

The Social Report 2001

explains how we at Telenor look after our social responsibility.

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This is Telenor

Telenor is one of the largest industrial groups in Norway, and has widespread operations in Norway, Europe and parts of Asia. In 2001, the group was reorganised into four business areas, and Telenor has positioned itself for a phase of consolidation in Norway, and for cautious international expansion.

> THE COMPANY

Telenor ASA is a publicly listed international telecommunications and communications company with its head office in Oslo. Before being established as a public corporation in 1994, the former Televerket (as it was called) was a government run enterprise dating back to 1855. At the end of 2001, the Telenor Group had a total of 22,050 employees. Sales amounted to NOK 46 billion.

Telenor is Norway's largest provider of fixed and mobile (analog and digital) communication networks and is in the forefront as regards the development, sale and distribution of communication, entertainment and information services in the Norwegian private and business markets. Telenor has a substantial international portfolio of mobile operations in Europe and Southeast Asia. The group had a presence in more than 30 countries at the end of 2001.

Telenor was listed on the Oslo Stock Exchange (TEL) and Nasdaq in New York (TELN) on December 4, 2000. At the end of 2001, Telenor had 56,405 shareholders, with the Norwegian State being the majority shareholder with 77.7% of the shares. Foreign investors owned approximately 10.7% of the total shares. On 31 December 2001, the company's stock market value was 31. NOK 69.6 billion, making it the third largest company on the Oslo Stock Exchange.

> ORGANISATION

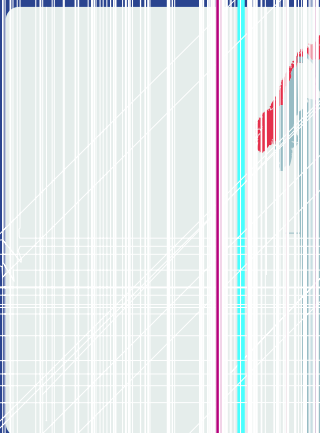
Telenor's core activity is organized into four business areas, with associated companies both in Norway and abroad. In addition to this, a considerable number of other business units are in operation via related and associated companies both inside and outside Norway. The four business areas which comprise Telenor's core activities are: Telenor Mobile, Telenor Networks, Telenor Plus and Telenor Business Solutions.

> THE CORE VALUES

In 2001, Telenor defined three core values for the group. Telenor shall be seen to be: dynamic, innovative and responsible. These values shall form the basis for the group's business operations, and shall characterize and guide Telenor's activity – both in the outside world and internally in the company. Being dynamic entails having insight and being actively involved, coupled with the ability to accomplish and to understand the consequences of one's own actions. Being innovative entails continuously being on the lookout for new opportunities for development and growth. Being responsible means actively participating with regard to the community surrounding the company, and all employees taking responsibility for their own actions and always putting the customers' needs first.

KEY FIGURES (AS OF 31/12/2001):	
Turnover in NOK billion:	46,0
Number of employees:	22.050
Number of shareholders:	56.405
NUMBER OF SUBSCRIBERS (AS OF 31/12/2001):	
Mobiltelefoni, antall abonnement i Norge (i tusener)	
Contracted mobile subscribers:	1.210
Prepaid subscriptions:	1.027
Land-line network telephony, number of subscriber lines in Norway (thousands)	
Analogue (PSTN)	1.527
Digital (ISDN)	1.735
Pay-TV, number of subscribers in Norway (thousands)	
Total	2.323
Internet, number of subscribers (thousands)	
Subscribers or registered users in Norway	831
Nextra business subscribers in Norway	16
Nextra business subscribers outside Norway	106

Operations



Telenor Mobile

Albania, Austria, Bangladesh, Canada, Denmark, Greece, Hungary, Malaysia, Montenegro, Norway, Poland, Russia, Thailand, the Ukraine

Telenor Networks

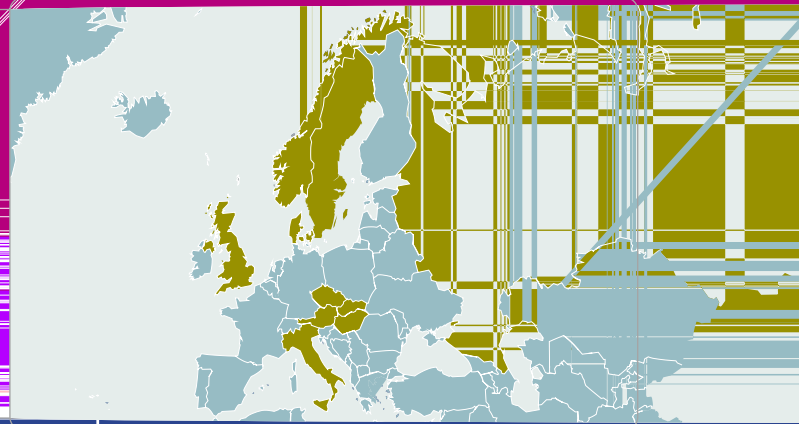
Norway, Slovakia, the Czech Republic

Telenor Plus

Denmark, Finland, Great Britain, Norway, Sweden

Telenor Business Solutions

Austria, Denmark, Great Britain, Hungary, Italy, Norway, Russia, Slovakia, Sweden, the Czech Republic





Dynamic, innovative and responsible

As a listed company, Telenor's aim is to create values for its owners. Value creation is in itself of benefit to society. We are not, however, indifferent as to how these values are created.

Telenor carries a special responsibility to supply services and products that satisfy our customers' demands and expectations, and for conducting business in a responsible manner as a player in a competitive market. It is essential at all times that our employees find satisfaction and meaning in their efforts to further develop Telenor. In the competition to attract customers, investors and employees, we fervently believe in the importance of maintaining a good reputation. In the past year, Telenor has therefore strengthened its focus on social responsibility and ethics.

Telenor's efforts to maintain our social responsibility concern three different aspects of our activities:

First, they involve assuming direct responsibility for our own activities through active work in the field of HSE, with regard to external environment and our employees' rights. As a business with extensive international commitments, this is of particular concern to us.

