Deloitte.

Review – Ownership VimpelCom
Telenor ASA

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0. Executive Summary

0.1 Introduction

Deloitte Advokatfirma AS (herein referred to as Deloitte or we) has been engaged by the Board of Directors of Telenor ASA (herein Telenor Board of Directors, Board of Directors or Board) to perform a review of Telenor's oversight and handling of the minority ownership in VimpelCom from 2005 until 4 November 2015, mainly related to VimpelCom's investments in Uzbekistan. In this executive summary, we highlight our main findings and observations related to the various matters within the scope of our review as defined in the mandate issued by the Board of Directors (Mandate). However, we emphasize the importance of reading the entire report (Report) in order to get an understanding of the facts and circumstances that are the basis for the views and assessments presented in this executive summary. We have taken the liberty to present our findings and assessments in the Report in a different order than set forth in the Mandate.

The Mandate states "The review of decisions and handling shall be based on an assessment of the context at the time the decisions were made, and take due account of the different phases of Telenor's ownership in VimpelCom". We are aware of the risk that a retrospective review can be tainted by the clear light of hindsight. In order to get a better understanding of the context of our observations, views and assessments, we will also encourage the reader to read Telenor's version of the VimpelCom history as posted on Telenor's home page http://www.telenor.com/media/in-focus/vimpelcom-ltd/historical-background/ . We believe it is important to have a clear understanding of the VimpelCom story seen from the perspective of Telenor as a shareholder.

VimpelCom has grown to be one of largest telecom companies in the world. During the course of ownership in VimpelCom, the issue of operational and financial control has been an underlying strain in the ownership together with Alfa/Altimo. Towards the end of 2012/early 2013, it became apparent to Telenor that this strategy had to be abandoned.

VimpelCom has during the entire period covered by our review had their shares listed on stock exchanges in the US (New York Stock Exchange and subsequently the Nasdaq Stock Exchange). This has required VimpelCom to adhere to US listing requirements including corporate governance rules and regulations applicable to foreign listed companies. A listed company must always ensure that market sensitive information is shared on an equal basis with all shareholders. In a situation where the investor is represented on the Board of Directors of the listed company, the duty of confidentiality for board members also apply to that member and place restrictions on how the investor may use information obtained that is viewed to be insider information by the investee.

These fundamental premises, and the fact that Telenor has not been able to become a controlling shareholder of VimpelCom, has precluded Telenor from managing VimpelCom in the same manner in which a subsidiary of Telenor is managed. In addition, this has also prevented VimpelCom from sharing information with Telenor when the information for various reasons cannot be shared publicly. On this same note, Telenor has an obligation not to share information viewed to be confidential to VimpelCom. In addition, the confidentiality restrictions have precluded the Telenor employees who have served or serve as members of the Supervisory Board of VimpelCom, from disclosing information about issues raised and discussed in VimpelCom board meetings, which is considered confidential to VimpelCom. No doubt, such confidentiality restrictions have been challenging to handle for Telenor internally, towards its main shareholder and towards the public at large, when the issues related to the VimpelCom Uzbekistan investments emerged.

The investment in VimpelCom has over the years been significant to Telenor. Attached to this Report is an appendix showing the market value of Telenor's investment in VimpelCom over time (Appendix 1). As a significant shareholder, Telenor has been able to nominate three board members to the Supervisory Board of VimpelCom and as such should have been able to exercise significant influence over VimpelCom's operations. However, the ownership disputes going on from 2004 up to the legal restructuring of VimpelCom in 2010 made it difficult for Telenor to exercise influence proportionate to board representation. One of the reasons for the legal

restructuring of VimpelCom in 2010, whereby the Ukrainian based Kyivstar and the Russian based VimpelCom became wholly owned subsidiaries of a new VimpelCom holding company, was to secure more power to the Supervisory Board and create a legal structure governed by more international accepted governance principles. However, subsequent ownership disputes surfacing in 2011 raised new questions as to Telenor's influence, since Alfa/Altimo seemed not to share Telenor's business objectives for VimpelCom.

In our assessments, we have taken into consideration the above framework and the specific circumstances related to Telenor's investments. We have observed that Telenor top Management and other individuals within the Telenor organization have devoted considerable time and effort, and have taken on the personal risks that follows, in handling ownership disputes and related issues.

We have found it appropriate to name the following individuals in the Report:

- Svein Aaser (Aaser), Chair of Telenor Board of Directors from June 2012 to 30 October 2015
- Jon Fredrik Baksaas (Baksaas), Chief Executive Officer (CEO) of Telenor from June 2002 to August 2015
- Sigve Brekke (Brekke), Chief Executive Officer (CEO) of Telenor from August 2015

Two executive employees that is mentioned in the Report are referred to as

- Executive D; Head of legal and Compliance of Telenor from August 2000 and a member of Telenor's Group Executive Management from May 2014
- Executive E; Chief Financial Officer (CFO) of Telenor from March 2010 and a member of Telenor's Group Executive Management during the same period

Other individuals mentioned in the Report are anonymized.

Below follows a summary of our assessments related to the various items in the Mandate:

0.2 Telenor's formal governance structure in relation to VimpelCom and the handling of the VimpelCom ownership

The formal governance structure for handling the VimpelCom investment mirrors in our view the specific facts and circumstances related to this investment:

- The investment represents a non-controlling investment in a separate listed entity
- The Supervisory Board of VimpelCom has been granted wide powers
- The Telenor Nominees, as well as Telenor as owner, have on a permanent basis received significant support from both internal and external resources in handling severe ownership disputes and related issues
- There have been and continue to be confidentiality issues that need to be addressed on an on-going basis

However, the group established to give support to the Telenor nominated board members of VimpelCom and to Telenor as owner, has been faced with challenging confidentiality- and potential conflict of interest issues. In particular, individuals within Telenor's in-house legal department have been faced with the challenging, and in some instances conflicting, situation of acting as legal advisor for the Telenor nominated board members in relation to their individual responsibility as board members of VimpelCom, while at the same time providing legal advice to Telenor as owner.

Telenor has created a structure in which the group rendering support has done so under confidentiality. When critical events occur, it is a challenge to balance the confidentiality requirements placed on individuals with the risk of critical issues being handled in a fragmented manner. We do understand the sensitivity of confidentiality requirements in such a situation. However, when critical events with potential material adverse effects occur, we do believe it is necessary for the CEO to have the ability to make decisions and actions based on the collective knowledge of relevant individuals. If not, decisions and actions with unexpected material adverse effects may be taken, that subsequently cannot be justified by pointing to confidentiality issues within a management team. How this should be done depends on the facts and circumstances, and need to be evaluated on a case-by-case basis.

We believe it would have been appropriate for Telenor to have established a structure whereby the collective knowledge of relevant individuals could have been shared under confidentiality. If such a structure had been implemented, guidelines would have to be established to secure an appropriate sharing of information within the confines of confidentiality.

0.3 Actions and decisions by the Telenor Nominees on the VimpelCom Supervisory Board in relation to VimpelCom's investment in Uzbekistan

The description of VimpelCom's Uzbekistan transactions is based on the Statement of Facts. Statement of Facts refer to both the US and Dutch investigating authorities related to the settlement with VimpelCom.

Several serious red flags in connection with VimpelCom's entry into the Uzbekistan telecom market were identified and discussed at a board meeting in December 2005 and at a board meeting in October 2007. Undoubtedly, such red flags should significantly raise the Supervisory Board's duty of care with regard to the proposed transactions and agreements related to the entry into the Uzbekistan telecom market.

The Supervisory Board of VimpelCom explicitly stated that an approval of the transactions that was discussed at the December 2005 board meeting should only be implemented if a legal opinion was obtained confirming that the transactions complied with the US Foreign Corruption Policy Act (FCPA). We understand that this requirement was specifically requested by the Telenor nominated board members and by the independent board member attending the board meeting.

The manner in which the 3G transaction was structured by Takilant's subsidiary to repudiate the 3G licenses so they would instead be issued to Unitel, was in our view a transaction that should have raised the awareness of the Board as to the appropriateness of this specific transaction. In the Finance Committee (a subcommittee of the Supervisory Board) meeting in October 2007, specific inquiries were made by one of the Telenor nominated board members regarding FCPA compliance related to the 3G transaction. Certain management of VimpelCom responded to these questions in a misleading manner in order to give comfort to the Board that all FCPA issues had been considered and cleared.

In order for a Board of Directors to be able to carry out its duties, it is a fundamental premise that the information presented to the board by management is not based on erroneous and incomplete information. Also fundamental is the premise that responses to specific inquiries raised by board members are given in a truthful manner and not in a manner intended to disguise the facts. In our view, it was reasonable for the Supervisory Board to take comfort from the fact that Management had obtained an FCPA opinion from a reputable US law firm. The Board should also expect Management to respond in a trustworthy and transparent manner to specific inquiries raised by board members. Such premise is dependent on that the Board of Directors has performed its' oversight responsibilities in a diligent manner, and that such procedures has not made the Board concerned about the integrity of management.

Our understanding is that the board resolutions related to the Uzbekistan transactions were unanimous resolutions by the Supervisory Board.

Questions can be raised as to whether the information provided in the December 2005 and October 2007 Finance Committee and Board meetings should have called for the Supervisory Board to be more diligent to assure that the transactions would not include improper payments to the local partner through Takilant.

However, in order to make a proper and fair assessment of this issue all facts and circumstances have to be evaluated, including but not limited to:

- Review of documentation provided by VimpelCom management to the Supervisory Board
- Interviews of individuals (a representative selection of Board members and Management representatives) attending the board meetings in December 2005 and October 2007, and performed in an environment not limited by confidentiality restrictions

Consequently, we are not in a position to render a comprehensive assessment as to whether the Supervisory Board of VimpelCom performed its responsibilities related to the transactions outlined above in a diligent manner.

However, the Telenor nominated Board members have been active in their role as board members in requiring legal FCPA opinions, and made inquiries in order to assure that the transactions did not involve bribe payments. The fact that certain Management of VimpelCom not only gave the Board incomplete and erroneous information, but also misled the Board by not responding trustworthily to specific inquiries by board members, must be taken into consideration when an assessment is to be made in the clear light of hindsight.

Based on the above we are not in a position to conclude that the Telenor Nominees did not carry out their responsibilities as board members in a diligent manner regarding the transactions described above.

0.4 Telenor's handling of information related to VimpelCom's 4G investment in 2011

In August 2011, an employee of Telenor working on secondment at VimpelCom raised a concern to his leader at Telenor related to a potential consulting agreement with Takilant in connection with VimpelCom obtaining 4G licenses in Uzbekistan. We have looked into how the concern materialized and has been handled by Telenor.

On an introductory note, we would like to give recognition to the Telenor employee's continued efforts to challenge certain VimpelCom Management as to the appropriateness of the agreement with Takilant related to the 4G investment in 2011, as well as his decision to report his concern internally at Telenor. In this respect, we also acknowledge the constructive advice and support that the employee received from senior executives in Telenor, resulting in his concerns being reported to the Telenor nominated board members (Telenor Nominees) at VimpelCom.

The fact that the concerns raised by the employee in 2011 did not come to the attention of Baksaas before March 2014, and even later to the Board of Directors of Telenor, was unfortunate. As is also pointed out in the Statement of Facts, the responsibility of entering into the corrupt transaction with Takilant in 2011 regarding the 4G license in Uzbekistan resides solely with certain VimpelCom Management. However, an earlier escalation could have given Telenor the opportunity to prepare in a better manner how to deal with this issue towards VimpelCom, internally at Telenor, in its communication with the Ministry of Trade, Industry and Fisheries and in other external communication. An earlier escalation could also have prevented the unfortunate current situation in which certain employees of Telenor are being questioned as to their handling, internally at Telenor, of the information received from the employee. For the sake of good order, in our assessment we have not considered whether an earlier escalation of the 2011 concerns would have resulted in other actions or decisions by Telenor or not. We simply point to the fact that an earlier escalation would have given Telenor the opportunity to take the 2011 concerns into consideration in handling the VimpelCom case.

No doubt, the challenging history of the VimpelCom investment has also influenced how this case has been handled internally at Telenor. History shows that Telenor has been faced with numerous challenging legal actions in the VimpelCom/Kyivstar ownership disputes, which Telenor has had to manage in countries with unpredictable legal outcomes. When the legal ownership restructuring was completed in 2010, including the move of VimpelCom headquarters to Amsterdam, Telenor was resolute in handling VimpelCom as a separate large listed company in which Telenor did not have a controlling interest. As such, several issues became very important to Telenor in order to avoid unfounded shareholder disputes, including confidentiality, the Telenor nominated VimpelCom Board members being questioned as to their responsibilities to carry out their duties in the interest of all VimpelCom shareholders, and treatment of insider information.

We have also observed that even senior employees in high-ranking management positions within Telenor seemed not to have had a clear and conscious understanding of how to handle the 2011 concerns internally at Telenor. In addition, the fact that Baksaas was a board member of the VimpelCom Supervisory Board, has in our view also affected how individuals have handled the 2011 concerns internally at Telenor. Complicated confidentiality, and in certain cases legal privilege issues, have also affected the internal handling at Telenor.

It is also important to point out that we have not become aware of anything that should indicate that individuals have handled the case with the intention of not dealing with the 2011 concerns in an appropriate manner internally at Telenor. Just for the sake of good order, we have not become aware of any indication that the handling of the 2011 concerns by Telenor employees have been done in order to conceal any wrongdoings by certain VimpelCom Management.

In due consideration to what is stated above, we are notwithstanding of the opinion that certain employees at Telenor at certain point in time should have handled the 2011 concerns differently. The individuals in question are senior employees of Telenor and with high-ranking leadership positions and/or with professional education and experience. Due to this, our assessments of such individuals have been based what we believe should be expected of such individuals as leaders, as Telenor Nominees and as individuals with professional background and experience. The facts and circumstances in this case do in our view not solicit an approach where the actions and decisions of individuals are assessed against formal legal frameworks.

However, in order to understand the basis for our assessments related to certain individuals, the facts and circumstances should be read in their entirety. Consequently, any criticism towards individuals is not included in this Executive Summary.

0.5 Telenor ASA Management monitoring of Telenor's ownership in VimpelCom

In Section 2.1 of the Report, we have outlined the formal governance structure as it relates to the VimpelCom investment. Our assessment of Management's monitoring should be read in the context of what is stated in Sections 2.2 and 2.4 related to the specific VimpelCom investments in Uzbekistan.

The monitoring of the VimpelCom investment has been allocated to the Telenor nominated VimpelCom Board members and to other individuals within Management. In addition to the Telenor nominated board members, there are different work streams established to monitor other aspects of the ownership. Procedures have also been implemented to secure that confidential VimpelCom information is not shared in an inappropriate manner. However, the monitoring structure can also lead to certain issues being monitored in a fragmented manner. When certain events have occurred, it is important for management to revisit its monitoring activities to ensure that critical issues are being addressed in a holistic manner. We believe in the case of the VimpelCom Uzbekistan investments, Telenor top Management should have revisited its monitoring activities in relation to VimpelCom. We do understand the sensitivity of not maintaining "Chinese walls", but we believe there are critical events with potential material adverse effects that may require relevant individuals to share information as a group, but under confidentiality.

0.6 The Board of Directors oversight of Telenor's ownership in VimpelCom

We have focused our review of the Board of Director's oversight of the ownership in VimpelCom subsequent to the unfolding of the TeliaSonera Uzbekistan case. In our opinion, the Board of Directors have performed their oversight of Telenor's ownership in VimpelCom in the period from the start of our review and up to the autumn of 2012 in a diligent manner.

Subsequent to the unfolding of the TeliaSonera case, the Board of Directors including sub-committees of the Board, have spent significant time and effort in order to understand and follow up the VimpelCom Uzbekistan investments. Aaser, in fact travelled to Amsterdam in early 2013 to meet with VimpelCom top Management. As the VimpelCom case has unfolded, we have also observed an increased attention from the Board and the various sub-committees.

It can be argued that both the Ethics & Sustainability Committee, a subcommittee of the Board, and the Board of Directors in early 2013 placed too much comfort on VimpelCom having performed FCPA due diligence procedures prior to entering into the Uzbekistan investments. At that stage, more comfort was placed on the differences between the VimpelCom Uzbekistan transactions as opposed to the similarities of the TeliaSonera

Uzbekistan case. On the other hand, neither the Board nor the Ethics & Sustainability Committee were at that stage aware of the 2011 concerns expressed by a Telenor employee. It is important to bear in mind that the Board of Directors' responsibilities are separate from the responsibilities of the Supervisory Board of VimpelCom.

At the 7 December 2014 Board meeting, the Board was made aware of concerns expressed by a Telenor employee back in 2011. According to the Board, they were of the impression that external legal counsel in the board meeting had expressed that certain Telenor employees had not violated Norwegian law by not having escalated the 2011 concerns. The Board appreciated this information. Furthermore, the Board has informed us that the Board in subsequent meetings based its judgements on the information provided by Telenor Management that certain Telenor employees had not violated Telenor's Code of Conduct by not having escalated the 2011 concerns, and that all relevant information was in the possession of the authorities investigating VimpelCom. However, in our opinion the Board should have requested a more detailed review of the concerns expressed. If such a review had been performed, we believe the Board had been given the opportunity to be more conscious of how this issue should be communicated to the Ministry of Trade, Industry and Fisheries.

However, based on our review, we are of the opinion that the Board of Directors overall have performed their oversight of Telenor's ownership in a diligent manner from the autumn of 2012 and up to the date for the end of this review.

0.7 Telenor's follow up as a shareholder towards VimpelCom in relation to the VimpelCom's investment in Uzbekistan

From 2005 and up to the formation of the new legal structure of VimpelCom in 2010, Telenor's follow up as a shareholder towards VimpelCom was to a large extent focused on managing the serious ownership disputes. Telenor has made significant efforts in order to secure its ownership interests in VimpelCom. In such an environment, it has not been the best climate to establish shareholder relationships in which Telenor could explicitly express its expectations related to corporate governance and so on. Since VimpelCom has been a listed US company during the entire time under review, a shareholder should be able to rightfully assume that such a company is operated and managed in a sustainable manner.

