

Report on Corporate Governance 2014



CONTENT

1. Implementation and reporting on corporate governance /01/
2. Business /04/
3. Equity and Dividends /04/
4. Equal Treatment of Shareholders and Transactions with Close Associates /05/
5. Freely Negotiable Shares /06/
6. General Meetings /07/
7. Nomination Committee /08/
8. Corporate Assembly and Board of Directors: composition and independence /09/
9. The Work of the Board of Directors, the Chief Executive Officer and the Group Executive Management /11/
10. Risk Management and Internal Control /15/
11. Remuneration of the Board of Directors /18/
12. Remuneration of the Executive Management /18/
13. Information and Communication /19/
14. Take-overs /19/
15. Auditor /20/

Report on Corporate Governance



The Board has a strong focus on implementing a high ethical standard across the Telenor Group, and Telenor's values represent an important foundation for Telenor's corporate governance. The Board believes that sound corporate governance is critical to our business integrity and to maintaining confidence in our company.

Svein Aaser, Chairman of the Board of Directors of Telenor ASA

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 organization of its operations. It is the Board's view 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 generally accepted rules and recommendations.

Telenor's principles and practices for Corporate Governance are subject to regular discussions and annual review by the Board of Directors. 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 2014. The Board has reviewed and adopted this Report in a Board meeting on 17 March 2017.

Telenor ASA is a public limited liability company, established under Norwegian law. The Telenor shares are listed on the Oslo Stock Exchange. As an issuer of shares the company complies with rules governing the Norwegian stock exchange and rules regarding public limited liability companies. Telenor is subject to the rules that at any time are applicable: the Continuing Obligations of Listed Companies as approved by Oslo Børs ASA, with reference to the Norwegian Code of Practice for Corporate Governance (the «Code of Practice») issued by the Norwegian Corporate Governance Board (NCGB). The Code

of Practice may be found at www.nues.no.

This Report on Corporate Governance represents the governance in Telenor ASA and all Telenor's subsidiaries directly or indirectly controlled by Telenor ASA («business units»).

In companies where Telenor does not have operational control, board members nominated by Telenor shall actively promote adoption of relevant governing documents and Telenor is continuously working on how to achieve these goals in these companies.

Telenor operates in accordance with the 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 corporate governance principles and practices as required by the

Accounting Act Section 3-3b and the details of how Telenor complies with the NCGB's 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.

The NCGB's Code of Practice covers 15 topics. The structure of this Report on Corporate Governance is aligned with the structure of the 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's corporate values represent an important foundation for Telenor's corporate governance. The Board believes that good and sustainable corporate governance is a key success factor when conducting business in a global, highly competitive and changing market.

The Board has a strong focus on implementing a high ethical standard across the Telenor Group. Transparency and trustful cooperation between all parties and stakeholders involved in the Telenor Group are prerequisites for good business ethics and corporate governance.

Telenor has adopted a governance framework which includes the Telenor Code of Conduct, Group Governing Principles and a set of policies and manuals, processes and systems on monitoring and reporting. The governance framework is a key management tool and shall ensure operationalization of and a common platform for good and efficient corporate governance throughout the 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 2014: www.telenor.com/investors/reports/2014

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 nos. 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 2014.

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 2014.

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 2014.

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.

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, reviews, governance and risk management.

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 Local Policies are approved by the Local CEO in each business unit. Each business unit's Board of Directors shall ensure that the business unit adheres to Telenor's corporate governance framework. The Local CEO has the overall responsibility that the Governing Documents are properly implemented in the Business Unit and for the Business Unit's compliance with the Governing Documents.

Telenor currently has 24 policy areas: Code of Conduct, Governing Principles and 22 specific Policy areas covering Finance & 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 non-mandatory guidelines and support documents to encourage best practice and efficient operations. Each Policy area has dedicated Policy Owner and Policy Manager.

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 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;
- 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.

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.

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. Telenor's Code of

Conduct is overseen by the Ethics & Compliance Committee, a sub-committee of the Board.

Telenor's Code of Conduct was last updated in June 2014. The Code of Conduct defines core legal and ethical standards by which we create value in Telenor and applies to members of the Board, managers and other employees as well as those acting on behalf of the Telenor Group. It sets out specific and practical rules and guidelines on how each individual is expected to conduct business in Telenor.

The Code of Conduct, Governing Principles and Governing Documents, Vision, Mission and Values and Leadership Expectations are an inherent part of the Telenor culture and form a platform that describes how we work. We call this way of working the «Telenor Way». The «Telenor Way» is how Telenor wants to conduct business in Telenor and sets out the foundation for behaviour and decision-making.

Telenor is firmly committed to building and promoting ethical values and behaviour throughout our company. Awareness campaigns, capacity-building and regular training of all employees, including e-learning programmes, dilemma-training modules and other «Telenor Way» awareness activities are tools to make our culture known and lived by across the Group.

Corporate Social Responsibility

Telenor strives to focus on responsible business practices across all markets. Our main goals are to ensure continuous improvements in all areas where we identify challenges and to comply with all relevant international standards.