Secondly, it involves the responsibility we have in connection with the products and services we supply. Modern communications services have fantastic potential, but at the same time generate content and services that many people find offensive or problematic. Telenor therefore aims to exercise responsibility in the development of new services and to provide the customer with a simple way of selecting or rejecting content and services as desired.

Finally, I would like to mention our partnerships with various groups of expertise in the public and voluntary sector alike, both nationally and world-wide. Each of these represents an important area of expertise within its specialised field, be it human rights, the environment, the fight against corruption or children's experience with the digital world. Telenor wishes to make use of this expertise, and we will therefore strengthen our ties with a number of these organisations by way of specific collaborative projects.

At Telenor we aim to develop and further our work on social responsibility in the years to come. We believe that this work will strengthen our organisation and make us better equipped to meet demanding commercial challenges while at the same time contributing to the positive development of society. We publish this annual report to offer documentation of Telenor's efforts in this field.

Oslo, April 2002

Tormod Hermansen
Chief Executive Officer

Introduction

Telenor's role in society changed, as did its social commitment, after the company became a public corporation in 1994, with the subsequent part privatization and listing on the stock exchange in 2000.

From being a part of the public administration and a telepolitical instrument in the hands of the authorities, Telenor has developed into a modern telephony and communications group in a deregulated telecom market with strong national and international competition from many players. Telenor's historical legacy as a social institution has thus changed character. Telenor aims to pursue and develop the company's social commitment, adapted to modern times and in line with the overall objective of generating the greatest possible value for our owners.

As one of Norway's largest companies with a broad presence in all parts of the country and extensive international operations, Telenor's activity and supply of services has an impact on many areas of society. Telenor plays a central industrial role in the development of the Norwegian ICT industry, promoting Norway as a leading nation in the field of telephony and communications. Telenor recognizes the responsibility this position involves, both as a Norwegian and as an international operator.

› TELENOR'S SOCIAL COMMITMENT

The purpose of this report is to present a full overview of the work Telenor is laying down in looking after its social responsibility. Telenor has strong traditions with regard to reporting on the external environment and the working environment. This year, the principal issues from these spheres are presented in this report on social responsibility, with supplementary information available

on our Internet site: www.telenor.com/socialreport/2001/.

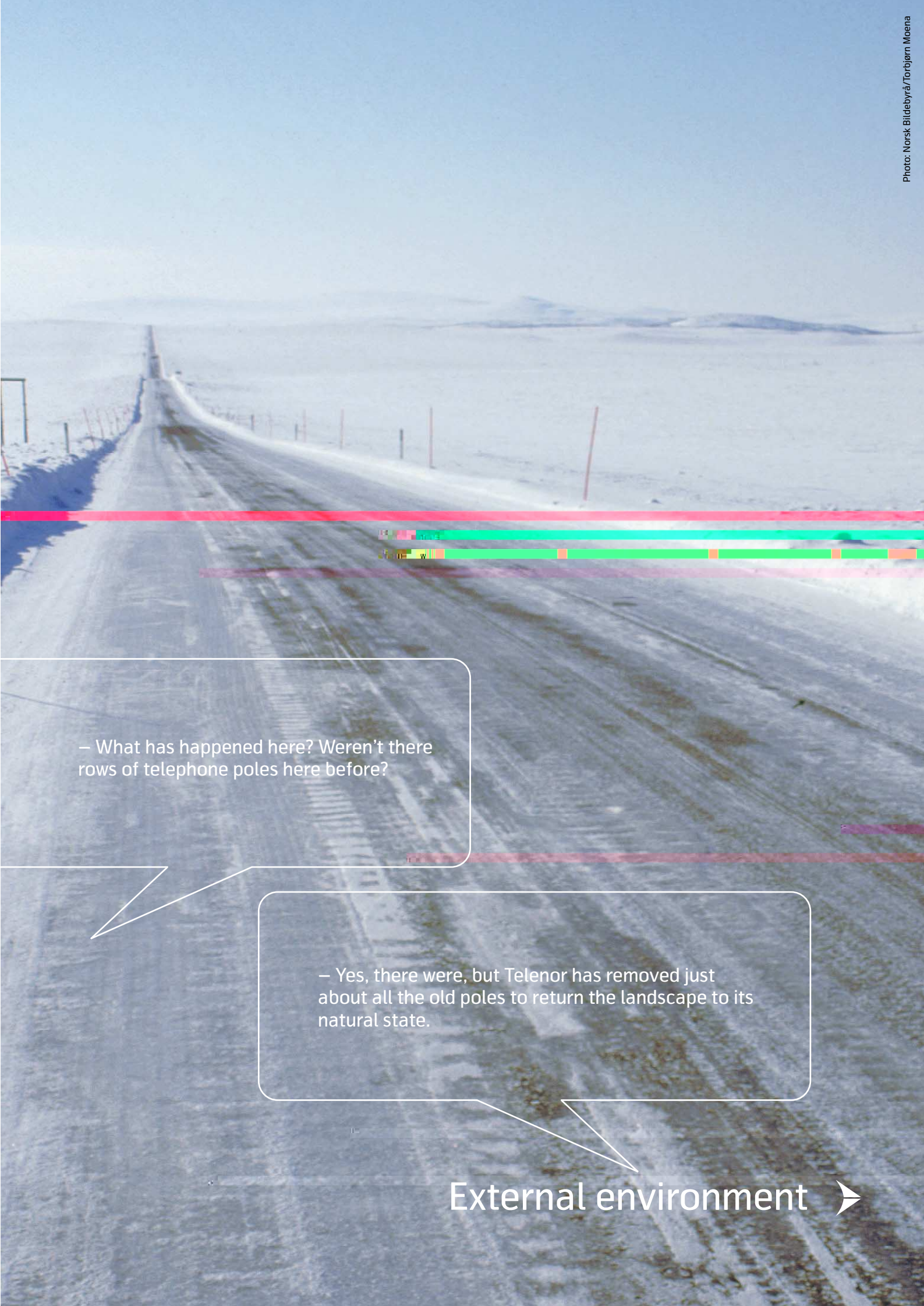
The report covers the following areas:

- External environment
- The working environment and HSE
- Social responsibility
- Partnerships
- Reporting, follow-up and organisation

Social commitment is identified as a key factor in the value creation at Telenor, and is included in Telenor's integrated management model.