Following the unfolding of the TeliaSonera case, Telenor has taken proactive measures in order to express its expectations towards VimpelCom concerning corporate values, structures and procedures that need to be in place in order to secure good corporate governance. In addition, Telenor has at several VimpelCom Annual General Meetings, as well as in separate investors meetings, requested additional information related to the ongoing investigations. Aaser has initiated meeting with VimpelCom top Management in order to express his concerns related to the Uzbekistan transactions and to ask for reconfirmation that proper due diligence were made in order to avoid improper transactions.

However, the concerns related to VimpelCom's 2011 investment in Uzbekistan were not reported to the appropriate level at Telenor at the proper time. A different handling of the information reported by the Telenor employee in 2011 would have given Telenor the opportunity to address its expectations towards VimpelCom in an even more specific and powerful manner. However, the handling of the 2011 information internally at Telenor does not alter the fact that the responsibility for the bribe payments are the responsibility of certain VimpelCom Management, as laid out in the Statement of Facts issued by the investigating authorities.

In our view, Telenor as a shareholder has followed up VimpelCom in relation to VimpelCom's investments in Uzbekistan in a diligent manner.

0.8 Information provided to Telenor's majority shareholder and to the Standing Committee on Scrutiny and Constitutional Affairs regarding VimpelCom's investments in Uzbekistan

As discussed above in Section 0.4 of this Report it was unfortunate that the 2011 concerns were not escalated to the right level at Telenor at the right time. In addition, the seriousness of those concerns were not fully comprehended by Telenor before much later. We do also believe that the information to the Ministry, in the same way as the VimpelCom case information provided to the Board, was influenced by Telenor top Management not initiating a process to secure a more holistic approach to the VimpelCom case. The fact that the VimpelCom case was managed in a fragmented manner, has in our view resulted in that the concerns regarding VimpelCom's investment in Uzbekistan was communicated at a late stage to the Ministry.

We appreciate the difficulties of being restricted by both VimpelCom confidentiality as well as confidentiality restrictions imposed by the investigating authorities. We do not suggest that confidential information should have been disclosed in such a manner that confidentiality restrictions had been violated. However, a more holistic process of how to manage the VimpelCom case, could in our view have contributed to a better ownership dialogue with the Ministry.

We have some comments as to how certain individuals within the Telenor organization have handled the information to the Ministry. However, in order to understand the basis for our assessments related to certain individuals, the facts and circumstances should be read in their entirety. Consequently, any criticism towards individuals is not included in this Executive Summary.

0.9 Learning points

Our engagement has been limited to a review of Telenor's oversight and handling of the minority ownership in VimpelCom and mainly related to VimpelCom's investments in Uzbekistan. As a result, our observations are to a large extent based on a review of a non-controlling investment with specific attributes. However, we do believe there are learning points that also can apply to Telenor's current and future investments in non-controlling companies (herein referred to as Joint Ventures).

As part of an overall corporate governance project Telenor has clarified its ownership principles towards Joint Ventures in which Telenor does not have operational and financial control, but has a significant shareholding and is represented on the Board by Telenor nominated Board member(s).

In our view, Telenor's revised ownership principles towards Joint Ventures, respond in a good manner to the findings in this Report. This section of the Report should not be read as an isolated part, but as an integral part of the entire Report.

1. Introduction

1.1 Purpose of the review

Telenor ASA Board of Directors has assigned Deloitte Advokatfirma AS (herein referred to as Deloitte or we) to conduct a review of:

a) *Telenor's handling of its ownership in VimpelCom which covers the Telenor nominees and Telenor's follow-up as a shareholder*
b) *Actions and decisions by Telenor representatives and Telenor employees in relation to VimpelCom's investment in Uzbekistan*

It is specified that

> *[t]he focus of the review shall be on identifying learning points for future governance and organization of Telenor's minority ownerships. This should cover both the formal governance structure and the practical handling of the ownership.*
>
> *In particular, the support to Telenor nominees to the VimpelCom Supervisory Board and Telenor's follow-up as a shareholder should be addressed in the review.*

Our mandate is related to VimpelCom's investments in Uzbekistan. Consequently, we have not reviewed any documentation that could relate to VimpelCom's investments in other countries in Central Asia.

1.2 Mandate

The Telenor ASA Board of Directors has resolved that the review shall include the following topics concerning Telenor's ownership in VimpelCom:

- *Actions and decisions by the Telenor nominated board members on the VimpelCom Supervisory Board in relation to VimpelCom's investments in Uzbekistan*
- *Telenor's handling of information related to VimpelCom's 4G investment in 2011*
- *Telenor's formal governance structure in relation to VimpelCom and the handling of the VimpelCom ownership*
- *Telenor's follow-up as a shareholder towards VimpelCom in relation to the VimpelCom's investments in Uzbekistan*
- *Telenor ASA management monitoring and the Board of Directors oversight of Telenor's ownership in VimpelCom*
- *Information to Telenor's majority shareholder and to the Parliamentary Committee for Scrutiny and Constitutional Affairs on VimpelCom's investment in Uzbekistan*

The Mandate states that

> *[t]he review of decisions and handling shall be based on an assessment of the context at the time the decisions were made and take due account of the different phases of Telenor's ownership in VimpelCom. The review shall cover the following groups: 1) Nominees to the VIP Board 2) employees in Telenor and 3) Telenor ASA Board.*
> *The review shall cover the period from 2005 until this date, i.e. 4 November 2015.*

The Mandate further states that

> *[t]he review shall be based on Norwegian law. To the extent relevant, the review shall also cover Telenor's governing documents. The review shall not assess or conclude on question of criminal intent or guilt.*

We have taken the liberty to present our findings and assessments in the Report in a different order than set forth in the Mandate. This is done in order make it easier to follow our observations and assessments. In addition, we have decided to gather our suggested learnings points in one section of the Report (Section 3 – Recommendations).

1.3 Review Procedures

The review is based on data collected through interviews, document analysis and searches in electronic databases. The data collection is targeted towards the topics included in our Mandate.

1.3.1 Interviews

Deloitte has conducted 54 interviews with 46 persons. The interviewees include a selection of

- members of the Telenor ASA Board of Directors who has served as board members during the period covered by our review. In our selection we have also considered participation in sub-committees of the Board.
- members of the Telenor Group Executive Management and employees within various Group functions that we have found relevant for our review from finance, internal audit, legal, compliance, sustainability, corporate affairs, communication, M&A etc. We have also interviewed Telenor nominated members on the VimpelCom Supervisory Board (the Telenor Nominees or Nominees) for the relevant period under review, and Telenor's external auditor.

The interviewees are selected as they, due to their positions during the time period covered by our review, are believed to have information or knowledge that may contribute to our understanding of facts and circumstances regarding the various topics outlined in the Mandate. Follow-up interviews have been conducted with key interviewees based on information provided to us during the review. For all interviews, minutes have been written and the interviewees have been given the opportunity to verify the minutes. The interviewees have been informed that the minutes from the interviews are just for our own use as support for our fact-findings and assessments, and will not in any way be disclosed publicly.

The interviewees have been informed of the scope of the Mandate and their right to counsel, either legal counsel or an employee representative, and the procedure of verification of information provided during the interview.

The interviews have been conducted based on a semi-structured interview guide with open ended questions and the interviewees have been encouraged to speak freely. When we have had specific information or documentation, this has been presented to the interviewee for him/her to comment. For some individuals, a second interview has been conducted.

It has not been of part of the Mandate to interview representatives of the Ministry of Trade, Industry and Fisheries, neither the political leadership nor the administration. Furthermore, our review has not included interviews with any current or former employees of VimpelCom or any current or former Directors of VimpelCom's Supervisory Board, apart from the Nominees.

1.3.2 Data collection and analysis

The Mandate states that Deloitte's review shall be based on

> *[d]ocuments produced to the investigative authorities (to the extent legal access can be given).*

The investigative authorities include the Norwegian National Authority for Investigation and Prosecution of Economic and Environmental Crime (ØKOKRIM), the Dutch public prosecutor and the Swiss public prosecutor, as well as the U.S. Securities and Exchange Commission (SEC) and the U.S. Department of Justice (DOJ). Documents were produced as a response to Oslo City Court's order of 6 March 2014 whereby Telenor, as witness, was directed to produce documentation related to the ongoing investigation by US and Dutch investigation authorities of VimpelCom. On 11 March 2014, a similar request was received from US Securities and Exchange Commission.

Deloitte has been informed that Telenor had been assisted by external legal counsel when collecting data to produce the documents to the investigative authorities. We have been informed that the data collection took place during the period March 2014 - July 2014.

We have requested that documents submitted from VimpelCom to Nominees in their capacity as members of VimpelCom Supervisory Board to be taken out of the material before submitting it to Deloitte, as these are not permissible for us to use in our review.

As the scope of the Mandate is different from that of the investigative authorities, Deloitte has reviewed additional documents based on document request lists submitted to Telenor.

The total data amount including e-mail, electronic documents in other formats, and documents converted from paper to electronic format is 150 Gigabytes comprised of roughly 320 000 documents.

1.3.3 The Personal Data Act – Inspection of electronical files

The electronical files inspected by Deloitte has been collected in two rounds. The first was part of the production of documents to the investigative authorities, whereas the second was performed upon Deloitte's request in February/March 2016 to cover the period from March 2014 to the appointment of Deloitte in November 2015.

Deloitte has throughout the review complied with the relevant personal data legislation, including the laws and regulations concerning the employees' rights in connection with electronic data inspection. Deloitte has entered into a data handling agreement with Telenor, and the collection and inspection of e-mails has been performed in accordance with Telenor internal guidelines. The custodians of the respective files have been given the opportunity to be present during the opening and review of the files. A total of 14 such inspection meetings have been held.

1.3.4 Verification and Contradiction

All interviewees have as mentioned above, been given the opportunity to verify the information provided to Deloitte during the interviews. In addition, the interviewees directly affected by the Report have been given access to the part(s) of our draft Report that concern(s) them, with the opportunity to confirm and comment on these part(s) of the Report. This is done in accordance with the Norwegian Bar Association's Guidelines for Private Investigations. Telenor has received a draft of the parts of the Report that is relevant for them, for their review.

The remarks received have been considered by us, and are to the extent they are considered relevant to the factual part of the Report, included in the Report.

It has during the verification / contradiction process emerged criticism from some of the individuals affected by our review. It is argued that it is not satisfactory that the draft has only be available through a data room without writing and editing ability and with limitations on who can be given access to the documentation. Deloitte wants to

point out that this has been necessary due to consideration of confidentiality in view of the number of individuals who should have access to relevant parts of the draft Report. We disagree that this has deprived any contradictory rights. Furthermore, it is argued that the deadlines for submitting comments have been too short. Deloitte points to the fact that the parties concerned have had 10 days to submit their comments. It is then given a further two-days deadline to comment subsequent our incorporation of comments taken into consideration.

There has also been some criticism to the fact that the verification and contradiction remarks are not incorporated in their entirety, or that these are not included as an appendix to the Report. We will point out that our review involves several individuals with different views related to how and how detailed certain facts should be described in the Report. Thus, the Report is drafted in our own language and at the level of details that we deem appropriate, also taking into account that individuals we have interviewed have expressed themselves in different manners, and with different recollection on details and of events. We have taken into consideration submission to the extent found relevant by us. In our view the facts outlined in the Report are adequately described.

On the request by some of the individuals, we have included in the Report their disagreement to our assessments. This cannot be construed that others, who has not requested any disagreement to be incorporated, necessarily agree with our assessment. We have chosen to incorporate such remarks in a limited form, and have not given the respective individuals the opportunity to elaborate in length on their views, as we believe that statements of more procedural nature should be made in other forum. It is our belief that such a brief description is sufficient for a proper safeguard of the affected parties' legal positions. Some have then chosen to refrain from giving any justification for their disagreement and rather referred to their replies submitted to us.

In summary, we are of the opinion that verification and contradiction have been taken into consideration in a due manner throughout the process.

1.3.5 Source Criticism

We have evaluated source and documents in accordance with rules of source criticism. During interviews, the interviewees have been able to recall single actions or events as well as the overall main picture of the issues reviewed by us. However, the timeframe included in the Mandate goes back many years, thus there are also questions that the interviewees have not been able to answer. This has been taken into account in by us. The considerations in the Report is solely built on verified information and documentation.

1.4 Review Criterias

During our review, we have observed different legal provisions and requirements, guidelines, rules and regulations relevant to the Mandate.

This includes legal aspect related to USA and Bermuda, such as security and corporate law. To the extent necessary, we have been assisted by legal advisors in the USA and Bermuda.

We have further observed Norwegian rules and regulations such as the Securities Trading Act, the Working Environment Act, The Companies Act and Ownership principles for the Norwegian State.

We have also observed guiding principles and best practices related to corporate governance, including leadership principles.

Finally, we have observed Telenor governing documents, including applicable versions of Code of Conducts during the period under the review, General Governance Principles, Management Governance and Control, and Group Policy Anti-Corruption.

1.5 Legal privilege

This Report including all documentation received or produced by us is considered attorney work product and attorney work communication, and thus is privileged and confidential.

Minutes from interviews are internal work product and for our own use only, and will not be disclosed to anyone.

1.6 Disclaimer

In our review, we have taken into consideration the fiduciary responsibility for the Nominees to maintain confidentiality towards VimpelCom as members of the Supervisory Board. This includes, but not limited to; (i) minutes of VimpelCom Supervisory Board meetings, (ii) disclosure of information provided to the Supervisory Board or of any discussion taking place in such meetings or in any sub-committee of the VimpelCom Supervisory Board. Therefore, we have not had access to information that the Nominees have considered to be covered by their duty of confidentiality, in their capacity as members of the VimpelCom Supervisory Board.

Throughout the review, there have been complex issues and challenges concerning attorney legal privilege towards individuals that may have prevented us from receiving certain information. Telenor has revoked the attorney legal privilege for attorneys employed at Telenor's legal in-house department with regard to Telenor information relevant to our review.

Based on the above, additional information that, due to confidentiality restrictions or legal privilege, has not been privileged to us could alter the information and conclusions set forth in this Report.

2. Observations, assessments and recommendations

2.1 Telenor's formal governance structure in relation to VimpelCom and the handling of the VimpelCom ownership

Our review of the formal governance structure is based mainly on the governance structure subsequent to the legal restructuring of the ownership of VimpelCom and Kyivstar that was completed in 2010. There have been some differences in Telenor's governance structure in relation to VimpelCom prior to 2010. However, such differences are not viewed to be of any significance for our understanding of the main elements and for our assessment of the formal structure. Prior to 2010, VimpelCom was headquartered in Moscow, and may be referred to herein as OJSC VimpelCom. Subsequent to the legal restructuring in 2010, VimpelCom has been headquartered in Amsterdam and may be referred to herein as VimpelCom Ltd. Otherwise, VimpelCom is used as the name of the company for the entire period under review. Telenor's top Management, consisting of the CEO and Executive Vice Presidents are herein also referred to as Group Executive Management or GEM.

The shares in VimpelCom are held by a subsidiary of Telenor ASA, East Holding II AS, whose only activity is holding the shares in VimpelCom. As in many large entities with significant international operations, the legal structure of Telenor deviates from the management structure. The legal structure is typically of a more permanent nature than the management structure, which may need to change due to changes in strategy, changes in the business model, change of personnel and other changes. During the numerous legal actions that Telenor has been facing, the subsidiary has been the formal party in these cases and formally represented by Telenor's in-house legal department.

The management of Telenor's investment in VimpelCom has been performed by various functions in Telenor on behalf of the subsidiary, which owns the shares in VimpelCom. As Telenor has not had operational and financial control over VimpelCom, the investment has been managed differently from entities in which Telenor has a controlling interest. The management of the investment is also significantly affected by VimpelCom being a separate public listed company.

2.1.1 VimpelCom governance

VimpelCom has during the entire period that Telenor has been a shareholder, been a listed company in the US. As such, VimpelCom has to comply with US security laws and regulations applicable to foreign companies having their equity securities listed in the US. Such requirements have resulted in strict confidentiality restrictions as to how information should be shared between VimpelCom and Telenor as a non-controlling shareholder. Such strict confidentiality restrictions are also applicable for members of the Supervisory Board of VimpelCom. This means that Telenor as shareholder to a large degree has only received publicly available information unless there were significant events requiring notification from VimpelCom.

As a US listed entity, management of VimpelCom has the responsibility to implement and maintain a corporate governance structure that complies with the strict requirements imposed by US laws and regulations applicable for foreign listed companies. Sound corporate values supported by a well-functioning internal control structure are important elements of a good corporate governance. It is the responsibility of the Supervisory Board of VimpelCom to oversee that VimpelCom's Management has carried out its duties in this respect. As a significant, but not a controlling shareholder, Telenor has the ability to express its expectations as to how the Company is operated, managed and controlled. However, the responsibility for execution and oversight lies solely with Management and the Supervisory Board of VimpelCom, respectively.

2.1.2 The business relationship between Telenor and VimpelCom

Over the years, there have been several severe ownership disputes between the two main shareholders of VimpelCom, also involving Telenor's investment in Ukraine, Kyivstar. In order to find a sustainable solution to these disputes the two main shareholders agreed to structure the ownership of both Kyivstar and VimpelCom as subsidiaries of a new holding company, VimpelCom Ltd., whereby the shareholders received shares in the new holding company in exchange for their respective shareholdings in Kyivstar and OJSC VimpelCom. This legal restructuring was completed in 2010 at which time the OJSC VimpelCom ceased to be a listed US entity, while the new holding company "VimpelCom Ltd." listed its shares in the US. VimpelCom Ltd. was headquartered in Amsterdam and incorporated in Bermuda.

