

Corporate Governance
2016



CONTENT

1. Implementation and Reporting on Corporate Governance	3
2. Business	7
3. Equity and Dividends	8
4. Equal Treatment of Shareholders and Transactions with Close Associates	8
5. Freely Negotiable Shares	9
6. General Meetings	10
7. Nomination Committee	11
8. Corporate Assembly and Board of Directors: Composition and Independence	13
9. The Work of the Board, the Chief Executive Officer and the Group Executive Management of Telenor ASA	15
10. Risk Management and Internal Control	18
11. Remuneration of the Board of Directors	21
12. Remuneration of the Executive Management	21
13. Information and Communication	22
14. Take-Overs	22
15. Auditor	22

REPORT ON CORPORATE GOVERNANCE

1. Implementation and Reporting on Corporate Governance

Board Statement on Corporate Governance

The Board of Directors of Telenor ASA (the Board) is responsible for the management of the Telenor Group and for safeguarding the proper organisation of its operations. The Board believes that sound corporate governance is vital to promote the greatest possible value creation over time in the best interests of Telenor's shareholders, employees and other stakeholders. The Board is committed to maintaining a high standard of corporate governance across Telenor Group, in line with Norwegian and international laws and generally accepted rules and recommendations.

Telenor's principles and practices for Corporate Governance are subject to regular discussions and annual review by the Board and the Board's People and Governance Committee. Furthermore, the Board shall observe such standards in its own work and decision-making.

This Report on Corporate Governance is part of Telenor's Annual Report for 2016. The Board has reviewed and adopted this Report in a Board meeting on 14 March 2017.

Telenor ASA is a public limited liability company established under Norwegian law. Telenor is subject to specific rules and regulations in all countries where the Group conducts business. Telenor's

shares are listed on the Oslo Stock Exchange (Oslo Børs ASA). As an issuer of shares, Telenor complies with and operates in accordance with rules governing the Norwegian stock exchange, including the at any time applicable rules on Continuing Obligations of Listed Companies as approved by Oslo Børs ASA, with reference to the Norwegian Code of Practice for Corporate Governance (the "NCGB Code of Practice") issued by the Norwegian Corporate Governance Board (NCGB). The NCGB Code of Practice may be found at www.nues.no.

The Board of Directors' signatures on the annual report shall be deemed to include this Report on Corporate Governance.

The corporate governance principles and practices as required by the Accounting Act Section 3-3b and the details of how Telenor complies with the NCGB Code of Practice issued on 23 October 2012, with latest amendments issued 30 October 2014, including any deviations, are accounted for in this Report on Corporate Governance.

Telenor operates in accordance with the NCGB Code of Practice. However, as the Norwegian State holds a majority ownership of 53.97% of Telenor, one exception is made with respect to section 14 (Take-overs).

The NCGB Code of Practice covers 15 topics. The structure of this Report on



Telenor's Board of Directors is strongly committed to maintaining a strong corporate governance standard as one key factor for ensuring Telenor's business integrity, risk management and solid performance in our diverse markets. During the past year, this has been one of the specific focus areas for the Board. The Board firmly believes that continuous work and improvement in this area is a prerequisite to help build a robust foundation on which to continue to grow our business in line with our strategy.

– Gunn Wærsted, Chair of the Board of Directors of Telenor ASA

Corporate Governance is aligned with the structure of the NCGB Code of Practice. Links to relevant information on Telenor's website are included in this Report on Corporate Governance.

Telenor's Corporate Governance Framework

Telenor Group's corporate governance principles and practices are the framework by which Telenor Group

The Norwegian Accounting Act Section 3-3 b stipulates that reporting entities that are issuers with Norway as their home state shall in their annual reports, or in documents referred to in their annual reports, provide an account of their corporate governance principles and practices. A reference to this Report on Corporate Governance is provided in the Board of Directors' Report published in the Telenor Annual Report for 2016: www.telenor.com/investors/reports-and-presentations.

The statement below with references refers to the account on corporate governance that Telenor is required to disclose pursuant to Section 3-3 b second paragraph no. 1-8 of the Norwegian Accounting Act:

1. *"a specification of corporate governance recommendations and rules that are applicable to the enterprise or that the enterprise otherwise chooses to comply with;"*

Described in Section 1: Implementation and reporting on Corporate Governance.

2. *"details of where recommendations and rules as mentioned under no. 1 are available to the general public;"*

Described in Section 1: Implementation and reporting on Corporate Governance.

3. *"an explanation of any deviations from recommendations and rules as mentioned under no. 1;"*

Described in Section 1: Implementation and reporting on Corporate Governance.

4. *"a description of the main elements of the internal control and risk management systems associated with the accounting process of the enterprise and, for reporting entities that prepare consolidated accounts, of the group;"*

Described in Section 10: Risk management and internal control.

5. *"any provisions in the articles of association that, in full or in part, expand on, or deviate from, the provisions of Chapter 5 of the Public Limited Companies Act;"*

Described in Section 6: General Meetings.

6. *"the compositions of the executive board, the corporate assembly, the shareholders' committee, the audit committee and any executive committees appointed by the said bodies, as well as a description of the main elements of the current instructions and guidelines governing the duties of such bodies and any executive committees thereof;"*

Described in Section 8: Corporate Assembly and Board of Directors: composition and independence, and Section 9: The work of the Board of Directors.

7. *"any provisions in the articles of association governing the appointment and replacement of members of the executive board;"*

Described in Section 8: Corporate Assembly and Board of Directors: compensation and independence.

8. *"any provisions in the articles of association and any authorisations permitting the executive board to decide that the enterprise shall repurchase or issue own shares or primary capital certificates."*

Described in Section 3: Equity and dividends.

governs and controls its business. It is the role and responsibility of the Board to ensure that Telenor adheres to generally accepted principles for the effective control of company activities, and to provide the necessary guidelines for such activities and corporate management. The Board shall furthermore observe such standards in its own work and decision making. The Board shall also ensure that Telenor protects its reputation in relation to owners, employees, customers, the public and the capital market effectively.

The Board believes that good corporate governance is a key factor for Telenor's ability to secure sustainable growth in a global, highly competitive market with ever-changing customer needs and technological advancements. As Telenor is moving towards becoming a more integrated global company through changes to the structure, processes and culture, maintaining a high standard of corporate governance across Telenor Group is one key factor for Telenor's business integrity and solid performance.

To the Board, sound corporate governance in line with Norwegian and international laws and generally accepted rules and recommendations is critical to Telenor's business integrity and for ensuring the greatest possible value creation over time in the best interests of Telenor's shareholders, employees and other stakeholders. Implementing high ethical standards and culture across Telenor Group continues to be a strong focus for the Board. Telenor's values represent an important foundation for Telenor's corporate governance: Be respectful. Keep promises. Make it easy. Be inspiring. Applying Telenor's corporate values in what Telenor does as an organisation, is key to create value and maintain a healthy corporate culture.

The Board places high emphasis on transparency and trustful cooperation between all parties and stakeholders

involved in the Telenor Group: the owners, the Corporate Assembly, the Board and Group Executive Management, partners, employees, customers, suppliers, creditors, public authorities and society in general.

Telenor works continuously to improve its governance framework and to ensure that documents, training and control mechanisms are current and adequate. Telenor's principles and practices for Corporate Governance are subject to regular discussions and annual review by the Board and the Board's People and Governance Committee.

A robust governance model requires both appropriate design and effective implementation. Telenor has adopted a governance framework, including the Telenor Code of Conduct, and a set of policies and manuals, processes and systems on monitoring and reporting. Telenor's governance framework is a key management tool and shall ensure operationalisation of good and efficient corporate governance throughout the Telenor Group.

Telenor's governing documents set one single standard which shall govern all business activities, regardless of where such activities take place. Some of the markets in which we operate are emerging economies with potentially complex and sensitive political and social contexts, including markets associated with high corruption risks. This creates requirements for robust, targeted measures to mitigate such risks. Telenor believes that taking a risk-based approach to address specific local risks and challenges is key to ensuring implementation of our ethical standard in all our markets.

Telenor's governing documents are implemented in Telenor ASA and all subsidiaries directly or indirectly controlled by Telenor and as defined in Telenor's Governing Principles ("business

units"). The business unit adopts the relevant governing documents. Business units which are separately listed shall take due account of the requirements for listed companies in the relevant jurisdiction. In case of conflict between Telenor's governing principles and the local requirements the latter shall prevail.

In 2016, Telenor adopted revised principles for governance of companies not controlled directly or indirectly by Telenor ASA, further described below.

Telenor Group's Governing Principles describe the key governing bodies in Telenor ASA, the interaction between Telenor ASA and the business units, and core global processes like strategy, financial reporting, forecasting and reviews. The Group Governing Principles also sets out key principles related to risk management, internal control and the governing documents.

The Group Policies contain key business principles and requirements set by Telenor on selected subject areas and shall be reflected in Local Policies in each business unit. Local Policies shall include both Group requirements and any local requirements based on local risk assessments. Group Manuals provide more detailed and practical instructions on how to implement the principles in the Group Policies. Local Manuals can be developed in addition to Group Manuals.

