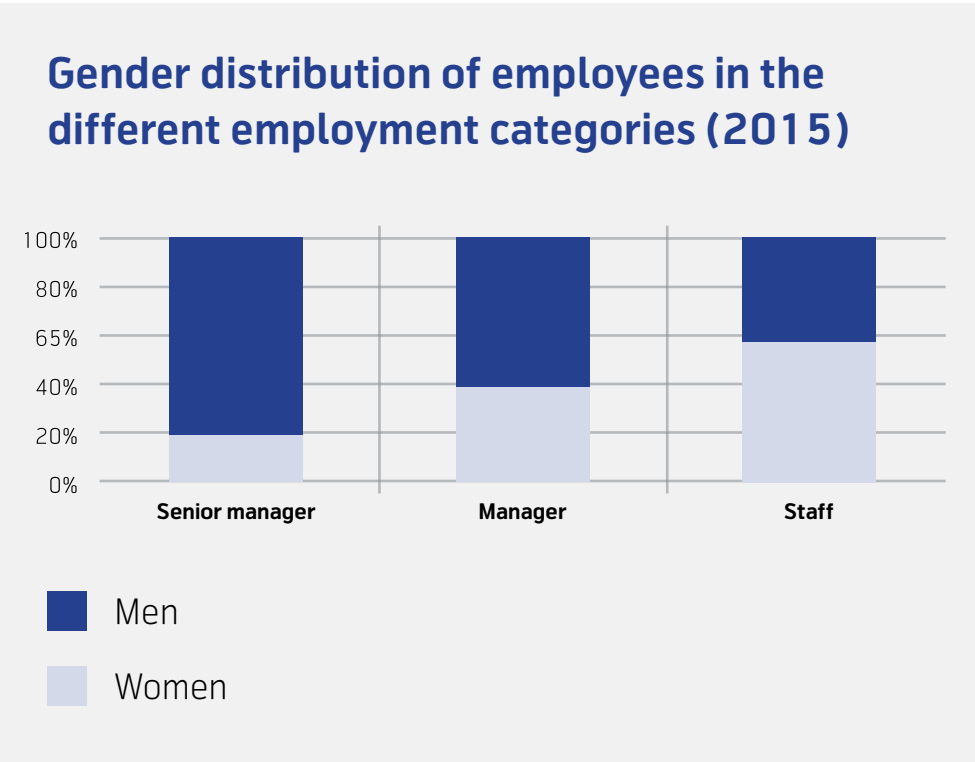


10.2 Equal opportunities

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

Ratio of women in senior management

In 2015, only one in 5 of our senior managers were women. The company wants to change this to reflect the presence and importance of women at Telenor also at the senior management level. We have set up a dedicated project to realize this goal by 2020.



Equal wages to men and women

Telenor is committed to providing equal opportunities to its employees also in terms of compensation. This is proved by the fact that the wage level of women is nearly the same as that of men (92% to 98%) at all employee levels and in all groups.

PERCENTAGE OF WOMEN’S BASE SALARY AND BENEFITS COMPARED TO THOSE OF MEN BY EMPLOYEE CATEGORY (%)	
Senior managers	92%
Middle managers	95%
Staff	98%

Incidents of discrimination

NO. OF CASES OF DISCRIMINATION AND MEASURES TAKEN	2014	2015
Total number of cases of discrimination	1	3
Number of cases investigated by the organisation	1	2
Number of cases with an action in progress	0	0
Number of cases with an action and follow-up completed	1	1
Number of cases with a closed status	1	3

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

In 2015, we had 3 cases of suspected discrimination but ethical and compliance inspections confirmed this suspicion only in 1 case. We think that the number of reported incidents of discrimination increased because employees had more confidence in Telenor’s ethical and compliance function and were more active in reporting potential discrimination affecting them or others.

Supporting talented Roma youth

Telenor joined the equal opportunities initiative of the Hungarian Business Leaders Forum (HBLF) and IBM Hungary supporting the higher education studies of talented Roma youth in 2008. For more information about the ROMASTER programme and students supported by Telenor please visit [our website](#) or [ROMASTER’s website](#).



Returning to work

Supporting the return to work of employees with young children is a priority in Telenor’s corporate policy. While employees are on parental leave, our company signs a fixed-term employment contract with their substitutes, which means that the employees can return to work from their parental leave (GYES³⁶ or GYED³⁷).

In addition, part-time employment and teleworking/ working from home options help parents with young children return to work earlier and better align their work with family priorities. These options are an integral part of our corporate culture and are highly popular with Telenor employees.

In 2015, Telenor was able to offer an appropriate position to 42% of young mothers returning to work from parental leave. As a result of challenging tasks and flexible work arrangements, all of them were still being employed by Telenor at the end of 2015, one year after their return date.

Employee diversity

In addition to setting up a dedicated working group (Gender Diversity) in 2015 to increase the ratio of women in Telenor’s senior management, we also hired a specialist NGO to help us efficiently integrate people with a reduced ability to work into the organization. In the reporting period, we started to work together with Salva Vita foundation to employ more people with a reduced ability to work and sensitize our employees to this issue.

RETURNING TO WORK FROM PARENTAL LEAVE	2014			2015		
	MEN	WOMEN	TOTAL	MEN	WOMEN	TOTAL
Number of employees using parental leave	0	118	118	0	90	90
Number of employees going on parental leave in current year	0	31	31	0	28	28
Number of employees returning from parental leave	0	26	26	0	21	21
Number of employees still employed by Telenor 12 months after their return from parental leave	0	11	11	-	-	-
Ratio of those returning to work (number of employees returning to work from parental leave/number of employees using parental leave) (%)	0%	22%	22%	-	23%	23%
Retention rate: number of employees still employed 12 months after their return from parental leave/number of employees returning to work from parental leave (%) ³⁸	0%	86%	86%	-	42%	42%

10.3 Healthy working environment and work safety

Occupational Health and Safety Management System

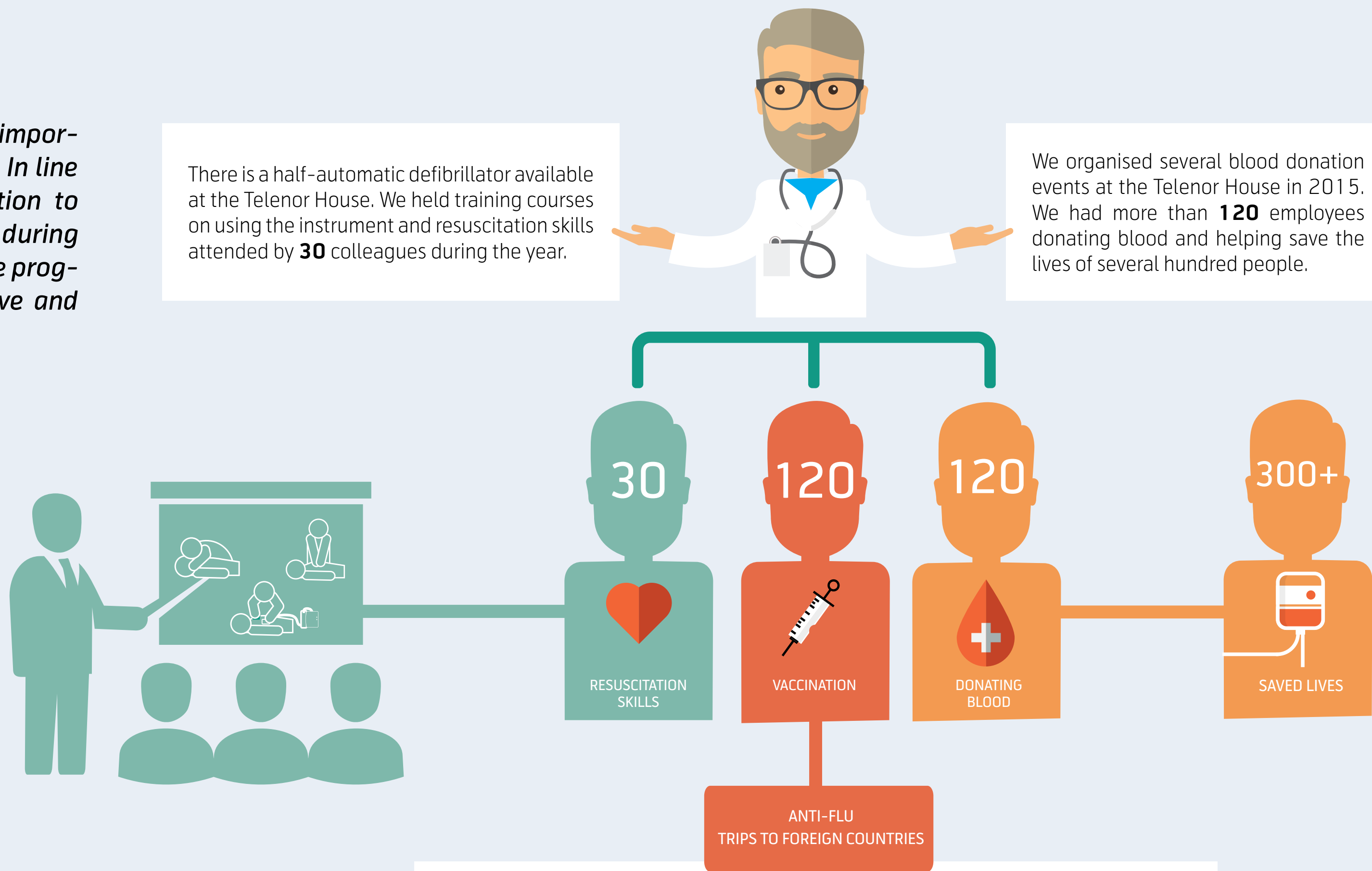
For more information about Telenor Hungary’s Occupational Health and Safety Management System, as well as related goals and activities please visit [our website](#) and read [our sustainability report on the years 2013 and 2014](#). This report includes only data for and programmes implemented in 2015.

