
CORPORATE GOVERNANCE

2015



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Report on Corporate Governance

1. IMPLEMENTATION AND REPORTING ON CORPORATE GOVERNANCE

Board Statement on Corporate Governance

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

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

This Report on Corporate Governance is part of Telenor's Annual Report for 2015. The Board has reviewed and adopted this Report in a Board meeting on 15 March 2016.

Telenor ASA is a public limited liability company established under Norwegian law. Telenor is subject to specific rules and regulations in all the countries where the Group conducts business. The Telenor shares are listed on the Oslo Stock Exchange. As an issuer of shares, Telenor complies with and operates in accordance with rules governing the Norwegian stock



As the new Chair of the Board, I am strongly committed to further develop Telenor's corporate governance standard as one key factor for ensuring Telenor's business integrity, risk management and continuing strong performance. I believe that transparency, sound corporate governance and Telenor's ethical platform build a crucial foundation on which to continue to grow our business and serve our customers.

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

exchange, including the at any time applicable rules on Continuing Obligations of Listed Companies as approved by Oslo Børs ASA, with reference to the Norwegian Code of Practice for Corporate Governance (the "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 not directly or indirectly controlled by Telenor ASA, board members

nominated by Telenor shall actively promote adoption of relevant governing documents and Telenor is continuously working on how to achieve such goals in these companies.

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.

Telenor operates in accordance with the Code of Practice. However, as the Norwegian State holds a majority ownership

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 2015: www.telenor.com/investors/reports/2015.

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.

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

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

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

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

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

Described in Section 10: Risk management and internal control.

"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.

1. *"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.

2. *"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.

3. *"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.

of 53.97% of Telenor, one exception is made with respect to section 14 (Take-overs).

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

The Board has a strong focus on implementing a high ethical standard across the Telenor Group. Sound corporate governance is critical to our business integrity and for ensuring the greatest possible value creation over time. Telenor's corporate values represent an important foundation for Telenor's corporate governance: Make it easy. Keep promises. Be respectful. Be inspiring. By applying our corporate values in what we do as an organisation, we create value and maintain a healthy corporate culture.

The Board believes that good and sustainable corporate governance is a key success factor for Telenor's ability to conduct business in a global, highly competitive and changing market. Transparency and trustful cooperation between all parties and stakeholders involved in the Telenor Group are

prerequisites for good business ethics and corporate governance: the owners, the Corporate Assembly, the Board and Group Executive Management, employees, customers, suppliers, creditors, public authorities and society in general.

A robust governance model requires both appropriate design and effective implementation. 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 operationalisation of and a common platform for good and efficient corporate governance throughout the Telenor Group.

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

Telenor Group's Governing Principles is a vital part of the Telenor Way Framework and describe the key governing bodies in Telenor ASA, the interaction between Telenor ASA and the business units and core global processes like strategy, financial reporting, forecasting and reviews. The Group Governing Principles also sets out key principles related to Risk Management, Internal Control and the Governing Documents.

The Group Policies contain key business principles and requirements set by Telenor on selected subject areas and shall be

reflected in Local Policies in each business unit. Local Policies shall include both Group requirements and any local requirements based on local risk assessments. Group Manuals provide more detailed and practical instructions on how to implement the principles in the Group Policies. Local Manuals can be developed in addition to Group Manuals.

The Code of Conduct is approved by the Board. The Code of Conduct is also approved locally by the board of each business unit. The Group Policies are approved by the President and CEO. The Local Policies are approved by the Local CEO in each business unit. Each business unit's Board 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 monitoring of and compliance with the Governing Documents.

Telenor has currently 24 policy areas: Code of Conduct, Governing Principles and 22 specific Policy areas covering Finance and Control, Operational Excellence, Asset Management and Sustainable Business Practice. For each Policy area, there are mandatory principles and rules in the Policies and Manuals, but also guidelines and support documents to encourage best practice and efficient operations throughout Group companies. Each Policy has a dedicated Policy Owner and Policy Manager, both on Group level and locally in each business unit.