The Code of Conduct is approved by the Board. The Code of Conduct is also approved locally by the board of each business unit. The Group Policies are approved by the President and Group Chief Executive Officer (President and CEO). The Local Policies are approved by the CEO in each business unit. Each business unit board shall ensure that the business unit adheres to Telenor's corporate governance framework. The business unit CEO has overall responsibility for ensuring that the governing documents are properly

implemented in the business unit and for the business unit's monitoring of and compliance with the governing documents.

The Telenor governance framework consists of the Code of Conduct, Governing Principles and 23 specific Group Policy areas covering Finance and Control, Operational Excellence, Asset Management and Sustainable Business Practice. For each Policy area, there are mandatory principles and rules in the Policies and Manuals, but also guidelines and support documents to encourage best practice and efficient operations throughout Group companies. Each Policy has a dedicated Policy Owner and Policy Manager, both on Group level and locally in each business unit. The Governing Documents in Telenor are supported by the Governance Work Programme. This is an annual process divided into three phases:

- Development and approval
- Distribution and implementation
- Monitoring and reporting

The purpose is to ensure that documents, training and control mechanisms are current and adequate. The Governance Work Programme sets a structured approach and clearly defines roles and responsibilities to processes including:

- ensuring that Telenor's policies and manuals are updated, approved and distributed on an annual basis across the Telenor Group;
- involvement of Telenor's business units, with clear instructions on how the Group Policies shall be locally implemented in the business units, including risk assessment, local regulatory requirements, local law, business unit strategy and stakeholder analysis;
- monitoring and reporting of compliance with the Governing Documents.

The Board's emphasis on maintaining and further developing Telenor's ethical platform and corporate governance structures has continued to be high on the Board's agenda in 2016. The Board initiated, in 2015, a governance assessment to be conducted by PricewaterhouseCoopers AS (PwC), which was delivered in 2016. Also, in April 2016, Deloitte Advokatfirma delivered its final review of Telenor's follow up and handling of Telenor's ownership in VimpelCom Ltd. (see press release issued on 29 April 2016 www.telenor.com/media/press-releases/2016/deloitte-advokatfirma-submits-final-report-on-telenors-handling-of-the-vimpelcom-ownership).

The reports provide valuable input into Telenor's ownership principles and governance of both fully and partly owned companies going forward. A project organisation was set up in 2016 with the objective to improve Telenor's governance, risk and compliance framework, create necessary processes and tools, and support implementation throughout the Group to ensure the framework is operational. The mandate for the project includes, among others, to revise the governance framework, establish an Enterprise Risk Management (ERM) programme, redesign Key Performance Indicators (KPIs) and performance management processes, enhance board processes and improve ownership governance of non-controlled entities. The project will go from a define and design phase in 2016 into an operationalisation and implementation phase during 2017. The project provides regular updates to the Board's People and Governance Committee.

In 2016, Telenor adopted revised principles for governance of companies not controlled directly or indirectly by Telenor ASA. In such companies, Telenor will require that the company implements ethical standards, and risk-based governance, compliance and anti-

corruption framework. The company shall also ensure that its board and shareholders receive correct, clear and up-to-date information on relevant matters. The revised principles were approved by the Board.

The principles were also revised with respect to the expectations placed on Telenor nominated board members in non-controlled companies. Revised training and follow-up of board members, including update of the handbook for Telenor nominated board members, is part of the governance project and will continue from the define and design phase in 2016 to operationalisation and implementation in 2017.

Code of Conduct and the "Telenor Way"

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

The Code of Conduct is reviewed annually. An amended version of Telenor's Code of Conduct was approved by the Board in December 2016.

Telenor's Code of Conduct defines legal and ethical standards for how Telenor conducts its business around the world. It is a personal responsibility of each board member, each employee and each leader in Telenor to understand the Code and the implications on their daily work. Leaders are particularly responsible for leading by example and for creating an ethical atmosphere where employees can share their dilemmas and where they can raise their voice and report on any breaches they observe.

To successfully navigate the changes around us and to capitalise on the opportunities, we have defined a strong platform for future growth. This is summarised in the "Telenor Way" consisting of the components Code of

Conduct, Vision, Mission, Values and Leadership Attitudes. The "Telenor Way" defines our aspirations and sets the standard for how we do business. The "Telenor Way" is actively promoted through training and awareness programmes.

The Code of Conduct sets Telenor's ethical standards, promotes proper business practices and reflects relevant laws, regulations and widely recognised treaties. The accompanying Ethics & Compliance framework defines a set of design requirements that are vital to the effectiveness of the Ethics & Compliance function. The framework contributes to high quality and consistency in the handling of Compliance Incidents. It also contains a common model for disciplinary actions aiming at a uniform practice across the Group.

Anti-Corruption

Telenor's zero tolerance on corruption and its ethical standards are set out in our Code of Conduct (approved by the Board), Group Policy Anti-Corruption (approved by the President and CEO) and other governing documents, which is implemented in all Telenor's subsidiaries directly or indirectly controlled by Telenor ASA. Telenor is firmly opposed to corruption in all forms and is committed to doing business in accordance with the highest ethical standards.

Telenor's Group Anti-Corruption Policy states that Telenor shall make active efforts to ensure that corruption does not occur in Telenor's business activities. To this end, Telenor shall work against corruption through an adequate and risk-based Anti-Corruption Program based on international best practice.

Telenor's strategy, initiatives and reporting in relation to anti-corruption, including improvement initiatives going forward, are further described in the Sustainability Report in the Annual Report for 2016.

see: www.telenor.com/investors/reports-and-presentations and online at www.telenor.com/about-us/corporate-governance/anti-corruption. Information on Telenor's requirements, policies and procedures for the supply chain can be found online at www.telenor.com/about-us/corporate-governance/supplier-conduct-principles. Telenor's Anti-Corruption Handbook is available as a downloadable web-app at anti-corruption-handbook.telenor.com.

Sustainability

Responsible business conduct is one of the four pillars of Telenor's business strategy and an essential part of all Telenor operations. Telenor has for many years had a management focus on responsible contribution to economic, environmental and social development in the countries in which it operates, acting with accountability and transparency. Telenor's ambition is to responsibly contribute to economic, environmental and social development in the countries in which it operates, acting with accountability and transparency.

Telenor's requirements for sustainability are set out in Telenor's governance framework, which covers areas such as anti-corruption, human rights and labour rights, environment and climate, health, safety and security, supply chain sustainability as well as privacy and data protection.

Telenor is a long-time member and signatory to the UN Global Compact initiative. Telenor adheres to the UN's 10 principles on human rights, labour rights, environmental protection and anti-corruption. In 2016, Telenor set a new direction for its Sustainability ambitions, and in three specific areas: changing the way it manages risk, creating digital services designed to empower societies and being firmly committed to focusing its agenda on the United Nation's Sustainable Development Goals. Telenor has chosen to focus on SDG#10:

Reduced Inequalities. See www.telenor.com/media/articles/2016/group-sustainability-sets-a-new-direction-for-2017-2020.

Telenor is committed to the disclosure of its performance on material sustainability issues in line with stakeholder expectations. Following a thorough assessment process involving stakeholder consultations and desktop research, a number of material sustainability issues were identified for reporting in 2016 based on the GRI G4 principles of materiality, clarity and balance. Details can be viewed online at www.telenor.com/sustainability/reporting/our-performance.

Telenor's strategy, initiatives and reporting in relation to sustainable operations are described in more detail at www.telenor.com/sustainability and in the Sustainability Report in the Annual Report for 2016, see: www.telenor.com/investors/reports-and-presentations. The Sustainability Report also complies with the reporting requirements of the Norwegian Accounting Act §3-3c, which are to report on policies, actions, results and ambitions in the areas of human rights, labour rights and social conditions, environment and anti-corruption.

Deviations from the NCGB Code of Practice Section 1: None.

2. Business

Business Activity Clause

The business activity in which Telenor is engaged is clearly set out in the Articles of Association for Telenor ASA, Clause 3: www.telenor.com/about-us/corporate-governance/articles-of-association.

"The object of the company is to engage in telecommunications and other related activities. These activities may be conducted by the company itself, by subsidiaries or through participation in other companies or in cooperation with others."

Objectives and Strategies

The Board has defined clear objectives and strategic priorities. Telenor Group will focus on value creation growth by undergoing a digital transformation – a digital transformation comprising the capabilities, competencies, technologies and channels Telenor needs to develop to rapidly adapt to customer needs and a continuously changing competitive landscape.

To deliver on our value creation ambitions we have established four strategic ambitions:

1. Customers' favourite partner in digital life: Telenor will build a strong and engaging customer relationship, and we will offer personalised and contextual offers to satisfy each customer's digital need. Services will be delivered over the company's high quality network, providing a seamless service experience.
2. Most efficient operator: Telenor will accelerate technology efficiency, pursue process simplification and deploy new operating models, to significantly reduce costs. This implies achieving best-in-class production costs for our products (including connectivity) and significantly reducing the costs of serving our customers, with efficient digital distribution capabilities.
3. Winning Team: Telenor will promote a customer-driven digital culture with employees who are explorative and results-oriented. We will work actively towards being recognised as one of the most attractive employers for people with a digital mindset and competence. Furthermore, we will pursue a hassle free working environment that empowers cross-functional collaboration.
4. Responsible business conduct: Telenor will build a trusted position

among all stakeholders as a company with high standards towards business ethics, responsibly contributing to economic, environmental and social development in the countries where we operate. We will establish this trusted position by acting with accountability and transparency, contributing to making the company an attractive investment, service provider, employer and partner – creating long-term value to both shareholders and society.

