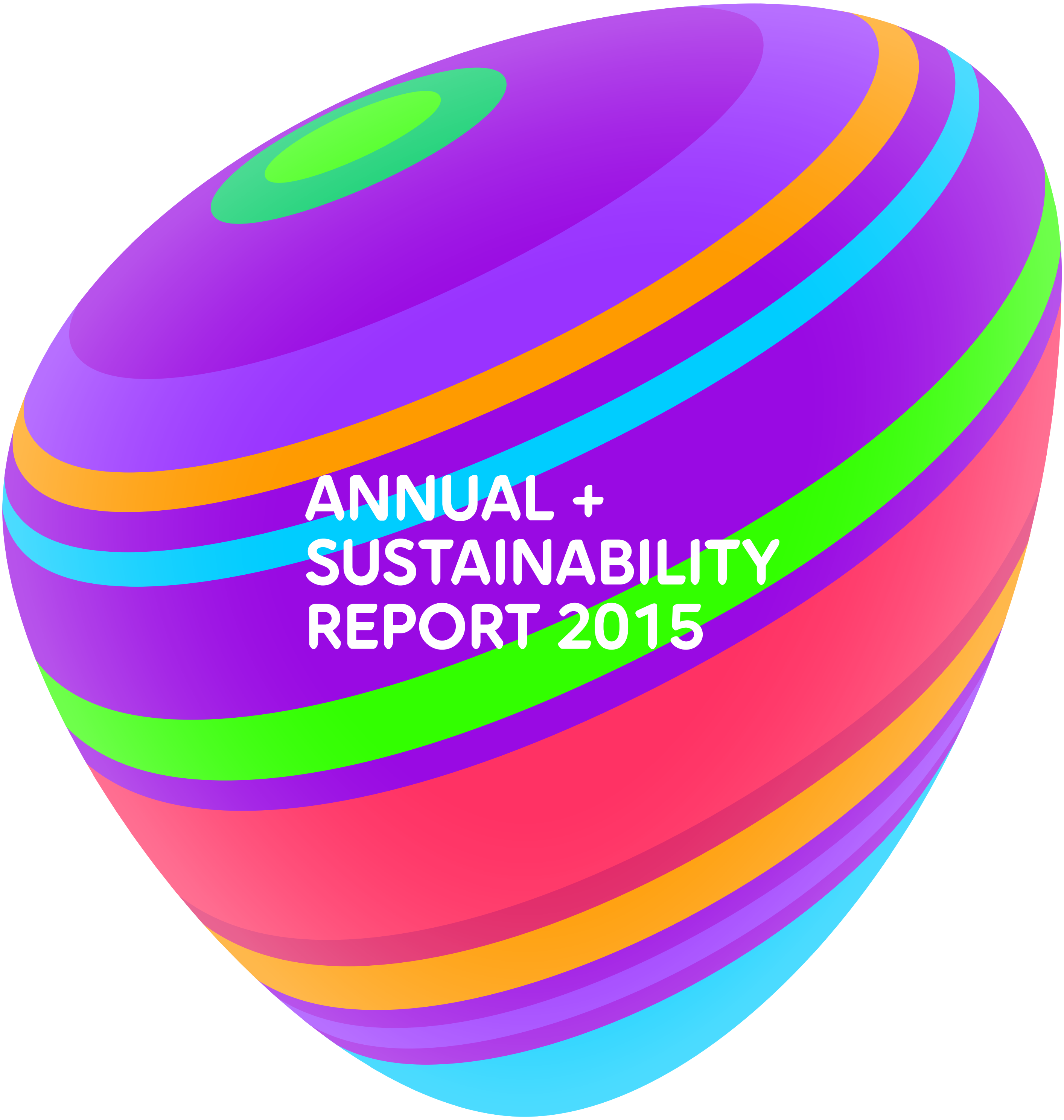
WHAT WE DID IN 2015



ANNUAL + SUSTAINABILITY REPORT 2015

CONTENTS

The audited annual and consolidated accounts comprise pages 20–46, 96–199 and 208.

The corporate governance statement examined by the auditors comprises pages 47–67.

The sustainability information reviewed by the auditors comprises pages 8–11, 16–17, 68–95 and 200–207.

OUR COMPANY

DIRECTORS' REPORT

CORPORATE GOVERNANCE

SUSTAINABILITY WORK

FINANCIAL STATEMENTS

GRI INDEX

OTHER INFORMATION

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TELIASONERA IN BRIEF

IN BRIEF

TeliaSonera provides communication services helping millions of people to be connected and communicate, do business and be entertained. By doing that we fulfil our purpose of bringing the world closer – on the customer's terms.

PURPOSE

BRINGING THE WORLD CLOSER - ON THE CUSTOMER'S TERMS

OUR BUSINESS

TeliaSonera's operations stretch around the globe. We connect businesses, individuals, families and communities via fixed and mobile communication solutions. Our services have a positive effect on social, economic and environmental development and pave the way for an inclusive society.

People can stay in touch even when the geographical distance is far. In many of our markets, we are among the biggest employers and tax payers. We work with an ecosystem of new start-ups and major service providers. Together we provide the infrastructure for creativity, growth and change.

VALUES

DARE
CARE
SIMPLIFY

AT YEAR-END 2015

515,437 Shareholders

182.7 SEK billion market cap

21,342 Employees

20.0 Million mobile subscriptions

2.8 Million fixed voice subscriptions

2.6 Million broadband subscriptions

1.6 Million TV subscriptions

Year-end figures for number of employees and subscriptions refer to continuing operations, i.e. the group excluding the former segment region Eurasia.

2015 – AN EVENTFUL YEAR WITH MANY CHANGES

2015 was a year of tough challenges and crucial decisions about our future direction, and we also made some exciting new investments. We have taken important steps to achieve our vision to become a New Generation Telco.

A Speak-up Line is available around the clock in 22 languages.

The Tele2 Norway acquisition was approved by the authorities and our ambition is to provide 98 percent population coverage for 4G in 2016.

TeliaSonera and Arthur D. Little published a report on internet of things (IoT), showing a rapid growth in the Nordics. Advancements in connected cars, smart homes and digital health are expected to drive market growth for IoT.

After the earthquakes in Nepal, we made a USD 1 million donation to the Prime Minister Disaster Relief Fund to help rebuild the country. In addition, Ncell pledged USD 10 million over several years for the same reason.

TeliaSonera and Spotify expanded its innovation partnership. As part of the boosted co-operation, we made an equity investment of USD 115 million.

Nearly 23,000 employees have completed the Code of Conduct e-learning and virtually all, 4,800 employees in Eurasia, have participated in face-to-face anti-corruption training.

CONTINUING OPERATIONS

Financial overview

86,569	Net sales (SEK million)
17,814	Operating income excluding non-recurring items (SEK million)
25,281	EBITDA excluding non-recurring items (SEK million)
9,532	Net income (SEK million)
29.2	EBITDA margin (%)
9,362	Net income of which attributable to owners of the parent company (SEK million)

CONTINUING AND DISCONTINUED OPERATIONS

Financial overview

1.97	Earnings per share (SEK)
16,550	Free cash flow (SEK million)
3.00	Proposed dividend (SEK)

Financial key ratios

9.3	Return on equity (%, rolling 12 months)
8.9	Return on capital employed (%, rolling 12 months)
1.53	Net debt/EBITDA excluding non-recurring items (multiple, rolling 12 months)

We announced that a process had been initiated in order to reduce the presence in region Eurasia and over time fully leave.

Johan Dennelind publicly endorsed the launch of the new United Nations Global Goals and all subsidiaries helped making them known to our customers across our footprint.

Our Lithuanian subsidiaries – the fixed line operator TEO and the mobile operator Omnitel – joined forces, strengthening our core business in the Nordics and Baltics.

We published a Sustainability update January – June, including law enforcement disclosure report statistics, which were assured by the auditors.

Every three to four minutes around the clock, one Swedish home is connected to Telia fiber.

We agreed to sell our stake in the Nepalese operator Ncell to Axiata, one of Asia's largest telecom operators. We will also dissolve the economic interests in the local ownership. The transactions are conditional on each other.

WE DON'T WANT TO BE SOMETHING ELSE. WE WANT TO BE SOMETHING MORE

Dear shareholders and TeliaSonera followers. The only thing we know for sure about the future is that it will be different from now and the past and that the rate of development is unlikely to slow down. Those looking back with nostalgia will be outrun by those who have their eyes on the horizon.

We at TeliaSonera witness daily how new players and services challenge our previous core products, whose margins are shrinking. To continue to hang on to a shrinking source of revenues is not an option for us, as we want to be an attractive alternative for customers, employees and shareholders. Growth requires new thinking, courage and a will to change.

We don't want to be something else. We want to be something more. TeliaSonera has only just set out on the journey to become a new generation telco. In short, this means utilizing the strength of our networks and existing services for expanding and deepening our customer offering through innovation and cooperation.

Our business customers will have a closer relationship with us, when their systems and processes are integrated with ours. Consumers expect to have access to a buzzing ecosystem of world-leading services and new pioneering solutions - that can come - directly from us.

Today, we already have a great variety of communication platforms, and the customers can easily test and switch to new technologies and services. We must have a keen ear to understand what the customers want in the future, but we must also provide services they do not even know they need.

We have every possibility of succeeding in the expansion, and we have already seen how innovative companies of all sizes turn to us for cooperation. During the past year, we have been able to introduce new solutions for various things, from audio books to connected cars. Our cooperation with Spotify has been so rewarding that we decided to deepen the relationship and become owners.

IMPROVED COMPETITIVENESS

TeliaSonera's transformation is not just about adding but also about removing. We must review our efficiency. Old technology and old systems require lots of resources and cannot provide modern and future-proof services for our customers. We still have a lot of streamlining to do, but we aim for less manual work and lower costs, which will improve our customer experience and competitiveness.

The transition from old to new technology is very much customer driven. Every day we help our customers to switch from old to new services, and the demand for fiber connections is enormous. During the year, Telia Sweden connected 150,000 Swedish households, which means a new connection every three to four minutes, every day, around the clock.

The traffic in our networks is no longer characterized by calls and text messages. Today the traffic is dominated by TV and films, which set considerably higher requirements for the network capacity and the customer's access. There is no sign that the pace will slow down. On the contrary, the number of connected devices is expected to explode. This will set high requirements for continued investments during the next few years.

LEAVING REGION EURASIA RESPONSIBLY

The Board of Directors' decision to dispose the operations in region Eurasia will transform TeliaSonera. On the one hand, the margins in the region have been high, and historically the growth has been fast. On the other hand, it has been problematic in many ways to operate in the region. On some of the markets, we have unknown co-owners, and it is difficult to repatriate cash. This and other challenges in the region have required our attention and lots of resources. The decision to leave has given and will give us focus, strength and energy to develop our operations in the Nordic and Baltic countries, where 80 percent of our net sales comes from.

We have made progress in finding new owners for our operations in the region: we have, for example, been able to announce the sale of our subsidiary in Nepal. When we leave these markets and say goodbye to our good and competent employees, we must do it as carefully and responsibly as possible. We want to hand over well-managed operations with ambitious sustainability efforts and satisfied customers.

THE PAST YEAR

Thanks to great efforts from our employees during the year we are well on track to shape TeliaSonera for the future. A solid foundation is now in place and I am pleased that our core markets continued to improve in the fourth quarter at the same time as we started to execute our decision to reduce our presence in Eurasia. Following the decision, region Eurasia is now reported as discontinued operations and results have also been impacted by non-cash write-downs.

Based on our good cash flow in the year and the solid financial position, the board proposes a maintained dividend of SEK 3.00 per share for the fiscal year 2015, which is in line with our stated ambition.

OPTIMISM AND BELIEF IN THE FUTURE

I am convinced that part of the solution to the biggest social problems of our time can be found in digital technology and telecommunications. By using modern technology, we can provide good and cost-effective care for a growing and aging population. There is enormous potential in online education and teaching aids. Our services will be a central infrastructure for people, companies and societies for a long time to come.

In our corner of the world, we have a long tradition of innovation desire and development optimism. Likewise TeliaSonera has a proud history of breaking new ground and showing the way, and we will continue on this path.

A thank you to our shareholders large and small for believing in what we do.

Stockholm, March 10, 2016

Johan Dennelind
President and CEO

"As a small part of our transformation, we have given TeliaSonera a light facelift with an updated logo and a fresher graphic identity. I hope you like what you see."

HOW WE CREATE VALUE

RESOURCES WE NEED TO DO BUSINESS

Financial capital
- Debt and equity

Manufactured capital
- Physical network infra-structure, offices, retail space and ICT devices

Intellectual capital
- Telecom licenses, frequency permits and other intellectual property rights

Human capital
- People with the right skills from across the globe

Social and relationship capital
- Trust in our brand from our key stakeholders
- Strategic partnerships e.g. Spotify

Natural capital
- Natural resources for network equipment and customer devices
- Energy from renew-able and non-renewable sources

OUR BUSINESS

Purpose
Bringing the world closer – on the customer's terms

Strategy and resource allocation
Enhance our core markets in the Nordics and Baltics and explore op-portunities close to the core.

To enhance that we will:
- create value through superior net-work connectivity. We will secure the transition from voice to data through future proof network ac-cess to end customers
- increase customer loyalty through convergence, by creating a seam-less customer experience across technologies, services and chan-nels
- ensure competitive operations, by simplifying operations and trans-form legacy to create agility and cost efficiency

To explore adjacent opportunities we will:
- invest in areas that complement and strengthen the core business as internet of things, e-healthcare, financial services and media

Business activities
TeliaSonera provides communication services helping millions of people to be connected and communicate, do business and be entertained. By doing that we fulfil our purpose of bringing the world closer – on the customer´s terms.

WHAT WE CREATE

Financial capital
- Total earnings per share SEK 1.97
- Total paid taxes SEK 3,166 million

Manufactured capital
- Products, services and subscriptions to consumers and companies around the world

Intellectual capital
- Business processes, product portfolio and patents

Human capital
- 21,342 employees

Social and relationship capital
- 515,437 shareholders

Natural capital
- 329,500 tons green house gas emissions
- 125,000 mobile devices collected

SOCIAL VALUE CREATED

E

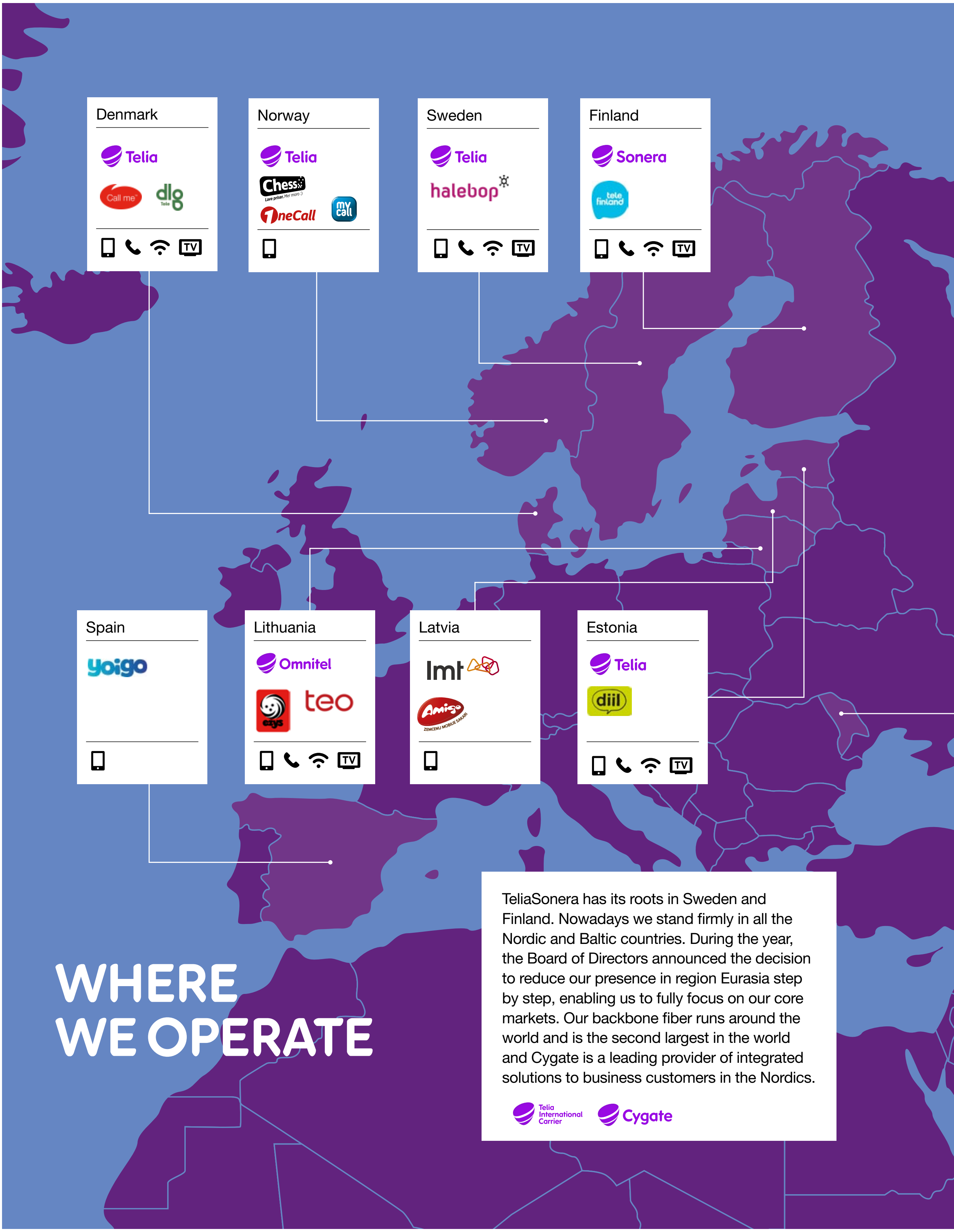
To the economy
- Enabling increased business innovation and productivity driving GDP growth
- Direct and indirect job creation

S

To the society
- Enabling smarter living, traveling, healthcare and education as well as disaster relief
- Direct tax payments supporting social welfare

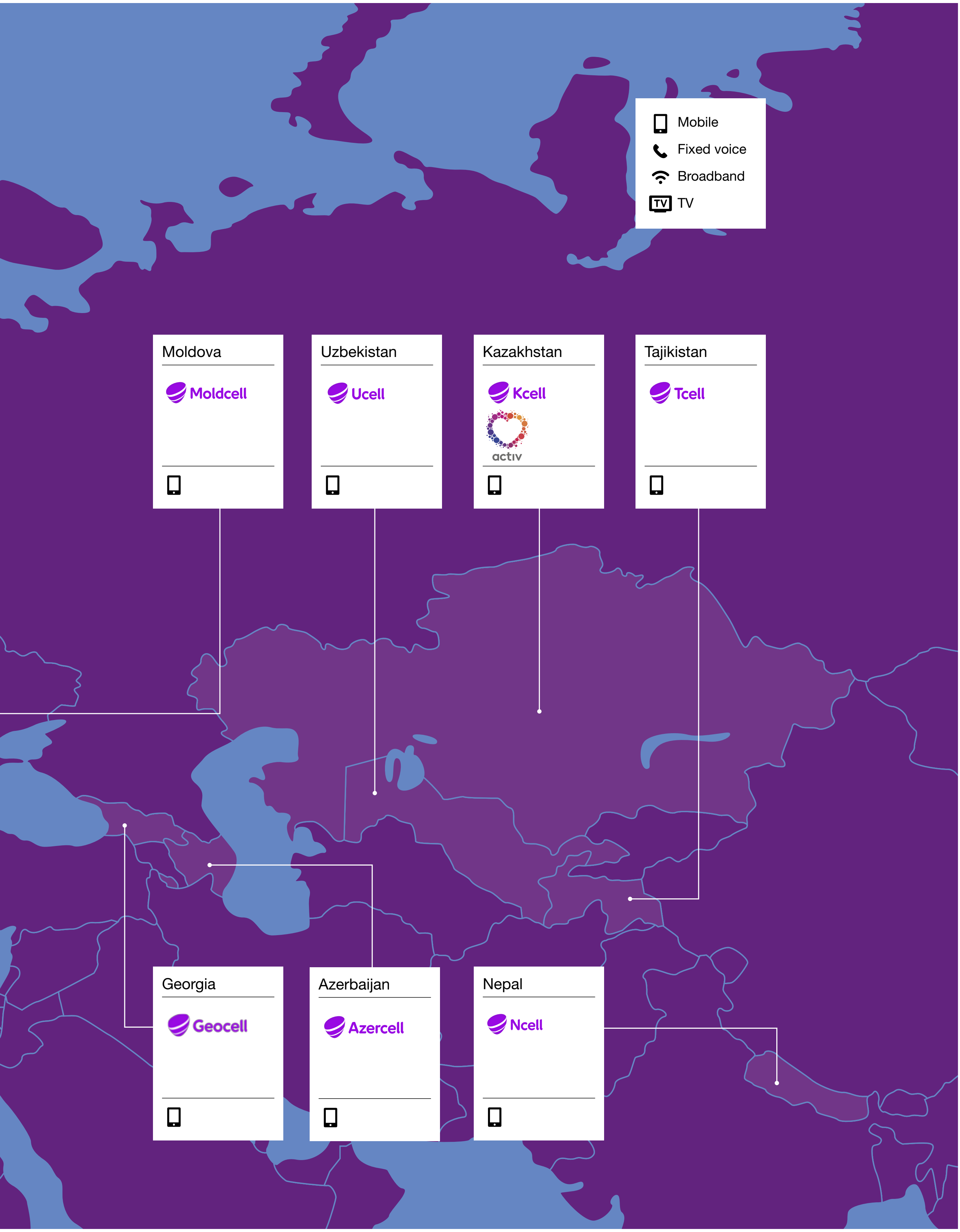
E

To the environment
- Enabling reduction of green house gas emissions
- Increasing resource efficiency
- Enabling a sharing economy



WHERE WE OPERATE

TeliaSonera has its roots in Sweden and Finland. Nowadays we stand firmly in all the Nordic and Baltic countries. During the year, the Board of Directors announced the decision to reduce our presence in region Eurasia step by step, enabling us to fully focus on our core markets. Our backbone fiber runs around the world and is the second largest in the world and Cygate is a leading provider of integrated solutions to business customers in the Nordics.


Mobile
Fixed voice
Broadband
TV
Moldova
Moldcell
Uzbekistan
Ucell
Kazakhstan
Kcell
activ
Tajikistan
Tcell
Georgia
Geocell
Azerbaijan
Azercell
Nepal
Ncell

OUR MARKET POSITION

Subsidiaries

Country	Trademark	Ownership[1] %	Consolidated share[2] %
Sweden	Telia, Halebop	100	100
Finland	Sonera, TeleFinland	100	100
Norway	Telia, Chess, MyCall, OneCall	100	100
Denmark	Telia, Call me, DLG Tele	100	100
Lithuania	Omnitel, Ezys, Teo	100 / 88.2	100 / 88.2
Latvia	Lmt Okarte, Amigo	60.3[4]	60.3[4]
Estonia	Telia, Diil	100	100
Spain	Yoigo	76.6	100
Kazakhstan	Kcell, Activ	61.9	61.9
Azerbaijan	Azercell	38.1	69.5
Uzbekistan	Ucell	94.0	100
Tajikistan	Tcell	60.0	60.0
Georgia	Geocell	74.3	74.3
Moldova	Moldcell	74.3	74.3
Nepal	Ncell	60.4	80.4

Associated companies

Country	Trademark	Ownership[1] %	Consolidated share[2] %
Latvia	Lattelecom	49.0	49.0
Russia	MegaFon	25.2	26.2
Turkey	Turkcell	38.0	38.0

[1] Ownership is defined as direct and indirect ownership, i.e. effective ownership.
[2] Consolidated share includes commitments to acquire shares from holders of non-controlling interests.
[3] TeliaSonera's market share estimate is based on the number of subscriptions.
[4] TeliaSonera directly owns 49 percent of LMT and controls the company through shareholder agreements. In addition, TeliaSonera indirectly holds an 11.3 percent share of the company.

Subsidiaries

Country	MOBILE Market share[3] %	MOBILE Market position #	FIXED VOICE Market share[3] %	FIXED VOICE Market position #	BROADBAND Market share[3] %	BROADBAND Market position #	TV Market share[3] %	TV Market position #
Sweden	37	1	57	1	39	1	16	3
Finland	33	2	24	2	31	2	22	2
Norway	40	2	–	–	–	–	–	–
Denmark	21	3	8	3	5	5	<1	>5
Lithuania	32	2	91	1	46	1	28	1
Latvia	42	1	–	–	–	–	–	–
Estonia	42	1	82	1	58	1	34	2
Spain	7	4	–	–	–	–	–	–
Kazakhstan	43	1	–	–	–	–	–	–
Azerbaijan	48	1	–	–	–	–	–	–
Uzbekistan	41	2	–	–	–	–	–	–
Tajikistan	37	1	–	–	–	–	–	–
Georgia	35	2	–	–	–	–	–	–
Moldova	29	2	–	–	–	–	–	–
Nepal	57	1	–	–	–	–	–	–

Associated companies

Country	MOBILE Market share[3] %	MOBILE Market position #	FIXED VOICE Market share[3] %	FIXED VOICE Market position #	BROADBAND Market share[3] %	BROADBAND Market position #	TV Market share[3] %	TV Market position #
Latvia	–	–	94	1	55	1	35	1
Russia	35	2	–	–	–	–	–	–
Turkey	49	1	–	–	–	–	–	–

OUR STAKEHOLDERS

Engaging with key stakeholders – that impact or are impacted by our business, directly and indirectly – is imperative for us to gain insight in how to best navigate our business long-term. The feedback we receive from the stakeholders informs our thinking about business priorities and also our strategy formulation.

STAKEHOLDER ENGAGEMENT 2015

CONSUMERS

How we engage
- Stores and other sales channels (O)
- Customer service (O)
- Social media (O)
- Local websites (O)
- Customer surveys (M)

Key topics and concerns
- Network quality and coverage
- Valuing the customer – taking care of both new and loyal customers
- "Reachability" and easy to deal with
- Value for money – pricing, data offerings
- Keeping our promise on service and delivery
- Customer privacy and use of personal data

Our response
- Continued roll-out of 4G and fiber
- Increased focus on NPS, adding it as group strategic KPI
- Action plans to identify and correct where we fail the customer promise
- New services such as OTT bundling, family plans and "roam like home"
- Simplifying the offering, reducing the number of price plans and subscription types

BUSINESS CUSTOMERS

How we engage
- Stores and other sales channels (O)
- Account manager dialog (M)
- Seminars and events (M)
- Customer surveys (M)

Key topics and concerns
- Network quality and coverage
- Valuing the customer - taking care of both new and loyal customers
- Becoming an ICT partner
- End-to-end personal customer support
- Understanding the customer's needs to help them develop their business
- TeliaSonera as a transparent and sustainable business partner
- Customer privacy and use of personal data

Our response
- Continued roll-out of 4G and fiber
- Increased focus on NPS, adding it as group strategic KPI
- Work towards becoming "as a service" provider
- Launched the Cloud marketplace
- Launched personal advisor concept – each business customer has a single point of contact

EMPLOYEES

How we engage
- Purple Voice employee survey (A)
- Employer/worker councils (M)
- Local management dialogue (O)
- Local employee events (M)
- Local and corporate intranet (O)

Key topics and concerns
- Effects of leaving region Eurasia
- Expectations on and from employees regarding understanding and building a New Generation Telco
- Competence shift – finding the right employees, support in redeployment and lay-offs
- Increasing customer focus
- Collaboration between functions

Our response
- Mandatory action plans for developing cross-functional cooperation
- Actions in all parts of the organization to meet customers
- Region Eurasia: all employee events, Group Executive Management visits, actions to protect employees who have spoken up
- Further communicating on what New Generation Telco means, and what is expected of employees and leaders

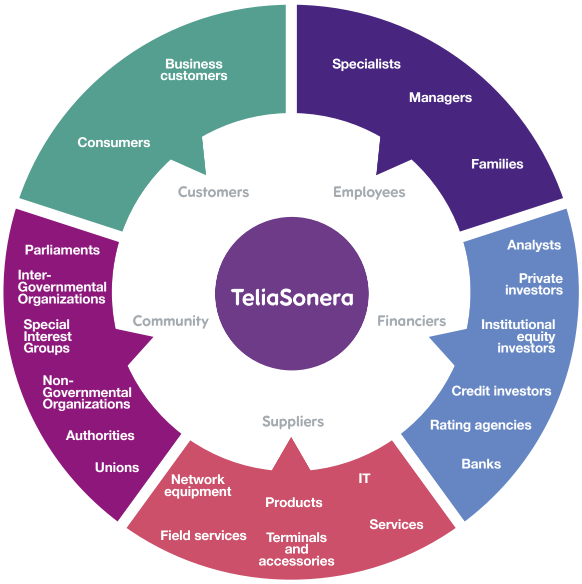
FINANCIERS

How we engage
- Annual General Meeting (A)
- Quarterly report conferences (M)
- Investor meetings (M)

Key topics and concerns
- Financial performance and capital structure
- Region Eurasia divestment process and outcome
- Possibilities and development in regions Sweden and Europe
- Strategy, including M&A
- CAPEX levels
- Cash flow generation
- Ongoing corruption investigations
- Market consolidation

Our response
- Development of new strategy, outlook and dividend policy
- Cash flow improvement initiatives
- Transparency and cooperation with authorities regarding corruption investigations
- Transparency around region Eurasia divestment process
- Completed acquisition of Tele2 in Norway, network sharing with DNA in Finland and Telenor in Denmark

OUR KEY STAKEHOLDER GROUPS



SUPPLIERS

How we engage
- Contract engagements (O)
- Strategic direction meetings (O)
- Supplier audits (M)

Key topics and concerns
- Supplier code of conduct understanding and commitments, anti-bribery and corruption requirements
- The technology transformation and its impacts on suppliers
- Becoming a New Generation Telco, strategic development together with suppliers

Our response
- Strengthening the procurement organization's sustainability competence and resources
- 201 on-site supplier sustainability audits
- Putting in place procurement resources in subsidiaries
- Increased resources to enable the technology transformation
- New ways of working in procurement to support new product and service areas

CIVIL SOCIETY

How we engage
- ICT sector organizations (O)
- Seminars and conferences (M)
- Corporate website (O)

Key topics and concerns
- Human rights, freedom of expression and privacy
- Illicit file-sharing, protecting copyright
- Surveillance and other measures related to terrorism
- Business ethics and anti-corruption in region Eurasia and in telecommunications
- Protection of children online

Our response
- Expanded reporting on law enforcement statistics and legislation regarding direct access
- Active work in the Telecommunications Industry Dialogue on Freedom of Expression and Privacy
- Firm opinion that TeliaSonera can or shall not decide what is illegal or not on the internet
- Defining a "point of challenge" for unconventional authority requests with potentially serious impacts on users' freedom of expression and privacy
- Participation in several anti-corruption conferences
- Initiated the Telecommunications Integrity Initiative together with Transparency International

POLICY-MAKERS AND REGULATORS

How we engage
- National policy makers and regulators (O)
- European Union bodies (O)
- Formal written consultations (M)
- Trade associations (O)

Key topics and concerns
- Unpredictable EU regulation
- Over-regulating of the telecommunications industry
- Short term and long term spectrum allocation

Our response
- Engagement on national and EU level as an individual company and via trade associations to improve legislative predictability
- External stakeholder engagement for awareness on spectrum allocation and new legislation

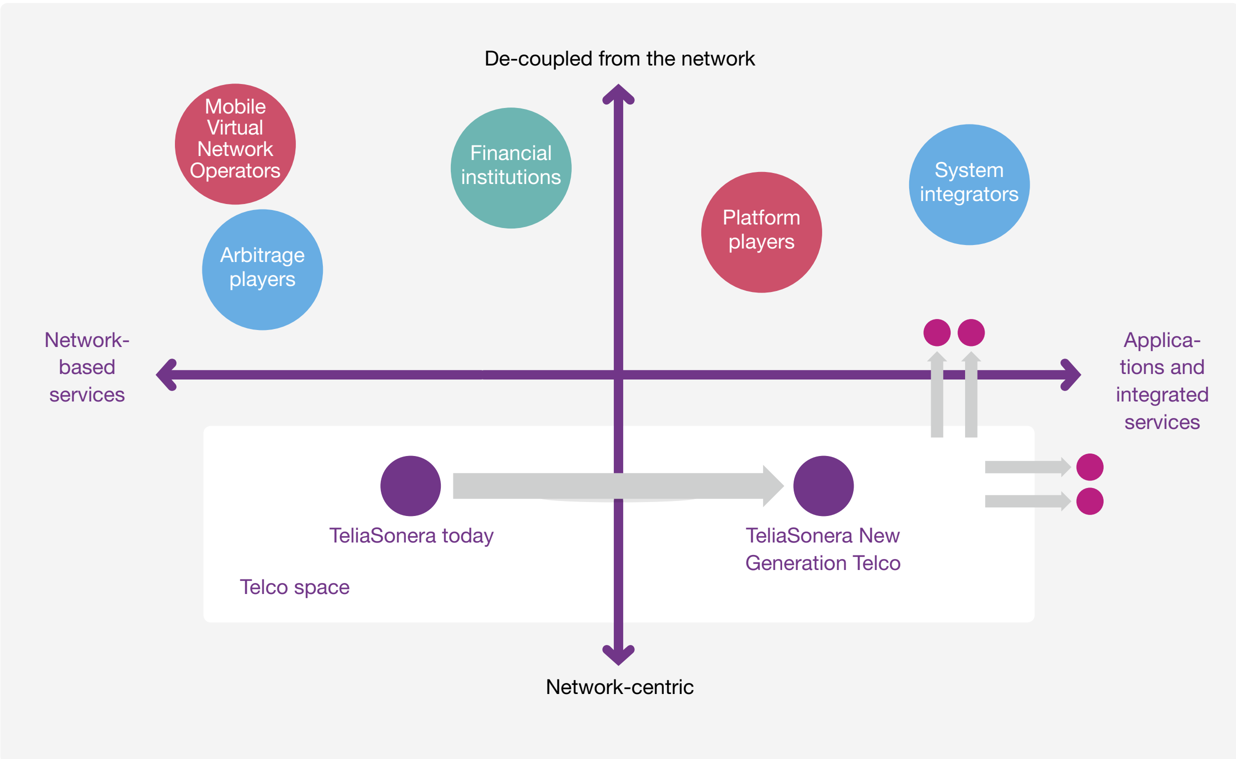
Frequency
A = Annual
M = Multiple
O = Ongoing

For more information on stakeholder opinions of our sustainability work, see section "Sustainability in TeliaSonera."

OUR STRATEGY

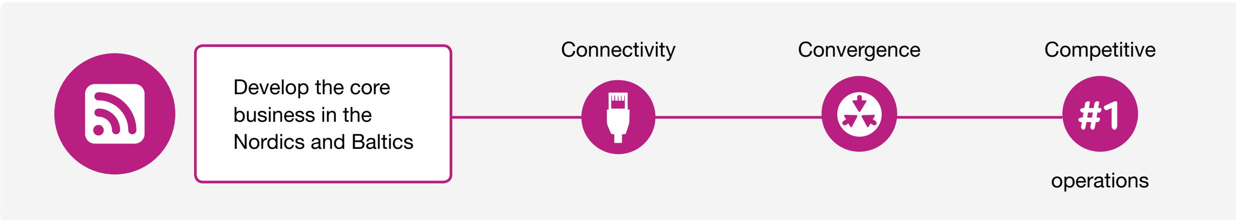
The TeliaSonera purpose of *Bringing the world closer — on the customer's terms* expresses focus on our customers and on societal development. It guides our transformation towards a New Generation Telco where applications and customer solutions will have an important complementary role to traditional network services. An increasingly wide ecosystem enables us to offer solutions that answer to customer needs and leverage the powerful and transformative positive effect that ICT and telecommunications have on social, environmental and economic development.

TELIASONERA TO BECOME A NEW GENERATION TELCO

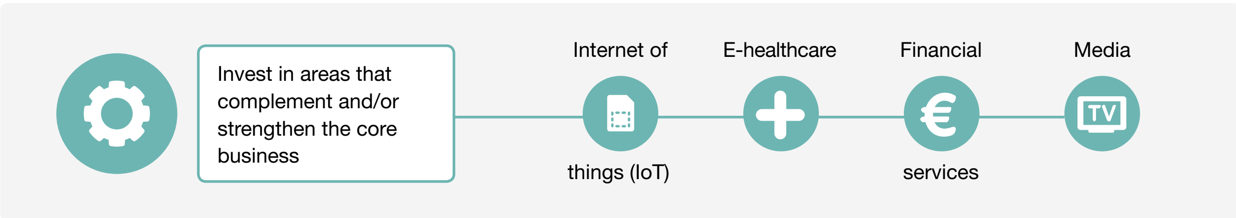


Our customers are using our services in new ways. Demand for our traditional main products such as voice services is declining and their importance is decreasing. At the same time demand for data through fiber and smartphones has skyrocketed, a development that will be beneficial for us. Applications and integration of services take an increasingly larger share of our value creation for businesses, consumers and society.

ENHANCE THE CORE



EXPLORE OPPORTUNITIES CLOSE TO THE CORE



PRIORITIES

We will continue improving our core business, to be the natural choice for those who want well-functioning and hassle-free connectivity whether they are at work, at home or on the go. To continue offering superior connectivity we must proceed to invest in our networks.

- *In Sweden for instance, we are leading the fiber roll-out and we are the leading 4G provider in the Baltics.*

Customers use our different services together or as a complement to one another. We aim to give them a complete service, based on their individual needs.

- *An example of executing on this strategy securing converged fixed-mobile offerings in Lithuania is the merger between TEO and Omnitel.*

We intend to offer total solutions by combining the best from IT with the best from telecom fitting the customer's unique prerequisites. Flexibility and simplicity will make people choose us, stay with us and recommend us to others.

- *One step in this convergence between network and IT applications during the year was the launch of an application marketplace towards B2B-SME in several countries.*

To stay competitive, we have launched a transformation program in Sweden and Finland with the purpose of simplifying operations and transform legacy to create agility and cost efficiency.

The more sophisticated consumers' demands and the need to play a stronger role in society drive us to innovate by exploring new opportunities and venture into new services close to our core business. Streamed TV and music, financial services, e-healthcare solutions and internet of things are examples of areas where TeliaSonera widens the scope of its business and create growth. The equity based partnership with Spotify illustrates the exploration during the year. The healthcare initiative is a case in point of our own innovation creating business and contributing to a healthier and safer society.

BOARD OF DIRECTORS' REPORT

A NEW TELIASONERA IS TAKING SHAPE

For TeliaSonera, 2015 was a year of tough challenges and crucial decisions on the future direction of the company, but also one when we made several new exciting investments. We have taken important steps to achieve our vision to become a New Generation Telco.

The pace of digitalization continued to accelerate in 2015. This has an impact on us all. The influence of data transmission and data management will revolutionize large parts of society during the next few decades. While the possibilities are endless, this also put new demands on companies such as TeliaSonera. This trend is indeed in line with our strategic direction and TeliaSonera will continue to focus on the best connectivity and develop new services for our customers whilst we simultaneously invest in new initiatives in areas that supplement and strengthen our operations in our biggest markets.

During the year, we have chosen to clarify TeliaSonera's focus on its home markets in the Nordic and Baltic countries. Northern Europe is today one of the most connected regions in the world, and the mature markets are characterized by intense competition, high quality, and conscious customers. At the same time it is the region with the highest demand for new services and solutions.

We have strengthened our position in the Nordic and Baltic countries for example by combining TEO and Omnitel in Lithuania, and we have carried out a successful acquisition on the Norwegian market. We will continue to seek synergies on our markets and are positively disposed to the continuing consolidation trend.

We have deepened our cooperation with Spotify in order to improve knowledge transfer between the two companies. Innovative cooperation initiatives increase our attractiveness and allow us to offer our customers a more comprehensive service portfolio. We believe that this will make customers select us and stay with us, and allow us to provide more services to them.

When we made the decision to withdraw from the countries of region Eurasia over time, we passed a milestone in TeliaSonera's history. There were several parameters to take into account, and various interests and arguments to consider. TeliaSonera has felt a great responsibility to make fundamental changes in the operations in Eurasia. Extensive improvements have also been made during the recent years in areas related to human rights and anti-corruption. This has required major training efforts, new guidelines and frameworks, controls and conscious leadership, which have changed the culture from top to bottom, from inside to outside. It has taken time to implement the changes, but without them, the Board could not have decided to withdraw from the region over time.

It is possible to conduct business on problematic markets, and companies with a strong conviction and clear values are needed in these countries. However, this sets high requirements for internal rules, control and monitoring. Unfortunately, TeliaSonera once established itself on several of these markets in a way that is not in harmony with the company's present view of ethical and responsible business operations. The conclusion we have come to in the course of the work we have done shows clearly how important it is to act in the correct way from the very beginning, when entering new markets.

Now we can state that a new TeliaSonera is taking shape. In order to retain our competitiveness, we must be able to detect opportunities, develop our competence and cope with challenges as regards business models and investment needs. Such a setting is ideal for a strong-willed telecommunications operator wanting to break new ground.

On behalf of the Board of Directors, I wish to thank the shareholders for being entrusted with the task of leading TeliaSonera and all the employees for their great efforts during the year.

Marie Ehrling
Chair of the Board

"I wish to thank the shareholders for being entrusted with the task of leading TeliaSonera and all the employees for their great efforts during the year."

