



Chair of the Board Marie Ehrling's speech at the Annual General Meeting April 2, 2014

Dear Shareholders,

In my speech to you last year I described my and the future Board of Directors' ambition to regain the confidence for TeliaSonera. Under this item, the Board's work during the year, I will describe our work on how to build a stronger platform to handle future challenges and on how to be able to deliver sustainable profitable growth.

We were faced with a challenging situation when we assumed office a year ago. TeliaSonera was highly questioned and subject to serious reviews not only from a legal perspective but from owners as well as media and the general public.

The Board work during the last year has been very intense. The Board has had 19 meetings since it assumed of which one was a two-day meeting in Almaty in Kazakhstan. In addition the three Board committees (Remuneration, Audit and Sustainability- and Ethics) have in total had close to 40 meetings since last year's Annual General Meeting.

One of our first measures was to establish a Sustainability and Ethics Committee. The committee has facilitated a deeper engagement and focus for the Board. For example: identifying TeliaSonera's ongoing sustainability work, establishing a vision for the company's future sustainability work and prioritization of the most important areas. During the year TeliaSonera has accomplished a lot of changes in its internal governance in the sustainability and ethics area. Johan Dannelind will in his speech describe the initiatives in more detail.

As the majority of the Board was new when it assumed, a lot of time has been spent on coaching and teaching, especially during the period April to June, to enable the Board to be fully acquainted with the prerequisites for TeliaSonera's operations. The Board has also participated in the training that has been developed for TeliaSonera's employees regarding TeliaSonera's Code of Conduct as well as anticorruption. In addition the Board has got support from external expertise, mainly in connection to the review of transactions made by TeliaSonera in Eurasia. A smaller group of the Board together with myself travelled in May 2013 to visit Azerbaijan and Georgia.

The Board work has been focused on three main areas during 2013:

- Recruitment of a new President and CEO
- Review of transactions and agreements in Eurasia
- TeliaSonera's future strategy

I will now report on each of these areas.

One of the first measures we implemented was to, within the remuneration committee, immediately start the recruitment of a new President and CEO.

TeliaSonera is operating in one of the most dynamic industries where a big portion of innovation is needed as well as the ability to quickly adjust and fully exploit all market opportunities. To meet our requirements it was vital to find a person with experience from leading a company in complex, fast growing markets combined with good leadership skills in order to ensure a company culture steeped in sustainable operations. By the choice of Johan Dannelind, who was appointed on June 16, 2013, the Board was able to meet these highly specified requirements.

He commenced work already on July 1, and assumed the position as President and CEO formally on September 1. Johan contributes solid knowledge from the industry to TeliaSonera, he has a broad experience of leading change in international environments. During the last year Johan assumed his role in the most commendable manner. He represents a new positive leadership based on strong values.

The second key priority area which the Board has spent lot of time and energy on is Eurasia.

We promised at last year's annual general meeting to conduct a thorough review of last years' transactions and agreements as well as of the partners within the business area Eurasia. The aim was to give the Board of TeliaSonera a clear picture of the last years' transactions made in this region and to conduct a risk assessment from a business ethical perspective.

On April 18, 2013, we announced that the international law firm Norton Rose Fulbright had been assigned to conduct the review on behalf of the Board of TeliaSonera. In connection to the decision to initiate this review, we said that we would be as transparent as possible regarding the result of our review. Since then we have had a thorough discussion within the Board and Management and of course with our legal advisors regarding how transparent we should and can be.

We are operating in many complicated legally geographical areas, and there is a risk that the company incurs lawsuits that may harm the company. There are many aspects to take into considerations, for example security for our employees in these countries, business agreements with partners, and the exposing of individuals within or outside of the company.

Therefore we do not believe, with regards to the company and individuals that the information can be made public. It's our opinion that we are as transparent as possible with regards to the circumstances and also by continuously handing over information to the Swedish prosecutor. I will now summarize the review made by Norton Rose Fulbright, how it has been conducted, the scope and what conclusions have been drawn and what actions and decisions the review has led to.