With the introduction of the new

Section 3-3c in the Norwegian Accounting Act in 2013, large enterprises are required to issue a report on corporate social responsibility detailing what the enterprise does to integrate considerations relating to human rights, labour rights and social conditions, the external environment and anti-corruption efforts in their business strategies, in their daily operations and in relation to their stakeholders. The report shall be provided by the Board of Directors and shall be published in the annual report or in another public document referred to in the report. Telenor ASA's sustainability report as required by the Norwegian Accounting Act Section 3-3c is provided in a separate section in the Annual Report 2014, see www.telenor.com/investors/reports/2014.

Telenor's requirements for sustainability are set out in our governance framework, which covers areas such as anti-corruption, human rights and labour rights, environment and climate, health, safety and security, supply chain sustainability and privacy and data protection. A further account on the Board's commitment to Telenor's corporate responsibility is provided in Section 10 to this Report.

The Board will continue to maintain and further develop Telenor's ethical platform and corporate governance standard as one key factor for Telenor's business integrity and continuing strong performance.

Deviations from the 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 of Directors has defined clear objectives and strategies. Telenor Group's ambition is to create growth both in our traditional telco business through monetizing the large data growth, in our current digital positions within M2M, Online Classifieds and Financial Services, and in potential new digital positions.

Keeping a strong position within communications and connectivity services will still be the main priority in the short to medium term. To deliver on our aspirations on growth, value creation and a retained retail position within communications services and connectivity, we have established three strategic ambitions for 2015-17:

1. Internet for All: Telenor believes an increase in ARPU will be an important driver for growth in the strategy period. Through the Internet for All – ambition, we will aim to increase the revenues for all users through 1) enabling use, 2) stimulating usage, and 3) monetizing data usage.

2. Loved by Customers: Telenor is experiencing saturating subscriber growth in most of our markets. To achieve above industry growth going forward, Telenor needs to strengthen the relationship with our current customers, and turn them into promoters of our services.
3. Efficient Operations: Over the past years Telenor has shown a steady increase in EBITDA and Operating Cash Flow. To maintain this trend, keep the competitiveness and stay relevant to the customers, Telenor needs to constantly work at being more cost efficient through the entire organization.

To deliver on its strategic ambitions, Telenor Group has prioritized a number of initiatives. In order to deliver on our ambitions for 2017, we focus on two key enablers: passionate employees and local impact. Telenor Group's strategy is published at Telenor's website: www.telenor.com/about-us/our-strategy.

Telenor's operations and important events during 2014 are described in the Report of the Board of Directors and the Annual Report for 2014. Telenor updates the market through investor presentations, press releases and other information made available online: www.telenor.com/investors.

Deviations from the 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 2014 is NOK 9,008,748,180 divided

into 1,501,458,030 shares, each with a par 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 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.

According to the Annual General Meeting (AGM) resolution on 14 May 2014, the Board is authorized to purchase treasury shares, see: www.telenor.com/about-us/corporate-governance/about-the-general-meeting/#Information. Telenor did not purchase any shares under the authorization given from the AGM during 2014. Information on the development of treasury shares during 2014 is available in the Board of Directors' report published in the Telenor Annual Report for 2014: www.telenor.com/investors/reports/2014.

Dividend policy

The Board has established a dividend policy which forms the basis for the proposals on dividend payments that it makes to the AGM. 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 share-

holders 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 buy-back if applicable, and increased share value.

Telenor's policy is to distribute dividends to its shareholders equal to 50-80% of normalised net income, and aim for a year-on-year growth in the dividend per share.

A resolution on the distribution of the dividend is adopted by the AGM following the proposal from the Board of Directors. At the AGM on 14 May 2014, a dividend of NOK 7.00 per share was approved by the AGM.

The Telenor Board of Directors will propose a dividend of NOK 3.80 per share (NOK 5.7 billion) to be resolved by the general meeting in May 2015, and paid out in June 2015. In addition, the Board will ask the general meeting for an authority to resolve further dividends, pursuant to which the Board plans to resolve a dividend of NOK 3.50 per share (NOK 5.3 billion) to be paid in November 2015. In total this will bring the ordinary dividend for the fiscal year 2014 to NOK 7.30 per share (NOK 11.0 billion).

The move to semi-annual dividends align Telenor's shareholder remuneration with the company's cash flow profile throughout the year, thereby optimizing funding flexibility and cash management in the Group.

Deviations from the 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 equal treatment of all shareholders and openness. Telenor has only one class of shares. The Articles of Association have no restrictions on voting rights. All shareholders have the same rights.

The AGM may authorise the Board to purchase treasury shares (see Section 3 above). The Board is 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 approximately 54% of the Telenor shares. The ownership interest is managed by the Ministry of Trade, Industry and Fisheries. The Norwegian State emphasises that 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 of Directors that is responsible for evaluating the expectations which the shareholders and others have towards the company, and for accomplishing the commercial targets which the Board thinks 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/nb/tema/naringsliv/statlig-eierskap/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 to cancel these shares through write-down of the share capital to maintain its ownership interest. See notes 23, 32 and 35 for further description.

In the Government's white paper concerning direct state ownership in 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

Telenor's Code of Conduct sets out rules regulating loyalty, impartiality and conflict of interests.