The overall objectives with regard to Telenor's social responsibility in the three-year period 2002–2004 are:

- Telenor's customers shall be confident that the group runs its operations in an ethically responsible manner
- Investors expecting high standards of social commitment shall prefer Telenor
- Telenor's employees shall be proud of the way in which the group handles its social responsibility



– What has happened here? Weren't there rows of telephone poles here before?

– Yes, there were, but Telenor has removed just about all the old poles to return the landscape to its natural state.

External environment ➤

External environment

Telenor has a long tradition of taking its own impact on the environment seriously. The group works systematically to minimise strains on the environment and to introduce products and services that have a positive environmental effect.

Telenor's greatest challenge with regard to our impact on the environment and influence on our surroundings, lies in the sheer size of the group. The execution of Telenor's extensive and diversified business activities demands a considerable use of resources, with associated costs for the group and unfavourable effects on nature and the environment.

At the same time, the group's size is in itself an important motivating factor in our environmental activities. Even small adjustments to the group's environmental course give noticeably positive results, such as reduced strain on the environment, savings and wider distribution of products and services to the market.

It should also be borne in mind that Telenor's own services and products may in many cases represent an environmentally friendly alternative to other forms of communication.

Telenor's environmental work is therefore concentrated around two central tasks:

- To develop and supply products and services with positive environmental consequences
- To reduce the environmental strain associated with the company's activities.

› YEAR 2001

In 2001, Telenor's environmental work was focused especially on the following areas:

- Products and services with positive environmental consequences
- Intervention in nature – poles and installations
- Radiation from mobile telephones and transmitters
- Energy consumption in Telenor buildings
- Transport

› **Products and services with positive environmental consequences** › Telenor's products and services represent future-oriented and environmentally friendly technology which in many cases replaces or supplements pollution-generating transport. This applies for example to video conferences, which reduce the consumption of energy, travelling costs and time spent travelling.

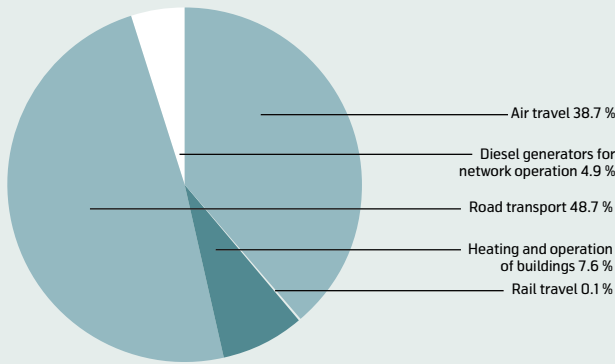
In October and November 2001, the number of telephone conferences connected via the Telenor service, MeetAt 199, increased by almost 35% compared to the corresponding period in 2000. In the same period, the number of video conferences via Telenor increased by between 25 and 30%. A marked increase was registered in the sale of video conference equipment manufactured by Itworks, a company in which Telenor has a 44% stake.

The net effect on the environment from the use of information and communication technology (ICT) is not yet fully examined. Telenor is monitoring national and international research in this field.

› **Intervention in nature – poles and installations** › Masts and antennas have a visual environmental impact on both cultivated

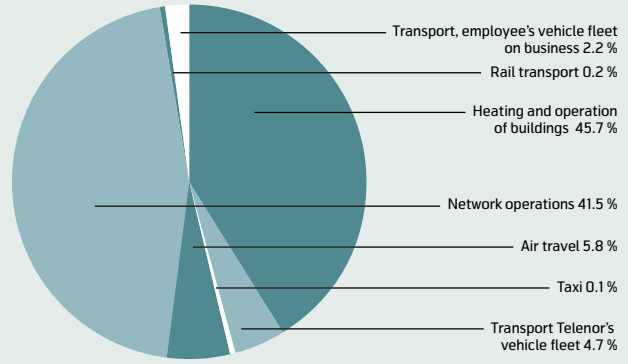
Percentage distribution of CO₂ emissions in 2001

In 2001, Telenor's activities led to the emission of 19,300 tonnes of CO₂



Energy consumption according to purpose (all energy carriers 2001)

In 2001, Telenor's energy consumption in Norway was 537 GWh



and natural landscapes. Telenor aims to design antennas that either have an aesthetic appearance or that blend naturally into the landscape with the help of camouflage or paint. When designing and positioning new masts, aesthetic requirements are always to be taken into account.

Old redundant lines (poles and cables) and discarded equipment in the countryside are disfiguring and represent a risk of injury to animals and people. Tidying up and removing old installations are therefore important elements of Telenor's environmental work. In the period from 1997 to 2001, Telenor has removed 3,400 redundant lines and 35,000 poles. At the beginning of 2002, approximately 800 km of power lines and 8,800 poles await removal in Norway.

During 2001, the NMT900 mobile telephone network was phased out, and all discarded cable, radio cabinets, antennas, and so on from 1,700 base stations were dismantled and transported to approved stations for the disposal of discarded electrical and electronic products.

› **Radiation from mobile telephones and transmitters** › The increase in the use of mobile telephones has led to a debate about whether radiation from mobile telephones and transmitters can be harmful for people or not. Based on existing research results and guidelines, there is no reason to assume that electromagnetic fields that surround wireless communication devices and transmitters constitute a health risk.

In spite of the fact that this is primarily the responsibility of manufacturers, Telenor has addressed the issue by setting up an expert group entitled "The health effects of electromagnetic fields" (HEMF), which consists of, among others, representatives from the Telenor Group Staff, Telenor Mobile, Telenor R&D and the Telenor Department of Health. The group is continuously following international research related to electromagnetic fields and their possible effect on health. Telenor has also established co-operation with the Norwegian Radiation Protection Authority, the World Health Organisation and the Cancer Registry of Norway in order to follow developments in the field. In 2001, Telenor supported research programmes under the auspices of the World Health Organisation and the Cancer Registry of Norway.