TeliaSonera reports its financial results by the two operating segments region Sweden and region Europe. The regions are country-based organizations, and for which certain financial information is reported. Collectively reported as Other operations are the international carrier operations, customer financing and dunning operations, TeliaSonera Holding, TeliaSonera's shareholdings in Russian MegaFon (25 percent) and Turkish Turkcell (38 percent) as well as Group functions. Group functions include Communications, Corporate Development (including M&A), Finance (including Procurement and Real Estate), Human Resources, Legal Affairs, Commercial and Technology (including IT), CEO Office, Ethics and Compliance Office and Internal Audit.

In this Report, prior periods have been restated to reflect the discovery of certain classification errors between net sales and cost of sales referring to supplier rebates in region Europe. Further, restatements impacting external service revenues in region Sweden and region Europe have been made to reflect a new product classification.

As of December 31, 2015, the former operating segment region Eurasia is classified as held for sale and discontinued operations and therefore not included in the segment information and presented as a single amount in the consolidated statements of comprehensive income. Assets and liabilities in region Eurasia are presented separately in two line items in the consolidated statement of financial position for 2015. The consolidated cash flow statements are presented including region Eurasia, but with additional information for certain line items. Where appropriate, comparative periods have been restated to reflect the exclusion of region Eurasia from continuing operations.

For additional information on restatements and classification, see Notes C1 and C34 to the consolidated financial statements.

In this Report, comparative figures are provided in parentheses following the operational and financial results and refer to the same item in the full year of 2014, unless otherwise stated.

GROUP DEVELOPMENT IN 2015

Financial highlights

- Region Eurasia is reported as held for sale and discontinued operations.
- Net sales in local currencies, excluding acquisitions and disposals, increased 2.4 percent. In reported currency, increased 6.7 percent to SEK 86,569 million (81,131). Service revenues in local currencies, excluding acquisitions and disposals, declined 0.4 percent.
- EBITDA, excluding non-recurring items, increased 0.1 percent in local currencies, excluding acquisitions and disposals. In reported currency, EBITDA, excluding non-recurring items, increased 3.8 percent to SEK 25,281 million (24,364). The EBITDA margin, excluding non-recurring items, declined to 29.2 percent (30.0).
- Operating income, excluding non-recurring items, decreased 5.4 percent to SEK 17,814 million (18,837).
- Total net income attributable to owners of the parent company decreased to SEK 8,551 million (14,502) and earnings per share to SEK 1.97 (3.35), mainly impacted by non-cash write-downs of SEK 7,200 million.

Significant events in 2015

Operations

On February 12, following the Norwegian Competition Authority approval, TeliaSonera acquired Tele2's Norwegian operations. In conjunction, TeliaSonera reiterated its ambition to provide 98 percent population coverage for 4G in Norway already in 2016 – two years ahead of the regulatory requirements.

TeliaSonera's strategic priorities include exploring opportunities close to the core. On March 3, TeliaSonera announced the issue of the 2015 edition of the Connected Things report, prepared by TeliaSonera and Arthur D. Little. The report states that the Nordic region is in pole position to capture IoT (internet of things) opportunities, driving business innovation and improving quality of life across the region and expects there will be close to four connected devices per person in the Nordics by 2018, totaling 102 million connected things. Advancements in connected cars, smart homes and digital healthcare are expected to help drive market growth for IoT solutions by 23 percent annually until 2018, reaching an approximate market value of EUR 9.1 billion.

On April 8, TeliaSonera announced that the European Commission had announced that it should open an in-

Financial highlights SEK in millions, except key ratios, per share data and changes	2015	2014	Change (%)
Net sales	86,569	81,131	6.7
Change (%) local organic	*2.4*		
of which service revenues (external)[1]	72,905	69,980	4.2
change (%) local organic	*-0.4*		
EBITDA[1] excluding non-recurring items[2]	25,281	24,364	3.8
Change (%) local organic	*0.1*		
Margin (%)	29.2	30.0	
Operating income excluding non-recurring items[2]	17,814	18,837	-5.4
Operating income	14,606	17,743	-17.7
Income after financial items	11,689	15,209	-23.1
Net income, continuing operations	9,532	12,219	-22.0
Net income, discontinued operations	673	3,379	-80.1
Total net income	10,205	15,599	-34.6
of which attributable to owners of the parent company	8,551	14,502	-41.0
Earnings per share, total (SEK)	1.97	3.35	-41.0
Earnings per share, continuing operations (SEK)	2.16	2.78	-22.3
Total free cash flow	16,550	13,046	26.9
of which from continuing operations	12,520	8,141	53.8
CAPEX excluding license and frequency fees	14,289	11,955	19.5

[1] See Definitions
[2] See section "Non-recurring items" for details

depth investigation into the proposed merger of TeliaSonera's and Telenor's Danish operations. On June 23, TeliaSonera announced that the Commission had taken the next step in the investigation into the proposed merger by addressing a "statement of objections" to the two companies. On September 11, TeliaSonera and Telenor announced the withdrawal of the proposed merger. The companies had not been able to agree with the Commission on acceptable conditions to go ahead with their plan to create a robust mobile operator in Denmark. On January 14, 2016, TeliaSonera announced that the 2015 results would be impacted by a non-cash goodwill impairment charge of SEK 1.9 billion related to the operations in Denmark.

On June 10, TeliaSonera announced that TeliaSonera and Spotify had decided to further boost co-operation following more than five years of successful partnership and TeliaSonera made an equity investment in Spotify of USD 115 million (SEK 976 million).

On September 17, TeliaSonera announced that it is not a long-term owner in region Eurasia. TeliaSonera will increase focus on its regions Europe and Sweden within the strategy of creating the new TeliaSonera. A process was initiated in order to reduce the presence in region Eurasia and over time fully leave. On December 21, TeliaSonera announced that it had agreed to sell its 60.4 percent ownership in the Nepalese operator Ncell to Axiata, one of Asia's largest telecommunication groups. Closing is expected during the first half of 2016. On January 14, 2016, TeliaSonera announced that region Eurasia would be reported as held for sale and discontinued operations as of December 31, 2015. It was also stated that the 2015 results would be impacted by a non-cash impairment charge of SEK 5.3 billion related to the operations in Uzbekistan.

On October 6, TeliaSonera announced that it had executed on its new strategic focus by combining its two Lithuanian subsidiaries. The fixed line operator TEO and the mobile operator Omnitel had decided to join forces, which strengthens TeliaSonera's core business in the Nordics and Baltics. On January 4, 2016, TEO announced that it had acquired all shares in Omnitel.

TeliaSonera's strategic priorities include to develop the core business in the Nordics and Baltics, among others involving superior connectivity. During the year, the fiber rollout continued in high pace. Region Sweden connected 150,000 Swedish households, which means a new connection every three to four minutes, every day, around the clock. In November, TeliaSonera launched 4G roaming in Latvia, which completed the rollout of 4G roaming in regions Sweden and Europe. 4G roaming is also available for customers travelling to most other parts of Europe, United States, Canada, China, Thailand and Japan. The traffic in the 4G network now carries more than 50 percent of the overall data roaming volumes abroad compared to 15 percent one year ago.

In addition to transactions mentioned above, TeliaSonera during 2015 made a number of targeted smaller acquisitions. See section "Acquisitions and divestitures" for further information on all transactions.

Associated companies

On March 25, TeliaSonera announced that TeliaSonera and the other shareholders in Turkcell Holding had agreed to propose to the General Assembly Meeting of Turkcell that the company distribute dividends totaling TRY 3,925 million for the fiscal years 2010-2014. The General Assembly Meeting of Turkcell was held on March 26, and the proposal was approved. TeliaSonera's share was SEK 4,722 million.

Apart from the General Assembly Meeting, no material changes took place in the corporate governance of Turkcell during the year, as a consequence of the continued deadlock between the shareholders Çukurova, LetterOne and TeliaSonera. The Turkcell Board of Directors consisted of seven independent members, all appointed by the Turkish Capital Markets Board (CMB). For information regarding certain disputes related to shares in Turkcell Holding, see Note C29 to the consolidated financial statements.

Board of Directors and Group Executive Management

On April 8, TeliaSonera announced that the ordinary members of the Board Marie Ehrling, Olli-Pekka Kallasvuo, Mats Jansson, Mikko Kosonen, Nina Linander, Martin Lorentzon, Per-Arne Sandström and Kersti Strandqvist were re-elected at the Annual General Meeting. Marie Ehrling was elected Chair of the Board and Olli-Pekka Kallasvuo was elected Vice-Chair of the Board.

During 2015, changes in TeliaSonera's Group Executive Management were as follows.

On June 25, it was announced that as of July 1, Hélène Barnekow would assume the position of Executive Vice President and Head of region Sweden, while Malin Frenning would assume a new role in Group Executive Management as Senior Vice President and Head of Technology and transformation. Sverker Hannervall left the company but remained as advisor during the notice period.

On September 28, it was announced that the group functions Group Commercial and Group Technology would be combined into a new unit. Malin Frenning left TeliaSonera and Emil Nilsson was appointed Head of region Eurasia.

On October 8, it was announced that Sören Abildgaard had been appointed acting Head of the combined Group Commercial-Group Technology unit and became a member of Group Executive Management. At the same date, TeliaSonera informed that Erik Hallberg had assumed a position as head of the new unit Global Businesses and left Group Executive Management.

Funding

In February, TeliaSonera in line with its funding strategy of diversification and increasing the duration of the debt portfolio, issued a bond of EUR 500 million in a 20 year deal maturing in February 2035, under its existing EUR 12 billion EMTN (Euro Medium Term Note) program. The Re-offer yield was set at 1.70 percent p.a. equivalent to Mid-swaps + 63 basis points.

During the year, some additional bonds denominated in JPY, SEK and NOK were issued under the EMTN program (see also section "Credit facilities").

Treasury shares

In April, TeliaSonera announced that the Board of Directors had decided to exercise the share buyback mandate given by the Annual General Meeting and that TeliaSonera had acquired 270,783 shares at an average price of SEK 51.7908 to cover commitments under its long term incentive program 2012/2015. For more information on TeliaSonera's incentive programs, see section "Long-term incentive program 2015/2018" and Note C31 to the consolidated financial statements.

Net sales

In the continuing operations, net sales increased 6.7 percent to SEK 86,569 million (81,131). Net sales in local currencies and excluding acquisitions and disposals increased 2.4 percent. The positive effect from exchange rate fluctuations was 1.1 percent and the positive effect of acquisitions and disposals was 3.2 percent. Service revenues in local currencies, excluding acquisitions and disposals, decreased 0.4 percent as growth in region Sweden mobile service revenues and fiber one-time charges was not enough to mitigate lower fixed service revenues, driven by fixed-line disconnects, and lower interconnect revenues across region Europe driven by changes in termination rates. Also contributing to the decline in service revenues were lower wholesale and roaming revenues in Estonia, and a lower prepaid customer base with lower ARPU in Spain, not fully compensated for by an increase in the postpaid customer base and ARPU.

Net sales SEK in millions	2015	2014	Change (SEK million)	Change (%), total	Change (%), of which local organic[1]	 M&A effects	 FX effects[2]
Region Sweden	37,336	36,456	880	2.4	2.0	0.4	0.0
Region Europe	43,730	39,667	4,063	10.2	2.7	6.1	1.4
Other operations	7,753	7,043	710	10.1	4.5	0.0	5.6
Elimination of internal sales	-2,249	-2,035	-214	10.5	n/a	n/a	n/a
Total, continuing operations	**86,569**	**81,131**	**5,438**	**6.7**	**2.4**	**3.2**	**1.1**

[1] In local currencies and excluding acquisitions and disposals (M&A effects)
[2] Effects of exchange rate fluctuations

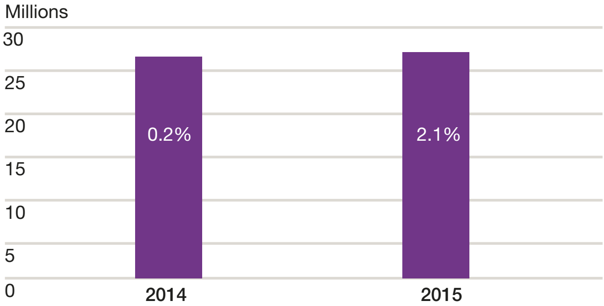
Operating expenses SEK in millions	2015	2014	Change (SEK million)	Change (%)
COGS	-36,002	-32,809	-3,193	9.7
of which goods and sub-contracting services purchased	-18,176	-16,606	-1,570	9.5
of which interconnect and roaming expenses	-9,113	-8,419	-695	8.3
of which other network expenses	-4,949	-4,784	-166	3.5
of which change in inventories	-3,763	-3,000	-763	25.4
Personnel expenses	-12,171	-11,248	-923	8.2
Marketing expenses	-4,847	-4,363	-485	11.1
Other expenses	-9,124	-8,632	-492	5.7
Subtotal	**-62,145**	**-57,051**	**-5,093**	**8.9**
Amortization, depreciation and impairment losses, total	-12,780	-10,276	-2,504	24.4
Other operating income and expenses, net[1]	-433	-628	194	-31.0
Total, continuing operations	**-75,358**	**-67,955**	**-7,403**	**10.9**

[1] Excluding amortization, depreciation and impairment losses

Subscription growth

The total number of subscriptions in the continuing operations increased by 0.6 million to 27 million, of which region Europe increased by 0.8 million to 17 million. Telephony subscriptions decreased by 0.2 million, while TV increased by 0.1 million and broadband subscriptions were flat.

SUBSCRIPTIONS (MILLIONS) AND CHANGE YEAR-ON-YEAR (%), CONTINUING OPERATIONS



Operating expenses

Net expense items affecting operating income in the continuing operations were as follows.

Cost of goods and services sold (COGS) was SEK 36,002 million (32,809) or equal to a 9.7 percent increase compared to 2014, impacted by the acquisition of Tele2 in Norway and also due to higher handset sales in Sweden, Finland and Spain and increased roaming expenses in region Europe.

Personnel expenses, in local currencies and excluding acquisitions and disposals, increased 4.9 percent compared to 2014, driven by most countries. In region Sweden, the higher personnel expenses was primarily due to salary inflation and increased social security costs for youths. In region Europe, Finland was the main driver of increased personnel expenses with salary inflation, increased headcount and pension costs as main drivers, partly offset by higher capitalized wages.

Marketing expenses, in local currencies and excluding acquisitions and disposals, increased 1.3 percent, mainly due to increased marketing activities in Sweden, partly offset by lower equipment subsidies and sales commissions in Spain. As for the other cost items, figures in reported SEK are impacted by the acquisition of Tele2 in Norway.

Amortization, depreciation and impairment losses increased 24.4 percent to SEK 12,780 million (10,276), mainly explained by impairment losses related to Denmark. Amortization and depreciation excluding non-recurring items increased 7.8 percent to SEK 10,880 million (10,094). In local currencies and excluding acquisitions and disposals, there was a 1.8 percent increase.

Other operating income and expenses, net excluding amortization, depreciation and impairment losses, was SEK -433 million (-628).

Non-recurring items

Non-recurring items affecting operating income in the continuing operations totaled SEK -3,208 million (-1,093) and were mainly related to a non-cash goodwill impairment charge in Denmark, costs in relation to the acquisition and integration of Tele2 in Norway and restructuring charges in connection with cost-reduction initiatives.

Earnings

In the continuing operations, EBITDA, excluding non-recurring items, increased 3.8 percent to SEK 25,281 million (24,364). In local currencies and excluding acquisitions and disposals, EBITDA, excluding non-recurring items, increased 0.1 percent. EBITDA in regions Sweden and Europe decreased slightly, mainly due to continued drop in fixed telephony revenues as well as increased marketing efforts and higher personnel expenses not fully compensated for by increases in mobile billed revenues and fiber one-time charges. Other operations contributed positively, primarily due to good cost control. The EBTIDA margin, excluding non-recurring items, fell to 29.2 percent (30.0).

In the continuing operations, operating income, excluding non-recurring items, decreased 5.4 percent to SEK 17,814 million (18,837), mainly due to lower income from associ-

Non-recurring items SEK in millions	2015	2014
Within EBITDA	**-1,289**	**-912**
Restructuring charges, synergy implementation costs, etc.:		
Region Sweden	-495	-354
Region Europe	-615	-204
Other operations	-194	-246
Capital gains/losses	14	-107
Within Amortization, depreciation and impairment losses	**-1,900**	**-182**
Impairment losses, accelerated depreciation:		
Region Sweden	–	-29
Region Europe	-1,900	-152
Other operations	–	-1
Within Income from associated companies and joint ventures	**-19**	**–**
Capital gains/losses	-19	–
Total, continuing operations	**-3,208**	**-1,093**

EBITDA excluding non-recurring items SEK in millions	2015	2014	Change (SEK million)	Change (%)
Region Sweden	14,267	14,311	-44	-0.3
Region Europe	10,584	9,772	812	8.3
Other operations	430	282	148	52.5
Eliminations	0	0	0	
Total, continuing operations	**25,281**	**24,364**	**917**	**3.8**

Operating income excluding non-recurring items SEK in millions	2015	2014	Change (SEK million)	Change (%)
Region Sweden	9,797	10,130	-332	-3.3
Region Europe	4,875	4,759	116	2.4
Other operations	3,141	3,948	-807	-20.4
Eliminations	0	0	0	
Total, continuing operations	**17,814**	**18,837**	**-1,023**	**-5.4**

ated companies and higher depreciation and amortization which more than offset the EBITDA increase. The lower income from associated companies was mainly explained by negative foreign exchange rate effects. The operating margin, excluding income from associated companies and non-recurring items affecting operating income, was 16.7 percent (17.6).

Financial net, taxes and non-controlling interests

In the continuing operations, these items were as follows.

Financial net decreased to SEK -2,917 million (-2,535), primarily impacted by foreign exchange rate effects and decreased interest revenues.

Income taxes decreased to SEK -2,157 million (-2,989). The effective tax rate was 18.5 percent (19.7), affected by an intra-group restructuring resulting in a revaluation and one-off effect of the withholding tax provision and a decrease of the deferred tax liability.

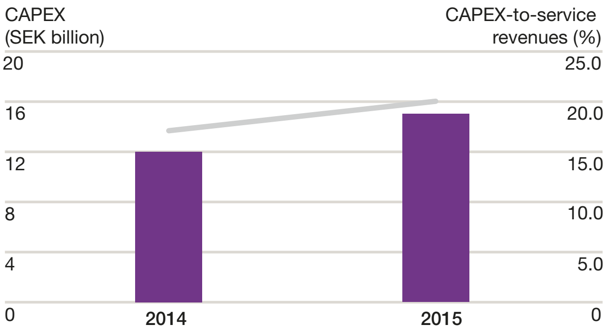
Net income attributable to non-controlling interests in subsidiaries was flat versus last year at SEK 170 million (170), fully related to region Europe.

Net income attributable to owners of the parent company decreased 22.3 percent to SEK 9,362 million (12,050) and earnings per share to SEK 2.16 (2.78).

CAPEX

In the continuing operations, capital expenditures (CAPEX) increased to SEK 14,595 million (11,955) and the CAPEX-to-service revenues ratio to 20.0 percent (17.1). Main CAPEX components were investments in fiber roll-out in Sweden, accelerated roll out of 4G in Norway to meet regulatory requirements after the Tele2 acquisition and investments in 4G coverage in Finland. Further, telecom licenses and frequency permits were acquired in Norway. CAPEX, excluding license and frequency fees, amounted to SEK 14,289 million (11,955) and the CAPEX-to-service revenues ratio was 19.6 percent (17.1).

CAPEX AND CAPEX-TO-SERVICE REVENUES, CONTINUING OPERATIONS



Discontinued operations

Region Eurasia, formerly reported as a segment, is classified as discontinued operations as of December 31, 2015. Consequently, information on region Eurasia is presented on an aggregated level. For additional information on discontinued operations, see Note C34 to the consolidated financial statements.

Discontinued operations SEK in millions, except margins and changes	2015	2014	Change (%)
Net sales (external)	20,742	19,759	5.0
EBITDA excluding non-recurring items	11,035	10,859	1.6
Margin (%)	53.2	55.0	
CAPEX	4,195	4,724	-11.2
CAPEX excluding license and frequency fees	3,784	3,370	12.3

Net sales increased 5.0 percent in reported currency to SEK 20,742 million (19,759), in most markets due to foreign exchange rate fluctuations.

EBITDA, excluding non-recurring items, increased to SEK 11,035 million (10,859). The EBITDA margin, excluding non-recurring items, declined to 53.2 percent (55.0).

Non-recurring items affecting operating income was SEK -5,772 million (-2,883) primarily related to the SEK 5,300 million non-cash impairment charge of goodwill and other fixed assets in the Uzbekistan operations.

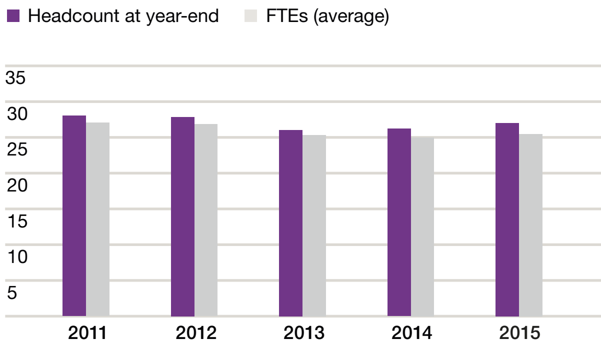
Net income was SEK 673 million (3,379), impacted by the non-cash impairment charge related to Uzbekistan.

CAPEX decreased to SEK 4,195 million (4,724) and CAPEX, excluding license and frequency fees, increased to SEK 3,784 million (3,370).

Human resources

In 2015, the total number of employees increased from 26,166 to 26,895 at year-end. The number of employees in the continuing operations increased by 2.1 percent to 21,342 (20,893). Business combinations in 2015 added 495 employees, the major part of which from the acquisition of Tele2 in Norway.

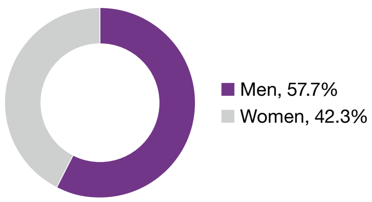
EMPLOYEES, TOTAL (THOUSANDS)



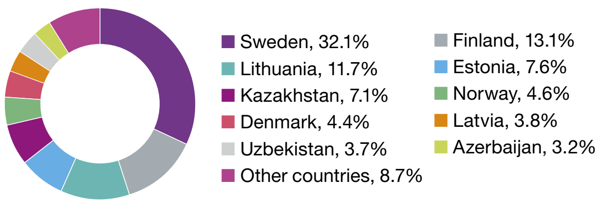
The total average number of full-time employees in 2015 was 25,450 (24,973), of which in continuing operations 20,036 (19,944). In total, operations were conducted in 29 countries (29), of which continuing operations in 21 countries (21). See also Note C31 to the consolidated financial statements.

EMPLOYEES, TOTAL (FTEs, %)

BY GENDER



BY COUNTRY



For additional information on employees and labor practices, see Occupational health and safety and GRI Index, section "Labor practices and decent work."

Financial position SEK in millions	2015	2014	Change (SEK million)	Change (%)
Goodwill and other intangible assets	67,933	86,161	-18,228	-21.2
Property, plant and equipment	55,093	69,669	-14,576	-20.9
Financial and other non-current assets	50,823	54,592	-3,769	-6.9
Total non-current assets	**173,850**	**210,422**	**-36,572**	**-17.4**
Current assets	29,708	32,909	-3,201	-9.7
Cash and cash equivalents	14,647	28,735	-14,088	-49.0
Assets held for sale	35,812	–	35,812	
Total current assets	**80,167**	**61,644**	**18,523**	**30.0**
Total assets	**254,017**	**272,066**	**-18,049**	**-6.6**
Total equity	102,202	116,364	-14,162	-12.2
Borrowings	100,983	101,489	-506	-0.5
Provisions and other liabilities	39,234	54,213	-14,979	-27.6
Liabilities directly associated with assets held for sale	11,598	–	11,598	
Total equity and liabilities	**254,017**	**272,066**	**-18,049**	**-6.6**

FINANCIAL POSITION, CAPITAL RESOURCES AND LIQUIDITY

Financial position

As of December 31, 2015, region Eurasia, formerly reported as a segment, is classified as held for sale. The region's assets and liabilities are therefore presented in two separate line items for 2015. The comparative year 2014 has not been restated.

The financial position remained stable year-on-year. Exchange rate changes contributed to volume decline in reported currency.

Goodwill in the continuing operations amounted to SEK 54.9 billion. The acquisition of Tele2's operations in Norway added SEK 1.7 billion, while an impairment charge of SEK 1.9 billion related to Danish operations reduced goodwill. Exchange rate differences were negative. Other intangible assets totaled SEK 13.0 billion, impacted by investments of SEK 2.9 billion following the Tele2 acquisition in Norway, amortization of SEK 2.5 billion and negative currency effects.

Property, plant and equipment, totaling SEK 55.1 billion in the continuing operations, increased through CAPEX (capital expenditures) totaling SEK 12.3 billion and decreased due to depreciation and impairment losses amounting to SEK 8.3 billion. The effects from exchange rate differences were negative.

Financial and other non-current assets comprise investments in associated companies and joint ventures, deferred tax assets, pension obligation assets and other assets, mainly long-term interest-bearing receivables.

The carrying value of associated companies and joint ventures in the continuing operations was SEK 23.3 billion, of which the carrying values of Russian MegaFon and Turkish Turkcell were SEK 4.6 billion and SEK 17.7 billion, respectively. Share of net income in the associates and joint ventures amounting to SEK 3.4 billion added value, offset by dividends received from the companies, in total SEK 6.9 billion, and transactions with non-controlling interests within the Turkcell group of SEK 1.2 billion. Currency effects were negative at SEK 4.6 billion, almost entirely due to the depreciation of the the Turkish lira.

In the continuing operations, deferred tax assets decreased, mainly due to utilization of temporary differences concerning the Finnish operations. Deferred tax liabilities (included in Provisions) increased, largely as a result of negative changes in temporary differences related to pension obligations. All in all, the net deferred tax liability in the continuing operations was SEK 5.6 billion at year-end 2015.

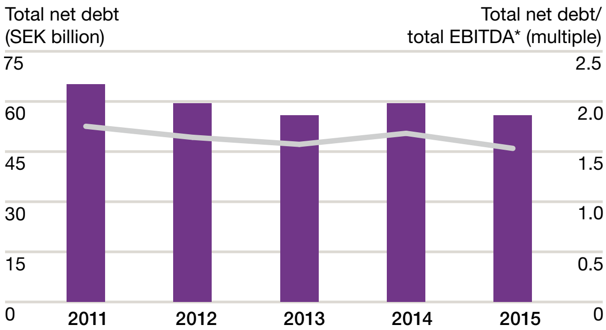
Total long-term interest-bearing receivables increased to SEK 16.4 billion (14.3), mainly as a result of using surplus cash to invest in bonds and derivative instruments. At year-end 2014, other non-current and current assets included a receivable on AF Telecom, totaling SEK 4.9 billion, representing the two remaining installments of the deferred consideration for the 2012 sale of shares in the associated company OAO Telecominvest in Russia. In 2015, TeliaSonera received payments for both installments.

In the continuing operations, net working capital (inventories and non-interest-bearing receivables, less non-interest-bearing liabilities and excluding foreign exchange rate derivatives and accrued interest) ended at SEK -1.6 billion.

Total equity decreased 12.2 percent to SEK 102.2 billion (116.4). Total shareholders' equity fell to SEK 97.9 billion (111.4), negatively impacted by dividends of SEK 13.0 billion and currency effects of SEK 11.5 billion. Net income of SEK 8.6 billion and remeasurement effects on pension obligations net amounting to SEK 3.4 billion had a positive impact. Total equity attributable to non-controlling interests decreased to SEK 4.3 billion (5.0). Net income added SEK 1.7 billion, while currency effects and dividends during the year affected negatively by SEK 1.4 billion and SEK 0.8 billion, respectively.

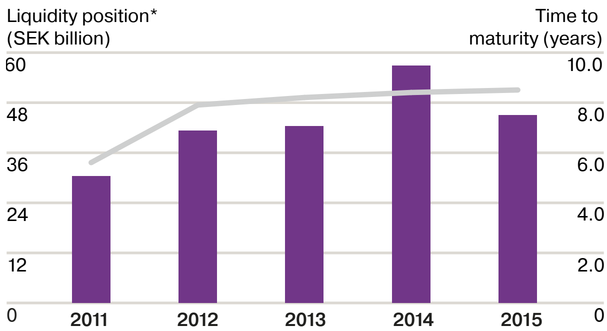
In 2015, rising yields on mortgage bonds, used as reference rates when discounting pension obligations, resulted in remeasurement effects reducing the present value of pension obligations in the continuing operations. At year-end 2014, assets in overfunded pension plans (reported in Financial assets) fell short of liabilities in the underfunded plans (included in Provisions), leading to a total net pension obligation liability of SEK 3.2 billion, while at year-end 2015,

TOTAL NET DEBT AND TOTAL NET DEBT/ TOTAL EBITDA*



* Excluding non-recurring items

LIQUIDITY POSITION* AND TIME TO MATURITY OF THE DEBT PORTFOLIO



* Liquidity position: Surplus liquidity plus available unutilized amounts under committed credit facilities. 2015 refers to the continuing operations; the other years to the whole group.

a total net pension obligation asset of SEK 1.9 billion was reported, of which liabilities in underfunded plans SEK 1.8 billion and assets in overfunded plans SEK 3.7 billion.

Total gross borrowings in the continuing operations decreased slightly, with a relative shift towards long-term borrowings amounting to SEK 91.6 billion. Short-term borrowings were SEK 9.3 billion. Cash and cash equivalents decreased to SEK 14.6 billion, impacted by a SEK 2.5 billion shift of the terms of short-term investments towards maturities over 3 months (reported in Current assets) and a SEK 4.1 billion increase in investments in securities convertible to cash within 2 days but with formal maturities over 12 months (included in Financial non-current assets).

Total net debt declined from SEK 59.3 billion to SEK 55.7 billion. The total equity/assets ratio, adjusted for the proposed dividend, decreased to 35.1 percent (38.0). The total net debt/EBITDA rate declined to 1.53 (1.68) and the total net debt/equity ratio increased to 62.5 percent (57.4).

See Consolidated statements of financial position, Consolidated statements of changes in equity and related notes to the consolidated financial statements for further details.

Assets and liabilities in discontinued operations

Region Eurasia, formerly reported as a segment, is classified as held for sale and discontinued operations as of December 31, 2015. Net assets amounted to SEK 24,214 million. In aggregate, assets classified as held for sale and liabilities directly associated with assets classified as held for sale in the discontinued operations were as follows.

Assets and liabilities, discontinued operations SEK in millions	2015
Goodwill and other intangible assets	10,821
Property, plant and equipment	10,379
Other non-current and current assets	3,925
Cash and cash equivalents	10,687
Total assets	**35,812**
Borrowings	1,468
Provisions and other liabilities	10,131
Total liabilities	**11,598**

For additional information on assets held for sale and discontinued operations, see Note C34 to the consolidated financial statements.

Credit facilities

TeliaSonera believes that its bank credit facilities and open-market financing programs are sufficient for the present liquidity requirements. In the continuing operations, TeliaSonera's surplus liquidity (short-term investments, cash and bank, and certain securities with maturities exceeding

DEBT PORTFOLIO MATURITY SCHEDULE – 2016 AND ONWARDS

12 months but convertible to cash within 2 days) totaled SEK 28.7 billion at year-end. In addition, the total available unutilized amount under committed bank credit facilities as well as overdraft and short-term credit facilities at year-end was SEK 16.2 billion.

TeliaSonera AB retained its good credit ratings. In February 2016, Moody´s Investors Service confirmed its Prime-2 rating for short-term borrowings and announced that it had placed its A3 rating for long-term borrowings on review for downgrade. In March 2016, Standard & Poor's Ratings Services confirmed its rating of A- for long-term borrowings and A-2 for short-term borrowings with a stable outlook.

TeliaSonera generally seeks to arrange its financing through the parent company TeliaSonera AB. The primary means of external borrowing are described in Notes C20 and C26 to the consolidated financial statements. In 2015, TeliaSonera AB issued some SEK 7.8 billion equivalent in the debt capital markets under its EMTN (Euro Medium Term Note) program. The new funding was denominated in EUR, JPY, SEK and NOK and issued on a long-term basis. At year-end, the average time to maturity of TeliaSonera AB's overall debt portfolio was approximately 8.5 years.

At the end of 2015, TeliaSonera AB had no Commercial Papers outstanding.

Cash flow

Cash flow from operating activities increased to SEK 35.2 billion (29.3), largely due to the dividend from Turkcell of SEK 4.7 billion net of taxes. Increased cash inflow from underlying operations and lower net interest payments by SEK 1.0 billion contributed positively. Cash flow generation from changes in working capital was negative at SEK 0.9 billion (negative 0.1).

Cash CAPEX (cash used in capital expenditures) increased by SEK 2.5 billion, mainly driven by payments for fiber and 4G build-out. In total, free cash flow (cash flow from operating activities less cash CAPEX) increased to SEK 16.6 billion (13.0). In the continuing operations, free cash flow was SEK 12.5 billion (8.1).

Cash outflow from other investing activities, totaling SEK 10.3 billion (5.8), consists of acquisitions and disposals, changes in loans receivable and in short term investments, and repayments from or additional contributions to pension funds. Cash paid for acquisitions was SEK 6.2 billion (1.1), while cash received for divesting equity instruments and other assets was SEK 4.9 billion (2.2). In 2015, no compensation was paid from the Swedish pension fund (SEK 0.4 billion). Net cash used for granting loans was SEK 10.5 billion (5.0) and cash inflow from net changes in short-term investments SEK 1.6 billion (outflow 2.2).

Cash outflow from financing activities in 2015, totaling SEK 9.6 billion (10.3), included dividends paid to shareholders of the parent company of SEK 13.0 billion (13.0) and to non-controlling interests of SEK 0.8 billion (1.1). Cash paid for acquired non-controlling interests was SEK 0.4 billion (–). Net inflow from new and repaid borrowings amounted to SEK 4.1 billion (2.7). Settlement of hedging activities was positive at SEK 0.5 billion (1.2).

See Consolidated statements of cash flows and related notes to the consolidated financial statements for further details.

OUTLOOK FOR 2016

The ambition is to maintain EBITDA from continuing operations, excluding non-recurring items, in local currencies, excluding acquisitions and disposals, at the same level as in 2015.

2016 is the peak year of the increased investments in fiber, mobile coverage and transformation. CAPEX for continuing operations, excluding license and spectrum fees, is expected to be SEK 14-15 billion. Currency fluctuations may impact the reported number in Swedish krona.

Dividend policy

TeliaSonera intends to distribute a minimum of 80 percent of free cash flow based on the pro forma group structure excluding region Eurasia.

For the fiscal year 2016, to be paid in 2017, the ambition is to distribute a minimum of SEK 2 per share.

The dividend should be split into two equal tranches to be

Cash flow SEK in millions	2015	2014	Change (SEK million)	Change (%)
Cash flow from operating activities	35,249	29,252	5,997	20.5
Cash CAPEX	-18,699	-16,206	-2,493	15.4
Free cash flow	**16,550**	**13,046**	**3,504**	**26.9**
of which continuing operations	12,520	8,141	4,379	53.8
Cash flow from other investing activities	-10,285	-5,774	-4,511	78.1
Cash flow before financing activities	**6,264**	**7,272**	**-1,008**	**-13.9**
Cash flow from financing activities	-9,628	-10,269	641	-6.2
Cash and cash equivalents, opening balance	**28,735**	**31,355**	**-2,620**	**-8.4**
Net cash flow for the period	**-3,363**	**-2,997**	**-366**	**12.2**
of which continuing operations	-7,082	-6,847	-235	3.4
Exchange rate differences	-38	377	-415	
Cash and cash equivalents, closing balance	**25,334**	**28,735**	**-3,401**	**-11.8**
of which continuing operations	14,647	21,627	-6,980	-32.3

distributed in the second and fourth quarter, respectively.

The company shall continue to target a solid investment grade long-term credit rating (A- to BBB+).

The company targets a leverage corresponding to net debt/EBITDA of 2x plus/minus 0.5x.

TELIASONERA SHARE

The TeliaSonera share is listed on Nasdaq Stockholm and Helsinki. In 2015, the share price in Stockholm declined 16 percent, to SEK 42.19. During the same period, the OMX Stockholm 30 Index declined 1 percent and the STOXX 600 Telecommunications Index rose 9 percent.

At year-end 2015, TeliaSonera's market capitalization was SEK 182.7 billion. Besides Nasdaq Stockholm and Helsinki, the share was traded at other platforms with the major trading volumes on BATS Chi-X.

Holdings outside Sweden and Finland increased from 28.8 percent to 35.1 percent, primarily in the U.S. TeliaSonera had 515,437 shareholders at year-end, of which one shareholder held more than 10 percent of the shares and votes: the Swedish State with 37.3 percent. No other shareholder held more than 5 percent of the shares and votes.

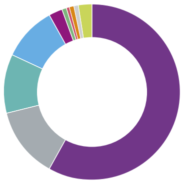
SHAREHOLDER STRUCTURE, DECEMBER 31, 2015

Number of shares	Number of share-holders	Number of issued shares	Percent of issued shares/votes
1 – 500	416,654	74,834,079	1.73
501 – 1,000	38,320	30,473,453	0.70
1,001 – 5,000	47,102	108,117,453	2.50
5,001 – 10,000	6,989	52,195,264	1.21
10,001 – 15,000	1,908	23,861,895	0.55
15,001 – 20,000	1,157	21,115,409	0.49
20,001 –	3,307	4,019,487,228	92.83
Total, issued shares	**515,437**	**4,330,084,781**	**100.00**

MAJOR SHAREHOLDERS, DECEMBER 31, 2015

Shareholder	Number of issued shares	Percent of issued shares/votes
Swedish State	1,614,513,748	37.3
Solidium Oy	137,123,642	3.2
Capital Group Funds	103,664,983	2.4
AMF Insurance & Funds	53,070,108	1.2
Swedbank Robur Funds	38,789,253	0.9
Bank of Norway	38,187,152	0.9
Nordea Funds	37,210,695	0.8
SHB Funds	36,441,314	0.8
SEB Funds	34,004,257	0.8
iShares	33,157,879	0.8
Total other shareholders	2,203,917,162	50.9
Total, outstanding shares	**4,330,080,193**	**100.0**
TeliaSonera AB, treasury shares	4,588	0.0
Total, issued shares	**4,330,084,781**	**100.0**

SHAREHOLDINGS BY COUNTRY, DECEMBER 31, 2015 (% OF TOTAL NUMBER OF SHARES)



Quarterly updated shareholder information is available at: www.teliasonera.com/Shareholdings (Information on the TeliaSonera website does not form part of this Report)

Share data	2015	2014
Paid at year-end (SEK)	42.19	50.40
Highest paid during the year (SEK)	55.65	53.20
Lowest paid during the year (SEK)	40.05	44.32
Number of shares at year-end (millions)	4,330.1	4,330.1
Number of shareholders at year-end	515,437	510,566
Earnings per share, total (SEK)	1.97	3.35
Earnings per share, continuing operations (SEK)	2.16	2.78
Dividend per share (SEK)[1]	3.00	3.00
Pay-out ratio (%)[1]	151.9	89.6
Equity per share (SEK)	22.61	25.72

[1] For 2015 as proposed by the Board of Directors
Sources: Euroclear Sweden and Modular Finance

As of December 31, 2015, TeliaSonera's issued share capital totaled SEK 13,856,271,299.20 distributed among 4,330,084,781 shares with a quotient value of SEK 3.20 per share. TeliaSonera held 4,588 treasury shares corresponding to SEK 14,681.60. For further information, see sections "Share capital" and "Treasury shares" in Note C19 to the consolidated financial statements. All issued shares have been paid in full and apart from treasury shares carry equal rights to vote and participate in the assets of the company. At the general meeting of shareholders, each shareholder is entitled to vote for the total number of shares she or he owns or represents. Each share is entitled to one vote. As of December 31, 2015, TeliaSonera's Finnish pension fund held 366,802 shares and its Finnish personnel fund 531,499 shares in the company, respectively, in total representing 0.02 percent of the outstanding shares.

There are no provisions in either the Swedish legislation or in TeliaSonera AB's Articles of Association that would limit the possibility to transfer TeliaSonera shares. TeliaSonera is not aware of any agreements between major shareholders of the company regarding the TeliaSonera shares.

The Board of Directors does not currently have any authorization by the general meeting of shareholders to issue new shares but has the authorization to repurchase a maximum of 10 percent of the company's total number of outstanding shares before the Annual General Meeting

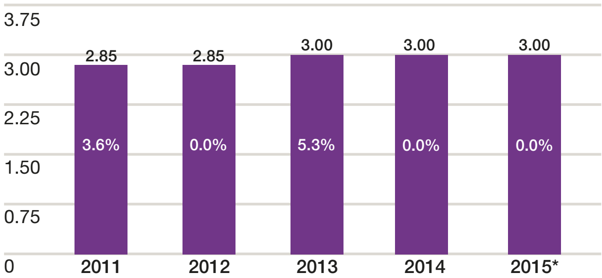
2016. In order to continue to provide the Board of Directors with an instrument to adapt and improve TeliaSonera's capital structure, the Board of Directors proposes that the Annual General Meeting on April 12, 2016, resolves to authorize the Board of Directors to acquire the company's own shares. The authorization may be exercised on one or more occasions before the Annual General Meeting 2017. The maximum number of treasury shares held by the company may not exceed 10 percent of all shares in the company.