2015 saw 2 work-related accidents. The injured employees went on a sick leave in both cases.

ABSENTEE RATES	ÖSSZESEN	FÉRFIAK	NŐK
No. of fatalities	0	0	0
Workplace injury rate ³⁹	0,00085%	0	0,0016%
Occupational diseases rate	0%	0%	0%
Lost day rates because of workplace injuries or occupational diseases	0,054%	0,0%	0,10%
Absentee rate	2,78%	1,23%	4,2%
Number of working days	236153	112802	123351
Illness-related absence (days)	6441	1385	5056
Injury-related absence (days) ⁴⁰	128	0	128

³⁶ Child Care Allowance (Gyermekgondozási segély)
³⁷ Child Care Fee (Gyermekgondozási díj)
³⁸ The retention rate of the current year was calculated by dividing the number of employees who returned to work in the previous year and were still working for the company 12 months later, that is, in the current year by the number of those who returned to work in the previous year.
³⁹ The number of work-related accidents during the year divided by the number of days worked (excluding travel accidents)
⁴⁰ We comply with legal regulations on documenting accidents and preparing accident statistics: Act XCIII of 1993 on Health and Safety, and MÜM Decree no. 5/1993 (XII. 26.) of the Ministry of Labour on the execution of specific provisions of Act XCIII of 1993 on Health and Safety. We have no internal policy available on this subject.

Health consciousness played an important role in our activities in 2015. In line with this, we paid special attention to awareness raising and prevention during the year. We organized several free programmes for employees to preserve and improve their health.



There is a half-automatic defibrillator available at the Telenor House. We held training courses on using the instrument and resuscitation skills attended by **30** colleagues during the year.

We organised several blood donation events at the Telenor House in 2015. We had more than **120** employees donating blood and helping save the lives of several hundred people.

Following the practice of previous years, colleagues also had an opportunity to request free anti-flu vaccination which was used by more than **120** people in 2015. If required (e.g. due to trips to foreign countries), other vaccines are also provided to staff.

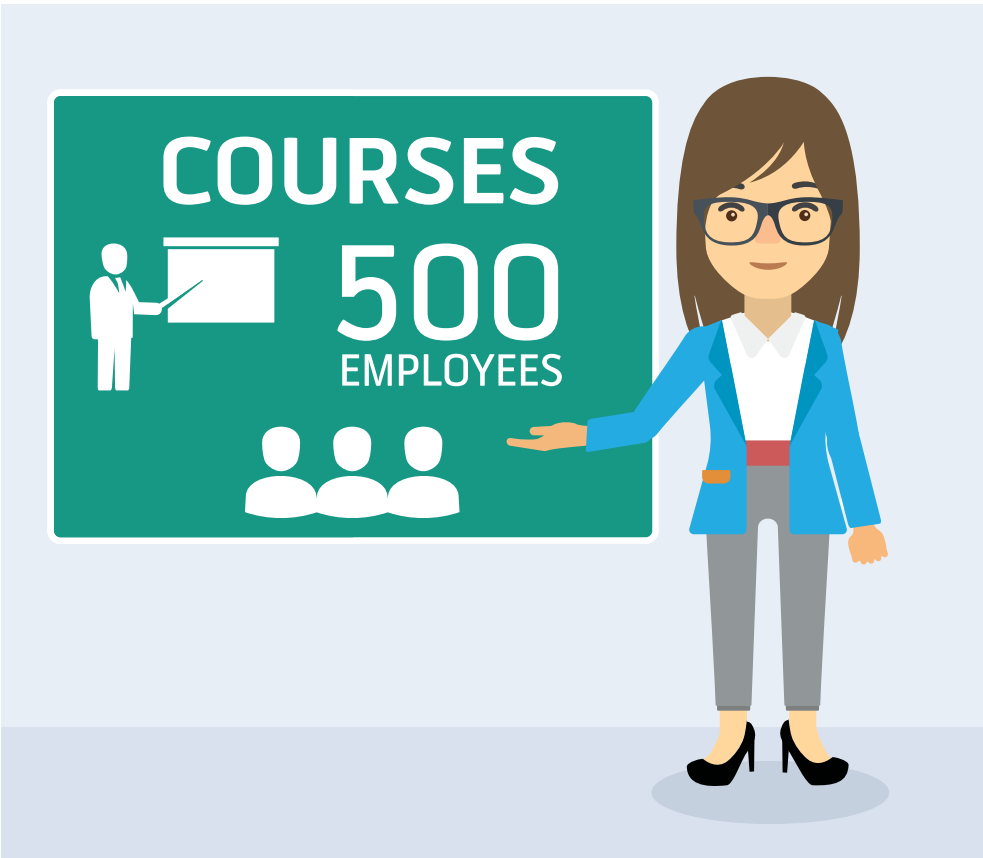
10.4 Growth opportunities at Telenor

As part of its Norwegian company culture, Telenor does its best to offer its employees opportunities for continuous skills development. At our company, all employees are responsible for their own career development supported by the company through the performance management process, as well as various training, development and talent management programmes. To read more about this subject, please visit our website or read our previous reports. This chapter covers our activities/training courses in 2015 only.

NAMES OF TRAINING AND DEVELOPMENT PROGRAMMES	DESCRIPTION AND GOALS	NUMBER OF PARTICIPANTS	DURATION (HOURS)
Social Fitness	Help participants efficiently manage work-related emotions	137	12
Waves of change	Provide new knowledge about change management	9	8
Energiamenedzsmnt	Improve stress management and energy management	22	4
Carrier coaching	Support career planning and career management	50	6
Presentation	Improve presentation skills	42	3
Storytelling	Improve storytelling and presentation skills	16	8
Impact	Improve management skills, introduce Telenor’s corporate culture	28	32
Stepping-up - First time leader	Support the successful career start of newly appointed managers	11	16
Top Talent Care	Develop, motivate and energize top talents	16	8
Accelerate Leader	Develop successors to senior management positions	1	32
Accelerate Expert	Develop our experts recognized also at a Group level	4	32
Telenor Academies	Develop competence fields of strategic importance	10	16

Training

Beside the above training courses, another popular form of education is the Telenor Intelligence Agency (TIA). Volunteers joining this initiative can share any work- or non-work-related knowledge they have (from graphology to paragliding) with others through presentations or practical workshops. The success of the programme is demonstrated by the fact that more than 500 employees registered for the various courses of the programme during the reporting period.