Telenor Group's strategy is published at Telenor's website: www.telenor.com/about-us/our-strategy.

Telenor's operations and important events during 2016 are described in the Annual Report for 2016. Telenor updates the market through investor presentations, press releases and other information made available online: www.telenor.com/investors.

Deviations from the NCGB Code of Practice Section 2: None.

3. Equity and Dividends

Share capital

The share capital of Telenor is stated in the Articles of Association, Clause 4. The company's share capital at year end 2016 is NOK 9,008,748,180 divided into 1,501,458,030 ordinary shares, each with a nominal value of NOK 6. Mandates granted to the Board to increase the company's share capital are restricted to defined purposes and are limited in time to no later than the date of the next Annual General Meeting. This also applies to mandates granted to the Board for the company to purchase its own shares.

Equity

Telenor regards its consolidated equity to be at an appropriate level considering the company's objectives, strategy and risk profile. Telenor's objective is to create value for its owners and involves a continuous focus on ensuring that the

company's equity is adapted to the company's objectives, strategy and risk profile.

Dividend policy

The Board has established a dividend policy which forms the basis for the proposals on dividend payments presented to the General Meeting. The Board believes that it is in the best interests of Telenor to draw up a long-term and predictable dividend policy. This corresponds with the objective of providing its shareholders with a return on their investments at least equal to alternative investments with similar risk profiles. Such a return should come in the form of cash dividends and/or share buyback if applicable, and increased share value.

Telenor's dividend policy is to aim for year-on-year growth in ordinary dividends per share. Telenor pays semi-annual dividends. In addition, buy-back of own shares and / or extraordinary dividend pay-outs will be evaluated on a case by case basis. With effect from 1 July 2013, the Public Limited Companies Act was amended to provide for dividend payments to be resolved by the Board pursuant to authorisation from the General Meeting. Such authorisation may only be provided until the next ordinary General Meeting and dividends may only be resolved on the basis of the company's latest approved annual accounts.

A resolution on the distribution of the dividend is adopted by the General Meeting following the proposal from the Board. At the General Meeting on 11 May 2016, a dividend of NOK 4.00 per share was approved by the General Meeting. In addition, the Board was given authorisation to resolve further dividends, and a second dividend of NOK 3.50 per share was declared in November 2016, taking the total dividends for 2015 to NOK 7.50 per share (NOK 11.3 billion).

The Board will propose a total dividend of NOK 7.80 per share for the financial year 2016 to the Annual General Meeting in May 2017. The dividend will be split into two installments of NOK 4.30 and NOK 3.50 per share to be paid in May and November 2017, respectively. The total ordinary dividends proposed for the financial year 2016 is NOK 11.7 billion.

Deviations from the NCGB Code of Practice Section 3: None.

4. Equal Treatment of Shareholders and Transactions with Close Associates

One class of shares, equal rights

The Board endorses the principles of transparency and equal treatment of all shareholders. Telenor has only one class of shares. The Articles of Association have no restrictions on voting rights. All shareholders have the same rights.

The General Meeting may authorise the Board to purchase treasury shares. The Board did not ask for such an authorisation at the Annual General Meeting in May 2016. Previously, under such authorisation, the Board has been free to decide if and how the acquisition of shares shall take place within the framework of applicable law, and shall ensure compliance with general principles of equal treatment of shareholders.

The Norwegian State as the main shareholder

The Norwegian State is the main shareholder in Telenor, with a holding of 53.97% of the Telenor shares as of 31 December 2016. The ownership interest is managed by the Ministry of Trade, Industry and Fisheries. The Norwegian State emphasises that partly state-owned companies should comply with principles for good corporate governance. The State's active exercising of its ownership policy is limited by the Norwegian legislation for companies and by accepted principles for exercising

good ownership. This implies that it is the Board that is responsible for evaluating the expectations that the shareholders and others have towards the company, and for accomplishing the commercial targets which the Board deems appropriate. More information about administration of the Norwegian State's ownership interests and the Government's Ownership Policies can be found on the Government's web pages www.regjeringen.no/en/topics/business-and-industry/state-ownership/id1336.

Telenor ASA has an agreement with the Norwegian state through the Ministry of Trade, Industry and Fisheries to carry through share buybacks with the purpose of cancelling these shares through write-down of the share capital to maintain the Norwegian state's ownership interest. See notes 23, 32 and 35 to the financial statements for Telenor Group for 2016 for a further description.

In the Government's white paper concerning direct state ownership of enterprises dated 20 June 2014, the Government announced that it will propose to the Storting (the Norwegian Parliament) the flexibility to reduce the state's ownership in several state owned companies, including Telenor ASA, to 34 per cent. This will enhance the state's ability to reduce its shareholding or support potential mergers, acquisitions or other strategic changes that may create value. The Parliament provided its approval to the proposal on 5 February 2015.

Increase in share capital

Telenor practices the principle that any decision to waive the pre-emption rights of existing shareholders to subscribe for shares in the event of an increase in share capital should be justified. Where the Board resolves to carry out an increase in share capital and waive the pre-emption rights of existing shareholders on the basis of a mandate granted to the Board, the justification should be publicly disclosed in a stock

exchange announcement issued in connection with the increase in share capital.

Transactions with close associates

The rules regulating loyalty, impartiality and conflict of interests stated in the Code of Conduct above applies to all members of the Board, managers and other employees of Telenor, as well as others acting on behalf of Telenor:

“Conflict of interest is when we have a personal or outside interest that conflicts with the best interest of our company. A personal interest could be a financial interest in another company or in a transaction, a personal relationship, including but not limited to immediate family, or any interest or relationship that could improperly affect our judgement and decision making.”

An employee shall never take an active role or try to influence a decision if the employee has an actual or possible conflict of interest, or other circumstances exist which could give grounds to question the employee's judgement unless prior written approval has been granted by the employee's leader. Such approval can only be given if it is deemed to be in the best interest of the company. If a conflict of interest arises, the employee shall on the employee's own initiative evaluate circumstances that may imply a conflict of interest or impartiality and promptly notify the employee's leader of such circumstances.

Requirements for Board members and the President and CEO

The Instructions to the Board of Telenor ASA state that Board members are not permitted to take part in the processing or decision-making of issues that have such significance to them or any closely related parties that they must be regarded as having a distinct personal or financial special interest in the issue, or where the said person's disqualification

may become relevant for other reasons. The same applies to the President and CEO, cf. also the Public Limited Liability Companies Act, Section 6-27. Neither the Board members nor the President and CEO can, under any circumstances, take part in any issues regarding loans or other credit to themselves or in relation to security for their own debt. In addition, in the event that the Board shall consider a matter of material nature in which the Chair of the Board has, or has had, an active involvement (i.e. negotiations on merger, acquisitions, etc.), the Deputy Chairperson or in his/her absence a person nominated by the majority of the Board members shall take the Chair when considering such matter.

Other transactions

In relation to its ordinary business, Telenor has regular transactions with certain entities in which Telenor has ownership interests. Such transactions are carried out on an arm's length basis, cf. also the Public Limited Liability Companies Act, Sections 3-8 and 3-9.

Transactions with related parties, including transactions with associated companies, are accounted for in note 32 to the financial statements for Telenor Group for 2016: www.telenor.com/investors/reports-and-presentations.

Deviations from the NCGB Code of Practice Section 4: None.

5. Freely Negotiable Shares

Telenor shares are listed on the Oslo Stock Exchange and are freely negotiable. Telenor has one class of shares, and each share equals one vote at the General Meeting. The shares have no trading restrictions in the form of Board consent or ownership limitations.

The Articles of Association of Telenor ASA contain no restrictions on negotiability or voting rights and all shares have equal rights.

Deviations from the NCGB Code of Practice Section 5: None.

6. General Meetings

Supreme governing body

The General Meeting is the company's highest authority. Telenor's Articles of Association are adopted by the General Meeting.

The shareholders' interests are primarily ensured through Telenor's Annual General Meeting (General Meeting). The General Meeting is the main meeting place for shareholders and the officers they elect. According to the Articles of Association, the General Meeting shall be held once a year before the end of June.

Telenor encourages as many shareholders as possible to exercise their rights by attending the General Meeting, and aims to ensure that the General Meeting remains an effective meeting place for shareholders and the Board. In order to allow shareholders to form a view on all matters to be considered at the General Meeting, the resolutions and supporting information distributed shall be sufficiently detailed and comprehensive. Any shareholder is entitled to have a question discussed at the General Meeting. The Board is to be notified of the question in writing at least seven days before the deadline for sending the notice convening the General Meeting, together with a proposal for a draft resolution or an explanation as to why the matter has been put on the agenda.

The 2016 General Meeting of Telenor ASA was held on 11 May 2016. The pre- and post-General Meeting documents, including the minutes, are available at: www.telenor.com/investors/general-meeting/2016.

The Annual General Meeting (General Meeting)

The General Meeting shall deal with the following matters, as stipulated in the Articles of Association, Clause 8:

- Approval of the annual report and accounts, including distribution of dividends.
- Any other matters that shall be dealt with by the General Meeting by law or pursuant to the Articles of Association.