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

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

The Governance Work Programme sets a structured approach and clearly defines

roles and responsibilities to processes including:

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

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. The Board has in 2015 continued to focus on maintaining and further developing Telenor's ethical platform and corporate governance standard as one key factor for Telenor's business integrity and continuing strong performance. In 2015, the Board decided to perform an assessment of Telenor's general handling of fully and partly owned companies with the aim of identifying areas of improvement. The emphasis will be on business processes and activities that directly or indirectly may affect the reputational risk of Telenor Group. PricewaterhouseCoopers AS (PwC) was engaged to perform the assessment. The assessment will be finalized in 2016 and provide valuable input to a revision and improvement of Telenor's ownership principles and governance of both subsidiaries directly or indirectly controlled by Telenor ASA (business units) and companies not directly or indirectly controlled by Telenor ASA going forward.

The international investigation of VimpelCom Ltd. has raised questions around Telenor's corporate governance principles and mechanisms for minority stakes. On 5

November 2015, the Board engaged Deloitte Advokatfirma AS (Deloitte) to perform a review of Telenor's handling and oversight of the minority ownership in VimpelCom. Further information is found in the Board of Directors Report and the Sustainability Report for 2015, see www.telenor.com/investors/reports/annual-reports.

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 & Sustainability Committee, a subcommittee of the Board.

An updated version of Telenor's Code of Conduct was approved by the Board in October 2015 and published in January 2016. Our Code of Conduct defines legal and ethical standards for how we conduct our business around the world. It is a personal responsibility of each board member, each employee and each leader in Telenor to understand the Code and the implications on their daily work. Leaders are particularly responsible for leading by example and for creating an ethical atmosphere where employees can share their dilemmas and where they can raise their voice and report on any breaches they observe.

To successfully navigate the changes around us and to capitalize on the opportunities, we have defined a strong platform for future growth. This is summarised in the "Telenor Way" consisting of the components Code of Conduct, Vision, Mission, Values and Leadership Attitudes. The "Telenor Way" defines our aspirations and sets the standard for how we do business. The "Telenor Way" is actively promoted through training and awareness programmes.

Anti-Corruption

Telenor's zero tolerance on corruption and ethical standards are set out in our Code of

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

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

Telenor's strategy, initiatives and reporting in relation to anti-corruption, including improvement initiatives going forward, are further described in the Sustainability Report in the Annual Report for 2015, see: www.telenor.com/investors/reports/2015 and online at www.telenor.com/about-us/corporate-governance/anti-corruption. Information on Telenor's requirements, policies and procedures towards supply chain can be found online at www.telenor.com/about-us/corporate-governance/supplier-conduct-principles. Telenor's Anti-Corruption Handbook is available as a downloadable web-app at anti-corruption-handbook.telenor.com.

Sustainability

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.

Telenor is committed to maximizing the benefits and outreach of digital communication through ethical and responsible business conduct. In doing so, we create long-term shared value that empowers everyone to improve their lives, build societies and secure a better future for

all. Taking roots in governance principles and values, sustainability is not only an integral part of the corporate culture, but a key element of the business strategy. The corporate vision 'empower societies' is both a clear direction and call for action that guides sustainability strategy wherever we operate. 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 is committed to the disclosure of its performance on material sustainability issues in-line with stakeholder expectations. Following a thorough assessment process involving stakeholder consultations and desktop research, a number of material sustainability issues were identified for reporting in 2015 based on the GRI G4 principles of materiality, clarity and balance. Details can be viewed online at www.telenor.com/sustainability/reporting/our-performance.

Telenor's strategy, initiatives and reporting in relation to sustainable operations are described in extensive detail at www.telenor.com/sustainability and in the Sustainability Report in the Annual Report for 2015, see: www.telenor.com/investors/reports/2015. The Sustainability Report also complies with the reporting requirements of the Norwegian Accounting Act §3-3c, which are to report on policies, actions, results and ambitions in the areas of human rights, labour rights and social conditions, environment and anti-corruption.

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

2. BUSINESS

Business Activity Clause

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

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

Objectives and Strategies

The Board has defined clear objectives and strategic priorities. Telenor Group will retain our focus on growth and value creation. The growth in the coming years will come from both our telecom business, and from new digital business areas.

To deliver on the ambitions of continued growth and value creation we will take the position as our customers' favorite partner in digital life. To reach this position we have established four strategic ambitions:

1. **Loved by Customers:** To achieve above industry growth going forward, Telenor needs to create a superior experience for our customers, and turn them into promoters of our services.
2. **Engaging Digital Products:** To stay relevant to our customers we need strong end-user positions, and our ambition is to create this within selected internet services (e.g. communication and storage) and within selected digital business areas (financial services; online classifieds; internet of things etc).
3. **Winning Team:** Culture and capabilities are critical for our ability to deliver on our ambitions. We will become a more expertize driven company, being an attractive employer for people with digital mindset and competence. Furthermore, we will deploy efficient internal processes and best practice collaboration tools.