In case of a change of control in TeliaSonera AB, the company might have to repay certain loans at short notice, since some of TeliaSonera's financing agreements contain customary change-of-control clauses. These clauses generally also contain other conditions including, for example, that the change of control has to cause a negative change in TeliaSonera's credit rating in order to be effective.

For 2015, the Board of Directors proposes to the Annual General Meeting (AGM) an ordinary dividend of SEK 3.00 (3.00), totaling SEK 12,990 million (12,990), or 152 percent (90) of total net income attributable to owners of the parent company. The dividend should be split and distributed into two equal tranches of SEK 1.50 each, one in April 2016 and one in October 2016. See also section "Proposed appropriation of earnings."

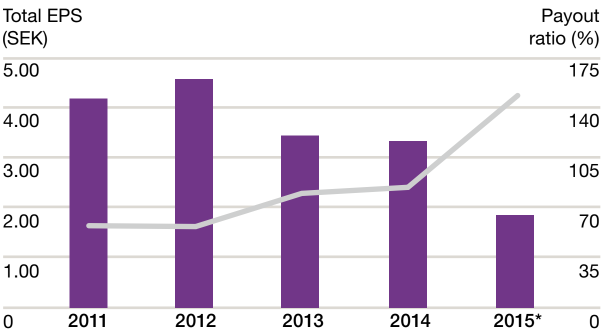
ORDINARY DIVIDEND PER SHARE AND CHANGE YEAR-ON-YEAR (%)

Dividend per share (SEK)



*For 2015 as proposed by the Board of Directors

TOTAL EARNINGS PER SHARE (EPS) AND PAY-OUT RATIO

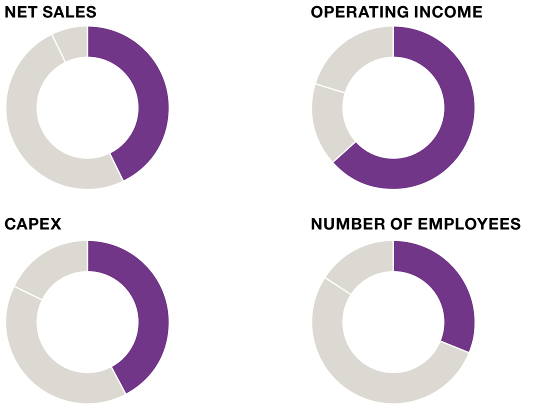


* Pay-out ratio for 2015 according to the Board of Directors' dividend proposal

REGION AND COUNTRY DEVELOPMENT IN 2015

Improved growth in consumer service revenues in region Sweden

SHARE OF GROUP TOTAL, CONTINUING OPERATIONS (%)



SEK in millions, except margins, operational data and changes	2015	2014	Change (%)
Net sales	37,336	36,456	2.4
Change (%) local organic	*2.0*		
of which service revenues (external)	32,194	31,927	0.8
change (%) local organic	*0.3*		
EBITDA excl. non-recurring items	14,267	14,311	-0.3
Margin (%)	38.2	39.3	
Income from associated companies and joint ventures	-20	-5	
Operating income excl. non-recurring items	9,797	10,130	-3.3
Operating income	9,284	9,746	-4.7
CAPEX excl. license and frequency fees	6,179	4,936	25.2
% of service revenues	19.2	15.5	
EBITDA excl. non-recurring items less CAPEX	8,088	9,375	-13.7
Subscriptions, period-end (thousands)			
Mobile	6,067	6,186	-1.9
Fixed telephony	1,896	2,054	-7.7
Broadband	1,306	1,275	2.4
TV	730	697	4.7
Employees, period-end	6,695	6,740	-0.7

Additional (unaudited) segment information available at www.teliasonera.com; see also the preamble to this Report for information on restated financial information.

In region Sweden, consumer demand for high-speed internet access remained strong. Fiber and 4G build-out continued at a high pace in line with the strategy to offer the best network connectivity. In the consumer segment, mobile billed revenues continued to grow with the launch of strong customer propositions. Offerings combining free voice and larger data buckets were launched and TeliaSonera was first in Sweden to release "Surfpott," where the customer can roll over unused data to future periods. Furthermore, the year ended with the launch of free roaming in the Nordics and Baltics for customers in Sweden. On the fixed service revenue side, there was a record number of new fiber connections and TeliaSonera's network now exceeds 1.3 million homes passed. The high-speed internet access further boosts subscription intake and ARPU growth within both broadband and TV, while the copper-based telephony services continued to decrease. The enterprise segment remained challenging with high price pressure and TeliaSonera strengthened its offerings to support performance in SME and SoHo (Small office/ Home office) with the release of a personal advisor.

Net sales excluding acquisitions and disposals increased 2.0 percent. Net sales in reported currency including acquisitions and disposals increased 2.4 percent to SEK 37,336 million (36,456). The positive effect of acquisitions and disposals was 0.4 percent. Service revenues, excluding acquisitions and disposals, increased 0.3 percent. Mobile service revenues increased 1.5 percent, including billed revenue growth of 1.3 percent, supported by strong consumer sales that more than compensated for the decline in the enterprise segment. Mobile ARPU increased, as did the postpaid subscriptions, however not enough to compensate for the decline in prepaid subscriptions. Fixed service revenues also showed a slightly positive growth of 0.1 percent, fueled by fiber one-time charges but also driven by the growing broadband and TV revenues. The number of broadband and TV subscriptions grew, as did their respective ARPUs.

EBITDA, excluding non-recurring items, decreased 0.3 percent to SEK 14,267 million (14,311) while EBITDA excluding non-recurring items, acquisitions and disposals decreased 0.5 percent. EBITDA experienced a slowdown in the rate of decline but was still burdened by the drop in copper-based telephony services as well as the raised social security expenses for youths, higher pension expenses and increased costs for marketing activities. On the positive side, increased mobile billed revenues as well as fiber one-time charges contributed positively. In addition, the equipment sales increased and the equipment margin improved. The EBITDA margin dropped to 38.2 percent (39.3).

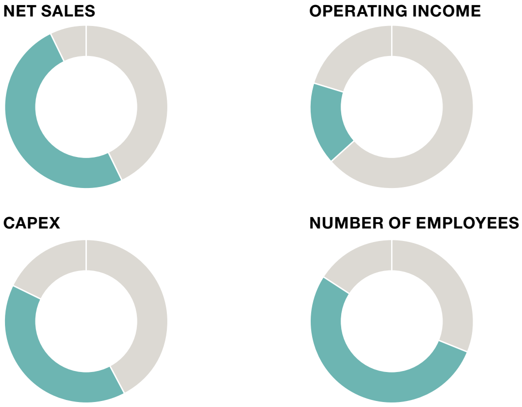
Operating income, excluding non-recurring items, decreased 3.3 percent to SEK 9,797 million (10,130). Non-recurring items reached SEK 514 million and was mainly related to restructuring charges.

CAPEX increased to SEK 6,179 million (4,936). No licenses and frequencies were acquired during the year.

The investments were primarily in fiber and 4G in order to increase coverage and increase capacity to be able to handle the customers' increased data consumption. Investments were also made in transformation, the modernization of TeliaSonera in order to continue the journey towards becoming a New Generation Telco.

Top line growth in region Europe

SHARE OF GROUP TOTAL, CONTINUING OPERATIONS (%)



SEK in millions, except margins, operational data and changes	2015	2014	Change (%)
Net sales	43,730	39,667	10.2
Change (%) local organic	*2.7*		
of which service revenues (external)	34,501	32,488	6.2
change (%) local organic	*-2.0*		
EBITDA excl. non-recurring items	10,584	9,772	8.3
Margin (%)	24.2	24.6	
Income from associated companies and joint ventures	119	108	9.9
Operating income excl. non-recurring items	4,875	4,759	2.4
Operating income	2,375	4,401	-46.0
CAPEX excl. license and frequency fees	5,517	4,699	17.4
% of service revenues	16.0	14.5	
EBITDA excl. non-recurring items less CAPEX	4,761	5,073	-6.2
Subscriptions, period-end (thousands)			
Mobile	13,914	13,166	5.7
Fixed telephony	942	980	-3.9
Broadband	1,283	1,268	1.2
TV	900	854	5.4
Employees, period-end	11,305	10,917	3.6

Additional (unaudited) segment information available at www.teliasonera.com; see also the preamble to this Report for information on restated financial information.

Market development during 2015 was, as in the previous year, focused on monetization of the growing data traffic. "Roam like home" was launched as a service in several markets. The number of mobile subscriptions continued to grow, with a continued shift from prepaid to postpaid. Among the fixed services, fiber-based services continued to increase but not enough to compensate for the decline in copper-based services. Price pressure continued primarily within the enterprise segment, most apparent in Finland and Denmark. In the beginning of the year, TeliaSonera acquired Tele2's Norwegian operations.

Net sales in local currencies, and excluding acquisitions and disposals increased 2.7 percent, as increased hardware sales compensated for the decline in service revenues. Net sales in reported currency increased 10.2 percent to SEK 43,730 million (39,667). The effect from exchange rate fluctuations was positive by 1.4 percent and the positive effect of acquisitions and disposals was 6.1 percent. Service revenues, in local currency and excluding acquisitions and disposals, decreased 2.0 percent, burdened by a decline in interconnect revenues in most markets.

EBITDA, excluding non-recurring items, increased to SEK 10,584 million (9,772) in reported currency, while the margin decreased to 24.2 percent from 24.6 percent, mainly due to unfavorable changes in the sales mix with a higher share of low-margin equipment sales in all countries. In local currencies and excluding acquisitions and disposals, EBITDA, excluding non-recurring items decreased 0.8 percent.

Operating income, excluding non-recurring items, increased 2.4 percent in reported currency. Non-recurring items in 2015 were mainly related to a non-cash goodwill impairment charge in Denmark, acquisition and integration costs in Norway and personnel restructuring. Operating income decreased 46.0 percent in reported currency, primarily due to the goodwill impairment charges related to Denmark.

CAPEX excluding license and frequency fees in local currencies increased 16.2 percent mainly driven by accelerated roll-out of 4G in Norway and 4G coverage roll-out in Finland.

Finland – Billed revenue increase

SEK in millions, except margins, operational data and changes	2015	2014	Change (%)
Net sales	13,279	12,905	2.9
Change (%) local organic	*0.0*		
of which service revenues (external)	11,065	11,082	-0.2
change (%) local organic	*-2.9*		
EBITDA excl. non-recurring items	3,945	3,925	0.5
Margin (%)	29.7	30.4	
Subscriptions, period-end (thousands)			
Mobile	3,306	3,281	0.8
Fixed telephony	80	99	-19.2
Broadband	527	561	-6.1
TV	486	481	1.0

Net sales in reported currency increased 2.9 percent to SEK 13,279 million (12,905), while being flat in local currency excluding acquisitions and disposals, as increased equipment sales offset the decline in service revenues. Service revenues declined 2.9 percent in local currency, excluding acquisitions and disposals, driven by lower mobile interconnect revenues and fixed service revenue. The mobile service revenue decline is explained by lower interconnect revenues together with a slight decrease in billed revenues in the enterprise segment. TV services grew 7.0 percent in local currency. Fixed broadband service revenues declined as competition from mobile services affected ARPU and the number of subscriptions.

The EBITDA margin, excluding non-recurring items, decreased slightly to 29.7 percent from 30.4 percent, affected by product-mix changes. In local currency, excluding acquisitions and disposals, EBITDA excluding non-recurring items decreased 2.2 percent.

During the year, the number of mobile and TV subscriptions grew by 25,000 and 5,000, respectively, while fixed voice and broadband decreased by 19,000 and 34,000, respectively, the latter due to competition from mobile offerings.

Norway – Supported by synergies

SEK in millions, except margins, operational data and changes	2015	2014	Change (%)
Net sales	9,165	6,864	33.5
Change (%) local organic	*4.9*		
of which service revenues (external)	7,556	5,655	33.6
change (%) local organic	*0.4*		
EBITDA excl. non-recurring items	2,761	2,130	29.6
Margin (%)	30.1	31.0	
Subscriptions, period-end (thousands)			
Mobile	2,311	1,517	52.4

Net sales in reported currency increased 33.5 percent to SEK 9,165 million (6,864), due to the acquisition of Tele2's operations. Service revenues increased 0.4 percent in local currency, excluding acquisitions and disposals. Mobile blended ARPU declined slightly, due to high price pressure in the enterprise segment. Increased equipment revenues more than compensated for the decline in ARPU which led to an increase in net sales by 4.9 percent compared to last year in local currency, excluding acquisitions and disposals.

The EBITDA margin, excluding non-recurring items, decreased from 31.0 percent to 30.1 percent, explained by increased marketing costs.

The number of mobile subscriptions increased by 794,000 during the year, impacted by the Tele2 acquisition.

Denmark – Continued subscription growth

SEK in millions, except margins, operational data and changes	2015	2014	Change (%)
Net sales	5,890	5,761	2.2
Change (%) local organic	*-0.4*		
of which service revenues (external)	4,247	4,272	-0.6
change (%) local organic	*-3.2*		
EBITDA excl. non-recurring items	743	771	-3.7
Margin (%)	12.6	13.4	
Subscriptions, period-end (thousands)			
Mobile	1,644	1,581	4.0
Fixed telephony	114	122	-6.6
Broadband	135	114	18.4
TV	28	20	40.0

Net sales in reported currency increased 2.2 percent to SEK 5,890 million (5,761). Service revenues decreased 3.2 percent in local currency, excluding acquisitions and disposals. Mobile service revenues dropped 4.3 percent despite growth in the subscription base, due to fierce price competition and regulated interconnect price decrease. Fixed broadband and TV revenues showed growth due to increasing subscription numbers.

The EBITDA margin, excluding non-recurring items, declined to 12.6 percent from 13.4 percent, negatively impacted by increased resource costs.

The number of mobile subscriptions increased by 63,000 during the year. Fixed telephony subscriptions decreased by 8,000, while broadband and TV subscriptions grew by 21,000 and 8,000, respectively.

Lithuania – TV subscription growth

SEK in millions, except margins, operational data and changes	2015	2014	Change (%)
Net sales	3,146	2,950	6.6
Change (%) local organic	*3.7*		
of which service revenues (external)	2,536	2,474	2.5
change (%) local organic	*-0.3*		
EBITDA excl. non-recurring items	1,051	1,012	3.9
Margin (%)	33.4	34.3	
Subscriptions, period-end (thousands)			
Mobile	1,327	1,378	-3.7
Fixed telephony	447	468	-4.5
Broadband	390	369	5.7
TV	212	187	13.4

Net sales in reported currency increased 6.6 percent to SEK 3,146 million (2,950). Service revenues decreased 0.3 percent in local currency, excluding acquisitions and disposals. Mobile service revenues increased 6.1 percent while fixed service revenues decreased 3.4 percent, the latter mainly driven by decline in fixed telephony. Mobile blended ARPU increased 13.4 percent due to a higher portion of postpaid subscriptions.

The EBITDA margin, excluding non-recurring items, decreased to 33.4 percent from 34.3 percent, partly due to a change in product mix, with an increased portion of low-margin equipment sales.

The number of mobile subscriptions decreased by 51,000 during the year, prepaid subscriptions declined while postpaid increased in line with the overall trend in the market. Fixed telephony subscriptions declined, while broadband subscriptions grew by 21,000 and TV subscriptions by 25,000.

Latvia – Increased service revenues

SEK in millions, except margins, operational data and changes	2015	2014	Change (%)
Net sales	1,660	1,458	13.8
Change (%) local organic	*10.7*		
of which service revenues (external)	1,188	1,132	5.0
change (%) local organic	*2.1*		
EBITDA excl. non-recurring items	548	454	20.6
Margin (%)	33.0	31.2	
Subscriptions, period-end (thousands)			
Mobile	1,119	1,097	2.0

Net sales in reported currency increased 13.8 percent to SEK 1,660 million (1,458). Service revenues increased 2.1 percent in local currency, excluding acquisitions and disposals. Billed revenues increased but not enough to fully compensate for the lower interconnect revenues, resulting in a decline of mobile service revenues. Mobile blended ARPU increased 1.9 percent due to a shift from prepaid to postpaid subscriptions with higher ARPU.

The EBITDA margin, excluding non-recurring items, increased to 33.0 percent from 31.2 percent, due to improved margin on equipment sales and higher billed revenues.

The number of mobile subscriptions increased by 22,000, as a decline of 34,000 in prepaid was more than offset by an increase of 55,000 in postpaid subscriptions.

Estonia – Pressure on service revenues and profitability

SEK in millions, except margins, operational data and changes	2015	2014	Change (%)
Net sales	2,692	2,630	2.4
Change (%) local organic	*-3.0*		
of which service revenues (external)	2,062	2,075	-0.6
change (%) local organic	*-6.0*		
EBITDA excl. non-recurring items	817	855	-4.5
Margin (%)	30.3	32.5	
Subscriptions, period-end (thousands)			
Mobile	863	841	2.6
Fixed telephony	301	291	3.4
Broadband	231	224	3.1
TV	174	166	4.8

Net sales in reported currency increased 2.4 percent to SEK 2,692 million (2,630). Service revenues declined 6.0 percent in local currency, excluding acquisitions and disposals. Mobile service revenues decreased 11.0 percent. The decline was driven by lower wholesale volumes and an interconnect price decrease, while billed revenues increased. Fixed service revenues declined since growth in broadband and TV services could not compensate for the decline in fixed telephony and other fixed service revenues. Mobile blended ARPU increased slightly following the increase of postpaid subscriptions with higher ARPU.

The EBITDA margin, excluding non-recurring items, decreased to 30.3 percent from 32.5 percent, mainly due to lower wholesale revenues.

The number of mobile subscriptions increased by 22,000 in postpaid. The number of TV subscriptions increased by 8,000 during the year.

Spain – Margin improvement

SEK in millions, except margins, operational data and changes	2015	2014	Change (%)
Net sales	7,992	7,392	8.1
Change (%) local organic	*5.2*		
of which service revenues (external)	5,847	5,799	0.8
change (%) local organic	*-1.9*		
EBITDA excl. non-recurring items	720	625	15.2
Margin (%)	9.0	8.5	
Subscriptions, period-end (thousands)			
Mobile	3,344	3,471	-3.6

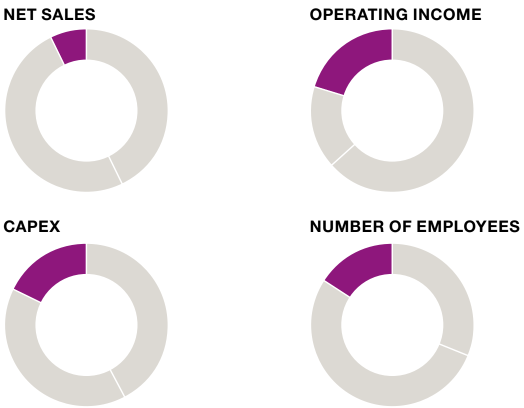
Net sales in reported currency increased 8.1 percent to SEK 7,992 million (7,392). Service revenues declined 1.9 percent in local currency, excluding acquisitions and disposals. Mobile blended ARPU remained flat despite a very competitive market, where prepaid subscriptions with low ARPU have been partly replaced by postpaid subscriptions with higher ARPU.

The EBITDA margin, excluding non-recurring items, increased to 9.0 percent from 8.5 percent.

The number of mobile subscriptions decreased by 127,000 during the year. Mobile prepaid subscriptions decreased by 219,000 while postpaid subscriptions grew by 92,000, due to the successful introduction of high-data-volume packages.

Other operations

SHARE OF GROUP TOTAL, CONTINUING OPERATIONS (%)



SEK in millions, except margins, operational data and changes	2015	2014	Change (%)
Net sales	7,753	7,043	10.1
Change (%) local organic	*4.5*		
of which International Carrier	6,631	5,964	11.2
EBITDA excl. non-recurring items	430	282	52.5
of which International Carrier	401	371	8.1
Margin (%)	5.5	4.0	
Income from associated companies and joint ventures	3,295	4,463	-26.2
of which Russia	1,413	2,247	-37.1
of which Turkey	1,894	2,213	-14.4
Operating income excl. non-recurring items	3,141	3,948	-20.4
Operating income	2,948	3,597	-18.0
CAPEX	2,593	2,317	11.9
Employees, period-end	3,342	3,236	3.3

Additional (unaudited) segment information available at www.teliasonera.com.

Net sales in local currencies and excluding acquisitions and disposals increased 4.5 percent. In reported currency, net sales increased 10.1 percent to SEK 7,753 million (7,043). The increase was mainly explained by higher service revenues in International Carrier.

EBITDA, excluding non-recurring items, increased to SEK 430 million (282). For International Carrier, EBITDA increased as a result of higher service revenues.

Income from associated companies decreased to SEK 3,295 million (4,463) as income from MegaFon and Turkcell declined due to negative effects from foreign exchange rate fluctuations.

Operating income declined to SEK 2,948 million (3,597), mainly due to lower income from associated companies.

CAPEX of SEK 2,593 million (2,317) were mainly related to group-common investments related to building and enhancing IT assets and developing the core network and platforms.

ACQUISITIONS AND DISPOSALS

In 2015, agreements involving subsidiaries, associated companies and other equity holdings were made as follows. For further information on business combinations, see Note C33 to the consolidated financial statements.

Date	Country	Comments
January 2, 2015	Sweden	TeliaSonera acquired all shares in the local open fiber network operator Transit Bredband AB.
February 12, 2015	Norway	On July 7, 2014, TeliaSonera announced that it had agreed to acquire Tele2’s operations in Norway, Tele2 Norge AS and Network Norway AS, at an enterprise value of SEK 5.1 billion on a cash and debt-free basis. TeliaSonera also committed itself to 98 percent population coverage for 4G by 2016, two years ahead of its obligations. The acquisition was subject to Norwegian competition authority approval. On February 5, 2015, TeliaSonera announced that the acquisition had been approved and the transaction closed on February 12, 2015. As part of the remedies provided in order to get the approval, the business customer base and the related marketing and sales organization of Network Norway was sold to ICE Communication Norge AS. In addition, TeliaSonera sold infrastructure to ICE. TeliaSonera and Tele2 had therefore agreed to adjust the enterprise value to SEK 4.5 billion on a cash and debt-free basis. At the same time, TeliaSonera reiterated its 4G coverage commitment.
May 4, 2015 and September 1, 2015	Sweden	TeliaSonera broadened its M2M (machine-to-machine) and IoT (internet of things) portfolio by acquiring a 30 percent ownership in Springworks AB.
June 4, 2015	Sweden	TeliaSonera acquired a close to 5 percent holding in Soundtrack your brand Sweden AB, a reseller of Spotify’s business-to-business music subscription streaming service.
June 8, 2015	Finland	TeliaSonera acquired all outstanding shares in ict-verstas Oy, providing managed services to business customers.
June 10, 2015	Luxembourg	TeliaSonera announced that TeliaSonera and Spotify had decided to further boost co-operation following more than five years of successful partnership and TeliaSonera made an equity investment of USD 115 million for a 1.4 percent holding in the parent company Spotify Technology S.A.
August 3, 2015	Estonia	TeliaSonera acquired all shares in Green IT OÜ, an IT device rental and asset management services company.
September 11, 2015	Denmark	On December 3, 2014, TeliaSonera announced that it had entered into an agreement with Telenor to merge the two companies’ Danish operations into a new joint venture in which the parties will own 50 percent each. The transaction required approval from the European Commission. On April 8, 2015, TeliaSonera announced that the Commission had announced that it should open an in-depth investigation into the proposed merger. On June 23, 2015, TeliaSonera and Telenor commented on the Commission Statement of Objections regarding the proposed merger. On September 11, 2015, TeliaSonera and Telenor announced the withdrawal of the proposed merger of their respective business units in Denmark. The companies had not been able to agree with the European Commission on acceptable conditions to go ahead with their plan to create a robust mobile operator.
October 5, 2015	Sweden	TeliaSonera acquired all shares in Växjö Support Center Försäljnings AB, a training and support company within mobility services for business customers.
December 21, 2015	Nepal	TeliaSonera announced that it had agreed to sell its 60.4 percent ownership in the Nepalese operator Ncell to Axiata, one of Asia’s largest telecommunication groups, for USD 1,030 million on a cash and debt free basis. At the same time, TeliaSonera should dissolve its economic interests in the 20 percent local ownership and receive approximately USD 48 million. The transactions are conditional on each other. Ncell had a net cash position of approximately USD 284 million, after purchase price adjustments, as of September 30, 2015, and TeliaSonera will be paid for the cash position at closing in proportion to its economic interest of 80.4 percent. The divestment, all transactions included, results in a positive net cash effect for TeliaSonera, corresponding to approximately SEK 7.5 billion after provisions, primarily related to tax. Closing is expected during the first half of 2016.
December 30, 2015	Denmark	DLG Tele I/S became a fully-owned subsidiary as TeliaSonera acquired another 50 percent share in the company.

LEGAL AND ADMINISTRATIVE PROCEEDINGS

In its normal course of business, TeliaSonera is involved in a number of legal proceedings. These proceedings primarily involve claims arising out of commercial law issues and matters relating to telecommunications regulations and competition law. For further information, see Note C29 to the consolidated financial statements, and Risks and uncertainties, particularly section "Review of Eurasian transactions."

INNOVATION, RESEARCH AND DEVELOPMENT

Innovation, research and development (R&D) activities are performed to ensure TeliaSonera's leading position in the telecom industry as well as to support competitive operations in the short and long term. During 2015, TeliaSonera continued its focus on reviving innovation.

Following more than five years of successful partnership, TeliaSonera and Spotify decided to further boost their co-operation. TeliaSonera joined forces with Spotify to take innovation to the next level, and both companies are committing resources, staff and other assets to ignite the joint innovation agenda within areas such as media distribution, customer insights, data analytics and advertising. The partnership should enable offering the customers the best possible experience of using TeliaSonera's services in their connected lifestyle, whenever and wherever they are.

TeliaSonera has also launched a partnership with Soundtrack Your Brand, the provider of the Spotify branded business-to-business music subscription streaming service. TeliaSonera started to offer Spotify Business™ to small business and enterprise customers in Sweden in January 2015.

As the first operator in the world, TeliaSonera is introducing a cloud based solution enabling high-end car features for the cars of today and tomorrow. Together with partners from the automotive and insurance industries, a combination of car-control functionalities, high-performance connectivity and value added services will be made available in the Nordic and Baltic countries, starting with Sweden in 2016. The end-user interface and the technical platform for Telia Sense are provided by Springworks, a pioneer in building smart human interfaces for internet of things applications. In 2015, TeliaSonera invested in Springworks in order to leverage the development of innovative services.

In the healthcare area, 2015 was another successful year for TeliaSonera. In Sweden, the Telia Healthcare organization scaled up, extended the vision and roadmap as well as speeded up product development. Among five ongoing initiatives, CareView and HomeCare started piloting during 2015. In Finland, the Sonera Healthcare organization was established, Sonera Care solution being tested and a few more pilots are in the pipeline.

Innovation efforts and focus have been further strengthened by the pooling of resources into the newly established organizational unit Purple+. As part of Global Business, Purple+ has the mission to identify, develop and test future service propositions across the whole group. Activities include exploring ideas for new revenue streams, typically targeting new business models, solutions and excellent customer experience. The Purple+ team work closely with partner companies, such as Spotify, and with potential customers to quickly iterate through the build-measure-learn cycle. The Purple+ unit is located at Epicenter, Stockholm's first House of Innovation at the heart of the city and Sweden's digital landscape.

As of December 31, 2015, TeliaSonera had 320 patent "families" and 1,950 patents and patent applications, none of which, individually, is material to its business. In 2015, TeliaSonera has intentionally abandoned over 60 patent families which cover outdated solutions or otherwise the value of the patent family is reduced.

In the continuing operations, TeliaSonera in 2015 incurred R&D expenses of SEK 147 million (228).

ENVIRONMENT

TeliaSonera is committed to environmental responsibility. The work is guided by the group's environmental policy, which also covers majority-owned subsidiaries. As a minimum, TeliaSonera companies shall comply with local legal requirements wherever they operate. TeliaSonera in Sweden does not conduct any operations subject to environmental permits from authorities according to the Swedish Environmental Code, Chapter 9.

For additional information on environmental targets and other initiatives, see Environmental responsibility.

REMUNERATION TO EXECUTIVE MANAGEMENT

Proposed remuneration principles for Group Executive Management 2016

The Board of Directors proposes that the Annual General Meeting on April 12, 2016, resolves on the following principles for remuneration to Group Executive Management. Group Executive Management is defined as the President and the other members of the Management Team.

Objective of the principles

The objective of the principles is to ensure that the company can attract and retain the best people in order to support the purpose and strategy of the company. Remuneration to Group Executive Management should be built on a total reward approach and be market relevant, but not leading. The remuneration principles should enable international hiring and should support diversity within Group Executive Management. The market comparison should be made against a set of peer group companies with comparable sizes, industries and complexity. The total reward approach should consist of fixed salary, pension benefits, conditions for notice and severance pay and other benefits.

Fixed salary

The fixed salary of a Group Executive Management member should be based on competence, responsibility and performance. The company uses an international evaluation system in order to evaluate the scope and responsibility of the position. Market benchmark is conducted on a regular basis. The individual performance is monitored and used as a basis for annual reviews of fixed salaries.

Pension

Pension and retirement benefits should be based on a defined contribution model, which means that a premium is paid amounting to a certain percentage of the individual's annual salary. When deciding the size of the premium, the level of total remuneration should be considered. The level of contribution should be benchmarked and may vary due to the composition of fixed salary and pension. The retirement age is normally 65 years of age.

Other benefits

The company provides other benefits in accordance with market practice. A Group Executive Management member may be entitled to a company car, health and care provisions, etc. Internationally hired Group Executive Management members and those who are asked to move to another country can be offered mobility related benefits for a limited period of time.

Notice of termination and severance pay

The termination period for a Group Executive Management member may be up to six (6) months (twelve (12) months for the President) when given by the employee and up to twelve (12) months when given by the company. In case the termination is given by the company the individual may be entitled to a severance payment up to twelve (12) months. Severance pay shall not constitute a basis for calculation of vacation pay or pension benefits. Termination and severance pay will also be reduced if the individual will be entitled to pay from a new employment or if the individual will be conducting own business during the termination period or the severance period.

The Board of Directors may make minor deviations on an individual basis from the principles stated above. The 2015 remuneration policy is reproduced in Note C31 to the consolidated financial statements.

Long-term incentive program 2015/2018

The Annual General Meeting held on April 8, 2015, decided to launch a long-term incentive (LTI) program comprising approximately 200 key employees. This program is not available for the members of Group Executive Management. The LTI program should strengthen TeliaSonera's ability to recruit and retain talented key employees, create a long-term confidence in and commitment to the group's long-term development, strengthen the group's efforts to be more of a united company – "One Group," align key employees' interests with those of the shareholders, increase the part of the remuneration that is linked to the company's performance and encourage shareholding of key employees.

The LTI program rewards performance measured over a minimum period of 3 years, is capped to a maximum value of 60 percent of the annual base salary and is equity based (delivered in TeliaSonera shares with the ambition that the employees should remain shareholders also after vesting). A prerequisite for payout from the LTI program is the continuous employment at the end of the vesting period.

The LTI program measures performance over a 3-year period. Financial targets are earnings before interest, tax, depreciation and amortization (EBITDA) and total shareholder return (TSR). The final allotment of TeliaSonera shares will be based 50 percent on accumulated EBITDA and 50 percent on TSR compared to a corresponding TSR development of a pre-defined peer group of companies. The program may be repeated annually. Similar programs were launched in 2010-2014. The prevalence of an LTI program is subject to the approval of the Annual General Meeting.

For more information on TeliaSonera's LTI programs, see Note C31 to the consolidated financial statements.

PARENT COMPANY

The parent company TeliaSonera AB (Corporate Reg. No. 556103-4249), which is domiciled in Stockholm, comprises group executive management functions including the group's internal banking operations. The parent company has no foreign branches.

Net sales were unchanged at SEK 4 million (4), of which SEK 3 million (3) was billed to subsidiaries. Income before taxes increased to SEK 12,879 million (10,243) mainly driven by an improved financial net. Net income was SEK 11,685 million (10,012).

Total investments were SEK 8,013 million (4,314), mostly related to the acquisition of Tele2's Norwegian mobile operations and shares in Spotify Technology S.A. Cash and cash equivalents totaled SEK 13,558 million (20,379) at year-end. The balance sheet total was stable at SEK 223,213 million (221,300), Shareholders' equity was SEK 82,901 million (83,732), of which non-restricted equity SEK 67,190 million (68,021). The equity/assets ratio was 35.7 percent (36.0). Net debt increased to SEK 92,429 million (90,401).

As of December 31, 2015, the number of employees was 298 (264).

SIGNIFICANT EVENTS AFTER YEAR-END 2015

- On January 12, 2016, TeliaSonera announced that it had appointed Anders Olsson Chief Operating Officer and Head of Global Services and Operations in TeliaSonera and member of Group Executive Management.
- On January 13, 2016, TeliaSonera announced that the Nomination Committee presented the proposal to TeliaSonera's Annual General Meeting on April 12, 2016, regarding the election of members of the Board of Directors and Chair of the Board. The Nomination Committee proposed the re-election of all members of the Board of Directors, except for Mats Jansson, Per-Arne Sandström and Kersti Strandqvist who had declined re-election. Furthermore, the Nomination Committee proposed the election of Susanna Campbell, Anna Settman and Olaf Swantee as new members. The Nomination Committee proposed the re-election of Marie Ehrling as Chair of the Board and of Olli-Pekka Kallasvuo as Vice-Chair of the Board.
- On January 22, 2016, TeliaSonera announced that TeliaSonera and Ericsson had entered into a strategic partnership to let customers in Stockholm and Tallinn experience 5G services already in 2018. The collaboration is tapping into both companies' strengths in innovation and technology, as well as understanding of how ICT, digitization and connectivity affect consumers, business and society. The two companies will develop 5G user-cases and service scenarios, including both communication and IoT (internet of things) services with the purpose to explore new business opportunities. The partnership will bring 5G services to customers by combining the TeliaSonera network with Ericsson technology.

PROPOSED APPROPRIATION OF EARNINGS

At the disposal of the Annual General Meeting:

	SEK
Retained earnings	55,504,339,174
Net income	11,684,840,321
Total	**67,189,179,495**

The Board proposes that this sum be appropriated as follows:

	SEK
SEK 3.00 per share ordinary dividend to the shareholders	12,990,240,579
To be carried forward	54,198,938,916
Total	**67,189,179,495**

The dividend should be split and distributed into two equal tranches of SEK 1.50 each, one in April 2016 and one in October 2016.

The Board of Directors has, according to Chapter 18 Section 4 of the Swedish Companies Act, assessed whether the proposed dividend is justified. The Board of Directors assesses that:

- The parent company's restricted equity and the group's total equity attributable to the shareholders of the parent company, after the distribution of profits in accordance with the proposal, will be sufficient in relation to the scope of the parent company's and the group's business.
- The proposed dividend does not jeopardize the parent company's or the group's ability to make the investments that are considered necessary. The proposal is consistent with the established cash flow forecast under which the parent company and the group are expected to manage unexpected events and temporary variations in cash flows to a reasonable extent.

The full statement by the Board of Directors on the same will be included in the AGM documents.

AGM related documents are available at:
www.teliasonera.com/AGM
(Information on the TeliaSonera website does not form part of this Report)

RISKS AND UNCERTAINTIES

TeliaSonera operates in a broad range of geographical product and service markets in the highly competitive and regulated telecommunications industry. As a result, TeliaSonera is subject to a variety of risks and uncertainties. TeliaSonera has defined risk as anything that could have a material adverse effect on the achievement of TeliaSonera's goals. Risks can be threats, uncertainties or lost opportunities relating to TeliaSonera's current or future operations or activities.

TeliaSonera has an established risk management framework in place to regularly identify, analyze, assess, and report business, financial as well as ethics and sustainability related risks and uncertainties, and to mitigate such risks when appropriate. Risk management is an integrated part of TeliaSonera's business planning process and monitoring of business performance.

Set forth below is a description of factors that may affect TeliaSonera's business, brand perception, financial position, results of operations or the share price from time to time. For information on risk management, control environment and ongoing activities, see the Corporate Governance Statement and Sustainability Work.

TeliaSonera is also exposed to financial risks such as credit risk arising from default of counterparties, liquidity risk arising from its own default in meeting obligations associated with financial liabilities, currency risk arising from unfavorable foreign exchange rate fluctuations, interest rate risk arising from unfavorable interest rate changes, financing risk and pension obligation risk. Failure by TeliaSonera to effectively manage and hedge these financial risks would have a negative impact on its financial position, results of operations and cash flows. Information on financial risk management is presented in Note C26 to the consolidated financial statements.

INDUSTRY AND MARKET CONDITIONS

Global financial markets unrest

Changes in the global financial markets are difficult to predict. TeliaSonera strives to have a strong balance sheet and operates in a relatively non-cyclical or late-cyclical industry. However, a severe or long-term financial crisis by itself or by triggering a downturn in the economy of one or more countries in which TeliaSonera operates would have an impact on the customers and may have a negative impact on growth and results of operations through reduced telecom spending.

The maturity schedule of TeliaSonera's loan portfolio is aimed to be evenly distributed over several years, and refinancing is expected to be made by using uncommitted open-market debt financing programs and bank loans, alongside the company's free cash flow. In addition, TeliaSonera has committed bank credit lines that are deemed to be sufficient and may be utilized if the open-market refinancing conditions are poor. However, TeliaSonera's cost of funding might be higher should there be unfavorable changes in the global financial markets.

International political and macroeconomic developments

TeliaSonera has material investments in the Russian Federation related to its associated company PAO MegaFon and the international carrier operations. Following the conflict between the Russian Federation and Ukraine, the European Union and the United States have implemented sanctions directed towards individuals and corporates. The Russian Federation has as a consequence decided on certain counter actions. The sanctions and counter actions may negatively affect the Russian ruble and the Russian economy, which in turn may impact countries whose economies are closely linked to the Russian economy, such as a number of TeliaSonera's Eurasian operations. These developments, as well as other international political conflicts or developments affecting countries in which TeliaSonera is operating, may adversely impact TeliaSonera's cash flows, financial position and results of operations.

Competition and price pressure

TeliaSonera is subject to substantial and historically increasing competition and price pressure. Competition from a variety of sources, including current market participants, new entrants and new products and services, may adversely affect TeliaSonera's results of operations. Competition has from time to time led to increasing customer churn, decreasing customer bases and to declines in the prices TeliaSonera charges for its products and services and may have similar effects in the future.

Transition to new business models in the telecom industry may lead to structural changes and different competitive dynamics. Failure to anticipate and respond to industry dynamics, and to drive a change agenda to meet mature and developing demands in the marketplace, may affect TeliaSonera's customer relationships, service offerings and position in the value chain, and adversely impact its results of operations.

Regulation

TeliaSonera operates in a highly regulated industry. The regulations to which TeliaSonera is subject impose significant limits on its flexibility to manage its business. In a number of countries, TeliaSonera entities have been designated as a party with significant market power in one or several telecom submarkets. As a result, TeliaSonera is required to provide certain services on regulated terms and prices, which may differ from the terms on which it would otherwise have provided those services. Effects from regulatory intervention may be both retroactive and prospective.

Changes in regulation or government policy affecting TeliaSonera's business activities, as well as decisions by regulatory authorities or courts, including granting, amending or revoking of telecom licenses and frequency permits for TeliaSonera or other parties, could adversely affect TeliaSonera's business and results of operations.

Emerging markets

TeliaSonera has made significant investments in telecom operators in Kazakhstan, Azerbaijan, Uzbekistan, Tajikistan, Georgia, Moldova, Nepal, Russia, Turkey and Afghanistan. Historically, the political, economic, legal and regulatory systems in these countries have been less predictable than in countries with more mature institutional structures. The political situation in each of the emerging market countries may remain or become increasingly unpredictable, and markets in which TeliaSonera operates may become unstable, even to the extent that TeliaSonera decides or will be forced to exit a country or a specific operation within a country. Another implication may be unexpected or unpredictable litigation cases under civil or tax legislation.

Other risks associated with operating in emerging market countries include foreign exchange restrictions or administrative issues, which could effectively prevent TeliaSonera from repatriating cash, e.g. by receiving dividends and repayment of loans, or from selling its investments. Still another risk is the potential establishment of foreign ownership restrictions or other possible actions against entities with foreign ownership, formally or informally.

Such negative political or legal developments or weakening of the economies or currencies in these markets might have a significantly negative effect on TeliaSonera's results of operations and financial position.

In September 2015, TeliaSonera announced its decision to reduce the presence in region Eurasia (Kazakhstan, Azerbaijan, Uzbekistan, Tajikistan, Georgia, Moldova and Nepal) and over time fully leave. Sales processes have been initiated. The nature of these markets, including potential government intervention and other factors mentioned above, combined with the fact that the assets are not fully-owned and there are undertakings and obligations in various shareholder agreements, reputational issues regarding the assets and fewer potential buyers than in more mature markets, makes the complexity of these sales processes high with significant uncertainties regarding both expected outcome and timing.

OPERATIONS AND STRATEGIC ACTIVITIES

Impairment losses and restructuring charges

Factors generally affecting the telecom markets as well as changes in the economic, regulatory, business or political environment impact TeliaSonera financially. Management also constantly reviews and refines the business plans, and may make exit decisions or take other actions in order to effectively execute on TeliaSonera's strategy. Should such circumstances negatively change management's expectation of future cash flows attributable to certain assets, TeliaSonera will be required to recognize asset impairment losses, including but not limited to goodwill and fair value adjustments recorded in connection with historical or future acquisitions.