› **New building projects save energy** › In 2001, 290 GWh of energy was used in the heating and operation of Telenor's buildings. This corresponds to approximately half of the annual energy output of the Alta power station. Through a number of extensive

projects for the relocation of Telenor's operations, the group has paved the way for energy savings. At the new headquarters at Fornebu, the efficient use of office space and the focus on more efficient energy consumption will lead to energy savings estimated at 50 million kWh per year.

Both Telenor's new headquarters at Fornebu and the new building at Kokstad in Bergen have received recognition for their environmentally friendly qualities and effective use of space. In 2001, the Kokstad site received several awards for environmentally compatible planning and for its solutions for energy control and energy optimisation. Telenor aims to pursue the efforts made to save energy and improve the environment at these sites in future relocations projects such as the planned new buildings in Kristiansand and Tromsø.

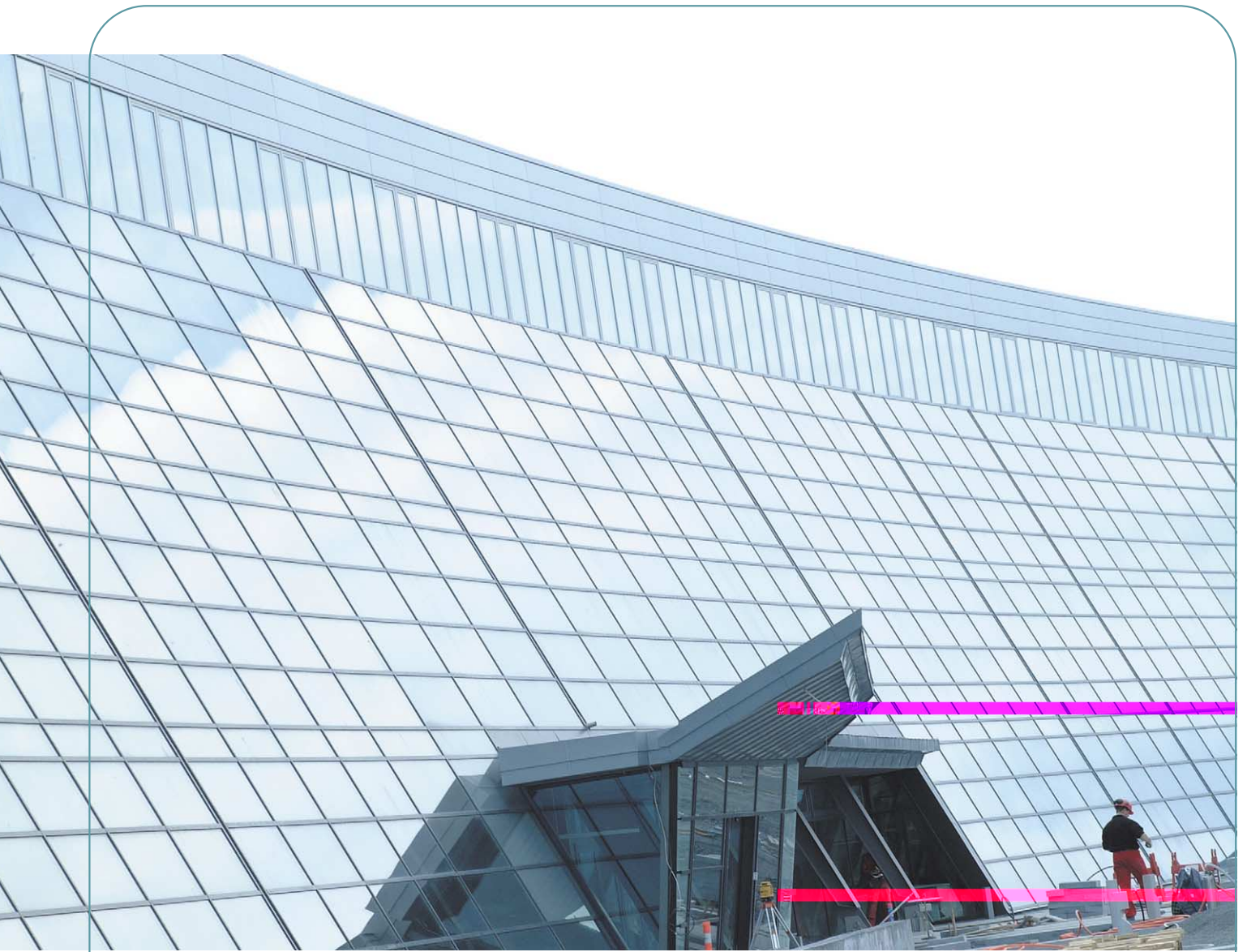
› **Transport** › In 2000, Bravida, with its almost 5,000 employees and 3,000 vehicles, was separated from Telenor, with a consequent significant reduction in the group's atmospheric emissions in connection with transport. In 2001, travel activity was reduced as a result of cost reductions and special safety measures following the events of the autumn of 2001, and simultaneously the use of alternative meeting forms, such as telephone and video conferences, increased significantly in this period.

In all, this has led to a reduction in business travel of more than 50% measured in kilometres, and energy consumption in connection with travel fell from 8,000 kWh per man-year in 2000 to 4,700 kWh per man-year in 2001, with a consequent reduction in the group's atmospheric emissions of 25,000 tonnes of CO₂.

Video conference equipment has been installed in 46 meeting rooms at Telenor's new headquarters at Fornebu, and all employees are offered training in the use of such equipment. The aim is to reduce the number of business trips, and the environmental impact and costs associated with travelling.

› NEXT STEP

In 2002, Telenor will place special emphasis on the continuation of work at all levels aimed at reducing the company's energy consumption – with a focus on the operation and maintenance of buildings and the telephone network, as well as the use of transport services. Moreover, the group will focus on the effect of fixed installations on natural and cultural landscapes.