4. **Most Efficient Operator:** Going forward, Telenor needs to operate smarter and more efficiently. We will accelerate technology efficiency, pursue process simplification and deploy new operating models, to significantly reduce costs.

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

Telenor's operations and important events during 2015 are described in the Annual Report for 2015. 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 2015 is NOK 9,008,748,180 divided into 1,501,458,030 ordinary shares, each with a nominal value of NOK 6. Mandates granted to the Board to increase the company's share capital are restricted to defined purposes and are limited in time to no later than the date of the next Annual General Meeting. This also applies to mandates granted to the Board for the company to purchase its own shares.

Equity

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

According to the Annual General Meeting resolution on 20 May 2015, the Board is authorized to purchase treasury shares, see: www.telenor.com/about-us/corporate-governance/about-the-general-meeting.

Telenor did not purchase any shares under the authorization given from the General Meeting during 2015. Information on the development of treasury shares during 2015 is available in the Board of Directors' Report, see the Telenor Annual Report for 2015: www.telenor.com/investors/reports/2015.

Dividend policy

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

Telenor's 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.

With effect from 1 July 2013, the Public Limited Companies Act was amended to provide for dividend payments to be resolved by the Board pursuant to authorisation from the General Meeting. Such authorisation may only be provided until the next ordinary General Meeting and dividends may only be resolved on the basis of the company's latest approved annual accounts.

A resolution on the distribution of the dividend is adopted by the General Meeting following the proposal from the Board. At the General Meeting on 20 May 2015, a dividend of NOK 3.80 per share was approved by the General Meeting. In addition, the Board was given authorisation to resolve further dividends, and a second dividend of NOK 3.50 per share was declared in November 2015, taking the total dividends for 2014 to NOK 7.30 per share (NOK 11.0 billion).

The Board will propose a dividend of NOK 4.00 per share (NOK 6.0 billion) to be resolved by the General Meeting in May 2016, and paid out in May 2016. 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 2016. In total this will bring the ordinary dividend for the fiscal year 2015 to NOK 7.50 per share (NOK 11.3 billion).

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

The General Meeting may authorise the Board to purchase treasury shares (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 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 deems appropriate. More information about administration of the Norwegian State's ownership interests and the Government's Ownership Policies can be found on the Government's web pages www.regjeringen.no/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 the Norwegian state's ownership interest. See note 23, 32 and 35 to the financial statements for Telenor Group for 2015 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.

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

An employee shall never take an active role or try to influence a decision if the employee has an actual or possible conflict of interest, or other circumstances exist which could give grounds to question the employee's 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. If a conflict of interest arises, the employee shall at the employee's own initiative evaluate circumstances that may imply a conflict of interest or impartiality and promptly notify the employee's leader of such circumstances.

Requirements for Board members and managers

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

The Telenor Rules of Procedure for the Board 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 Group Chief Executive Officer (President and CEO), cf also the Public Limited Liability Companies Act, Section

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

Other transactions

In relation to its ordinary business, Telenor 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 to the financial statements for Telenor Group for 2015: www.telenor.com/investors/reports/2015.

*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 (General Meeting). The General Meeting is the main meeting place for shareholders and the officers they elect. According to the Articles of Association the General Meeting shall be held once a year before the end of June.

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

The 2015 General Meeting of Telenor ASA was held on 20 May 2015. The pre- and post General Meeting documents, including the minutes, are available at: www.telenor.com/investors/general-meeting/2015.

The Annual General Meeting (General Meeting)

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

- Approval of the annual report and accounts, including distribution of dividends.

- Any other matters that shall be dealt with by the General Meeting by law or pursuant to the Articles of Association.

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

Information on the Board's declaration regarding the determination of salary and other remuneration to senior managers is included in note 34 of the financial statements for Telenor Group for 2015.

At the General Meeting on 20 May 2015, the Chair of the Board presented the Board's declaration regarding the determination of salary and other remuneration to senior managers and the General Meeting adopted the following resolutions:

"The Annual General Meeting adheres to the Board of Directors' guidelines for the determination of salary and other remuneration to the executive management as described in Schedule 2 and item 3.1 (ii) and 3.4 in note 34 to the annual accounts."