Performance evaluation

Performance evaluation is managed through the Telenor Development and Performance (TDP) process. Performance evaluation is a mandatory exercise for every internal employee of Telenor Group.

THE RATIO OF EMPLOYEES PARTICIPATING IN THE TDP PROCESS IN 2015 ⁴¹	
Women	93,3%
Men	89,1%
Staff	92,2%
Middle managers	95,0%
Senior managers	35,8%
All employees	91,3%

⁴¹ The number of colleagues participating in the TDP process was compared to average headcount. We considered only those colleagues whose TDP process has already been completed. Those whose TDP was still in progress were not considered.

1 0.5 Employee engagement

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

The Employee Engagement Survey (EES) aims to measure employee engagement and satisfaction. The results of this survey provide valuable feedback for management in setting future development directions. Since the detailed description of the EES process is found in our [previous sustainability reports](#) and on [our website](#), the following section focuses on EES results in 2015.

EES index results

The high participation ratio (96%) of the survey in 2015 guarantees reliable and credible results. Based on the analysis of answers, there was a significant reduction compared to previous years. In response, workshops have been organized to better understand results and identify development actions.

The areas of improvement specified include customer centricity, cooperation, change management and change-related communication.

	2011	2012	2013	2014	2015
EES-INDEX	81%	82%	76%	79%	67%
PARTICIPATION RATE	96%	95%	98,5%	99,1%	96%



11. *environment*



1 1.1 Environmental management

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

To implement our environmental strategy as effectively as possible, we also have an [environmental policy](#) matching our environmental strategy which expresses our commitment to the environment and environmental goals.

In order to improve our environmental performance in an ongoing manner, we have been running an [ISO4214001 Environmental Management System \(EMS\)](#) since 2010. As part of this system, we are setting new targets every year in line with the following five key objectives: compliance with environmental law, reducing energy consumption, running a sustainable supply

ENVIRONMENTAL EXPENSES	2013	2014	2015
Environmental management costs (HUF)	5 689 600	4 490 000	5 345 000
Total eco-tax paid (HUF)	44 000 000	35 539 392	22 001 553
Total (HUF)	49 689 600	40 029 392	27 346 553

⁴² International Organization for Standardization

chain, using environmentally friendly technologies, raising colleagues' environmental awareness.

Our goal related to the **Environmental Management System was to improve our colleagues' environmental awareness through several activities in 2015. To further this goal, we trained 16 employees to become internal environmental auditors who can promote compliance with the ISO standard and better enforce environmental principles in their daily work.**

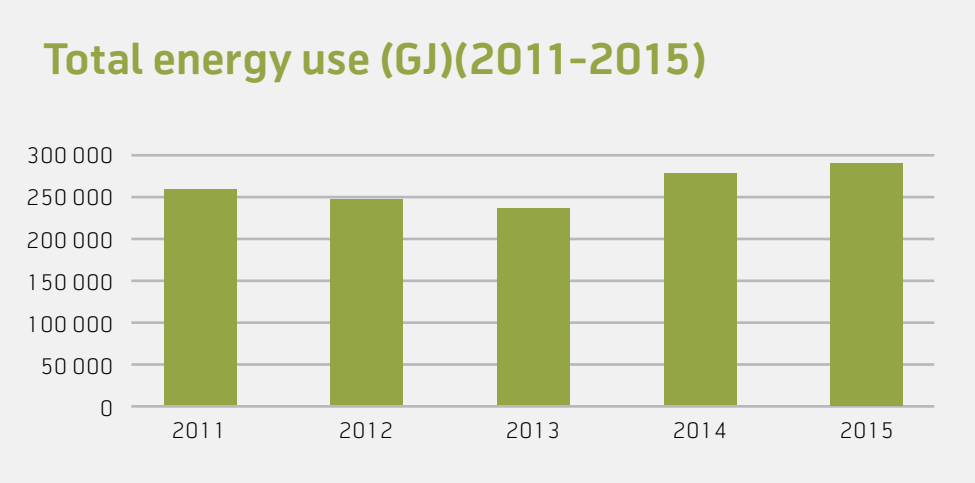
To read more about our environmental policy and Environmental Management System please visit [our website](#).

Environmental spending

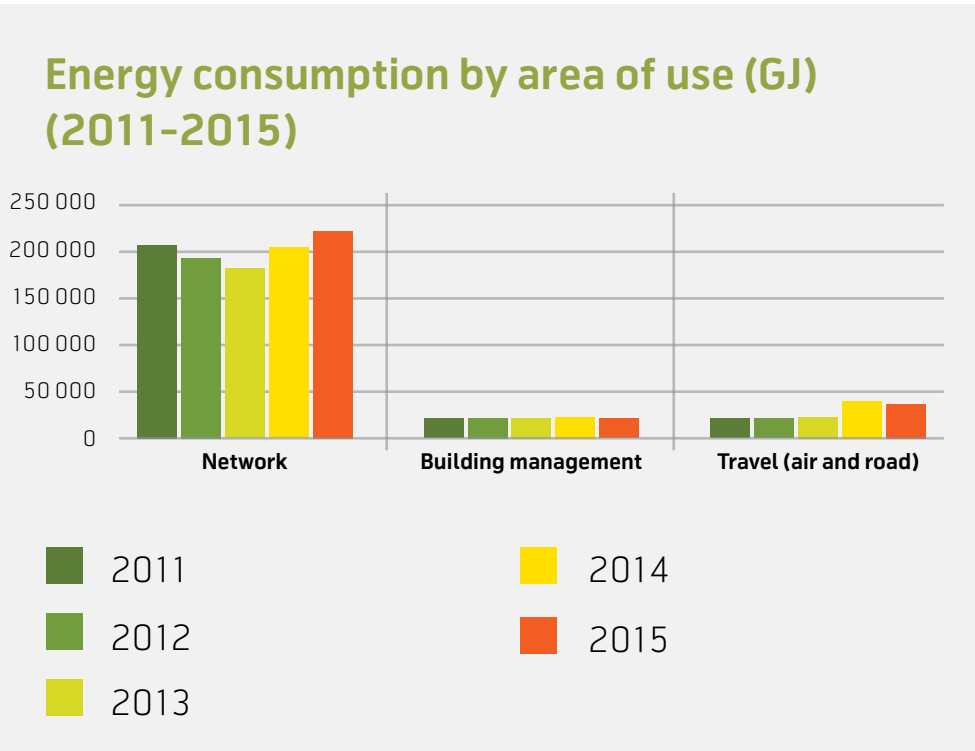
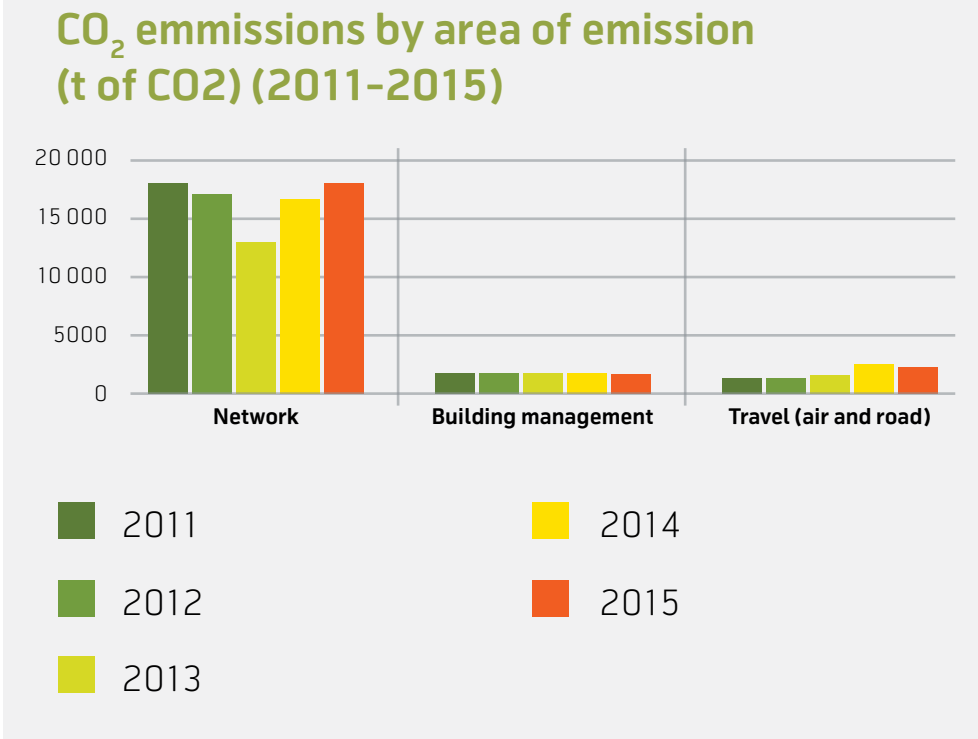
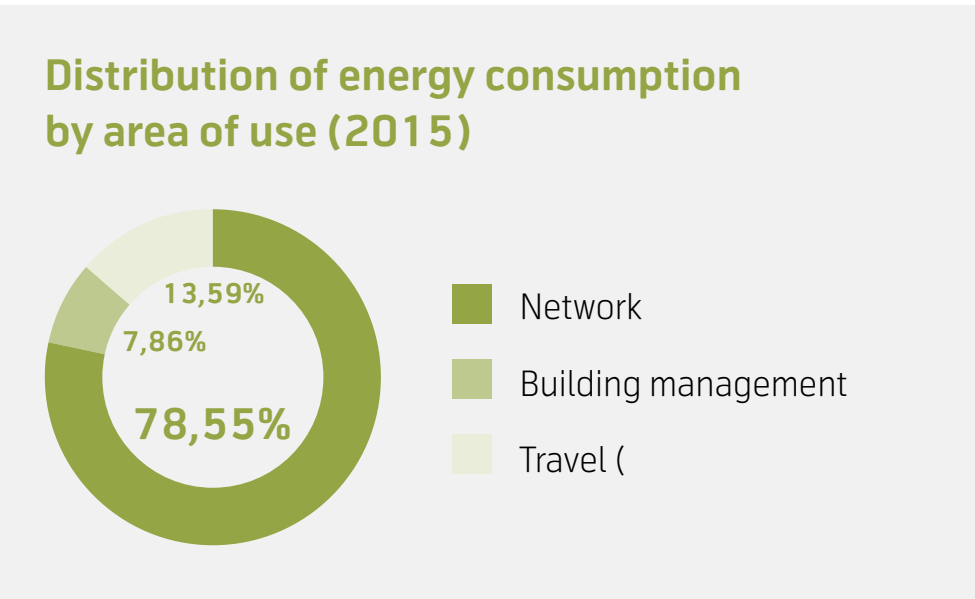
In 2015, our environmental activities incurred the following expenses.