Subsequent to the restructuring, Telenor had an ownership interest of 38.84 %, and voting rights of 35.82 %, while Alfa Group's shareholding amounted to 38.46 % ownership interest and voting rights of 43.89 %. The remaining shareholdings and voting rights where held by a number of shareholders. Since 16 April 2013, Telenor's ownership and voting rights in VimpelCom have been 33 % and 43 %, respectively, while Alfa Group's ownership and voting rights have been 56.2 % and 47.9 % respectively.

One of the important reasons for the restructuring of the ownership was to try to avoid repeating deadlock situations between the two main shareholders. To achieve this objective, the Supervisory Board of the new holding company VimpelCom was granted wide powers, which includes the VimpelCom Supervisory Board having the authority to approve both the annual financial statements and the distribution of dividends. Shareholder decisions at annual general meetings is mainly limited to the election of board members and the auditor. One of the reasons for the legal restructuring of VimpelCom in 2010 was also to create a legal structure governed by more international accepted governance principles.

From the establishment of the new legal structure until early December 2011 Telenor was party to a Shareholder Agreement with Alfa/Altimo whereby Telenor was granted three out of nine board seats. Following the termination of the Shareholder Agreement in November 2011, due to another serious ownership dispute, Telenor has no special rights and the Board composition is decided by cumulative voting. Being a significant shareholder in VimpelCom, Telenor has managed to maintain three seats on the board.

2.1.3 The role of the Telenor nominated Board members, in VimpelCom, (herein Telenor Nominees or Nominees)

Subsequent the legal restructuring of VimpelCom in 2010, the VimpelCom Supervisory Board was granted wide powers, thereby increasing the responsibilities of the individual board members of the VimpelCom Supervisory Board. For the period under review, the appointment of Telenor Nominees has been made by Telenor's CEO. The appointment has been based on criteria for finding the appropriate individuals to fill such challenging positions. The individual who was a member of the Group Executive Management in the capacity as Head of Central and Eastern Europe (CEE), had been a board member of VimpelCom from 9 June 2008 to 5 December 2011 when he left Telenor to take on a management position at VimpelCom's group executive Management. Baksaas was one of the Telenor Nominees from the inception of the new ownership structure in the spring of 2010 until the end of June 2011. When the Head of CEE left Telenor in November 2011, Baksaas replaced him as one of the Nominees in December 2011.

Prior to Baksaas re-entering the board of VimpelCom in December 2011, Telenor Board of Directors discussed whether it was appropriate for the Telenor CEO to be a member of VimpelCom's board. The Board of Directors of Telenor supported the decision for Baksaas to become a Telenor Nominee. One of the reasons was the need to balance Telenor's board presence, as both the CEO of Altimo and the main owner of Alfa Group owning Altimo have been members of the VimpelCom board since the ownership restructuring. Hence Alfa/Altimo were set up to make all decisions in the VimpelCom board as the board was given wide powers to avoid deadlock situations between the two main shareholders. Being a board member also created a meeting place for the heads of the two significant shareholders.

Through interviews, we have learned that Baksaas, other members of Telenor's GEM and the Board of Directors were aware of potential conflict of interest issues that could surface due to Baksaas re-entering the Supervisory Board of VimpelCom.

2.1.4 The role of the Support Group to the Telenor Nominees

In order to fulfil such challenging board positions in addition to management positions at Telenor, the Telenor Nominees have been given internal support (herein the Support Group) within Telenor under confidentiality ("Chinese walls"). It is mentioned to us that VimpelCom board documents and issues were comprehensive and challenging to grasp and there has been a constant need for this kind of support and the Support Group has had an ongoing engagement.

The Support Group has been structured in various ways over the period under review. The extent and scope of the Support Group has developed over time. The Support Group was more formalized in 2013 with governing documents especially related to confidential issues. The support has been rendered in different areas depending on the current matters to be dealt with in the Supervisory Board of VimpelCom. One of the Telenor Nominees was usually given the task to spend extra time in preparing for Board meetings, briefing the two other Telenor Nominees prior to VimpelCom board meetings and also coordinating the support from the Support Group.

Due to the various ownership disputes, legal support from Telenor in-house legal department (herein also referred to as Legal) and access to external legal counsel provided by Telenor have been critical resources for the Telenor Nominees.

The confidentiality issues and legal privilege have in certain situations been challenging to handle both for individuals in the Support Group and for individuals outside the Support Group.

2.1.5 The role as shareholder

Due to the severe VimpelCom ownership disputes, Telenor has spent significant time and resources managing critical ownership issues. The Head of the CEE had the responsibility to coordinate the ownership agenda towards the CEO of Telenor. When the Head of CEE left Telenor in November 2011, the CFO of Telenor was tasked with the responsibility of dealing with M&A activities related to Telenor's shares in VimpelCom. Significant parts of the ownership agenda resided with Baksaas and the new Telenor Head of CEE/Europe.

The stakeholder interests related to the VimpelCom investment, such as communication with various governments, various other Russian stakeholders and Alfa/Altimo, have been handled under the supervision of Baksaas and the Telenor Head of CEE/Europe. Telenor's in-house legal department as well as external legal counsel have in particular provided significant support in order for Telenor to handle ownership issues and disputes.

2.1.6 The role of the Group Executive Management (GEM)

Due to the VimpelCom investment being a non-controlling ownership interest in a listed company and the wide powers granted to the Supervisory Board of VimpelCom, it is our understanding that corporate governance issues within VimpelCom were generally not discussed in the GEM meetings. We understand that only information that was viewed not to be confidential to VimpelCom was shared in such meetings.

2.1.7 Governing documents

Telenor's Governing documents in effect during the period of review are focused on the Telenor Group, i.e. the business in entities where Telenor has operational and financial control. When it comes to investments in non-controlled entities, it is stated that Telenor's representatives on the Board shall actively promote adaption of corresponding governing principles. As previously explained, it is the responsibility of VimpelCom's Management to implement, and the Supervisory Board of VimpelCom to oversee, that the company has a sound and well-

functioning corporate governance. Consequently, the governing documents of Telenor do not extend to non-controlled companies.

2.1.8 Our assessment

The Telenor governance structure for handling the VimpelCom investment mirrors in our view the specific facts and circumstances related to this investment:

- The investment represents a non-controlling investment in a separate listed entity
- The Supervisory Board of VimpelCom has been granted wide powers
- The Telenor Nominees as well as Telenor as owner have on a permanent basis received support from both internal and external resources to handle severe ownership disputes and related issues
- There have been and continue to be confidentiality issues that need to be addressed on an on-going basis

However, the Support Group established to give support to the Nominees as well as to Telenor as owner has been faced with challenging confidentiality and potential conflict of interest issues. In particular, individuals within Telenor's in-house legal department have been faced with the challenging, and in some instances conflicting, situation of acting as legal advisor for the Nominees in relation to their individual responsibility as board members of VimpelCom, while at the same time providing legal advice to Telenor as owner. This unfortunate conflict of interest issue has in our view put certain employees of Telenor in a difficult position that may have influenced how certain information has been shared internally at Telenor. We will revert to this issue later in the Report.

Telenor has created a structure in which the group rendering support has done so under confidentiality. When critical events occur it is a challenge to balance the confidentiality requirements placed on individuals with the risk of critical issues being handled in a fragmented manner. We do understand the sensitivity of confidentiality requirements in such a situation. However, when critical events with potential material adverse effects occur, we do believe it is necessary for the CEO to have the ability to make decisions and actions based on the collective knowledge of relevant individuals. If not, decisions and actions with unexpected material adverse effects may be taken, that subsequently cannot be justified by pointing to confidentiality issues within a management team. How this should be done depends on the facts and circumstances, and need to be evaluated on a case-by-case basis.

We believe it would have been appropriate for Telenor to have established a structure whereby the collective knowledge of relevant individuals could have been shared under confidentiality. If such a structure had been implemented, guidelines would have had to be established to secure an appropriate sharing of information within the confines of confidentiality. It would also have been required for in-house lawyers to be relieved from the conflict of providing personal legal advice to Nominees while at the same time providing legal advice to Telenor as owner. We will revert to this issue later in the Report.

2.2 Actions and decisions by the Telenor Nominees on the VimpelCom Supervisory Board in relation to VimpelCom's investment in Uzbekistan

The below description of VimpelCom's Uzbekistan transactions is based on the Statement of Facts.

2.2.1 VimpelCom's entry into the Uzbekistan telecom market, 2005 through 2009

VimpelCom entered the Uzbekistan telecom market in 2006 through the acquisition of the two Uzbekistan telecommunications providers Unitel and Buztel for USD 200 million and USD 60 million, respectively. Unitel was owned by a Dutch company Silkway Holdings BV and Buztel was wholly owned by Freevale Enterprise Inc. The acquisition was completed by acquiring the two holding companies. Subsequent to the acquisitions, the two operating companies (Unitel and Buztel) were merged under the name of Unitel.

According to the Statement of Facts, VimpelCom was aware that it would need a local partner in order to enter and operate in the Uzbekistan market. In early December 2005 VimpelCom Management was aware of Takilant (hereafter Takilant) and that certain VimpelCom Management had begun negotiations with Takilant's representatives to become the local Uzbekistan partner. Apparently, certain VimpelCom Management already at that time was aware that "Government official X1" was and remained Takilant's ultimate beneficial owner, and that maintaining a relationship with Government Official X1 was a prerequisite for doing business in Uzbekistan. The terms set out for the cooperation with Takilant were that Takilant was to acquire a 7 % ownership stake in Unitel, subsequent to the merger with Buztel being completed. A put/call option was included in the agreement with Takilant by which Takilant would make USD 37.5 million if the put option was exercised and capped at USD 40 million, if the call option was exercised.

The proposal to enter the Uzbekistan telecom market, including the proposal to acquire Unitel and Buztel and the agreement with Takilant, were presented to the Supervisory Board of VimpelCom in a board meeting on 14 December 2005. At the board meeting, senior Management of VimpelCom discussed with board members that a relationship with Government Official X1 was necessary for doing business in Uzbekistan. It was also a discussion at the meeting whether or not VimpelCom should do business in Uzbekistan. At the meeting, risks of doing business in Uzbekistan, including the risk of having to deal with a local partner, were discussed. According to the Statement of Facts it was mentioned in the board meeting that Government Official X1 influenced who would acquire Unitel and Buztel, and that this individual would be actively involved in the acquisition process of both companies, and could probably influence the price as well. It was also clearly stated at the meeting that VimpelCom needed "a blessing" from Government Official X1 in order to do business in Uzbekistan.

The Supervisory Board approved the proposal to enter the Uzbekistan market and the transactions as outlined in the board meeting, however, only if it could be substantiated that the transactions complied with the US Foreign Corruption Policy Act. (FPCA). A US law firm was engaged to perform the required FCPA inquiries and provided an FCPA opinion. Since an FCPA opinion was obtained from a reputable US law firm, with apparently no red flags identified, the Board resolution was implemented as described in the preceding paragraphs.

In June 2007, Takilant acquired an equity interest in the merged Uzbekistan business for USD 20 million. In September 2009, Takilant exercised its put option to sell its shares in the merged Uzbekistan business. VimpelCom purchased Takilant's equity interest for USD 57.5 million pursuant to the put option. Takilant accordingly made USD 37.5 million on this transaction.

Later in 2007, VimpelCom entered into an arrangement with Takilant to obtain the necessary licenses to operate a 3G network in Uzbekistan. Under this arrangement, the Uzbek authorities would issue the licenses to a Takilant subsidiary, which in turn would repudiate the licenses so they would instead be issued to Unitel. According to the agreement, Takilant would be paid USD 25 million for the license transaction. This proposed transaction was presented to the Finance Committee, a subcommittee of the Supervisory Board of VimpelCom, in October 2007. According to the Statement of Facts, at the meeting of VimpelCom's Finance Committee on 9 October 2007, the acquisition of 3G licenses in Uzbekistan was discussed. During that meeting, a Finance Committee member asked about FCPA issues regarding the proposed 3G transaction. VimpelCom's Management responded that outside counsel had reviewed Takilant during the 2006 due diligence process, that nothing had changed, and that

VimpelCom had worked with outside counsel to include all necessary FCPA clauses and conditions for the 3G transaction. As was mentioned before, though a law firm was engaged to make such an inquiry and in fact provided an FCPA opinion, the evidence shows that the law firm's opinion was based on erroneous and incomplete information.

According to the Statement of Facts, at that point the 3G frequencies were in the possession of a wholly owned subsidiary of Takilant, which had been allocated those frequencies less than a month earlier. Takilant had offered VimpelCom these frequencies even before Takilant's subsidiary held these frequencies. We do not know if such information was disclosed to the Supervisory Board of VimpelCom or if it was known to VimpelCom Management.

The Supervisory Board of Directors of VimpelCom approved the 3G transaction in an October 2007 board meeting. The payment to Takilant was made through an offshore subsidiary of VimpelCom and was paid in two instalments in early November.

The subsequent investigations by the US and Dutch authorities have revealed that the payment for the equity interest pursuant to the put option as well as the payment for the 3G licenses were bribe payments to the local partner.

In addition, the subsequent investigations also show that the information rendered by certain VimpelCom Management in the Finance Committee meeting in October 2007, as a response to inquiries from a board member regarding FCPA issues related to the 3G transaction was erroneous, and added to the disguise of an improper transaction.

Telenor Management was aware of VimpelCom's entry into the Uzbekistan market, and has publicly supported this expansion. Reference is made to a press release of 3 February 2006. However, we have not observed that Telenor Management had been informed of any concerns related to the transactions and agreements outlined above, prior to the TeliaSonera Uzbekistan investments unfolding in the autumn of 2012, and Telenor starting to look into the matter.

2.2.2 Our assessment

Several serious red flags were identified and discussed at the board meetings in VimpelCom in December 2005 and at a board meeting in October 2007. Undoubtedly, such red flags should significantly raise the Supervisory Board's duty of care in relation to the proposed transactions and agreements.

The Supervisory Board of VimpelCom explicitly stated that an approval of the transactions that was discussed at the December 2005 meeting should only be implemented if a legal opinion was obtained confirming that the transactions complied with the FCPA. We understand that this requirement was specifically requested by the Telenor Nominees and by the independent board member attending the board meeting.

The manner in which the 3G transaction was structured by Takilant's subsidiary to repudiate the licenses so they would instead be issued to Unitel, was in our view a transaction that should have raised the awareness of the Board as to the appropriateness of the transaction. In the Finance Committee meeting in October 2007, specific inquiries were made by one of the Telenor Nominees regarding FCPA compliance regarding the 3G transaction. Certain Management of VimpelCom responded to these questions in a misleading manner in order to give comfort to the Board that all FCPA issues had been considered and cleared.

In order for a Board of Directors to be able to carry out its duties, it is a fundamental premise that the information presented to the board by management is not based on erroneous and incomplete information. Also fundamental is the premise that responses to specific inquiries by board members are given in a truthful manner and not in a manner intended to disguise the facts. In our view, it was reasonable for the Board of Directors to take comfort from the fact that Management had obtained an FCPA opinion from a reputable US law firm. The Board should also expect management to respond in a trustworthy and transparent manner to specific inquiries raised by board members. Such premise is dependent that the Board of Directors has performed its' oversight responsibilities in a diligent manner, and that such procedures has not made the Board concerned about the integrity of management.

Our understanding is that the board resolutions related to the Uzbekistan transactions were unanimous resolutions by the Supervisory Board.

Questions can be raised as to whether the information provided in the December 2005 and October 2007 finance committee and board meetings should have called for the Supervisory Board to be more diligent in assuring themselves that the transactions would not include improper payments to the local partner through Takilant. However, in order to make a proper and fair assessment of this issue all facts and circumstances have to be evaluated, including but not limited to:

- Review of documentation provided by VimpelCom Management to the Supervisory Board,
- Interviews of individuals (a representative selection of Board members and Management representatives) attending the board meetings in December 2005 and October 2007, performed in an environment not limited by confidentiality restrictions

Consequently, we are not in a position to render a comprehensive assessment as to whether the Supervisory Board of VimpelCom performed its responsibilities related to the transactions outlined above in a diligent manner.

However, the Telenor Nominees have been active in their role as board members in requiring legal FCPA opinions, and have made inquiries in order to satisfy themselves that the transactions did not involve bribe payments. The fact that certain Management of VimpelCom not only gave the Board incomplete and erroneous information, but also misled the Board by not responding trustworthily to specific inquiries by board members must be taken into consideration when an assessment is to be made in the clear light of hindsight. Based on the above we are not in a position to conclude that the Telenor Nominees did not carry out their responsibilities as board members in a diligent manner regarding the transactions outlined above.

2.3 Other bribe payments to Government Officials

In the Statement of Facts it is concluded that in the period from 2006 through 2012 VimpelCom paid a total of at least USD 52 million in bribe payments, in addition to the USD 62.5 million discussed above (that is, bribe payments totalling at least USD 114.5 million). It is our understanding that only the transactions outlined above were submitted to the Supervisory Board of VimpelCom for approval. The bribe payments were made by various subsidiaries of VimpelCom.

One of the bribe payments identified in the Statement of Facts is related to the acquisition of LTE licenses (4G investment) in Uzbekistan in 2011. This bribe payment is discussed as a separate issue in the Report. The other bribe payments identified by the investigating authorities are not commented upon in the Report as we believe these transactions had not come to the attention of any of the Telenor Nominees prior to being revealed by either the internal VimpelCom investigation or by the investigating authorities.

According to the Statement of Facts, many of the bribe payments were characterized improperly as legitimate payments and false invoices. We are not in a position to evaluate whether the Supervisory Board of VimpelCom should have been able to identify the material weaknesses in internal controls at an earlier stage. In its 2013 annual reporting to the Securities and Exchange Commission in the US (SEC) filed with the SEC on 15 May 2014, the Company disclosed material weaknesses in its internal controls over the operation of its CIS (Common wealth of Independent States) subsidiaries. In this respect, it is important to note that the bribe payments are a result of serious improper business conduct of certain persons in VimpelCom Management, including override of internal controls in order to disguise the true nature of the transactions.