"The Annual General Meeting approves the Board of Directors' guidelines for the share based incentive arrangements as described in Schedule 2 and item 3.1 (ii) and 3.4 in note 34 to the annual accounts."

According to the Norwegian Public Limited Liability Companies Act, Section 5-6 (4), the General Meeting shall deal with the Report on Corporate Governance pursuant to Section 3-3b of the Norwegian Accounting

Act. At the General Meeting on 20 May 2015, the General Meeting adopted the following resolution:

“The Board of Director’s report on corporate governance was considered by the Annual general Meeting. There were no objections to the report.”

Extraordinary General Meeting (EGM)

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

Notice convening the General Meeting

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

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

Attendance at the General Meeting

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

recommendations and answer any questions.

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

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

Minutes of the General Meetings

The minutes of the Annual General Meetings and Extraordinary General Meetings, together with voting results, attendance and pre-meeting documents are made available online at: www.telenor.com/about-us/corporate-governance/about-the-general-meeting.

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

Members of the Nomination Committee at year-end 2015

Anders Skjævestad

Chair

Elected from the Corporate Assembly: 2009

Mette Wikborg

Member

Elected by the Annual General Meeting: 2009

Silvja Seres

Member

Elected from the Corporate Assembly: 2012

Christian Berg

Member

Elected by the Annual General Meeting: 2015

7. NOMINATION COMMITTEE

Establishment and Composition

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

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

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

The Nomination Committee consists of four members that shall be shareholders or representatives of shareholders and that shall be independent from the Board and the Company’s management. The members shall be elected by the General Meeting,

however, so that the chairperson of the Corporate Assembly shall be elected as the chairperson of the Nomination Committee. Of the other three members, one shall be a shareholder-elected member or deputy of the Corporate Assembly.

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

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

The Corporate Assembly at year-end 2015

Anders Skjævestad Chair

Elected 2012 – member of the Corporate Assembly since 2009

Olaug Svarva Deputy Chair

Elected 2007, re-elected 2015

Members elected by the shareholders:

Silvija Seres

Elected 2011, re-elected 2015

Siri Pettersen Strandenes

Elected 2008, re-elected 2015

Tore Onshuus Sandvik

Elected 2011, re-elected 2015

Elin Merete Myrmel-Johansen

Elected 2009, re-elected 2015

John Gordon Bernander

Elected 2013, re-elected 2015

Didrik Munch

Elected 2013, re-elected 2015

Widar Salbuvik

Elected 2013, re-elected 2015

Anne Kvam

First deputy, elected 2015 – acting member

Deputy members elected by the shareholders:

Anne Kvam

First deputy, elected 2015

Nils-Edvard Olsen

Second deputy, elected 2009, re-elected 2015

Ingvild Nybø Holth

Third deputy, elected 2005, re-elected 2015

Members elected by the employees:

Roger Rønning

Elected 2007, re-elected 2015

Tor Henrik Hanken

Elected 2015

Astri Skare

Elected 2002, re-elected 2015

Hege Ottesen

Elected 2015

Magnhild Øvsthus Hanssen

Elected 2007, re-elected 2015

Observers for the employees:

Espen Egeberg Christiansen

Elected 2015

Ronald Steen

Elected 2015

Deputy members elected by the employees:

Laila Fjelde Olsen

Tom Westby

May-Iren Arnøy

Morten Fallstein

Hege Nøttestad

Marton Karlsen

Tommy Dybdal

Håkon Berdal

Siw Engstrøm

Bjørn Remseth

Anne Røli

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

The General Meeting may adopt instructions for the Nomination Committee. The Nomination Committee held 20 meetings in 2015. Average attendance over the year at the Nomination Committee meetings was 95%.

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

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

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

Composition of the Corporate Assembly

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

The Corporate Assembly consists of a total of 15 members. The members and deputies are elected for a term of two years. Ten members and three deputies for these

members are elected by the General Meeting. Five members and two observers, with deputies, are elected by and from among the employees pursuant to the rules in the regulations relating to the provisions of the Norwegian Public Limited Companies Act concerning the employees' right to representation on the board of directors, corporate assembly, etc. of public limited companies.