Conflicts of interest are 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 judgment 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. Should a conflict of interest arise, the employee shall at the employee's own initiative evaluate circumstances that may imply a conflict of interest or impartiality and promptly notify its leader of such circumstances.

Requirements for Board members and managers

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

The Telenor Rules of Procedure for the Board of Directors state that Board members are not permitted to take part in the processing of, or decisions on, 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. The same applies to the President and Chief Executive Officer, cf also the Public Limited Liability Companies Act, Section 6–27. Neither the Board members nor the President & 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.

Other transactions

In relation to its ordinary business, Telenor also has regular transactions with certain entities in which Telenor has ownership interests. Such transactions are carried out on an arm's length basis.

Transactions with related parties, including transactions with associated companies, are accounted for in note 32 in the financial accounts in the Annual Report for 2014: www.telenor.com/investors/reports/2014.

Deviations from the 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 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 (AGM). The AGM is the main meeting place for shareholders and the officers they elect. According to the Articles of Association the AGM 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 AGM, and aims to ensure that the AGM 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 AGM, the resolutions and supporting information distributed shall be sufficiently detailed and comprehensive. Any shareholder is entitled to have a question discussed at the AGM. The question is to be notified in writing to the Board of Directors at least seven days before the deadline for sending the notice convening the AGM, together with a proposal to a draft resolution or an explanation as to why the matter has been put on the agenda.

The 2014 AGM of Telenor ASA was held on 14 May 2014. The pre- and post AGM meeting documents, including the minutes, are available at: www.telenor.com/investors/general-meeting/2014.

The Annual General Meeting (AGM)

The AGM 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 AGM 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 AGM following the Board of Directors' 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 AGM and are binding on the board of directors. 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 of the consolidated financial statements for 2014. The Board's declaration was presented to the Nomination Committee. The Nomination Committee did not have any comments to the declaration.

At the AGM on 14 May 2014, the Chairman of the Board presented the Board's declaration regarding the determination of salary and other remuneration to senior managers and the AGM adopted the following resolution:
«The Board of Directors' declaration regarding the determination of salary and other compensation to the executive management is approved by the general meeting.

The Board of Directors' guidelines for determination of salary and other remuneration to the executive management was approved.

The Board of Directors' guidelines for determination of share based remuneration and other remuneration relating to the development in the pricing of shares were approved.»

According to the Norwegian Public Limited Liability Companies Act, Section 5-6 (4), the AGM shall deal with the Report on Corporate Governance pursuant to Section 3-3b of the Norwegian Accounting Act. At the AGM on 14 May 2014, the AGM adopted the following resolution:
«The Board of Directors report on corporate governance was presented and acknowledged.»

Extraordinary General Meeting (EGM)

The Board of Directors, the Corporate Assembly or the Chairman of the Corporate Assembly may decide to convene an Extraordinary General Meeting (EGM). The Board of Directors will convene an EGM if, in order to discuss a specified matter, the auditor or shareholders representing at least one twentieth of the share capital demand this in writing. The Board of Directors will ensure that the General Meeting is held within one month of the demand being made.

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 the notice of meeting 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 AGM

The AGM 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 Chairman of the Corporate Assembly. The chairman of the board and the CEO shall also attend the AGM. Further, Telenor's auditor will attend the AGM. In addition, the representatives of the Nomination Committee shall attend the AGM 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 of Directors' 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 authorized 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 are able to 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 Code of Practice Section 6: None.

7. NOMINATION COMMITTEE

Establishment, 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 of Directors, 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 of Shareholders.

The Nomination Committee is independent of the Board of Directors, 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 of Directors and the Company's management. The members shall be elected by the General Meeting, however, so that the chairman of the Corporate Assembly shall be elected as the chairman 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 of Directors and Nomination Committee of Telenor should be submitted to the Nomination Committee. Proposals by shareholders may be addressed to Telenor's Investor Relations on: www.telenor.com/about-us/corporate-governance/nomination-committee/#contactFeedback. 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 chairman and deputy chairman of the Corporate Assembly.

The Nomination Committee's process and considerations regarding the election of shareholder-elected members and deputies to the Board of Directors, 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 of Directors and executive personnel (and with members of the Corporate Assembly, where appropriate). The Board's annual self-evaluation report is dealt with separately by the Nomination Committee. The Nomination Committee emphasizes the Board of Directors' total competences when making its recommendations.

The General Meeting may adopt instructions for the Nomination Committee. The Nomination Committee held 21 meetings in 2014.

Deviations from the Code of Practice Section 7: None.

8. CORPORATE ASSEMBLY AND BOARD OF DIRECTORS: COMPOSITION AND INDEPENDENCE

Pursuant to Norwegian law, Telenor has a Corporate Assembly and a Board of Directors. The Corporate Assembly is a distinctly Norwegian body. It is primarily a supervisory body which supervises the Board's management of company business. The Corporate Assembly also has decision-making powers in limited, but important areas. 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 ensuring 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 of Directors and the President & CEO cannot be a member (or an observer) of the Corporate Assembly.