TeliaSonera has undertaken a number of restructuring and streamlining initiatives, mainly affecting the Nordic operations, which have resulted in substantial restructuring and streamlining charges. Similar initiatives may be undertaken in the future. TeliaSonera also has significant deferred tax assets resulting from earlier recorded impairment losses and restructuring charges. Significant adverse changes in the economic, regulatory, business or political environment, as well as in TeliaSonera's business plans, could also result in TeliaSonera not being able to use these tax assets in full to reduce its tax obligations in the future, and would consequently lead to an additional tax charge when such tax asset is derecognized.

In addition to affecting TeliaSonera's financial position and results of operations, such impairment losses and restructuring charges may adversely affect TeliaSonera's ability to pay dividends.

Investments in business transformation, new technology and future growth

TeliaSonera is currently investing in business transformation and future growth through, for example, initiatives to increase competitiveness and reduce cost as well as to improve capacity and access by accelerating the fiber roll-out in Sweden, new B2B offerings, as well as upgrading data networks in Eurasia. TeliaSonera is also constantly investing in sales and marketing efforts to retain and acquire customers in its markets. Further, TeliaSonera normally has to pay fees to acquire new telecom licenses and frequency permits or to renew or maintain existing ones. In order to attract new customers, TeliaSonera has previously also engaged in start-up operations and may decide to do so also in the future, which would require additional investments and expenditure in the build-up phase.

TeliaSonera believes that these investments and initiatives will improve market position and financial strength. However, success will depend on a variety of factors beyond TeliaSonera's control, including the cost of acquiring, renewing or maintaining telecom licenses and frequency permits, the cost of new technology, availability of new and attractive services, the costs associated with providing these services, the timing of their introduction, the market demand and prices for such services, and competition. Should TeliaSonera fail to reach the targets set for its business transformation and customer attraction activities, the results of operations will be negatively impacted.

Business combinations and strategic alliances

TeliaSonera is constantly reviewing its asset portfolio in line with the strategy of increasing ownership in core holdings. Over the years, TeliaSonera has made a number of targeted acquisitions in accordance with its strategy. TeliaSonera may continue to expand and grow its business through business combinations, strategic alliances, etc. The efficient integration of these acquisitions and the realization of related cost and revenue synergies, as well as the positive development of the acquired operations, are significant for the results of operations both in the long and short term. If TeliaSonera fails to integrate or manage any acquired company or strategic alliance there is a risk that management's attention would be diverted away from other business concerns. In addition, any potential acquisition could negatively affect TeliaSonera's financial position and its credit ratings, or, if made using TeliaSonera shares, dilute the existing shareholders.

Shareholder matters in partly-owned subsidiaries

TeliaSonera conducts some of its activities, particularly outside of the Nordic region, through subsidiaries in which TeliaSonera does not have a 100 percent ownership. Under the governing documents for certain of these entities, the holders of non-controlling interests have protective rights in matters such as approval of dividends, changes in the ownership structure and other shareholder-related matters. One example where TeliaSonera is dependent on a minority owner is Fintur Holdings B.V. (Fintur's minority shareholder is Turkcell) which owns the operations in Kazakhstan, Azerbaijan, Georgia and Moldova. As a result, actions outside TeliaSonera's control and adverse to its interests may affect TeliaSonera's position to act as planned in these partly owned subsidiaries.

Customer service and network quality

In addition to cost efficiency in all operations, TeliaSonera focuses on high-quality service to its customers and high-quality networks. TeliaSonera's ambition to create a service company on the customers' terms requires a major internal change of processes, attitude and focus in many parts of the company. Externally, extreme weather conditions and natural disasters, such as the spring 2015 two major earthquakes in Nepal, may cause serious problems to network quality and availability and need to be considered in the business continuity planning.

High-quality networks and services are fundamental to the customer perception of TeliaSonera and its success going forward. Whatever the reason, failure to reach or maintain high-quality levels would have an adverse impact on TeliaSonera's business.

Supply chain

TeliaSonera is reliant upon a limited number of suppliers to manufacture and supply network equipment and related software as well as terminals, to allow TeliaSonera to develop its networks and to offer its services on a commercial basis. TeliaSonera cannot be certain that it will be able to obtain network equipment or terminals from alternative suppliers on a timely basis if the existing suppliers are unable to satisfy TeliaSonera's requirements. In addition, like its competitors, TeliaSonera currently outsources many of its key support services, including network construction and maintenance in most of its operations. The limited number of suppliers of these services, and the terms of TeliaSonera's arrangements with current and future suppliers, may adversely affect TeliaSonera, including by restricting its operational flexibility.

In connection with signing supplier contracts for delivery of terminals, TeliaSonera may also grant the supplier a guarantee to sell a certain number of each terminal model to its customers. Should the customer demand for a terminal model under such a guarantee turn out to be smaller than anticipated, TeliaSonera's results of operations may be adversely affected.

Ability to recruit and retain skilled personnel

To remain competitive and implement its strategy, and to adapt to changing technologies, TeliaSonera will need to recruit, retain, and where necessary, retrain highly skilled employees with particular expertise. In particular, competition is intense for qualified telecommunications and information technology personnel. To a considerable extent, TeliaSonera's ability to recruit and retain skilled personnel for growth business areas and new technologies will depend on its ability to offer competitive remuneration packages. In some of the countries in which TeliaSonera operates, regulations related to granting work permits for foreign citizens represent a complicating factor due to often bureaucratic and time-consuming procedures. If TeliaSonera fails to recruit or retrain necessary highly skilled employees, its ability to develop high growth business areas and new business areas or remain competitive in the traditional business areas may be limited.

ASSOCIATED COMPANIES AND JOINT OPERATIONS

Limited influence in associated companies and joint operations

TeliaSonera conducts some of its activities, particularly outside of the Nordic region, through associated companies. Examples of major associated companies are PAO MegaFon in Russia, Turkcell Iletisim Hizmetleri A.S. in Turkey and Lattelecom SIA in Latvia. In turn, these associated companies own stakes in numerous other companies. TeliaSonera does not have a controlling interest in its associated companies and as a result has limited influence over the conduct of all these businesses.

Under the governing documents for certain of these entities, TeliaSonera's partners have control over or share control of key matters such as the approval of business plans and budgets, and decisions as to the timing and amount of cash distributions. The risk of actions outside TeliaSonera's or its associated companies' control and adverse to TeliaSonera's interests, or disagreement or deadlock, is inherent in associated companies and jointly controlled entities. One example of this is the ongoing corporate governance issues on shareholder level in Turkcell.

Further, TeliaSonera might not be able to ensure that the associated companies apply the same sustainability principles, increasing the risk for wrongdoings and reputational and financial losses. TeliaSonera strives to use its board presence and active ownership practices to promote the implementation of its sustainability principles.

Variations in the financial performance of these associated companies have an impact on TeliaSonera's results of operations also in the short term.

As part of its strategy, TeliaSonera may increase its shareholdings in some of its associated companies. The implementation of such strategy, however, may be difficult due to a variety of factors, including factors beyond TeliaSonera's control, such as willingness on the part of other existing shareholders to dispose or accept dilution of their shareholdings and, in the event TeliaSonera gains greater control, its ability to successfully manage the relevant businesses.

In Sweden, TeliaSonera has entered into a cooperation arrangement with Tele2 to build and operate a UMTS network through a 50 percent owned joint operation, Svenska UMTS-nät AB, which has rights to a Swedish UMTS license. In Denmark, TeliaSonera has entered into a similar agreement with Telenor to build and operate a common radio-access network through a 50 percent owned joint operation, TT-Netværket P/S. TeliaSonera has made significant financial investments in these operations. As they are jointly controlled, there is a risk that the partners may disagree on important matters, including funding of the operations. This risk may be magnified because TeliaSonera and Tele2 and Telenor, respectively, are significant competitors. A disagreement or deadlock regarding these operations or a breach by one of the parties of the material provisions of the cooperation arrangements could have a negative effect on TeliaSonera.

SUSTAINABILITY

Human rights – freedom of expression

Issues related to human rights pose high risks to the telecom industry. Risks include complicity in human rights violations by operators being linked to excessive governmental demands to the detriment of privacy and freedom of expression and by telecom services being used for the sexual exploitation of children. International standards on human rights go beyond identifying and managing material risks to TeliaSonera, they also relate to the risks to individuals.

National laws and regulations on surveillance of communications or the shut-down of networks could be defined in ways that enable violations of human rights. Government monitoring, blocking or take-down requests often serve a legitimate purpose, including to protect human rights. However, there are major and problematic government requests that might conflict with freedom of expression and privacy. TeliaSonera may be legally required to comply with such requests and, like other telecom operators, only have limited leverage with which to investigate, challenge or reject the requests. In some countries, this dilemma places TeliaSonera at heightened risks of being linked to severe human rights abuses. These risks are further strengthened in relationships with state entities and the fact that major requests often are strictly confidential.

Customer privacy

Vast amounts of data are generated when customers use TeliaSonera's services and networks. New ways of connecting and data-heavy business models make it difficult for individuals to understand and retain control over how their data is collected and used. Moreover, it is challenging to establish and uphold "bulletproof" privacy protection in increasingly sophisticated data environments and in ever-changing technical and threat landscapes. While TeliaSonera through appropriate measures avoids failure in its work to protect privacy of its customers and to secure network integrity as well as data security, external or internal factors may negatively impact data security and privacy and cause unfavorable effects on customers' perception of how TeliaSonera handles these matters, possibly leading to an adverse impact on TeliaSonera's business and results of operations.

Corruption and unethical business practices

Some of the countries in which TeliaSonera operates are ranked as having high levels of corruption according to sources such as Transparency International, Business Against Corruption and the World Bank. The telecom industry is particularly exposed to bribery and corruption risks due to the dependency on government granted telecom licenses and frequency permits, as well as the need for government granted permits and approvals at several stages of the network roll-out process. In addition, there may be requests for e.g. free services and numbers as well as sponsorships and donations to facilitate operational processes. Actual or perceived corruption or unethical business practices may damage the customers' or other stakeholders' perception of TeliaSonera and also result in financial penalties and debarment from procurement processes.

A serious negative impact on TeliaSonera's business operations and its brand might lead to a decision to exit one or a number of markets. Further, after making such a decision, the divestment process as such may pose risks to corruption and unethical business behavior.

Review of Eurasian transactions

In late 2012, the then Board of Directors appointed the Swedish law firm Mannheimer Swartling (MSA) to investigate allegations of corruption related to TeliaSonera's investments in Uzbekistan. MSA's report was made public on February 1, 2013.

In April 2013, the Board of Directors assigned the international law firm Norton Rose Fulbright (NRF) to review transactions and agreements made in Eurasia by TeliaSonera in the past years with the intention to give the Board a clear picture of the transactions and a risk assessment from a business ethics perspective. For advice on implications under Swedish legislation, the Board assigned two Swedish law firms. In consultation with the law firms, TeliaSonera has promptly taken steps, and will continue to take steps, in its business operations as well as in its governance structure and with its personnel which reflect concerns arising from the review. The Swedish Prosecution Authority's investigation with respect to Uzbekistan is ongoing and TeliaSonera continues to cooperate with and provide assistance to the Prosecutor.

If continued assessments and investigations would lead to new observations and findings, it cannot be excluded that the consequences of such findings would be that the results of operations and financial position in TeliaSonera's operations in the Eurasian jurisdictions are adversely impacted.

Another risk is presented by the Swedish Prosecution Authority's notification in the beginning of 2013 within the investigation of TeliaSonera's transactions in Uzbekistan, that the Authority is separately investigating the possibility of seeking a corporate fine against TeliaSonera, which under the Swedish Criminal Act can be levied up to a maximum amount of SEK 10 million, and forfeiture of any proceeds to TeliaSonera resulting from the alleged crimes. The Swedish Prosecution Authority may take similar actions with respect to transactions made or agreements entered into by TeliaSonera relating to operations in its other Eurasian markets.

Further, actions taken, or to be taken, by the police, prosecution or regulatory authorities in other jurisdictions against TeliaSonera's operations or transactions, or against third parties, whether they be Swedish or non-Swedish individuals or legal entities, might directly or indirectly harm TeliaSonera's business, results of operations, financial position, cash flows or brand reputation. As examples, investigations concerning bribery and money laundering in connection with the transactions in Uzbekistan are conducted by the Dutch prosecutor and police authorities, and by the U.S. Department of Justice and the U.S. Securities and Exchange Commission. As requested by the Dutch authorities, TeliaSonera has provided a bank guarantee of EUR 10 million as collateral for any financial claims which may be decided against one of its Dutch subsidiaries. TeliaSonera is cooperating fully with the Dutch and U.S. authorities. The investigations were initiated in March 2014 and are still ongoing. At this point in time, it is not possible to assess how or when the investigations will be resolved. TeliaSonera has not received any formal or indicative claims or requests for penalties or other monetary sanctions from the authorities, but there is a risk that the investigations will result in some form of sanctions, monetary and/or otherwise. The outcome of the investigations may have a material adverse effect on TeliaSonera's financials.

TeliaSonera has received requests to make public the reviews made by NRF and other law firms. However, despite risking criticism, it is not possible to publish the reviews with respect to people, companies, business agreements, privacy and thus the risk of TeliaSonera incurring lawsuits as the law firms views are not necessarily shared by those implicated. As already stated, TeliaSonera continuously hand over information to law enforcement agencies, who are better equipped to assess whether any criminal acts have occurred.

Supply chain

TeliaSonera needs to ensure that its policies on ethical business practices, environmental issues, human rights and labor laws are all fully respected by its suppliers and their sub-suppliers. Failure or perception of failure of TeliaSonera's suppliers to adhere to these requirements may damage the customers' or other stakeholders' perception of TeliaSonera and negatively impact TeliaSonera's business operations and its brand.

Environment and climate change

TeliaSonera expects increasing regulation and taxation of fossil fuel usage, greenhouse gas emissions and electronic waste. Energy shortages and increasing energy costs may incur additional costs or lost revenues for TeliaSonera.

As a consequence of climate change, extreme weather conditions such as storms, heavy rainfalls and floods will be more common and may prevent TeliaSonera from keeping its networks running, negatively affecting its results of operations.

Occupational health and safety

Serious risks related to occupational health and safety (OHS) are generally linked to construction and maintenance work. Such work is mainly carried out by contractors, but TeliaSonera must ensure that these suppliers have proper OHS practices, as accidents or malpractice might damage TeliaSonera's operations and/or reputation. Most TeliaSonera employees work in office or store environments, where the main risks are psycho-social wellbeing and ergonomics. If not managed properly, these risks may lead to increasing sick leave and a higher number of accidents and injuries, potentially incurring significant costs.

Electromagnetic fields

Concerns have been expressed that the electromagnetic fields from mobile handsets and base stations, which serve as the platform for transmitting radio signals, may pose health risks and interfere with the operation of electronic equipment. Actual or perceived risks of mobile handsets or base stations and related publicity or litigation could reduce the growth rate, customer base or average usage per customer of TeliaSonera's mobile communications services, may result in restrictions on the location and operation of base stations, or could subject TeliaSonera to claims for damages, any of which could have a negative impact on its business, financial position and results of operations.

Labor practices

Within TeliaSonera's geographical footprint, region Eurasia presents the highest risks related to substandard labor practices. The right to freedom of association and collective bargaining may be restricted by the national governments in the Eurasian countries. Although most of the countries have ratified all Core Conventions of the International Labour Organization (ILO), which signifies a public commitment to respect labor rights, there is no guarantee that these rights are fully realized. In these countries, there are also risks related to child, forced and compulsory labor, especially in impoverished areas or during national events. In a country with deficient labor practices, TeliaSonera may, through no fault by itself, anyway be involved and as a consequence be subject to criticism or official actions that may negatively impact its brand reputation and business operations in this and in other countries.

OWNING TELIASONERA SHARES

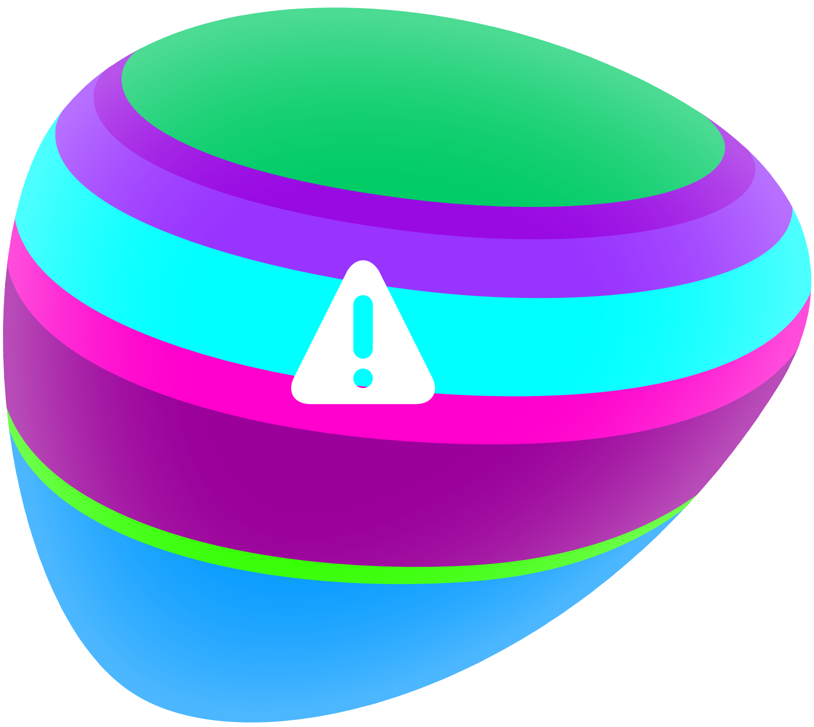
Volatility in share prices

The market price of the TeliaSonera share has been volatile in the past, partly due to volatility in the equities market in general and for telecom companies in particular, and may be volatile in the future. TeliaSonera's share price may be affected by many factors in addition to TeliaSonera's financial results, operations and direct business environment, including but not limited to: expectations of financial analysts and investors compared to the actual financial results; acquisitions or disposals that TeliaSonera makes or is expected or speculated to make; TeliaSonera's potential participation in the industry consolidation or speculation thereof; and speculation of financial analysts and investors regarding TeliaSonera's future dividend policy compared to the current policy.

Actions by the largest shareholder

As of the date of this Report, the Swedish State held 37.3 percent of TeliaSonera's outstanding shares. Accordingly, the Swedish State, acting alone, may have the power to influence any matters submitted for a vote of shareholders. The interest of the Swedish State in deciding these matters could be different from the interests of TeliaSonera's other shareholders.

In addition, any sale by the Swedish State of a significant number of TeliaSonera shares, or the public perception that such a sale could occur, may cause the market price of TeliaSonera shares to fluctuate.



CORPORATE GOVERNANCE STATEMENT

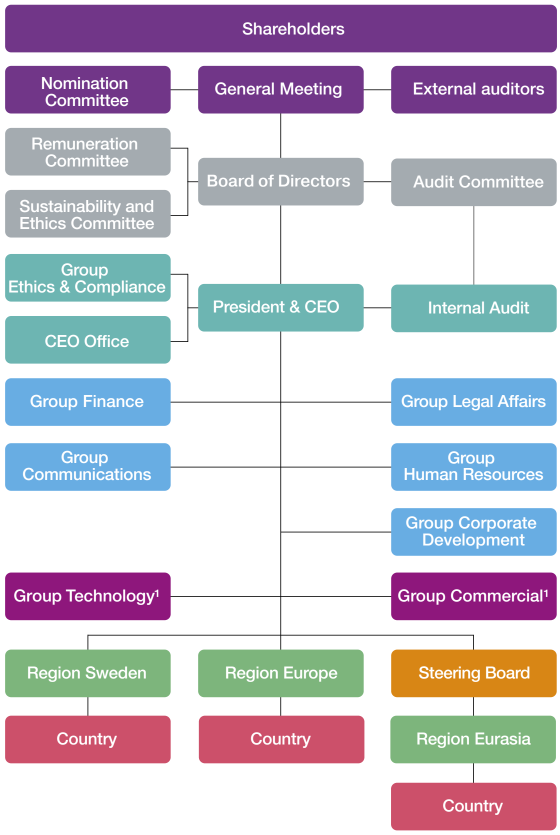
COMPLIANCE

This Corporate Governance Statement was adopted by the Board of Directors at its meeting on March 10, 2016. It was prepared according to the Swedish Corporate Governance Code and the Swedish Annual Reports Act and has been examined by the external auditors. The Statement presents an overview of TeliaSonera's corporate governance model and includes the Board of Directors' description of the internal control environment and risk management regarding financial reporting.

It is the opinion of the Board of Directors that TeliaSonera in all respects complied with the Swedish Corporate Governance Code during 2015.

Further, there was no infringement of applicable stock exchange rules and no breach of good practice on the securities market reported by the Nasdaq Stockholm Disciplinary Committee or the Swedish Securities Council.

Updated information required by the Swedish Corporate Governance Code is available at:
www.teliasonera.com/Corporate-Governance
(Information on the TeliaSonera website does not form part of this Statement)



¹ Combined into "Global Services and Operations" as of January 1, 2016

GOVERNING BODIES

TeliaSonera's main governing bodies are:

- The Shareholders at the General Meeting
- The Board of Directors
- The CEO, assisted by Group Executive Management

SHAREHOLDERS

TeliaSonera is a Swedish public limited liability company and is governed by the Swedish Companies Act, the Nasdaq Stockholm Rule Book for Issuers, the Swedish Corporate Governance Code and the company's Articles of Association. The Shareholders' General Meeting is the company's highest decision-making forum where the owners exercise their shareholder power.

For further information regarding:
- Swedish Companies Act (2005:551), Annual Reports Act (1995:1554), Securities Market Act (2007:528): www.riksdagen.se/en, www.government.se
- Nasdaq Stockholm (issuer rules and surveillance): www.nasdaqomx.com/listing/europe/surveillance/stockholm
- Swedish Corporate Governance Code and specific features of Swedish corporate governance: www.corporategovernanceboard.se

TeliaSonera has only one type of shares. Each TeliaSonera share represents one vote at the Shareholders' General Meeting. As of December 31, 2015, TeliaSonera had 515,437 shareholders.

The Swedish State is the single largest shareholder, owning a 37.3 percent stake at year-end. For companies with State ownership, the Swedish Government has issued an ownership policy. Among others, the policy sets forth requirements related to sustainable business, diversity and gender equality. In companies where the State does not have a majority ownership, the State acts in dialogue with other owners to promote application of the policy.

The TeliaSonera share is listed on Nasdaq Stockholm and Nasdaq Helsinki. For more information on the TeliaSonera share and the shareholder structure, see the Board of Directors' Report.

The Annual General Meeting 2015 was held in Stockholm on April 8, 2015, and decided, among other issues, upon the following:

- Composition of the Board of Directors
- Election of auditors
- Composition of the Nomination Committee
- Appropriation of earnings
- Remuneration policy for the executive management
- Authorization for the Board to decide upon acquisitions of the company's shares within certain limits
- Long-term incentive program for key employees

TeliaSonera's Articles of Association are available at: www.teliasonera.com/Corporate-Governance, and AGM minutes and related documents at: www.teliasonera.com/AGM (Information on the TeliaSonera website does not form part of this Statement)

NOMINATION COMMITTEE

TeliaSonera's Nomination Committee consists of representatives of the company's in terms of votes four largest shareholders at the turn of the month before the notice of the Annual General Meeting and which also wish to participate in the nomination process ("Nominating Shareholders"), and the Chair of the Board of Directors. The members of the Nomination Committee carefully consider potential conflicts of interest before accepting the assignment. The Nomination Committee presently consists of:

- Daniel Kristiansson, Chair (the Swedish State)
- Kari Järvinen (Solidium Oy)
- Johan Strandberg (SEB Funds)
- Anders Oscarsson (AMF and AMF Funds)
- Marie Ehrling, Chair of the Board

In accordance with its instruction as adopted by the Annual General Meeting, the Nomination Committee shall:

- Propose the number of Board members elected by the Annual General Meeting
- Nominate the Chair, the Vice-Chair and other members of the Board of Directors
- Propose the Board remuneration that is divided among the Chair, the Vice-Chair and other members and remuneration for serving on committees
- Nominate the Chair of the Annual General Meeting
- Nominate the external auditors and propose remuneration payable to the auditors
- Nominate members of the Nomination Committee until the next Annual General Meeting

The Nomination Committee performs interviews and receives information from the Chair of the Board, other Board members, including employee representatives, and the CEO on internal work of the Board, TeliaSonera's position and strategic direction, and other relevant circumstances. Based on this information, the Committee assesses the functioning of the Board and the competences needed in the Board as a whole. The Committee has concluded that competences currently needed are experiences from:

- The telecommunications industry and industries closely related to it
- Digitalization
- Relevant markets
- Consumer oriented operations and markets
- Operational sustainability work
- Board work in listed companies
- Work in executive positions
- Structural changes and change processes

On the basis of these competence needs, the Nomination Committee evaluates the competences of the present Board members and the composition of the Board. Taking into account the competences needed in the future, diversity, the gender distribution on the Board, the competences of present Board members and the present Board members' availability for re-election, the Committee nominates Board members to the Annual General Meeting.

The Nomination Committee has reported that it complies with the provisions of the Swedish Corporate Governance Code and that it intends to report its activities at the Annual General Meeting and on the company's website. In its deliberations, the Nomination Committee has specifically discussed the Corporate Governance Code's requirements on diversity and equal gender distribution in the Board. The Nomination Committee reviews its Instruction annually and as necessary proposes changes thereto to the Annual General Meeting.

Shareholders are welcome to send nomination proposals to the Nomination Committee. Proposals can be sent by e-mail to: forslagtillstyrelseledamot@teliasonera.com

BOARD OF DIRECTORS

Responsibilities

The Board of Directors is responsible for the organization of the company and the administration of the company's affairs. The Board shall regularly assess the company's and the group's financial position and ensure that the company's organization is structured in such a manner that accounting, management of funds and the company's financial conditions in general are controlled in a satisfactory manner. In this role the Board makes and if applicable subsequently supervises the implementation of decisions on inter alia:

- The group's strategic direction and key strategic initiatives
- Major investments
- The capital structure and dividend policy
- Appointment and dismissal of the CEO
- The delegation of authorities
- The development of group policies
- The overall organization of the group
- The group's internal control environment and risk management model
- The core content of the group's external communication

Instructions for the work of the Board of Directors are set forth in its rules of procedure, which are reviewed and adopted at least once a year. Inter alia, the rules of procedure detail matters to be addressed at ordinary board meetings and regulate the number of ordinary board meetings, agenda items for ordinary board meetings, the duties of the Chair of the Board and the allocation of responsibilities between the Board and the CEO as well as the CEO's reporting to the Board. The rules of procedure also include instructions for the work in board committees, inter alia stipulating the committees' duties, the number of committee meetings, the matters to be addressed at the meetings and how the committees shall report to the Board.

Members and independence

The Board of Directors consists of eight members elected by the Annual General Meeting, serving one-year terms, and three employee representatives (with three deputies) from the Swedish operations. A Finnish employee representative is present at the Board meetings, but without voting rights. Marie Ehrling is Chair of the Board. The other members of the Board, elected by the Annual General Meeting, are Olli-Pekka Kallasvuo (Vice-Chair), Mats Jansson, Mikko Kosonen, Nina Linander, Martin Lorentzon, Per-Arne Sandström and Kersti Strandqvist.

In accordance with the guidelines of the Swedish Corporate Governance Code, all members elected by the Annual General Meeting 2015 are considered to be independent in relation to the company, to the administration of the company and to major shareholders.

The members of the Board of Directors are presented in more detail, including meeting attendance, remuneration and holdings of TeliaSonera shares, at the end of this Statement.

Annual work cycle

The work of the Board follows an annual cycle. This enables the Board to appropriately address each of its duties and to keep strategic issues, risk assessment and value creation high on the agenda.

Board meetings are normally held in Stockholm, but one meeting a year rotates between Helsinki, Oslo and Copenhagen. At least one other meeting is held elsewhere to be able to discuss local issues more deeply, make specific site visits, etc. In 2015, Board meetings outside Stockholm were held in Oslo and Gothenburg.

Inaugural meeting

The annual cycle starts with the inaugural Board meeting which is held immediately after the Annual General Meeting. At this meeting, members of the Committees are appointed and the Board resolves on matters such as signatory powers.

Q1 report meeting

At the next ordinary meeting, the Board approves the interim financial report and reviews the risk report for the first quarter of the year.

Strategy input meeting

At the third ordinary meeting, the Board is updated on and discusses various strategic issues.

Q2 report meeting

The Board convenes to approve the interim financial report and review the risk report for the second quarter of the year.

First strategic planning meeting

An ordinary Board meeting focused on the first step of the strategic planning process by discussing the scope and key assumptions.

Q3 report meeting

An ordinary Board meeting is held to approve the interim financial report and review the risk report for the third quarter of the year and to discuss the second step of the strategic planning process – the strategic options. This meeting is also devoted to the annual evaluation of the Board's internal work.

Business and financial plan meeting

As the final step of the strategic planning process, an ordinary meeting is held for the Board to approve management's business and financial plan and to discuss target setting for executive management. This meeting also comprises an annual review of the capital structure and dividend policy.

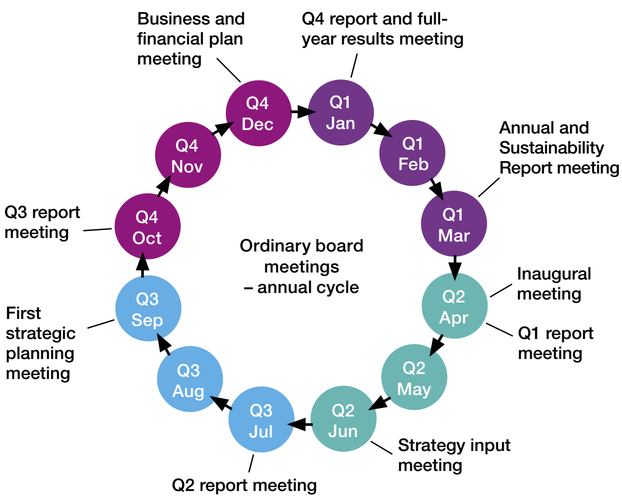
Q4 report and full-year financial results meeting

Following the end of the calendar year, this ordinary Board meeting focuses on the financial results of the entire year and the fourth-quarter financial report and risk report, also including a final decision on target setting for executive management and the dividend proposal for the year.

Annual and Sustainability Report meeting

This ordinary meeting closes the annual work cycle of the Board of Directors by an approval of the Annual and Sustainability Report.

THE BOARD'S ANNUAL WORK CYCLE



In addition, ordinary Board meetings include:

- An integrated management report by the CEO, comprising:
  - Comments on progress towards the long-term ambitions in terms of customers, shareholders, people and sustainability
  - Financial performance and an operational update covering competitor, commercial, technology, people, and legal issues
  - Updates on strategy issues and on M&A activities, internally as well as industry developments
- Reports on committee work by the respective Committee Chair
- A closed session without management being present

Board work in 2015

In 2015, the Board of Directors held 9 ordinary meetings and 7 extra meetings. In addition to following up on the day-to-day business of the group, the Board of Directors paid special attention to:

- Strategic options, with specific review of the changing business environment in the telecom industry
- Assessment of the operations in region Eurasia, resulting in a decision to reduce the presence in the region and over time fully leave
- Follow-up of major strategic initiatives within the business operations, including for example pricing strategy and fiber roll-out
- Review of the overall sustainability risks for the group, including decisions on new or updated group policies
- Further follow-up of the review of transactions in Eurasia as well as the severe corruption and money-laundering allegations related to the investments in Uzbekistan, currently under criminal investigation by the Swedish Prosecution Authority, by the Dutch prosecutor and police authorities, and by the U.S. Department of Justice and the U.S. Securities and Exchange Commission
- Reviewing efficiency initiatives and cost-reducing programs
- Regulatory developments in the telecom industry
- Structure for target model and financial targets
- Potential acquisitions, joint ventures and increase of ownership in subsidiaries
- Investments in telecom licenses and frequency permits
- Follow-up of CAPEX, in particular related to network investments
- Developments in the associated companies in Turkey and Russia
- Capital structure of the group
- Operating model and organizational issues
- Human Resources issues, in particular succession planning and performance management

Further, the Board of Directors evaluated its internal work during 2015 by self-assessment, based on individually responding to formal surveys and bilateral interviews with the Chair of the Board. The results of the evaluation were reported to the Nomination Committee.

Committees and committee work in 2015

To improve board work efficiency, the Board of Directors has appointed a Remuneration Committee, an Audit Committee and a Sustainability and Ethics Committee. The committees prepare recommendations for the Board.

The Remuneration Committee handles issues regarding salary and other remuneration to the CEO and Group Executive Management, incentive programs that target a broader group of employees and succession planning. The Remuneration Committee has the authority to approve remuneration to the members of Group Executive Management, except for the CEO remuneration which is decided by the entire Board of Directors.

The Audit Committee reviews for example financial statements, accounting, internal controls over financial reporting and auditing. The Audit Committee has the authority to decide on audit scope and audit fees and to approve purchase of other services from the external auditors.

The Sustainability and Ethics Committee primarily reviews the sustainability strategy, the progress of the Sustainability Priority Action Plan and the Ethics and Compliance programs as well as the external sustainability reporting.

Remuneration Committee

Marie Ehrling is Chair of the Remuneration Committee. In 2015, the Committee held 5 meetings. At each Board meeting following a Committee meeting, the Committee Chair reported on key discussion items and brought proposals on decision items. Committee work included, amongst others, the following issues:

- Structure for target model and financial targets
- Succession planning
- Performance management
- Long-term incentive programs
- Remuneration to the CEO and Group Executive Management

As part of the Board of Directors' overall assessment, the Remuneration Committee evaluated its internal work during 2015 by self-assessment.

ORGANIZATION OF THE BOARD WORK

Board of Directors
11 members (of which 3 employee representatives)

Remuneration Committee
3 members

- Executive compensation
- Incentive programs
- Succession planning
- Group policies, processes and systems

Audit Committee
4 members

Oversight over
- Financial reporting
- Internal controls
- Auditing
- Group policies, processes and systems

Sustainability and Ethics Committee
4 members

Oversight over
- Sustainability strategy
- Action and implementation plans
- Reporting
- Group policies, processes and systems

MEMBERS OF THE BOARD COMMITTEES

Members of the Committees of the Board of Directors in 2015		
Remuneration Committee	**Audit Committee**	**Sustainability and Ethics Committee**
Marie Ehrling (Chair) Mats Jansson Olli-Pekka Kallasvuo	Nina Linander (Chair) Marie Ehrling Martin Lorentzon Per-Arne Sandström	Mikko Kosonen (Chair) Marie Ehrling Martin Lorentzon Kersti Strandqvist

Audit Committee

Nina Linander is Chair of the Audit Committee. In 2015, the Committee held 7 meetings. At each Board meeting following a Committee meeting, the Committee Chair reported a summary of the issues raised, decision proposals as well as assessments and reviews performed by the Committee.

When identifying risk areas related to financial reporting, the Committee collaborates with the CEO and CFO, the external auditors as well as the internal audit and internal control functions. Information gathered hereby forms the basis when deciding on future focus areas. Committee work in 2015 included, amongst others, the following issues:

- Overseeing improvements of financial reporting and financial processes, with specific focus on risk identification and assessment of the internal control environment
- Overseeing that the decision to exit Eurasia over time will not negatively impact financial governance, reporting and process efficiency
- Assessment and review of the quality and integrity of risk management, risk assessment and risk reporting
- Reviews of the company's external financial reporting
- Reviews of important risk areas, e.g. treasury, procurement, taxes, litigation, insurance and IT systems
- Review of the CAPEX process and quarterly follow-up of CAPEX programs
- Reviews of significant accounting policies and key sources of estimation uncertainty, e.g. accounting for discontinued operations and assets held for sale, revenue recognition, valuation of pension obligations, and asset valuation, including the annual impairment testing process and setting of significant testing parameters
- With regards to the external auditors: reviews of audit reports and follow-up of recommended actions, assessment and approval of audit plans, closed sessions without management being present, independence and performance assessment, and submitting a nomination proposal for auditor election to the Nomination Committee
- With regards to the internal auditors: reviews of audit reports and follow-up of recommended actions, assessment and approval of audit plans, closed sessions without management being present, and performance assessment

As part of the Board of Directors' overall assessment, the Audit Committee evaluated its internal work during 2015 by self-assessment.

Sustainability and Ethics Committee

Mikko Kosonen is Chair of the Sustainability and Ethics Committee. The Committee held 5 meetings during 2015. At each Board meeting following a Committee meeting, the Committee Chair reported on key discussion items and brought proposals on decision items. Committee work included, amongst others, the following issues:

- Review of the sustainability strategy
- Map and review of the status of ongoing ethics, compliance and sustainability initiatives in TeliaSonera
- Establish a vision of leadership in sustainability
- Review of the development of the group ethics and compliance function, including forensic capabilities
- Approval of the sustainability priority action plan and regular follow-up, with special attention on status and actions of the anti-bribery and corruption program, including e.g. corruption risk-assessment by country, instructions and training, whistle-blowing tools, etc.
- Reviews of sustainability-related risks in the quarterly risk reports
- Follow-up of the compliance with the OECD Guidelines for Multinational Enterprises
- Review of TeliaSonera's external sustainability reporting

As part of the Board of Directors' overall assessment, the Sustainability and Ethics Committee evaluated its internal work during 2015 by self-assessment.

CEO AND GROUP EXECUTIVE MANAGEMENT

The CEO is responsible for the company's business development, and leads and coordinates the day-to-day operations in accordance with the Board of Directors' instructions for the CEO and other decisions made by the Board.

Headed by the CEO, Group Executive Management currently comprises the CEO, CFO, General Counsel, Head of Group Human Resources, Head of Group Communications, Head of Group Corporate Development, acting Head of Group Technology and Group Commercial, and the Heads of regions Sweden and Europe. Group Executive Management meets on a monthly basis. The meetings are devoted to follow-up on strategic and business performance, major change programs, risks and other issues of strategic nature and group-wide importance. The members of Group Executive Management are presented in more detail, including remuneration and holdings of TeliaSonera shares, at the end of this Statement.

Following the announcement in September 2015 that a process had been initiated in order to reduce the presence in region Eurasia and over time fully leave, a new governance model for the region was created. A separate Steering Board, chaired by the CEO and with the overall strategic responsibility for the region was set up. The Head of region Eurasia presents the operations of the region to the Steering Board. The new model ensures continued strong governance and alignment within the group, while allowing Group Executive Management to focus on the New Generation Telco agenda and the home markets in regions Sweden and Europe.

See also section "Governance, Risk, Ethics and Compliance (GREC) meetings."

GROUP-WIDE GOVERNANCE FRAMEWORK

GROUP-WIDE GOVERNANCE FRAMEWORK – STRUCTURE

Deciding what we shall achieve

↓

Setting the boundaries for how we act

↓

Follow-up of our performance

TeliaSonera's group-wide governance framework has been approved by the Board of Directors. It is designed to ensure that operational results correspond to decisions made, and is structured to encourage all employees to strive, within set boundaries, towards the same goals, with a common clear understanding of purpose, set of values, roles, responsibilities and authority to act.

Deciding what we shall achieve

GROUP-WIDE GOVERNANCE FRAMEWORK – STRUCTURE

Deciding what we shall achieve

- Purpose
- Strategic priorities
- Operational and financial targets

↓

Setting the boundaries for how we act

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Follow-up of our performance

In order to provide overall guidance to the employees, the Board of Directors has approved a TeliaSonera purpose statement. Further, the Board yearly adopts a strategy, setting more specific directions for the coming three-year period as well as yearly operational and financial targets.

Purpose: Bringing the world closer – on the customer's terms

Our ambition is to take TeliaSonera to the next level, to become a New Generation Telco. To grow our business and to stay inspired in our daily work, we need to be truly relevant to our consumer and business customers. Our purpose that shows us how we will get there, is therefore from the customer perspective.

Strategic priorities

Our strategic priorities are:

- *Value through superior network connectivity* – Secure the transition from voice to data through future proof network access to end customers
- *Customer loyalty through convergence* – Create a seamless experience across technologies, services and channels
- *Competitive operations* – Simplify operations and transform legacy to create agility and cost efficiency
- *Explore opportunities in adjacent areas close to the core* in internet of things, e-healthcare, financial services and media

Operational and financial targets

Operational and financial targets are set for the group as a whole and for each region, country and business unit.

Setting the boundaries for how we act

GROUP-WIDE GOVERNANCE FRAMEWORK – STRUCTURE

Deciding what we shall achieve

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Setting the boundaries for how we act
- Set of values
- Code of Ethics and Conduct
- Sustainability work governance
- Group policies
- Organization
- Delegation of obligations and authority

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Follow-up of our performance

The Board of Directors sets the boundaries on how the employees shall act. Key elements are TeliaSonera's set of values, the code of ethics and conduct, governance of the sustainability work, group policies, organizational structure and delegation of obligations and authority.

Set of values

TeliaSonera's set of values – *Dare, Care* and *Simplify* – is the compass that leads us in how we act and behave in our daily work.

- *We dare to* – innovate by sharing ideas, taking risk and continuously learn; lead by engaging with our customers and challenging ourselves; speak up by expressing opinions and concerns
- *We care for* – our customers by providing solutions that are adapted to their needs; each other by being supportive, respectful and honest; our world by acting responsibly and in accordance with our ethical standards
- *We simplify* – execution by taking actionable decisions and deliver with speed; teamwork by transparent communication, active collaboration and knowledge sharing; our operations by efficient processes and clear ownership

Code of Ethics and Conduct

The TeliaSonera Code of Ethics and Conduct, issued by the Board of Directors, serves as an overall policy document for guiding the behavior of the employees. The Code defines how TeliaSonera's employees should interact with different stakeholders, including customers, business partners, competitors, co-workers, shareholders, governments and regulatory bodies, as well as local communities wherever TeliaSonera operates. The Code, which is available in 20 languages, applies to the parent company and to each subsidiary and joint operations as their own binding policy. TeliaSonera also works towards adopting the principles of the Code in all operations in which it has ownership interests.