Due to the independence of the Corporate Assembly, members and observers of the Board and the President and CEO cannot be a member (or an observer) of the Corporate Assembly.

Further information about the members of the Corporate Assembly, is published at: www.telenor.com/about-us/corporate-governance/corporate-assembly.

The work of the Corporate Assembly

The Corporate Assembly supervises the management of the company by the Board and the President and CEO. The Corporate Assembly held 5 meetings in 2015. The average attendance over the year at the Corporate Assembly meetings was 97%.

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

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

The Corporate Assembly shall issue a resolution to the General Meeting as to whether the Board's proposal for the income

statement and balance sheet and Telenor Group's consolidated income statement and balance sheet should be adopted, and as to the Board's proposal for the allocation of profit or coverage of loss.

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

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

The Corporate Assembly decides the remuneration to the Board.

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

Composition of the Board

According to Telenor's Articles of Association, the Telenor ASA Board of Directors shall consist of a minimum of five and a maximum of 13 members, who are to be elected for a term of two years. By year-end 2015, the Board consisted of ten Board Members, of which three are employee elected members as required by Norwegian company law. With the new Chair assuming her position on 14 January 2016, the Board consists of eleven members.

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

The Corporate Assembly elects the Board, including the Chair of the Board.

At the meeting of the Corporate Assembly on 20 May 2015, the Corporate Assembly elected Regi Aalstad as new member of the Board for a period of up to two years, replacing Barbara Milan Thoralfsson. Aalstad has held several General Manager and Vice President positions for Procter&Gamble in Asia, Europe, Middle East and Africa. Aalstad was a member of Procter&Gamble's Global Business Leadership Council since 2005 and served as Vice President of Baby Care until 2014. She also completed the High Performance Board Programme at the Institute for Management Development in Lausanne, Switzerland in 2014. At the same meeting, Svein Aaser, Frank Dangeard, Burckhard Bergmann, Sally Davis, Dag Opedal, Marit Vaagen and Jon Erik Reinhardsen were re-elected as members of the Board for a period of up to two years. In addition, Svein Aaser was re-elected as Chair of the Board for a period of up to two years.

Svein Aaser resigned from the Board on 30 October 2015, and the Corporate Assembly elected Gunn Wærsted as new Chair of the Board at its meeting of 17 December 2015. Wærsted assumed her position on 14 January 2016. Gunn Wærsted (born in 1955) was Executive Vice President and member of the Group Executive Management in Nordea Bank and Country Senior Executive in Nordea Bank Norway. During her career, she has held a number of senior executive positions within banking and insurance, among these are positions as CEO of SpareBank 1 Gruppen and the SpareBank 1 Alliansen, Group Executive Vice President of DNB and CEO of Vital Forsikring. Wærsted is Chair of the Board of Petoro and has previously been Chair of the boards of Ferd Holding and BI Norwegian Business School and a board member of Statoil and Statkraft among others. Wærsted holds a Master in Business and Economics (siviløkonom) from BI Norwegian Business School.

Expertise and Independence

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

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

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

Shares

The members of the Board are encouraged to own shares in the company. Details of the number of shares held by Board members are disclosed at: www.telenor.com/about-us/corporate-governance/board-of-directors and in note 34 to the financial statements for Telenor Group for 2015: www.telenor.com/investors/reports/2015.

Deviations from the Code of Practice Section 8: None.

Telenor ASA Board of Directors by year-end 2015

Frank Dangeard

Deputy Chair

Appointed: 19 May 2011, re-elected 20 May 2015

Burckhard Bergmann

Board Member

Appointed: 29 May 2008, re-elected 20 May 2015

Sally Margaret Davis

Board Member

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

Dag J. Opedal

Board Member

Appointed: 19 May 2011, re-elected 20 May 2015

Regi Aalstad

Board Member

Appointed: 20 May 2015

Marit Vaagen

Board Member

Appointed: 15 May 2013, re-elected 20 May 2015

Jon Erik Reinhardsen

Board Member

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

Per Gunnar Salomonsen

Employee representative

Appointed: 25 June 2015

Åse Selfjord

Employee representative

Appointed: 25 June 2015

Harald Stavn

Employee representative

Appointed: 20 June 2000, re-elected June 2015

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

Role and responsibility of the Board

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

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

The Board adopts a plan for its work, with special emphasis on objectives, strategy and implementation, once a year. The Board shall, to the degree necessary, approve strategies, business plans and rolling forecasts for the activities of the Company and its subsidiaries. Telenor's strategy is described in this Report on Governance Section 2. Further information on the Telenor Group strategy (2015-2017) is available at www.telenor.com/about-us/our-strategy.

