GLOBAL SETTLEMENT REGARDING UZBEKISTAN

21 September 2017
TODAY’S ANNOUNCEMENT

• Important day for Telia Company - final closure to a very serious and difficult process
• Admits to corrupt payments of USD 330 million, paid by the company
• Total sanction of USD 965 million
• Accept our responsibility for historic wrongdoings - wrongdoings come with a cost
• Brings an end to all known corruption related investigations into Telia Company
• Following discussions with the US and Dutch authorities, a global resolution is now announced
• Through cooperation and ambitious sustainability efforts we have shown that Telia Company has changed
• Authorities have determined that no compliance monitor is needed
• Important milestone in responsible exit of Eurasia
UZBEKISTAN TIMELINE

- **2007**: Entering Uzbekistan
- **2012**: September Swedish investigation
- **2013**: New Board & CEO
- **2014**: Mannheimer Swartling Report
- **2015**: September Announcement divestment / responsible exit Eurasia
- **2016**: Mid September Provision
- **2017**: 21 Sept. Resolution

**March**
US & Dutch investigations

**April**
Provision adjusted

**Review and remedy period - resetting and building a strong governance and compliance framework**
THE SETTLEMENT

• Telia Company has now reached a settlement with the US and Dutch authorities

• Total sanction of USD 965 million.
  - The fine is USD 548 million to be paid in equal parts to the DOJ and the Dutch Public Prosecution Service.
  - The disgorgement is USD 457 million except for USD 40 million which will be paid as a forfeiture to the DOJ.

• Improvements in Telia Company’s Responsible Business have been recognised and accounted for by the authorities

• Authorities have determined that no compliance monitor is needed

• Brings to a close all known corruption investigations against Telia Company
TOTAL SANCTION: USD 965 MILLION

Disgorgement
USD 457 million*

50% to either the SEC, Sweden or the Netherlands

Fine
USD 548 million

US Department of Justice
Securities and Exchange Commissions
Swedish Authorities
Dutch Authorities

* Whereof USD 40 million already included in the USD 548 million penalty
IMPLICATIONS

• USD 756.5 million payable Q3 2017

• USD 208.5 million to be paid later pending Swedish and possibly Dutch court proceedings

• The company has invested very significant efforts and resources during the process with world leading legal support and other external experts
  – US: Cravath, Swaine & Moore and Davis Polk & Wardwell
  – UK: Norton Rose Fulbright
  – Netherlands: Nauta Dutilh
  – Sweden: Mannheimer Swartling and Jurie Advokatbyrå
  – Bengt H Nilsson (White collar crime lawyer)
  – IT Forensic and Financial analysis experts: FRA (Forensic Risk Alliance)
THE CHANGE JOURNEY (1/2)

Leadership
- New Board of Directors, CEO & management
- Focus on cultural change, sustainability part of strategy
- Sustainability at core with GREC and Sustainability Committee within Board
- Leaving no stone un-turned

Knowledge
- Review led by Sustainability and Ethics committee
- Extensive investigations to get full clarity
- Mannheimer Swartling review
- Norton Rose Fulbright review
- Thorough risk assessment

Action
- Best-practice structure and processes
- Introducing Responsible Business
- Enforcing Compliance
- Training of all employees
- Policies and instructions
- New strict M&A process

Strategic evaluation
- New Generation Telco
- Focus on Nordics & Baltics
- Decision to divest Eurasia over time

Responsible exit
- Support and oversight structure
- Contractual commitments with buyer on Ethics and Compliance
- Buyer and third party due diligence
- Analysis of flow of funds
THE CHANGE JOURNEY (2/2)

• New Ethics and compliance function in all countries
• Due Diligence Experts in Group Sourcing and all countries in Eurasia
• Third party management, 5,042 assessed suppliers using a supplier due diligence platform, thorough audit with corrective actions taken
• New Code of Responsible Business Conduct, policies and procedures
• New operating model and reinforced corporate governance
• Human Rights Impact Assessments performed by BSR in Eurasia, SE and LT
• 24/7 Speak-up line in 19 languages
EVOLUTION OF OUR SUSTAINABILITY AGENDA

SUSTAINABILITY
Step up and get true strategy integration

ETHICS AND COMPLIANCE
Create a strong foundation

YOUNITE
Walk the talk and get true company and employee engagement

DIGITAL IMPACT
Align with SDGs and get true business integration
TO SUM UP

• Today marks the final closure to a very serious and difficult process
• Brings an end to all other known corruption investigations
• Severe consequences and massive learnings
• We are committed to our responsible exit agenda in and from Eurasia
• Now we are stepping up our New Gen Telco journey in the Nordic and Baltics
Q&A