The TeliaSonera Code of Ethics and Conduct is available at:
www.teliasonera.com/Code-of-Ethics
(Information on the TeliaSonera website does not form part of this Statement)

Sustainability work governance

Sustainability covers all efforts related to how TeliaSonera accounts for its long-term impact on society and the environment throughout the value chain. TeliaSonera's sustainability work focuses on anti-bribery and corruption, freedom of expression, customer privacy, occupational health and safety, responsible procurement, environmental responsibility and inclusive digitalization. The work is governed by international laws, guidelines and frameworks, such as the UN Universal Declaration of Human Rights, the core conventions of the International Labour Organization (ILO), the OECD Guidelines for Multinational Enterprises and the UN Global Compact principles.

Group Executive Management and the GREC meetings (see section "Governance, Risk, Ethics and Compliance (GREC) meetings") are the decision-making forums, with implementation oversight by the Board of Directors' Sustainability and Ethics Committee. The Head of the Sustainability Strategy function within group function Corporate Development and the Chief Ethics and Compliance Officer are responsible for coordination and oversight of sustainability issues.

For additional information, see section "Enterprise risk management (ERM) framework" and Sustainability Work, section "Sustainability in TeliaSonera."

Group policies

The heads of group functions shall secure that necessary group policies, instructions and guidelines are issued within their respective area of responsibility.

Group policies are relatively short and mainly principles-based. Group instructions are normally more detailed and operational and shall be in line with group policies. Group policies and group instructions are binding for all entities in which TeliaSonera has management responsibility.

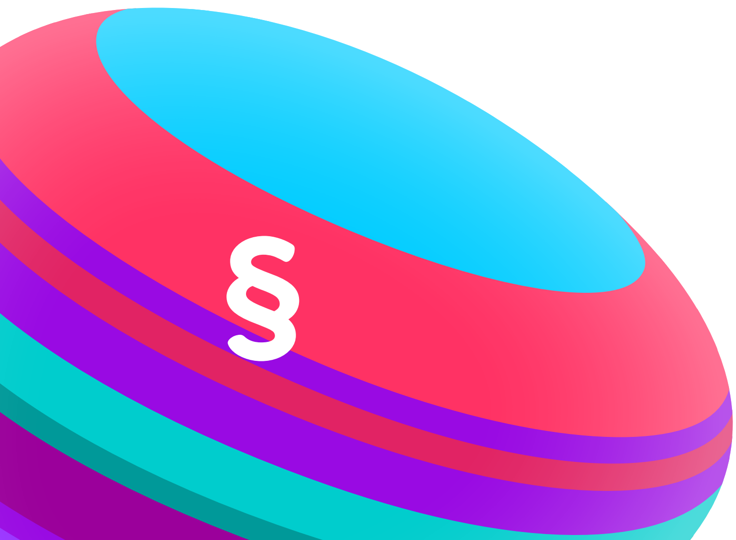
Group policies are approved by the Board of Directors, at least on an annual basis, after a preparatory review by the relevant board committee. Group instructions are approved by the CEO after being reviewed at a GREC meeting. Group guidelines are non-binding recommendations that should be in line with group policies and instructions and are approved by the heads of group functions. All valid policies, instructions and guidelines on group level are posted to a common intranet page available to all employees.

In addition to the overall policy document TeliaSonera Code of Ethics and Conduct, the Board has currently issued group policies as presented in the table.

Certain group policies are public documents available at:
www.teliasonera.com/en/about-us/public-policies/
(Information on the TeliaSonera website does not form part of this Statement)

Group policies issued by the Board – area and purpose

Financial management	To set the rules for managing financial risks and for counterparty credit ratings
Financial accounting and reporting	To require that proper accounting and reporting standards are prepared, regularly updated and made available to consolidated entities and applied by the entities when reporting to the group
Procurement	To provide a single point of reference and direction for procurement activities and a clear understanding of the procurement principles
Insurance	To have an insurance cover for management, employees and business activities in line with peers within the telecom industry
Enterprise risk management	To define the enterprise risk management framework
Environment	To ensure pro-active management of environmental impacts throughout the full life cycle of delivering products and services
Electromagnetic fields (EMF)	To define the elements of the serious approach towards EMF-related health concerns
Security	To ensure that security measures are characterized by appropriate security and risk awareness, prevention, preparedness, and the ability to respond to, and recover from, incidents and environmental changes
Customer privacy	To set high and consistent standards to respect and protect customer privacy
Communication	To ensure that all communication is accurate and provided in a professional and timely manner
Freedom of expression in telecommunications	To reduce human rights risks, and to ensure that customers feel confident that we will, whenever possible, support, respect and safeguard their freedom of expression when we receive requests or demands from governments regarding surveillance of communications
Anti-bribery and corruption	To set common standards regarding compliance with the zero tolerance policy towards any form of bribery and corruption, and compliance with local laws
Sponsorships and donations	To define a consistent and group-wide approach to sponsorships and donations
People	To define employer expectations on the employees as well as what expectations employees should have on each other
Occupational health and safety	To make the health and safety culture part of all employees' everyday working life and to achieve a safe and legally compliant workplace for employees, vendors and visitors
Travel and expenses	To define common principles, expectations and responsibilities for business travel and expenses to benefit business and employees
Remuneration	To set the strategic direction and clarify the approach on designing and implementing remuneration practices for employees at all levels
Recruitment	To ensure that all recruitments are based on respect for the individual, that demands stated in job profiles are based on our common values and that the selection processes are fair
Pensions	To assist in providing pension benefits by clarifying the structure, design and management of pension plans
Competition	To set the principle of not engaging in any practices or conducting business activities that are in breach of relevant competition or antitrust legislation
Insider trading	To ensure a high standard of ethical behavior towards the capital markets by defining trading and reporting rules
Patents	To protect the investments in research and development and to utilize the patent portfolio effectively



Organization

TeliaSonera's largest businesses are mobile, broadband and fixed-line operations in the Nordics and Baltics, and mobile operations in Eurasia.

The guiding principle for TeliaSonera's organizational structure is to provide clarity, accountability and to support a customer-centric operating model. The operating model is country-based with strong commercial and technology functions on group level. Countries are grouped in three geographical regions.

Region Sweden

The region comprises TeliaSonera's mobile, broadband and fixed-line operations in Sweden. The region Head reports to the CEO and is a member of Group Executive Management.

Region Europe

The region comprises TeliaSonera's mobile, broadband and fixed-line operations in Finland, Norway, Denmark, Lithuania, Latvia, Estonia and Spain. The region Head reports to the CEO and is a member of Group Executive Management.

Region Eurasia

The region comprises TeliaSonera's mobile operations in Kazakhstan, Azerbaijan, Uzbekistan, Tajikistan, Georgia, Moldova and Nepal. The region Head reports to a Steering Board, headed by the CEO (for additional information, see section "CEO and Group Executive Management").

Group functions

The group functions assist the CEO in setting the framework for the activities of the countries and provide the countries with process development support and common platforms within the areas communication, corporate development (including M&A), finance (including procurement and real estate), human resources, legal affairs, group-wide commercial (including the international carrier operations) and technology (including IT) issues, CEO Office (also responsible for the holdings in MegaFon and Turkcell), Ethics and Compliance Office and Internal Audit.

Delegation of obligations and authority

The CEO has issued a Delegation of Obligations and Authority (the DOA), which defines the obligations imposed on the heads of regions and group functions, and within which limits they may make decisions. Within this framework, obligations and decision authorities are further delegated person-to-person via solid reporting lines based on the roles in the operational organization.

Follow-up of our performance

GROUP-WIDE GOVERNANCE FRAMEWORK – STRUCTURE

Deciding what we shall achieve

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Setting the boundaries for how we act

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Follow-up of our performance

- Business reviews
- Risk and compliance reviews
- Individual performance management

Performance follow-up is essential in order to be able to take corrective measures and plan for the future. Performance follow-up is applied on organizational units as well as on individuals.

Business reviews

The CEO sets goals for the operations based on the decisions of the Board of Directors. To ensure performance, managers have annual targets for their respective operation. The plan for each business is documented in annual operating plans and follow-up is conducted on a monthly basis, complemented with quarterly forecasts.

Business reviews are meetings held on a monthly basis and include financial and business reviews for the reporting period and forecast period as well as reviewing of risks and operations performance metrics on customer service levels, network quality, etc. The business reviews allow for frequent follow-up of operational key performance indicators (KPIs) on country and region level. The operational KPIs are a key part of the follow-up and consist of several measurements which give management a good overview of current state and progress over time. The Net Promoter Score (NPS®) framework is used to monitor and improve the customer experience that TeliaSonera provides. At the region review meetings, the CEO, CFO, Head of Corporate Control, Head of Investor Relations and selected members of Group Executive Management attend in addition to the respective region management.

The Board of Directors receives reports on operational performance on a monthly basis, and at each ordinary Board meeting the group's operational and financial performance is presented in detail by the CEO and the CFO, respectively (see also the Board's annual work cycle as described in section "Board of Directors").

Risk and compliance reviews

GREC meetings on group, region and country level are the primary governing bodies for risk and compliance follow-up. For further information, see section "Governance, Risk, Ethics and Compliance (GREC) meetings."

Individual performance management

TeliaSonera is developing a high-performance company culture in order to outperform competition and reach challenging goals. Setting individual objectives linked to strategic business goals and providing frequent feedback are crucial activities for managers at all levels. TeliaSonera applies a group-wide model for individual performance management.

The model applied previously and in 2015, aiming to focus on TeliaSonera's business objectives and to cascade them into regions and countries, was designed to:

- Help managers to set and cascade business objectives
- Review individual performance
- Develop and reward high performance
- Address poor performance

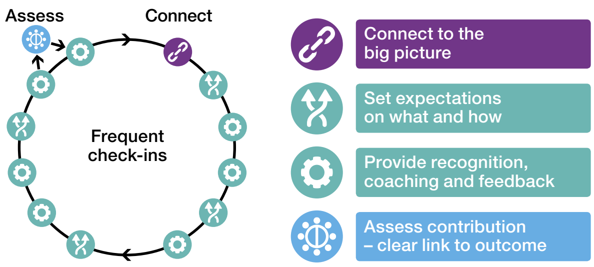
The process was annual and the year started with setting objectives and ended with a performance evaluation and assessment. A mid-year review was held in order to secure progress and alignment of goals.

In parallel during 2015, TeliaSonera developed a new performance management approach as a key component to drive the right objectives and behaviors towards becoming a New Generation Telco, where everyone's performance matters and all activities support the strategic direction. The new approach will be implemented in 2016, resulting in a move from an annual event-driven process to a dynamic, ongoing set-up, integrated with the daily work through frequent dialogue meetings. These frequent "check ins" will be held in an environment of recognition, coaching and feedback with self-leadership as a key component.

To ensure execution of strategy and cultural change, all individual objectives will be connected to the strategic areas or to the key behaviors stated in TeliaSonera's values – *Dare*, *Care* and *Simplify* – and the Leadership Expectations. This will also mean a new way of assessing the total contribution where it is equally important that expectations are met regarding both objectives and behaviors. The assessment of the total contribution is then integrated in all relevant processes such as development activities, salary review and variable pay.

The frequent coaching and feedback enable and reinforce a more dynamic way of working with expectations and short-term priorities to fit the need in different functions to ensure meaningful and relevant individual objectives that create focus on what matters most, challenge and stretch performance and create accountability for key results.

INDIVIDUAL PERFORMANCE MANAGEMENT – KEY COMPONENTS



The Board of Directors' Remuneration Committee reviews the individual performance of Group Executive Management members on a yearly basis.

ENTERPRISE RISK MANAGEMENT (ERM) FRAMEWORK

Operating in a broad range of geographical product and service markets in the highly competitive and regulated telecommunications industry, TeliaSonera is subject to a variety of risks and uncertainties. TeliaSonera has defined risk as anything that could have a material adverse effect on the achievement of TeliaSonera's goals. Risks can be threats, uncertainties or lost opportunities relating to TeliaSonera's current or future operations or activities. Risks and uncertainties related to business and sustainability as well as to shareholder issues are described in Risks and uncertainties and financial risks in Note C26 to the consolidated financial statements.

Three-line defense – integrated governance, risk management and compliance

TeliaSonera's risk management may be illustrated as a three-line defense being an integral part of the group's operational activities, business planning process and monitoring of business performance. Risks that may pose a threat to achieving business objectives are identified and assessed, and measures are implemented to mitigate and monitor the identified risks. The aim is not only to focus on risks from a negative perspective, but also to acknowledge that successful risk management is essential for strategy execution and sustainable growth.

ENTERPRISE RISK MANAGEMENT – LINES OF DEFENSE

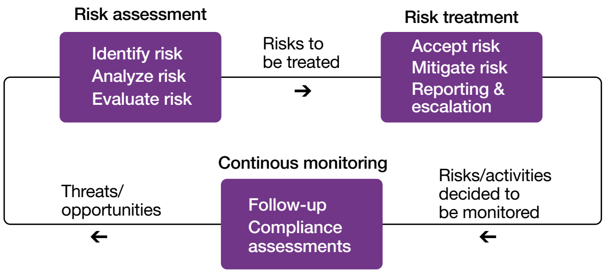
The defense-line roles and responsibilities include:

- *First-line defense:* The line organization owns its operational risks and is responsible and accountable for assessing, controlling and mitigating the risks as well as for internal control activities and assurance
- *Second-line defense:* Comprises the group-level enterprise risk management (ERM) function, the internal controls function within Group Finance, the Group Ethics and Compliance Office and the Governance, Risk, Ethics and Compliance (GREC) meetings
- *Third-line defense:* The group internal audit function provides independent assurance on the risk management process and internal control environment. External parties, such as the external auditors and regulatory bodies, provide assurance related to specific statutory requirements, e.g. information presented in the consolidated financial statements or reported to the Swedish Financial Supervisory Authority

Risk management process

As a basis for first-line defense, TeliaSonera's group instructions on risk management define roles and responsibilities as well as the main components of the risk management process, which are risk assessment, risk treatment and continuous monitoring.

RISK MANAGEMENT – PROCESS FLOW



The objective of the continuous risk management process is that all risks that may harm the achievement of TeliaSonera's objectives are regularly assessed, treated and monitored.

Risk management shall be fully integrated into the business processes. The risk management procedures shall be transparent, feasible and traceable. Management shall ensure that a personal sense of responsibility and common view on and awareness of risk is established among the employees, as well as facilitate accountability for risks in daily decision-making. Risk reporting is integrated into the business planning process and risks shall be reviewed at business reviews and escalated through the line organization.

Quarterly, the Audit Committee and the Board of Directors receive a consolidated risk report, aligned with the Board's annual work cycle as described in section "Board of Directors." The consolidated report is divided into four categories:

- Financial risks
- Business-related risks
- Country-related risks
- Legal and regulatory risks

Under each of these categories, risks are presented either as group-wide or by region with a:

- Risk description
- Description of risk mitigating activities
- Potential financial impact when possible
- Probability grading (low, medium and high risk)

In addition, the Audit Committee quarterly receives a consolidated litigation report with short-form details of ongoing, pending and threatened legal and administrative proceedings. Each case description also includes alleged nominal and estimated financial impact when possible and a probability grading (low, medium and high risk).

Management shall conduct risk and compliance evaluations and assessments proactively, repeatedly and timely in order to ensure that all employees are aware of and take steps to comply with the relevant requirements. Compliance means conforming to external as well as internal requirements, such as:

- Applicable legislation and regulation
- Customer agreements
- International standards and norms
- Group policies and group instructions

The most significant risk areas are monitored by the risk management function including the GREC meetings (see sections "Group-level enterprise risk management (ERM) function," and "Governance, Risk, Ethics and Compliance (GREC) meetings"), the internal controls function within Group Finance (see section "Internal controls over financial reporting") and the Group Ethics and Compliance Office (see section "Compliance framework and programs").

Group-level enterprise risk management (ERM) function

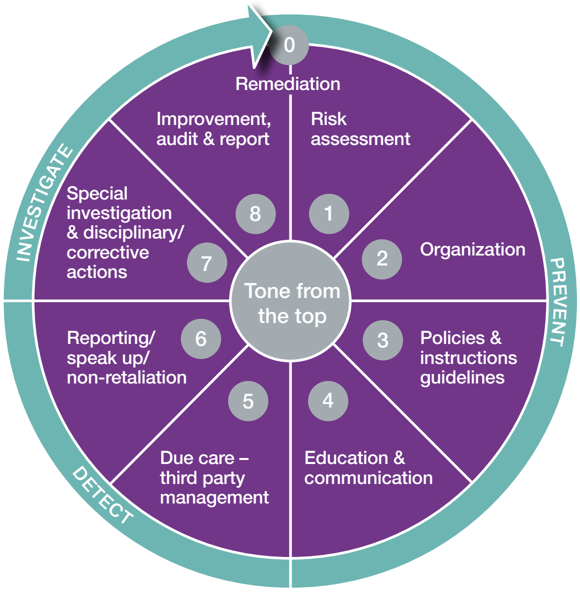
The Head of the ERM function, within group function Corporate Development, acts as the owner of the group-common ERM process to ensure a structured approach towards risk management, compliance and reporting within the group. Function responsibilities include to:

- Define and own the group-common risk framework and processes
- Provide training, support and guidance to the line organization
- Coordinate GREC meetings and ensure alignment across organization levels
- Coordinate and drive group-common risk management and compliance improvement initiatives
- Facilitate risk and compliance forum discussions and continuously monitor risk development
- Report to GREC meetings and the Board of Directors

Compliance framework and programs

Also supporting first-line defense, TeliaSonera has established a framework to enable systematic work with compliance issues. The compliance framework consists of eight steps that are founded on a sound and clear tone from the top. It is designed to adhere to international standards and is based on prevent, detect and investigate principles.

COMPLIANCE FRAMEWORK



Prioritized risk areas are identified based on risk assessments. The most significant risks are monitored by the Group Ethics and Compliance Office and managed according to the framework through subject-specific compliance programs to ensure consistency and follow-up in implementation and reporting. Currently prioritized risk areas are reflected by the following ongoing programs:

- Anti-bribery and corruption
- Freedom of expression
- Customer privacy
- Occupational health and safety

For additional information on the approach and work in the respective area, see Sustainability Work, sections "Sustainability in TeliaSonera," "Anti-bribery and corruption," "Freedom of expression and privacy," "Customer privacy" and "Occupational health and safety."

GREC MEETING (GROUP LEVEL) - PARTICIPANTS AND RISK CATEGORIES

CEO and Head of CEO Office	Head of Enterprise Risk Management	Head of Group Ethics and Compliance Office	Region Heads Sweden and Europe	Heads of Group Functions	Head of Group Internal Audit

Strategic and emerging risks	Financial risks	Operational and societal risks	Legal and regulatory risks
Risks that can have a material impact on the strategic objectives arising from internal or external factors	Risks that can cause unexpected variability or volatility in net sales, margins, earnings per share, returns or market capitalization	Risks that may affect or compromise execution of business functions or have an impact on the society	Risks related to legal or governmental actions that can have a material impact on the achievement of business objectives

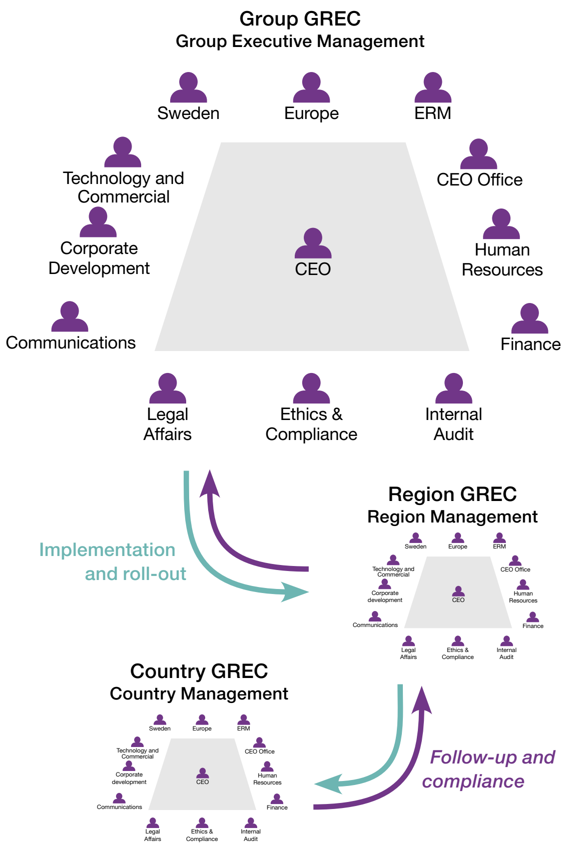
Governance, Risk, Ethics and Compliance (GREC) meetings

The purpose of the GREC meetings is to act as the primary governing bodies within risk and compliance and to evaluate risk levels and propose risk-mitigation actions.

At the GREC meetings, which are held at least quarterly, management meets to update, discuss, decide and follow-up on ongoing activities and initiatives within the different risk areas and sustainability focus areas. The purpose of the GREC meetings is to:

- Consolidate and assess risk reports from countries, regions and group functions
- Review risk levels in relation to risk appetite and decide on risk response
- Follow-up mitigation plans and execution in key risk areas
- Compile risk and compliance reports and action plans to the Board of Directors' Audit Committee
- Build a risk awareness culture

GREC meetings are held on group, region and country level. On group level, the GREC meeting is chaired by the CEO and consists of Group Executive Management extended with the Head of CEO Office, the Head of ERM, the Chief Ethics and Compliance Officer as well as the Head of Group Internal Audit. The purpose, agenda and participants of local GREC meetings mirror the group-level meetings. For region Eurasia, GREC issues on group level are addressed by a Steering Board, headed by the CEO (for additional information, see section "CEO and Group Executive Management").



Whistle-blowing process

Speak-Up Line

2015 was the first full year of operations of TeliaSonera's Speak-Up Line, the whistle-blowing tool enabling employees and others to anonymously report violations of proper accounting, reporting or internal controls, as well as non-compliance with local laws or breaches of TeliaSonera's policies and ethical instructions. During the year, the processes underlying the reporting of cases and investigations to the Board of Directors and management were set. A group-wide standard for performing internal investigations was also decided. The guiding principle is to ensure that investigations are conducted objectively and impartially; are carried out in a way to swiftly establish the facts with minimum disruption to the business or the personal lives of employees; and to make sure that confidentiality and non-retaliation are respected at all times.

To the reader of this Statement: If you believe there are deficiencies in TeliaSonera's financial reporting or if you suspect any misconduct within the TeliaSonera group, you may report your concerns at: www.speakupline.ethicspoint.com

Whistle-blowing cases in 2015

During the year, 141 whistle-blowing case reports were recorded. Out of these, 27 investigations were opened by the Special Investigations Office within the Group Ethics and Compliance Office. 42 reports related to HR matters and were forwarded to Group HR. 72 reports were sent for information to other departments (e.g. customer or supplier complaints) or closed after an initial review and response to the whistle-blower concerned (e.g. in cases of ethical reproach).

In 2014, a total of 73 reports was recorded out of which 42 related to whistle-blowing on misconduct and 31 concerned HR matters. The doubling of the number of reports is partly attributed to training and awareness and partly to improved recording mechanisms.

Of the 141 whistle-blowing reports in 2015, 62 percent were received through the Speak-Up Line. 17 percent were sent to the Speak-Up Line e-mail address, 14 percent received through direct contact with ethics and compliance officers at group or local level, 4 percent reported through line managers and 3 percent through e-mails directly to TeliaSonera top management.

Ethical concerns or reproaches against management was the most commonly reported matters, in particular from region Sweden. Other significant issues included abuse of position, conflicts of interest, discrimination and harassment. Several suppliers complained about biased tender results.

The majority of the reports was submitted from regions Sweden and Eurasia. Of all reports, 40 percent were submitted anonymously or by reporters requesting to remain anonymous.

In 2015, investigation support requested by managers was recorded separately. There were 13 such investigations compared to 19 in 2014. As of 2016, these requests will be included in the Speak-Up Line statistics.

Where allegations were substantiated, 17 disciplinary decisions were taken by the Group Ethics Forum. The majority of the decisions resulted in termination of employees but also warnings were issued in some cases. During 2015, employees and line managers were trained in correctly registering case reports and escalating the reports, enabling the Special Investigations Office to ensure a consistent investigation process and implementation of disciplinary actions.

Consolidated case reports were presented to the Audit Committee throughout the year. The reports included allegations of certain significance, progress of investigations and the final results of the investigations. All case closure reports were submitted to the Group Ethics Forum for oversight and decisions on disciplinary action.

To further improve the maturity of our Responsible Business, two KPIs were agreed concerning internal investigations:

- Percentage of whistle-blowing cases closed within 8 weeks with a target of 80 percent, which is considered achievable as in 2015, more than 70 percent of all cases were closed within 8 weeks
- Percentage of disciplinary decisions implemented within 4 weeks after Group Ethics Forum decision with a target of 100 percent. In 2015, only 50 percent of the target was achieved. This KPI will thus greatly help to focus management on prompt implementation of disciplinary action decisions

INTERNAL CONTROLS OVER FINANCIAL REPORTING

In accordance with the Swedish Companies Act and the Swedish Corporate Governance Code, the Board of Directors is responsible for internal controls over financial reporting. The Board continuously reviews the performance of internal controls and initiates activities to foster continuous improvement of internal controls.

TeliaSonera's risk management framework includes internal controls over financial reporting, and is in line with the COSO framework for internal controls. It consists of interrelated areas, which are control environment, risk assessment, control activities, information and communication, and monitoring. To establish a consistent approach to and a group-common view of risks related to incorrect financial reporting, group-wide risk catalogues have been implemented in all major entities in which TeliaSonera has management responsibility. The internal controls function within Group Finance is responsible for developing and maintaining the IT-based tool for managing the risk catalogues.

Internal control is an integral part of TeliaSonera's corporate governance and enterprise risk management which involves boards of directors, executive management and employees on all organizational levels. It is a process which includes methods and processes to:

- Safeguard the group's assets
- Ensure the reliability and correctness of financial reporting
- Secure compliance with applicable legislation and guidelines
- Ensure that objectives are met and continuous improvement of operational efficiency

The objective for TeliaSonera's financial reporting is to be in line with the highest professional standards and to be full, fair, accurate, punctual and understandable.

Control environment

The most essential parts of TeliaSonera's control environment are the group policies with related group instructions and detailed group directives. Management at all levels is responsible for ensuring that the organization complies with the Delegation of Obligations and Authority issued by the CEO, the financial governing documents, the reporting framework and other group requirements. Group Finance staff is responsible for monthly monitoring and, if significant, communication of changes in legislation, listing requirements and financial reporting standards affecting financial group instructions or directives.

Management in each entity or group function is responsible for ensuring that:

- Monthly and quarterly financial statements comply with TeliaSonera's accounting policies
- Financial reports are delivered on time
- Activities to mitigate the risks, as specified in the group risk catalogues, have been implemented and are performed
- Required reconciliations are properly performed
- Material business and financial risks are identified and reported

The TeliaSonera financial shared services unit supports harmonized and standardized financial accounting processes and controls across large wholly-owned business units.

Risk assessment

TeliaSonera has a risk-based approach towards internal controls over financial reporting. Risk management related to financial reporting is incorporated in the group-common risk management framework as described in section "Enterprise risk management (ERM) framework." As such, assessment and management of risks that may result in inaccurate financial reporting is a natural part of the daily work. The group risk catalogues are used as a baseline. Risk assessments are performed from both a top-down and a bottom-up perspective. The results of the risk assessments are documented in the group risk catalogues.

Control activities

All business processes across TeliaSonera include controls regarding the initiation, approval, recording and accounting of financial transactions. Major processes, including related risks and key controls, are described and documented in a common and structured way, based on the requirements set in the group risk catalogues. Controls are either automated or manual and designed to ensure that necessary actions are taken to either prevent or detect material errors or misstatements and to safeguard the assets of the company. Controls for the recognition, measurement and disclosure of financial information are included in the financial closing and reporting process, including controls for IT applications used for accounting and reporting.

Information and communication

Group policies, instructions and directives, the reporting framework guidelines and other requirements regarding accounting and reporting as well as performing internal controls are made accessible to all employees concerned, through the use of TeliaSonera's regular internal communication channels. Employees at group level continuously engage in internal training activities to ensure harmonization within important areas such as revenue recognition, distinction between capital and operating expenditure, etc.

Results from the monthly monitoring activities performed by the internal controls function within Group Finance are compiled and shared with management teams on region and country level. Sharing gives a good opportunity for benchmarks and learning.

TeliaSonera promotes an open, honest and transparent flow of information, especially regarding the performance of internal controls. Control performers are encouraged to disclose any issues concerning their controls in the monthly reporting, so that a problem can be taken care of before it, possibly, causes errors or misstatements.

Monitoring

TeliaSonera has implemented a structured process for performance monitoring of internal controls over financial reporting. This process includes all countries, regions and group functions and consists of a self-assessment of the risk mitigating activities. The internal controls function within Group Finance monitors the process on a monthly basis. On behalf of Group Executive Management, the internal controls function carries out an annual risk-based compliance review of key risks in order to evaluate the quality of self-assessments, risk mitigation and the overall internal control environment.

The results of the self-assessments and the compliance review are communicated to the management of all relevant entities, to the GREC meetings and to the Board of Directors' Audit Committee. The Audit Committee also receives reports directly from both external and internal auditors. The reports are discussed and follow-up observations are made by the Committee. Both the external and internal auditors are present at the Committee meetings.

At least once a year, the entire Board of Directors meets with the external auditors, in part without the presence of management.

GROUP INTERNAL AUDIT

The group's internal audit function reviews the group operations and makes proposals aiming at improving the internal control environment as well as efficiency in processes and systems. Through operational reviews, a systematic and disciplined approach is used to evaluate and improve the effectiveness of governance within the group.

The direction of the work of the internal audit function is stated in the annual audit plan. In order to reflect the overall business objectives and risks, the audit plan is aligned with the group's business plan and strategy. The audit plan determines priorities and resource allocation. It is approved by the Board of Directors' Audit Committee and presented to the external auditors on an annual basis. Within the audit plan, the detailed audit assignments are defined on a quarterly basis. The quarterly audit assignments are discussed with the external auditors in order to share risk assessments and audit findings.

In 2015, audits were performed in group functions and all regions. The Eurasian operations received particular attention. Important focus areas were:

- IT and information security
- Customer privacy
- Transformation to a New Generation Telco
- Procurement
- Revenue reporting

The Head of Group Internal Audit reports administratively to the CEO and functionally to the Audit Committee. The results from each specific audit assignment are reported to the line manager responsible for the audited area or unit, and in addition to the relevant function-related area manager and to the external auditors. A summary of audit findings is reported to the Audit Committee on a quarterly basis.

The Head of Group Internal Audit is also responsible, together with two external members acting within the Equality of Access Board, for overseeing developments in relation to equal treatment of internal and external wholesale customers in Sweden.

During the second half of 2015, the Head of Group Internal Audit temporarily assumed an operational role as CFO of the Swedish organization and therefore withdrawn from audit work related to Sweden. This includes the Equality of Access Board, where one of the external members acted as Chair in his place.

AUDITORS

Number of auditors and duties

According to its Articles of Association, TeliaSonera AB shall have no less than two and no more than three auditors and no more than the same number of deputy auditors. The Annual General Meeting can also appoint only one auditor, if the auditor in question is a public accounting firm. The auditors report to the shareholders at General Meetings. The duties of the auditors include:

- Updating the Board of Directors on the planning, scope and content of the annual audit
- Examining financial statements to assess accuracy and completeness of the accounts and adherence to applicable financial reporting standards
- Examining the Board of Directors' and the President's administration of the company
- Conducting a statutory examination of this Corporate Governance Statement
- Advising the Board of Directors of non-audit services performed, the consideration paid and other issues determining the auditors' independence

Besides the audit report submitted to the shareholders at each Annual General Meeting, the auditors also issue a review report on the second-quarter consolidated financial statements. In 2015, a review report was issued also on the third-quarter consolidated financial statements. To the Audit Committee and Group Executive Management, the auditors quarterly submit a report on TeliaSonera's financial statements and, in November each year, a report on internal controls within financial reporting and IT. For further information on the contacts between the Board and the auditors, see sections "Board of Directors" and "Internal controls over financial reporting."

In addition, the auditors perform an annual limited assurance of the information presented in Sustainability Work and GRI Index.

Current auditors and fees

At the Annual General Meeting 2015, Deloitte AB was elected as auditor until the end of the Annual General Meeting 2016. Deloitte AB has appointed Jan Palmqvist (born 1962), Authorized Public Accountant, to serve as auditor in charge. Deloitte AB is often engaged by TeliaSonera's largest shareholder, the Swedish State, for both audit and advisory services. Jan Palmqvist does not hold any shares in TeliaSonera AB.

For information on fees paid for audit-related and other services, see Note C32 to the consolidated financial statements.

BOARD OF DIRECTORS

Marie Ehrling

Born 1955. Chair of the Board. Elected to the Board of Directors in 2013. Ms. Ehrling was President of TeliaSonera's Swedish operations between 2002 and 2006. During 1982–2002, she worked for SAS Group, holding various executive positions including Deputy CEO and Head of SAS Airlines. Ms. Ehrling is Vice-Chair of Nordea Bank AB and serves as board member of Securitas AB and Axel Johnson AB. She is elected member of Royal Swedish Academy of Engineering Sciences (IVA). Marie Ehrling holds a BSc in Business and Economics and an Honorary Doctorate.
Shares in TeliaSonera: 20,000

Olli-Pekka Kallasvuo

Born 1953. Vice-Chair of the Board. Elected to the Board of Directors in 2012. Mr. Kallasvuo was CEO and board member of Nokia Oyj from 2006 to 2010. Previously, he held various executive positions at Nokia, including the positions of COO, CFO, Head of Mobile Phones Division and Head of Nokia Americas. Mr Kallasvuo is today Chair of the Peli-integrointiyhtiö FRV Oy, Chair of the Zenterio AB and Vice-Chair of SRV Group Plc., and he is also a board member of Aperios Partners Ltd, Cleantech Industries Global N.V., Entrada Oy, Limestone Platform AS and Foundation for Economic Education. Mr. Kallasvuo holds a Master of Law and an Honorary Doctorate.
Shares in TeliaSonera: 35,896

Mats Jansson

Born 1951. Elected to the Board of Directors in 2013. Mr. Jansson was CEO of SAS AB between 2007 and 2010 and prior to that worked as CEO of Axel Johnson AB 2005–2006 and served as Chair of the Board and CEO of Axfood AB 2000–2005. Currently Mats Jansson is Chair of the Board of Delhaize Group and senior advisor of JP Morgan and Prime, respectively. Mr. Jansson has studied economical history, geography and sociology.
Shares in TeliaSonera: 4,500

Mikko Kosonen

Born 1957. Elected to the Board of Directors in 2013. Mr. Kosonen is since 2008 the president of the Finnish Innovation Fund Sitra. Prior to that, he held several leading positions at Nokia between 1984 and 2007, where his final role was that of Senior Vice President, Strategy and Business Infrastructure. He is a member of the board of Technology Academy Finland, Foundation for Economic Education and Aalto University Board. Mr. Kosonen holds a doctorate degree in Economics / International business.
Shares in TeliaSonera: 2,000

Nina Linander

Born 1959. Elected to the Board of Directors in 2013. Ms. Linander is former partner at Stanton Chase International between 2006 and 2012 and prior to that SVP and Head of Treasury at Electrolux AB 2001–2005. Nina Linander is currently a board member of AB Industrivärden, Skanska AB, Castellum AB, Specialfastigheter Sverige AB, Awa Holding AB and OneMed Holding AB. Ms. Linander holds a BSc degree in Economics and a MBA (IMD) degree.
Shares in TeliaSonera: 5,700

Martin Lorentzon

Born 1969. Elected to the Board of Directors in 2013. Mr Lorentzon is founder and Chair of the Board of Spotify AB. He was also founder of TradeDoubler AB where he also served as a board member. Mr Lorentzon holds a Master of Science Engineering.
Shares in TeliaSonera: 1,100,000

Per-Arne Sandström

Born 1947. Elected to the Board of Directors in 2010. Per-Arne Sandström has been deputy CEO and Chief Operating Officer of Telefonaktiebolaget L.M. Ericsson and has held a number of managerial positions in the Ericsson Group. He is a member of the board of SAAB AB. Per-Arne Sandström studied engineering.
Shares in TeliaSonera: 400

Kersti Strandqvist

Born 1963. Elected to the Board of Directors in 2013. Ms. Strandqvist is Head of Corporate Sustainability since 2010 and a member of the Group Management of SCA AB. Prior to that she served in several managerial positions including R&D and as business area director within the SCA Group 1997–2010. Ms. Strandqvist holds a Master of Science Chemical Engineering and Licentiate of Technology.
Shares in TeliaSonera: 4,280

Agneta Ahlström

Born 1960. Employee representative, appointed by the trade union to the Board of Directors in 2007. She is Chair of the Swedish Union for white-collar workers in the private labour market, Telecommunications section (Unionen-Tele). Previously, she was the Chair of the section of SIF-TELE at TeliaSonera International Carrier.
Shares in TeliaSonera: 200

Stefan Carlsson

Born 1956. Employee representative, appointed by the trade union to the Board of Directors in November 2009. He is deputy Chair of the Swedish Union for white-collar workers in the private labour market, Telecommunications section (Unionen-Tele) and member of the board of Unionen. Previously, he was second deputy Chair of SIF and Unionen.
Shares in TeliaSonera: 650

Peter Wiklund

Born 1968. Employee representative, appointed by the trade union to the Board of Directors in 2014. In addition, Mr. Wiklund is the Chair of the Union of Service and Communication Employees within TeliaSonera, SEKO klubb TeliaSonera.
Shares in TeliaSonera: 0

Eva-Marie Penttilä

Born 1977. Finnish employee representative without voting rights, appointed by Trade Union Pro.
Shares in TeliaSonera: 0[2]

Deputy employee representatives
Hans Gustavsson (born 1954), SEKO klubb TeliaSonera. Shares in TeliaSonera: 110[2]
Marianne Johansson (born 1957), Unionen-Tele. Shares in TeliaSonera: 1,500[2]
Arja Kovin (born 1964), Unionen-Tele. Shares in TeliaSonera: 0[2]

REMUNERATION DURING 2015, ATTENDANCE AND NUMBER OF SHARES

			Meeting attendance					
Name	Elected year	Position	Board	Remuneration Committee	Audit Committee	Sustainability & Ethics Committee	Total remuneration (SEK thousand)[1]	Shares in TeliaSonera[2]
Marie Ehrling	2013	Chair of the Board and Chair of the Remuneration Committee	16/16	5/5	7/7	5/5	1,731	20,000
Olli-Pekka Kallasvuo	2012	Vice-Chair of the Board	16/16	5/5			795	35,896
Mats Jansson	2013	Director	12/16	4/5			559	4,500
Mikko Kosonen	2013	Director and Chair of the Sustainability and Ethics Committee	16/16			5/5	664	2,000
Nina Linander	2013	Director and Chair of the Audit Committee	16/16		7/7		664	5,700
Martin Lorentzon	2013	Director	13/16		7/7	5/5	714	1,100,000
Per-Arne Sandström	2010	Director	16/16		7/7		614	400
Kersti Strandqvist	2013	Director	16/16			5/5	614	4,280
Agneta Ahlström	2007	Employee representative	15/16				–	200
Stefan Carlsson	2009	Employee representative	14/16				–	650
Peter Wiklund	2014	Employee representative	16/16				–	0

All Board members elected by the Shareholders' General Meeting are considered to be independent in relation to the company, to the administration of the company and to major shareholders.

[1] See also Note C31 to the consolidated financial statements.
[2] Shares in TeliaSonera include shareholdings by spouse and/or affiliated persons when appropriate. Mr. Lorentzon's shares are held through companies. Holdings as of the date of this Annual and Sustainability Report. The information is regularly updated at www.teliasonera.com/Insiders.