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

1 1.2 Energy usage and CO₂ emissions

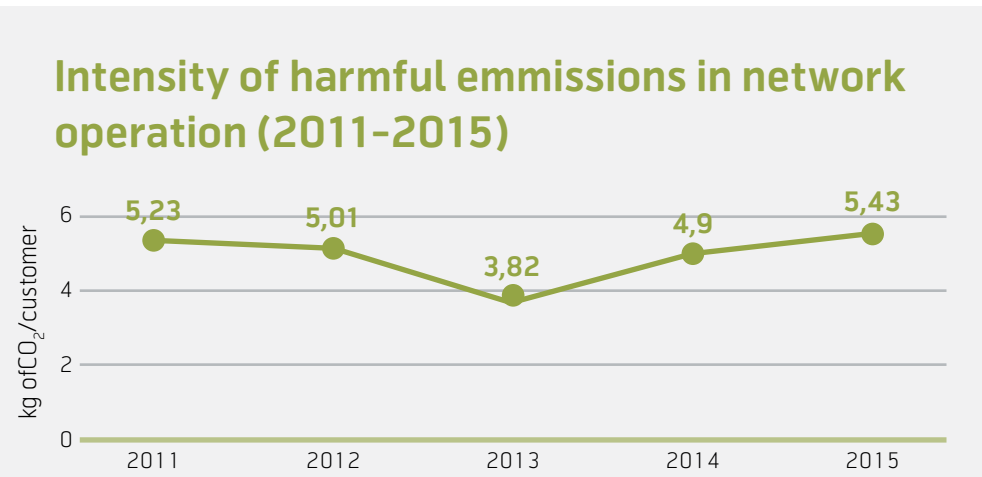
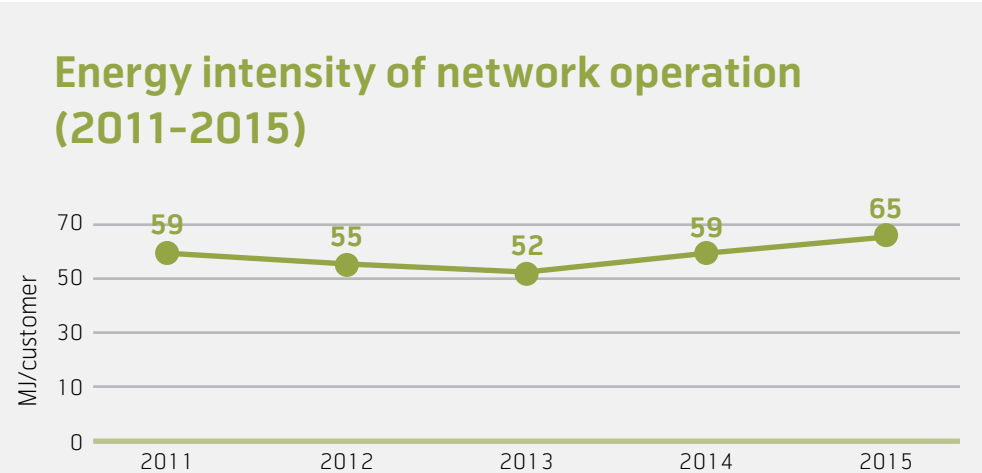


In 2015, 283,644 GJ of energy was used to operate our mobile network and office building as well as for road and air travel and transport. This is about 5% higher than in 2014 which was mostly due to the higher energy use of our network accounting for nearly 79% of our total energy consumption.



CO₂ emissions change in line with energy consumption. Network-related emissions increased by 8.64%, while travel and transport-related greenhouse gas emissions declined by 8.65% in 2015 over the year before.

Network



The energy intensity of network operation was⁴³ 65MJ/customer in 2015, which is 10.6% higher than in 2014. The main reason behind this increase was higher energy demand stemming from network development during the year. At the same time, network-related hazardous emissions also increased.

Building management

The headquarters of Telenor Hungary, the Telenor House in Törökbálint, is one of Hungary’s most state-of-the-art and most environmentally friendly office buildings. When designing the Telenor House, we wan-

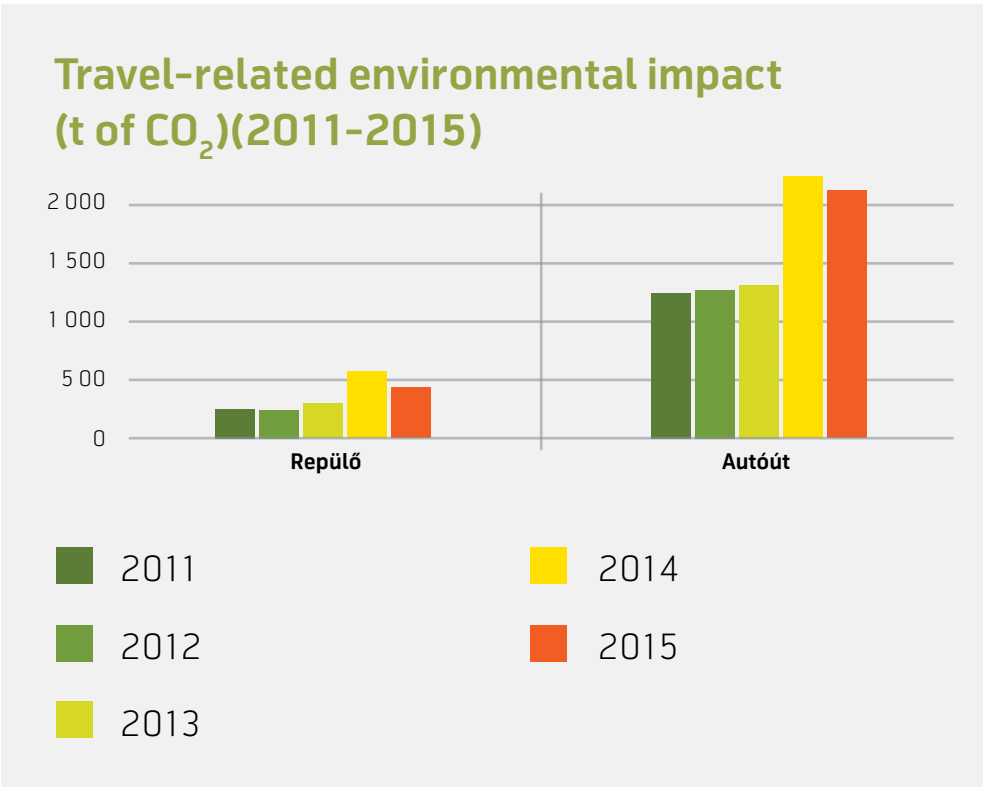
ted it to be as environmentally conscious and innovative as possible. For more information about energy equipment, geothermal heat pumps, solar cells and intelligent building controls used at the Telenor House please [visit our website](#).