According to the Norwegian Public Limited Liability Companies Act, Section 5-6, the General Meeting shall also deal with the Board's declaration regarding the determination of salary and other remuneration to senior managers pursuant to Section 6-16a. An advisory vote shall be held at the General Meeting following the Board's guidelines for the determination of salary and other remuneration to senior managers. The guidelines for schemes as mentioned in §16-6 a, first paragraph, third sentence must be approved at the General Meeting and are binding upon the Board. Otherwise the guidelines are precatory.

Information on the Board's declaration regarding the determination of salary and other remuneration to senior managers is included in note 34 to the financial statements for Telenor Group for 2016.

At the General Meeting on 11 May 2016, the Chair of the Board presented the Board's declaration regarding the determination of salary and other remuneration to senior managers, and the General Meeting adopted the following resolutions:

"The Annual General Meeting adheres to the Board of Directors' guidelines for the determination of salary and other remuneration to the executive management as described in Schedule 2 and item 3.3 in note 34 of the annual accounts."

"The Annual General Meeting approves the Board of Directors' guidelines for the share-based incentive arrangements as described in Schedule 2 and item 3.3 in note 34 of the annual accounts."

According to the Norwegian Public Limited Liability Companies Act, Section 5-6 (4), the General Meeting shall deal with the Report on Corporate Governance pursuant to Section 3-3b of the Norwegian Accounting Act. At the General Meeting on 11 May 2016, the General Meeting adopted the following resolution:

"The Board of Director's report on corporate governance was considered by the Annual General Meeting. There were no objections to the report."

Extraordinary General Meeting (EGM)

The Board, the Corporate Assembly or the Chairperson of the Corporate Assembly may decide to convene an Extraordinary General Meeting (EGM). The Board shall convene an EGM if, in order to deal with a specific matter, the auditor who audits the company's annual accounts or shareholders representing at least one twentieth of the share capital demand this in writing. The Board shall ensure that the General Meeting is held within one month of the date the demand was submitted.

Notice convening the General Meeting

Notice convening the General Meeting shall be sent no later than 21 days before the meeting is to be held.

According to Telenor's Articles of Association, Clause 8, the documents relating to items to be considered at the General Meeting, including documents that according to law shall be included in or attached to the notice of meeting, are not required to be sent to the shareholders if the documents are available on Telenor's website. A shareholder may request that such documents be sent to him/her.

Attendance at the General Meeting

The General Meeting shall in accordance with section 5-12, first paragraph of the Public Limited Liability Act and the Articles of Association, article 8, first section, be chaired by the Chair of the Corporate Assembly. The Chair of the Board and the President and CEO shall also attend the General Meeting. Further, Telenor's auditor will attend the General Meeting. In addition, the representatives of the Nomination Committee shall attend the General Meeting in order to present their recommendations and answer any questions.

Shareholders who wish to attend the General Meeting must give notice to Telenor no later than three days prior to the General Meeting in accordance with the Board's detailed instructions, as stated in the Articles of Association, Clause 8, second paragraph.

Shareholders who are unable to attend may vote by proxy. The person authorised to serve under proxy shall submit a written and dated instrument of proxy. If the proxy is presented using an electronic transmission, a secure method shall be utilised to authenticate the transmitter. The proxy is deemed valid only for the forthcoming general meeting unless it is otherwise clearly provided. The shareholder may at any time revoke the proxy.

Written voting prior to General Meetings

The shareholders may cast their paper votes, or vote electronically, in a period preceding the General Meeting. The Board may provide guidelines for such voting. The summons shall include the guidelines adopted by the Board, as stated in the Articles of Association, clause 8, sixth paragraph.

Minutes of the General Meetings

The minutes of the Annual General Meetings and Extraordinary General Meetings, together with voting results, attendance and pre-meeting documents

are made available online at:

www.telenor.com/about-us/corporate-governance/about-the-general-meeting.

Deviations from the NCGB Code of Practice Section 6: None.

MEMBERS OF THE NOMINATION COMMITTEE AT YEAR-END 2016

Anders Skjævestad

Chair

Elected from the Corporate Assembly: 2009, elected Chair 2012

Mette Wikborg

Member

Elected by the Annual General Meeting: 2008

Silvja Seres

Member

Elected from the Corporate Assembly: 2012

Christian Berg

Member

Elected by the Annual General Meeting: 2015

7. Nomination Committee

Establishment and Composition

The appointment of a nomination committee is not required by legislation. The Nomination Committee of Telenor ASA is established pursuant to the Articles of Association, Clause 9.

The Nomination Committee of Telenor nominates shareholder representatives to the Corporate Assembly and Board, as well as the Nomination Committee. The members of the Board are elected by the Corporate Assembly and the members of the Corporate Assembly are elected by the General Meeting.

The Nomination Committee is independent of the Board, the Corporate Assembly and the Executive Management. Composition of the Nomination Committee is regulated in the Articles of Association, Clause 9.

The Nomination Committee consists of four members that shall be shareholders or representatives of shareholders and that shall be independent from the Board and the Company's management. The members shall be elected by the General Meeting, however, so that the chairperson of the Corporate Assembly shall be elected as the chairperson of the Nomination Committee. Of the other three members, one shall be a shareholder-elected member or deputy of the Corporate Assembly.

When appointing members to the Nomination Committee, representation of broad shareholders' interests shall be taken into consideration.

The members of the Nomination Committee are elected for a period of two years. The shareholder-elected members of the Corporate Assembly determine the remuneration for the Nomination Committee. Proposals to nominate candidates for the Corporate Assembly, Board and Nomination Committee of Telenor should be submitted to the

THE CORPORATE ASSEMBLY AT YEAR-END 2016

Anders Skjævestad

Chair

Elected 2012 – member of the Corporate Assembly since 2009

Olaug Svarva

Deputy Chair

Elected 2007, re-elected 2015

MEMBERS ELECTED BY THE SHAREHOLDERS:

Silvija Seres

Elected 2011, re-elected 2015

Siri Pettersen Strandenes

Elected 2008, re-elected 2015

Tore Onshuus Sandvik

Elected 2011, re-elected 2015

Elin Merete Myrmel-Johansen

Elected 2009, re-elected 2015

John Gordon Bernander

Elected 2013, re-elected 2015

Didrik Munch

Elected 2013, re-elected 2015

Widar Salbuvik

Elected 2013, re-elected 2015

Anne Karin Kvam

Elected 2016

DEPUTY MEMBERS ELECTED BY THE SHAREHOLDERS:

Maalfrid Brath

First deputy, elected 2016

Nils-Edvard Olsen

Second deputy, elected 2009, re-elected 2015

Ingvild Nybø Holth

Third deputy, elected 2005, re-elected 2015

MEMBERS ELECTED BY THE EMPLOYEES:

Roger Rønning

Elected 2007, re-elected 2015

Espen Egeberg Christiansen

Elected 2016

Ronald Steen

Elected 2016

Hege Karita Ottesen

Elected 2015

Magnhild Øvsthus Hanssen

Elected 2007, re-elected 2015

Observers for the employees:

Laila Fjelde Olsen

Elected 2016

Tom Westby

Elected 2016

DEPUTY MEMBERS ELECTED BY THE EMPLOYEES:

May-Iren Arnøy

Morten Fallstein

Hege Nøttestad

Marton Karlsen

Tommy Dybdal

Håkon Berdal

Siw Engstrøm

Bjørn Remseth

Anne Røli

Nomination Committee. Proposals by shareholders may be addressed to Telenor's Investor Relations on:

www.telenor.com/about-us/corporate-governance/nomination-committee.

Further information about the members of the Nomination Committee is available at: www.telenor.com/en/about-us/corporate-governance/nomination-committee.

The work of the Nomination Committee

According to the Articles of Association, Clause 9, the tasks of the Nomination Committee are to make recommendations to:

- The General Meeting regarding the election of shareholder-elected members and deputies to the Corporate Assembly, and remuneration for the members of the Corporate Assembly;
- The General Meeting for the election and remuneration of members of the Nomination Committee;
- The Corporate Assembly regarding the election of shareholder-elected members and deputies to the Board of Directors, and remuneration of the Board of Directors; and
- The Corporate Assembly for the election of chairperson and deputy chairperson of the Corporate Assembly.

The Nomination Committee's process and considerations regarding the election of shareholder-elected members and deputies to the Board shall provide a sound basis for the Nomination Committee's recommendations. The Nomination Committee's work on proposing candidates for election to the Board includes contact with shareholders, the Board and executive personnel (and with members of the Corporate Assembly, where appropriate). The Board's annual report on the Board's self-evaluation of its performance and expertise is dealt with separately by the Nomination Committee. The Nomination

Committee emphasises the Board's total competences when making its recommendations.

The General Meeting may adopt instructions for the Nomination Committee. The Nomination Committee held 30 meetings in 2016. Average attendance over the year at the Nomination Committee meetings was 96%.

Deviations from the NCGB Code of Practice Section 7: None.

8. Corporate Assembly and Board of Directors: Composition and Independence

Telenor has a Corporate Assembly and a Board of Directors, as required by Norwegian law. The Corporate Assembly is a distinctly Norwegian body. It is primarily a supervisory body which supervises the Board's and the President and CEO's management of the company's business. The duties of the Corporate Assembly are set out in the Public Limited Liability Companies Act, Section 6-37.