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

emphasizes the importance on gaining valuable insights and being well informed on relevant technological, regulatory and market developments. In September 2015, the Board visited Telenor Myanmar and dtac, Telenor's business units in Myanmar and Thailand.

Board meetings in 2015

Information about the attendance of each of the members of the Board at each of the 26 Board meetings held in 2015 is reported in the minutes of each Board meeting. The minutes from the Board meetings are distributed to selected members of management, the Head of Internal Audit and Telenor's external Auditor.

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

The Board constitutes a quorum if more than half of its members are present or participate in the discussion of the matter in question. However, the Board may not adopt a resolution without all Board members having been given an opportunity, in so far as possible, to participate in the discussion of the matter in question. Where the Chair of the Board finds it appropriate, Board members may attend a meeting by phone, video conference or other means. The annual financial statement and annual report as well as the remuneration of the President and CEO and other members of the executive management (if appointed by the Board) are dealt with in a meeting.

The Board held 26 Board meetings in 2015. The average attendance over the year at the Board meetings was 97%.

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 was reviewed in a Board meeting on 10 February 2015 and discussed in the Nomination Committee.

Working committees of the Board

In order to help ensure thorough preparation of specific issues, the Board has appointed three preparatory working committees of the Board: The Governance and Remuneration Committee, the Ethics and Sustainability Committee and the Audit Committee. The 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 President and Chief Executive Officer at the time. In addition, the Board appointed in December 2014 an ad hoc sub-committee of the Board related to the investigations into VimpelCom Ltd.

The Board has issued a Charter for each committee regarding composition and tasks. The committees report to the Board in connection with the scope of work described in the Charters. Each member of the Board has access to all working documents including the minutes from the committee meetings.

The Audit Committee

The Audit Committee was by year-end 2015 composed of the following members of the Board: Dag J. Opedal (Chair of the Committee), Jon Erik Reinhardtsen (replacing Barbara Milian Thoralfsson from 22 July 2015) and Harald Stavn (employee representative). The Committee held eight meetings in 2015. The average attendance over the year at the Committee meetings was 100%.

The Committee supports the Board in

fulfilling its responsibilities with respect to financial reporting, internal control over financial reporting as well as external and internal 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 has had a particular focus on legal and regulatory matters in 2015.

The Governance and Remuneration Committee

The Governance and Remuneration Committee was by year-end 2015 composed of the following members of the Board: Sally Davis (Chair of the Committee, replacing Svein Aaser as Chair from 4 November 2015), Burckhard Bergmann, Frank Dangeard (replacing Svein Aaser from 4 November 2015) and Åse Selfjord (replacing Bjørn André Anderssen as employee representative from 1 July 2015). The Committee held eight meetings in 2015. The average attendance over the year at the Committee meetings was 97%.

The Committee oversees that Telenor sets generally accepted high standards of Corporate Governance and maintains a corporate culture that encourages good corporate governance. The Committee shall also ensure that Telenor has relevant management and control bodies and to oversee the President and 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 programmes, including bonus programmes and share-based schemes, and presents recommendations to the Board for decision. The Committee annually evaluates the

President and CEO's total remuneration and presents recommendations to the Board for decision.

During 2015, the Committee has had a particular focus on the remuneration implications of the change in the role of the President and CEO and the extended Group Executive Management. In addition, the Committee discussed the consequences of changes in the Government guidelines on remuneration to executives, implementation of executive bonus plans, succession planning and development of governance processes. Furthermore, the Committee assessed and made changes to both the Employee Share Program and the Long Term Incentive programme.

In 2016, the Committee will focus particularly on diversity and the development of the leadership pipeline in Telenor. Furthermore, the Committee will follow the development of Telenor culture and review of governance processes.

The Ethics and Sustainability Committee

The Ethics and Sustainability Committee was by year-end 2015 composed of the following members of the Board: Marit Vaagen (replacing Frank Dangeard as Chair of the Committee from 4 November 2015), Regi Aalstad (replacing Jon Erik Reinhardsen on 22 June 2015) and Per Gunnar Salomonsen (replacing Brit Østby Fredriksen as employee representative on 1 July 2015). Frank Dangeard was Chair of the Committee in the period from 1 January – 4 November 2015. The Ethics and Sustainability Committee held 7 meetings in 2015. The average attendance over the year at the Committee meetings was 100 %.