TeliaSonera's summary of the review will also be made public on TeliaSonera's web after the annual general meeting.

Norton Rose Fulbright has reported directly to the Board and acted independent in relation to the Management.

As the review turned more complicated and comprehensive, than we initially thought, the steering from the Board have changed during the year. Until September 1, the review has reported to the Sustainability and Ethics Committee. From September 1, Norton Rose Fulbright has reported to a steering committee, chaired by me, in which also Johan Dannelind as well as some from the Board has been included. The whole Board has been updated on an ongoing basis.

For further information regarding the steering of the Norton Rose Fulbright review, I refer to the Corporate Governance Statement, section "Review of transactions in Eurasia".

The review has gone through a number of transactions and agreements made in Eurasia. The review is mainly regarding establishing of operations and acquisitions of companies and licenses. It has not included TeliaSonera's ongoing business in the countries concerned.

The review has primarily encompassed transactions in five countries:

- Nepal
- Kazakhstan
- Azerbaijan
- Tajikistan
- Georgia

Focus has been on the first three named countries and in particular the period 2007 to 2013 has been examined. Uzbekistan and Turkey have not been included in the review but several circumstances affecting TeliaSonera's operations in these countries have emerged in connection to the review.

Transactions in Afghanistan and Moldova have been excluded from the review. In Afghanistan our shareholding is only 12 percent, and the acquisition in Moldova was made more than 10 years ago.

One hundred thousand documents have been examined. TeliaSonera has handed over more than 700,000 emails to Norton Rose Fulbright of which approximately 210,000 have been considered relevant and been examined by the law firm. Interviews have been conducted both with company staff but also with different external consultants and business partners.

The costs for the Norton Rose Fulbright review amounts to approximately SEK 60 million.

In addition to the review the law firm Mannheimer Swartling has acted as advisors to the new Board and Management.

Unfortunately from what has emerged in the Norton Rose Fulbright review the current Board can point out that several transactions, and actions during the period mentioned above have been conducted in a manner inconsistent with sound business practice and TeliaSonera's ethical requirements. It cannot even be ruled out that certain conduct has been in violation of the law. It is not only about single transactions, it is about a pattern where deficient transactions have been repeated on different levels.

Historically it concerns:

- substantial payments to advisors and intermediaries for, among other things, lobbying activities;
- lack of control of business partners; and
- inadequate handling of warning signs.

One area singled out is the inadequate governance of the Eurasian operations.

Examples are:

- TeliaSonera failed to ensure that adequate risk assessments from an ethical and legal perspective were conducted.
- The company has not ensured that it had sufficient expertise and knowledge to act appropriately in the very difficult and complex business environment in Eurasia, where political risk is considered to be high and corruption is widespread.
- The culture and leadership that characterized the operations in Eurasia were not aligned with TeliaSonera's ethical requirements. The quest for growth and profitability was given precedence.
- TeliaSonera has failed to ensure that sufficient transparency and control were exercised in this part of the group, with the result that a small group of people were able to make critical decisions with limited oversight from the company's own control function.
- According to the documentation available it is clear that the former Board was not given sufficient information, as should have been the case, and on several occasions received inadequate information on which to base its decisions.

- It has also been discovered that questionable lobbying activities have been conducted. They have been conducted by people outside the company but on behalf of TeliaSonera and without adequate oversight, control and follow-up by the company.

It's not the Board's role to assess whether what has happened is illegal. That is to be done by the courts. The Board can as of today, not exclude that some actions have been criminal.

Based on the review the Board has made some necessary decisions, and sometimes very difficult decisions, in order to reduce TeliaSonera's risk exposure.