Further information about the members

Members of the Nomination Committee at year-end 2014

Anders Skjævestad

Chairman

Elected from the Corporate Assembly: 2009

Mette Wikborg

Member

Elected by the Annual General Meeting: 2009

Rune Selmar

Member

Elected by the Annual General Meeting: 2007

Silvja Seres

Member

Elected from the Corporate Assembly: 2012

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 of Directors and the CEO. The Corporate Assembly held 3 meetings in 2014. The average attendance over the year at the Corporate Assembly meetings was 83%.

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 Chairman of the Board. The AGM cannot influence, change or reverse the Corporate Assembly's decisions regarding the election of the Board and Chairman 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

The Corporate Assembly at year-end 2014**Anders Skjævestad**

Chairman

Elected 2012 – member of the Corporate Assembly since 2009

Olaug Svarva

Deputy Chairman

Elected 2007, re-elected 2013

Members elected by the shareholders:**Silvija Seres**

Elected 2011, re-elected 2013

Siri Pettersen Strandenes

Elected 2008, re-elected 2013

Tore Onshuus Sandvik

Elected 2011, re-elected 2013

Elin Merete Myrmel-Johansen

Elected 2009, re-elected 2013

John Gordon Bernander

Elected 2013

Kirsten Idebøen

Elected 2013

Didrik Munch

Elected 2013

Widar Salbuviik

Elected 2013

Deputy members elected by the shareholders:**Gry Mølleskog**

First deputy, elected 2007, re-elected 2013

Nils-Edvard Olsen

Second deputy, elected 2009, re-elected 2013

Ingvild Nybø Holth

Third deputy, elected 2005, re-elected 2013

Members elected by the employees:**Roger Rønning**

Elected 2007, re-elected 2011

Astri Skare

Elected 2002, re-elected 2011

Jan Riddervold

Elected 1997, re-elected 2011

Stein Erik Olsen

Elected 2000, re-elected 2011

Magnhild Øvsthus Hanssen

Elected 2007, re-elected 2011

Observers for the employees:**Anne Kristin Endrerud**

Elected 2007, re-elected 2011

Mai Britt Thune

Elected 2011

Deputy members elected by the employees:

Jan Otto Eriksen

Esben Smistad

Morten Fallstein

Tove Rosø

Merete Djupos

Ronny Paulsen

Espen Egeberg Christiansen

Ellen Erland

Steffan Philip Thorvaldsen

Baard Myhre

Håkon Berdal

consider necessary. The Corporate Assembly may also undertake investigations on its own or through a committee.

The Corporate Assembly shall issue a statement to the AGM 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 the profit or coverage of the 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 Board of Directors' remuneration.

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 of Directors

According to the Company's Articles of

Association, the Telenor Board of Directors shall consist of a minimum of five and a maximum of 13 members, who are to be elected for a period of two years. By year-end 2014, Telenor ASA's Board of Directors consisted of 11 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 of Directors. The Corporate Assembly elects the Company's Board, including the Chairman of the Board.

At the meeting of the Corporate Assembly on 14 May 2014, the Corporate Assembly elected Jon Erik Reinhardsen as new member of the Board for a period of up to two years, replacing Hallvard Bakke. Jon Erik Reinhardsen is President and CEO of Petroleum Geo-Services (PGS), a position he has held since April 2008. Reinhardsen has wide and extensive operational and managerial experience, both from Norway and abroad, hereunder in industries undergoing significant technological changes.

Expertise and Independence

Telenor's Board of Directors has 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, is an employee of Telenor or has 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 of Directors 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 it is therefore no set limit for the number of board appointments an individual should hold.

Shares

The members of the Board of Directors 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 of the consolidated financial statements for 2014: www.telenor.com/investors/reports.

Deviations from the Code of Practice Section 8: None.

9. THE WORK OF THE BOARD OF DIRECTORS, THE CHIEF EXECUTIVE OFFICER AND THE GROUP EXECUTIVE MANAGEMENT

Role and responsibility of the Board of Directors

The Board of Directors of Telenor ASA is responsible for the administration of the Telenor Group and for safeguarding the proper organization of the business. The Board of Directors shall supervise the day-to-day management and the Company's business in general.

The Board of Directors draws up plans

and financial frames and goals for the activities of Telenor. The Board of Directors 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 Company. The Board of Directors 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 of Directors.

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 (2015-2017) is available at www.telenor.com/about-us/our-strategy.

The Board of Directors 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 emphasizes the importance on gaining valuable insights and being well informed on relevant technological, regulatory and market developments. During 2014, the Board conducted a Board visit to Telenor's operations in Sweden.

Board meetings in 2014

Information about the attendance of each of the members of the Board at each of the 15 Board meetings held in 2014 is reported in the minutes of each Board meeting. The minutes from the

Telenor ASA Board of Directors by year-end 2014

Svein Aaser

Chairman, appointed: 16 May 2012, re-elected 15 May 2013

Frank Dangeard

Deputy Chairman, appointed: 19 May 2011, re-elected 15 May 2013

Burckhard Bergmann

Board Member, appointed: 29 May 2008, re-elected 15 May 2013

Sally Margaret Davis

Board Member, appointed: 23 November 2011, re-elected 15 May 2013

Dag J. Opedal

Board Member, appointed: 19 May 2011, re-elected 15 May 2013

Barbara Milian Thoralfsson

Board Member, appointed: 11 May 2009, re-elected 15 May 2013

Marit Vaagen

Board Member, appointed: 15 May 2013

Jon Erik Reinhardsen

Board Member, appointed: 14 May 2014

Bjørn Andre Anderssen

Employee representative, appointed: 23 August 2007, re-elected December 2013

Brit Østby Fredriksen

Employee representative, appointed: 20 January 2010, re-elected December 2013

Harald Stavn

Employee representative, appointed: 20 June 2000, re-elected December 2013

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 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 Chairman 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 are dealt with in a meeting.