Composition of the Corporate Assembly

The composition of the Corporate Assembly is determined with a view to ensure that it represents a broad cross-section of Telenor shareholders.

The Corporate Assembly consists of a total of 15 members. The members and deputies are elected for a term of two years. Ten members and three deputies for these members are elected by the General Meeting. Five members and two observers, with deputies, are elected by and from among the employees pursuant to the rules in the regulations relating to the provisions of the Norwegian Public Limited Companies Act concerning the employees' right to representation on the board of directors, corporate assembly, etc. of public limited companies.

Due to the independence of the Corporate Assembly, members and observers of the Board and the President

and CEO cannot be a member (or an observer) of the Corporate Assembly, cf. Norwegian Public Limited Liabilities Act section 6-36.

The CEO and the Chairman of the Board shall normally attend the Corporate Assembly meetings, as stipulated in the Instructions for the Corporate Assembly. Further information about the members of the Corporate Assembly, is published at: www.telenor.com/about-us/corporate-governance/corporate-assembly.

The work of the Corporate Assembly

The Corporate Assembly supervises the management of the company by the Board and the President and CEO. The Corporate Assembly held 4 meetings in 2016. The average attendance over the year at the Corporate Assembly meetings was 78%.

The Corporate Assembly also makes decisions on limited, but important, areas. One important task for the Corporate Assembly is the election of members to the Board, including the Chair of the Board. The General Meeting cannot influence, change or reverse the Corporate Assembly's decisions regarding the election of the Board and Chair of the Board.

In order to exercise its supervisory function, those who attend Corporate Assembly meetings as members or observers may demand information on Telenor's affairs to the extent they consider necessary. The Corporate Assembly may also undertake investigations on its own or through a committee.

The Corporate Assembly shall issue a resolution to the General Meeting as to whether the Board's proposal for the income statement and balance sheet, and Telenor Group's consolidated income statement and balance sheet should be adopted, and as to the Board's proposal

for the allocation of profit or coverage of loss.

At the proposal of the Board, the Corporate Assembly may adopt resolutions in matters that concern investments that are substantial compared with the company's resources, and any efficiency measures or alteration of the operations that would entail a major change or reallocation of the labour force.

The Corporate Assembly may adopt recommendations to the Board or the management on any matter.

The Corporate Assembly decides the remuneration to the Board.

The Corporate Assembly has some other specific tasks, such as to present proposals regarding the choice of auditor, receive proposals regarding any merger or demerger plans and elect a liquidation committee in the event of a decision to wind up the company. The role of the Corporate Assembly is not to act as a general "supreme management". Other tasks may not, therefore, be assigned to the Corporate Assembly unless the law specifically requires it.

Composition of the Board

According to Telenor's Articles of Association, the Telenor ASA Board of Directors shall consist of a minimum of five and a maximum of 13 members, who are to be elected for a term of two years. By year-end 2016, the Board consisted of eleven Board Members, of which three are employee-elected members as required by Norwegian company law.

The Nomination Committee makes recommendations to the Corporate Assembly regarding the election of shareholder-elected members and deputies to the Board. The Corporate Assembly elects the Board, including the Chair of the Board.

At the meeting of the Corporate Assembly on 11 May 2016, the Corporate Assembly elected Jacob Aqraou as new member of the Board for a period of up to two years. Aqraou has had a long career at eBay and held positions as Senior Vice President of Europe Middle East and Africa, and General Manager of eBay Classifieds Group. Prior to joining eBay in 2002, Aqraou was the founder of Finexia and has also worked in investment banking and management consulting. Aqraou holds a Master's degree in Finance and Accounting from Copenhagen Business School, as well as a Master in Business and Administration from Harvard Business School.

The Corporate Assembly also elected Siri Beate Hatlen as new member of the Board for a period of up to two years. Hatlen has a background in various management positions within private and public sector, including Executive Vice President of Statkraft and Chief Executive Officer of Oslo University Hospital. She has a long experience on numerous boards of directors, and currently serves on the boards of, among others, Sevan Marine, Entra and Ekspportkreditt. Hatlen holds a Master of Science in process engineering from the Norwegian University of Science and Technology and a Master of Business Administration from INSEAD in France.

The Corporate Assembly also elected Ashok Vaswani as new member of the Board of Directors for a period of up to two years. Vaswani has held various management positions in Barclays PLC since 2010, and is currently Chief Executive Officer for Barclays UK. From 1987 to 2007, Vaswani held a variety of senior roles in Citibank, including the Chief Administrator Officer for Citi Cards in the United States as well as the Chief Executive Officer for the Consumer Bank across Asia. From 2007 to 2008, Vaswani worked for Brysam Global Partner, which is a private equity firm specialising in consumer banking. Vaswani received his education at Sydenham College of Commerce and Economics in Mumbai in

India and also holds post graduate degrees from the Institute of Chartered Accountants in India, specialising in finance, accounting, tax and audit.

The new members succeeded Frank Dangeard, Marit Vaagen and Burckhard Bergmann.

Expertise and Independence

The Board shall have a diverse composition and expertise tailored to meet the company's needs. Information regarding the background, education and other board positions of each Board member is available on Telenor's website: www.telenor.com/about-us/corporate-governance/board-of-directors.

None of the Board members, apart from the employee representatives, are employees of Telenor or have carried out work for Telenor. In Norway, executive personnel are not normally elected to the board of directors (two-tier system). The management is not represented on the Board, and all shareholder representatives on the Board are independent.

In addition to having the appropriate expertise, it is important that the Board has sufficient capacity to carry out its duties. The commitment involved in being a member of a board can vary from company to company, and there is therefore no set limit for the number of board appointments an individual could hold.

Shares

The members of the Board are encouraged to own shares in the company. Details of the number of shares held by Board members are disclosed at: www.telenor.com/about-us/corporate-governance/board-of-directors and in note 34 to the financial statements for Telenor Group for 2016: www.telenor.com/investors/reports-and-presentations.

Deviations from the NCGB Code of Practice Section 8: None.

TELENOR ASA BOARD OF DIRECTORS BY YEAR-END 2016

Gunn Wærsted

Chair of the Board

Appointed: 14 January 2016

Dag Opedal

Deputy Chair

Appointed: 19 May 2011, re-elected 20 May 2015, Deputy Chair 6 June 2016

Jacob Agraou

Board Member

Appointed: 11 May 2016

Siri Beate Hatlen

Board Member

Appointed: 11 May 2016

Ashok Vaswani

Board Member

Appointed: 11 May 2016

Sally Margaret Davis

Board Member

Appointed: 23 November 2011, re-elected 20 May 2015

Regi Aalstad

Board Member

Appointed: 20 May 2015

Jon Erik Reinhardsen

Board Member

Appointed: 14 May 2014, re-elected 20 May 2015

Per Gunnar Salomonsen

Employee representative

Appointed: 25 June 2015

Åse Selfjord

Employee representative

Appointed: 25 June 2015

Harald Stavns

Employee representative

Appointed: 20 June 2000, re-elected June 2015

9. The Work of the Board, the Chief Executive Officer and the Group Executive Management of Telenor ASA

Role and responsibility of the Board

The Board of Telenor ASA is responsible for the administration of the Telenor Group and for safeguarding the proper organisation of the business. The Board shall supervise the day-to-day management and Telenor's business in general. The Board makes decisions and in certain cases grants authority to make decisions on issues which, due to the nature of the business, are unusual or of major significance to the company.

The Board draws up plans and financial frames and goals for the activities of Telenor. The Board keeps itself informed of Telenor's financial position and ensures that its activities, accounts and asset management are subject to adequate control. The Board ensures that Telenor has good internal controls with respect to the rules and regulations which apply to the Telenor Group. The Board initiates those examinations it finds necessary for the performance of its duties and if so demanded by one or more of the members of the Board.

The Board adopts a plan for its work, with special emphasis on objectives, strategy and implementation, once a year. The Board shall, to the degree necessary, approve strategies, business plans and rolling forecasts for the activities of the Company and its subsidiaries. Telenor's strategy is described in this Report on Governance Section 2. Further information on the Telenor Group strategy is available at www.telenor.com/about-us/our-strategy.

The Board issues instructions for its own work as well as for the Chief Executive Officer, with particular emphasis on clear internal allocation of responsibilities and duties. The Board adopted revised instructions for the Board and for the Chief Executive Officer on 5 May 2015.

The Board emphasises the importance of gaining valuable insights and being well informed on relevant areas such as operational, technological, regulatory and market developments. The Chair of the Board conducted visits to Thailand and Myanmar in Asia from 3-8 July 2016. The Chair also travelled to Europe from 22-25 November, visiting Telenor Bulgaria, Telenor Montenegro/Serbia, Telenor Hungary and Telenor Denmark. The Chair of the Board also visited London 6-8 December, conducting meetings with investors.

Board meetings in 2016

Information about the attendance of each of the members of the Board at each of the 18 Board meetings held in 2016 is reported in the minutes of each Board meeting. The minutes from the Board meetings are distributed to selected members of management, the Head of Internal Audit and Telenor's external Auditor.