GROUP EXECUTIVE MANAGEMENT

Johan Dennelind

Born 1969. President and Chief Executive Officer. Between 2010 and 2013 Mr. Dennelind was International CEO South Africa at Vodacom. Previously he had several managerial positions at Telenor in Sweden and Malaysia, i.a. CEO of DiGi Telecommunications Malaysia between 2008 and 2010. Prior to that he had several managerial positions at Telia. Mr. Dennelind is a board member of GSMA and World Childhood Foundation. Mr. Dennelind holds a Master of Science in Business Administration.
Shares in TeliaSonera: 126,000

Sören Abildgaard

Born 1968. Acting Head of Commercial and Technology & Transformation, respectively, as of October 2015. Previously he was CEO of Telia Denmark and prior to that he had various positions for mobile operators Mobilix, Orange and Call me in Denmark. He has also been working in marketing in Denmark and Great Britain. Mr. Abildgaard is Chair of the Board of DLG Tele and board member of The Danish IT Industry Association (ITB). Mr. Abildgaard holds a Master of Science in International Marketing.
Shares in TeliaSonera: 2,672

Robert Andersson

Born 1960. Executive Vice President and Head of region Europe. Prior to joining TeliaSonera, Mr. Andersson held several managerial positions within Nokia in different international business and support roles, including Executive Vice President of Customer and Market Operations, Executive Vice President, Devices Finance, Strategy and Sourcing and Senior Vice President Corporate Alliances and Business Development. He is a member of the board of Enea AB. Mr. Andersson holds a Master of Science in Economics and a Master in Business Administration.
Shares in TeliaSonera: 10,000

Hélène Barnekow

Born 1964. Executive Vice President and Head of region Sweden. Ms. Barnekow has several years of experience from the mobile and IT business, most recently as head of Worldwide Field & Partner Marketing at EMC Corporation. Prior to that she held several managerial positions at Sony Ericsson Mobile Communications between 2001 and 2009. She has also been working at Ericsson. Ms. Barnekow holds a Master of Science in International Business.
Shares in TeliaSonera: 12,000

Jonas Bengtsson

Born 1970. Senior Vice President and Group General Counsel. Prior to joining TeliaSonera, Mr. Bengtsson was the Group General Counsel at Tele2 between 2007 and 2013. Mr. Bengtsson has almost 20 years' experience as a commercial lawyer, of which approximately 15 years as a General Counsel in the telecom industry and has worked for, i.a. Telenor Sweden, Utfors and law firm Mannheimer Swartling. Mr Bengtsson holds a law degree.
Shares in TeliaSonera: 20,500

Peter Borsos

Born 1969. Senior Vice President and Head of Group Communications. Previously Mr. Borsos was Executive Vice President and Director of Communications at Swedbank Group. Prior to that he held various managerial positions within Swedbank and Bank of Åland. He started his career at Nordiska Fondkommission AB. Mr. Borsos holds a Master of Science in Management and Economics.
Shares in TeliaSonera: 30,000

Christian Luiga

Born 1968. Senior Vice President and Chief Financial Officer since April 2014. Prior to that he was Head of Corporate Control since March 2009. Before joining TeliaSonera Mr. Luiga was CFO of Teleca AB since 2004 and between 2002 and 2004 he served as CFO of Framfab AB. Mr. Luiga has his background as controller in several companies. Mr. Luiga is a member of the boards of PAO MegaFon and Fintur Holdings B.V. Mr. Luiga holds a Bachelor of Science in Economics.
Shares in TeliaSonera: 39,159

Cecilia Lundin

Born 1970. Senior Vice President and Head of Group Human Resources. Previously Ms. Lundin was Head of Human Resources at Investment AB Kinnevik. Prior to that she held positions as human resources executive at Novartis in the Nordics, Tele2 and Billerud, respectively. Cecilia Lundin holds a Master of Science in Economics.
Shares in TeliaSonera: 1,000

Henriette Wendt

Born 1969. Senior Vice President and Head of Group Corporate Development. Previously Ms. Wendt was Head of Corporate Strategy and Participation Management at Swisscom. Prior to that she held various managerial positions within Motorola. She started her career as a strategy consultant with Monitor Company and other technology companies. Ms. Wendt holds a Master's Degree in Business Administration.
Shares in TeliaSonera: 0

Information on the members of Group Executive Management is also available at www.teliasonera.com/Corporate-Governance. Shares in TeliaSonera include shareholdings by spouse and/or affiliated persons when appropriate. Holdings as of the date of this Annual and Sustainability Report. The information is regularly updated at www.teliasonera.com/Insiders.

REMUNERATION AND OTHER BENEFITS DURING 2015, CAPITAL VALUE OF PENSION COMMITMENTS

SEK thousand	Base salary	Other remuneration	Other benefits	Pension expense	Total remuneration and benefits	Capital value of pension commitment
Johan Dennelind, CEO	14,490	147	74	5,685	20,396	–
Other members of Group Executive Management (8 individuals)	36,032	1,589	1,174	11,045	49,840	1,167

See also Note C31 to the consolidated financial statements and the Board of Directors' Report, section "Remuneration to executive management."

SUSTAINABILITY IN TELIASONERA

Telecommunications is a central part of many people's lives and a key factor in societal development and sustainable economic growth. For TeliaSonera, this brings responsibility beyond providing high quality products and services. We need to conduct our business in a responsible way throughout our operations. Furthermore, we need to leverage our core business to do good for societies and the environment while creating business value.

OUR APPROACH TO SUSTAINABILITY

Shared value creation

All In for an inclusive world

- Connecting the unconnected
- A healthy and safe society
- Digital entrepreneurship and innovation
- Education for all

Sustainable operations

Responsible business

- Anti-bribery and corruption
- Freedom of expression and privacy
- Customer privacy
- Occupational health and safety
- Responsible procurement
- Environmental responsibility

All In and Responsible business support each other and form a vital part of TeliaSonera's business strategy. We strive to be fully accountable and transparent towards our stakeholders, communicating on our progress also on areas where we are not meeting expectations.

In 2015, our sustainability work focused on the areas above and on defining a sustainability approach which includes strategic objectives and long-term goals. In addition to these focus areas, our sustainability approach covers other important issues such as protection of children online and conflict minerals.

See more about how we create economic, social and environmental value in Our Company, section "How we create value."

OUR COMMITMENTS

TeliaSonera is committed to the United Nations' Universal Declaration of Human Rights and the core conventions of the International Labour Organization (ILO). We have made a commitment to observe the OECD Guidelines for Multinational Enterprises and since 2013, we are a signatory to the United Nations Global Compact. Four TeliaSonera subsidiaries – TEO and Omnitel in Lithuania, Kcell in Kazakhstan and Moldcell in Moldova – are also signatories. We are committed to respecting and supporting freedom of expression, privacy and other salient human rights, and seek to live up to the UN Guiding Principles on Business and Human Rights.

These commitments are incorporated into our code of ethics and conduct which is applicable to all companies where we have management control. For more information about the code of ethics and conduct and the policy framework, see Corporate Governance, section "Group-wide governance framework."

UNDERSTANDING STAKEHOLDERS

To ensure that we focus on the most material issues and our ability to impact, we regularly review our priorities with our stakeholders. See more about stakeholder engagement in Our Company, section "Our stakeholders."

In 2014, we conducted a sustainability materiality review through internal and external workshops and interviews. The results confirmed our responsible business focus areas and determined the shared value creation strategy focus on inclusive digitalization. It also highlighted other areas such as protection of children online that we need to actively manage. See more in 2014 Annual and Sustainability Report, Sustainability Work, section "Stakeholder engagement."

During 2015, to better understand internal and external views on our sustainability work, we introduced two survey-based indices (below). These surveys will be carried out on a regular basis. The baseline results confirm that we are on the right track with training and awareness building related to policies and speaking up, and the direction of the All In shared value creation strategy.

SUSTAINABILITY PERCEPTION INDEX

According to the survey, internal and external stakeholders converge on the need for us to increase our focus on inclusive digitalization.

Percentage of external stakeholders who perceive that we contribute positively to society and the environment:

51%

In which of the following sustainability areas do we need to increase our focus in relation to our business activities?

Inclusive digitalization	**48%**
Labor practices and work conditions	**40%**
Product and service responsibility	**39%**
Business ethics	**36%**
Respect for human rights	**26%**
Environmental responsibility	**25%**
Impact on local economies	**22%**
Impact on society and local communities	**16%**
None of the above	**3%**

RESPONSIBLE BUSINESS INDEX

According to the internal survey, most employees claim to be well aware of the ethical guidelines and are confident in reporting violations without fear of retaliation.

Average score of employees' present knowledge of the code of ethics and conduct, policies, instructions and guidelines (scale 1–5):

4.2

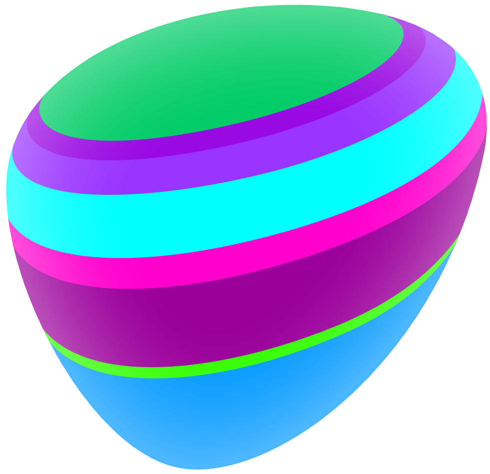
Most common ethical issues employees have encountered in their position:

Customer privacy
Working with suppliers
Employee privacy
Fair competition

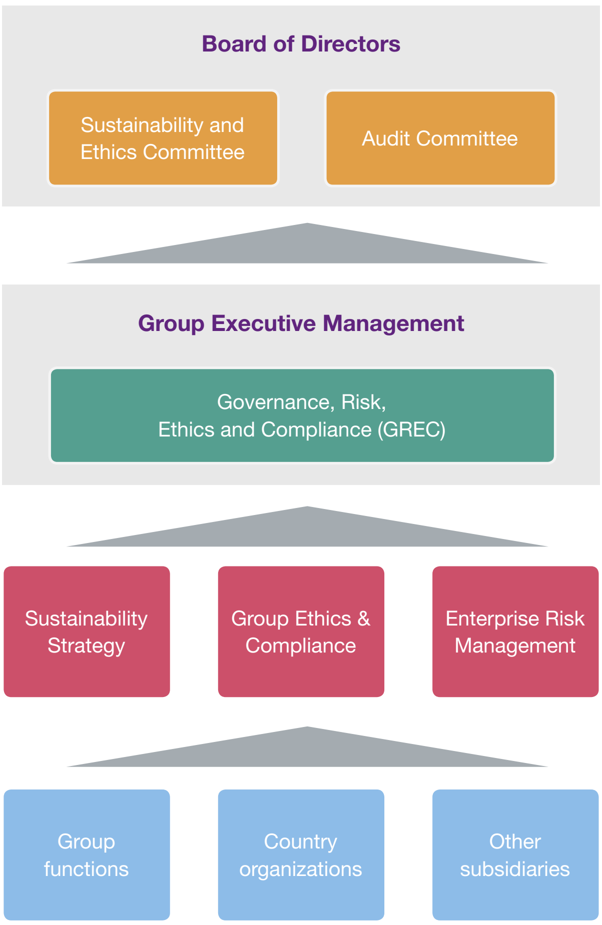
SUSTAINABILITY GOVERNANCE AND ORGANIZATION

The illustration below describes sustainability-related decision-making and reporting. The ultimate responsibility for sustainability matters lies with the Board of Directors. The Heads of Sustainability Strategy and Enterprise Risk Management report to the Head of Corporate Development, who is a member of Group Executive Management and the Governance, Risk, Ethics and Compliance (GREC) meeting. The Chief Ethics and Compliance Officer, who is Head of Group Ethics and Compliance Office, reports directly to the CEO and is a member of GREC.

For more information about governance of specific sustainability focus areas, see the respective focus area, section Governance. For group governance, see Corporate Governance, sections “Group-wide governance framework” and “Enterprise risk management (ERM) framework.”



SUSTAINABILITY GOVERNANCE



- Oversight of sustainability work
- Follow-up of risks, opportunities and compliance
- Policy approval

- Strategic ambition and direction
- Ensuring focus and resourcing
- Instruction approval (CEO)

- Developing and integrating sustainability strategy with business strategy
- Performance monitoring of, and reporting on, sustainability work
- Ensuring a consistent approach to compliance and risk management

- Implementation of sustainability strategy and compliance programs
- Creating awareness and building competence of our sustainability approach
- Reporting to group

SUSTAINABILITY FOCUS AREA SUMMARY

In 2015, our sustainability work focused on the areas below. See the respective focus area section for more information, including goals and outcomes.

STRATEGIC OBJECTIVE	2015 ACHIEVEMENTS	2016 PLANNED ACTIVITIES
Inclusive digitalization – All In • Connecting the unconnected • A healthy and safe society • Digital entrepreneurship and innovation • Education for all	• All In strategy launched. • Implementation of All In into annual business planning cycle. • Definition and launch of country initiatives and products that contribute to All In and shared value creation. • Promoted the UN Sustainable Development Goals, and our contribution to them, to our customers and employees.	• Further integration with annual business planning and strategy. • Identify and assess shared value creation related to All In in regions Sweden and Europe. • Drive group and country All In initiatives that create shared value.
Anti-bribery and corruption • Best in class anti-bribery and corruption (ABC) program. • Zero tolerance for unethical business conduct.	• 8,800 employees completed ABC face to face training or e-learning. • ABC self-assessment tool developed. • Preparations and due diligence to ensure a responsible exit from region Eurasia. • In-depth due diligence on 1,100 third party contracts in region Eurasia as part of back-log project, with several contracts terminated.	• Compliance certification of ethics and compliance officers in region Eurasia, "Ethisphere" certification of the ABC program. • ABC assessments to determine further priorities in regions Sweden and Europe. • TeliaSonera hosts the first Telecommunications Integrity Initiative. • Backlog project roll-out in all region Eurasia countries.
Freedom of expression and privacy • Enable, respect and support freedom of expression and privacy. • We are regarded as the trusted ICT industry leader in human rights.	• Law enforcement disclosure covering nine countries, with limited assurance of statistics. • Human rights impact assessment in Azerbaijan. • Sharing of "major events" escalation and assessment tool.	• Human rights impact assessments in all region Eurasia countries, Lithuania and Sweden. • Further contribute to Industry Dialogue law enforcement disclosure reporting best practice. • Build capacity for swifter escalation of "major events". • Define suitable human rights grievance mechanism.

STRATEGIC OBJECTIVE	2015 ACHIEVEMENTS	2016 PLANNED ACTIVITIES
Customer privacy • Respect and protect the privacy of our customers. • We are regarded as a trusted actor in handling personal data on the customer's terms.	• Customer privacy impact assessment method implementation initiated. • Policy gap analysis and mitigation plan updated in 13 countries. • Customer privacy training of 75 percent of employees through "Privacy World" e-learning.	• Further implementation of the impact assessment method. • Increase transparency on how customer data is used. • Evaluate impacts of and prepare for implementation of the EU Data Protection Regulation.
Occupational health and safety • An occupational, health and safety culture that supports the ambition of TeliaSonera as THE place to work.	• OHSAS 18001 certification of Kcell in Kazakhstan and Ucell in Uzbekistan. • OHS assessments carried out in 15 countries, with updated action plans on reaching OHSAS 18001. • OHS and first aid training carried out in all countries.	• All major operations to be OHSAS 18001 certified. • Increased focus on employee well-being and engagement to reduce sickness absence.
Responsible procurement • All suppliers and sub-suppliers comply with our sustainability requirements. • All suppliers have signed our supplier code of conduct.	• Developed and implemented supplier sustainability due diligence process in region Eurasia, with over 1,000 checks performed. • More than 570 suppliers evaluated in EcoVadis since 2013. • 201 supplier audits performed. • 43 percent of supplier spending evaluated against supplier code of conduct.	• Implementation of supplier sustainability due diligence process in regions Sweden and Europe. • Develop and run supplier capacity development programs. • Support suppliers in closing identified compliance deviations.
Environmental responsibility • Minimize negative and maximize positive environmental impact throughout our value chain.	• Contributed to GeSI SMARTer2030 report, highlighting the environmental benefits of ICT. • 56,500 tons CO_2 emissions reduction achieved. • 125,000 devices collected through buy-back programs.	• ISO 14001 certification of Sonera in Finland. • ISO 14001 implementation to begin in other region Europe countries. • Assessments and reporting to fulfill the EU Energy Efficiency Directive. • Establish buy-back programs in more region Europe markets.

ALL IN FOR AN INCLUSIVE WORLD

The fact that connectivity and technology have significant effects on social progress is a great opportunity for TeliaSonera. To leverage our core competencies and business to create shared value – combining social good with business benefits – we have created the All In strategy.

THE POWER OF DIGITALIZATION

The development and use of information and communications technology (ICT) has many positive effects on society. According to studies[1] ICT development positively correlates to a country's social progress, and there is evidence[2] that mobile and fixed network coverage directly and positively affects GDP growth.

Digitalization is a global megatrend that provides many benefits to both societies and the environment. However, it is uneven in its progress which creates digital divides. These, in turn, create social divides. Through increased connectivity, more people can explore, invent and share knowledge to the benefit of global development.

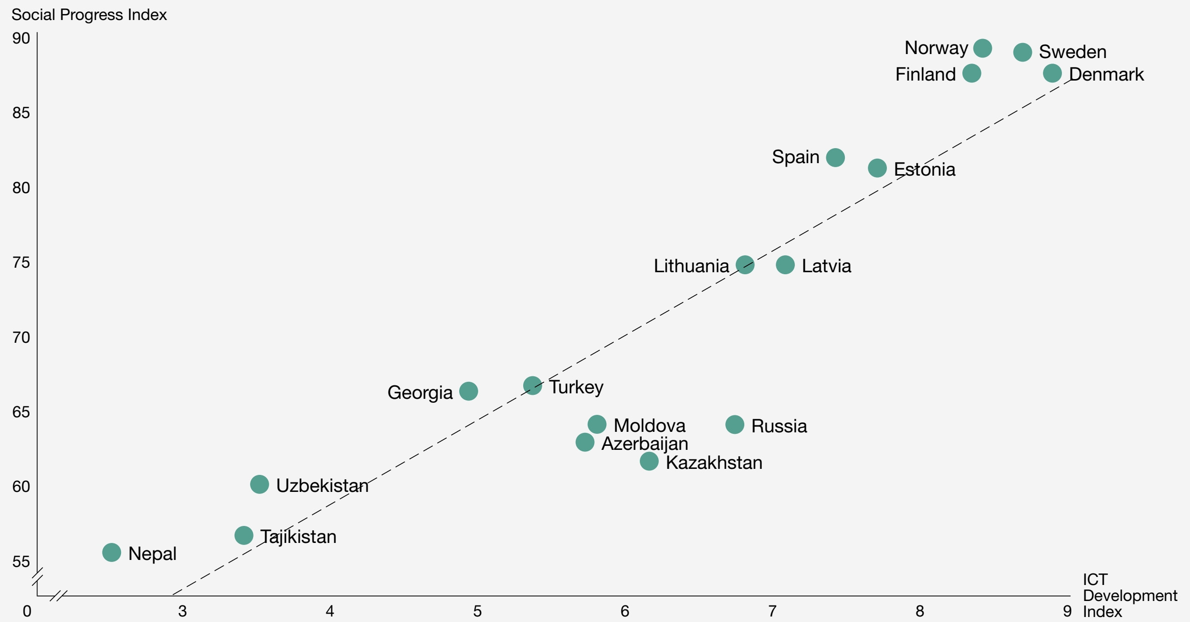
ALL IN PART OF BUSINESS STRATEGY

Based on our ability to positively impact society and the potential business opportunities involved, we have created the All In strategy. It has four strategic objectives:

- Connecting the unconnected
- Education for all
- A healthy and safe society
- Digital entrepreneurship and innovation

All In integrates social value creation into our business strategy. By driving innovation around social and environ-

DIGITALIZATION BOOSTS SOCIAL PROGRESS



Sources: Social Progress Imperative, International Telecommunication Union

[1] ICT Development Index and Social Progress Index correlation, Ze'ev Likwornik, 2013

[2] Value of connectivity report, Deloitte, 2014

mental challenges, we create value for customers, society and our shareholders in the process. This means developing and offering products and services as well as launching initiatives and partnerships that reduce the barriers for the unconnected to be included in the digital society, and supporting those already connected to benefit even more from digital opportunities. All In enhances our business through new business opportunities, higher stakeholder satisfaction, increased employee engagement, improved possibilities to attract and retain talent and a stronger brand.

All In is part of the annual business planning and subsidiaries include it in their business strategies. Activities are evaluated and shared internally and with peers to find synergies and to encourage joint activities.

SUPPORTING THE GLOBAL GOALS

Our core business in general, and All In in particular, directly or indirectly contribute to the realization of the UN Sustainable Development Goals (SDGs). Two All In strategic objectives – A healthy and safe society and Education for all – directly drive towards SDG3: Good health and well-being and SDG4: Quality education.

»The world's political leaders have signed up to achieve three extraordinary things in the next 15 years: To end extreme poverty. Fight inequality and injustice. Fix climate change. Without a doubt, these are challenging tasks that cannot be resolved by a few stakeholders alone. I am convinced that part of the solution to many significant challenges we face today, can be found within digital technology and telecommunications.«

Johan Dennelind, CEO TeliaSonera
globalgoals.teliasonera.com

CASE:
CONNECT THE UNCONNECTED, BOTH PEOPLE AND THINGS TO UNLOCK THE VALUE OF CONNECTIVITY

Digital Life project empowers Kazakhs through digital literacy

In Kazakhstan, mobile penetration exceeds 170 percent but smartphone penetration is only 40 percent. With the ambition to increase smartphone use, Kcell started a series of seminars called Digital Life to improve the mobile know-how of Kazakhstan citizens and inspire the general public to get the most out of their smartphones.

Seminars are offered in Kazakh and Russian for people with various mobile skill levels. There are seminars with themes like “Mobile Applications for Business,” “Mobile Safety,” “Mobile State” and ”Mobile Health” to choose from. In the ”Mobile State” seminar, for example, participants learn how to use the more than 50 electronic government services available in Kazakhstan.

More than 1,800 people attended 160 free seminars held in 16 cities in 2015, and the goal is for 3,400 to attend classes by the end of 2016.

CASE:
EDUCATION FOR ALL

SmartLabs support ICT education and economic development in Estonia

Labor shortage in the ICT sector is one of the biggest hindrances to growth in the Estonian economy and in local telecom operators. Skilled labor is scarce, and the number of ICT students is only growing slowly. Research shows that many students view science-related subjects as difficult and boring. Based on this insight, Telia in Estonia started encouraging children to explore information and communications technology through ”SmartLabs” and after-school technology clubs. The SmartLabs aim to improve ICT and IT skills among young people and foster an interest in technology.

“Eventually, we expect that more students will choose to study ICT and in the long run, the needs of society and the company will be supported,” says Dan Strömberg, CEO of Telia in Estonia.

CASE:

SUPPORT A HEALTHY AND SAFE SOCIETY THROUGH CONNECTED TECHNOLOGY

Reliable and affordable e-health solutions to Sweden's aging population

People in Sweden are living longer and want to stay in control of their own lives. Better digital care solutions allow more people to safely live at home, even when their health begins to fail. As part of its efforts to overcome the challenges and increasing costs faced by the health and elderly care services, Telia has launched the Telia Healthcare platform. Telia Healthcare develops digital care services for increased user, patient and next-of-kin convenience and safety while freeing up resources for the authorities. Simply put, it connects the individual and the care provider through a communications solution that enables better care and a healthier life.

"Our vision is to improve access to care services and quality of life with the help of the right technology. This makes it possible to provide more service at a given resource level, which benefits both individuals and municipalities," says Niklas Sundler, Head of Telia Healthcare.

CASE:

DIGITAL ENTREPRENEURSHIP AND INNOVATION

GeoLab creates the future of innovation and digital infrastructure

GeoLab from Geocell in Georgia is a place where young talents and entrepreneurs develop their skills and commercialize their ideas through digital entrepreneurship and innovation. Before joining GeoLab, the selected students will attend a three-month course at the Georgian-American University, where they will acquire all the necessary technical skills and knowledge to be prepared to work on projects in the Lab. They will then have an opportunity to create business oriented services, products and prototypes and implement their ideas and thoughts in practice in the GeoLab. Students have tutors from the business sector to ensure that their work is business oriented and can be commercialized.

"We are living in a digital era, where apps are our future. There are already a number of successful start-ups producing applications in Georgia. We believe that GeoLab will give a push to new talent development and create more start-ups in this field, eventually leading to the creation of new jobs and workplaces," said Pawel Smalinski, CEO at Geocell, at the opening ceremony.

ANTI-BRIBERY AND CORRUPTION

STRATEGIC OBJECTIVE	2018 GOALS	2015 OUTCOME
• Best in class anti-bribery and corruption (ABC) program. • Zero tolerance for unethical business conduct.	• All employees are aware of our ABC requirements. • All employees are familiar with the channels on how to report concerns and potential violations. • Certified ethics and compliance professionals in all region Eurasia markets (by end of 2016).	• Over 3,200 employees received ABC face to face training, and almost 5,500 completed ABC e-learning. • According to the Responsible Business Index survey, employees are aware of how, and confident about, speaking up. • 3 ethics and compliance officers in region Eurasia completed compliance certification or accreditation.

Some of our markets are among the most challenging in the world to do business in due to bribery and corruption. In addition, the telecommunications industry is exposed to a high risk of corruption.

CONTEXT

In the last few years we have understood the depth of the unethical and possibly illegal business practices in region Eurasia. The way that these markets have been entered, for example by selecting partners with unclear ultimate beneficial owners, is not in line with current responsible business practices. To remediate the issues we have worked extensively with analyzing our risks, investigating potential fraud and corruption schemes, training employees and building a culture where no one is afraid of speaking up when they see potential or actual corrupt practices.

Despite the decision to leave the region over time, we will continue our efforts to fight corruption with an unchanged focus, in the region and throughout the group. See more in “Responsible exit from region Eurasia.”

»Because it is a regulated industry that requires government approvals and necessitates large capital outlays, the telecommunications industry is particularly susceptible to a range of corrupt practices. Key areas where the threat of corruption is significant include the licensing process, market regulation and price setting, the supply chain, and third-party management and customer services. Corrupt practices in the sector are familiar: bribery, misuse of gifts and entertainment, political corruption, cronyism, nepotism and conflict of interest, money laundering, corporate misconduct, and lack of integrity.«

Assessing the World’s Largest Telecommunications Companies report, Transparency International, 2015

»TeliaSonera does not accept any form of bribery or corrupt business practices.«

GOVERNANCE

Zero tolerance against bribery and corruption
We are committed to fighting corruption in all of its forms and to do business with the highest sense of transparency and integrity. We do not accept bribery or corruption in any form. This message is enforced by the Board of Directors, CEO and Group Executive Management. Our group anti-bribery and corruption (ABC) policy is shared with government representatives and other stakeholders.

Our ABC program
To ensure compliance with laws and ethical standards and to manage the risk of corruption and unethical business practices, we launched the ABC program in 2013. The ABC program is implemented using a risk-based approach throughout the group, with focus on region Eurasia. It is based on TeliaSonera's compliance framework and includes the key elements of an effective compliance program and adequate procedures as set forth in the U.S. Sentencing Guidelines and the UK Bribery Act Adequate Procedures. We have since its launch taken firm action to better understand and improve control of risks and contextual challenges by increasing awareness of issues, implementing control mechanisms, improving processes and carrying out extensive training efforts.

Ethics and compliance network
The ABC program is managed by the group ethics and compliance office, which is responsible for the program design and annual plan as well as follow-up and reporting. Program implementation is the responsibility of local line organizations as well as group functions, with strong support from the ethics and compliance network. This network includes some 30 employees: group and regional ethics and compliance officers, a dedicated officer or coordinator in each local company, due diligence experts in high risk jurisdictions and the group special investigations office.

»TeliaSonera employees and representatives are bound – in all activities – to the code of ethics and conduct as well as to policies, instructions, local laws and legislation with extraterritorial reach.«

In addition, the supply chain excellence team in group procurement works with ensuring compliance in the supply chain and supplier due diligence. See more in "Responsible procurement."

ACTIVITIES DURING THE YEAR

Risk assessment
Together with law firm Mannheimer Swartling, we developed an ABC self-assessment tool. Based on the country and operational risk assessment templates used in 2014, it includes assessment of governance, risk and compliance in relation to ABC. The tool will be used to assess the corruption risk in country operations and how well existing governance and control mechanisms are mitigating it.

Organization
All country ethics and compliance officers and due diligence experts in region Eurasia are required to complete anti-bribery or compliance certification through TRACE or SCCE. Three employees were certified during 2015 and five have enrolled for certification to be completed in 2016.

Policies and procedures
Based on lessons learned and frequently asked questions, we updated the ABC policy and instruction to provide more precise requirements for third parties as well as guidelines for gifts and hospitality. New group instructions on internal investigations and on interaction with government authorities were also introduced.

The ABC self-assessment tool will enable more transparent follow-up on actual compliance and implementation of the ABC policy and related instructions. The purpose is to find a transparent way to assess and communicate how well the guiding documents have been implemented and adhered to in practice.

Training and communication
New employees in region Eurasia must take part in ABC face to face training. During the year, over 3,200 new and previous employees received this training. Additionally, employees in high risk functions (e.g. management teams, legal, procurement, government relations and public sales) receive annual training on ethical dilemmas and decision-making. We also included an ABC e-learning course developed by TRACE International in our training library, which is available to all employees. During the year, almost 5,500 employees completed the TRACE course.

We launched the Responsible Business Index (RBI) survey to understand employee awareness of the code of ethics and conduct, ABC-related principles, processes for reporting violations and more. The results show that employees are generally aware of the main principles and reporting channels and express confidence in using them. See more about the results in "Sustainability in TeliaSonera."

Third-party due care

The purpose of third-party due care is to enforce our ABC principles throughout the supply chain and to all third parties we engage with. Our policy requires risk-based due diligence on third parties and inclusion of an anti-corruption clause in high risk engagement contracts.

In 2014, we initiated a "backlog" project to look into third party engagements that we entered into prior to the implementation of the due diligence process. The project applies a risk-based approach to third-party screening and payment analysis to ensure that business relations with high risk third parties are thoroughly investigated and that appropriate actions are taken in a timely manner.

In 2015, more than 41,000 third-party business relations in Azercell in Azerbaijan, Kcell in Kazakhstan and Ucell in Uzbekistan were identified, with in-depth due diligence performed on 1,100 of these. As a result of the analysis, several contracts were terminated or re-negotiated, payments were frozen and suppliers blocked for further use.

Challenging areas continue to be dealers, distributors and site leasers. The risks do not relate to the financial magnitude but rather the nature and volume of contracts.

Whistle-blowing and special investigations

Lessons learned from internal cases were integrated into training courses to ensure that we use relevant dilemmas and cases. Training was provided to senior management and employees involved in investigations. See more about cases during the year in Corporate Governance, section "Enterprise risk management (ERM) framework."

Continuous improvement

We follow up on internal ABC awareness through RBI, local surveys in conjunction with training, Speak-Up Line cases and employee dialog. The input gathered is used to define further remedial and improvement actions and integrate them into our plans and training.

External engagement includes involvement with organizations such as TRACE International and the Transparency International Telecommunications Integrity Initiative, which was launched in November together with Transparency International Hungary. The purpose of the initiative is to facilitate industry-wide dialog on corruption risks and best practices in the telecommunications industry.

We will continue to engage an Independent Compliance Advisor (ICA) from the Free Group at least until the investigations of the authorities in the Netherlands, Sweden and the U.S. (Department of Justice, and Securities and Exchange Commission) have been concluded.

PLANNED ACTIVITIES IN 2016

In 2015, we applied for "Ethisphere" certification of the ABC program. The process will run for approximately four months, after which we will receive independent certification of our program structure and implementation and recommendations for further improvement.

We will complete the "backlog" project in the other region Eurasia countries, with handover from the group ethics and compliance office to country organizations.

During the first half of 2016, country ethics and compliance officers will facilitate ABC assessments together with country management which will result in country-specific action plans. This is an important step to decide on priorities for regions Sweden and Europe.

The dialog with the World Economic Forum and Partnering against Corruption Initiative will continue, as well as our involvement in forums such as the C5 anti-corruption conferences. In February 2016, we will host the first meeting of the Telecommunications Integrity Initiative.

We will also sponsor the TRACE scholarship program, which fully funds one student from Eurasia/CIS to pursue studies in the US or the UK for one year. The studies will be connected to advancing commercial transparency and anti-bribery compliance standards.

CASE:

THIRD PARTY DUE DILIGENCE GIVES NO-GO

Because the telecommunications industry is heavily regulated, operators need to interact frequently with regulatory authorities. One such interaction is the need to update regulatory records – a standard procedure as networks are constantly updated.

In early 2015, when one of our operators applied to update regulatory records, an alternative process was proposed. This time, the operator was not only asked to submit the documents, but the person at the regulatory agency proposed the company to use a specific consultant to prepare the necessary documents and file the application. In addition we were told that the consultant had to perform a feasibility study to assess the details of what should be updated. The regulatory authority explained that this would make the process more efficient for the company.

The local company acted in line with the procurement process and escalated a due diligence request to group level. During this process, several critical issues were noted: there were no legal requirements or official processes for the feasibility study proposed, and there was a possible conflict of interest between the person at the regulatory authority and the proposed consultant. The risk for breaching the group ABC policy was evident, and the due diligence process resulted in a "no-go" decision.

FREEDOM OF EXPRESSION AND PRIVACY

STRATEGIC OBJECTIVE	2018 GOALS	2015 OUTCOME
• Enable, respect and support freedom of expression and privacy. • We are regarded as the trusted ICT industry leader in human rights.	• All markets covered in law enforcement disclosure with regards to statistics on government requests. • All markets covered in law enforcement disclosure with regards to information on local legislation. • All closed unconventional requests challenged. • Actively contribute to the work of the Telecommunications Industry Dialogue and its collaboration with the Global Network Initiative.	• 9 countries covered in law enforcement disclosure with regards to statistics on government requests. • 5 countries covered in law enforcement disclosure with regards to information on local legislation. • Just above half of closed unconventional requests challenged. • Contributed to the ID and GNI joining forces.

Telecommunications enable the exchange of ideas and access to information in a way that supports openness and transparency. It is our duty to respect our customers' and users' freedom of expression and privacy.

CONTEXT

Issues related to freedom of expression and privacy pose a high risk to users of telecom services globally. Such risks include mass surveillance, network shutdowns, localization of mobile devices and blocking or restriction of certain content. Through legislation and decisions from authorities, states define the scope of surveillance of communications and limitations to the free flow of information.

ICT and human rights in general, and freedom of expression and privacy in particular, have gained attention through developments in recent years, such as surveillance revelations and terrorist attacks. We foresee that our work will become increasingly important throughout all our markets as legislators seek additional surveillance measures to fight crime and terrorism.

The right to customer privacy is widely understood as an essential requirement for the right to freedom of expression. Therefore, we have direct commitments both as to surveillance privacy (when authorities require access to user data) and as to customer privacy (our processing of customer data for our own needs). See more about our customer privacy work in "Customer privacy."

GOVERNANCE

Respecting freedom of expression and privacy

By putting processes in place, we aim to fulfill our responsibility and commitments to respect freedom of expression and privacy as laid out in the UN Guiding Principles for Business and Human Rights. Our duty to respect and promote human rights is focused on the risks to our customers. We aim to limit potential harm to individuals by seeking active measures to support the rights of our customers where we believe that these are at risk.

Our freedom of expression and privacy work is guided by the UN Guiding Principles, the Telecommunications Industry Dialogue Principles on Freedom of Expression and Privacy and the group policy on freedom of expression in telecommunications.

The policy addresses our commitments in relation to requests or demands with potentially serious impacts on freedom of expression in telecommunications, such as mass surveillance where authorities demand unrestricted real-time network access, shutdown of all or parts of a network, blocking or restricting access to specific content, blocking or restricting access to services or networks and proposals for new laws or significant operational changes.

We have highlighted the importance of freedom of expression in our CEO's statement, see www.teliasonera.com/en/sustainability/human-rights.

Assessment and escalation

A group instruction sets out practical steps regarding assessments and escalation that are instructed to be carried out whenever a local company receives a request or demand that may have potentially serious impacts on freedom of expression in telecommunications. Guidance is provided in a form for assessments and escalation, a tool that we have shared publicly.

Unconventional government requests are assessed by the local company and escalated within TeliaSonera for informed decision-making, including considerations from outside of the local context, on how to perform a point of challenge. This means adhering to the local law while at the same time seeking and performing measures to respect and support the rights of our users. We can request and remind that a decision be put in writing, postpone implementation to the greatest extent possible and/or seek to publicly share information about the request. While the process is intended to identify and mitigate potential violations to individuals' freedom of expression and privacy, the actual outcome heavily depends on local laws, the security and capability of local employees.

ACTIVITIES DURING THE YEAR

Stakeholder engagement

The Industry Dialogue (ID), which in December 2015 included nine international telecom companies, adds leverage to advocacy promoting freedom of expression and privacy in the telecommunications industry. Our active participation stimulates shared learning on how to best respect freedom of expression and privacy. A description of the ID's activities during the year is available at www.telecomindustrydialogue.org. Our work with regard to the ID Principles is available in a document at www.teliasonera.com/sustainability/reports.

The ID has a formal collaboration with the multi-stakeholder Global Network Initiative (GNI). By working together, the two initiatives aim to advance freedom of expression and privacy rights in the ICT sector more effectively. The collaboration provides a common platform for shared learning and leverage. In January 2016, the ID and GNI agreed to combine. We have been active in promoting the collaboration, which will take full effect in 2017.

We have promoted the ID Principles at MegaFon and Turkcell. These dialogs will continue during 2016.

Law enforcement disclosure reporting

We believe that transparency on surveillance activities can contribute to a world where customer privacy and freedom of expression are more strongly enforced. Therefore we publish law enforcement disclosure reports twice per year. In 2015, we published such reports in January and October. The reports can be found at www.teliasonera.com/sustainability/reports.

The most recent report, released alongside this Annual and Sustainability Report, includes statistics covering requests from the police and other authorities in nine countries. The statistics, as presented in the table below, show the number of authority requests in each country based on a court order or other legal demand by the police or other authority. The statistics are subject to limited assurance by Deloitte.

Authority requests* 2015

Country	Lawful interception	Historical data	Subscription data	Challenged/ rejected requests
Denmark	5,825	1,368	9,672	38
Estonia	3,454[1]	2,226	288,423[2]	4,748[3]
Finland	4,394	2,078	7,867	26
Georgia	Not available	281	1,303	876
Moldova	Not available	10,348	5,530	235
Nepal	Not available	38,935	37,022	0
Norway	2,384	5,234	9,173	127
Spain	20,413	35,079	43,989	776
Sweden	2,950	1,850	4,017	236

* As explained in the text, direct access is not included in the statistics.
[1] In Estonia, a direct access system is used. We keep a log of these requests.
[2] This figure includes all requests for Subscription data. For other countries the corresponding figure only covers requests that are handled by authorized personnel, and automated requests that refer to a criminal case.
[3] This figure includes all requests to which we were not able to answer, most often because the requested information was about a customer of another operator.

Differences in market share as well as working methods, both by authorities and within TeliaSonera, make it difficult to compare statistics between countries. For definitions of the categories, see the Law Enforcement Disclosure Report at www.teliasonera.com/sustainability/reports.

Our reporting of country legal frameworks pertaining to freedom of expression and privacy in telecommunications is performed through contribution to the ID database on country legal frameworks. Our law enforcement disclosure report includes links to national laws that provide governments with direct access to information about our customers and their communication, without having to request information from TeliaSonera.

Regarding governments' such direct access, i.e. signals intelligence (intelligence gathering through analysis and processing of communication signals) and real-time access without requests (technical systems for more extensive monitoring of telecommunications), TeliaSonera has no insight into the extent of such surveillance (when, who and what) and cannot provide any statistics beyond those provided within this report.

Unconventional requests

In addition to reporting statistics, we publish information on unconventional requests or demands from governments ("major events").

During 2015, we closed some 15 such unconventional requests or demands from governments across our operations. To support the decision making process and ensure a consistent view on freedom of expression throughout the group, we facilitated local company risk assessments and escalations. Points of challenge, where possible, were defined jointly by local, regional and group management.

Main challenges to reporting

We seek to be as transparent as possible, but there are challenges. Local laws that may sometimes lack full clarity determine what we can and cannot publish. As to unconventional requests, there may be either confidentiality provisions or constraints based on our duty to protect the safety of our personnel. Also, issues regarding direct access are closely related to national security and therefore challenging to share and communicate.

Counting the number of unconventional requests is difficult and subjective as such requests can range from a demand to block one or several websites, shutting down of a network locally to requests regarding direct access.

PLANNED ACTIVITIES IN 2016

We will continue our work regarding law enforcement disclosure reporting. We aim to find ways to standardize such reporting within the ID and GNI.

TeliaSonera will continue to respect and promote human rights in general. This includes further elaboration of assessment processes, training, compliance, monitoring and review. The aim is for this work to benefit from the shared learning and leverage within the context of the ID and GNI. Specific gaps in our work include:

- Shared learning and implementation in remedy and grievance mechanisms.
- Local stakeholder dialog and engagement.
- Governance and training to make the process of assessments and escalations swifter, especially when it comes to requests and demands for direct access to our networks and systems

CASE:

INFORMATION ON UNCONVENTIONAL REQUESTS

TeliaSonera aims to publish information about every unconventional request or demand from governments ("major events"). Below is a list of articles from July through December 2015 on such major events. A list of major events in January through June 2015 can be found in the Sustainability Update at www.teliasonera.com/sustainability/reports.

Several updates on service limitations in Tajikistan, the latest from 19 November
www.teliasonera.com/en/newsroom/news/2015/update-16-november-freedom-of-expression-major-event-as-to-service-limitations-in-tajikistan-9-october-2014/

Mandatory distribution of SMS in Nepal
www.teliasonera.com/en/newsroom/news/2015/foenepal/

Direct access in Tajikistan
www.teliasonera.com/en/newsroom/news/2015/freedom-of-expression-major-event-as-direct-access-in-tajikistan-june-2015/

Blocking of a website in Nepal
www.teliasonera.com/en/newsroom/news/2015/freedom-of-expression-unconventional-request-as-to-blocking-of-a-website-in-nepal/

CUSTOMER PRIVACY

STRATEGIC OBJECTIVE	2018 GOALS	2015 OUTCOME
• Respect and protect the privacy of our customers. • We are regarded as a trusted actor in handling personal data on the customer's terms.	• "Privacy by design" is implemented in all relevant project management processes. • All employees are aware of the privacy requirements related to their work duties. • Clear and easy to understand information about processing personal data readily available to customers.	• Customer privacy impact assessment method implementation initiated. • Policy gap analysis and mitigation plan updated in 13 countries. • 75 percent of employees trained through "Privacy World" e-learning.