The reporting period saw no material change in the building’s energy consumption. The slight change visible was due to changes in weather.

Heat pumps produced 7,335.72 GJ of heating/cooling energy, while the solar system produced 268 GJ of energy in the reporting period.

Travel

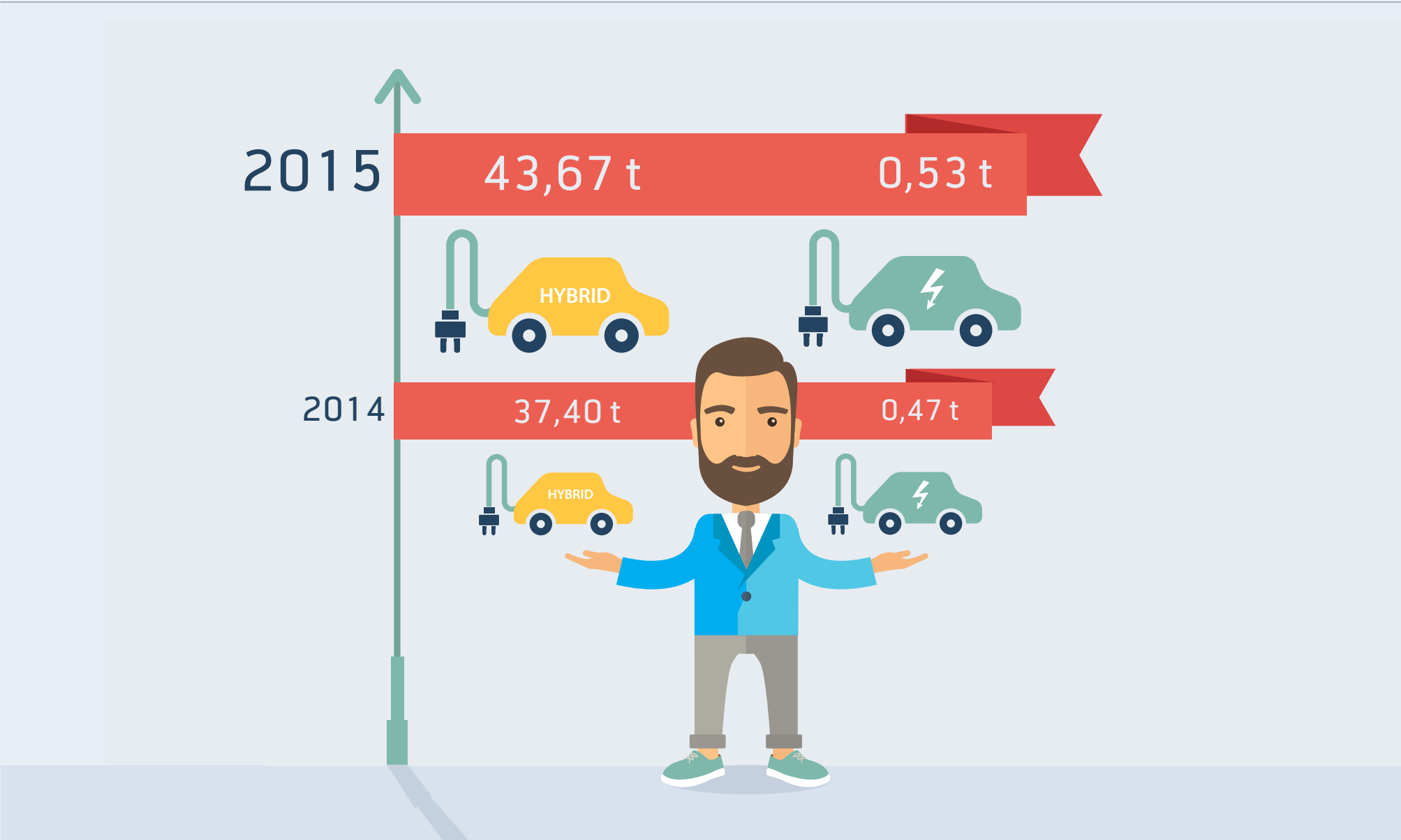
Travel-related **energy consumption was significantly down by 6% in 2015**. This was partly due to less travel by colleagues involved in joint projects with other



Telenor business units, and partly to a group of colleagues moving to an office building closer to Budapest which reduced the use⁴⁴ of private cars.

Reduced CO₂ emissions from electric and hybrid cars compared to that of traditional cars⁴⁵:

	2014	2015
Hybrid cars	37,40 t ⁴⁶	43,67 t
Electric cars	0,47 t	0,53 t
Total	37,87 t	44,20 t
Annual CO ₂ emissions of company cars	1 294,21 t	1 276,86 t
As a proportion of the annual CO ₂ emissions of company cars	2,93%	3,46%
Annual CO ₂ emissions of road transport	2163,73 t	2060,26 t
As a proportion of the annual CO ₂ emissions of road transport	1,75%	2,15%



⁴³The energy intensity of network operation is calculated by dividing the total energy consumption of network operation (electricity + green energy + Diesel-generated energy) by the number of customers as at the end of 2015. Calculating energy intensity, indirect energy consumption (outside the organization) was not considered.