The Board shall normally hold eight ordinary Board meetings during the calendar year, but the minimum is four. Individual Board members and the President and CEO may, at any given time, request a Board meeting to be held to discuss specific matters. In the event that a Board member is unable to attend a Board meeting, the member must notify the Secretary of the Board, who will invite deputies as appropriate. Directors unable to attend a Board meeting are provided with the preparatory board documents.

The Board constitutes a quorum if more than half of its members are present or participate in the discussion of the matter in question. However, the Board may not adopt a resolution without all Board members having been given an opportunity, in so far as possible, to participate in the discussion of the matter in question. Where the Chair of the Board finds it appropriate, Board members may attend a meeting by phone, video

conference or other means. The annual financial statement and annual report, as well as the remuneration of the President and CEO and other members of the executive management (if appointed by the Board), will always be dealt with in a physical meeting.

The Board held 18 Board meetings in 2016. The average attendance over the year at the Board meetings was 99%.

Board self-assessment

The Board systematically evaluates its performance, activities and expertise by undertaking a yearly self-assessment. External resources are used to facilitate the self-assessment and the evaluation of the self-assessment, as recommended by the NCGB Code of Practice for Corporate Governance. The Board's self-assessment was reviewed in a Board meeting on 12 December 2016 and discussed in the Nomination Committee 13 December 2016.

Working committees of the Board

In order to help ensure thorough preparation of specific issues, the Board has appointed four preparatory working committees of the Board: The Risk and Audit Committee, the People and Governance Committee, the Sustainability and Compliance Committee and the Innovation and Technology Committee. The Innovation and Technology Committee was appointed on 21 June 2016.

The Committees have no independent, decision-making authority, except where expressly granted by the Board. The Committee's role is to prepare matters for consideration and/or decision by the Board as a whole. The Board makes all decisions in Board meetings. The Board has adopted a Charter for each Committee regarding composition and tasks. The Charter for the new Innovation and Technology Committee and amended Charters for the other committees were adopted in 2016. The

Committees report to the Board in connection with the scope of work described in the Charters. Each member of the Board has access to all working documents, including the minutes from the Committee meetings.

The Risk and Audit Committee

The Risk and Audit Committee was, by year-end 2016, composed of the following members of the Board: Jon Erik Reinhardsen (Chair of the Committee), Dag J. Opedal, Regi Aalstad (new member from 6 June 2016) and Harald Stavv (employee representative). The Committee held eight meetings in 2016. The average attendance over the year at the Committee meetings was 100%.

The Risk and Audit Committee is a preparatory committee of the Board of Directors of Telenor ASA (the "Board") that supports the Board in fulfilling the Board's responsibilities with respect to financial reporting, internal controls, internal and external audit, risk management and risk framework and is established in accordance with the requirements of Audit Committee in the Norwegian Public Limited Companies Act.

The People and Governance Committee

The People and Governance Committee was, by year-end 2016, composed of the following members of the Board: Gunn Wærsted (Chair of the Committee), Sally Davis, Siri Hatlen (replacing Dr Burckhard Bergmann 6 June 2016) and Åse Selfjord (employee representative). The Committee held nine meetings in 2016. The average attendance over the year at the Committee meetings was 94%.

The People and Governance Committee is a preparatory committee to the Board of Directors of Telenor that supports the Board in fulfilling their responsibilities with respect to governance, remuneration, strategic human capital, diversity and culture development, physical and personnel security.

During 2016, the Committee has had a particular focus on corporate governance and organisation development, including leadership capabilities and succession planning. Furthermore, the Committee has handled remuneration to executives including fixed pay, short- and long-term incentive plans and other remuneration elements. The Committee has also assessed and recommended a change to the Defined Contribution plan for employees in the Norwegian entities.

In 2017 the Committee will in particular focus on governance, organisation, leadership and culture development, in addition to remuneration, in order to support the business strategy and transformation journey.

The Sustainability and Compliance Committee

The Sustainability and Compliance Committee was, by year-end 2016, composed of the following members of the Board: Dag J. Opedal (Chair of the Committee, replacing Frank Dangeard as Chair on 21 June 2016), Regi Aalstad, Ashok Vaswani (replacing Marit Vaagen as Committee Member on 21 June 2016), Gunn Wærsted and Per Gunnar Salomonsen (employee representative). The Committee held seven meetings in 2016. The average attendance over the year at the Committee meetings was 100%.

The Board of Directors in Telenor ASA adopted a new charter for the Sustainability and Compliance Committee in 2016. The Committee continues to support the Board in fulfilling the Board's responsibilities with respect to addressing sustainability and the scope of compliance for the Committee. In its work, the Committee is guided by international conventions and guidance, the Telenor Code of Conduct, policies and manuals relevant to the scope of the Committee. The Committee also supports the Board in fulfilling its responsibilities to specifically address

climate and environment, human rights, labour standards and anti-corruption. The Committee supervises to ensure that the company has put in place policies, systems and reporting for the said areas.

During 2016 the Committee have had a particular focus on compliance, continuing assessments of Business Units, anti-corruption, supply chain sustainability and aligning on key risk areas to follow up going forward. Planned focus for 2017 includes addressing the main areas within the scope of the Committee.

The Innovation and Technology Committee

The Innovation and Technology Committee was established in June 2016 with the following members of the Board: Sally Davis (Chair of the Committee), Siri Hatlen, Jacob Aqraou and Harald Stavv (employee representative). The Committee held five meetings in 2016. The average attendance over the year at the Committee meetings was 95%.

The Innovation and Technology Committee is a preparatory committee that supports the Board in fulfilling the Board's responsibilities with respect to innovation and technology development.

In its preparatory role, the Committee monitors the overall progress towards Telenor becoming a Digital Service Provider and follows trends and technological development relevant to Telenor, including initiatives taken by other operators, OTTs ("Over-The-Top" communication applications), governments and other relevant actors within the innovation and technology domain. Further, the Committee monitors innovations and technologies that may have a big impact on Telenor's business models, revenues, cost structures and operating models. On this background, the Committee is a sounding board for the Board on concepts, innovations and technologies in early development

stages, and reviews annual reporting to the Board on innovation and technology development in Telenor. Lastly, the Committee is mandated to monitor the formulation and execution of Telenor's security strategy.

During 2016, the Innovation and Technology Committee has had a particular focus on areas that are (i) impacting Telenor's ability to become a cost efficient operator, (ii) shaping Telenor's business- and/or operating model, (iii) providing new revenue opportunities and (iv) influencing Telenor's future capability needs. Topics covered in 2016 were 5G (5th generation mobile system), eSIM (embedded SIM, impact of removing the physical SIM card), OTT, digital distribution pilots and the disruptive potential new technologies. The Committee has had a particular focus on Telenor's business security strategy and execution, including security governance and organisation, operational status including critical incidents, and the security ecosystem. The Committee has also looked into ongoing digital transformation in selected Telenor Business Units, to get a deeper understanding of the current situation.

Planned focus for 2017 includes continued and regular follow-up of business security, as well as addressing all main areas within the scope of the Committee's mandate.

The Chief Executive Officer (CEO)

The managing director of Telenor ASA is the authoritative head of the day-to-day management of Telenor ASA and is the President and Group Chief Executive Officer (President and CEO) of the Telenor Group. The Board appoints the President and CEO, set his/her terms of employment based on recommendations by the People and Governance Committee, and devise instructions for the position. The Board shall decide the President and CEO's terms of

employment and salary, and any adjustments therein.

The President and CEO is in charge of the day-to-day management of operations at Telenor ASA and across the Telenor Group, and is responsible for ensuring that the company and Group are organised, run and developed in accordance with the law, Telenor's Articles of Association and decisions adopted by the Board, the Corporate Assembly and the General Meeting.

The Board has provided instructions for governance to the President and CEO covering the management of the Telenor Group, financial reporting and the management of ownership interests, the management of Telenor ASA in subsidiaries and other companies in the Telenor Group, the power of attorney of the President and CEO, submission of proposals for decisions for the Board from the President and CEO and the President and CEO's responsibilities for reporting to the Board.

Group Executive Management (GEM) and Group Executive Committee (GEC)

The Group Executive Management (GEM) of Telenor ASA is an advisory management body for the President and CEO. GEM consists of EVPs for Group Units and the CEOs for the main Business Units in Telenor, and is chaired by the President and CEO. The head of the Group Strategy and CEO Office shall attend the GEM meetings.

The main purpose of GEM is to advise upon common strategic and transformational issues and initiatives including major changes to the Group governance and major M&A initiatives, operational performance as well as control, compliance and security issues.

