



CORPORATE GOVERNANCE IN TELENOR

AN INTRODUCTION TO

- TELENOR'S GOVERNANCE PROGRAM*
- TELENOR'S ANTI-CORRUPTION PROGRAM*

Corporate Governance in Telenor

Telenor's corporate governance system is the framework of rules and procedures by which the Telenor Group governs and controls its business. This framework establishes a sound platform on how to conduct business and how to apply Telenor's values throughout the business to ensure the greatest possible value creation over time in the best interests of Telenor's shareholders, employees and other stakeholders.

The Board of Directors of Telenor ASA is responsible for the management of the Telenor Group and for safeguarding the proper organisation of its operations. The Board has a strong focus on implementing a high ethical standard across the Telenor Group. Telenor's Code of Conduct is approved by the Board and is overseen by the Ethics & Compliance Committee, a sub-committee of the Board. The Code of Conduct sets out rules and guidelines on how Board members, managers, employees and anyone acting for or on behalf of Telenor are expected to conduct business.

To ensure operationalization of good and efficient corporate governance, Telenor has adapted a governance framework, including the Telenor Code of Conduct and a set of policies and manuals, processes and systems on monitoring and reporting. The governance framework is a key management tool. Telenor works continuously to improve its governance regime, and to ensure that documents, training and control mechanisms are current and adequate. The Governance Work Programme is overseen by the Governance and Remuneration Committee, a sub-committee of the Board.

A [description of Telenor's Corporate Governance principles and procedures](#) is available on telenor.com and in Telenor's [Report on Corporate Governance](#).¹



The Governing Documents in Telenor are supported by the Governance Work Programme - an annual process divided into three phases:

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

The Governance Work Programme sets a structured approach and clearly defines roles and responsibilities to processes such as:

- ensuring that Telenor's policies and manuals are updated, approved and distributed on an annual basis across the Telenor Group;

¹ Telenor ASA is a publicly limited liability company, listed on the Oslo Stock Exchange and established under Norwegian laws. As an issuer of shares on the Oslo Stock Exchange, Telenor complies and operates in accordance with Norwegian stock exchange rules, 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 issued by the Norwegian Corporate Governance Board (NCGB). The details of Telenor Group's corporate governance principles and practices, pursuant to Section 3-3b of the Norwegian Accounting Act, and how Telenor operates in accordance with the NCBG's Code of Practice, including any deviations, is explained in the Board of Director's separate yearly "Report on Corporate Governance 2013 – Telenor ASA". The Report on Corporate Governance is publicly disclosed on www.telenor.com/about-us/corporategovernance/.

- 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, internal regulation, business unit strategy and stakeholder analysis;
- monitoring of compliance with the governing documents through an annual self-assessment process.

The Governing Documents are adapted and implemented in all subsidiaries where Telenor has operational control (Telenor Business Units). In companies not controlled, directly or indirectly, by Telenor ASA, Telenor’s representatives on the Board shall actively promote adoption of relevant Governing Documents and Telenor’s standards on ethics and anti-corruption.

How does Telenor work against corruption?

Telenor’s zero tolerance on corruption and ethical standards are set out in the [Code of Conduct](#), Group Policy Anti-Corruption and other Governing Documents, to which all employees must adhere.

Telenor’s firm commitment to oppose any form of corruption requires a structured approach to integrate ethics and anti-corruption considerations across all functions and levels. Telenor’s Group Policy Anti-Corruption states that Telenor shall make active efforts to ensure that corruption does not occur in Telenor’s business activities. To do so, Telenor shall work against corruption through an adequate and risk based Anti-Corruption Program based on international best practice. This shall be implemented in all companies where Telenor has operational control (Business Units).

Telenor has an organization with clearly defined roles and responsibility for implementation of the Anti-Corruption Program, both at Group and Business Unit level. The Group Policy Anti-Corruption and the effectiveness of the Anti-Corruption Program are assessed and revised on a regular basis, with an aim to alignment with prevailing international standards.