2.4 Telenor's handling of information related to VimpelCom's 4G investment in 2011

As an introductory note, we will point out that the our summary of the various facts and circumstances as laid out below, are based on documentation provided to us and interviews with relevant individuals. We are aware of that certain individuals have been interviewed as witnesses by investigating authorities and others related to the matter explained below. However, we have based our summary of the interviews performed by us and based on the fact that the respective interviewees have verified their explanations rendered to us.

In mid-August 2011, an employee of Telenor working on secondment at VimpelCom (herein referred to as Employee A) raised a concern to his leader at Telenor related to a potential consulting agreement with Takilant. In this agreement, Takilant was to be paid USD 30 million to assist in obtaining LTE licenses (4G) in Uzbekistan. Employee A had become aware of this proposed transaction as he was tasked to be part of a quality assurance process within VimpelCom to be performed prior to final approval of the transaction. His leader at Telenor was Executive E, Group Chief Financial Officer (CFO) and member of GEM since 2010.

Employee A has informed us that prior to contacting Executive E, he had mentioned his concerns related to this transaction to Executive D, Head of Legal and Compliance at Telenor. He cannot remember the exact date of his conversation with Executive D, but he is confident that this conversation took place prior to his meeting with Executive E. According to Employee A, Executive D's response was that he wanted to think about what he had been told and would revert to Employee A. However, prior to receiving feedback from Executive D, Employee A decided to approach Executive E as explained in the preceding paragraph. At the time, Executive D was not a member of GEM. He was appointed Executive Vice President and a member of GEM in 16 May 2014, retaining his responsibility as Head of Legal and Compliance. Executive D has explained to us that he can recall a brief conversation with Employee A on an issue. However, according to Executive D, no details were provided by Employee A, and he, therefore, did not provide any response. According to Employee A, he gave Executive D the same information in this informal meeting as he later provided to Executive E in their first meeting.

Executive E has explained that he became concerned that the information given to him by Employee A could be viewed as breach of confidentiality due to specific agreements signed with VimpelCom. Telenor had entered into a service agreement with VimpelCom related to providing various services. The outplacement of Employee A to VimpelCom was regulated in a separate outplacement agreement. Both agreements contained strict confidentiality clauses, and both agreements were signed by Executive E on behalf of Telenor.

In the first meeting Employee A primarily asked for advice on how to deal with his concerns internally at VimpelCom. Executive E advised him, as the first step, to escalate his concerns within VimpelCom Management. Employee A has explained that he followed Executive E's advice and raised his concerns about the transaction with certain individuals within VimpelCom's group Management.

According to Executive E, he had a conversation with Executive D a couple of days after his first meeting with Employee A to discuss the concerns raised by Employee A. Executive E has explained to us that the reason for involving Executive D about Employee A's information was that he was unsure how to handle this issue correctly, and wanted to inform Executive D in his capacity as Head of Legal and Compliance about the matter for his consideration as well, including how Executive E should handle this information internally at Telenor. Executive D has explained to us that he neither at this stage nor at later stage understood that the 2011 concerns were reported to him in this capacity. According to Executive D, he viewed his involvement to just be a sounding partner in order to assist Employee A and Executive E to handle this issue in an appropriate manner.

Executive D was in agreement with the advice given by Executive E to Employee A, as the first step, to raise the issue with certain individuals within VimpelCom group Management. We understand that the advice was also based on Employee A being an experienced and senior employee who was used to deal with challenging issues, and not concerned about escalating his views internally at VimpelCom. Executive E has explained to us that he in this conversation specifically asked Executive D if he should bring the issue to the attention of Baksaas. According to Executive E, Executive D had responded that it would not be correct given that it was a VimpelCom issue. Executive D has in conversations with us explained that he has not rendered such specific advice to Executive E.

Late in August 2011 Executive E and Employee A had a new meeting as Employee A was still concerned about the proposed transaction, even after having escalated the issue internally at VimpelCom. They agreed that the appropriate next step was to inform Telenor Nominees about his concerns related to the proposed transaction, and for the Nominees to decide how the issue should be brought to the attention of VimpelCom. According to Employee A, he had been informed by certain VimpelCom Management that more work should be performed to make sure that the proposed transaction was not an improper transaction. However, due to the nature of the transaction Employee A was still concerned.

Shortly thereafter Executive E initiated a meeting between Employee A, Executive D and himself. In this meeting they all agreed that it was appropriate to bring the issue to the attention of the Telenor Nominees. Both Employee A and Executive E are of the opinion that they involved Executive D in his capacity as Head of Compliance, and by doing so, reported the concerns to him as the individual with the ultimate responsibility for compliance within Telenor. Executive D, on the other hand, has explained to us that Employee A and Executive E asked for his advice, and that he did not view this to be a reporting to him of a concern as such.

According to Employee A, he discussed his concerns with all three of the Telenor Nominees during September 2011. He had conversations with two of the Nominees in connection with a VimpelCom board meeting in Amsterdam in September and the third Nominee at Telenor's offices at Fornebu. Two of the Nominees have explained to us that they do not recall any conversation with Employee A related to this issue at this stage.

On 30 September 2011, Employee A sent an e-mail to Executive E where he informed that the proposed transaction with Takilant was approved by VimpelCom Management despite his concerns. However, he pointed out that he had not seen the additional legal work performed to secure that the transaction with Takilant was not an improper transaction. Executive E responded the next day advising Employee A to once more escalate his concerns to the three Telenor Nominees. According to Executive E, he encouraged Employee A to express his concerns in writing to the Telenor Nominees, as he believed this issue needed to be handled by the Nominees in their capacity as board members of the VimpelCom Supervisory Board.

On 4 October 2011 Employee A submitted a draft of a proposed e-mail to the Telenor Nominees for Executive E's review and input. Executive E responded the same day that he found the content of the draft e-mail to be appropriate. Employee A submitted the e-mail to the Telenor Nominees the same day and copied Executive E. Employee A did not copy executive D, and we have not observed that he received this e-mail from other sources at this stage. However, Employee A has told us that he informed Executive D that an e-mail was submitted to the Nominees and that Executive D was informed about the content of the e-mail. Executive D has informed us that he has no recollection of being informed as stated by Employee A.

In summary the content of the e-mail was:

- Description of the transaction, including the fact that the agreement with Takilant was to be entered into by an offshore subsidiary of VimpelCom and that Takilant was incorporated in Gibraltar
- Reference was made to the prior 3G license acquisition in Uzbekistan also involving Takilant
- His concerns that the way VimpelCom applied for licenses in Uzbekistan may involve corruption
- That he did not place comfort in the FCPA analysis he had seen, as it seemed only to be a questionnaire filled out by the company under scrutiny
- That he questioned the way certain Management of VimpelCom responded to his concerns
- That he had raised his concerns to VimpelCom top Management
- That he had mentioned his concerns to the Nominees at an earlier stage (during September 2011)
- That the e-mail was submitted to the Nominees after consultation with Executive E

In the e-mail Employee A also pointed out that he had been told by VimpelCom's Management that the transaction had been approved after external legal counsel had performed more work to assess the appropriateness of the transaction. Employee A explained in the e-mail that he had not seen the additional legal work performed, but that he nevertheless was concerned that this could be an improper transaction involving corruption.

According to Statement of Facts, the consulting agreement with Takilant was signed on 19 September 2011 and payments by VimpelCom were made to Takilant through a VimpelCom offshore subsidiary on 21 September 2011 and on 19 October 2011 in the amounts of USD 20 million and USD 10 million, respectively. Employee A did not have this exact information when he submitted the e-mail to the Nominees.

Executive E did not at this stage inform anyone else about the concern raised by Employee A, as the issue was escalated to the Telenor Nominees. In addition to having contributed to the escalation to the Nominees, Executive E has explained that the issue at this stage was also reported to Executive D in his capacity as Head of Compliance. He has further stated that he found support in Telenor's Code of Conduct and other relevant internal regulations that it was appropriate to raise the issue with Executive D as head of both Legal and Compliance. According to Executive E, confidentiality restrictions prevented him from raising the issue with Baksaas as his leader. In this respect, he is referring to both the general confidentiality restrictions regarding VimpelCom information as well as the specific confidentiality restrictions in the Service Agreement and the Outplacement Agreement signed by him on behalf of Telenor.

As previously explained, Executive D has explained to us that at this stage he did not view his involvement to be regarded as a reporting to him of a concern. His view is that he was only being consulted on how this concern, which was an issue for VimpelCom to deal with, should be handled by Employee A. He was in agreement with Executive E that the issue should be raised to the Telenor Nominees, and that they should decide how to handle the case further.

When the Telenor Nominees received the e-mail they decided that one of them (herein referred to as Nominee C) should ask for legal advice through the Support Group. The e-mail from Employee A was forwarded to the in-house lawyer (herein referred to as Lawyer B) within the Support Group who worked extensively on VimpelCom issues, including supporting the Telenor Nominees. According to Employee A, he had mentioned this concern to Lawyer B in a conversation prior to submitting his e-mail to the Nominees. The reason for this was that Lawyer B was part of the Support Group and worked extensively on VimpelCom related matters.

Lawyer B decided to ask for external legal advice on this issue. The e-mail from Employee A was written in Norwegian. As external legal counsel was not a Norwegian-speaking individual, we have been informed that Lawyer B in a phone call with external legal counsel read the e-mail from Employee A unabridged and as close to verbatim as can be done while external legal counsel took notes. According to Lawyer B, this was considered as a sufficient and safe way of doing it due to his long-standing professional cooperation with the external legal counsel.

Based on the verbal summary of Employee A's concerns the external legal counsel rendered his advice to Lawyer B.

Lawyer B submitted an e-mail on 21 October 2011 to Nominee C where he explained that he had received advice from external legal counsel on this issue both under US and Bermuda law. The specific advice from the external legal counsel was not submitted to the Nominees. In Lawyer B's e-mail, he stated that the legal advice from external legal counsel was that no further action from the Telenor Nominees was necessary. By reading the advice rendered by external legal counsel to Lawyer B, it is not clear to us whether external legal counsel was fully aware of Employee A's statement in his e-mail that he, regardless of additional legal work, was concerned about the transaction.

Lawyer B also advised Nominee C to submit a written response to Employee A explaining the reasoning behind why individual members of the Supervisory Board of VimpelCom were not required to take any further action on the concerns raised by Employee A. Nominee C was also advised to include in this response to Employee A, that if he had additional concerns he should consider bringing this matter to the attention of VimpelCom's Audit Committee (a sub-committee of the Supervisory Board).

Nominee C has informed us that he did not feel comfortable responding in writing to Employee A as advised. He felt that employees of Telenor, or others for that matter, should not be discouraged from bringing concerns related to VimpelCom to the attention of the Telenor Nominees. Accordingly, no written response was provided to

Employee A. According to Lawyer B this advice was given in order to give Employee A an orderly response, and it was not intended to discourage Employee A from raising additional concerns. Our understanding is that the Nominees, based on the legal advice received, did not raise Employee A's concerns to the attention of VimpelCom Management or VimpelCom Supervisory Board.

It is our understanding that the outgoing Telenor Nominee, having accepted a management position at VimpelCom, was informed that legal advice had been requested, but he did not receive the legal advice as such. We understand this was a result of the outgoing Telenor Nominee having accepted his new position at VimpelCom.

We have been informed that when Baksaas became a Telenor Nominee in December 2011, he was not informed either by the outgoing or by the two incumbent Telenor Nominees about the concerns raised in Employee A's e-mail of 4 October 2011. According to Nominee C he cannot recollect one way or the other whether he discussed with Baksaas Employee A's concerns at the time Baksaas re-entered the VimpelCom supervisory board. According to Baksaas, he did not become aware of the reported concerns before March 2014, when he was interviewed as a witness in relation to the VimpelCom investigation. Executive D has informed us that he made Baksaas aware of the concerns, prior to Baksaas being interviewed. Since Baksaas was a member of VimpelCom's Supervisory Board of Directors since December 2011, we have therefore assumed that the concerns were not raised as an issue at VimpelCom board level by the Nominees that had knowledge of the concerns, or discussed with Baksaas in his capacity as Telenor Nominee before he received the information in March 2014.

We have also been informed that Executive D had some informal discussions with Lawyer B about the concerns expressed by Employee A. Executive D was aware that Lawyer B had received the e-mail of 4 October 2011, and that he had been asked by the Nominees for legal advice. In an e-mail of 24 October 2011, Executive D raised the issue that Lawyer B should ask for legal advice from external legal counsel. In an e-mail the same day, Lawyer B responded that this was already done, and that the case was handled, and no further action by the Nominees are required. Based on this information Executive D did not see any reason at this stage to accelerate the information internally at Telenor. The Telenor Nominees were informed, they had received legal advice as to how to handle the concern, and they were the appropriate individuals to accelerate the issue towards VimpelCom, if deemed appropriate by them. Executive D has also explained to us that he at this stage had no knowledge of the prior to 2006 - 2007 VimpelCom Uzbekistan transactions and agreements VimpelCom had entered into with Takilant.

2.4.1 The emergence of the TeliaSonera Uzbekistan case

When the TeliaSonera case related to Uzbekistan unfolded in the autumn of 2012, Telenor initiated various actions in order to understand whether VimpelCom could face similar issues. Several of these initiatives will be discussed later in this Report. In this section, we will focus on those events that in our view are important for our assessment of how the information regarding the concerns raised by Employee A was handled internally at Telenor.

Dagens Næringsliv published on Saturday, 22 September 2012 an article on TeliaSonera and Uzbekistan. According to Executive E he already the following Monday discussed with Executive D the fact that the article regarding TeliaSonera referred to the same company as Employee A had been concerned about, namely Takilant, and that there seemed to be similarities. The article mentioned that the daughter of the President of Uzbekistan in reality controlled Takilant, and that Swiss authorities investigated whether Takilant had placed proceeds from corrupt transactions in foreign banks. According to Executive E, he wanted to remind Executive D as Head of Legal and Compliance of the 2011 concerns reported to him one year earlier. Executive D has informed us that such alleged reminder from Executive E did not take place.

On 4 December 2012, Employee A sent an e-mail to Executive D, which included the e-mail he had sent to the Telenor Nominees on 4 October 2011. According to Employee A, he sent this e-mail as he was uncertain as to

the internal process, and if Executive D had seen his e-mail of 4 October 2011. Executive D has explained to us that he did not read this e-mail before sometime in 2015.

At a Telenor Board meeting on 11 December 2012 Baksaas informed about VimpelCom's investments and the relation to the local partner Takilant. According to the minutes from the board meeting, it is stated that there are material differences between the TeliaSonera case as VimpelCom has confirmed that they performed a full FCPA scrutiny prior to their investments. In addition, it was pointed out that the amounts in question paid to Takilant from VimpelCom were materially lower than what TeliaSonera paid. As previously disclosed in this Report, Baksaas was not at that time aware of the concerns from Employee A as outlined in his e-mail to the Telenor Nominees of 4 October 2011. According to the minutes both Executive D and Executive E were present at this board meeting.

However, the external legal counsel had at that stage already prepared a memo dated 14 November 2012 regarding the VimpelCom Uzbekistan transactions where the concerns expressed by Employee A was disclosed. This report was, based on our understanding, not disclosed to Baksaas at this stage. This issue is further discussed under Section 2.6 of the Report.

We have not been presented with any facts indicating that the concerns expressed by Employee A were escalated internally at Telenor, that is, to Baksaas, any subcommittee of the Board or to the entire Board of Directors, during the period up to 31 December 2012.

2.4.2 Events during 2013

On 8 February 2013, Executive E initiated a meeting between Executive D, Employee A and himself to once more confirm that the handling of Employee A's concerns had been handled in a proper way internally. According to Employee A, he was concerned that this information was not considered in Telenor's external communication about the VimpelCom/Uzbekistan investments. This meeting took place in India as the three of them attended the same business trip. According to Employee A and Executive E, Executive D in that meeting confirmed that they both had brought the manner up in a correct way within VimpelCom and Telenor, and that it was a VimpelCom matter that should be handled by the Telenor Nominees.

According to Executive E and Employee A, Executive D also confirmed in the same meeting that Legal handled this matter further. Based on this meeting both Employee A and Executive E concluded that no further action was required from their side related to the 2011 concerns. Executive D's recollection of the meeting is very different. According to him, the meeting took place in an informal setting in a lounge in the airport, and he refers to his role in the meeting as a sounding partner. He has explained that he do not believe he confirmed positively the specific issues as expressed by Executive E and Employee A.

As a result of the TeliaSonera case, Telenor initiated a process in order to gather as much information as possible about the VimpelCom transaction in Uzbekistan. This process was requested by Executive D, and supported by external legal counsel with the assistance of Lawyer B. Among others, this work was the basis for a power point presentation presented by Lawyer B to the Ethics & Sustainability Committee (ESC, a subcommittee of the Board), on 12 February 2013. In this context, we point to the fact that the 2011 Takilant transaction and the related concerns were not part of this presentation to the ESC. According to the minutes from the meeting neither Executive D nor Executive E attended. Lawyer B has explained to us that the reason for not including the 2011 transaction and the related concerns expressed by Employee A, was that the purpose of the presentation was to focus on VimpelCom's Uzbekistan transactions when entering the Uzbek market in 2006 - 2007, and not on the 2011 transaction. Lawyer B has explained to us that it was not a conscious decision to omit the 2011 transactions and related concerns in the presentation to the ESC. We will discuss the presentation to the ESC later in this Report.

On Tuesday 12 February 2013, the Chair of ESC gave a report to the Board about the presentation prepared by Legal regarding VimpelCom investments in Uzbekistan. At the same board meeting Aaser referred to a meeting he had had with VimpelCom Management about the Uzbekistan transactions. The purpose of the meeting was according to Aaser to have a face-to-face meeting with VimpelCom top Management and to seek their assurance

that the Uzbekistan transactions were not in any way inappropriate. Executive D accompanied Aaser on this travel to Amsterdam and attended the meeting. We will revert to this issue later in the Report.

