

## **Chairman of the Board's speech at the Annual General Meeting April 3, 2013**

Ladies and gentlemen,

2012 was a challenging year for TeliaSonera. When the board and management look back, it is mainly the very serious allegations made against TeliaSonera we remember, those concerning human rights violations and alleged involvement in bribery. The accusations caught us partly off guard. Our self-image was different from the one being portrayed. TeliaSonera was perceived as unprepared and wounded and ended up on the defensive.

An almost completely new board will take office today. TeliaSonera's CEO has left the company. There is an ongoing criminal investigation.

I believe that when we in a few years look back at 2012, it is not primarily the allegations we will remember, but the important lessons learned and the hard-earned experiences. In 2012 TeliaSonera set a new ambition when it comes to human rights issues and anti-corruption as a part of our sustainability work.

The process for mergers and acquisitions was enhanced. We initiated cooperation with Transparency International Sweden with the goal of ensuring that our anti-corruption efforts attain high standards and stand up to a stringent international comparison. In addition to the ongoing sustainability work a clear action plan was developed for a defined set of problem areas and implementation started with the highest priority.

In 2012 the board included the OECD Guidelines for Multinational Enterprises in TeliaSonera's Code of Conduct, and we have now also signed up to the United Nations initiative Global Compact. A cooperation with the Danish Institute for Human Rights was initiated to utilize their expertise in our assessment of the risks of TeliaSonera contributing to human rights violations.

Together with other leading telecommunications companies we have developed principles for how we, as members of the industry can act to make sure that freedom of speech and privacy is respected. The board also initiated a review of the allegations I mentioned before. I will come back to that later.

The fact that we see 2012 as a challenging year must however not overshadow other aspects. During my three years as Chairman, TeliaSonera has continued to develop at a rapid pace. We have invested heavily in our networks. The expansion of the fourth generation mobile communication, 4G, has accelerated. And we now have over 2.5 million broadband connections.

We have managed to list our holdings in MegaFon and Kcell. Return on own capital has increased. Our financial position is strong. We have fantastic employees around the world.

Last year was a good year, with the second highest result since the group was formed. To me, the chairmanship has been extremely stimulating but also demanding.

Board activities in 2012 largely centered on the changing business logic that characterizes the telecom industry, as a result of the increasing proportion of mobile data traffic. And on how TeliaSonera best can utilize its strong position with continued development of networks and services while ensuring its long-term profitability. I dare to say that TeliaSonera is well prepared for the changes in the industry.

Besides the regular agenda items such as audits of financial reports, financial plan and business plan, we have followed up on a number of strategic initiatives in the business areas, such as price strategy and the expansion of fiber networks.

Cost efficiency measures, regulatory developments in the telecommunication industry, potential acquisitions, following up the flotations of our subsidiary Kcell and minority-owned MegaFon, investments in frequencies, and not least sustainability issues, were other topics on the board's agenda.

During the year the Board held eight regular and nine extraordinary meetings. The extraordinary meetings discussed, among other things, the aforementioned serious corruption allegations that media in September directed at TeliaSonera's investments in Uzbekistan.

To the board and the management it was important to get to the bottom of the allegations. The Board therefore decided to initiate an external review. The assignment was given to Mannheimer Swartling and led by managing partner Biörn Riese. Shortly thereafter, prosecutor Gunnar Stetler initiated a preliminary investigation which is still ongoing.

Biörn Riese presented his review on February 1. He did not find any substance to the allegations of bribery or money laundering, but couldn't entirely dismiss them, and he expressed severe criticism of how TeliaSonera carried out the investments.

In a unanimous statement, the Board agreed with the criticism. The investments in Uzbekistan were not carried out in a satisfactory manner. In this context, the President and CEO Lars Nyberg decided to leave his position as CEO. The Board then appointed the deputy CEO, Per-Arne Blomquist as acting CEO.

The past year clearly reminded us that many of the markets TeliaSonera operates in are associated with risks of corruption and human rights violations. Last year, the Board thoroughly reviewed the sustainability risks that were made apparent and initiated a series of measures, which I mentioned earlier.

At the same time it is important to point out that there are few better tools for transparency and socioeconomic development than the expansion of mobile telephony, which gives people the opportunity to communicate with each other and the outside world.

Some of the Board's work was prepared in the Audit Committee and Remuneration Committee.

The Audit Committee was led by Maija-Liisa Friman. Together with the CEO, CFO, auditors and internal audit, the Audit Committee has focused on areas of risk related to financial reporting.

I have been Chairman of the Remuneration Committee. In this Committee, we have, among other things, discussed remuneration and the proposal for a long-term incentive plan which the Annual General Meeting are to decide on today.

During the year, the Committee also initiated a process to recruit a new CEO. But in December it became clear that the Nomination Committee wanted to see significant changes to the Board, and create a fresh start for TeliaSonera. Against that backdrop, I announced that I would not be available for re-election. And the well advanced recruitment process was halted.

I want to conclude by emphasizing that TeliaSonera is well positioned for the changes taking place in the industry. 2012 was a good year from a business perspective, and a year of important lessons and hard-earned experiences.

This will be my last AGM as Chairman of TeliaSonera. I want to express my sincerest thanks to the management and other employees for the way in which you, under harsh conditions, have run the business.

It is with mixed emotions I now leave my position. These years have been rewarding, tough and instructive. The telecom industry is both exciting and challenging; an industry that is facing major changes in terms of both how to manage and develop its business, and how one interacts with the world around us. My hope is that when I now hand over the presidency, I leave a company that is well equipped to face these challenges.

With I would like to thank you for listening.