- We have terminated or renegotiated agreements with some partners.
- We have terminated agreements with an external advisor who since 2007 worked closely with the former Management regarding certain transactions in Eurasia.
- The Board and Management have implemented changes in the Group Management. As a consequence several people have had to leave the company.
- We have implemented several changes regarding risk assessment, internal control, the Management's and the Board's involvement, further we have established a structure for compliance and continue the work to foster leadership and culture within TeliaSonera.
- TeliaSonera has continued to cooperate with the prosecutor and we have therefore handed over information from the review by Norton Rose Fulbright to the prosecutor in Stockholm, who is already conducting an investigation regarding TeliaSonera's establishment in Uzbekistan.

Over the last weeks American authorities (DoJ and SEC) and Dutch authorities have requested information from TeliaSonera, which we have reported externally as well. TeliaSonera is now also cooperating with these authorities.

Let me emphasize that this has been a very difficult balance act. We have a lot of stakeholders to take into account and deal with. We are not a judicial body but we have to relate to the history of the company. Our duty is to make the right decisions for the company.

There are no simple answers to all our questions, the Board and company are determined to take necessary actions. There remains a lot to do, one year in these circumstances is very short. Today we have a clearer picture of our business partners and of those who we own companies together with. We can conclude that TeliaSonera has no choice but to stay with partners as we, which with respect to today's values, the current Board and Management would not have chosen.

The considerations are difficult - leaving a country where we have operations is not always an alternative. We want to develop and clarify the relations to partners as well as governments within Eurasia. We have to dare to talk about the complicated questions but to do that requires that we firstly establish relationships in order to be perceived as long term and serious.

Dear shareholders you can be assured that the Board and the current Management continue to deal with the consequences on what has happened so that we can leave this behind us.

The sustainability work going forward will still be a priority for the Board but the handling and the daily steering of the investigations that have to be done and the execution of activities that follow will now be transferred from the Board to Group Management of TeliaSonera. This work will be followed up continuously by the Board.

When we now conclude the review conducted by Norton Rose Fulbright and initiated by the Board we do that knowing that our presence in Eurasia will put high demands on us. However I would like to emphasize that we still firmly believe that it's possible for us to operate in this region. We are convinced that we, as an international telecom company, with a strong Nordic heritage and culture are now better prepared than many other companies with regards to conducting business in complicated markets.

We had to dive deeply into these issues and to critically examine ourselves and we have learned a lot during this process. I'm convinced that our experiences and lessons will become a competitive advantage over time. With this I have finished my report on the review conducted by Norton Rose Fulbright.

Today you as shareholders will face an unusual situation when the annual general meeting will later vote for discharge of liabilities.

This year the auditors have not given any recommendation on discharge of liabilities for TeliaSonera's former President and CEO. It shows how complex it has been to conclude and assess the consequences of how certain transactions in Eurasia have been executed.

In this context I would like to emphasize that it's not the Board's role to decide or recommend in this matter.

Rather it's the auditors who should give that recommendation and it is up to you as a shareholder to decide.



The third main area that the Board has been focusing on last year is the future and our strategic position. TeliaSonera is today one of Europe's major telecom operators. We have a strong position in our home market in the Nordics and we are a financially strong company.

This means unique opportunities for TeliaSonera. The Board together with the Management evaluates possible strategy alternatives going forward.

We have discussed our geographical footprint but even more how we can adjust our business model to the new reality and to the new competitive landscape in our industry. The president and CEO of TeliaSonera, Johan Dannelind, will give more details in his speech with regards to our view of the future strategy.

Finally let me summarize, we have a very hectic year behind us. We cannot ignore the fact that the difficulties which TeliaSonera has gone through has taken a lot of attention from the important challenges that the company and our industry as a whole face. We realize that the past will continue to take a lot of our attention even going forward, but not at the expense of the focus on the future challenges and opportunities that the company faces.

We are well positioned in a time where telecommunication is the lifeblood in the modern society and we can look ahead and be truly innovative in our offerings.

We have now established a platform and it's now our responsibility to look ahead and develop TeliaSonera to an even better company. A company with a clear loadstar that there is a strong correlation between a long term view on sustainability and good profitability.

We shall show the environment that we are responsible and successful.