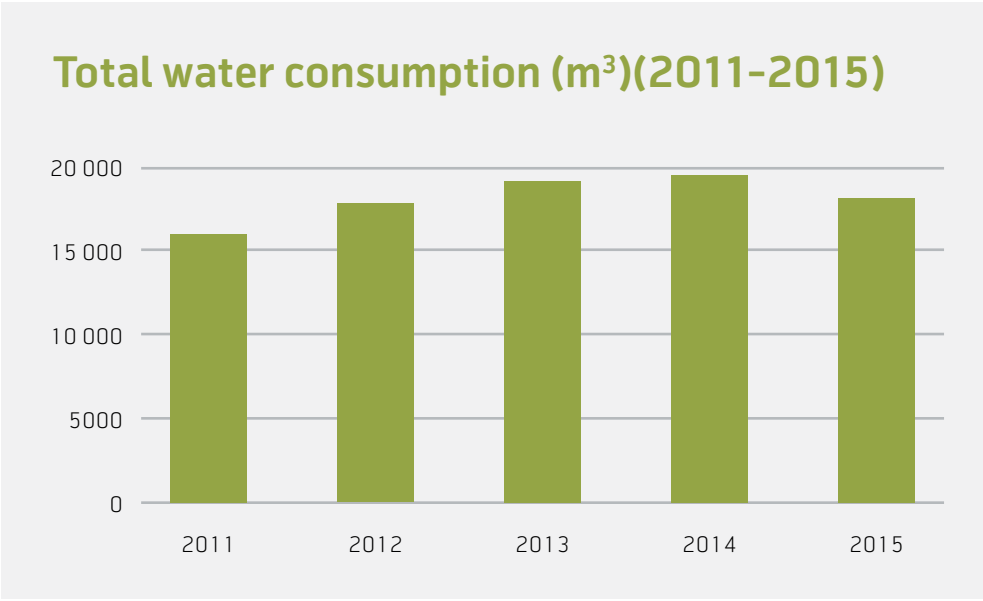
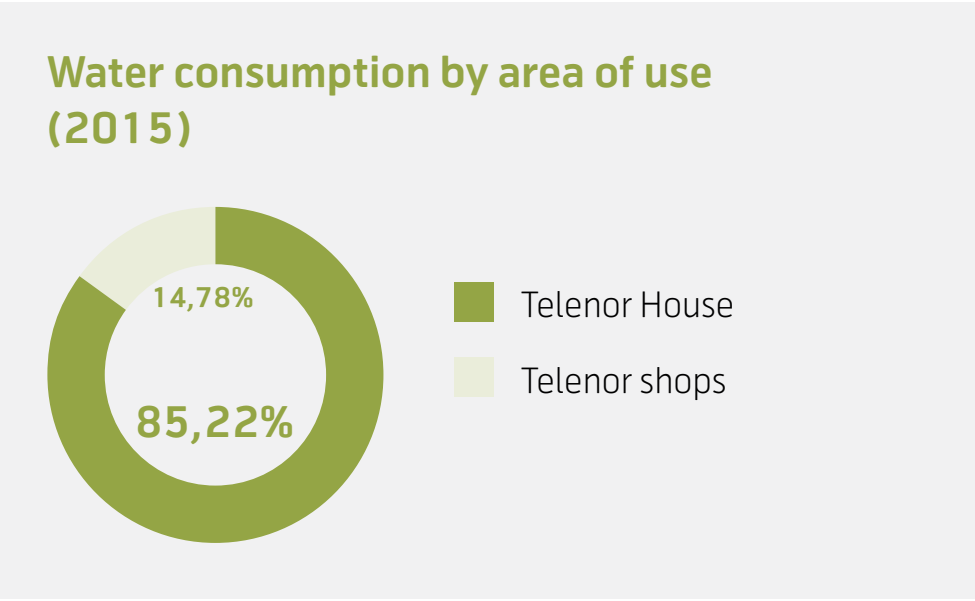
⁴⁴ Hazardous emissions from colleagues’ private cars is based on an expert estimate.

⁴⁵ Calculations are based on the assumption that a traditional car has CO2 emissions of 34g/km and 113g/km higher than a hybrid car and an electric car, respectively.

⁴⁶ Our report for 2014 includes 3.4t in this line due to an error.

1 1.3 Other activities with an impact on the environment

Water consumption



Waste management

The volume of electronic and telecommunications waste was up in 2015 because a large number of outdated and defective antennas were disposed of as a result of an inspection.

The number of lead batteries declined due to a large-scale battery swap programme launched in 2011 that got to full swing in 2012 (when nearly 200 tons of batteries were removed and disposed of). Since then, we have scrapped less and less batteries every year.

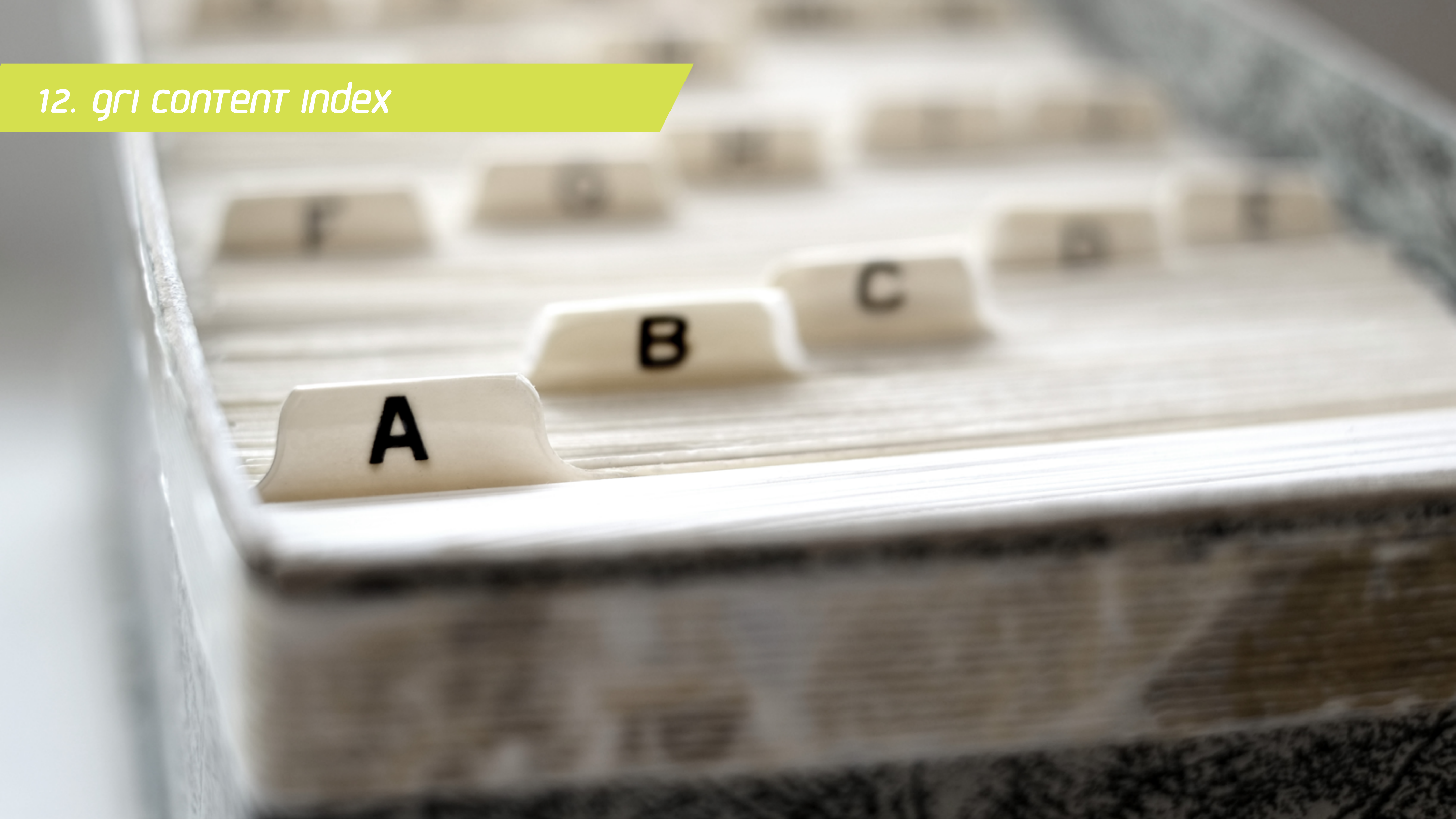
For more information on efforts to reduce our environmental impact (paper consumption, noise control, radiation, etc.) please visit [our website](#).

TOTAL WASTE QUANTITY	2011	2012	2013	2014	2015	CHANGE (2014=100%)
Paper waste (kg ⁴⁷) (packaging & confidential documents)	121 614	48 070	70 872	28 400	47 982	69%
Plastic packaging waste (kg)	97	1 320	0	4 466	3 850	-14%
Glass packaging waste (kg)	2 375	680	0	0	0	0%
Communal waste (kg)	68 610	68 530	58 608	156 111	162 453	4%
Waste water (m³) ⁴⁸	16 103	17 956	19 290	19 656	18 327	-7%
Electronic and telecommunications waste (kg)	0	19 514	16 683	14 560	23 620	62%
Lead batteries (kg)	70 797	196 036	126 290	118 684	89 516	-25%