Example: Fornebu

In connection with the construction of Telenor's new headquarters at Fornebu, stringent demands were made upon the building contractors with regard to waste separation at source and the treatment and reduction of waste. Waste was sorted into nine fractions, including residual waste and hazardous waste. During 2001, the proportion of residual waste being transported from the building site was 33.6%. In addition, the residual waste is sorted at the treatment plant, with the result that only about 7% of the waste generated at the building site is sent to a refuse dump. Telenor aims to produce no more than 25 kg of waste per square metre. During 2001, the figure achieved was 22.2 kg. In comparison, a traditional building site produces waste of approximately 35–40 kg per square metre.

When the whole building comes into operation in the autumn of 2002, more than 50% of the energy consumption will be provided for by seawater. Heat energy is extracted from seawater by means of a heat pump, while in the summer, the system can be reversed and used for cooling.

› CERTIFICATION OF MATERIALS

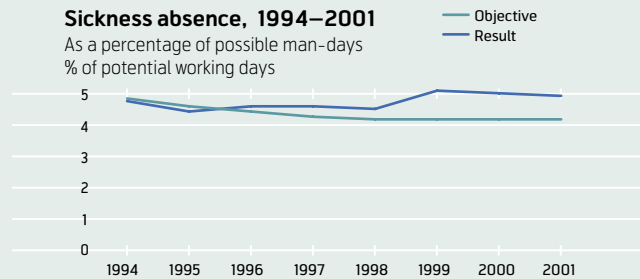
Even though strict environmental requirements were imposed at all stages, it was discovered that parts of the parquet floors which were laid were produced from Merbau, a threatened timber species from the rain forests of Southeast Asia. The environmental organisation Norwatch was instrumental in uncovering this, and the matter was discussed in the media. By then, the parquet had already been laid. In spite of the best intentions and strict requirements, an error had occurred in an important area.

This episode drew attention to the inadequate knowledge in the building industry with regard to the use of rain forest timber. In October, Telenor arranged a seminar for the building trade in cooperation with the Rainforest Foundation Norway. Telenor gave a presentation of its experiences, and the Rainforest Foundation informed of the importance of placing strict demands on the certification of tropical timber.

A man with short brown hair, wearing a white button-down shirt and a headset, is smiling and looking down at a computer monitor. He is in an office environment with blurred desks and equipment in the background. A white speech bubble with a tail pointing towards the man is positioned in the upper right quadrant. A thin horizontal bar with a rainbow gradient is visible across the middle of the image.

The new, flexible solution at Fornebu promotes communication and creativity.

Working environment ▶



Working environment

The development of employees is crucial to the group's efficiency, innovativeness and results. A working environment distinguished by job satisfaction, flexibility, co-operation, efficient organisation and good management allows the human capital to develop.

At Telenor, the term working environment involves all factors concerning employees' working capacity and health, including the physical, psychological, social and organisational conditions at the workplace. Telenor aims to be a leading company with regard to looking after employees' working environment, irrespective of business sector or geographic location.

› YEAR 2001

In 2001, Telenor focused attention especially on four areas:

- Reducing absence due to sickness
- Ergonomic adaptation
- New work patterns
- Personal safety.

› **Reduction of absence due to sickness** › Sickness absence at Telenor was reduced from 5.0% in 2000 to 4.9% in 2001. This reduction was the result of the group's preventative work on sickness absence and narcotics misuse, through management training, ergonomic adaptation, systematic monitoring of long-term sickness absence, rehabilitation measures and rehabilitation in the workplace. The diagram (Fig. 1) at the top of the page illustrates the development in sickness absence in the period 1994 to 2001, compared with the group's long-term objective of sickness absence figures of 4% or less.

The reduction in sickness absence from 2000 to 2001 led to a cost reduction of NOK 8.5 million. In addition, a total of 32 employees on disability pension were brought back into active employment in the group, which represents savings of NOK 24 million.

› **Ergonomic adaptation** › Muscle and skeletal ailments are the most important cause for sickness absence at Telenor. Ergonomic adaptation at the workplace is therefore one of the most important initiatives to prevent and reduce absence due to sickness in the group. In 2001, the Telenor Department of Health assessed more than 4,300 workplaces with regard to their ergonomic conditions, and carried out almost 2,400 sight tests in order to determine the need for VDU glasses.

Raising the awareness of ergonomic conditions among employees is an important supplement to the assessments carried out by the Telenor Department of Health in 2001. In connection with Telenor's new building at Fornebu, an e-learning programme was prepared dealing with ergonomics for employees.

› **New work patterns** › In 2001, the group began moving into the new headquarters at Fornebu outside Oslo, where conditions have been created to allow open and highly flexible work patterns. Traditional offices have been replaced by open sections. Personal documents and office equipment are kept a minimum, and most tasks are performed electronically. The work areas are equipped



with quiet rooms and project rooms for work that requires separation from other employees.

Before moving in, a considerable amount of work was laid down in preparing all employees at the headquarters for the new, open and flexible work patterns in the building. Telenor will evaluate and further develop the work patterns based on internal surveys and feedback from employees at Fornebu.

› **Personal safety** › Working at heights, with masts or antennas, carries a higher than average risk of accident or injury. The technological development means that new groups of employees more often are required to work at great heights. In 2001, Telenor has therefore developed and implemented a system to certify personnel who have to carry out such tasks. The system entails basic safety training with practical exercises and an evaluation of the individual employee's fitness to work at heights.

The technical assessment of health-related aptitude is carried out centrally by the Telenor Department of Health, on the basis of an annual personal statement and a biannual medical report. Similar requirements are placed upon employees who are to work offshore or in countries with a particularly high risk.

› **NEXT STEP**

In 2002, the reduction of sickness absence will continue to be a

strategically important aim for Telenor's efforts to improve the working environment and personal safety. In the event of long-term absence and sickness, Telenor will continue to adapt working conditions and assignments so as to minimise absence and the risk of exclusion from working life. Telenor will also evaluate the new work patterns at the headquarters at Fornebu. The conclusions drawn will form the basis for the development of work patterns in existing office locations, as well as in the planning of new building projects, such as those in Kristiansand and Tromsø.