Executive E attended the Board meeting 12 February 2013. Executive D did not attend. Executive E has explained to us that he after the meeting approached Executive D, as it was unclear to him if the member of the ESC and Aaser were aware of the 2011 transaction and the related concerns expressed by Employee A. According to Executive E's recollection, Executive D responded as follows; i) the 2011 issue is a VimpelCom matter bound by confidentiality and Employee A should not be exposed in this matter, ii) the issue had been properly raised to the Telenor Nominees and they had followed the Takilant issue further, iii) both the VimpelCom Supervisory Board as well as Aaser had been assured by the VimpelCom Management that the investments in Uzbekistan were FCPA compliant. Hence Executive D had decided not to disclose Employee A's concerns to the ESC. According to Executive E, he then concluded that there was no need to raise the issue further, as Executive D had concluded on appropriate legal handling. According to Executive D, he denies that he has had such a discussion with Executive E.

Executive E has also explained to us that the reason for not informing Baksaas at this stage was also based on the assumption that Baksaas already had been informed in his capacity as Telenor Nominee to the VimpelCom Supervisory Board and/or through the various processes initiated by Telenor to try to get a better understanding of VimpelCom's investments in Uzbekistan.

As referred to above, external legal counsel were in the autumn of 2012 engaged by Telenor in order to gather as much information as possible about the VimpelCom Uzbekistan transactions. A first report was delivered by external legal counsel on 14 November 2012 where among others the 2011 concerns expressed by Employee A was disclosed. A final report covering a description of the known facts about the transactions that external legal counsel had been able to identify, was delivered to Lawyer B at the end of October 2013, including disclosure of the 2011 concerns. However, we have not found any evidence indicating that the final report from external legal counsel has been disclosed to anyone outside Telenor's Legal. According to Executive D recollection, Lawyer B delivered the report on a CD-ROM to him. According to Executive D, the report did not catch his attention as he had seen previous drafts and was not informed that there were any substantial new information in the final report. Again, according to Executive D, he was not made aware of that the final report contained any significant new information about VimpelCom's Uzbek transactions not known to Telenor when the presentation to the ESC was prepared and presented to the Committee in early February 2013.

We have not been presented with any evidence indicating that the concerns expressed by Employee A was escalated internally at Telenor to Baksaas, to GEM, any sub-committee of the Board or to the Board during 2013.

2.4.3 Events 2014

In March 2014, Baksaas, and other Telenor employees were interviewed by investigating authorities as witnesses in the VimpelCom investigation that had been initiated by several authorities. Executive D has informed us that he prior to Baksaas being interviewed made Baksaas aware of the concerns expressed by Employee A back in 2011. Baksaas has explained to us that he was informed by the investigating authorities that they already were aware of the concerns expresses by Employee A. According to Baksaas this was the first time he heard that Telenor had received a written concern from Employee A. Consequently, Baksaas is of the opinion that Executive D informed him of the 2011 concerns subsequent Baksaas' interview with the investigating authorities. When asked why this information at that time was not shared with the Board of Directors of Telenor, Baksaas responded: i) he was instructed by the investigating authorities not to share any information that had been disclosed as part of the witness process with anyone, ii) Employee A's concerns were known to the investigating authorities, and as such would be taken into consideration by the investigating authorities, iii) nothing more Telenor could do as this was an issue that had to be handled by VimpelCom.

On 6 March 2014, Oslo City Court issued a court order whereby Telenor was directed to produce documentation related to the ongoing investigation by US and Dutch investigation authorities of VimpelCom. We have been informed that this was the first instance that Telenor as a shareholder was made aware that VimpelCom was

under scrutiny. On 11 March 2014, a similar request was received from US Securities and Exchange Commission. In order to comply with the court order Telenor engaged both internal and external legal advice to peruse the production of requested documents.

Executive D has informed us that he addressed the 2011 concerns again to Baksaas during late autumn 2014, and asked if Aaser was informed prior to a meeting with the Ministry in November 2014. According to Executive D, he briefed Aaser orally about the 2011 concerns in a preparation meeting with Aaser and Baksaas prior to the meeting with the Minister on19 November 2014. According to Aaser, he cannot recollect that such information was provided in this preparation meeting.

In the autumn of 2014, the law firm previously engaged to peruse the documents was engaged by Telenor to perform a review of the ongoing VimpelCom investigations initiated by various authorities. At a Telenor board meeting in early December 2014 the law firm reported on the status of the work they had done so far. A couple of days earlier, the same information was given in a meeting where Aaser and the Chairs of the ESC and the Audit Committee were present. We have been told that this was the first time the Board of Directors or any sub-committee had been informed of the concerns expressed by Employee A back in 2011. During our review, we have not seen any evidence indicating that such information was disclosed to the Board of Directors or any sub-committee of the Board of Directors at an earlier stage in 2014.

2.4.4 Our assessment

On an introductory note, we would like to give recognition to the Employee A's continued efforts to challenge certain VimpelCom Management as to the appropriateness of the agreement with Takilant related to the 4G investment in 2011, as well as his decision to report his concern internally at Telenor. In this respect, we also acknowledge the constructive advice and support that Employee A received from Executive E in this respect. Executive D should also be acknowledged for supporting the decision for Employee A's concerns to be reported to the Telenor Nominees. We support the advice given to Employee A to report his concerns to the Telenor Nominees, an advice he also followed.

The fact that the concerns raised by the employee in 2011 did not come to the attention of the Baksaas before March 2014, and even later to the Board of Directors of Telenor, was unfortunate. As is also pointed out in the Statement of Facts, the responsibility of entering into the corrupt transaction with Takilant in 2011 regarding the 4G license in Uzbekistan resides solely with certain VimpelCom Management. However, an earlier escalation could have given Telenor the opportunity to prepare in a better manner how to deal with this issue towards VimpelCom, internally at Telenor, in its communication with the Ministry of Trade, Industry and Fisheries and in other external communication. An earlier escalation could also have prevented the unfortunate current situation in which certain employees of Telenor are being questioned as to their handling, internally at Telenor, of the information received from the employee. For the sake of good order, in our assessment we have not considered whether an earlier escalation of the 2011 concerns would have resulted in other actions or decisions by Telenor or not. We simply point to the fact that an earlier escalation would have given Telenor the opportunity to take the 2011 concerns into consideration in handling the VimpelCom case.

No doubt, the challenging history of the VimpelCom investment has also influenced how this case has been handled internally at Telenor. History shows that Telenor has been faced with numerous challenging legal actions in the VimpelCom/Kyivstar ownership disputes that Telenor has had to manage in countries with unpredictable legal outcomes. When the legal ownership restructuring was completed in 2010, including the move of VimpelCom headquarters to Amsterdam, Telenor was resolute in handling VimpelCom as a separate large listed company in which Telenor did not have a controlling interest. As such, several issues became very important to Telenor in order to avoid unfounded shareholder disputes, including confidentiality, the Telenor nominated VimpelCom Board members being questioned as to their responsibilities to carry out their duties in the interest of all VimpelCom shareholders, and treatment of insider information.

We have also observed that even senior employees in high-ranking management positions within Telenor seemed not to have had a clear and conscious understanding of how to handle the 2011 concerns internally at

Telenor. In addition, the fact that Baksaas was a board member of the VimpelCom Supervisory Board, has in our view also affected how individuals have handled the 2011 concerns internally at Telenor. Complicated confidentiality, and in certain cases legal privilege issues, have also affected the internal handling at Telenor.

It is also important to point out that we have not become aware of anything that should indicate that individuals have handled the case with the intention of not dealing with the 2011 concerns in an appropriate manner internally at Telenor. Just for the sake of good order, we have not become aware of any indication that the handling of the 2011 concerns by Telenor employees have been done in order to conceal any wrongdoings by certain VimpelCom Management.

In due consideration to what is stated above, we are notwithstanding of the opinion that certain employees at Telenor at certain point in time should have handled the 2011 concerns differently. The individuals in question are senior employees of Telenor and with high-ranking leadership positions and or with professional education and experience. Due to this, our assessments of such individuals have been based on what we believe should be expected of such individuals as leaders, as Telenor Nominees and as individuals with professional background and experience. The facts and circumstances in this case do in our view, not solicit an approach where the actions and decisions of individuals are assessed against formal legal frameworks.

Telenor Nominees

The concerns received from Employee A in October 2011 were in our view concrete and detailed. This individual was a senior employee of Telenor and with extensive experience in evaluating business transactions. As such, there were good reasons for the Nominees to take his concerns seriously, which they also did by asking for legal advice from the Support Group. We understand that the Nominees based on the legal advice rendered to them decided not to bring the concerns as such to the attention of the Supervisory Board of VimpelCom in 2011. It can be argued that the Nominees placed too much comfort on a legal advice as opposed to the severity of the concerns raised by Employee A of a transaction involving a country with a history of corruption. However, their long experience of having received legal advice of high quality from the Support Group should be taken into consideration when assessing their decision to follow the legal advice rendered.

We believe it was a proper decision of Telenor Nominee C not to follow the advice to respond to Employee A in such a manner that he might have been discouraged of raising further concerns internally at Telenor related to VimpelCom.

We are not privy to information as to whether the Nominees followed up these concerns in other manners towards VimpelCom Management or the Supervisory Board of VimpelCom. However, our understanding is that the Nominees were instrumental in the decision to initiate an internal investigation at VimpelCom early in 2013 with the use of external resources. We have also been informed that the Nominees were active in pursuing this matter in other ways as board members of VimpelCom Supervisory Board. Due to duty of confidentiality and acknowledge by us, the Nominees have been prevented from disclosing more detailed information to us.

On the other hand, we do believe that Baksaas should have been informed about the concerns when he became a Nominee in December 2011. In our view, the two incumbent Nominees share equal responsibility for not having shared this information with the on-boarding Nominee.

When the TeliaSonera case was unfolded in the autumn of 2012, it was in our view even more important to inform Baksaas in his capacity as Nominee. The two incumbent Nominees share the same responsibility for not having shared this information with Baksaas at this stage. For the sake of good order, we do not believe the Nominees had the primary responsibility to inform Baksaas in his capacity as the CEO of Telenor, but in his capacity as a Telenor Nominee. In our view, the responsibility of incumbent board members to inform an on-boarding board member of critical issues is part of good board performance by board members of such statue and experience as the incumbent Nominees in question. The history of VimpelCom should also make the incumbent board members to be even more diligent in making an on-boarding board member aware of critical issues that had surfaced prior to his/her appointment. For the sake of good order, we emphasise that we do not render any opinion of the incumbent nominees' overall performance as member of VimpelCom Supervisory Board, but just pointing to their

responsibility to inform an on-boarding board member of critical issues. We do understand and acknowledge the confidentiality restrictions placed on the Nominees, and their obligations to carry out their duties in the interest of all shareholders of VimpelCom. In our assessment of the incumbent Nominees, we have not considered how this information has been handled internally at Telenor.

Both the incumbent Nominees disagree with the criticism and refers to their respective rebuttals presented to Deloitte.

Lawyer B

Lawyer B was responsible for providing legal advice to the Nominees as to how to handle the concerns received from Employee A. We understand that Lawyer B asked for legal advice from external legal counsel as a basis for his advice to the Nominees. In our opinion Lawyer B should have arranged for a written translation of Employee A's e-mail of 4 October 2011 as a basis for the legal advice rendered by external legal counsel. If a written translation had been provided to the external legal counsel, it would have been documented that the advice from external legal counsel was rendered based on all facts and circumstances as laid out in Employee A's e-mail. When the TeliaSonera case unfolded in the autumn of 2012, we believe Lawyer B should have revisited the advice rendered to the Nominees in the autumn of 2011. We believe it would have been appropriate for Lawyer B, taking into consideration his position within the Support Group, to have initiated a conversation with all three Nominees about the 2011 concerns received. Through the work initiated by Telenor to get a better understanding of the VimpelCom Uzbekistan investments, Lawyer B obtained knowledge of the 2006/2007 Uzbekistan transactions, and should have been able to see the 2011 concerns in a broader perspective.

Taken into consideration Lawyer B's professional background, position within Telenor and his knowledge about the VimpelCom case, he should have discussed with Executive D the importance of including information about the concerns raised by Employee A in the presentation to the ESC in February 2013.

Executive D

Executive D has explained that his involvement in the handling of the 2011 concerns was limited to informally and collegiate dialogue in order to discuss with Employee A and Executive E, and for Executive E to have a second opinion to ensure Executive E's assessment on how to handle it properly within VimpelCom governance. According to Executive D, the reasons for not escalating the concerns expressed by Employee A to Baksaas and Aaser, was that he considered the issue to be a VimpelCom matter and should be handled by the Nominees, with the assistance of the Support Group, hereby also having the responsibility to inform Baksaas in his capacity as Nominee. Executive D has further stated that his role as an internal legal counsel did not impose duties for Executive D to inform Aaser prior to the meeting with VimpelCom Management in 2013 as the issue was a VimpelCom issue and known to VimpelCom top Management. He has also explained that his limited involvement in the preparation of the presentation to ESC in February 2013 did not give any basis for being more diligent in bringing the 2011 concerns to the attention of ESC and/or the Board.

In our opinion, Executive D, as Head of Legal and Compliance at Telenor, has had a responsibility to escalate the concerns expressed by Employee A internally at Telenor. In our view, this responsibility is embedded in his role.

Executive D contributed to the process of reporting the concerns to the Nominees. In addition, he also ensured that the Nominees had been provided with legal advice from external legal counsel on this issue. He got a positive response by Lawyer B that this was already taken care of. We do not believe any other action was required by Executive D at that stage.

However, when the TeliaSonera case was unfolded in the autumn of 2012, he should in our view have assured himself that Baksaas was informed about Employee A's e-mail of 4 October 2011 and how the matter had been handled so far. Executive D should in our view, have understood that the 2011 concerns expressed by Employee A could be relevant in order to get a better understanding of the VimpelCom Uzbekistan transactions. As Lawyer B's leader, Executive D should at this stage also have familiarized himself with the legal advice and the basis for such advice rendered to the Nominees in the autumn of 2011. In our opinion, Executive D should have assured that Aaser had knowledge about the concerns expressed by Employee A prior to his meeting with VimpelCom

Management in early February 2013. Likewise, Executive D should have assured that the ESC at their meeting in February 2013 was made aware of Employee A's concerns.

Our assessment as described above is based on Executive D's position as Head of Legal and Compliance and his knowledge about the VimpelCom case. Such a responsibility is in our view embedded in his position, and is part of his leadership responsibilities.

Executive D has informed us that he, based on his reasoning as laid out in the first paragraph above, disagrees with our assessment as laid out in fourth and fifth paragraph above. Executive D has further stated that due to the fact that he had no role in the Support Group, and other reasonable assumptions he has taken in this matter, his own consideration is that he has acted correctly and also in accordance with his responsibilities as Head of Legal and Compliance.

Executive E

Executive E has rendered a specific and detailed explanation on how he treated the concerns by Employee A. According to Executive E the reasons for not escalating the concerns to Baksaas, was based on the following; i) he reported the concerns of Employee A to Executive D as Head of Legal and Compliance and it was Executive D's responsibility to handle the information internally at Telenor ii) he several times asked Executive D for confirmation that he had handled the concerns in an appropriate manner and received verbal assurance from Executive D that it was nothing further he should do iii) the general and specific confidentiality undertakings towards VimpelCom prevented him from disclosing the information even to Baksaas, iv) he had no and should not have knowledge of how the Nominees treated the concern when it was received and subsequently, v) he had reasons to believe that Baksaas was already informed in his capacity as Telenor Nominee and or during the processes initiated by Telenor to get a better understanding of the VimpelCom Uzbekistan transactions. The fact that Executive D has different recollections of the various conversations with Executive E is of course a complication in making a separate assessment of Executive E's handling of the matter. On the other hand, it is a fact that Executive D as Head of Legal and Compliance had adequate knowledge of the concerns raised, and it was reasonable for Executive E to assume that Executive D would address the concern raised.

We have no comments to the way Executive E handled the 2011 concerns prior to the 12 February 2013 board meeting.

However, then he became uncertain whether ESC, prior to that board meeting, was provided with information about the 2011 concerns expressed by Employee A. In addition to the actions that he has explained that he did, he should subsequent the 12 February 2013 board meeting have informed Baksaas that he was uncertain whether the VimpelCom 2011 transactions and the related concerns expressed Employee A was disclosed to ESC and the Telenor Board of Directors. In our view, this is not a legal issue, but a question of showing good leadership on this specific topic from a Telenor Top Executive attending board meetings on a regular basis.

Executive E has informed us that he, based on his reasoning as laid out in the first paragraph above, disagrees with our assessment as laid out in the third paragraph above. Executive E has further stated that given his role which is clearly outside VimpelCom, the strict personal confidentiality undertakings, and other actions and reasonable assumptions Executive E has taken in this matter, his own consideration is that he also on this occasion acted correctly and according to good leadership.

Jon Fredrik Baksaas

When Baksaas in March 2014 received the information about Employee A's concerns, we believe he should have initiated a process to accelerate this information to the Board of Directors as soon as possible. We understand that Baksaas was made aware of the 2011 concerns by Executive D either just before or immediately after being interviewed by the investigating authorities. Since the concerns from Employee A was submitted to Telenor back in 2011, we believe he was not prevented by any non-disclosure obligation towards the Telenor Board of Directors on this issue.

In our view Baksaas had an obligation to update the Board on critical new information related to the VimpelCom case. We understand that Baksaas was orally informed about the concerns raised, but was not provided the

specific e-mail from Employee A dated 4 October 2011.We believe Baksaas should have requested and read the e-mail. By reading the e-mail we believe he would have gained a better understanding of the seriousness of the concerns raised by Employee A. In our view, this is not a legal issue, but a question of showing good leadership on this specific topic from the CEO.