⁴⁷ kilogram
⁴⁸ cubic meter

12. *gri content index*



General standard disclosures

		FEJEZET	OLDALSZÁM (LINK)
STRATEGY AND ANALYSIS			
G4-1	CEO statement	1. CEO statement	3
ORGANISATIOAL PROFILE			
G4-3	Name of the organisation	4.1 Telenor Hungary	10
G4-4	Brands, products, services	4.3 Services	11
G4-5	Location of organization’s headquarters	4.1 Telenor Hungary	10
G4-6	Countries where the organization operates	4.1 Telenor Hungary	10
G4-7	Nature of ownership and legal form	4.1 Telenor Hungary	10
G4-8	Markets served	4.4 Customers	11
G4-9	Scale of organization	4.1 Telenor Hungary	10
		4.5 Economic results	12
		10.1 Employment data	34
G4-10	Composition of employee base	10.1 Employment data	34
		10.2 Equal opportunities	37
G4-11	Percentage of employees covered by collective bargaining agreements	Our company has no collective bargaining agreement.	
G4-12	The organization’s supply chain	6.5 Sustainable supply chain	21
		Microsite	
G4-13	Significant changes during the reporting period	4.1 Telenor Hungary	10
G4-14	How the precautionary principle is used within the organization	10.3 Healthy working environment and work safety	38-39
		Microsite	
G4-15	Endorsed initiatives	4.6 Membership in organisations	13
G4-16	Membership in organisations	4.6 Membership in organisations	13
IDENTIFIED MATERIAL ASPECTS AND BOUNDARIES			
G4-17	Entities included in the organization’s consolidated financial statements or in other equivalent documentation	2.1 This report	5



		FEJEZET	OLDALSZÁM (LINK)
G4-18	Defining report content	2.2 Defining report content	5
G4-19	Material aspects	2.2 Defining report content	5
G4-20	The boundaries of material aspects within the organization	2.2 Defining report content	5
G4-21	The boundaries of material aspects outside the organization	2.2 Defining report content	5
G4-22	The effect of any restatements of information provided in previous reports and the reasons for such restatement	1.1.2 Energy usage and CO₂ emissions	43
G4-23	Major changes compared to the previous reporting period in terms of report content and boundaries	2.2 Defining report content	5
STAKEOLDER ENGAGEMENT			
G4-24	Stakeholder groups engaged by the organization	5.2 Our stakeholders	15
G4-25	Principles defining the relationship with stakeholder groups	5.2 Our stakeholders	15
G4-26	Stakeholder management system	5.2 Our stakeholders	15
G4-27	Dialogues with stakeholder groups	5.2 Our stakeholders	15
REPORT PROFILE			
G4-28	Reporting period	2.2 This report	5
G4-29	Date of publishing latest report	Microsite	
G4-30	Frequency of reporting	2.2. Defining report content	5
G4-31	Contact person	2.2. Defining report content	5
G4-32	Compliance level	2.2 This report	5
G4-33	The organization's policy and current practice with regard to seeking external assurance for the report	2.2 This report	5
GOVERNANCE			
G4-34	Governing bodies of the organization	4.2 Governing bodies	10
ETHICS AND INTEGRITY			
G4-56	Values, principles, standards and expected conduct of organization	1. CEO statement 5.1 Corporate strategy 6.1 Our ethical principles	3 15 18



SPECIFIC STANDARD DISCLOSURES

MANAGEMENT STYLE AND INDICATORS			PAGE NO (LINK)	IDENTIFIED OMISSION(S)	REASON(S) FOR OMISSION(S)	EXPLANATION FOR OMISSION(S)	THIRD PARTY VERIFICATION
CATEGORY: ECONOMIC							
ECONOMIC PERFORMANCE							
G4-DMA	General information about management approach	5.3 Corporate responsibility strategy	16				
G4-EC1	Direct economic value generated and distributed	4.5 Economic results	12				
G4-EC4	Financial assistance received from government	4.5 Economic results	13	The report does not include the value of tax benefits.	The information is currently unavailable.		
MARKET PRESENCE							
G4-DMA	General information about management approach	10.1 Employment data	34				
G4-EC6	Proportion of senior management hired	10.1 Employment data	34				
INDIRECT ECONOMIC IMPACT							
G4-DMA	General information about management approach	5.3 Corporate responsibility strategy	16				
G4-EC7	Development and impact of infrastructure investments and services supported	4.5 Economic results	13				
G4-EC8	Material indirect economic impacts including their magnitude	1. CEO statement 4.5 Economic results 5.3 Corporate responsibility strategy	3 13 16				
CATEGORY: ENVIRONMENT							
ENERGY							
G4-DMA	General information about management approach	11.1 Environmental management	43				
G4-EN5	Energy intensity	11.2 Energy usage and CO₂ emissions	44				
G4-EN6	Reduction of energy consumption	11.2 Energy usage and CO₂ emissions	44				
WATER							
G4-DMA	General information about management approach	11.1 Environmental management	43				
G4-EN8	Water consumption	11.3 Other activities with an impact on the environment	45				



MANAGEMENT STYLE AND INDICATORS			PAGE NO (LINK)	IDENTIFIED OMISSION(S)	REASON(S) FOR OMISSION(S)	EXPLANATION FOR OMISSION(S)	THIRD PARTY VERIFICATION
EMISSIONS							
G4-DMA	General information about management approach	11.1 Environmental management	43				
G4-EN18	Greenhouse gas (GHG) emissions intensity	11.2 Energy usage and CO₂ emissions	44				
EFFLUENTS AND WASTE							
G4-DMA	General information about management approach	11.1 Environmental management	43				
G4-EN23	Total weight of waste by type and disposal method	11.3 Other activities with an impact on the environment	45				
COMPLIANCE							
G4-DMA	General information about management approach	11.1 Environmental management	43				
G4-EN29	Monetary value of significant fines and total number of non-monetary sanctions for non-compliance with environmental laws and regulations	11.1 Environmental management	43				
TRANSPORT							
G4-DMA	General information about management approach	11.1 Environmental management	43				
G4-EN30	Significant environmental impact of transporting products and other goods and materials for the organization's operations, and transporting members of the workforce	11.2 Energy usage and CO₂ emissions	44				
OVERALL DATA							
G4-DMA	General information about management approach	11.1 Environmental management	43				
G4-EN31	Total environmental protection expenditures and investments by type	11.1 Environmental management	43				
SUPPLIER ENVIRONMENTAL ASSESSMENT							
G4-DMA	General information about management approach	6.5 Sustainable supply chain	21				
G4-EN33	Significant actual and potential negative environmental impacts in the supply chain and actions taken	6.5 Sustainable supply chain	21				
CATEGORY: SOCIAL							
SUB-CATEGORY: LABOR PRACTICES AND DECENT WORK							
EMPLOYMENT							
G4-DMA	General information about management approach	10.1 Employment data	34				
		10.2 Equal opportunities	37				
		Microsite					



MANAGEMENT STYLE AND INDICATORS			PAGE NO (LINK)	IDENTIFIED OMISSION(S)	REASON(S) FOR OMISSION(S)	EXPLANATION FOR OMISSION(S)	THIRD PARTY VERIFICATION
G4-LA12	Composition of governance bodies and breakdown of employees per employee category according to gender, age group, minority group membership, and other indicators of diversity	10.2 Equal opportunities	34	Disclosure doesn't include classification in a breakdown by minority groups.	The company has no records about the minority-affiliation of employees.		
EQUAL WAGES TO MALE AND FEMALE EMPLOYEES							
G4-DMA	General information about management approach	10.2 Equal opportunities	37				
G4-LA13	Comparison of the wages and non-wage benefits provided to male and female employees.	10.2 Equal opportunities	37				
SUPPLIER ASSESSMENT FOR LABOR PRACTICES							
G4-DMA	General information about management approach	6.5 Sustainable supply chain	21				
G4-LA15	Significant actual and potential negative impacts for labour practices in the supply chain and actions taken.	6.5 Sustainable supply chain	21				
SUB-CATEGORY: HUMAN RIGHTS							
DISCRIMINATION							
G4-DMA	General information about management approach	10.2 Equal opportunities	37				
		Microsite					
G4-HR3	No. of discrimination incidents and actions taken in response to such incidents.	10.2 Equal opportunities	37				
SUPPLIER HUMAN RIGHTS ASSESSMENT							
G4-DMA	General information about management approach	6.5 Sustainable supply chain	21				
G4-HR11	Significant actual and potential negative human rights impacts in the supply chain and actions taken.	6.5 Sustainable supply chain	21				
SUB-CATEGORY: SOCIAL							
LOCAL COMMUNE							
G4-DMA	General information about management approach	5.3 Corporate responsibility strategy	16				
		7.4. Safety of service	25				
		11.1 Environmental management	43				
G4-SO2	Areas of business that have or may have a material impact on the local community.	7.4 Safety of service	25				
		11.1 Environmental management	43				
		11.2 Energy usage and CO₂ emissions	43				