Attention will also be directed towards the working environment in foreign subsidiaries in which Telenor has a majority stake. Up to now, experience from the subsidiaries outside Norway reveals considerable variations in focus and challenges where conditions in the workplace are concerned. A central consideration in the development of the working environment in the group will therefore be to adopt common standards while at the same time ensuring due regard for local challenges.




Example: The handicap programme at Telenor

Telenor Business Solutions has its own programme for the recruitment of disabled persons. Participants in the Handicap Programme are given two years' training in computer skills, with an emphasis on practising user support. The programme includes three months' intensive training under the auspices of the Norwegian Employment Service, as well as private study and work training at Telenor's support centre.

So far, more than 70 participants have completed the programme, and approximately 80% of these have been given permanent employment upon completion of their training. The programme functions as a stepping-stone for participants, leading to regular computer-based jobs in business, public administration and organisations.

In 2000, the leader of this programme, Ingrid Ihme, herself a wheel-chair user, received an award (Budstikkeprisen) from the Norwegian Ministry of Health and Social Affairs, and in 2001 she was presented with NIPA's Leadership Award.



With business activities in so many different parts of the world, it's also important to have clear ethical guidelines that all the employees must follow.

The fact that Telenor has become such a large international group places extra demands on its knowledge of cultural and political conditions in many countries.

Social responsibility ➤

Social responsibility

Telenor's impact on society is considerable, both as a supplier of information and communications services to millions of consumers and as an employer of a staff of over 20,000 in local communities all over the world.

Telenor's activities shall be characterized by high ethical standards. All our employees have an obligation to follow the group's ethical guidelines, which demand honesty, integrity and fairness in all relations applying to our business activities. In some cases, commercial considerations may conflict with ethical considerations, and ethical considerations will not always yield unambiguous answers. It is in these grey areas that difficult situations often arise and the need for clean cut management is demonstrated.

› YEAR 2001

In 2001 Telenor focused attention especially upon two areas:

- International business activities
- New products and services.

› INTERNATIONAL BUSINESS ACTIVITIES

The internationalisation of Telenor has given the group a cultural, social and professional diversity that places new demands on our managers and employees. In 2001, attention was focused on the following areas:

- The development of an anti-corruption policy
- The development of joint standards and guidelines with regard to human rights and labour rights
- The development of a method of evaluation and monitoring of the countries in which Telenor is involved
- The continuation of the international management programme

› **Anti-corruption** › Telenor is determined to fight corruption and has drawn up an anti-corruption policy, based on the OECD's standards and recommendations. Considerable emphasis will be placed upon the implementation of the policy in the form of instruction and training of managers and employees. It is important for Telenor to ensure that our suppliers and joint venture partners also take measures to prevent corruption. In 2001, Telenor joined Transparency International (TI), a world-wide organisation combating corruption and promoting greater transparency. Telenor supports TI's efforts to fight international corruption and will, together with many large Norwegian companies, promote efforts to strengthen the Norwegian division.

› **Human rights** › Telenor has a clear responsibility to secure that human rights are observed in connection with international investments and operational activities. The responsibility is primarily extended to Telenor's employees, but also other affected parties, such as the local community and joint venture partners are included. Telenor's guidelines for the protection of human rights are based on established international standards, developed by the UN.

› **Labour rights** › Telenor has a responsibility to ensure that the rights of its employees are observed. The company's guidelines for securing labour rights are based on the OECD's guidelines for multinational companies, which embrace both the United Nations'

human rights and the conventions of the International Labour Organisation (ILO). The group's fundamental principles are:

- Telenor will respect employees' rights to join a trade union and to carry out collective negotiations.
- Telenor will not accept forced labour or child labour in any part of the group's operations.
- Telenor will work to abolish discrimination in the workplace.

› **Country evaluation and monitoring** › The internationalisation of Telenor's activities, with increased presence in countries outside the OECD, has emphasised the group's need for information on cultural and political matters. Telenor therefore performs political and cultural risk analyses (country evaluations) as part of our commercial considerations in connection with investments in new markets. This work was continued in 2001. In countries where Telenor has already made major investments, the group will closely monitor developments in those areas that fall within the scope of its social responsibility.

› **International management** › The group is convinced that effective international management also requires insight and sensitivity with regard to existing cultural, social and professional conditions, as well as awareness of what our Norwegian basis means in this context. Telenor places great emphasis on raising managers' level of international expertise. In the past two years, 100 managers have completed the Telenor International Management Programme under the direction of the Telenor Corporate University. The emphasis here is both on business development and the cultural dimension of international activities. The programme is being continued in 2002.

› **EXAMPLE: MALAYSIA**

The story which received the most media attention in 2001 concerned Telenor's involvement in Malaysia. When Telenor increased its shareholding to become the majority owner in DiGi.Com, Telenor became subject to the Malaysian government's New Economic Policy (NEP). Like all publicly listed companies with activities in Malaysia Telenor acts in accordance with the demand that one particular group, the Bumiputra, at a given time during a regulated period will be given the opportunity to own 30% of the stock. This was interpreted as an indication that Telenor accepted discrimination of ethnic groups, and led to strong reactions in the press. In our assessment of what is right and wrong in such cases, we at Telenor base our judgement on the UN and the Norwegian Foreign Office as authoritative sources. Neither of these has at any time referred to this policy (NEP) as ethnic discrimination.

› **NEW PRODUCTS AND SERVICES**

Telenor is currently among the leading innovators with regard to the development of new services based on IT and communication technology. This development has resulted in the group adopting new roles, as a technological innovator with editorial responsibility. This development creates new dilemmas, including dilemmas of an ethical nature. The technological possibilities of tomorrow, with regard to both services and content, open the way for a wide range of services beneficial to society and a simplification of people's everyday life. At the same time, this may give detrimental effects and unwanted content.