2.5 Telenor ASA Management monitoring of Telenor's ownership in VimpelCom

2.5.1 Our assessment

In Section 2.1 of the Report we have outlined the formal governance structure as it relates to the VimpelCom investment. Our assessment of Management's monitoring should be read in the context of what is said in Sections 2.2 and 2.4 related to the specific VimpelCom investments in Uzbekistan. When assessing Management's monitoring of its ownership we have defined Management to include the Telenor Nominees, GEM, Legal and the Support Group. Over the years, individuals within these different functions have spent a lot of time and effort to monitor the ownership in VimpelCom. The severe ownership disputes, also involving Kyivstar, have made it necessary for Telenor to spend significant resources to deal with issues in various environments and with unpredictable outcome.

As outlined in Section 2.1 of this Report, the monitoring of the VimpelCom investment has been allocated to the Nominees and to other individuals within Management. In our view, the monitoring of the investment has historically for various reasons been focused on defending Telenor's VimpelCom shareholding. The fact that Telenor has not had a controlling ownership has also resulted in the monitoring of operational performance and corporate governance structures have had to be performed by the Telenor Nominees.

It is not part of the Mandate to evaluate how the Telenor Nominees have been able to perform their duties as Board Members in VimpelCom during the period under review. However, we have observed that there has been a conscious selection of Nominees with the appropriate experience to fill such challenging board positions in VimpelCom. We have also observed that a Support Group is established in order to assist the Nominees in fulfilling their obligations.

In addition to the Nominees there are different work streams established to monitor other aspects of the ownership. Procedures have also been put in place to secure that confidential VimpelCom information is not shared in an inappropriate manner. However, the monitoring structure can also lead to that certain issues will be monitored in a fragmented manner, when there is a need for a holistic approach by Management. When certain critical events occur, it may be necessary to ensure that critical issues are being addressed in holistic manner.

We believe the VimpelCom Uzbekistan investments was an example where Baksaas should have revisited the monitoring activities in relation to VimpelCom. We do understand the sensitivity of not maintaining "Chinese walls", but we believe there are critical events with potential material adverse effects that may require relevant individuals, to share information as a group, but under confidentiality. In the aftermath of the TeliaSonera Uzbekistan case in the autumn of 2012, a sharing of information within a group of relevant individuals could have been beneficial for the monitoring process. As an example, stepping back and asking questions as a group, like:

- What is our collective knowledge of VimpelCom's Uzbekistan transactions
- How shall we support the Nominees in their role as board members of VimpelCom going forward
- How shall we manage to gather as much information about the issue as possible
- How do we secure that our Board of Directors are adequately informed on an ongoing basis
- How shall we handle information towards the Ministry of Trade, Industry and Fisheries, but at the same time not violating confidentiality
- How do we manage other external communication
- How do we secure that critical monitoring activities (including both gathering and sharing) of information is overseen by top Management
- How do we approach VimpelCom

We have observed that significant resources have been used in order to deal with the VimpelCom Uzbekistan investment subsequent to the unfolding of the TeliaSonera Uzbekistan case. However, the handling seems to a certain extent to have been affected by separate work streams and with limited oversight by Telenor top Management. As an example, the presentation, ,including the background material prepared by external legal counsel, prepared for ESC in February 2013, was not reviewed by Telenor top Management before it was

presented to ESC. Such a review could have brought the concerns expressed by Employee A to the attention of Baksaas. In our view, the responsibility to have initiated such a process laid with Baksaas.

We have in Section 2.1 commented upon the challenge of having Baksaas on the Supervisory Board of VimpelCom when the Uzbekistan issues started to surface. While there were good reasons for Baksaas to be on the Board, the events and circumstances have also evidenced the challenges. We also believe that Baksaas' need to balance the role as a Board member of VimpelCom with his CEO position at Telenor resulted in a fragmented handling internally in Telenor of the VimpelCom case.

2.6 The Board of Directors oversight of Telenor's ownership in VimpelCom

2.6.1 Introduction

In this section, we will mainly comment upon the Board of Directors oversight of the ownership in VimpelCom subsequent to the unfolding of the TeliaSonera Uzbekistan case.

We have however, also reviewed board minutes, minutes of sub-committees, selected board papers and performed interviews of board members from the period prior to 2012. We have observed that the VimpelCom investment has been on the Board's agenda on a continuous basis over the years from 2005 and up to the autumn of 2012. Obviously, the various ownership disputes have been on the agenda as well as discussions about Telenor's long term strategy for its ownership in VimpelCom. The Board was heavily involved in the deliberations that led to the restructuring of the legal ownership of VimpelCom and Kyivstar in 2010. It is our belief that the Board of Directors have performed their oversight of Telenor's ownership in VimpelCom in the period from the start of our review and up to 2012 in a diligent manner.

2.6.2 The period from autumn 2012

Subsequent to the TeliaSonera case becoming public and the related press reports, the Board of Directors initiated a process to closely monitor the situation of VimpelCom. ESC was given the task to follow up and report its findings and assessments to the Board in order for the Board to have a good basis for its deliberations on this issue.

Management initiated a process to gather as much information as possible about the VimpelCom Uzbekistan transactions. This work was led by Legal and external legal counsel was engaged to assist in this process.

At a Board meeting in December 2012 Baksaas informed about VimpelCom's investments and the relation to the local partner Takilant. According to the minutes from the board meeting, it is stated that there are material differences between the TeliaSonera case as VimpelCom had confirmed that they performed a full FCPA scrutiny prior to their investments. In addition, it was pointed out that the amounts in question paid to Takilant from VimpelCom were materially lower than what TeliaSonera paid. As previously disclosed in this Report, Baksaas was at that time not aware of the concerns from Employee A as outlined in his e-mail to the Telenor Nominees of 4 October 2011.

At an ESC meeting in late December 2012, the Committee was updated on a number of actions that already had taken place and planned in the near future related to VimpelCom, among others:

- Summary of recent meeting with the Norwegian Ministry of Trade and Industry
- Summary of the recent investor meeting with VimpelCom
- The agreement to have a workshop with VimpelCom in Q1 2013 on Human rights and Supply Chain sustainability
- That Telenor plans to address Ethics & Sustainability issues at the upcoming VimpelCom Annual General meeting

On 4 February 2013, Aaser met VimpelCom's top Management in Amsterdam. According to Aaser, the purpose was to have a face-to-face meeting with representatives from VimpelCom top Management about VimpelCom's investments in Uzbekistan. Aaser has explained that VimpelCom's Management at that meeting confirmed that FCPA due diligence procedures were performed on all investments in Uzbekistan. Executive D attended the meeting. As previously explained, Aaser was at this stage not informed about the 2011 concern raised by Employee A.

At a late January 2013 ESC meeting, the VimpelCom issue was among others discussed. The Committee raised questions whether FCPA compliance (as referred to by VimpelCom) was sufficient with respect to providing adequate assurance that no corruption had in fact taken place and raised questions regarding the case of

Uzbekistan. The following is minuted as Management's response to these questions and the Committee's further comments:

> *"It was stressed from Management that we need to be very clear on the currently available facts and so far Telenor has not been presented with any evidence that we have been misled or that anything illegal has taken place. At the same time Telenor cannot rule out the possibility that laws have been violated. The Committee agreed that any further public statement at this time should be avoided. The Committee was also informed that Telenor is monitoring the TeliaSonera case in Sweden closely, and will use the findings of the ongoing investigations in Sweden as basis for a swift evaluation of the need for any further actions or enquiries to VimpelCom The Committee expressed its support to this approach and the issue will be revisited at the next meeting."*

Executive D attended this meeting.

At the 12 February 2013 ESC meeting, Legal represented by Lawyer B gave a presentation that included a preliminary update on the work initiated by Telenor Management. Lawyer B's presentation was accompanied by a PowerPoint presentation. The facts relating to the Uzbekistan transactions were based on the work external legal counsel had performed so far. The following is an extract from the minutes from that meeting.

> *"[Lawyer B] presented the preliminary findings of the ongoing fact-finding related to VimpelCom's transaction in Uzbekistan. This included the key findings and preliminary assessments of the Telenor nominated directors conduct in relation to the transactions. Further, an overview of US (FCPA) vs. Norwegian Anti-Corruption legislation was given, as well as a comparison of the TeliaSonera vs. VimpelCom cases of investment in Uzbekistan, highlighting similarities and differences."*

The presentation to the ESC at that meeting does not indicate any criticism towards the Telenor Nominees regarding the 2006-2007 Uzbekistan transactions. However, the documentation prepared for the ESC also point to both similarities and differences between the VimpelCom and TeliaSonera investments in Uzbekistan. It seems that comfort was taken that VimpelCom, at the insistence of Telenor Nominees, appeared to have performed extensive due diligence including FCPA analysis prior to entering into the Uzbekistan investments.

The external legal counsel had prior to the February ESC meeting prepared a memo outlining the known facts related to the VimpelCom investments in Uzbekistan. In that memo, dated 14 November 2012, the 2011 transactions and the related concerns expressed by Employee A were described. However, in the presentation made to the ESC, the 2011 issue was not discussed or included in the presentation to the ESC. The 14 November 2012 memo prepared by external legal counsel was not disclosed to ESC. External legal counsel did not attend the meeting.

Executive D did not attend this meeting. Due to his absence, Lawyer B made the presentation.

At the following Board meeting in February 2013, the Chair of the ESC made a presentation to the Board related to the work done by the sub-committee. In the minutes from the board meeting, the following is minuted regarding VimpelCom:

> *"The Chairwoman of the Ethics and Sustainability Committee gave an account of the committees work, with emphasis on the review of the Vimpelcom Uzbekistan issue.*
>
> *Group legal has conducted an internal review of the written material regarding Vimpelcom's presence in Central-Asia. It stated that Telenor's nominees on the Vimpelcom board were diligent in requesting Vimpelcom management for more robust due diligence on the initial Uzbekistan transaction and a thorough examination of the risks, including FCPA issues.*
>
> *Apart from the fact that both TeliaSonera and Vimpelcom invested in Uzbekistan through the local partner Takilant, there are a number of differences. OSJC Vimpelcom's process of establishing operations in Uzbekistan was accompanied by due diligence and FPA analysis. OSJC Vimpelcom's Board approved the acquisition of Unitel's stake by the local partner, on the condition that the local partner was fully identified*

and was subject to FCPA analysis. There is no indication that the Board materials or protocols that the OJSC VimpelCom Board was aware or made aware that Takilant's beneficial owner had any connection to anyone associated with Uzbekistan's president. During the period in which the Uzbekistan transaction was negotiated, Altimo had majority control of the OJSC VimpelCom Board. In addition, Telenor was litigating and arbitrating with OJSC Vimpelcom concerning Altimo's breaches of both the Vimpelcom and Kyivstar SHA, thus limiting the influence of the Vimpelcom management and board.

In its dialogue with Vimpelcom, Telenor has expressed its expectations regarding human rights and good business practices. Furthermore, Telenor has conducted an investor meeting with different managerial areas represented; raising questions on issues such as anti-corruption work and sustainability. Such meetings will be conducted on a regular basis going forward. There has also been a workshop between the companies, addressing human rights work and value chain sustainability.

The Chairman informed the board about his recent visit to Vimpelcom. After having been presented with the formalities of Vimpelcom's investments in Uzbekistan, the Chairman had expressed his concerns that investments into such regimes require extra attention and that Vimpelcom may still be subject to criticism. He also told the Vimpelcom management that he expected them to face external stakeholders, such as the Norwegian press, taking the responsibility for their own business practices.

The Chairwoman of the committee concluded that at this stage Telenor had done what is expected of a responsible investor. Furthermore, the committee recommended that the Telenor elected Directors of the Vimpelcom Board consider suggesting that the Vimpelcom Board forms an ethics and sustainability committee."

In its dialogue with VimpelCom, Telenor has expressed its expectations regarding human rights and good business practices. Furthermore, Telenor has conducted an investor meeting with different managerial areas represented; raising questions on issues such as anti-corruption work and sustainability. Such meetings will be conducted on a regular basis going forward. There has also been a workshop between the companies, addressing human rights work and value chain sustainability.

As previously disclosed in this Report, Management did not make an update to the ESC or to the Board of Directors when the final report from external legal counsel was delivered in October 2013. This final report was, based on what we have been explained to us, not shown to anyone outside Legal.

Subsequent the February 2013, board meeting and up to March 2014, VimpelCom have regularly been on the board agenda. However, since no significant new information regarding VimpelCom investments in Uzbekistan surfaced during that period, we have not observed that there has been specific discussions on this issue.

2.6.3 Events 2014

At a board Meeting in the middle of March 2014 the Board was informed that the US and the Dutch authorities had started an investigation into VimpelCom's activities in Uzbekistan. The following is minuted from this meeting:

"On 12 March 2014, VIP announced that it faces investigations by both the U.S. Securities and Exchange Commission, Swiss and Dutch authorities related to its operations in Uzbekistan. On 18 March, VIP further announced that the company is also in focus by an investigation into the same area by the U.S. Department of Justice. Telenor has status as a witness in the investigations. As Norwegian authorities co-operates with and assists the investigations, Økokrim has already approached Telenor to secure documentation. Four Telenor executives, including Mr. Baksaas, have been interviewed. Telenor is establishing a project to gather relevant information to the VIP investigations.

The Board questioned whether any concerns or wrong-doings have come up during this process. The Management responded that from the perspective of Telenor's role and position, no critical concerns have surfaced. Telenor has been through all communication between VIP and ourselves, and we have sought to influence VIP since the subject surfaced in Sweden.

The Board noted the information. The Board further reflected that as Telenor is a minority shareholder in VIP, operational questions related to VIP have not and will not be subject to Board deliberations in Telenor."

Executive D has informed us that he informed Baksaas about the 2011 concerns prior to Baksaas' interview with the investigation authorities. However, Baksaas' recollection is that Executive D informed him subsequent the interview. In any case, such information was not disclosed to the Board at this stage as Baksaas has explained that he was prevented by the investigating authorities from disclosing such information.

In subsequent board meetings in 2014 up to December 2014, the Board discussions on VimpelCom were increasingly related to exit scenarios. The Board was also informed about the meetings with the Ministry of Trade, Industry and Fisheries.

After the Swedish Court documents related to the TeliaSonera case were published in November 2014, the Board asked Management for a renewed presentation of the VimpelCom investments in Uzbekistan. Management had engaged external legal counsel to assist in providing information/documents to the US and Dutch authorities. Management prepared this presentation with the assistance from external legal counsel.

In a November board meeting the Board also started the deliberations whether Baksaas, due to conflict of interest issues, should withdraw from the Supervisory Board of VimpelCom. Different views on that topic were discussed and it was decided that this issue should be further discussed at a board meeting in early December 2014. At a 1 December board meeting the board continued its deliberations whether Baksaas should withdraw from the VimpelCom board. The board decided to discuss this issue further at a 7 December board meeting.

The presentation prepared by external legal counsel was presented in a preparatory meeting on 5 December where Aaser, the Chair of the ESC and the Chair of the Audit Committee attended together with representatives from Legal and representatives from external legal counsel. In that meeting the VimpelCom Uzbekistan transactions, known to Telenor at that stage, including the 2011 transaction and the related concerns from Employee A, were presented. However, the e-mail from Employee A was not disclosed, but just referred to in the presentation. The information received in this meeting was taken seriously by the Board members present. Aaser wrote the next day a personal note to the Board where he expressed his concerns related to new information that had surfaced.

At the 7 December board meeting, the external legal counsel made the same presentation as was done in the preparatory meeting a couple of days earlier. Most of the Board members attended this meeting by telephone. In the meeting the fact that Executive D and Executive E had known about Employee A's concerns back in 2011 was discussed. Although nothing is minuted, we understand that the Board understood from discussions in the meeting that the fact that Baksaas had not been informed about the 2011 concerns was not considered a violation of Norwegian Law. It is unclear to us if the meeting also included a discussion of whether this issue represented a violation of Telenor's Code of Conduct or not. As explained below, legal counsel was later asked by Baksaas to make an assessment of Executive D's and Executive E's handling of the concerns received by Employee A back in 2011.

Based on our understanding the specific e-mail from Employee A in October 2011 was not disclosed to the Board. The Board made the following resolutions:

- That Baksaas should resign from the VimpelCom board immediately
- The establishment of an ad-hoc committee, consisting of the Chair of ESC, the Chair of the Audit Committee and one board member representing the Governance and Remuneration Committee (a sub-committee of the Board), for the VimpelCom issue

The minutes state that the Minister of Trade, Industry and Fisheries should be briefed by Baksaas and Aaser as soon as possible.

In addition to Baksaas, both Executive D and Executive E attended this meeting

At a board meeting on 18 December 2014, the Board was informed that VimpelCom had responded to a letter from Telenor requesting reconfirmation on the FCPA opinions related to VimpelCom's Uzbekistan transactions. In their answer, VimpelCom reconfirmed that they had received FCPA opinions from several highly reputable US law firms before progressing with the Uzbekistan transactions "currently being investigated". The Board was also informed that Aaser and Baksaas had met the Minister of Trade and Industry the same week to keep her informed. At the same board meeting, the mandate for the newly established VimpelCom ad-hoc committee was discussed and approved by the Board. It was clearly stated by the Board that the VimpelCom committee was not an "investigating committee" but a committee to assist the Board in its ongoing monitoring of the VimpelCom case.

The VimpelCom ad-hoc committee had several (eleven) meetings between December 2014 and the end of September 2015. In addition to following up on the VimpelCom case and related issues, the ad-hoc committee also among others i) requested a review of the anti-corruption practices and procedures in Telenor, ii) discussed governance in non-controlled entities ii) oversaw the process of nominating new Telenor Nominees. The three new Telenor Nominees were presented to the Board at a 22 June 2015 Board meeting. The ad-hoc committee reported on a regular basis to the Board of Directors.

At a board meeting on 10 February 2015, Baksaas informed the Board that he had requested external legal counsel to assess Executive D's and Executive E's handling of the concerns received by Employee A back in 2011. In the minutes, it is stated that Baksaas informed that external legal counsel's conclusion was that neither Executive D or Executive E have violated Norwegian Law or Telenor Codes. Further that this had been informed and recognized by Executive D and Executive E.