MANAGEMENT STYLE AND INDICATORS			PAGE NO (LINK)	IDENTIFIED OMISSION(S)	REASON(S) FOR OMISSION(S)	EXPLANATION FOR OMISSION(S)	THIRD PARTY VERIFICATION
ANTI-CORRUPTION EFFORTS							
G4-DMA	General information about management approach	6.3 Practices to combat corruption and promote ethical business conduct	19				
G4-S03	Total number and percentage of operations assessed for risks related to corruption and the significant risks identified.	6.3 Practices to combat corruption and promote ethical business conduct	19				
G4-S04	Communication and training on anti-corruption policies and procedures.	6.3 Practices to combat corruption and promote ethical business conduct	19				
G4-S05	Confirmed incidents of corruption and actions taken.	6.3 Practices to combat corruption and promote ethical business conduct	19				
PUBLIC POLICY							
G4-DMA	General information about management approach	4.5. Ecoomic results	13				
G4-S06	Total value of political contributions by country and recipient/beneficiary	4.5 Economic results	13				
ANTI-COMPETITIVE BEHAVIOUR							
G4-DMA	General information about management approach	6.2 Promote legal compliance 6.3 Practices to combat corruption and promote ethical business conduct	18 19				
G4-S07	Total number of legal actions for anti-competitive behaviour, anti-trust, and monopoly practices and their outcomes.	6.2 Promote legal compliance	18				
COMPLIANCE							
G4-DMA	General information about management approach	6.2 Promote legal compliance	18				
G4-S08	Monetary value of significant fines and total number of non-monetary sanctions for non-compliance with laws and regulations.	6.2 Promote legal compliance	18				
SUPPLIER ASSESSMENT FOR IMPACTS ON SOCIETY							
G4-DMA	General information about management approach	6.5 Sustainable supply chain	21				
G4-S010	Significant actual and potential negative impacts on society in the supply chain and actions taken.	6.5 Sustainable supply chain	21				
SUB-CATEGORY: PRODUCT LIABILITY							
CUSTOMER HEALTH AND SAFETY							
G4-DMA	General information about management approach	7.4 Safety of service	25				
G4-PR2	Total number of incidents of non-compliance with regulations and voluntary codes concerning the health and safety impacts of products and services during their life cycle, by type of outcomes.	7.4 Safety of service	25				



MANAGEMENT STYLE AND INDICATORS			PAGE NO (LINK)	IDENTIFIED OMISSION(S)	REASON(S) FOR OMISSION(S)	EXPLANATION FOR OMISSION(S)	THIRD PARTY VERIFICATION
PRODUCT AND SERVICE LABELING							
G4-DMA	General information about management approach	7.1 Responsible marketing	23	The exact number of cases where Telenor was condemned is currently unavailable.			
G4-PR4	Total number of incidents of non-compliance with regulations and voluntary codes concerning product and service information and labeling, by type of outcomes	7.1 Responsible marketing	23				
G4-PR5	Results of customer satisfaction surveys	7.2 Customer satisfaction	23				
MARKETING COMMUNICATION							
G4-DMA	General information about management approach	7.1 Responsible marketing	23				
G4-PR7	Total number of incidents of non-compliance with regulations and voluntary codes concerning marketing communications, including advertising, promotion, and sponsorship, by type of outcomes	7.1 Responsible marketing	23				
CUSTOMER PRIVACY							
G4-DMA	General information about management approach	7.3 Privacy	25				
G4-PR8	Total number of substantiated complaints regarding breaches of customer privacy and losses of customer data.	7.3 Privacy	25				
COMPLIANCE							
G4-DMA	General information about management approach	7.4 Safety of service	25				
G4-PR9	Monetary value of significant fines and number of non-monetary sanctions for non-compliance with laws and regulations concerning the provision and use of products and services.	7.4 Safety of service	25				
THE RLE OF INFOCOMMUNICATION OF YOUNG GENERATIONS							
DMA	General information about management approach	8.2 ICT in education 9. Community engagement	27 32				
indikátor	Number of students attending a session on safe internet use.	9. Community engagement	32				



ACRONYMS

AmCham	American Chamber of Commerce	HTE	Science Association for Communications and IT (Hírközlési és Informatikai Tudományos Egyesület)	NMHH	National Media and Infocommunications Authority (Nemzeti Média- és Hírközlési Hatóság)
BCSDH	Business Council for Sustainable Development in Hungary	HUF	forint	ORFK	National Police Headquarters (Országos Rendőr-főkapitányság)
CO₂	carbon-dioxide	IFRS	International Financial Reporting Standards)	SCS	Supply Chain Sustainability
DUE	Student Journalists' Association (Diák- és Ifjúsági Újságírók Országos Egyesülete)	ISO	International Organization for Standardization	SZÉP	Széchenyi Recreation Card (Széchenyi Pihenő kártya)
EES	Employee Engagement Survey	IVR	Interactive Voice Response	t	ton
EMS	Environmental Management System	IVSZ	ICT Association of Hungary (Informatikai, Távközlési és Elektronikai Vállalkozások Szövetsége)	TDP	Telenor Development and Performance
GJ	gigajoule	kg	kilogram	TI	Transparency International
GRI	Global Reporting Initiative	KÖVET	KÖVET Association for Sustainable Economies	TnCO	Telenor Common Operation Zrt.
GYED	Child Care Benefit (Gyermekgondozási díj)	m	million	UNICEF	United Nations International Children's Emergency Fund
GYES	Child Care Fee (Gyermekgondozási segély)	m³	cubic meter	WHO	World Health Organization
HBLF	Hungarian Business Leaders Forum	MAF	Hungarian Donors Forum (Magyar Adományozói Fórum)		
HÉT	Communications Reconciliation Council (Hírközlési Érdekegyeztető Tanács)	MJ	megajoule		
HSSE	Health, Safety, Security, Environment	NIOK	Nonprofit Information and Education Centre (Nonprofit Információs és Oktató Központ Alapítvány Fejlődésért)		



Independent Letter of Verification

Upon the request of Telenor Hungary (hereinafter referred to as Telenor), I have evaluated Telenor's sustainability report for the year 2015 (hereinafter referred to as Report) in compliance with the requirements of GRI Guidelines and the document "GRI, The external assurance of sustainability reporting". This Letter of Verification has been issued for the public version of the sustainability report. The evaluation and recommendations for the reporting process have been summarized for Telenor in the document "Recommendations for improving sustainability reporting".

Subject, criteria and methods of evaluation

The Report covers Telenor's own activities. It does not include the performance of points of sale operated by its partners and that of Telenor Common Operation Zrt. (TnCO) established in Q4 2013. The reported environmental data, however, include the energy consumption and emissions of TnCO's office building leased out by Telenor in line with the practice used in Telenor's annual non-financial reporting for the Telenor Group. In its self-classification, Telenor specified "Core" compliance level with GRI G4 Guidelines.

Telenor's Report for the year 2015 has been evaluated based on the following criteria:

- Compliance with GRI Guidelines in terms of quality and content;
- Material aspects and stakeholder involvement;
- Use of GRI G4 Indicators;
- Fulfilment of the requirements of the stipulated "Core" compliance level.

The evaluation was conducted based on the instructions of the provided documents, "GRI Guidelines" and "GRI, The external assurance of sustainability reporting".

Verification results, recommendations for improvement

Major findings of the evaluation:

The Report provides balanced and factual information about the company's sustainability activities. A key strength of the Report for 2015 is that the findings of the previous year's audit were considered upon its development, with special respect to focus on material aspects.

Nevertheless, the company should more closely align the goal of sustainability reporting to its strategy.

The process of involving stakeholders in the material aspects survey should also be improved.

Findings

In general, the Report provides a comprehensive and balanced overview of Telenor's sustainability activities in the year 2015. When evaluating the report, we found no reason to assume non-compliance with GRI Guidelines or non-fulfilment of the requirements of the stipulated GRI G4 "Core" compliance level.

Verifier's independence

Neither the expert, nor the company represented by her has any business interest with Telenor that would affect the independence of the sustainability report's verification process or its results.

Budapest, 28 July 2016



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