The Board of Directors held 15 Board meetings in 2014. The average attendance over the year at the Board meetings was 98%.

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's Norwegian Code of Practice for Corporate Governance. The Board's self-assessment is presented to the Nomination Committee.

Working committees of the Board

In order to help ensure thorough preparation of specific issues, the Board of Directors has appointed three preparatory working committees of the Board: The Governance and Remuneration Committee, the Ethics and Sustainability Committee, and the Audit Committee. Telenor ASA's Board decided in the autumn of 2014 to appoint an ad hoc sub-committee of the Board to search systematically for a successor to the current President and Chief Executive Officer, who prolonged his contract throughout 2015. In addition, Telenor ASA Board appointed in December 2014 an ad hoc sub-committee of the Board related to the ongoing investigations into VimpelCom Ltd.

The Board of Directors has issued a Charter for each committee regarding composition and tasks. The committees report to the Board of Telenor ASA 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 Governance and Remuneration Committee

The Governance and Remuneration Committee is composed of the following four members of the Board: Svein Aaser (Chairman of the Committee), Burckhard Bergmann, Sally Davis and Bjørn André Anderssen (employee representative). The Committee held seven meetings in 2014. The average attendance over the year at the Committee meetings was 100%.

The Committee oversees that Telenor sets generally accepted high standards of Corporate Governance and maintains a corporate culture that encourages good corporate governance. It is also

the task of the Committee to ensure that Telenor has relevant management and control bodies and processes and to oversee the Group CEO authority and responsibility. The Committee shall also provide support to the Board on matters relating to long term development of culture and leadership. Further, the Committee considers Telenor's remuneration policy and programs, including bonus programs and share-based schemes, and presents recommendations to the Board of Directors for decision. The Committee annually evaluates the President and CEO's total remuneration and presents recommendations to the Board of Directors for decision.

During 2014, the Committee has had a particularly focus on implementation of executive bonus plans, succession planning, culture and development of governance processes. Succession planning was discussed based on detailed evaluation about the performance and potential of executive management in the whole Group. The process has contributed to a robust leadership pipeline in Telenor Group. Based on a group wide cultural survey the Committee discussed how the «Telenor Way» could be strengthened across all Business Units. The Committee also discussed corporate governance improvements based on a benchmarking of governance processes with other multinational companies.

In 2015, the Committee will focus particularly on assessing the Employee Share Program, development of Telenor culture and review of governance processes.

The Ethics and Sustainability Committee

The Ethics and Sustainability Committee is composed of four

members of the Board. At year-end 2014, the members were Frank Dangeard (Chairman of the Committee), Marit Vaagen, Jon Erik Reinhardsen and Brit Østby Fredriksen (employee representative). The Ethics and Sustainability Committee held seven meetings in 2014. The average attendance over the year at the Committee meetings was 96%.

The Committee supports the Board in fulfilling its responsibilities with respect to ethics and compliance as stated in law, code of practices and Telenor Group's Code of Conduct and accompanying governing documents. The Committee also supports the Board in fulfilling its responsibilities with respect to Employees, in terms of Personnel Security, Occupational Health & Safety (OHS) and Labour Rights. The Committee shall also oversee Telenor's efforts on Sustainability, described as the company's responsibility for the manner in which its activities affect the society and the environment. This includes responsible business practices internally and for the supply chain, as well as ensuring a positive impact on society. In addition the Committee oversees policies, processes and practices related to IT-security, network integrity, physical security and related areas. For each of the four said areas the Committee shall review strategies and policies, oversee implementation and organizational capabilities, and consider Group non-financial KPIs. The Committee may also address other issues it deems relevant for fulfilling its obligations, hereunder issues affecting Telenor's reputation. The Committee shall also oversee Telenor Group's external non-financial reporting, including non-financial information in the annual report, and oversee that Telenor's reporting practices are

aligned with and meet stakeholder expectations and relevant regulations.

During 2014, the Committee has had a particular focus on Anti-Corruption, the Ethics & Compliance function, Internal Audit, Social Media and Sustainability Reporting, as well as a continued focus on ethics & sustainability in relation to Telenor's entry into, and newly established operations in Myanmar and Telenor's investment in VimpelCom Ltd.

The Audit Committee

The Audit Committee is composed of the following three members of the Board: Dag J. Opedal (Chairman of the Committee), Barbara Milian Thoralfsson and Harald Stavn (employee representative). The Committee held six meetings in 2014. The average attendance over the year at the Committee meetings was 94 %.