In 2001 a special committee assessed Telenor's role as content supplier from an ethical point of view, and came to the following principal conclusion: It is the group's aim to provide a broad range of services as well as freedom of choice, with the opportunity for customers to set their own restrictions with regard to both the Internet and TV. Telenor therefore wishes to offer technology that gives the user the possibility to select or reject the various content on offer. Examples of this type of adaptation are Telenor's children's portal on the Internet and facilities for parental control of digital television. Telenor aims to implement three control measures in cases where this is practically possible or not in conflict with customers' interests and business considerations: *Legal control, Editorial control and Customer control*

› **NEXT STEP**

In 2002 Telenor will pursue an active dialogue with our partners to promote the implementation of strategies and guidelines that have been developed in 2001 with special regard for our social responsibility. Through training, reporting and analyses, we will sharpen our focus and increase the level of expertise in the organisation.

Co-operation with NGOs and other expert groups will be continued in 2002. In the first six months of 2002, Telenor is due to establish agreements with leading NGOs to ensure continuity and mutual benefit through partnerships.



Example: Kidsurf

Telenor Plus has developed a special Internet portal for children, known as Kidsurf, based on the need to protect children from offensive or dangerous content on the Internet. The initiative was taken by the Norwegian Ombudsman for Children, who has encouraged the industry to recognise its responsibility.

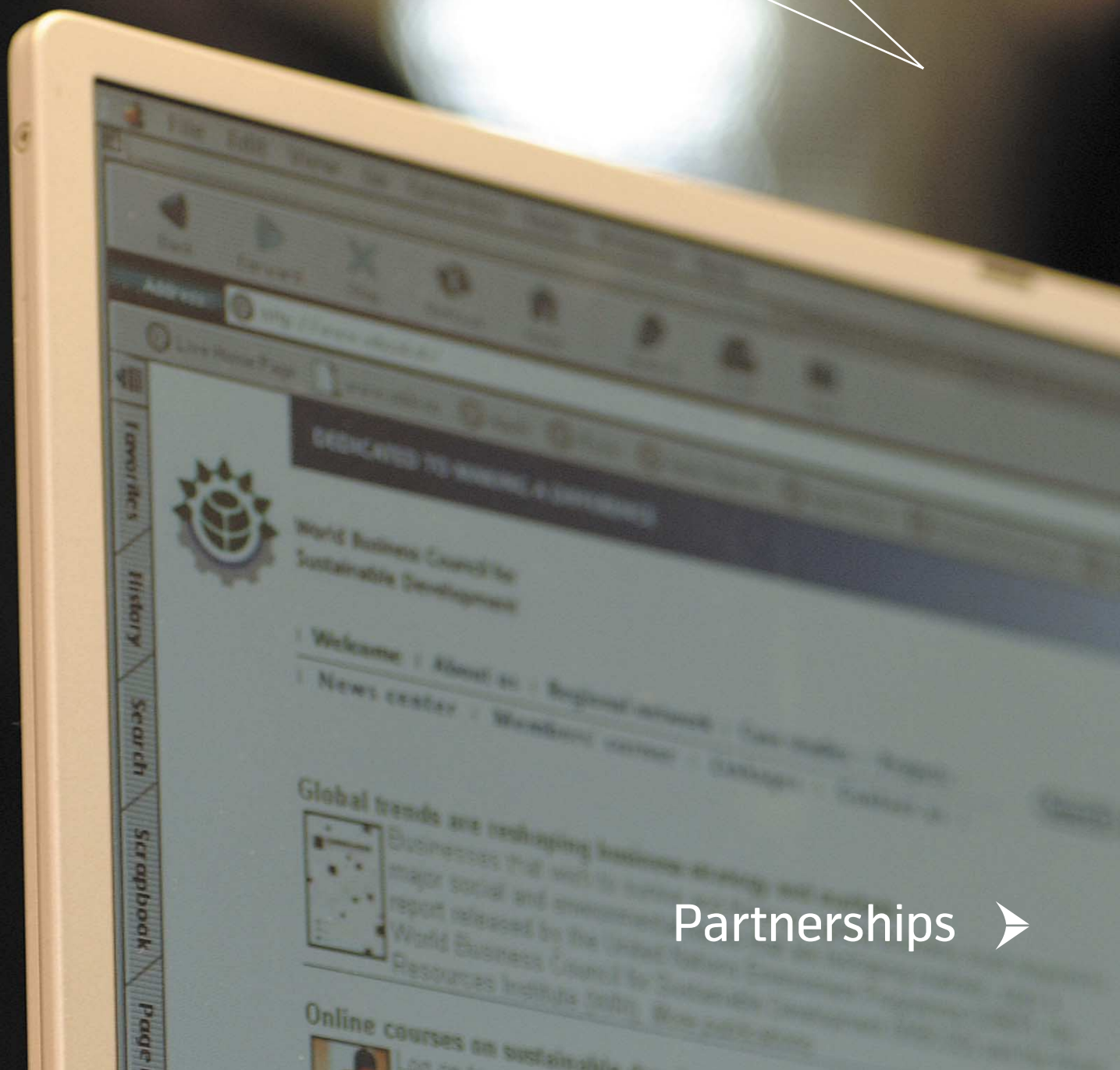
Kidsurf is a software-package consisting of a security filter blocking out Internet pages with offensive content, a children's portal containing useful links for children and a children's browser. In

addition, a page has been developed for parents, offering advice on sensible use of the Internet. The Kidsurf project was carried out in close co-operation with Save the Children, which has involved itself actively in this work.

Through this project, Telenor Plus aims to reinforce its position as a secure and stable Internet supplier.

To develop its social responsibility, Telenor has co-operated with NGOs, authorities and other companies.

It's useful to share experience and get to know the views of others.



Partnerships ➤

The developments we are experiencing in the direction of increased co-operation between public authorities, voluntary organisations and private businesses is providing us with important knowledge to be used in our efforts to maintain the group's



environmental partnership between the telecommunications sector, its sub-contractors, the International Telecommunication Union (ITU) and the United Nations Environmental Programme (UNEP). One of the joint objectives of the partnership is to develop our products and services so that they contribute to secure a sustainable future for our rapidly growing information society.