The Committee supports the Board in fulfilling its responsibilities with respect to ethics and compliance as stated by 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 and safety

The GEM is chaired by the Group President and CEO. Since October 2015 the other members of the GEM are:

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

See further information on GEM at: www.telenor.com/about-us/corporate-governance/group-executive-management.

(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 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 these areas the Committee shall review strategies and policies, oversee implementation and organisational capabilities, and consider non-financial Group key performance indicators (KPIs). The Committee may also address other issues it deems relevant for fulfilling its obligations, hereunder issues affecting Telenor's reputation. Moreover, the Committee shall 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 2015, the Committee has had a particular focus on establishing assessments of Telenor's business units on ethics and sustainability, as well as follow-up on Telenor Myanmar. Other addressed topics included: anti-corruption, integrity and ethics awareness and training, Ethics & Compliance function, integrity due diligence, business security, human rights and authority requests, supply chain sustainability, occupational health and safety, as well as Internal Audit. Planned focus for 2016 includes further developing the country assessments, as well as addressing all main areas within the scope of the Committee's mandate.

The VimpelCom ad hoc Committee

Telenor ASA's Board decided in December 2014 to appoint an ad hoc sub-committee of the Board related to the investigations of VimpelCom Ltd. The Committee consists of Frank Dangeard (chair of the Ethics and

Sustainability Committee), Dag J. Opedal (chair of the Audit Committee) and Burckhard Bergmann (member of the Governance and Remuneration Committee). The VimpelCom Committee held 11 meetings in 2015. The average attendance over the year at the Committee meetings was 97%.

The VimpelCom Committee shall, inter alia, follow up and keep itself informed on relevant issues relating to the 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 and may present proposals for resolutions to the Board.

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 now former President and Chief Executive Officer. The Committee consisted of Svein Aaser (chair of the Committee), Frank Dangeard (chair of the Ethics and Sustainability Committee), Marit Vaagen (member of the Ethics and Sustainability Committee) and Bjørn Andre Anderssen (employee representative). The CEO Succession Committee held 6 meetings in 2015. The average attendance at the Committee meetings was 100%. In addition there were Board meetings with the Committee to discuss the progress of the process. The Committee was dissolved with the appointment of the new President and CEO.

The Chief Executive Officer (CEO)

The managing director of Telenor ASA is the authoritative head of the day-to-day management of Telenor ASA and is the President and Group Chief Executive Officer (President and CEO) of the Telenor Group. The Board appoints the Group's President and CEO, set his/her terms of employment

based on recommendations by the Governance and Remuneration Committee, and devise instructions for the position. The Board shall decide the President and CEO's terms of employment and salary and any adjustments therein.

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

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

Group Executive Management (GEM)

The Group Executive Management (GEM) of Telenor ASA is an advisory management body for the President and CEO. GEM consists of EVPs for Group functions and the CEOs for the main Business Units in Telenor, and is chaired by the President and CEO. Strategic, operational, financial or other issues important to Telenor shall normally be dealt with in GEM meetings. The GEM members report to the President and CEO.

A revised organisational structure for the Group was announced 12 October 2015. The main change was that all the CEOs of the 12 Business Units was included in GEM. In addition the Regional Heads and related support functions were discontinued. Compared to previous organisational structure key governing bodies are to a large degree kept unchanged.

A subsidiary's relationship to Telenor ASA

The board of directors of a subsidiary in the Telenor Group is obliged to provide the Board of Telenor ASA with any information 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 not directly or indirectly controlled by Telenor ASA, board members nominated by Telenor shall actively promote adoption of relevant governing documents and Telenor is continuously working 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. The Group Governing Principles set out key principles related to Risk Management and Internal Control. Strategic, operational and legal risks of importance shall be taken into consideration.

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

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

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

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

Telenor is focused on continuous improvement of risk management processes and will in 2016 initiate the roll out and implementation of an enterprise-wide risk management process based on a Governance, Risk and Control tool, GRACE. The purpose is to improve assessment, monitoring and reporting of risks by linking risks to relevant policies and emphasizing on mitigation control and follow-up.