From April 2016, Telenor Group established the Group Executive Committee (GEC), which also is an advisory management body for the

GROUP EXECUTIVE MANAGEMENT BY YEAR-END 2016:

- President and Chief Executive Officer (CEO)
- Executive Vice President and Chief Financial Officer (CFO)
- Executive Vice President and Chief Corporate Affairs Officer & Group General Counsel
- Executive Vice President and Chief Technology Officer
- Executive Vice President and Chief Digital Officer
- Executive Vice President and Chief Marketing Officer
- Executive Vice President and Chief People Officer
- Executive Vice President and Head of Partner Relations Asia
- Executive Vice President and Chief Executive Officer of Telenor Norway
- Executive Vice President and Chief Executive Officer of Telenor Sweden
- Executive Vice President and Chief Executive Officer of Telenor Denmark
- Executive Vice President and Chief Executive Officer of Telenor Hungary
- Executive Vice President and Chief Executive Officer of Telenor Serbia
- Chair of the Management Board of Telenor Montenegro
- Executive Vice President and Chief Executive Officer of Telenor Bulgaria
- Executive Vice President and Chief Executive Officer of Dtac
- Executive Vice President and Chief Executive Officer of Digi
- Executive Vice President and Chief Executive Officer of Grameenphone
- Executive Vice President and Chief Executive Officer of Telenor Pakistan
- Executive Vice President and Chief Executive Officer of Telenor India
- Executive Vice President and Chief Executive Officer of Telenor Myanmar.

GROUP EXECUTIVE MANAGEMENT (GEM) AS OF 1 MARCH 2017

Sigve Brekke

President and Chief Executive Officer

Wenche Agerup

EVP, Group General Counsel and Chief Corporate Affairs Officer

Jørgen C. Arentz Rostrup

EVP, Group Financial Officer

Jon Erik Haug

EVP, Head of People

Morten Karlsen Sørby

EVP, Head of Transformation

Lars-Åke Norling

EVP and Head of Mature Asia Cluster, CEO dtac

Gunnar Sellæg

EVP, Head of Products and Marketing

Ruza Sabanovic

EVP, Head of Technologies and Services

Berit Svendsen

EVP, Head of Scandinavian Cluster, CEO Norway

Petter-Børre Furberg

EVP, Head of Central & Eastern Europe, CEO Hungary

Alexandra Reich

EVP, Head of Technologies and Services

Jon Gravråk

EVP, Head of Digital Businesses

See further information on GEM at:

www.telenor.com/about-us/corporate-governance/group-executive-management.

President and CEO, focusing on the day-to-day business. GEC has consisted of EVPs for Group Unites and the CEOs from Telenor Norway and dtac.

GEC and GEM is chaired by the Group President & CEO. The head of the Group Strategy and CEO Office shall attend the GEC meetings. The GEM and GEC members report to the President and CEO.

On 12 January 2017, Telenor announced organisational changes in GEM. Telenor Group's business units will be organised into four clusters: Scandinavia, Central and Eastern Europe, Emerging Asia and Mature Asia. Each cluster will be led by a Cluster Head, reporting to the Group President and CEO. The new Services and Operations unit will standardise and consolidate the development and operations of networks, core IT platforms, infrastructure and shared services. The new Products and Customer Interaction unit will focus on improving and scaling customer innovation by working on products, customer journeys and analytics. The announced changes to the organisation will not impact Telenor Group's financial reporting structure. The business unit CEOs will continue to be CEOs of their respective business units. The new Cluster Heads will also remain in their position as local CEOs. The new organisation will be effective from 1 March 2017, replacing the previous GEM and GEC.

A subsidiary's relationship to Telenor ASA

The board of directors of a subsidiary in the Telenor Group is obliged to provide the Board of Telenor ASA with any information that is necessary for an evaluation of the Telenor Group's position and the result of the Group's activities.

Telenor ASA notifies a subsidiary's board of directors of matters which may be of importance to the Group as a whole. Telenor ASA also notifies the subsidiary's

board of directors of decisions which may be of importance to the subsidiary before a final decision is made.

To ensure implementation of good and efficient corporate governance in Telenor's subsidiaries, Telenor's governance framework is implemented in all business units. The business unit adopts the relevant governing documents. New governing principles were adopted in 2016 with respect to non-controlled companies, see Section 1.

Deviations from the NCGB Code of Practice Section 9: None.

10. Risk Management and Internal Control

The Board's responsibility and objective for Risk Management and Internal Control

Risk management and internal control are given high priority at Telenor. Key aspects encompass embedding risk management, designating risk ownership and implementing risk responses throughout the organisation. The Group Governing Principles set out key principles related to Risk Management and Internal Control. All foreseeable risks that may have an impact on Telenor's ambitions will be evaluated.

Telenor's risk management objective is to earn competitive returns from its various business activities at acceptable risk levels and without compromising its vision, values and Code of Conduct. Risk management is integrated within the Group's annual strategy planning process, and top risks highlighted therein by business units are tracked through various Group review processes. Business units report their risks in their annual strategy plan, based on a thorough risk assessment process.

Group Enterprise Risk Management aggregates risks from the business unit strategy plans, analyses other risks across the Group in a Group Risk Forum

and presents Telenor's risks to the Group Executive Management, the Risk and Audit Committee and ultimately to the Board of Directors. Each business unit is responsible for updating their company level risk register on a regular basis. Business units provide quarterly updates to risks reported in the strategy plan and also report risks that have emerged, including the status of actions to respond to the risks. Business units are required to align risk management processes closely with existing business and management processes locally. All managers are required to assume responsibility for risk management within their areas of responsibility and ensure that risk management is embedded in day-to-day business processes.

From 2006 to 2007, Telenor complied with the Sarbanes Oxley Act (SOX), as a listed company on the NASDAQ Stock Market on the US stock exchange. Despite delisting from NASDAQ in May 2007, Telenor decided to continue its strong focus on internal controls over financial reporting (ICFR) and has established a process for ensuring that sufficient internal control-related activities are integrated into Telenor's financially significant business operations worldwide. This process is overseen by the Board through the Risk and Audit Committee.

Management performs an annual evaluation of ICFR. The evaluation includes identification and assessment of all material financial reporting risks, as well as ensuring that relevant controls to address these risks are implemented, executed and tested with a certain frequency throughout the year. For controls that are not operationally effective at year-end, the potential impact and financial exposure on the consolidated financial statements are evaluated. Telenor Group Internal Audit regularly conducts audits to identify any deviations from established ICFR best practice and to ensure continuous

improvement in the business units' internal control over financial reporting.

Telenor is focused on continuous improvement of risk management processes and has, in 2016, initiated the rollout and implementation of an enterprise-wide risk management process based on a Governance, Risk and Control (GRC) tool. The purpose is to improve assessment, monitoring and reporting of risks by linking risks to relevant policies and ambitions, and increasing control and follow-up.

Further information regarding risk management is presented in the Board of Directors' Report in the Annual Report for 2016 published at: www.telenor.com/investors/reports-and-presentations.

Financial Reporting Standards

Telenor prepares its consolidated financial statements in accordance with International Financial Reporting Standards ("IFRS"), as adopted by the European Union. The consolidated financial statements shall give a true and fair view of the Company's and Group's assets, liabilities, financial position and results of operations.

Telenor ASA is a holding company and contains the Group Management, Corporate Functions, Research and Development and Group Treasury. The financial statements for Telenor ASA are prepared in accordance with the Norwegian Accounting Act section 3-9 and regulations regarding simplified application of IFRS issued by the Ministry of Finance on 21 January 2008. Financial Reporting Standards and accounting principles are further described in the Telenor Group Annual Report for 2016: www.telenor.com/investors/reports-and-presentations.

The Disclosure Committee

The Disclosure Committee supports the company's efforts to meet the requirements for external financial

reporting. The Disclosure Committee reviews the quarterly and annual reports of the Telenor Group and ensures that external reporting requirements are met. The Committee is chaired by the CFO and includes the following members: Head of Group Legal, Head of Investor relations, Group Controller, Head of Group Accounting and Head of Group Communications. The Disclosure Committee meets to review the Quarterly financial reports and the Annual Report.

The Group Ethics & Compliance Officer and the Ethics & Compliance function

The Ethics & Compliance function in Telenor is responsible for exercising Code of Conduct ownership on behalf of the Board, managing the Ethics & Compliance Hotline, handling of alleged and confirmed breaches of the Code of Conduct, managing and supporting the global Ethics & Compliance community and advising the businesses on matters of ethics and integrity.

The Group Ethics & Compliance Officer heads the group-wide Ethics & Compliance function and shall support the President and CEO and the Board in ensuring that the Code of Conduct sets the appropriate standards, and that these standards are implemented and enforced.

The Group Ethics & Compliance Officer reports functionally to the Sustainability & Compliance Committee of the Board as well as administratively directly to the CEO. The local Ethics & Compliance Officers report functionally to the local Board/Board Committee, as well as administratively to a local manager at the level below CEO (CXO-level). To strengthen the independence of the function, the local Ethics & Compliance Officers also report functionally directly to Group Ethics & Compliance and operate together as one global team.

In January 2016 a new Ethics & Compliance Hotline was launched, where

report intake is handled by an external provider, Navex Global. Investigations are still handled by the Ethics & Compliance function, now in a global case management system. The Hotline and case management system have enabled stronger global oversight for the Group Ethics & Compliance Officer.

The Board decided in January 2017 to establish an adjusted organisation of internal control functions in Telenor ASA and its subsidiaries. The new organisation will consist of a Compliance unit and a separate Internal Audit and Investigation Unit. The latter will report directly to the Board. The purpose of the adjusted organisation is to ensure independent assurance of internal control. The change will be implemented in 2017.

Group Internal Audit (GIA)

Group Internal Audit (GIA) is an independent, objective, assurance and advisory unit that assists the organisation in accomplishing objectives by bringing a disciplined, systematic approach to evaluate and improve the effectiveness of the company's risk management, internal control, reporting and governance processes.