In 2001, Telenor was also included in the FTSE4Good index, which uses a set of open criteria to identify socially responsible companies, thereby allowing for socially responsible investments.

An overview of Telenor's associations with charters, standards and national and international networks can be found on the Internet version of Telenor's Social Report 2001: www.telenor.com/socialreport/2001/



Example: Grameen Phone

Grameen Phone, where Telenor owns 46%, is by far the largest mobile operator in Bangladesh, with more than 500,000 customers and a market share of more than 70%. During its five years of existence, Grameen Phone's customer base has grown by 100% per year, making it the fastest growing mobile telephone company in southern Asia. The company now serves large parts of the country, which has more than 120 million inhabitants.

The name of the company is derived from the name of the local part-owner, Grameen Bank. The bank, with its founder and director, Mohammad Yunus, has a strong international reputation for work with social development among the poor of Bangladesh. The business model, known as microcredit, has become world-famous and has been copied in many countries. The bank provides small

loans to the poor, mainly to women, to invest in their own business activities, such as a plot of farm land, a chicken farm or a small fish-farming plant. The bank now grants loans to women wishing to buy a mobile telephone to use in business activities.

The partnership between Grameen Bank and Grameen Phone is known as "Village Phone". Women in more than 10,000 villages have been given loans enabling them to become the village's "living call box". As the fixed network in Bangladesh is poorly developed, several million people now have access to telephone services for the first time.

The Village Phone attracts international interest. Studies show that Village Phone has a significant economic and social impact. The village gains a new means of contact with the outside world, and the woman owning the mobile phone earns income and status in the village, as "The Village Phone Lady". At the same time, Grameen Phone is earning profits and international recognition.

Telenor's involvement in Grameen Phone, shows that untraditional business concepts can open new markets for Telenor and lead to considerable social improvement. We wish to build on this experience in the future.

Reporting, follow-up and organisation

Social responsibility has been identified as an important factor in the creation of value at Telenor, and reporting and follow-up in this field have been integrated in the group's management model.

› REPORTING

The overall objectives with regard to Telenor's social responsibility in the three-year period 2002-2004 are:

- Telenor's employees shall be proud of the way in which the group handles its social responsibility
- Investors expecting high standards of social involvement shall prefer Telenor
- Telenor's customers shall be confident in the knowledge that the group runs its operations in an ethically responsible manner

Social responsibility has been identified as an important factor with regard to the value creation at Telenor, and has been included in Telenor's integrated management model. The objectives that have been defined are being followed up in quarterly business reviews. For group directors with special responsibilities in this field, the objectives are reflected in their incentive agreements.

This year's social report represents our most important channel of communication for informing the world around us of Telenor's handling of the various aspects of the group's social responsibility.

› FOLLOW-UP

Various monitoring mechanisms have been set up in order to fol-

low up Telenor's efforts to maintain our social responsibility. We would particularly like to draw attention to:

› **Environmental accounting** › Telenor has developed and adopted a system of environmental accounting that covers the consumption of resources and emissions for all companies in Norway in which Telenor has a shareholding of 50% or more. The environmental accounting system is an effective tool in monitoring the group's environmental performance, and identifies important environmental criteria.

› **HSE** › Telenor has developed efficient systems for reporting and follow-up in the whole field of HSE.

In Norway, central parameters are followed up and reported every six months. In the coming years, a considerable amount of attention will also be directed towards the working environment in foreign subsidiaries in which Telenor has a majority stake.

Other monitoring mechanisms:

› **The Compliance Officer function** › Telenor's activities are subject to an extensive set of regulations in the form of laws and statutory instruments, internally established guidelines and norms which concern ethics and morals. This has necessitated a co-ordinating control function, and the group has therefore

decided to establish a Compliance Officer function. This function has been assigned to the Director of Legal Affairs.

The Compliance Officer shall offer assistance and information on regulations, as well as function as controller. For the time being, the function of Compliance Officer will focus especially on the fields of telecommunications law, competition law and stock market law. Internal regulations shall be the primary instruments, and a principle of "zero tolerance" has been adopted with regard to compliance with these regulations. The responsibility for compliance lies with each individual employee.

› **Ethical Council** › All employees at Telenor have an obligation to comply with the group's ethical guidelines.

The nature of ethics and ethical questions is however such that it is difficult to create guidelines that apply to every single ethical dilemma. Telenor has accepted the consequences of this by, amongst other things creating an Ethical Council with the purpose of evaluating specific ethical problems, both daily challenges and commercial considerations. The Council shall also ensure that the guidelines for ethics and impartiality are adhered to.

The Ethical Council at Telenor is headed by the CEO and all employees can report issues. The Council was strengthened in 2001 with representatives from the business areas in order to form even closer links between ethical issues and the core activities of Telenor.

From the matters handled by the Council in 2001, we would particularly like to mention:

- Development, launching and marketing of new services
- Preventative measures against internal malpractices and unfortunate commercial conflicts of interest
- Cultural challenges associated with Telenor's international commitments.

› **Audits** › Social responsibility is audited annually according to a rotating plan.

In connection with HSE planning within the companies, objectives for internal HSE audits are defined. The timetable for these objectives is set up in such a way that they are audited at least every third year.

› **Monitoring** › Telenor performs political and cultural risk analyses (country evaluations) as a part of our commercial considera-

tions in connection with investments in new markets. This work was continued in 2001.

› **ORGANISATION**

Social responsibility at Telenor is a management responsibility. The group management has the overall responsibility, whilst managers at all levels are responsible in their own units.

The Corporate Staff is responsible for developing strategies and guidelines, as well as for implementing, co-ordinating and monitoring, in close co-operation with the business areas.

A special unit of the Corporate Staff has been established for dealing with social responsibility. The HSE work is led by the Human Resources Staff, and the Security Staff is responsible for crime prevention activities, including anti-corruption work.

CONTACT

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