The Committee supports the Board in fulfilling its responsibilities with respect to financial reporting, internal control over financial reporting and auditing matters. The Committee oversees the procedures to identify financial and operational risks as well as understand and assess risk exposures and mitigating actions. The Committee also supports the Board in fulfilling its responsibilities with respect to ethics and compliance related to accounting and auditing matters according to the Code of Conduct and accompanying governing documents.

In addition to fulfilling its responsibilities as described above, the Audit Committee had in 2014 a particular focus on strategic risk and financial priorities and ambitions for the period 2015-2017.

CEO Succession ad hoc Committee
Telenor ASA's Board decided in the

autumn of 2014 to appoint an ad hoc sub-committee of the Board to search systematically for a successor to the current President and Chief Executive Officer, who prolonged his contract throughout 2015. The Committee consists of Svein Aaser (chairman of the Committee), Frank Dangeard (chairman of the Ethics and Sustainability Committee), Marit Vaagen (member of the Ethics and Sustainability Committee) and Bjørn Andre Anderssen (employee representative).

The VimpelCom ad hoc Committee

Telenor ASA Board decided in December 2014 to appoint an ad hoc sub-committee of the Board related to the ongoing investigations of VimpelCom Ltd. The Committee consists of Frank Dangeard (chairman of the Ethics and Sustainability Committee), Dag J. Opedal (chairman of the Audit Committee) and Burckhard Bergmann (member of the Governance and Remuneration Committee). The VimpelCom Committee held two meetings in 2014 since its appointment in December 2014. The average attendance over the year at the Committee meetings was 100%.

The VimpelCom Committee shall, inter alia, follow up and keep itself informed on relevant issues relating to the ongoing investigation of VimpelCom Ltd, Telenor management's actions and handling of the ongoing investment in VimpelCom Ltd and any other measure or issue which the Committee deems appropriate in connection with the ongoing investigations. The VimpelCom Committee shall report regularly to the Board of Directors and may present proposals for resolutions to the Board.

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 Group Chief Executive Officer («CEO») of the Telenor Group. The CEO is appointed by the Board of Directors.

The 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 AGM.

The Board has provided instructions for governance to the 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 CEO, submission of proposals for decisions for the Board from the CEO and the CEO's responsibilities for reporting to the Board.

Group Executive Management (GEM)

The Group Executive Management (GEM) of Telenor ASA is an advisory management body for the Group CEO. The GEM consists of heads of key business areas and functions at Telenor.

Strategic, operational, financial or other matters fundamental to Telenor are dealt with at the GEM meetings, including the preparation of items for the Board, the Corporate Assembly and the AGM. This also includes strategy, ongoing follow-up of activities and coordination between Telenor's executive officers. The GEM members report to the Group CEO.

The GEM is chaired by the Group CEO. Further members of the GEM consist of Executive Vice President and Chief

Financial Officer (CFO), Executive Vice President and Head of Asia Operations, Executive Vice President and head of European Operations, Executive Vice President and Head of Telenor Norway, Executive Vice President and Head of Digital and Strategy, Executive Vice President and Head of Group Industrial Development, Executive Vice President and Head of Group People Development, Executive Vice President and Head of Legal Affairs and Executive Vice President and Head of Corporate Affairs. See further information on GEM at: www.telenor.com/about-us/corporate-governance/group-executive-management.

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 Directors of Telenor ASA with any information which 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 shall be adopted and implemented in all Telenor's subsidiaries directly or indirectly controlled by Telenor ASA («business units»). In companies where Telenor does not have operational control, board members nominated by Telenor shall actively promote adoption of relevant governing documents and

Telenor is continuously working on how to achieve these goals in these companies.

Deviations from the 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 organization. Business units provide the Group with risk information through channels such as business reviews and strategy processes.

The Audit Committee supports the Board in fulfilling its responsibilities with respect to risk management and internal control.

The Group Governing Principles set out key principles related to Risk Management and Internal Control. Risk Management shall be systematically integrated into Telenor's business and strategy processes to earn competitive returns from our various business activities at acceptable risk levels and without compromising the «Telenor Way» Framework. Strategic, operational and legal risks of importance shall be taken into consideration. All managers shall assume responsibility for risk management within their areas, and ensure that risk management is embedded in the 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 of Directors through the 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.

Risk factors

Operating across multiple markets exposes the Telenor Group to a range of financial, regulatory, operational, industry, and reputational risks that may adversely affect our business. Further information regarding such risk factors is disclosed in the Board of Directors' report in the Telenor Annual Report for 2014 published at: www.telenor.com/investor-relations/reports.

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: Group General Counsel, Head of Investor relations, Group Controller, Head of Group Accounting and Head of Group Communications. The Disclosure Committee meets to review financial reports and the Annual Report.

The Group Ethics & Compliance Officer

The Group Ethics & Compliance Officer shall support the President and CEO and the Board of Directors in ensuring that the Code of Conduct sets the appropriate standards and that they are implemented and enforced. The Code of Conduct sets a high ethical standard, 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.