Further information regarding risk management and risk factors is presented in the Board of Directors' Report in the Annual Report for 2015 published at: www.telenor.com/investors/reports/2015.

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 2015: www.telenor.com/investors/reports/2015.

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 the Quarterly financial reports and the Annual Report.

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

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

The Group Ethics & Compliance Officer heads the group wide Ethics & Compliance function and shall support the President and

CEO and the Board in ensuring that the Code of Conduct sets the appropriate standards and that these standards are implemented and enforced. The 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.

As part of the new management organisation communicated in October 2016, the Group Ethics & Compliance Officer now reports functionally to the Ethics & Sustainability Committee of the Board and administratively to the Group Corporate Affairs Officer & General Counsel.

In June 2015, the Board endorsed a new and enhanced group wide Ethics & Compliance organisation. The Ethics & Compliance Officers role in large Business Units has been turned into a full-time position while each small Business Unit has an Ethics & Compliance Advisor with a clearly defined, but limited scope. To enhance support and supervision, there is now a solid functional reporting line from the local Ethics & Compliance Officer in large Business Units to the Group Ethics & Compliance Officer.

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 to perform engagements in Telenor ASA and any

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

GIA reports functionally to the Audit Committee in Telenor ASA, administratively to the Group CFO and provides regular updates to the Ethics and Sustainability Committee in Telenor ASA.

Group Investment Committee (GIC)

The Group Investment Committee (GIC) provides recommendations to the President and 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 the decision process and strategic alignment of proposals, and ensures quality and completeness of assessments and standards for business cases and risks. In addition, GIC performs post investment evaluations and enhances knowledge sharing.

Group Treasury

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

The purpose of the Group Policy Treasury is to mitigate treasury risks in the Telenor Group and to secure efficient management and control of treasury activities. It also provides an overall framework for managing treasury risks including liquidity risk, counterparty risk, currency risk and interest rate risk. Further, the Group Policy Treasury

sets the main principles for activities for the Group Treasury function such as the capital structure of the Telenor Group, equity and debt funding, cash management, working capital management, bank relationship management, treasury risk management, issuance of guarantees, treasury reporting requirements, as well as the capital structure and financing of subsidiaries and financial investments.

Business Unit workshops and Financial Reviews

Business unit workshops and Financial Reviews are conducted regularly.

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

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

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

11. REMUNERATION OF THE BOARD

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

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

Additional assignments

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

Disclosure

Telenor's Annual Report provides information on all remuneration paid to each member of the Board. Any remuneration in addition to the normal directors' fees is specifically identified in note 34 to the financial statements for Telenor Group for 2015, see: www.telenor.com/investors/reports. In 2015, none of the members of the Board received compensation from any other Group companies, apart from the employee representatives. None of the members of the Board has loans from the Company.

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

12. REMUNERATION OF THE EXECUTIVE MANAGEMENT

Guidelines

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

The Board's statement regarding the determination of salary and other remuneration to the executive management was approved by the General Meeting on 20 May 2015. The General Meeting voted separately on each of the separate aspects of the guidelines. See the minutes of the General Meeting at: www.telenor.com/wp-content/uploads/2015/04/Telenor-ASA-AGM-2015-Signed-minutes-voting-results-and-attendance.pdf.

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 President and CEO's total salary and presents its recommendations to the Board, which in turn determines the President and 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 President and CEO.

The Board's declaration regarding the determination of salary and other remuneration to the President and 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 President and CEO and total remuneration of other executive management employees are presented in note 34 to the financial statements for Telenor Group for 2015: www.telenor.com/investors/reports/2015.

The Board of Director's statement regarding the determination of salary and other remuneration to the executive management was included as a separate appendix (Appendix 8) to the General Meeting on 20 May 2015 in accordance with the recommendation in the Code of Practice Section 12 adopted on 30 October 2014: www.telenor.com/wp-content/uploads/2015/04/Statement-regarding-determination-of-salary-and-other-remuneration-to-executive-management-Telenor-ASA-AGM-2015.pdf.

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 General Meeting, the publication of interim reports, public presentations and the payment date of any dividends.

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

Deviations from the 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 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. 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 in the meeting approving the Annual Report, including presentation of any material changes in the company's accounting principles, significant accounting estimates and reports material matters on which there has been disagreement between the auditor and Telenor's Executive Management, if any.

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

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

Deviations from the Code of Practice

Section 15: None.



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