Vast amounts of data are generated when our customers use services and our networks. Customer privacy will become increasingly important to manage as customer expectations increase and legislation is strengthened.

CONTEXT

Growing focus on customer privacy

It is highly challenging to establish and uphold "bullet-proof" privacy protection in increasingly sophisticated data environments and in ever-changing technical and threat landscapes. Vast amounts of data are generated when our customers use services and our networks. New ways of connecting and data-heavy business models make it difficult for individuals to retain control over how their data is collected and used. According to the Eurobarometer 2015 – Data Protection, trust in the ability of online service providers and telecom companies to protect privacy is low.

In light of events in recent years, there is a growing focus on privacy from the societal, operator and customer perspectives. We foresee that customer privacy will become increasingly important to manage as customer expectations increase and legislation is strengthened in the EU and other markets.

GOVERNANCE

We need to continuously assess risks, build awareness among employees and suppliers, include privacy controls in relevant processes as well as integrate privacy safeguards into our IT infrastructure.

Our work is guided by the group customer privacy policy, which defines principles regarding, for example, collecting, processing and retaining personal data as well as customers' rights. Measures to safeguard the confidentiality and integrity of customers' personal data are defined in the group security policy.

The customer privacy organization consists of the group privacy owner and group privacy officer, as well as privacy officers in subsidiaries and group functions. It is responsible for developing and implementing customer privacy governance and supporting line organizations in their work to implement our policies and comply with local requirements. During the year, the group customer privacy organization was strengthened significantly to better support local policy implementation and integration of customer privacy into the IT architecture.

»It is challenging to establish and uphold "bullet-proof" privacy protection in increasingly sophisticated data environments and in ever-changing technical and threat landscapes.«

ACTIVITIES DURING THE YEAR

During 2015, the main focus was on further strengthening governance and increasing awareness as well as on implementation and risk mitigation activities.

Privacy by design

We consider “privacy by design” – taking privacy requirements into account at the earliest possible stage – as one of the key privacy principles supporting our efforts to ensure that customer privacy is respected. For this reason, an impact assessment method for assessing risks, compliance and impacts on customer privacy was developed, and its implementation into the project management process was initiated.

Gap and risk assessments

All except one local company completed customer privacy gap and risk assessments and updated their mitigation roadmaps. The assessment results and measures to address risks varied, reflecting differences in maturity. In general, the results indicated that despite our efforts so far, we must increase our focus on the “privacy by design” approach, deletion or anonymization of data, development of risk management processes, increasing awareness and ensuring control over our supply chain. Implementation projects and initiatives to execute risk mitigation roadmaps and close identified compliance gaps are ongoing.

Reviews and audits

A privacy and security compliance monitoring process was developed and the first measurement results focusing on information, IT and network security were analyzed during the third quarter. In addition, on-site customer privacy reviews were performed by group internal audit in three countries. Subsequently, action plans were agreed upon regarding key areas such as training.

Customer privacy training

Significant effort was put into increasing awareness among all employees. A mandatory e-learning course available in 14 languages was launched successively in all countries and group functions. 75 percent of employees were trained during 2015, and roll out will continue in 2016. Additionally, local training activities were run for employees and certain subcontractors.

Improving control over the supply chain

To improve control over our supply chain, a guideline for privacy in outsourcing was approved and a training course covering the guideline was offered to privacy officers. The guideline describes privacy requirements and risks to be considered during the stages of the outsourcing process.

PLANNED ACTIVITIES IN 2016

In 2016, we will focus on ensuring “privacy by design” by rolling out the privacy impact assessment method in group functions and regions Sweden and Europe.

We aim to increase transparency about collecting and use of personal data by ensuring that comprehensive, easy to understand information is available to customers.

We will continue to assess the impacts of the new EU Data Protection Regulation and initiate actions to ensure timely implementation of the requirements and appropriate mitigation of legal risks.

The work to continuously assess risks, maintain and execute mitigation activity plans, follow up progress as well as increase awareness and expertise will continue.

CASE:

SECURITY HEALTH CHECK

“Security Health Check” was launched as a concept to assist countries in identifying gaps in their security measures related to protecting information such as customer personal data, and defining changes in ways of working, processes and technologies used. During 2015, this activity was completed in most of TeliaSonera majority owned companies, with local action plans agreed.

Security Health Check is a joint effort from group technology and group security to share best practices and learn about the local business environment to define the most fitting solutions for identified problems. The health check takes a practical and engaging approach: employees are encouraged to openly bring up security issues that trouble them, discuss suggestions for improvement and see how other functions across the group have solved similar problems. As a result of the open collaboration, the health check has started to create a community where employees on all levels can share their experiences.

OCCUPATIONAL HEALTH AND SAFETY

STRATEGIC OBJECTIVE	2018 GOALS	2015 OUTCOME
• An occupational health and safety culture that supports the ambition of TeliaSonera as THE place to work.	• Lost-Time Injury Frequency (LTIF) maximum 0.52. • Sickness Absence Rate (SAR) maximum 1.9 percent. • No fatal accidents. • OHSAS 18001 implemented in all major companies (by end of 2016). • Engagement index: 83 percent.	• LTIF: 0.41 (0.46 2014). • SAR: 2.2 percent (2.3 2014). • No fatal accidents (0 2014). • Ucell in Uzbekistan and Kcell in Kazakhstan received OHSAS 18001 certification. • Engagement Index: 78 percent. For more information, see GRI index, "G4-LA6."

TeliaSonera shall ensure healthy and safe work practices and the well-being of employees and suppliers. We believe that all accidents, incidents, injuries, work-related illnesses and unsafe actions and conditions are preventable and unnecessary.

CONTEXT

Different risks in different settings

Most of our employees work in a low-risk physical environment such as an office or a call center. In these locations, issues such as psychosocial health and ergonomics need to be managed as part of our occupational health and safety (OHS) work.

More serious physical OHS risks are found in activities related to constructing and maintaining networks. This work is mainly outsourced, which means that dialog with and auditing of contractors is critical.

Supplier capacity building

By engaging with local contractors through training, auditing and capacity building, we can contribute to a better OHS environment in the markets where we operate. This is especially relevant in countries where local knowledge, understanding and resources are often seriously lacking. In some countries, especially in region Eurasia, we work with suppliers who meet few or none of our OHS requirements. According to our supplier audits, key elements of an OHS plan such as risk identification, safety equipment and training are often missing. In addition, we need to take into account differences in national OHS legislation.

Challenges to a common approach

We still face challenges in developing a common OHS approach in terms of expertise, awareness, processes and reporting. Because of the work and reporting culture in some countries, internal and external data does not reflect the actual situation since accidents and absenteeism are not always properly reported for fear of retaliation or contract termination.

GOVERNANCE

Our OHS approach

As stated in the group OHS policy, our approach consists of promoting good health, identifying and reducing or preventing risks and rapidly reacting to ill health in all of our operations. We believe that all accidents, incidents, injuries, work related illnesses and unsafe actions and conditions are preventable and unnecessary.

Each employee must be aware of our safety standards and enforce them in the workplace. This includes completing provided training, reviewing communications and guidelines and ensuring that these standards are implemented without exception.

An OHS network of experts in all companies is led by

Group Health and Safety, which is part of Group HR. These experts are trained internally and externally to ensure a similar level of expertise. The network carries out audits, supports the companies and shares best practice on a regular basis.

ACTIVITIES DURING THE YEAR

OHSAS 18001 assessments and certification

OHS assessments were updated in all 15 major companies. The companies received evaluation reports and suggestions for improvement in relation to OHSAS 18001 (OHS management system) compliance. According to the assessment, most companies should be able to achieve certification by end of 2016. Based on the assessments, action plans on how to implement OHSAS 18001 were finalized by the subsidiaries. Actions were largely the same as in 2014 and common to all companies:

- Improve expertise in identifying OHS risks in daily work through identifying, assessing and determining how to monitor them in a structured manner
- Improve management awareness and clarify accountability regarding OHS topics
- Carry out further training on the OHS policy and instruction for management and key OHS stakeholders such as contractors, HR staff and employees
- Improve documentation and reliability of reported data

Progress on these actions will be reviewed regularly and further action will be taken based on the results, with progress reported in local management team reviews. The findings of the assessments were also used to define updates to the OHS policy and instruction.

During the year, Ucell in Uzbekistan and Kcell in Kazakhstan received OHSAS 18001 certification.

Employee training

All companies organized OHS training for their employees. First aid training was especially appreciated and proved to be valuable: an Azercell employee who underwent first aid training saved another employee's life by using methods learned in the course.

Additionally, supplier audit training was conducted for the OHS network, whose members will be performing supplier audits.

PLANNED ACTIVITIES IN 2016

All companies shall have sufficient actions ongoing to be ready for OHSAS 18001 certification by end of 2016. These actions are largely the same as for 2015, and will be reviewed and supported by group health and safety.

In regions Sweden and Europe, focus will be on promoting and increasing employee well-being and engagement. Going forward the "engagement index," which is based on the annual Purple Voice employee survey, will be used as a tool to measure, understand and develop engagement practices. We believe that better employee engagement and leadership will also help us reduce sickness absence.

75 percent of Sonera's employees say they have enough flexibility in their work.

CASE:

SONERA'S WORK PRACTICES BOOST EMPLOYEES' WELL-BEING

Sonera in Finland, which has 3,600 employees, received positive media attention for its ability to combine an open office and flexible work solutions, including its own remote meeting services, to support the well-being of its employees. Sonera is considered to be a best practice example in Finland in this area.

For years, Sonera has been developing its open office and flexible work practices. From 2013 to 2014, Sonera participated in Aalto University's CityWorkLife project, which studied working in public and semi-private spaces such as libraries, cafés and public open spaces. It included aspects on how workspaces and technology solutions can best support flexible work habits. The study also involved a survey of Sonera's employees where 75 percent said they have enough flexibility in their work.

RESPONSIBLE PROCUREMENT

STRATEGIC OBJECTIVE	2018 GOALS	2015 OUTCOME
• All suppliers and sub-suppliers comply with our sustainability requirements. • All suppliers have signed our supplier code of conduct.	• 75 percent of assessed suppliers compliant with supplier code of conduct. • 25 percent reduction of supplier base (baseline 2015).	• 58 percent of asssessed suppliers compliant with supplier code of conduct.

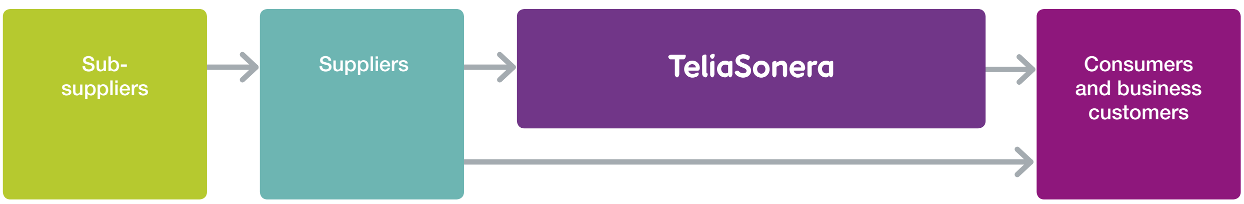
TeliaSonera's annual purchasing volume is over SEK 60 billion, with purchases from about 38,000 suppliers and countless sub-suppliers from all parts of the world. A large share of our spending relates to network equipment and services for building and maintaining our networks. We also buy mobile handsets, other consumer electronic devices, electricity and much more that we need to deliver our services.

CONTEXT

We expect our suppliers, sub-suppliers and distributors to implement sustainable business practices and to be transparent about their challenges. Choosing suppliers with good sustainability practices is a way for us to positively influence our supply chain.

Major challenges in the supply chain
We face major challenges in our supplier management as a result of the vast number of suppliers we rely on and the fact that in some markets, the general level of compliance with our supplier requirements is significantly lower than what we require. We address these issues through developing and implementing policies and procedures as well as supplier qualification and development activities. Ensuring solid supplier sustainability management, such as reducing the risks related to labor rights and occupational health and safety, and implementing common ways of working in all parts of TeliaSonera will take several years. Despite our efforts, the risk remains that suppliers and sub-suppliers will not comply with TeliaSonera's sustainability, security and quality requirements thereby putting their employees and TeliaSonera's operations and reputation at risk.

TELIASONERA'S SUPPLY CHAIN



GOVERNANCE

Our approach to responsible procurement is governed by the group procurement policy, the group procurement instruction and the procurement handbook.

The supplier code of conduct, security directives and other governing documents are used when dealing with suppliers. The updated supplier code of conduct, which was approved in February 2015, is the guiding document that outlines sustainability requirements for suppliers and shall be included in all new contracts. The security directives describe security requirements, such as IT security and information security related to data privacy, that are applicable when a supplier provides services to TeliaSonera.

Local procurement teams in all subsidiaries in regions Europe and Eurasia are responsible for initiating the supplier due diligence process and supporting group procurement during supplier audits.

The Supply Chain Excellence (SCE) function in group procurement supports local procurement functions in sustainability related issues. It is responsible for defining sustainability requirements for suppliers as well as ensuring that appropriate risk assessment is carried out before suppliers and contractual agreements are approved. Exceptions from these requirements are approved on group level. SCE is also responsible for evaluating and developing suppliers' sustainability performance, for example, through on-site audits.

ACTIVITIES DURING THE YEAR

Reduction of supplier base in Sweden
A step in reducing our supplier base was taken in Sweden where we carried out a significant consolidation of our field maintenance operation suppliers. Field maintenance operations are now carried out by two main suppliers, each of which manages activities regardless of technology in one of two large areas.

External stakeholder engagement
Apart from daily contact with suppliers, the SCE team participated in a series of knowledge-sharing and cooperation discussions with Joint Audit Cooperation (JAC) members as well as other Nordic multinational companies to discuss responsible procurement. We also presented our approach at a number of external conferences. See more about JAC at www.teliasonera.com/sustainability/supply-chain/joint-audit-cooperation/.

Supplier due diligence
A new sustainability due diligence process was implemented during 2015 for all suppliers used by region Eurasia companies. In the process we use a supplier risk identification tool to determine high risk suppliers and ask potential suppliers to complete a due diligence questionnaire. For suppliers identified as high-risk suppliers (e.g. suppliers and sub-contractors in construction, field maintenance, repair and network rollout services) we seek to identify politically exposed persons, fraudulent persons and companies, ultimate beneficial owners and also to check compliance with the supplier code of conduct.

80 out of 1,002 potential suppliers analyzed were not recommended due to the high risk involved for TeliaSonera, mainly as a result of compliance deviations from the supplier code of conduct, refusal to provide ownership information or ownership by a high-ranking local public official. During the year, 50 suppliers in region Eurasia that did not meet our requirements were given, or are awaiting, conditional approval by TeliaSonera group. In these cases we found compliance deviations which we would normally not accept, but the suppliers were approved due to monopoly status or them delivering business critical services and products. Exception cases are documented, and mitigation activities are defined.

TELIASONERA'S SUPPLY CHAIN DUE CARE PROCESS

TeliaSonera's expectations	Supplier due diligence	Performance assessment and supplier development		
Supplier requirements	**Risk identification and analysis**	**Self-assessment**	**Audits**	**Supplier development**
• Supplier code of conduct • Security directives • Prohibited substances ("black and grey") lists	• Supplier risk identification tool • Due diligence questionnaire	• In-depth sustainability assessment (EcoVadis)	• TeliaSonera audits • JAC audits	• Corrective action plan in audit report • Supplier training • Supplier dialog

Supplier assessments	2015	2014
Valid[1] supplier assessments (accumulated)	1,035 due diligence 573 self-assessments 289 audits	33 due diligence 311 self-assessments 123 audits
Suppliers compliant	58%[2]	50%[3]
Supplier compliance deviations	2,067 open 829 closed (since 2013)	Not available

[1] Self-assessment and audit valid for three years.
[2] Based on number of audits and self-assessments.
[3] Based on number of self-assessments.

Supplier self-assessment
At the start of large procurement projects or procurement projects involving high risk suppliers, suppliers are required to complete a self-assessment in EcoVadis, which scores the supplier's sustainability performance. The self-assessment covers a broad range of topics such as environmental management, labor practices, human rights compliance and anti-corruption programs. Some suppliers do not carry out the requested self-assessment in due time, which makes supplier selection more challenging.

Supplier audits and development
At the end of 2015, suppliers corresponding to approximately 43 percent of global spend have been assessed for compliance with our requirements. On top of "desktop study" assessments we carry out on-site evaluation audits, training and other activities to improve suppliers' sustainability capabilities.

During the year we conducted 201 on-site audits. The focus areas for audits were field service and IT services suppliers. Compliance deviations were addressed through dialog with the respective suppliers. The main areas for improvement were occupational health and safety, where over a third of the deviations were identified, and privacy.

A challenge remains in handling the number of deviations, and following up more rapidly on actions taken by the supplier to close the compliance deviations.

Supplier and sub-supplier audits	2015	2014	Target 2015
Audits performed by TeliaSonera	140	11	100
Audits performed by JAC	61	37	50
Total	**201**	**48**	**150**

Supplier accidents and fatalities
During the period, one work-related fatality was reported by a field service supplier in Azerbaijan. TeliaSonera was in contact with, and also audited, the supplier to understand the root cause and to agree on measurements to prevent future accidents.

PLANNED ACTIVITIES IN 2016

We will continue the implementation of procurement processes as defined in the procurement handbook in regions Eurasia and Europe. We will revise and roll out the supplier due diligence process in regions Sweden and Europe.

We need to support suppliers in improving their sustainability, quality and security understanding and performance. Therefore we will develop and run supplier programs addressing specific patterns found during our audits.

Other focus areas will be to close compliance deviations, and to improve suppliers' reporting of work-related accidents.

CASE:
AUDIT SUPPORTING SUPPLIER DEVELOPMENT

In February, TeliaSonera conducted an on-site audit at Venava Grup, a supplier performing network installation and maintenance in Moldova. The supplier was selected for an audit due to poor EcoVadis results. The audit team noted 13 findings in the areas of compliance, labor rights, and health and safety. It became clear that Venava Grup lacked experience in working with these areas.

Subsequently Venava Grup and TeliaSonera agreed on a corrective action plan. TeliaSonera monitored the actions and can confirm that Venava Grup has taken fast and positive action to improve. Among other things, the company has started to forward TeliaSonera's requirements to sub-suppliers that deliver materials.

"Thanks to the audit by TeliaSonera, we understood how to improve our way of working. Without the TeliaSonera audit and support, it would have been impossible to improve," says Venava Grup.

EXAMPLES OF COMPLIANCE DEVIATIONS FOUND DURING AUDITS

Asian phone and accessories suppliers

- Extensive overtime
- Dormitories with low standard
- Lack of protective equipment
- Poor handling of chemicals

Eurasian field service providers

- Health and safety issues - e.g. lack of protective equipment, fire safety measures and training
- Financial punishment of employees
- Salaries below living wages

Nordic field service providers

- "Social dumping" and labor rights breaches
- Lone workers performing hazardous work
- Safety equipment not used

ENVIRONMENTAL RESPONSIBILITY

STRATEGIC OBJECTIVE	2018 GOALS	2015 OUTCOME
• Minimize negative and maximize positive environmental impact throughout our value chain.	• All major operations in region Europe ready for ISO 14001 certification (by end of 2017). • Buy-back programs for mobile devices established in region Europe (by end of 2017). • 10 percent lower energy consumption per subscription equivalent[1]. • 33 percent lower CO_2 emissions per subscription equivalent.	• ISO 14001 certification in Sweden and Estonia. • Buy-back programs in 4 countries, 125,000 devices collected. • 21.8 kWh per subscription equivalent (22.1 2014). • 4.1 kg CO_2 per subscription equivalent (4.3 2014).

TeliaSonera's services are key enablers of an environmentally sustainable economy. Machine-to-machine services, remote meetings, cloud hosting, e-health and other solutions all contribute positively.

CONTEXT

Global challenges related to climate change, resource and energy scarcity and the circular economy rely on ICT to provide necessary tools for solving the challenges. The GeSI SMARTer2030 report (smarter2030.gesi.org) highlights that in 2030, ICT will have the potential to hold global greenhouse gas (GHG) emissions at 2015 levels while increasing resource efficiency in, for example, agriculture, transportation and electricity distribution. The ICT industry has a GHG emissions abatement potential of close to ten times its own emissions.

Our key environmental impacts

Energy, GHG emissions and electronic waste remain the main environmental impacts to manage in our own operations and in the value chain. Negative environmental impacts come from the production of consumer and network equipment, from construction, maintenance and running of the networks, and from waste generated.

Regional differences define our approach

Significant regional differences have defined our approach to environmental responsibility. The biggest challenges are found in region Eurasia – weak legislation, lack of waste management infrastructure and low interest from customers. In regions Sweden and Europe, customers expect us to be proactive in our work and the solutions we offer to help them reduce their own environmental impacts.

GOVERNANCE

The group environmental policy states that we shall adopt a structured management approach to managing key environmental impacts. This means working towards reducing GHG emissions, increasing energy efficiency, working towards ISO 14001 environmental management system (EMS) certification and establishing mobile device buy-back programs.

Group sustainability strategy has the overall responsibility for developing and implementing the environment strategy and policy. Companies implementing ISO 14001 must have a clearly appointed function responsible for managing the EMS. Country organizations and other group functions are responsible for activities such as network

[1] Subscription equivalent is based on energy consumption for different subscriptions – from low consumption M2M subscriptions to high consumption 4G mobile or IPTV subscriptions. Targets are based on total energy consumption and scope 1 + 2 emissions.

planning and buy-back programs that have an impact on our environmental work.

ACTIVITIES DURING THE YEAR

ISO 14001 implementation in Finland
Sonera in Finland began implementing ISO 14001 with the aim to be certified in 2016. ISO 14001 has been already been implemented in Sweden and Estonia, with parts of the organizations certified.

GHG emissions reductions
During the year, we reduced our gross GHG emissions by purchasing Renewable Energy Certificates (REC) and green electricity. Through these we reduced our scope 2 footprint by 56,500 tons of CO_2. Over 500 solar power installations, mainly at Ncell in Nepal, Tcell in Tajikistan and Ucell in Uzbekistan contributed as well, although we cannot exactly quantify the emissions reductions from these.

Buy-back programs
Buy-back programs were established in most Nordic and Baltic countries. These programs enable customers to hand in old devices for a discount, regardless of their value on the market. The devices are collected by an ISO 14001 certified partner that wipes and refurbishes them for resale, or recycles them. In total, 125,000 devices, mainly phones, were collected. A large contribution came from NetCom in Norway which collected 55,000 devices, also donating 10 NOK per device to the national youth environmental organization Miljøagente (www.miljoagente.no). In addition, TeliaSonera Finance collected and refurbished 12,500 leased devices during the year through its life-cycle management program.

Life-cycle assessment of fiber digging
The Royal Institute of Technology (KTH) conducted a life-cycle assessment of fiber digging methods together with Skanova, which manages our fiber rollout in Sweden. The findings showed that green-field plowing, micro- and narrow trenching has the smallest environmental impact. The findings were presented during follow-up of sustainability performance of sub-contractors and in planning dialog with municipalities.

PLANNED ACTIVITIES IN 2016

Focus in 2016 will be on implementing the environmental policy and EMS to ensure that we establish a common ground for our future environmental work.

To ensure a common approach, the Sonera EMS assessment will be used as template for implementation in region Europe. The EMS will also take into account the requirements of the new EU energy efficiency directive.

Buy-back programs will be established in more countries, covering more types of devices and channels.

To better understand and be able to quantify how our services help customers reduce their environmental footprint, we aim to further support relevant industry studies together with organizations such as GeSI.

CASE:
TELIASONERA SWEDEN INVESTING TO SAVE

TeliaSonera Sweden runs several modernization programs focused on reducing energy consumption and costs related to facility rent. Older power-hungry technology and systems such as ISDN that serve few customers are replaced by more energy efficient and future-proof platforms. In addition a large number of rural technical sites are to be closed down, and 75 core technical sites energy-optimized until 2018. We have invested some SEK 20 million in “green cooling” solutions so far, and plan to invest an additional SEK 50 million when expanding the scope to additional sites. Since the programs started in March 2014, total savings of SEK 40 milion have been achieved. Until 2018 the programs will lower annual costs by an estimated SEK 20-25 million.

The programs include:
- Replacing compressor-based cooling with free air and geo-cooling solutions, and redesign of data centers.
- Dismantling of legacy equipment. After dismantling, energy savings are achieved, and the whole or parts of sites can be used for other purposes or sold. In 2015, such cleanouts generated over 200 tons of mainly electronic waste.
- Utilization of contractors. when a contractor working at a site has completed the ordered work, available time can be used to identify and switch of equipment that is no longer in use. This saves time and money for both TeliaSonera and the contractor.

56,500 TONS

56,500 tons reduction of CO_2 emissions

CHILDREN ONLINE

Children and young people are active users of our services. We work actively on our own and together with experienced partners to promote a safer use of internet among children, young people and their parents.

OPPORTUNITIES AND THREATS ONLINE

We believe that the internet enriches children's lives and provides them with opportunities to improve their digital skills as well as to socialize, play and learn. However, children are particularly vulnerable to online threats such as cyber bullying and inappropriate content.

Keeping children safe online requires an integrated approach across the broader technology industry. TeliaSonera works closely with other companies and organizations within and outside our industry to drive common approaches to safe browsing and app use, as well as respectful behavior among children and young people.

PARENTAL CONTROL MECHANISMS

In our Nordic markets we offer parental control mechanisms that enable parents to limit their children's exposure to unsuitable content, for example the possibility to block adult TV channels. We also offer additional services such as "secure surf" to our customers in the Nordics and Baltics that enable them to add a password for surfing and decide how long and when the web browser can be used.

We have signed the guiding principles of the ICT Coalition for Children Online, which set out a common code of conduct for developing products and services that promote child safety online. These principles cover content, parental control, dealing with abuse/misuse, child abuse or illegal contact, privacy control and education and awareness. See more at www.ictcoalition.eu.

SUPPORT TO HELPLINES

In 2014, the GSMA formed a partnership with Child Helpline International (CHI) to protect young people and safeguard their right to be heard. Based on this partnership, we are committed to the establishment of child helplines in all of our markets and raising awareness of their existence.

Today, there are toll-free child helplines available on most of our markets. These helplines also offer accessibility over the internet through chat services. Some of our subsidiaries support these helplines by providing information and links to helplines on our local websites.

BLOCKING CHILD SEXUAL ABUSE MATERIAL

We work actively to prevent criminals from distributing child sexual abuse material (CSAM) through our networks, partly through cooperating with law enforcement agencies. We maintain filters on our own networks that block access to websites known to host CSAM, protecting our customers from accessing this kind of material. This is the only area of content on the internet where we take an active stand to restrict access.

TeliaSonera is cooperating with other industry partners to develop this area further, for example through our membership in the ICT Coalition and the GSMA Mobile Alliance against Child Sexual Abuse Content. The GSMA Mobile Alliance has been active since 2008 and works to obstruct the use of the mobile environment by individuals or organizations wishing to consume or profit from CSAM.

We also support and promote mechanisms for customers to report child sexual abuse content that they discover on the internet by providing links on our websites for reporting to local and international law enforcement agencies.

CASE:

SONERA SUPPORTS THE HELP.SOME APP

Sonera in Finland supported Save the Children Finland who, together with online police and criminal victim on-call organizations, developed a mobile app for children aged 7 to 17 called Help.Some. The goal of the app is to provide an easy access forum for discussions and counseling for concerns and problems such as bullying, sexual harassment and hate crimes. The app is free and Sonera is committed to help ensure that the app reaches as many children as possible.

CONTINUED EFFORTS IN 2016

In 2016, we will continue to offer services and provide information to parents and children. We will intensify our work to fight CSAM online, through various collaborations and by reporting such material on the company's IT equipment.

We have during the last three years supported the World Childhood Foundation (www.childhood.se), which has used the funding to help vulnerable children and families in Nepal. Moving forward, we aim to find new ways of working together with Childhood around online support of vulnerable children and families.

»In many of our markets, we have programs to educate children and parents on how to deal with cyber bullying and disrespectful online behavior, often together with experienced partners. Activities include information in our stores, podcasts for young people and parents, and educational sessions at children's summer camps.«

CASE:

LOVE BOMBING AND SWEDISH HEROES

During the year, Halebop in Sweden organized many different activities to inspire their customers, mainly young people, to be friendly on the internet. Halebop ran campaigns to teach young people how to behave online to foster a friendly attitude, including asking them to "love bomb" the internet. Halebop also created a podcast together with the "Ung på nätet" ("Young on the web") organization to educate parents about young people's digital lives. More than 200,000 people have so far been reached by the messages, via Youtube, podcasts or halebop.se.

Telia in Sweden became a key sponsor of "Svenska hjältar" ("Swedish Heroes"), which supports activities such as anti-cyber bullying roadshows at schools. Swedish Heroes was also released in an online version available to all high school classes, approximately 300,000 students aged 13 to 15.

RESPONSIBLE EXIT FROM REGION EURASIA

In recent years, we have invested heavily in implementing a systematic framework for responsible business in our operations. This work has covered the entire group, but the greatest impact has been on our subsidiaries in region Eurasia.

With the announcement in September that we are leaving region Eurasia over time, we need to uphold our efforts and high standards as long as we have management control of the companies involved, to prepare them for divestment and ensure a responsible exit. After we hand over management control to new owners, we will have limited possibilities to influence their business practices. However, we can share our knowledge and emphasize to prospective buyers the importance of running the operations in a sustainable and responsible manner.

INCREASED RESPONSIBLE BUSINESS EFFORTS

During the last few years, we have significantly developed the expertise, capabilities and confidence of our companies and employees in the region through implementing:

- Anti-bribery and corruption face to face training of all employees, and dilemma training for high-risk functions
- Ethics and compliance officers in all countries
- A process for assessing and escalating non-conventional government requests with potential serious impacts on freedom of expression and privacy
- Privacy officers responsible for customer privacy risk assessments and mitigation plans
- Independently hosted Speak-Up Line in local languages
- Localized group templates and tools including:
  - Anti-bribery and corruption risk assessment tools
  - Due diligence questionnaires and third-party management tool
  - Risk assessment template for sponsorships and donations
  - Control framework and self-assessment tool for risks within financial processes
- Dialog with local authorities on the importance of transparency in how donations to public funds are used

»To ensure a thorough understanding of the risks related to divestment, we will carry out human rights impact assessments in all our Eurasian markets.«

The group ethics and compliance office is closely involved in the divestment process to ensure that we identify and mitigate any risk of corruption or unethical transactions. This is done through:

- Due diligence on potential buyers, shareholders and directors as well as any agents or local partners involved, including control of ultimate beneficial owners
- Initial pre-signing compliance review of policies, processes and compliance programs of the potential buyers
- Actively sharing our compliance framework, policies and procedures
- Participation in company presentations to present our compliance framework and show our commitment to responsible business

To ensure a thorough understanding of the risks related to divestment, we will carry out human rights impact assessments in all our Eurasian markets. These will provide valuable recommendations for mitigation actions during and after the exit process. See more in "Human rights impact assessments – focus on region Eurasia."

ENSURING EMPLOYEE SAFETY

We recognize that many employees in the region have made great efforts to promote responsible business in areas such as freedom of expression and privacy, other human rights and in anti-bribery and corruption – areas that in many respects are controversial in their home countries. Speaking up may, during or after the divestment process, expose these employees personally or professionally to unfair treatment or even danger. We consider the fair treatment and safety of our employees to be of the utmost importance. For this reason, we are taking necessary action to ensure that we identify and support these individuals.

SHARING LESSONS LEARNED

We will continue to share lessons learned from the region within our industry, for example, through the Telecommunications Industry Dialogue and the Telecommunications Integrity Initiative. We will also actively seek to include the new owners in these dialogs and initiatives.

HUMAN RIGHTS IMPACT ASSESSMENTS – FOCUS ON REGION EURASIA

Our first human rights impact assessment (HRIA) in 2013 indicated mainly freedom of expression, privacy protection and anti-bribery and corruption to be the areas that need continued focus.

UNDERSTANDING RISKS AND OPPORTUNITIES

In September 2015, we commissioned BSR (www.bsr.org) to undertake HRIAs for region Eurasia, starting with Azercell in Azerbaijan. The assessments identify human rights impacts, risks and opportunities related to our operations, reach conclusions about these impacts, and make recommendations for their mitigation and management in two categories:

- For TeliaSonera, recommendations on how to integrate human rights into the divestment process
- For the companies and their current and future owners, recommendations on how to manage and mitigate human rights impacts in ongoing business

Implementing these recommendations is a vital part of our human rights efforts as we exit region Eurasia, including working together with prospective and actual buyers.

»Implementing these recommendations is a vital part of our human rights efforts as we exit region Eurasia, including working together with prospective and actual buyers.«

ASSESSMENT METHODOLOGY

The assessments are carried out using a methodology based on the UN Guiding Principles on Business and Human Rights. The methodology involves:

- Identifying actual and potential human rights impacts in a stakeholder inclusive manner,
- Prioritizing impacts based on criteria in the UNGP, and
- Making recommendations for managing these impacts.

No assessment was carried out for Ncell in Nepal, as a divestment was announced in December.

ASSESSMENTS IN 2016

In 2016, HRIAs will be carried out in all region Eurasia countries, starting with the countries mentioned above. HRIAs will also be carried out in Sweden and Lithuania in the second quarter.

We aim to subsequently carry out assessments in the other region Europe markets involving more internal resources, to ensure that we develop capacity and competence for future HRIAs.

SPONSORSHIPS AND DONATIONS

Sponsorships and donations shall be conducted in an ethical manner, support our brands and business objectives and contribute to social value creation. In 2015, focus was on rebuilding Nepal after the earthquake.

INCREASING CONTROL

During the year we continued to strengthen governance of sponsorships and donations. All sponsorships and donations shall be evaluated, approved and conducted in an ethical manner, including partner due diligence. They should also clearly support both our brands and business objectives, and contribute to social value creation through alignment with the All In strategy.

A total of SEK 41 million was reported spent on non-commercial sponsorships and donations. The activities are normally chosen by TeliaSonera's subsidiaries that best understand the local context, expectations and needs. In many cases, activities were approved by either region or group functions, ensuring that their rationale was aligned with the sponsorship and donation policy and that proper due diligence was carried out.

ACTIVITIES IN 2015

Some activities carried out in 2015 were:

- Omnitel in Lithuania sponsored and partnered with a number of organizations and authorities to teach children at summer camps about mobile internet safety in a child-friendly way. During this first year of involvement, 750 children aged ten to twelve participated in ten events.
- Sonera in Finland continued to support the digital learning concept "Me & MyCity" (www.yrityskyla.fi), which helps sixth-graders learn how society works.
- During the year Ucell in Uzbekistan worked together with representatives from the national Children's Sports Development Fund to ensure transparent use of donated funds to construct parts of a sports complex serving school children in the Fergana region.

COTTON HARVEST IN UZBEKISTAN

We have previously stated that Ucell's involuntary support to Uzbekistan's cotton harvest, which is not linked in any way to our business, is problematic and undesirable.

During the year, we have had an extensive dialog with many stakeholders, including NGOs and relevant parts of the UN system, the ILO, the World Bank, the European Union and representatives of the Uzbek administration. We officially made our statement clear that in view of our sustainability policies, TeliaSonera is not in a position to support directly or indirectly the cotton harvest, and that the company's ambition is to concentrate its contribution to the economic development of Uzbekistan by focusing on developing information communication and technologies.

During this year's harvest season Ucell received a few requests for participation isolated to a few regions. Referring to the official statement of non-participation these requests were turned down. At the end of the harvest season it was confirmed that Ucell had not supported, directly or indirectly, the harvest efforts.

SUPPORT TO REBUILD NEPAL

In April and May, Nepal was struck by two large earthquakes causing nearly 9,000 deaths, injured close to 22,000 people, and displaced several million people.

Working telecommunications networks are vital to coordinate disaster relief. According to the UN World Food Programme which coordinates emergency telecommunications, Ncell and the other operators were highly proactive and cooperative in supporting the relief efforts.

TeliaSonera and Ncell responded to the disaster by committing to short and long-term support:

- A donation of USD 1 million to the Prime Minister's Disaster Relief Fund was made, accompanied by a letter clearly stating our expectations of transparency on how the funds are used. Dialog on how the money is being utilized is ongoing.
- Ncell pledged approximately USD 10 million to help rebuild and develop the most affected regions over several years. The ambition is to develop renewable energy powered community buildings. By also extending the network and providing connectivity in these communities, it further supports inclusive digitalization.
- Research foundation Flowminder (www.flowminder.org) uses anonymized user data from Ncell's mobile network to analyze the displacement of people. Their reports are used in UN situation reports to facilitate relief efforts and have attracted significant interest from the aid community.

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

SEK in millions, except per share data	Note	Jan–Dec 2015	Jan–Dec 2014
Continuing operations			
Net sales	C1, C5, C6	86,569	81,131
Cost of sales	C7	-52,782	-48,322
Gross profit	C1	**33,788**	**32,809**
Selling and marketing expenses	C1, C7	-14,269	-13,495
Administrative expenses	C7	-5,826	-5,276
Research and development expenses	C7	-147	-228
Other operating income	C8	1,124	662
Other operating expenses	C8	-3,457	-1,295
Income from associated companies and joint ventures	C14	3,394	4,567
Operating income	C5	**14,606**	**17,743**
Finance income	C9	609	806
Finance costs	C9	-3,526	-3,341
Income after financial items		**11,689**	**15,209**
Income taxes	C10	-2,157	-2,989
Net income from continuing operations		**9,532**	**12,219**
Discontinued operations			
Net income from discontinued operations	C34	673	3,379
Total net income		**10,205**	**15,599**
Items that may be reclassified to net income:			
Foreign currency translation differences from continuing operations	C11	-6,868	1,756
Foreign currency translation differences from discontinued operations	C11, C34	-5,478	1,309
Income from associated companies	C11, C14	-2	9
Cash flow hedges	C11	614	69
Available-for-sale financial instruments	C11	-2	3
Income taxes relating to items that may be reclassified	C10, C11	-667	845
Items that will not be reclassified to net income:			
Remeasurements of defined benefit pension plans	C21	4,322	-3,953
Income tax relating to items that will not be reclassified	C10	-922	870
Associates' remeasurements of defined benefit pension plans	C14	6	5
Other comprehensive income		**-8,997**	**911**
Total comprehensive income		**1,208**	**16,510**
Net income attributable to:			
Owners of the parent		8,551	14,502
Non-controlling interests	C19	1,654	1,097
Total comprehensive income attributable to:			
Owners of the parent		987	15,081
Non-controlling interests	C19	221	1,429
Earnings per share (SEK), basic and diluted, total	C19	1.97	3.35
Earnings per share (SEK), basic and diluted, continuing operations		2.16	2.78
Earnings per share (SEK), basic and diluted, discontinued operations		-0.19	0.57

Former segment region Eurasia is classified as discontinued operations and is therefore presented as a single amount in 2015 and 2014, respectively.

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

SEK in millions	Note	Dec 31, 2015	Dec 31, 2014
Assets			
Goodwill	C12	54,938	70,895
Other intangible assets	C12	12,995	15,266
Property, plant and equipment	C13	55,093	69,669
Investments in associated companies and joint ventures	C14	23,341	32,793
Deferred tax assets	C10	5,054	5,955
Pension obligation assets	C21	3,773	289
Long-term interest bearing receivables	C15	16,368	14,336
Other non-current assets	C1, C15	2,287	1,219
Total non-current assets	C1	**173,850**	**210,422**
Inventories	C16	1,871	1,779
Trade and other receivables	C1, C17	17,090	19,087
Current tax receivables		69	1,051
Interest-bearing receivables	C1, C18	10,679	10,993
Cash and cash equivalents	C1, C18	14,647	28,735
Assets classified as held for sale	C34	35,812	–
Total current assets		**80,167**	**61,644**
Total assets		**254,017**	**272,066**
Equity and liabilities			
Equity attributable to owners of the parent		97,884	111,383
of which capital		*35,496*	*35,486*
of which reserves and retained earnings		*62,388*	*75,897*
Equity attributable to non-controlling interests	C19	4,318	4,981
Total equity		**102,202**	**116,364**
Long-term borrowings	C20	91,646	90,168
Deferred tax liabilities	C10	10,627	10,840
Provisions for pensions and employment contracts	C21	1,824	3,505
Other long-term provisions	C22	4,375	11,764
Other long-term liabilities	C23	702	1,887
Total non-current liabilities		**109,175**	**118,163**
Short-term borrowings	C20	9,337	11,321
Short-term provisions	C22	847	580
Current tax payables		85	571
Trade payables and other current liabilities	C24	20,774	25,067
Liabilities directly associated with assets classified as held for sale	C34	11,598	–
Total current liabilities		**42,641**	**37,539**
Total equity and liabilities		**254,017**	**272,066**
Contingent assets	C29	–	–
Guarantees	C29	298	320
Collateral pledged	C29	353	426

Former segment region Eurasia is classified as held for sale. The region's assets and liabilities are therefore presented separately in two line items for 2015. 2014 has not been restated.