Telenor Group Anti-Corruption Program



A [description of Telenor’s Anti-Corruption Program](#) is publicly available on telenor.com. Telenor was assessed as no #1 (together with Statoil) on the parameter “Transparency of company anti-corruption programme” in Transparency International Norway’s report [“Transparency in Company Reporting – Assessing large companies on Oslo Stock exchange 2013”](#)

- Telenor has **Policies and Procedures** in place tailored to address corruption risks in addition to the Group Policy Anti-Corruption, such as Group Authority Matrix, Group Policy Accounting and Financial Reporting, Group Manual Mergers & Acquisitions, Rules of Procedure for the Board of Directors, Group Policy Supply Chain Sustainability and Supplier Conduct Principles.
- **Top-level commitment** is vital for establishing a transparent and enterprise-wide culture which works against corruption. The Board of Directors adopt the Code of Conduct, and the Group President and CEO approves Group Policy Anti-Corruption. The [Ethics and Sustainability Committee](#) of Telenor ASA’s Board of Directors supports the Board in fulfilling its responsibilities with respect to ethics and anti-corruption.
- Regular and Group-wide **risk assessments** is one key element in Telenor’s Anti-Corruption Program. Telenor Group is a multinational company with operations in very different markets. Some of the markets where we operate are emerging economies with potentially complex and sensitive political and social contexts, ranking high on indexes such as

Transparency International's Corruption Perception Index. Telenor's Anti-Corruption Program is tailored to prevent corruption based on the risks we encounter in these different markets. All Business Units conduct regular risk assessments and risk-based review of its anti-corruption procedures, and remediate any weaknesses. The risk assessments are followed up on Group Level.

- All Business Units shall conduct regular **anti-corruption training** of employees, including classroom training, townhall meetings, dilemma workshops and computer-based training. All employees have access to interactive training modules on anti-corruption, including introduction to our Code of Conduct and Group Policy Anti-Corruption and ethical dilemmas as part of e-learning. [Telenor's Anti-Corruption Handbook](#) is available on telenor.com both in print and as a downloadable web-app. Telenor's management is committed to sending clear, unambiguous and regular messages to all staff and business partners that corruption and bribery is unacceptable. As an example, a [video of Pål Wien Espen, Group General Counsel and Sigve Brekke, Head of Asian Operations](#), discussing specific cases such as gifts, facilitation payments and business courtesies in general is available on telenor.com.
- Telenor conducts **monitoring and review** on a regular basis of the effectiveness of the Anti-Corruption Program. Examples of monitoring are internal audits, self-assessments and regular reporting to the CEO and the board of directors in each Business Unit.
- All employees may report any concerns to the Local Ethics & Compliance Manager, or [Telenor Group Ethics & Compliance](#) functions at Telenor's "Hotline to Compliance". All reporting shall be treated confidentially. Telenor employees' compliance with the standards is subject to **enforcement and sanctions** through monitoring and reporting requirements which may lead to disciplinary actions for breaches.

How does Telenor ensure its suppliers and business partners adhere to Telenor's standards?

Integrity is a vital part of Telenor's business. We recognize that our business partners, whether new investments, partners, agents, consultants, contractors or suppliers, will be associated with Telenor.

Our [Supplier Conduct Principles](#) apply to all contracting parties of Telenor. Telenor conducts risk-based integrity due diligence on prospective joint venture partners, agents and consultants who act as a point of contact between Telenor and a third party, other intermediaries and middlemen and other contracting parties that pose a particular corruption risk or other integrity risk. The integrity due diligence shall be performed and documented in accordance with a mandatory Group Manual.

A group-wide Business Assurance function is established across the Telenor Group to oversee [implementation and monitoring of supply chain sustainability](#) in each Business Unit on an ongoing basis. The Business Units carry out supplier training sessions on HSSE, human rights and anti-corruption in the local markets. Telenor's Anti-Corruption Handbook is available for all suppliers and business partners.

Telenor participates actively in various international organisations in the field of anti-corruption and supply chain sustainability. We believe it is important to find common solutions to challenges and to share best practices. Telenor is a member of UN Global Compact, [Global e-Sustainability Initiative \(GeSi\)](#) and the [Joint Audit Cooperation \(JAC\)](#). In 2012, Telenor chaired a task force on anti-corruption in the UN Global Compact. Telenor participated in Transparency International's working group to establish guiding documents for anti-corruption in the supply chain in Norway, and Transparency International Norway's update of the handbook "Beskytt din virksomhet!" ("Protect your company!").