GIA is empowered by the Board to perform engagements in Telenor ASA and any subsidiary in which Telenor ASA, directly or indirectly, owns more than 50% of the voting shares, or the power of control is possessed and exercised by or on behalf of Telenor ASA. GIA functions in accordance with its mandate set out in the Group Internal Audit Charter, which is approved by the Board. GIA functions in accordance with its mandate set out in the Group Internal Audit Charter, which is approved by the Board.

GIA reports functionally to the Board's Risk and Audit Committee, and administratively to the Group CEO.

Group Investment Committee (GIC)

The Group Investment Committee (GIC)

provides recommendations to the President and CEO and other approval bodies regarding Investments and other financial commitments falling within the authority limits set out in the Group Authority Matrix or deemed to be of special interest or principle in nature. GIC is chaired by the CFO and consists of members who have relevant expertise.

GIC secures agreement on the decision process and strategic alignment of proposals, and ensures quality and completeness of assessments and standards for business cases and risks. In addition, GIC performs post-investment evaluations and enhances knowledge sharing.

Group Treasury

In order to ensure overall management and control of the company's financial affairs, the Company has set up Group Treasury as a central finance function. Group Treasury functions in accordance with its mandate set out in the Group Policy Treasury, which is approved by the Board. Head of Group Treasury reports to the CFO.

The purpose of the Group Policy Treasury is to mitigate treasury risks in the Telenor Group and to secure efficient management and control of treasury activities. It also provides an overall framework for managing of treasury risks, including liquidity risk, counterparty risk, currency risk and interest rate risk. Further, the Group Policy Treasury sets the main principles for activities for the Group Treasury function, such as the capital structure of the Telenor Group, equity and debt funding, cash management, working capital management, bank relationship management, treasury risk management, issuance of guarantees, treasury reporting requirements, as well as the capital structure and financing of subsidiaries and investments.

Business Unit workshops and Financial Reviews

Business Unit workshops and Financial Reviews are conducted regularly.

Business Unit workshops were introduced after the revised organisational structure for the Group was announced mid-October 2015. Business unit workshops are normally held twice a year, unless more frequent meetings are required, and are chaired by the President and CEO. The primary focus in the business unit workshops is to discuss important strategic and operational issues in more depth, and actions required to reach defined milestones or ambitions. Once a year, the focus shall be on long-term strategic aspirations as part of the strategy process (referred to as Strategy Workshop).

The Financial Review is held with key business units on a quarterly basis and is chaired by the Group CFO. The main purpose of the Financial Review is to review the business unit's financial performance, internal control, development of risks and regulatory issues as well as forecasted financial performance for the coming quarters.

Business Unit (BU) performance reviews are conducted regularly with each of the main BUs in the Telenor Group, and are chaired by the Group CFO with participation from other relevant functional EVPs. The purpose of these meetings is to monitor and follow-up key strategic priorities, financial and operational performance relative to defined targets as well as other relevant topics with reputational and/or strategic impact.

Deviations from the NCGB Code of Practice Section 10: None.

11. Remuneration of the Board of Directors

The remuneration of the Board reflects the responsibilities of the members of the Board, their expertise, time commitment and the complexity of the company's activities. Remuneration of the Board members consists of a board fee, which is fixed for the year depending on the role on the Board, as well as the compensation for other Board-elected committees. The Board's fees are set by the Corporate Assembly.

The remuneration of the Board is not linked to the performance of Telenor. Telenor does not grant share options to Board members. Telenor does not provide loans to the Board members.

Additional assignments

Members of the Board and/or companies they are associated with, apart from the employee representatives, do not ordinarily take on specific assignments for Telenor in addition to fulfilling their responsibilities as members of the Board. Any additional assignments will be disclosed to the full Board. Any remuneration for such additional assignments will be approved by the Board.

Disclosure

Telenor's Annual Report provides information on all remuneration paid to each member of the Board. Any remuneration in addition to the normal directors' fees is specifically identified in note 34 to the financial statements for Telenor Group for 2016, see: www.telenor.com/investors/reports. In 2016, none of the members of the Board received compensation from any other Group companies, apart from the employee representatives. None of the members of the Board has loans from the Company.

Deviations from the NCGB Code of Practice Section 11: None.

12. Remuneration of the Executive Management

Guidelines

The Board has established guidelines for the remuneration of the Group Executive Management. These guidelines are made available to the General Meeting.

The Board's statement on the determination of salary and other remuneration elements to the executive management was approved by the General Meeting on 11 May 2016. The General Meeting voted separately on each of the separate aspects of the guidelines. See the minutes of the General Meeting at: www.telenor.com/wp-content/uploads/2015/09/Telenor-ASA-AGM-2016-minutes-voting-results-and-attendance.pdf.

The guidelines describe the main principles applied in determining the salary and other remuneration elements to the Group Executive Management, and help to ensure convergence of the interests of the Group Executive Management and the shareholders.

Performance based remuneration to the Group Executive Management in the form of incentive programmes, or similar is linked to value creation for shareholders and results delivered in Telenor over time. Such arrangements aim to drive performance and be based on financial and operational measures the employee in question can impact.

Determination of salary and other remuneration

The People and Governance Committee of the Board considers the President and CEO's base salary and other remuneration elements and presents this to the Board of Directors, which in turn determines the President and CEO's salary and other benefits.

The People and Governance Committee also review the total remuneration for the Group Executive Management.

The Board's declaration regarding the determination of salary and other remuneration to the President and CEO and executive management includes:

- Base salary
- Allowances
- Short-term incentive (cash bonus plan)
- Long-term incentive (share plan with Telenor ASA shares or phantom shares in some jurisdictions)
- Pension and insurance schemes
- Severance payments

Disclosure

According to the Norwegian Act on Public Limited Liability Companies, the Accounting Act, the Government's prevailing policy on the remuneration of leading personnel, and in line with the NCGB Code of Practice, all aspects relating to remuneration of the President and CEO and total remuneration of other executive management employees are presented in note 34 to the financial statements for Telenor Group for 2016: www.telenor.com/investors/reports/annual-reports.

The Board of Director's statement regarding the determination of salary and other remuneration to the executive management was included as a separate appendix (Appendix 7) to the General Meeting on 11 May 2016 in accordance with the recommendation in the NCGB Code of Practice, Section 12 adopted on 30 October 2014: www.telenor.com/wp-content/uploads/2015/09/Statement-regarding-determination-of-salary-and-other-remuneration-to-executive-management-Telenor-ASA-AGM-2016.pdf.

Deviations from the NCGB Code of Practice Section 12: None.

13. Information and Communication

A regular flow of information from Telenor will help shareholders and other investors to make informed decisions on the purchase and sale of the company's shares, based on equal access to information.

The Board provides guidelines for the company's reporting of financial and other information based on openness and transparency, and in accordance with requirements relating to equal treatment of players in the share market. Each year, Telenor announces the dates of important events, such as the General Meeting, the publication of interim reports, public presentations and the payment date of any dividends.

Information sent to the company's shareholders is made available on the Telenor website at the same time as it is sent to the shareholders. The Investor Relations function at Telenor ensures that contact with the company's shareholders is maintained outside the General Meeting, see:

www.telenor.com/ir.

Deviations from the NCGB Code of Practice Section 13: None.

14. Take-Overs

The Norwegian State owns 53.97% of Telenor. Any reduction in the stake by the state will require a special resolution of the Norwegian Parliament that will safeguard the intentions set down in the NCGB (Norwegian Corporate Governance Board) principles. For further information regarding the Norwegian State's ownership, see Section 4 above.

In the event of a take-over bid, the Board will comply with the NCGB principles on this issue.

Deviations from the NCGB Code of Practice Section 14: Exception made with respect to the Norwegian State's ownership.

15. Auditor

In accordance with Norwegian regulations, Telenor complies with strict requirements for oversight of the auditing and auditors, including the auditor's independence.

Telenor has pre-approval policy and procedures in place for approval of non-audit services performed by the external auditor that have been established by the Board. The external auditor provides the Audit Committee with an annual written confirmation of independence. The auditor presents to the Audit Committee, on a bi-annual basis, a summary of all services, in addition to the audit, provided by the external auditor. The auditor also presents any threats to his/her independence and documents measures implemented to reduce these, as required by the Audit and Auditors Act Section 5a-3 3.

The Company's external auditor presents the main features of the plan for the execution of the audit to the Audit Committee and reports interim and final results of the external auditor's work to the Audit Committee.

The external auditor attends all meetings of the Audit Committee, the Board meeting that approves the Annual Report and other meetings on request. The external auditor presents the result of the audit to the Audit Committee and the Board in the meeting approving the Annual Report, including presentation of any material changes in the company's accounting principles and significant accounting estimates, and reports material matters on which there has been disagreement between the auditor and Telenor's Executive Management, if any.

Each year the auditor presents to the Audit Committee and the Board internal control weaknesses and improvement opportunities, if any. The external auditor meets with the Audit Committee and the Board at least annually where neither the President and CEO nor other members of management are present.

At the General Meeting, the Board gives an account of the auditor's remuneration divided into audit fees and other services as disclosed in the Annual Report.

Deviations from the NCGB Code of Practice Section 15: None.



www.telenor.com