The Group Ethics & Compliance Officer monitors the implementation of the Code of Conduct and shall handle any possible breaches of the Code of Conduct, Telenor's Governing Documents and relevant laws and regulations. With a few exceptions, all business units shall have an Ethics &

Compliance function headed by a local Ethics & Compliance Officer reporting to local Management and local Board or local Board Committee. The Group Ethics & Compliance Officer sets the direction and coordinates the activities of the Ethics & Compliance network.

The Group Ethics & Compliance Officer reports to the Group General Counsel with a dotted line to the Group President and CEO and the Ethics & Sustainability Committee of the Telenor's Board of Directors.

Group Internal Audit (GIA)

Group Internal Audit (GIA) is an independent, objective, assurance and advisory unit that assists the organization to accomplish 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 of Directors 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 reports functionally to the Audit Committee and administratively to the Group CFO.

Group Investment Committee (GIC)

The Group Investment Committee (GIC) provides recommendations to the Group CEO and other approval bodies regarding Investments falling within the authority limits set out in the Group Authority Matrix for Investment Proposals, 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 decision process and strategic alignment of proposals, ensures quality and completeness of assessments and standards for Business Case 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 Treasury Policy which is approved by the Telenor Board of Directors.

The purpose of the Group Treasury Policy is to mitigate treasury risks in the Telenor Group and to secure efficient management and control of treasury activities, as well as provide an overall framework for managing treasury risks including liquidity risk, counterparty risk, currency risk and interest rate risk. Further, the Group Treasury Policy sets the main principles for the activities 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 financial investments.

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 2014: www.telenor.com/investors/reports/2014.

Business Reviews and Financial Reviews

Business Reviews and Financial Reviews are conducted regularly.

The Business Review is normally held twice a year, unless more frequent reviews are required, and is chaired by the Group CEO. The purpose of the Business Review is to review the business units' strategic and operational performance as well as plans for reaching strategic ambitions. Once a year the Business Review shall focus on the three-year strategy plan as part of the strategy process (referred to as Strategy Review).

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

Corporate Responsibility

Sustainable growth and corporate

responsibility is an important part of how the Telenor Group operates. The mobile industry has proven positive effects on economic and social welfare. The telecom industry has the power to transform society, which is why corporate responsibility is an important part of how Telenor operates. At the Telenor Group, our Corporate Responsibility efforts rest on two key strategic pillars: extending the benefits of mobile communications across all our markets and integrating responsible business practices in all aspects of our operations.

The Telenor Group believes that telecommunications enables the exchange of ideas and access to information. We also recognize that we do face human rights challenges in markets where we operate. Respect and continuous improvement are therefore important parts of our approach to human rights.

Telenor is a long-time member and signatory to the UN Global Compact initiative. Telenor adheres to the UN's 10 principles within human rights, labour rights, environmental protection and anti-corruption. Telenor reports in accordance with the Global Reporting Initiative (GRI). The latest GRI Report is published at: www.telenor.com/sustainability/reporting.

Anti-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. Its design, implementation and enforcement are risk-based and tailored to prevent corruption throughout Telenor's business activities. It shall be implemented in all Telenor's subsidiaries directly or indirectly controlled by Telenor ASA.

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. A description of Telenor's Anti-Corruption Program and Telenor's Anti-Corruption Handbook is publicly available at: www.telenor.com/about-us/corporate-governance/anti-corruption.

Supply Chain Sustainability

Supply Chain Sustainability (SCS) is a key focus area for Telenor. We require responsible business conduct from all our suppliers in accordance with our Supplier Conduct Principles (SCPs). This is supported by systematic monitoring and risk management. In 2014, Telenor carried out 5 292 supplier inspections across the Group, whereby more than 50 % unannounced. A group-wide Supply Chain Sustainability function is established across the Telenor Group to oversee implementation and monitoring of supply chain sustainability in every business unit on an ongoing basis. This

comprises permanent local Supply Chain Sustainability functions in every Telenor business unit, overseen by a Group Supply Chain Sustainability function. Read more at: www.telenor.com/about-us/corporate-governance/supplier-conduct-principles.

In 2014, once again Telenor Group was on CDP's top ranking for Climate Change transparency and performance for the global telecom sector (CDP S&P Global 500 Climate Change Report 2014). This achievement is the result from the effort of all business units in the energy efficiency area.

Telenor's strategy, initiatives and reporting in relation to sustainable operations are described in extensive detail at www.telenor.com/sustainability and in the separate section on Sustainability in the Annual Report for 2014, see: www.telenor.com/investors/reports/2014. See also the description on Telenor's compliance with Section 3-3c in the Norwegian Accounting Act in this Report on Corporate Governance section 1 above as well as section 9 on the Board of Director's Ethics and Sustainability Committee.

Health, Safety, Security and Environment (HSSE)

As an international company with a diversified workforce, the Telenor Group places great emphasis on Health, Safety, Security and the Environment (HSSE). We have adopted a systematic approach to the way we manage this internally in Telenor and towards our contractors, vendors and suppliers.

Telenor has implemented an HSSE management system in accordance with OHSAS 18001 (Occupational Health & Safety) and ISO 14001 (Environment) across all our business units. This demonstrates our

approaches to human rights in the workplace and providing safe and ethical work practices as well as supporting compliance with social accountability standards across our supply chain. This is a strong testimony to Telenor's commitment towards Social Accountability and Corporate Responsibility.