Our understanding is that Baksaas was referring to a draft memorandum from external legal counsel dated 24 January 2015. In this draft memorandum, the conclusion is as follows:

> *"In our opinion neither [Executive D] nor [Executive E] breached any legal obligations under Norwegian Employment law in their handling of [Employee A's] requests for advice in 2011 and 2012. However, it is our view that despite any knowledge that Telenor's top management's may have had of the matter through the position held by the Telenor nominees on the Vimpelcom board, it would have been appropriate, and in accordance with Telenor's Code of Conduct, for Mr. [Executive E] and Mr. [Executive D] to inform Mr. Baksaas of [Employee A's] request and his concerns after the TeliaSonera case emerged in 2012 in order to make sure that Mr. Baksaas was fully aware of these facts. This being so, it is our opinion that neither Mr. [Executive E] nor Mr. [Executive D] acted in a way that implied a breach of their legal obligation to act loyal towards their employer."*

Baksaas has explained to us that he misread the conclusion from external legal counsel as it related to Code of Conduct. The draft memorandum from external counsel was not disclosed to the Board of Directors. Based on our understanding the draft memorandum was not disclosed to Executive E and Executive D before in the autumn of 2015.

When the new CEO, Sigve Brekke, took office in August 2015, the Board asked Brekke to review Telenor's position in VimpelCom. At the 2 October 2015 board meeting, it was decided to announce the intention to dispose of the shares in VimpelCom.

Several issues related to the VimpelCom investment were discussed between Brekke and the Board, among others that it had turned out that the 2011 concerns expressed by Employee A and additional information about the 2006 to 2007 VimpelCom Uzbekistan investments had not been disclosed to the Ministry of Trade, Industry and Fisheries nor at the Parliamentary Hearing. We have been informed, although not specifically minuted in board minutes, that Aaser and Brekke should inform the Minister of Trade and Industry of information not previously disclosed about the VimpelCom case.

At a board meeting on 27 October 2015 the Board discussed the recent developments in relation to VimpelCom. One specific issue discussed was the request from the Ministry of Trade, Industry and Fisheries for Telenor in writing to provide information of the two items (2011 concerns and more detailed information about the 2006/2007

transactions), known to the investigating authorities that had not earlier been shared with the Ministry and the Parliament. There were concerns raised by Board members to disclose information that investigating authorities might consider confidential. However, it was agreed that Telenor should comply with the request from the Ministry to provide such information in writing, but under confidentiality.

At the same board meeting the Board was updated on the process to initiate two external reviews on how Telenor has handled the ownership in VimpelCom and on the governance of controlled and non-controlled companies.

2.6.4 Our assessment

As stated in the introduction of this section we have focused our review of the Board of Director's oversight of the ownership in VimpelCom subsequent the unfolding of the TeliaSonera Uzbekistan case. However, based on the procedures performed as outlined in the introduction to this section, it is our opinion that the Board of Directors have performed their oversight of Telenor's ownership in VimpelCom in the period from the start of our review and up to the autumn of 2012 in a diligent manner.

Subsequent to the unfolding of the TeliaSonera case, the Board of Directors including sub-committees of the Board have spent significant time and effort to understand and follow up the VimpelCom Uzbekistan investments. Aaser in fact travelled to Amsterdam in early 2013 to meet with VimpelCom top Management. As the VimpelCom case has unfolded, we have also observed an increased attention from the Board and the various sub-committees.

It can be argued that both the ESC and the Board in early 2013 placed too much comfort in VimpelCom having performed FCPA due diligence prior to entering into the Uzbekistan investments. At that stage more comfort was placed on the differences between the VimpelCom Uzbekistan transactions as opposed to the similarities of the TeliaSonera Uzbekistan case. On the other hand, neither the Board nor the ESC were at that stage aware of the 2011 concerns expressed by Employee A. However, it is also important to bear in mind that the Telenor Board of Directors' responsibility are separate from the responsibilities of the Supervisory Board of VimpelCom.

At the 7 December 2014 board meeting, the Board was made aware of the 2011 concerns expressed by Employee A. According to the Board, they were of the impression that external legal counsel in the board meeting had expressed that neither Executive E nor Executive D had violated Norwegian law by not having escalated the 2011 concerns. The Board appreciated this information. Furthermore, the Board has informed us that the Board in subsequent meetings based its judgements on the information provided by Baksaas that neither Executive E nor Executive D had broken Telenor's Code of Conduct, and that all relevant information was in the possession of the authorities investigating VimpelCom. However, in our opinion the Board should have requested a more detailed review of the concerns expressed by Employee A. If such a review had been performed, we believe the Board had been given the opportunity to be more conscious of how the concerns expressed by Employee A should be considered in the communication with the Ministry of Trade, Industry and Fisheries. It was unfortunate that the information about this concern was presented in a meeting whereby most of the Board members attended by telephone.

However, based on our review, we are of the opinion that the Board of Directors overall have performed their oversight of Telenor's ownership in a diligent manner from the autumn of 2012 and up to the date for the end of this review.

2.7 Telenor's follow up as a shareholder towards VimpelCom in relation to the VimpelCom's investment in Uzbekistan

2.7.1 Introduction

In this section we will mainly deal with the actions initiated by Telenor as a shareholder subsequent to the unfolding of the TeliaSonera case in the autumn of 2012. In Section 3 of this Report, we have included some observations as to future potential improvements of Telenor's governance of ownership in minority investments. The fact that Telenor has three Board Members on the VimpelCom Supervisory Board, including the wide power granted to the Board, is of course an important aspect of Telenor's ability to monitor its investment in VimpelCom. Our mandate does not include an assessment of how the Telenor Nominees have carried out their duties as board members of VimpelCom. Such an assessment would have required us to have access to information that are confidential to VimpelCom, and Telenor is as a non-controlling shareholder in a listed company not privy to such information. It is also important to note that it is VimpelCom's responsibility to decide if non-public information can be shared with one interested party without violating insider information rules.

However, we have been informed that the Telenor Nominees subsequent to the unfolding of the TeliaSonera, in their capacity as board members, raised questions both in writing and verbally to VimpelCom Management about the Uzbekistan investments. We have also noted that the Telenor Nominees were instrumental in initiating the internal investigation at VimpelCom, performed by external recourses commencing early 2013.

2.7.2 Actions initiated following the unfolding of the TeliaSonera case.

On Telenor's request, a video conference on ethics and sustainability was held with VimpelCom on 17 December 2012. Prior to the video conference, a list of ten questions was sent to VimpelCom. The list included detailed questions on how VimpelCom addressed the following:

- Ethics and sustainability issues, including whistleblower procedures
- How VimpelCom secured transparency on agreements with business partners
- Why VimpelCom had chosen to keep the agreement with Takilant confidential and not name partners /beneficiaries
- The nature and extent of VimpelCom's anti-corruption programs

According to a summary prepared by Telenor, VimpelCom gave adequate responses to the questions and issues raised in this conference. On the specific issue related to Takilant, VimpelCom, according to the summary prepared by Telenor, responded that they believed they had been open on these issues and that thorough due diligence had been performed prior to entering into such transactions.

At the VimpelCom Annual General Meeting on 21 December 2012, Telenor were present and gave a statement on ethics and sustainability. Telenor stressed that they expected VimpelCom to follow international anti-corruption legislation and secure adherence through internal implementation as well as contribute to transparency by making public the identity of business partners and co-investors. Furthermore, Telenor encouraged VimpelCom to respect Human Rights. VimpelCom replied that the company would continue to abide by international anti-corruption laws and conduct its business in a transparent manner. VimpelCom also reaffirmed its commitment to protection of Human Rights.

As outlined in Section 2.6, Aaser and Executive D met with VimpelCom top Management in Amsterdam in early 2013 to discuss the VimpelCom Uzbekistan transactions. In addition to getting comfort from VimpelCom Management that the FCPA due diligence had been performed on the Uzbekistan transactions, Aaser also urged VimpelCom top Management to clarify publicly that the Uzbekistan investments were a VimpelCom, and not a Telenor issue. Such a public statement was not rendered by VimpelCom.

At VimpelCom's Annual General meeting in July 2014, Telenor again voiced their expectations as a shareholder in VimpelCom. Telenor welcomed an initiative taken by VimpelCom related to Human Rights and sustainability, including that VimpelCom had joined the UN Global Compact and Global e-sustainability Initiative. Furthermore,

Telenor expressed that they would welcome a clear policy statement from VimpelCom on Human Rights and an overview of VimpelCom's approach to due diligence.

At the same meeting, Telenor also asked questions regarding the ongoing investigations by investigating authorities, as well as questions related to information in the last annual filing to the Securities & Exchange Commission in the US (20-F). They asked for the status of the investigation, timeframe, process and scope, including if other jurisdictions were subject to scrutiny as well. With reference to the 20-F, Telenor wanted to receive more information about the special committee that was established to oversee the internal investigation conducted by VimpelCom's external counsel, and if any other countries were part of the internal investigation. Telenor also asked for insight in measures taken to improve and secure effective internal controls, as VimpelCom in its 20-F had disclosed material weaknesses in several areas related to internal controls over financial reporting.

VimpelCom replied that the investigations were ongoing and that VimpelCom were restricted from commenting on their status or progress, and that VimpelCom continued to cooperate fully with the investigating authorities. A sub-committee of the Supervisory Board of VimpelCom had been formed and was overseeing progress on the investigations. Furthermore, VimpelCom confirmed that they were taking active measures to improve internal controls, overseen by the company's Audit Committee.

At the Annual General meeting held in June 2015, Telenor again made a statement to VimpelCom regarding the investigation and VimpelCom responded by referring to the company's public filings containing a summary of status. Further, VimpelCom referred to the annual report on Corporate Responsibility for information related to VimpelCom's compliance and corporate responsibility programs and the improvements that had been undertaken.

2.7.3 Investor meetings

Following the video conference in 2012, referred to above, Telenor initiated regular investor meetings with VimpelCom.

The next investor meeting took place 16 October 2013. The key topics was a follow up on the same questions asked in December 2012.

A new investor meeting was held on 25 November 2014. Telenor had suggested to VimpelCom to have regular investor meetings inspired by how Telenor work with its own significant shareholders. Telenor underlined that they expected to be treated as any other significant investor, and that no information considered to be inside information should be disclosed. While the previous investor meetings in 2012 and 2013 focused on ethics and sustainability only, this was a meeting with a broader agenda covering both financial results and ethics and sustainability issues. In addition to discussing VimpelCom's published Q3 results, the meeting addressed the ongoing investigations in VimpelCom, routines for handling whistleblower reports and matters related to Human Rights.

The next investor meeting was held at 12 March 2015. The topics was VimpelCom's published Q4 result and the ongoing investigations. Telenor was informed that VimpelCom had appointed a new CEO and a new CFO. According to Telenor, VimpelCom confirmed that the material weaknesses related to internal controls as reported in the 2013 20-F had been remediated. In addition that a review of all material vendors had been performed, resulting in blacklisting of some of the vendors.

In a letter dated 7 January 2015, to the Chair of VimpelCom's Supervisory Board, Aaser inquired if the Chair, as a result of the events that had surfaced over the last years, still had confidence in VimpelCom's Management. Aaser specifically referred to the new information that had surfaced related to the Uzbekistan investments. In his reply, the Chair of VimpelCom did not render specific answers to the questions, but rendered an answer in general terms.

Following the information in the US Department of Justice's Complaint filed on 29 June 2015, Baksaas, addressed the new CEO of VimpelCom in a letter dated 10 July 2015. Baksaas referred to the allegation of VimpelCom and Aqute, an Alfa Group subsidiary, having made corrupt payments for the benefit of Takilant, and

that it further suggested that it might have been an active effort on part of certain former VimpelCom Management to mislead and avoid providing material information regarding this matter to VimpelCom's Supervisory Board.

In his response letter VimpelCom's CEO referred to previous board discussions where Telenor Nominees had been present. He stated that VimpelCom would continue to avoid taking steps that could jeopardize any legal privilege applicable to information concerning the ongoing investigation and would avoid engaging in selective disclosure of more detailed information to Telenor or other shareholders.

Baksaas responded on 13 August 2015 stating that Telenor did not share his description on the VimpelCom Board decision process concerning the initial Uzbekistan investments. He also stressed that the information regarding Aqute was not known to the Telenor Nominees.

2.7.4 Our assessment

From 2005 and up to the formation of the new legal structure in 2010, Telenor's follow up as a shareholder towards VimpelCom was to a large extent focused on managing the serious ownership disputes. No doubt, Telenor has made significant efforts in order to secure its significant ownership interests in VimpelCom. Several individuals within GEM and others have contributed in a challenging environment. In such an environment, it has not been the best climate to establish shareholder relationships whereby Telenor could explicitly express its expectations related to corporate Ggvernance. Since VimpelCom has been a listed US company during the entire time under review, a shareholder should be able to rightfully assume that such a company is operated and managed in an orderly and sustainable manner.

Following the unfolding of the TeliaSonera case, Telenor has taken proactive measures in order to express its expectations towards VimpelCom as to values, structures and procedures that need to be in place in order to secure good corporate governance. In addition, Telenor has at several Annual General Meetings as well as in separate investors meetings asked for more information related to the ongoing investigations. Aaser has initiated meetings with top Management in order to express his concerns related to the Uzbekistan transactions and to ask for reconfirmation that proper due diligence were made in order to avoid improper transactions.

However, as discussed under Section 2.4 of this report, the concerns related to VimpelCom's 2011 investment in Uzbekistan were not reported to the appropriate level in Telenor at the right time. A different handling of the information reported by Employee A in 2011, might have given Telenor the opportunity to address its expectations towards VimpelCom in an even more timely manner. However, as stated earlier in this report, the handling of the 2011 information internally at Telenor does not alter the fact that the responsibility for the bribe payments are the responsibility of certain VimpelCom Management, as laid out in the Statement of Facts.

In our view, Telenor has as a shareholder followed up VimpelCom in relation to VimpelCom's investments in Uzbekistan in a diligent manner.

2.8 Information provided to Telenor's majority shareholder and to the Standing Committee on Scrutiny and Constitutional Affairs regarding VimpelCom's investments in Uzbekistan

2.8.1 Introduction

Our review covers the information provided by Telenor to its majority shareholder, the Ministry of Trade, Industry and Fisheries ("The Ministry"), in the period from 2005 and until 30 October 2015. It has not been of part of our mandate to interview representatives of the Ministry, neither the political leadership nor the administration. However, we have reviewed correspondence received from the Ministry during the period that relates to the ownership dialogue. The ownership dialogue has included meetings, conferences, letters, e-mails and phone calls. Regular quarterly meetings have been held between Telenor and Ownership Department at The Ministry since 2007. In addition, several ad hoc meetings have been held, when deemed necessary.

An important principle for a listed company is that all shareholders shall be treated equally. This principle is also stated in the "State's principles for good ownership". This entails limitations to the exchange of information between the state and listed companies. We have been informed that Telenor in their dialogue with the Ministry, to the extent possible, has a policy to inform the Ministry of issues expected to be subject to critical public attention.

According to Telenor, the ownership dialogue became more formalized from 2006/2007, following the publication of White Paper no. 13 – "An active and Long-Term State Ownership" in December 2006. From this point of time, the number of regular meetings between Telenor and the Ministry also increased.

In general, the following categories of meetings are part of the ownership dialogue:

- Telenor's *quarterly report presentations*, where the Ministry attends on equal terms with other shareholders
- *Quarterly meetings,* following a fixed agenda, generally emphasizing financial aspects of Telenor and Telenor's investments based on public information. Any briefings on various national and international issues are given in general terms
- Meetings regarding *specific issues.* VimpelCom's investments in Uzbekistan is an example of an issue that has generated specific meetings and other communication between Telenor and the Ministry
- Since 2012, additional annual meetings on Corporate Social Responsibility (CSR) have been held between Telenor and the Ministry

The administrative responsibility in Telenor for communication with the Ministry is handled by Telenor's Group Public Affairs. Telenor's Investor Relations does all administrative preparations for the quarterly meetings with the Ministry, but Public Affairs always attends the meetings. Public Affairs furthermore coordinates the annual CSR meetings and provides other information requested by the Ministry.

2.8.2 Key points of the ownership dialogue between 2005 and fall 2012

The majority of the communication, at least up to the legal restructuring of VimpelCom in 2010, concerns about regulatory issues in the Russian market and handling of such challenges. A main focus of the correspondence between Telenor and the Ministry was related to how the Norwegian Government, through its bilateral dialogue with Russian authorities, could assist Telenor in its effort to protect its position in the Russian market and its ownership position in VimpelCom. Telenor's ownership disputes with Alfa/Altimo, the other large shareholder in VimpelCom, was a central part of the ownership dialogue during the period. We have not found that specific investments made by VimpelCom performed in the normal course of its business and supported by Telenor, have been part of the ownership dialogue, other than what normally might have been discussed in relation to reviews of financial performance etc.

2.8.3 Dialogue between September 2012 (the TeliaSonera case) and up to 30 October 2015

In the fall of 2012, VimpelCom's investments in Uzbekistan were put on the agenda when the SVT documentary "Uppdrag Granskning" indicated corruption related to TeliaSonera's investments in Uzbekistan. There was frequent correspondence between Telenor and the Ministry in the fall of 2012 in order to provide general information of VimpelCom's investments in Uzbekistan. According to Telenor, the various functions, Public Affairs, Legal, Group Communication, Corporate Responsibility and the CEO, where involved in providing input to the written briefings submitted to The Ministry. In the VimpelCom case we have noted that Legal, due to its knowledge of the case and the confidentiality issues that needed to be considered, has been the key premise provider of information to be submitted to The Ministry. According to Telenor, no formal written communication about the VimpelCom case has been submitted to the Ministry without being reviewed by Legal.

2.8.4 Briefing to the Ministry on 22 November 2012

On request from the Ministry, Telenor sent a briefing regarding VimpelCom on 22 November 2012. The reason for the request was, among other things, allegations referred to in Dagens Næringsliv. In the briefing, Telenor did not explicitly address the information in Dagens Næringsliv, nor did Telenor make any mention of specific companies or individuals, which VimpelCom had dealt with in Uzbekistan. The only reference to investments in Uzbekistan was in the following statement: *"When it comes to Uzbekistan, this is a specific issue that we have raised with the VimpelCom administration, to which we have received assurances in writing that the investments are made in accordance with US legislation"* (our translation").

2.8.5 Meeting with the Ministry on 18 December 2012

A meeting was held between Minister Giske and Telenor on 18 December 2012. Giske later noted during the public scrutiny hearing that he found Telenor's letter of 22 November 2012 of such general nature that he requested further information from Telenor. According to a Telenor-summary of this meeting, Telenor informed that VimpelCom had confirmed having made transactions with the same contractual partner as TeliaSonera. However, Telenor explained that there were "substantial differences" in the two companies' investments in Uzbekistan. These differences concerned FCPA due diligence procedures performed prior to entering into transactions and "more reasonable" amounts paid by VimpelCom. According to the Telenor summary, VimpelCom had the necessary FCPA documentation for all transactions, including purchase of 2G in 2006, 3G in 2007 and 4G in 2011.

As explained in Section 2.4 of this Report, the 2011 concerns reported by Employee A was at this stage not escalated internally at Telenor. Consequently, the information provided to the Ministry did not include any reservations as to the potential outcome of such concerns. Aaser and Baksaas and certain individuals representing Public Affairs and Group Corporate Responsibility attended this meeting.

2.8.6 Meetings with the Ministry on 5 December 2013 and 14 March 2014

Monica Mæland, who entered as Minister of Trade and Industry in October 2013, attended her first ownership dialogue meeting with Telenor on 5 December 2013. According to Telenor, VimpelCom, Uzbekistan and the TeliaSonera-case were presented at the meeting as part of the introduction to Telenor's business.

In March 2014, it was announced that VimpelCom faced criminal investigation of their investments in Uzbekistan. According to Telenor, in connection with the quarterly meeting between Telenor and the Ministry on 14 March 2014, Telenor informed the Ministry that Baksaas was summoned for a meeting with Økokrim.

It is unclear to us whether Baksaas at this stage was informed about the 2011 concerns reported by Employee A. Baksaas and representatives from Investor Relations and Public Affairs attended the meeting.

2.8.7 Briefing to the Ministry on 21 November 2014

From mid November 2014, the newspaper Klassekampen published a number of critical reports on VimpelCom's transactions in Uzbekistan. Questions were raised on Telenor's role in informing its owners and the press about the case.

Aaser, Baksaas and a representative from Public Affairs attended a meeting with Minister Mæland on 19 November 2014 and a follow-up meeting on 17 December 2014. Telenor submitted a letter to the Ministry titled "Briefing on VimpelCom" on 21 November, in which Telenor expressed concerns about the seriousness of the information that surfaced. Telenor referred to having posed questions to VimpelCom's executives about Uzbekistan immediately following the media coverage of possible irregularities related to TeliaSonera's license acquisition in Uzbekistan. Telenor informed that VimpelCom's Management had assured that its investment in Uzbekistan were conducted in accordance with US anti-corruption law, namely the FCPA.

The letter included a timeline of actions taken by Telenor to follow up on CSR-matters in general and the Uzbekistan case in particular with VimpelCom. The timeline referred to specific meetings held with VimpelCom's Management, and information that a "Special Committee" was appointed by the VimpelCom Supervisory Board, to oversee the cooperation with the investigating authorities. Telenor informed that they as shareholders had no insight into this process.

The 2011 concerns became known to Baksaas in mid-March 2014. We have not observed that this information and other new information related to the 2006/2007 VimpelCom Uzbekistan investments were considered when making the written briefing to the Ministry in November 2014, that such information was provided earlier in 2014, or in the follow-up meeting on 17 December 2014.

2.8.8 Briefing to the Ministry on 7 January 2015

In an e-mail sent from the Ministry to Telenor on 22 December 2014, the Ministry asked Telenor to clarify specific issues in the VimpelCom case. Questions included whether VimpelCom transactions with Takilant had been considered by the VimpelCom Supervisory Board or the Telenor Board of Directors, and information about the respective VimpelCom transactions with Takilant. Furthermore, the Ministry requested a description of the content of the FCPA assessment, as well as a timeline and any other important aspects considered by Telenor to be important information to the Ministry.

A meeting about the VimpelCom case was held between Telenor and the Ministry on 6 January 2015, after which Telenor sent a written briefing to the Ministry on the following day. Telenor wrote that the briefing supplemented the preceding meeting as well as prior written briefings of 2012 and 2014. Telenor informed that the company had no knowledge of VimpelCom's transactions with Takilant before these were made public in VimpelCom's 2012 20-F report, filed 22 March 2013. Telenor stated that the company, as a part owner of VimpelCom, had access to the same information as the general market, such as official reports, press releases and other press statements from VimpelCom. At this stage, as discussed in Section 2.6 of this Report, Telenor had more detailed knowledge about the VimpelCom Uzbekistan transactions. Baksaas, Executive D and representatives from Legal and Public Affairs attended the meeting on 6 January.

2.8.9 Information received from VimpelCom Whistleblower

On 13 January 2015, the Ministry of Trade, Industry and Fisheries received an e-mail from an anonymous source *"*VIP Whistleblower*",* which *inter alia* included indications of additional transactions between VimpelCom and companies associated with the daughter of the Uzbekistan president, and raised doubts about the reliability of the FCPA due diligence performed by VimpelCom. The sender also pointed out that Telenor nominated VimpelCom board members, up until 2010 held the right to veto VimpelCom's acquisitions through statutory clauses.

The Ministry subsequently requested a statement from Telenor on the allegations raised by VIP Whistleblower. In response, Telenor sent a briefing to the Ministry on 26/29 January, related to the claims raised by VIP Whistleblower about Telenor and its business practices. Telenor did not address the allegations specifically, but

referred in general terms to actions already taken in response to new information from VimpelCom's own reports, court documents and other sources, and stated the need for documentation of the allegations raised. Referring to the challenging history of Telenor's VimpelCom ownership, Telenor advised to exercise care when receiving anonymous allegations.

A new e-mail from VIP Whistleblower was sent to the Ministry on 13 February 2015. In a letter to the Ministry on 16 February 2015, Telenor repeated its position on the allegations, and informed that Telenor contacted VimpelCom immediately following the first VIP Whistleblower e-mail. However, due to the ongoing investigations, VimpelCom rendered no information on the matter. Telenor provided no further information relating to allegations raised by the VIP Whistleblower.

2.8.10 Information to the Ministry about the 2011 concerns reported by Employee A

At a Board meeting on 25 August 2015, the Telenor Board asked the new CEO, Brekke taking office in August 2015, to review Telenor's position in VimpelCom.

In late September 2015, it was agreed that Aaser and Brekke should inform the Ministry on two pieces of information that had not been communicated to date. Reference is made to Section 2.6 of this report. Aaser and Brekke informed the Minister in a meeting on 23 October 2015. The Ministry requested a written notice of the two items discussed in this meeting . Telenor submitted a letter to the Ministry on 28 October 2015 where information about the 2011 concerns as well as other matters related to the VimpelCom/Uzbekistan investments were disclosed. In this letter it was also disclosed how the 2011 concerns were handled internally at Telenor, and that Baksaas had been made aware of this issue in March 2014. We have been informed that the Head of Public Affairs did not have any knowledge of the two items discussed in the 23 October 2015 meeting before in September 2015.

2.8.11 Public scrutiny hearing in the Storting on 14 January 2015

There was a comprehensive internal process in Telenor in preparation of the 15 January 2015 public scrutiny hearing. According to individuals attending this meeting, neither the 2011 concerns nor information from the 2005 VimpelCom board meeting on the connection between Takilant and the daughter of the President of Uzbekistan were taken into consideration in the preparation process. This information was not disclosed in the hearing.

2.8.12 Our assessment

As discussed in Section 2.4 of this Report it was unfortunate that the 2011 concerns were not escalated to the right level at Telenor at the right time. In addition, the seriousness of those concerns were not fully comprehended by Telenor before much later. We do also believe that the information to the Ministry, in the same way as the VimpelCom case information provided to the Board, was influenced by Telenor top Management not initiating a process to secure a more holistic approach to the VimpelCom case. The fact that the VimpelCom case was managed in a fragmented manner, has in our view resulted that the concerns regarding VimpelCom's investment in Uzbekistan was communicated at a late stage to the Ministry.

We appreciate the difficulties of being restricted by both VimpelCom confidentiality as well as confidentiality restrictions imposed by the investigating authorities. We do not suggest that confidential information should have been disclosed in such a manner, that confidentiality restrictions had been violated. However, a more holistic process of how to manage the VimpelCom case, could in our view have contributed to a better ownership dialogue with the Ministry.

In our view, Baksaas should have initiated a process to inform the Ministry of the 2011 concerns when he became aware of this issue in March 2014. In addition, it was unfortunate that Baksaas in the public hearing stated that he was not bound by any confidentiality restrictions, but avoided to mention the 2011 concerns, as well as the information about the relationship between Takilant and the daughter of the President of Uzbekistan.

The Board of Directors, represented by Aaser is formally responsible for providing information to the owner in the ownership dialogue. In spite of the statement given by the external legal counsel in the Telenor board meeting of 7 December 2014, we believe that Aaser, subsequent that board meeting, should have been more diligent in securing that the Minister was informed in an appropriate manner of the Board's increased concerns. For the sake of good order, we want to point out that we have no indication that information was intentionally withheld.

3. Recommendations

3.1 Introduction

Our engagement has been limited to a review of Telenor's oversight and handling of the minority ownership in VimpelCom and mainly related to VimpelCom's investments in Uzbekistan. The ownership in VimpelCom has over the years created significant challenges for Telenor as a non-controlling investor. The fact that VimpelCom is one of the world's largest telecom companies, listed in the US, and a history of the two significant owners having had different views on important issues related to the development of the company, has affected how Telenor has managed this investment over time. As a result, our observations are to a large extent based on a review of a non-controlling investment with specific attributes. However, we do believe there are learning points that also can apply to Telenor's current and future investments in non-controlling companies (herein referred to as Joint Ventures). This section of the Report should not be read as an isolated part, but as an integral part of the entire Report.

3.2 Learning points

Based on our observations as outlined in Section 2 of the Report, we have summarized our learning points as follows:

- When critical events occur in a Joint Venture that could have material adverse effects to Telenor, the VimpelCom case shows how challenging it is for a CEO of Telenor to be on a board of a listed Joint Venture. Not only creates such a situation a significant challenge for the CEO in handling confidential issues and conflict of interest matters, but also creates challenging issues for individuals and bodies in Telenor that are tasked with monitoring and oversight responsibilities. We therefore believe that the CEO as a general policy should not be tasked with the responsibility of being on the board of Joint Ventures.

  It is important that Telenor employees being nominated by Telenor as Board members on significant Joint Ventures are provided with the necessary support in order to be able to carry out their board duties. However, the support structure needs to be organized in such a manner that individuals are not faced with challenging confidentiality- and potential conflict of interest issues. Telenor has already implemented measures to deal with this issue.

- In our assessment of Telenor Management's monitoring of the VimpelCom investment we have commented upon the challenge of balancing the confidentiality requirements placed on individuals with the risk of critical events being handled in a fragmented manner. We do understand the sensitivity of confidentiality requirements in such a situation. However, when critical events in a Joint Venture, with potential material adverse effects to Telenor occur, we do believe it is necessary for the CEO to have the ability to make decisions and actions based on the collective knowledge of relevant individuals. If not, decisions and actions with unexpected material adverse effects may be taken, that subsequently cannot be justified by pointing to confidentiality issues within a management team.

  How this should be managed depends on the facts and circumstances, and need to be evaluated on a case by case basis. We appreciate that confidentiality issues due to corporate veil, and especially when dealing with listed Joint Ventures, can be extremely complicated to handle. We do not believe there is a simple and straightforward answer to this question. Education, including case scenario training, for the individuals that might face such issues in their role as Board members in Joint Ventures and for other relevant individuals, will be valuable in order to support individuals how to act in critical situations, prior to potential occurrence. We understand that this topic is already on the agenda for Telenor's top Management.

- When critical events in a Joint Venture, with potential material adverse effects for Telenor, have occurred, it is important for Telenor Management to ensure that such issues are addressed in a holistic manner. Telenor Management should ensure that critical information that is provided to those charged with oversight (Board of Directors and sub-committees) is being appropriately reviewed. When critical events occur, it is important that Telenor Board members, who may not be as close to the issue, as Management is, are being provided with information enabling them to grasp the seriousness of the issue at hand. If such a review is not performed, individuals preparing the information may overlook information that is important to convey.

- Historically, the CEO of Telenor has selected the individuals to be nominated as Board members of VimpelCom Supervisory Board. Such selection has been based on specific qualifications finding the appropriate individuals to fill such challenging positions. However, we do support the measures already taken by Telenor to involve the Board of Directors in the nomination process of members of the VimpelCom Supervisory Board, thereby setting a stage for formulating the expectations to the Telenor nominees from a Telenor Board perspective. We will also recommend that Board members of significant Joint Ventures meet with the Telenor Board of Directors on a regular basis. The purpose of such meetings should be for the Board of Directors to render their perspectives on issues that they view important to Telenor, and not to share confidential information.

3.3 Measures and initiatives initiated by Telenor

In the autumn of 2015 and ongoing in 2016 Telenor, initiated several work streams/projects to improve its corporate governance policies and procedures. This initiative also involves an external governance review that among others include:

- Improvements in Telenor's Enterprise Risk Management policies and procedures
- Changes in governance in order to achieve a more unified and consistent compliance function within the Telenor group. (Several work streams related to the Ethics and Compliance function have been initiated at an earlier stage)
- Changes in the processes of appointing Telenor employees as Board members of significant subsidiaries and in significant non-controlled companies, clarifying Telenor's expectations to Board members nominated by Telenor and how such Board members should be rendered support and offered education as deemed necessary
- Changes to the governance over "Merger & Acquisition" processes in order to secure that critical elements are considered at the right time and with the appropriate care as facts and circumstances may require
- Changes to Telenor's performance management system with the aim to secure that non-financial performance criteria as ethical business conduct and other sustainability matters are better clarified through concrete Key Performance Measures (KPI) and how such KPI's should be followed up by Management

An external review of Telenor's ant-corruption program was initiated by the Board of Directors in February 2015 and finalized in December 2015. We have been informed that relevant changes have or are in the process of being implemented.

As part of this overall corporate governance project Telenor has clarified its ownership principles towards Joint Ventures in which Telenor does not have operational and financial control, but has a significant shareholding and is represented on the Board by Telenor nominated Board member(s).

3.4 Revised Telenor ownership principles in Joint Ventures

The revised ownership principles include requirements of Telenor to perform comprehensive risk assessments procedures, including improved integrity due diligence procedures of the Joint Venture partner, and of other important business partners including suppliers to the Joint Venture in order to avoid being involved in unethical business conduct.

It is our understanding that "audit rights" into the Joint Venture for the respective Joint Venture partners will be a general Telenor requirement, if not restricted by corporate veil or other restrictions, to be agreed upon prior to the establishment of the Joint Venture. According to the principles, exit strategies should also be agreed upon prior to the investment.

It is clarified in the principles that Telenor, prior to entering into such an investment, shall see to that there is an agreement with the other Joint Venture partners(s) as to the governing principles for the Joint Venture. The principles also outlines Telenor's obligation to systematically follow up the Joint Venture's implementation of and compliance with its ethical standards and governance framework. In addition, the principles point to the need for Telenor management to regularly review Joint Venture performance, governance and compliance. In summary, Telenor has formulated its requirements towards its Joint Ventures as follows:

- *Operate within relevant rules and regulations and a risk-based Governance framework in line with recognized international standards*
- *Operate within a risk-based compliance and anti-corruption program in line with recognized international standards*
- *Actively ensure that that its Board and shareholders receive correct, clear and up-to-date information on relevant matters*

In addition the revised ownership principles for Joint Ventures outline policies and procedures for Telenor nominated board members such as:

- Expectations to Telenor's nominated Board members as to focus on compliance and governance will be formulated and communicated
- If deemed necessary by Telenor, secure that one Telenor nominated Board member has specific competence in governance and compliance issues

If Telenor, as a shareholder, needs to establish a formal process to follow up a Joint Venture the following is outlined in the revised ownership principles:

- Assign responsibility for investor dialogue with the Joint Venture to a dedicated function within Telenor
- Develop a yearly dialogue plan
- Document the dialogue
- Ensure that adequate questions regarding governance and compliance are asked and answered

3.5 Our assessment

In our view, Telenor's revised ownership principles towards Joint Ventures, respond in a good manner to the findings in this Report.

oOo

Oslo, 27 April 2016

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Appendix 1

The Market value of Telenor's investment in VimpelCom

Year	No. Of shares OJSC VIP & VIP Ltd	Share price USD	USD market value (billion)	Fx rate	NOK market value (billion)	Entity
2005					18.4	VimpelCom / VIP R merged 2004
2006					30.3	VimpelCom / VIP R merged 2004
2007					77.7	VimpelCom / VIP R merged 2004
2008	345.091.580	7.16	2.5	6.99	17.5	OJSC VimpelCom
2009	345.091.580	18.59	6.4	5.77	37.1	OJSC VimpelCom
2010	515.578.840	15.04	7.8	5.85	45.4	VimpelCom Ltd.
2011	515.578.840	9.47	4.9	5.99	29.3	VimpelCom Ltd.
2012	580.578.840	10.49	6.1	5.56	33.9	VimpelCom Ltd.
2013	580.578.840	12.94	7.5	6.08	45.7	VimpelCom Ltd.
2014	580.578.840	4.18	2.4	7.43	18.0	VimpelCom Ltd.
2015	580.578.840	3.28	1.9	8.80	16.8	VimpelCom Ltd.