Diversity

Telenor values people regardless of gender, religion, nationality or disability. By supporting men and women in harmonizing work and individual needs, Telenor believes it becomes more attractive as an employer while employee performance increases. Telenor encourages a balanced mix of male and female candidates when recruiting for internal leadership development programmes and executive positions, see: www.telenor.com/people-and-opportunities/work-environment.

In 2014 Telenor partnered with McKinsey to offer a Women Leadership Program, targeted at female students, to nurture future female leaders. Telenor has been running the Open Mind program since 1996, making it easier for people with physical disabilities or immigrants to enter employment, by offering comprehensive internship programs with active coaching and mentoring.

In 2014 35% of the total workforce was female and the share of women in managerial positions was 26% (up from 21% in 2013). Three out of ten members of Group Executive Management per year-end 2014 are female (constituting 30%) and the share of women in the Board of Directors remains at 36%.

Privacy and Data Protection

Telenor views integrity as a competitive

advantage. We realize that in order to succeed with establishment of new services and maintenance of our operations, we need confidence and trust from our customers, employees, authorities and other stakeholders.

Telenor adheres to a strong commitment to data privacy and to strong principles relating to personal data protection. All customer data shall be managed with utmost confidentiality, in accordance with strict standards, in order to prevent any unauthorized access or any use that is beyond what we have agreed with the customer. This responsibility also involves respecting human rights such as freedom of expression.

Telenor Group Privacy Officer is responsible for group-wide internal requirements on processing of personal data, and for annual Privacy Assessment in Telenor Group. Local Privacy Officers ensure that our companies and the employees have the necessary training in protection of personal data, provide guidance on all relevant matters and monitor proper processing of personal data.

Deviations from the Code of Practice Section 10: None.

11. REMUNERATION OF THE BOARD OF DIRECTORS

The remuneration of the Board of Directors 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 of Directors (the Board) consists of a Board fee which is fixed for the year depending on role in the Board as well as compensation for other Board-elected

committees. The Board's fees are set by the Corporate Assembly.

The remuneration of the Board of Directors 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 of Directors and/or companies with which they are associated, 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 of Directors.

Disclosure

Telenor's Annual Report provides information on all remuneration paid to each member of the Board of Directors. Any remuneration in addition to the normal directors' fees is specifically identified in note 34 to the consolidated financial statements for 2014, see: www.telenor.com/investors/reports. In 2014, 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 of Directors has loans from Company.

Deviations from the 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 AGM.

The Board's statement regarding the determination of salary and other remuneration to the executive management was approved by the AGM on 14 May 2014. The AGM voted separately on each of the separate aspects of the guidelines. See the minutes of the AGM at: www.telenor.com/about-us/corporate-governance/about-the-general-meeting.

The guidelines for the remuneration of the Group Executive Management (GEM) set out the main principles applied in determining the salary and other remuneration of the GEM. The guidelines help to ensure convergence of the financial interests of the GEM and the shareholders.

Performance-related remuneration of the GEM in the form of incentive programmes, bonus programmes or similar is linked to value creation for shareholders or the earnings performance of Telenor over time. Such arrangements, including incentive programmes, will motivate performance and be based on financial and operational factors over which the employee in question can have influence.

Determination of salary and other remuneration

The Governance and Remuneration Committee considers the CEO's total salary and presents its recommendations to the Board of Directors, which in turn determines the CEO's salary and other benefits.

The Governance and Remuneration Committee further considers the total

remuneration package for the executives who report directly to the CEO.

The Board's declaration regarding the determination of salary and other remuneration to the CEO and other management employees encompasses salary and also remuneration in the form of:

- Payments in kind,
- Bonuses,
- The allocation of shares, subscription rights, incentive programmes and other forms of remuneration linked to shares or developments in the price of the company's shares or of the shares of other companies within the Group,
- Pension schemes,
- Termination payment schemes,
- All forms of variable elements in the remuneration, or special remunerations payable in addition to the basic salary.

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 Code of Practice, all aspects relating to remuneration of the CEO and total remuneration of other executive management employees are presented in note 34 to the consolidated financial statements for 2014: www.telenor.com/investor-relations/reports.

The new requirement in the Code of Practice Section 12 adopted on 30 October 2014 recommending that the board of director's statement on the remuneration of executive personnel should be a separate appendix to the agenda for the general meeting will be

included on the next forthcoming AGM.

Deviations from the 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 AGM, 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 AGM, see: www.telenor.com/ir.

Deviations from the Code of Practice Section 13: None

14. TAKE-OVERS

The Norwegian State owns approximately 54% 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, the Board of Directors will comply with the NCGB principles on this issue.

Deviations from the 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 of Directors. 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 document 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 of Directors in the meeting approving the Annual Report, including presentation of any material changes in the company's accounting principles, significant accounting estimates and reports any 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 of Directors internal control weaknesses and improvement opportunities, if any. The external auditor meets with the Audit Committee and the Board of Directors at least annually where neither the CEO nor other members of management are present.

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

Deviations from the Code of Practice Section 15: None.



telenor
group

www.telenor.com