CONSOLIDATED STATEMENTS OF CASH FLOWS

SEK in millions	Note	Jan–Dec 2015	Jan–Dec 2014
Net income		10,205	15,599
Adjustments for:			
Amortization, depreciation and impairment losses		21,705	15,589
Capital gains/losses on sales/disposals of non-current assets		283	442
Income from associated companies and joint ventures, net of dividends received	C14	3,471	-2,457
Pensions and other provisions		-487	-1,165
Financial items		-290	6
Income taxes		1,537	1,331
Miscellaneous non-cash items		-239	21
Cash flow before change in working capital		**36,184**	**29,366**
Increase (-)/Decrease (+) in operating receivables		146	1,108
Increase (-)/Decrease (+) in inventories		-384	-128
Increase (+)/Decrease (-) in operating liabilities		-698	-1,094
Change in working capital		**-935**	**-114**
Cash flow from operating activities	C30	**35,249**	**29,252**
of which from discontinued operations		*8,121*	*8,418*
Intangible assets and property, plant and equipment acquired		-18,699	-16,206
Intangible assets and property, plant and equipment divested		153	91
Business combinations and other equity instruments acquired	C30, C33	-6,248	-1,124
Other equity instruments divested	C30	4,724	2,094
Loans granted and other similar investments	C1	-11,764	-5,529
Repayment of loans granted and other similar investments		1,218	524
Compensation from pension fund		–	400
Net change in short-term investments		1,631	-2,230
Cash flow from investing activities	C1	**-28,985**	**-21,979**
of which from discontinued operations		*-4,823*	*3,863*
Cash flow before financing activities	C1	**6,264**	**7,272**
Repurchased treasury shares including transaction costs		-14	-6
Acquisition of non-controlling interests		-356	–
Dividends paid to owners of the parent		-12,990	-12,990
Dividends paid to holders of non-controlling interests	C30	-781	-1,143
Proceeds from long-term borrowings		8,437	12,075
Repayment of long-term borrowings		-8,307	-8,375
Net change in short-term borrowings		3,934	-985
Settlement of derivative contracts for economic hedges and CSA		450	1,153
Cash flow from financing activities		**-9,628**	**-10,269**
of which from discontinued operations		*422*	*-705*
Net change in cash and cash equivalents		**-3,363**	**-2,997**
of which from discontinued operations		*3,719*	*3,850*
Cash and cash equivalents, opening balance	C1	**28,735**	**31,355**
Net change in cash and cash equivalents for the year		-3,363	-2,997
Exchange rate differences in cash and cash equivalents		-38	377
Cash and cash equivalents, closing balance	C18	**25,334**	**28,735**
of which from continuing operations		*14,647*	*21,627*
of which from discontinued operations		*10,687*	*7,109*
Dividends received	C30	6,896	2,136
Interest received	C30	1,381	596
Interest paid	C30	-3,034	-3,203
Income taxes paid	C30	-3,166	-3,178

The consolidated cash flow statements are presented including former segment region Eurasia, but with additional information on cash flows from operating, investing and financing activities in the region.

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

SEK in millions	Note	Share capital	Other con-tributed capital	Hedging reserve	Fair value reserve	Foreign currency translation reserve	Revalu-ation reserve	Inflation reserve	Equity transac-tions in associates	Retained earnings	Total owners of the parent	Non-con-trolling interests	Total equity
Closing balance, December 31, 2013		**13,856**	**21,618**	**56**	**3**	**-18,982**	**266**	**4,909**	**-2,680**	**89,278**	**108,324**	**4,610**	**112,934**
Dividends	C19	–	–	–	–	–	–	–	–	-12,990	-12,990	-1,058	-14,048
Share-based pay-ments	C31	–	18	–	–	–	–	–	–	–	18	–	18
Other transactions with owners	C19	–	-6	–	–	–	–	–	–	–	-6	–	-6
Total transactions with owners		–	*12*	–	–	–	–	–	–	*-12,990*	*-12,978*	*-1,058*	*-14,036*
Net income	C19	–	–	–	–	–	–	–	–	14,502	14,502	1,097	15,599
Other comprehensive income	C11, C19	–	–	46	3	3,610	–	–	–	-3,079	580	332	911
Total comprehensive income		–	–	*46*	*3*	*3,610*	–	–	–	*11,423*	*15,081*	*1,429*	*16,510*
Effect of transaction with treasury shares in MegaFon	C14	–	–	–	–	–	–	–	955	–	955	–	955
Closing balance, December 31, 2014		**13,856**	**21,630**	**102**	**6**	**-15,372**	**266**	**4,909**	**-1,725**	**87,711**	**111,383**	**4,981**	**116,364**
Dividends	C19	–	–	–	–	–	–	–	–	-12,990	-12,990	-835	-13,825
Non controlling inter-est acquired		–	–	–	–	–	–	–	–	-309	-309	-47	-356
Share-based pay-ments	C31	–	23	–	–	–	–	–	–	–	23	–	23
Other transactions with owners	C19	–	-14	–	–	–	–	–	–	–	-14	–	-14
Total transactions with owners		–	*10*	–	–	–	–	–	–	*-13,299*	*-13,289*	*-882*	*-14,171*
Net income	C19	–	–	–	–	–	–	–	–	8,551	8,551	1,654	10,205
Other comprehensive income	C11, C19	–	–	480	4	-11,455	–	–	–	3,407	-7,564	-1,433	-8,997
Total comprehensive income		–	–	*480*	*4*	*-11,455*	–	–	–	*11,958*	*987*	*221*	*1,208*
Effect of Turkcell's acquisition of NCI	C14	–	–	–	–	–	–	–	-1,197	–	-1,197	–	-1,197
Closing balance, December 31, 2015		**13,856**	**21,640**	**582**	**10**	**-26,827**	**266**	**4,909**	**-2,922**	**86,370**	**97,884**	**4,318**	**102,202**

The consolidated statements of changes in equity are presented including both continuing and discontinued operations.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Contents

C1 BASIS OF PREPARATION

General

The annual report and consolidated financial statements have been approved for issue by the Board of Directors on March 10, 2016. The income statement and the balance sheet of the parent company and the statement of comprehensive income and the statement of financial position of the group are subject to adoption by the Annual General Meeting on April 12, 2016.

TeliaSonera's consolidated financial statements have been prepared in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union (EU). In addition, concerning purely Swedish circumstances, the Swedish Financial Reporting Board has issued standard RFR 1 "Supplementary Accounting Rules for Groups" and other statements. The standard is applicable to Swedish legal entities whose securities are listed on a Swedish stock exchange or authorized equity market place at the end of the reporting period and specifies supplementary rules and disclosures in addition to IFRS requirements, caused by provisions in the Swedish Annual Reports Act.

Measurement bases and accounting policies

The consolidated financial statements have been prepared mainly under the historical cost convention. Other measurement bases used and applied accounting policies are described below.

Amounts and dates

Unless otherwise specified, all amounts are in millions of Swedish kronor (SEK) or other currency specified and are based on the twelve-month period ended December 31 for items related to comprehensive income and cash flows, and as of December 31 for items related to financial position. Rounding differences may occur.

Correction of prior period classification errors

Prior periods have been restated to reflect the discovery of certain classification errors between net sales and cost of sales referring to supplier commissions for mobile products in region Europe. The corrections were as follows below taken into account the classification of former segment region Eurasia as discontinued operations:

Condensed consolidated statement of comprehensive income

	2014			
SEK in millions	Reported	Restatement	Disc. operations	Restated
Net sales	101,060	-170	-19,759	81,131
Cost of sales	-58,091	170	9,599	-48,322
Gross profit	**42,969**	**–**	**-10,160**	**32,809**

Segments

The former segment region Eurasia is classified as held for sale and discontinued operations as of December 31, 2015, and is therefore not included in the segment information. Comparative segment information for 2014 has been restated. See Note C5 "Segment information." For inormation on discontinued operations, see Note C34 "Discontinued operations and assets classified as held for sale."

Recently issued accounting standards

New and amended standards and interpretations effective in 2015

As of January 1, 2015, the following new or amended standards became applicable:

Amendments to IAS 19 "Defined Benefit plans: Employee Contributions" applicable for annual periods beginning on or after July 1, 2014. The amendment requires an entity to consider contributions from employees or third parties when accounting for defined benefit plans. The amendments explain that the methods permitted for attributing contributions from employees or third parties will differ depending on if the contributions are dependent on the number of years of the employee's service or not. The amendments has not had any material effect on TeliaSonera's consolidated financial statements.

Annual Improvements to IFRSs 2010–2012 and 2011-2013 cycles, effective January 1, 2015, introduce amendments to IFRSs that had not been included in any other projects. The amendments relevant to TeliaSonera are in certain cases in line with already applied interpretations and otherwise have had no or very limited impact on results or financial position.

New or revised/amended standards and interpretations effective on or after January 1, 2016

TeliaSonera has not pre-adopted any of the new or revised/amended standards effective on or after January 1, 2016. IFRS 15 "Revenue from Contracts with Customers" is effective January 1, 2018, with earlier application permitted, and among others gives detailed guidance on the accounting for:

Bundled offerings: TeliaSonera's current accounting and recognition of revenue for bundled offerings and allocation of the consideration between equipment and service is in line with IFRS 15. However, possibly the model currently used must be refined.

Incremental costs for obtaining a contract: Sales commissions and equipment subsidies granted to dealers for obtaining a specific contract should be capitalized and deferred over the contract term if the contract is beyond one year. Deferral related to contracts with shorter terms is allowed but not mandatory. TeliaSonera currently does not capitalize such costs. The potential effects are dependent on e.g. the mix between short-term and long-term contracts, to what extent current commissions and subsidies are "incremental," etc. and will be analyzed further.

Financing: If the period between payment and transfer of goods and services is beyond one year, adjustments for the time value of money should be made at the prevailing interest rates in the relevant market. TeliaSonera currently apply discounting, using the group's average borrowing rate. This discount rate might have to be adjusted. The potential effects will be analyzed further.

Contract modifications: Guidance is included on when to account for modifications retrospectively or progressively. The effects, if any, will be analyzed further.

Disclosures: IFRS 15 adds a number of disclosure requirements in annual and interim reports, e.g. to disaggregate revenues into categories that depict how the nature, amount, timing and uncertainty of revenues and cash flows are affected by economic factors.

Transition methods: Either a full retrospective approach with adjustments to all periods presented or a modified approach with only the current period adjusted which however requires disclosures of all financial statement line items in the year of adoption as if prepared under current standards, i.e. effectively requiring two sets of accounting records during the year of adoption. TeliaSonera has yet to decide which method to apply.

TeliaSonera is assessing the total impact of IFRS 15 on the financial statements of the group and additional effects may be identified.

IFRS 9 "Financial Instruments" is effective as of January 1, 2018, and replaces IAS 39 "Financial Instruments: Recognition and Measurement." The standard's three main projects have been classification and measurement, impairment and hedge accounting.

Classification and measurement: Depending on how certain specified conditions are met after assessing the asset's contractual cash flow characteristics and the business model for managing the asset, financial assets are classified and measured at any of the following three categories: Amortized Cost (AC); Fair Value through Other Comprehensive Income (FVOCI); or the residual category Fair Value through Profit or Loss (FVPL). The classification of financial liabilities is more or less unchanged from existing requirements. Tentatively, for financial assets, the change into three categories will in most cases have no major effect on the measurement of a specific financial asset since the measurement bases are already today amortized cost or fair value, and, for financial liabilities, the changes will not impact TeliaSonera.

Impairment: IFRS 9 introduces a general three-stage model for impairment (expected credit losses) based on changes in credit quality since initial recognition. Calculation of amortized cost/effective interest differs between the stages; it either includes or excludes the allowance. The impairment model however includes some simplifications for trade receivables that do not have a significant financing component and a policy choice for trade receivables which contain a significant financing component and lease receivables, to either apply the simplified approach, or to apply the general model. The model will probably in some cases result in earlier recognition of losses than currently. In addition, extensive disclosures are required to identify and explain amounts that arise from expected credit losses and the effect of decline and improvement in credit risk.

Hedge accounting: IFRS 9 applies to all hedge relationships, with the exception of "fair value macro hedges." The IASB is working on a project to address macro hedging, so in the meantime IFRS 9 provides an accounting policy choice for hedge accounting: either to continue to apply the requirements of IAS 39 until the macro hedging project is finalized, or apply IFRS 9. There are no major changes to hedge accounting compared to IAS 39, however for cash flow hedges of a forecast transaction which results in the recognition of a non-financial item (such as a fixed asset or inventory) an entity had a policy choice. The remaining accounting policy is in line with TeliaSonera's current accounting. The new hedge accounting model enables a better reflection of risk management activities in the financial statements. The current 80-125 percent threshold effectivetest is not carried over to IFRS 9. Instead, there should be an economic relationship between the hedged item and the hedging instrument, with no quantitative threshold. TeliaSonera expects no major effects based on current hedging activities. On the contrary, IFRS 9 is assumed to make it easier to achieve hedge accounting. However, the increased hedge accounting possibilities also require increased disclosures about the risk management strategy, cash flows from hedging activities and the impact of hedge accounting on the financial statements. In addition, consequential amendments have been made to IFRS 7 "Financial Instruments: Disclosures" and IAS 39 "Financial Instruments: Recognition and Measurement."

IFRS 16 "Leases" replaces the current IAS 17" Leases" and its associated interpretative guidance. The new standard is effective as of January 1, 2019. IFRS 16 applies a control model to the identification of leases, distinguishing between leases and service contracts on the basis of whether there is an identified asset controlled by the customer. The new standard removes the classification of leases as operating leases or finance leases as is required by IAS 17 and, instead introduces a single accounting model. According to the new model all leases result in the lessee obtaining the right to use an asset at the start of the lease and, if lease payments are made over time, also obtaining financing. The lessee is required to recognise: a) assets and liabilities for all leases with a term of more than 12 months, unless the underlying asset is of low value; and b) depreciation of lease assets separately from interest on lease liabilities in the income statement. The new standard does not include significant changes to the requirements for accounting by lessors. When the new standard is implemented, TeliaSonera's long term operating leases will be recognized as non-current assets and financial liabilities in the consolidated statement of financial position. Instead of operating lease expenses, TeliaSonera will recognize depreciation and interest expenses in the consolidated income statement. TeliaSonera is assessing the effects of IFRS 16 and cannot provide an estimate of the effects of the new lease standard until the group has performed a detailed review.

The amendment to IFRS 11 "Accounting for acquisitions of interests in joint operations" clarifies that the principles and disclosure requirements in IFRS 3 "Business Combinations" are also applicable to an acquired share in a joint operation. TeliaSonera will have to apply the amendment to any acquisitions of shares in joint operations on or after January 1, 2016, at the latest.

Amendments to IAS 7 "Disclosure Initiative" are effective January 1, 2017. Comparative information for earlier periods are not required. The objective of the amendments is to improve the information about financing activities in the cash flow statements. The amendments require disclosure of information enabling users of financial statements to evaluate changes in liabilities arising from financing activities, including both changes arising from cash flows and non-cash changes. When applying the changes TeliaSonera expects to extend cash flow disclosures relating to financing activities in the consolidated financial statements.

Amendments to IFRS 10 and IAS 28 "Sale or contribution of assets between an investor and its associate or joint venture" address an acknowledged inconsistency between the requirements in IFRS 10 and those in IAS 28 (2011), in dealing with the sale or contribution of assets between an investor and its associate or joint venture. According to the amendments a full gain or loss is recognized when a transaction involves a business (whether it is housed in a subsidiary or not). A partial gain or loss (only to the extent of the unrelated investors' interests in that associate or joint venture) is recognized when a transaction involves assets that do not constitute a business, even if these assets are housed in a subsidiary. The effective date of these amendments has been postponed indefinitely. The amendments may have an impact on TeliaSonera's consolidated financial statements in future periods should such transactions arise.

The following amendments, which will be applicable for TeliaSonera, are expected to have no or very limited impact on TeliaSonera's financial statements when they are applied for the first time:

- Amendments to IAS 16 and IAS 38 "Clarification of acceptable methods of depreciation and amortisation," effective January 1, 2016
- Amendments to IAS 1 "Disclosure Initiative," effective January 1, 2016
- Annual Improvements to IFRSs 2012-2014 cycle, effective January 1, 2016
- Amendments to IAS 12 "Recognition of deferred tax assets for unrealised losses," effective January 1, 2017

Other issued amendments are deemed not applicable for TeliaSonera.

EU endorsement status

As of the beginning of March 2016, all standards, amendments to standards and interpretations mentioned above had been adopted by the EU, except for IFRS 15, IFRS 9, IFRS 16, amendments to IAS 7, IFRS 10/IAS 28 and IAS 12.

C2 KEY SOURCES OF ESTIMATION UNCERTAINTY

The preparation of financial statements requires management and the Board of Directors to make estimates and judgments that affect reported amounts of assets, liabilities, revenues and expenses, and related disclosure of contingent assets and liabilities. These estimates are based on historical experience and various other assumptions that management and the Board believe are reasonable under the circumstances, the results of which form the basis for making judgments about the carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates under different assumptions or conditions, significantly impacting TeliaSonera's earnings and financial position.

Management believes that the following areas comprise the most difficult, subjective or complex judgments it has to make in the preparation of the financial statements. For information on accounting policies applied, see the respective sections of Note C3 "Significant accounting policies."

Currently, the following amortization and depreciation rates are applied.

Trade names	Individual evaluation, minimum 10 percent
Telecom and frequency licenses, numbering rights	Remaining license period, minimum 5 percent
Interconnect and roaming agreements	Agreement term, based on the remaining useful life of the related license
Customer relationships	Individual evaluation, based on historic and projected churn
Capitalized development expenses	20 percent or individual evaluation
Other intangible assets	20–33 percent or individual evaluation
Buildings	2–10 percent
Land improvements	2 percent
Capitalized improvements on leased premises	Remaining term of corresponding lease
Mobile networks (base stations and other installations)	14.5–20 percent
Fixed networks	
– Switching systems and transmission systems	10–20 percent
– Transmission media (cable)	5–10 percent
– Equipment for special networks	10 percent
– Usufruct agreements of limited duration	Agreement term or time corresponding to the underlying asset
– Other installations	2–33 percent
Equipment, tools and installations	10–33 percent
Customer premises equipment under service arrangements	33 percent, or agreement term if longer

Revenue recognition

For a telecom operator, if and when revenue should be recognized requires management judgment in a number of cases.

Principal or agent – gross versus net presentation

When the group acts as a principal, income and payments to suppliers are reported on a gross basis in revenue and operating costs. If the group sells goods or services as an agent (mainly content services) revenue and payments to suppliers are recorded in revenue on a net basis, representing the margin/commission earned. Whether the group is considered to be principal or agent in a transaction depends on analysis by management of both the legal form and substance of the agreement between the group and its business partners; such judgments impact the amount of reported revenue and operating expenses but do not impact net income or cash flows. Features indicating that the group is acting as a principal include: responsibility for providing the goods or services and the group has latitude in establishing prices or provides additional goods and services. Features indicating that the group is acting as an agent include: the group does not have exposure to significant risks and rewards associated with the sale of goods or services or the amount the group earns is predetermined, being either a fixed fee per transaction or a stated percentage of the amount billed to the customer.

Bundling of products and services

In bundling of products and services, determining fair values and if or when revenue should be recognized requires management judgment. Revenue is allocated between the goods and services using relative fair values. The fair values determined for goods or services may impact the timing of the recognition of revenue. Determining the fair value of each element can require complex estimates but is mainly based on expected cost plus a margin.

Income taxes

Significant management judgment is required in determining current tax liabilities and assets as well as provisions for deferred tax liabilities and assets, in particular as regards valuation of deferred tax assets. As part of this process, income taxes have to be estimated in each of the jurisdictions in which TeliaSonera operates. The process involves estimating the actual current tax exposure together with assessing temporary differences resulting from the different valuation of certain assets and liabilities in the financial statements and in the tax returns. Management must also assess the probability that the deferred tax assets will be recovered from future taxable income.

Actual results may differ from these estimates due to, among other factors, future changes in business environment, currently unknown changes in income tax legislation, or results from the final review of tax returns by tax authorities or by courts of law. For additional information on deferred tax assets and liabilities and their carrying values as of the end of the reporting period, see Note C10 "Income taxes."

Valuation of intangible and other non-current assets
Intangible assets, and property, plant and equipment represent approximately 50 percent of TeliaSonera's total assets.

Useful lives
Determination of the useful lives of asset classes involves taking into account historical trends and making assumptions related to future socio-economic and technological development and expected changes in market behavior.

In 2015 and 2014, amortization, depreciation and impairment losses totaled SEK 12,780 million and SEK 10,276 million, respectively. For additional information on intangible and tangible assets subject to amortization and depreciation and their carrying values as of the end of the reporting period, see Note C12 "Goodwill and other intangible assets" and Note C13 "Property, plant and equipment."

Impairment testing
A number of significant assumptions and estimates are involved when measuring value in use and fair value less costs of disposal based on the expected future discounted cash flows attributable to an asset, for example with respect to factors such as market growth rates, revenue volumes, market prices for telecommunications services, costs to maintain and develop communications networks and working capital requirements. Forecasts of future cash flows are based on the best estimates of future revenues and operating expenses using historical trends, general market conditions, industry trends and forecasts and other available information. These assumptions are prepared by management and subject to review by the Audit Committee of the Board of Directors. The cash flow forecasts are discounted at the weighted average cost of capital for the relevant cash-generating unit. For additional information on goodwill and its carrying value as of the end of the reporting period, see Note C12 "Goodwill and other intangible assets."

Collectability of trade receivables
TeliaSonera's allowance for doubtful receivables reflects estimated losses that result from the inability of customers to make required payments. Management determines the size of the allowance based on the likelihood of recoverability of accounts receivable taking into account actual losses in prior years and current collection trends. Should economic or specific industry trends worsen compared to management estimates, the allowance may have to be increased, negatively impacting earnings. See section "Credit risk management" in Note C26 "Financial risk management" for a description of how risks related to trade receivables are mitigated. For additional information on the allowance for doubtful receivables and its carrying value as of the end of the reporting period, see Note C17 "Trade and other receivables."

Provisions for pensions and employment contracts
The most significant assumptions that management has to make in connection with the actuarial calculation of pension obligations and pension expenses affects the discount rate, the expected annual adjustments to pensions, and the longevity. Changes in any of these key assumptions may have a significant impact on the projected benefit obligations, funding requirements and periodic pension cost.

For additional information on assumptions made, sensitivity analysis related to change in assumptions and pension obligations and their present values as of the end of the reporting period, see Note C21 "Provisions for pensions and employment contracts."

Put options related to non-controlling interests, provisions for restructuring activities, contingent liabilities and litigation
The determination of redemption amounts for put options related to non-controlling interests involves management judgment and estimates of vital factors such as the likelihood of exercise of the option and the timing thereof, projected cash flows of the underlying operations, the weighted average cost of capital, etc. A change in any of these factors may have a significant impact on future results and cash flows.

TeliaSonera has engaged, and may in the future need to engage, in restructuring activities, which require management to make significant estimates related to expenses for severance and other employee termination costs, lease cancellation, site dismantling and other exit costs and to realizable values of assets made redundant or obsolete (see section "Valuation of intangible and other non-current assets" above). Should the actual amounts differ from these estimates, future results could be materially impacted.

Determination of the treatment of contingent assets and liabilities in the financial statements is based on management's view of the expected outcome of the applicable contingency. Management consults with legal counsel on matters related to litigation and other experts both within and outside the company with respect to matters in the ordinary course of business. There are ongoing investigations in Sweden, the Netherlands and the U.S. regarding TeliaSonera's operations in Uzbekistan and suspected irregularities related to those and to the market entry into Uzbekistan. At this point in time, it is not possible to assess how or when the investigations will be resolved. As TeliaSonera has not received any formal or indicative claims relating to these transactions and cannot estimate any amount for a potential future obligation, no provision has been recognized in the consolidated statements of financial position. The outcome of the investigations may have a material adverse effect on TeliaSonera's financial position, results of operations and cash flows. For more information on these investigations, see Note C29 "Contingencies, other contractual obligations and litigation" and "Risks and uncertainties" section "Review of Eurasian transactions."

For additional information on put options related to non-controlling interests and restructuring provisions, including their carrying values as of the end of the reporting period, and on contingencies and litigation, see Notes C22 "Other provisions” and C29 “Contingencies, other contractual obligations and litigation,” respectively.

Classification as held for sale and discontinued operations

Non-current assets and disposal groups are classified as held-for-sale if their carrying value will be recovered principally through a sale transaction rather than through continuing use. The determination if and when non-currents assets and disposal groups should be classified a as held-for-sale requires management judgment considering all facts and circumstances relating to the transaction, the parties and the market and entities can come to different conclusions under IFRS.

One of the conditions that must be satisfied for classification as held-for-sale is that the sale is highly probable within one year. One criteria for the sale to qualify as highly probable is that the appropriate level of management must be committed to a plan to sell the assets or disposal group in its present condition. In the telecom industry acquisitions often require regulatory approval. If the buyer is a telecom operator in the same market entities often have to agree to a number of remedies to get the approval. As long as expected significant remedies are not agreed upon and accepted by management a sale, where the buyer is expected to be a telecom operator in the same market, is not regarded as highly probable by TeliaSonera and consequently the assets are not classified as assets-held-for-sale. TeliaSonera’s Danish operations were therefore not classified as held for sale in 2014.

Former segment region Eurasia is classified as held for sale and discontinued operations as of December 31, 2015. On September 17, 2015, TeliaSonera announced that it is not a long-term owner in region Eurasia and that a process had been initiated in order to reduce the presence in region Eurasia and over time fully leave. During the fourth quarter of 2015, the sales process in all the Eurasian markets has progressed and in December, TeliaSonera signed an agreement to sell its ownership in the Nepalese operator Ncell. As a consequence of this progress, the current status in the overall divestment process and an assessment of the circumstances in each market and the complex owner structures, TeliaSonera has made the judgment that a divestment of the operations in region Eurasia is deemed highly probable within one year and that former segment region Eurasia should be classified as held for sale and reported as discontinued operations as of December 31, 2015. Due to the specific circumstances in each market and the complex owner structures there is some uncertainty relating to the timing of the divestment of Eurasia. See Note C34 “Discontinued operations and assets classified as held for sale” and “Risks and uncertainties” for more information on discontinued operations and risks that may affect the timing of divestment.

Fair value estimates – discontinued operations

In accordance with IFRS 5, the discontinued operations are measured at the lower of carrying value and estimated fair value less costs to sell. The valuation is based on an overall assessment of the input from the sales process and the risks in the different countries. Fair value is the price that would be received to sell the discontinued operations in an orderly transaction between market participants at the measurement date under current market conditions. There are no directly observable prices for TeliaSonera’s discontinued operations and fair values have therefore been estimated using other valuation techniques which require the use of judgment. For the Eurasian operations the estimated fair values are based on agreed sales prices, indicative bids received, valuation discussions with potential buyers and for Uzbekistan the combined results of different valuation models. Apart from the normal business risks, there are a number of specific risks related to the valuation of the different Eurasian operations such as cash repatriation issues, foreign exchange risks, unstable regulatory environment, owner structure and finding the right buyer from a sustainability point of view. Given the lack of precedents and factual evidence, it is difficult to quantify the valuation impact of all such risks. Any potential discount, moreover, will be highly subject to the specific views of an interested buyer. The specific risks of each country have also been factored in to the fair value estimates. See Note C34 “Discontinued operations and assets classified as held for sale” and “Risks and uncertainties” for more information on discontinued operations and risks that may affect the estimated fair values.

Unquoted equity instruments

Unquoted equity instruments are measured at fair value with fair value changes recognized in other comprehensive income. TeliaSonera’s primary valuation technique for unquoted equity instruments is based on the most recent transaction for the specific company if such transaction has been recently done. Adjustments to the carrying value is made to reflect significant changes in circumstances since the transaction date if TeliaSonera assess that the change will have a material impact on the fair value. The estimated fair value for material unquoted equity instruments is verified by applying other valuation models in the form of valuation multiples from peers on relevant financial and operational metrics. Although TeliaSonera uses its best judgment, and cross references results of the primary valuation model against other models in estimating the fair value of unlisted equity instruments, there are inherent limitations in any estimation techniques. The fair value estimates presented herein are not necessarily indicative of an amount that TeliaSonera could realize in a current transaction. Future confirming events will also affect the estimates of fair value. The effect of such events on the estimates of fair value could be material. Unlisted equity instruments for which the fair value cannot be reliably measured are measured at cost less any impairment. For information on unquoted equity instruments, see section “Fair value measurement of Level 3 financial instruments” in C25 “Financial assets and liabilities by category and level.”

C3 SIGNIFICANT ACCOUNTING POLICIES

Consolidated financial statements

General – Subsidiaries

The consolidated financial statements comprise the parent company TeliaSonera AB and all entities over which TeliaSonera has control. The group controls an entity when the group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. The existence and effect of potential voting rights that are currently exercisable or convertible, including potential voting rights held by another entity, are considered when assessing whether an entity is controlled or not. TeliaSonera is assumed to have control if the group owns the majority of shares and the shares have equal voting rights attached, and a proportionate entitlement to a share of the returns of the entity and decisions about relevant activities are determined by majority votes. TeliaSonera is also assumed to have control if TeliaSonera selects the majority of the board contractually even if not holding the majority of the shares, see Notes C4 “Changes in group composition and events after the reporting period” and C19 “Equity and earnings per share.”

Acquisitions are accounted for using the acquisition method which measures goodwill at the acquisition date as: the fair value of the consideration transferred; plus the amount of any non-controlling interest in the acquiree recognized in the transaction; plus if the business combination is achieved in stages, the fair value of the previously held equity interest in the acquiree; less the net recognized amount (generally fair value) of the identifiable assets acquired and liabilities assumed. When the difference is negative, a bargain purchase gain would be recognized in net income. Costs related to the acquisition are expensed as incurred.

Any contingent consideration payable would be recognized at fair value at the acquisition date. If the contingent consideration would be classified as equity, it is not remeasured and settlement is accounted for within equity. Otherwise, subsequent changes to the fair value of the contingent consideration are recognized in net income. Acquisition of additional shares in a subsidiary after obtaining control as well as a partial disposal of shares in a subsidiary while retaining control are accounted for as equity transactions with owners (see section “Non-controlling interests” below).

Assets (including any goodwill and fair value adjustments) and liabilities for entities acquired or divested during the year are included in the consolidated financial statements from the date on which control is obtained and excluded from the date on which control is lost.

Intra-group sales and other transactions have been eliminated in the consolidated financial statements. Profits and losses resulting from intra-group transactions are eliminated unless a loss indicates impairment.

Non-controlling interests

Prior to 2010, transactions involving non-controlling interests were treated as transactions with non-related parties. Disposals of non-controlling interests resulted in capital gains or losses which were recognized in net income. Purchases of non-controlling interests resulted in goodwill, being the difference between any consideration paid and the relevant share acquired of the group’s carrying value of net assets of the subsidiary. Prospectively as of 2010, transactions with non-controlling interests are treated as equity transactions, including any transaction-related costs. Gains or losses on disposals as well as any excess or deficit of consideration paid over the carrying amount of non-controlling interests when acquiring additional shares in a subsidiary are recognized in retained earnings. Consideration paid for a call option or other similar contract giving TeliaSonera the right to acquire a fixed non-controlling interest in exchange for a fixed amount of cash or another financial asset is deducted from retained earnings.

Commitments to purchase non-controlling interests (NCI) made prior to 2010 and put options granted to holders of non-controlling interests (taking into account any subsequent capital contributions from or dividends to such shareholders) prior to 2010 are recognized as contingent consideration (provisions). Where the amount of the liability exceeds the amount of the non-controlling interest, the difference is recorded as goodwill. Subsequent changes in the value of put option liabilities are recognized as an adjustment to goodwill. Commitments entered into on or after 2010 are considered financial liabilities with subsequent changes in the value recognized as other operating income/expense. For each business combination the group elects to measure any non-controlling interest in a subsidiary either at fair value (goodwill recognized on non-controlling interest) or only at the proportionate share of the identifiable net assets (goodwill recognized only on acquired interest). If TeliaSonera has a commitment of a NCI option linked to a receivable from the same counter party and the shares are held as collateral for the receivable, then the receivable and liability is recognized and offset in the statement of financial position. The change in fair value of the option is assumed to equal the return on the shares held as collateral, see Note C26 “Financial risk management.”

Joint arrangements

Joint arrangements are entities over which the group has joint control by virtue of contractual arrangements. Joint arrangements are classified as either joint operations or joint ventures. Joint operations are arrangements whereby TeliaSonera has the right to the assets and obligation for the liabilities and accounts for its share of the assets, liabilities, revenue and expenses of the joint operation line by line in the consolidated financial statements. The joint operations are primarily designed for providing output to the shareholders.

Joint ventures on the other hand are arrangements where TeliaSonera has right to the net assets of the arrangement and the investment is accounted for under the equity method (similar to associated companies - see section below). Joint arrangements acquired or divested during the year are included in the consolidated financial statements from the date on which joint control is obtained and excluded from the date on which joint control is lost.

Associated companies

Associated companies are entities over which the group has significant influence but not control. If the group holds, directly or indirectly (eg through subsidiaries), 20 percent or more of the voting power of the investee, it is presumed that the group has significant influence, unless it can be clearly demonstrated that this is not the case. Holdings in associated companies are accounted for using the equity method and are initially recognized at cost, including any transaction costs. The group's share of net income in associated companies is included in operating income because the operations of these companies are related to telecommunications and it is the group's strategy to capitalize on industry know-how by means of investing in partly owned operations. The share of net income is based on the entity's most recent accounts, adjusted for any discrepancies in accounting policies, and with estimated adjustments for significant events and transactions up to TeliaSonera's close of books.

The line item Income from associated companies and joint ventures also includes amortization of fair value adjustments and other consolidation adjustments made upon the acquisition of associated companies as well as any subsequent impairment losses on goodwill and other intangible assets, and capital gains and losses on disposals of stakes in such companies. TeliaSonera's share of any gains or losses resulting from transactions with associated companies is eliminated.

Dividend received reduces the carrying amount of an investment. Negative equity participations in associated companies are recognized only to the extent contractual obligations to contribute additional capital exist and are then recorded as Other provisions.

The group's share of associated entities equity transactions such as the acquisition or sale of treasury shares from third parties are recognized directly in equity.

Cash flow reporting

Cash flows from operating activities are reported using the indirect method and include dividends received from associated companies and other equity instruments, interest paid or received (except for paid interest capitalized as part of the acquisition or construction of non-current assets and therefore included in cash flows from investing activities), provisions and taxes paid or refunded. Changes in non-interest bearing receivables and liabilities are reported in working capital, except for IRU-related prepayments made or received which are included in cash flows from investing activities. Terminal financing receivables are also included in working capital.

Cash flows from investing activities include payments to acquire or receipts from the sale of joint ventures, associates, subsidiaries (obtaining or losing control) net of cash and cash equivalents acquired or disposed of and other equity instruments. Further, cash flows from investing activities include compensation from or contributions to the Swedish pension fund, payments related to leasing receivables, as well as other investments with maturities over 3 months.

Cash flows from financing activities include dividends paid to owners of the parent and to holders of non-controlling interests, payments and receipts from changes in ownership of non-controlling interest and cash flows from settlement of foreign exchange derivative contracts used for economic hedges of cash-pool balances including any payments or receipts from CSA. Proceeds from and repayment of long-term borrowings include cash flows from derivatives hedging such borrowings.

Cash and cash equivalents include cash at hand, bank deposits and highly-liquid short-term investments (including blocked amounts) with maturities up to and including 3 months.

Cash flows of a foreign entity are translated at the average exchange rate for the reporting period, except for certain transactions like dividends from associates, dividends paid to holders of non-controlling interests, acquisitions or disposals of subsidiaries and associated companies, and other major non-recurring transactions which are translated at the rate prevailing on the transaction day.

Segment reporting

The group's businesses are managed on a geographical basis. Countries are grouped in two geographical regions: Sweden and Europe. Operating segments that are not individually reportable, the associates MegaFon and Turkcell, and certain group functions are combined into "Other operations." The former segment region Eurasia is classified as held for sale and discontinued operations as of December 31, 2015 and is therefore not included in the segment information. For additional information, see Note C5 "Segment information." Segments are consolidated based on the same accounting principles as for the group as a whole. When significant operations are transferred between segments, comparative period figures are restated.

Foreign currency translation and inflation adjustments

Currency translation is based on the fixing rates published daily by Sveriges Riksbank (the Swedish central bank) and, for currencies where a fixing rate is not available, conversion of official exchange rates versus the U.S. dollar (USD).

Separate financial statements of a group entity are presented in the entity's functional currency, being the currency of the primary economic environment in which the entity operates, normally the local currency. In preparing the financial statements, foreign currency transactions are translated at the exchange rates prevailing at the date of each transaction. At the end of each reporting period, monetary assets and liabilities denominated in foreign currencies are translated at the closing rates existing at that date. Exchange rate differences arising from operating receivables or liabilities are recognized in operating income, while differences attributable to financial assets or liabilities are recognized in finance costs. Exchange rate differences on available-for-sale equity instruments and on cash flow hedges are recognized in other comprehensive income.

The consolidated financial statements are presented in Swedish krona (SEK), which is the functional currency of the parent company. For consolidation purposes, income and expenses of foreign operations (subsidiaries, joint ventures and associated companies, and branch offices) are translated at the average exchange rates for the period. However, for items related to dividends, gains or losses on disposal of operations or other major transactions or if exchange rates fluctuated significantly during the period, the exchange rates at the date of the transactions are used. Assets and liabilities, including goodwill and fair value adjustments arising on acquisition of foreign operations, are translated at closing rates at the end of the reporting period except for equity components, which are translated at historical rates. Translation differences are recognized in other comprehensive income and accumulated in equity attributable to owners of the parent or to non-controlling interests, as appropriate.

When a foreign operation is disposed, any related cumulative exchange rate difference is recycled to net income as part of the gain or loss on the sale, except for accumulated exchange rate differences related to non-controlling interests which are derecognized but not recycled to net income. However, if TeliaSonera would dispose of a non-controlling interest in a foreign operation while retaining control, the relevant proportion of the cumulative amount is reattributed to non-controlling interests.

When the functional currency for a foreign operation is the currency of a hyperinflationary economy, prior to translating the financial statements, the reported non-monetary assets and liabilities, and equity are restated in terms of the measuring unit current at the end of the reporting period.

Revenue recognition

Net sales principally consist of traffic charges including interconnect and roaming, subscription fees, connection and installation fees, service charges and equipment sales. Sales revenues are recognized at fair value of the consideration received, normally being the sales value, adjusted for rebates and discounts granted and sales-related taxes.

Revenue is recognized in the period in which the service is performed, based on actual traffic or over the contract term, as applicable. Revenue from rendering of services is recognized when it is probable that the economic benefits associated with a transaction will flow to TeliaSonera, and the amount of revenue, and the associated costs incurred, or to be incurred, can be measured reliably. Revenue from voice and data services is recognized when the services are used by the customer. Revenue from interconnect traffic with other telecom operators is recognized at the time of transit across TeliaSonera's network. When invoicing end-customers for third-party content services, amounts collected on behalf of the principal are excluded from revenue.

Subscription fees are recognized as revenue over the subscription period. Sales relating to pre-paid phone cards, primarily mobile, are deferred and recognized as revenue based on the actual usage of the cards. For open access fiber installed at customer's premises, non-refundable customer fees and related installation costs, including planning, trenching, cabling, splicing, mounting, connection, cross connect equipment and media converter, are recognized when the installation is finalized. Connection fees are separately recognized at completion of connection, if the fees do not include any amount for subsequent servicing but only cover the connection costs. Amounts for subsequent servicing are deferred.

Revenue from equipment sales is recognized when delivery has occurred and the significant risks and rewards have been transferred to the customer, i.e. normally on delivery and when accepted by the customer.

Under customer loyalty programs, customers are entitled to certain discounts (award credits) relating to services and goods provided by TeliaSonera. Based on relative fair values, proceeds are allocated between services and goods provided and the award credits for future services and goods. For the proportion of award credits expected to be redeemed, revenue is deferred and subsequently recognized when the award credits are redeemed and the obligations to supply the awards are fulfilled. For recognition of customer acquisition costs, see section "Operating expenses" below.

TeliaSonera may bundle services and products into one customer offering. Offerings may involve the delivery or performance of multiple products, services, or rights to use assets (multiple deliverables). In some cases, the arrangements include initial installation, initiation, or activation services and involve consideration in the form of a fixed fee or a fixed fee coupled with a continuing payment stream. The revenue is allocated to equipment and services in proportion to the fair value of the individual items. Services invoiced based on usage are not included in the allocation. Customized equipment that can be used only in connection with services or products provided by TeliaSonera is not accounted for separately and revenue is deferred over the total service arrangement period.

To corporate customers, TeliaSonera offers long-term functional service agreements for total telecom services, which may include switchboard services, fixed telephony, mobile telephony, data communication and other customized services. There are generally no options for the customer to acquire the equipment at the end of the service contract period. Revenue for such functionality agreements is recognized over the service period but part of the periodic fixed fee is deferred to meet the costs at the end of the contract period (maintenance and up-grades).

Service and construction contract revenues are recognized using the percentage of completion method. The stage of completion is estimated using measures based on the nature and terms of the contracts. When it is probable that total contract costs will exceed total contract revenue, the expected loss is immediately expensed.

Within the international carrier operations, sales of Indefeasible Rights of Use (IRU) regarding fiber and duct are recognized as revenue over the period of the agreement (see also section "TeliaSonera as operating lessor" below).

Operating expenses

TeliaSonera presents its analysis of expenses using a classification based on function. Cost of sales comprises all costs for services and products sold as well as for installation, maintenance, service, and support. Selling and marketing expenses comprise all costs for selling and marketing services and products and includes expenses for advertising, PR, pricelists, commission fees, credit information, debt collection, etc. Bad debt losses as well as doubtful debt allowances are also included. Recovery of receivables written-off in prior years is included in Other operating income. Research and development expenses (R&D) include expenses for developing new or substantially improving already existing services, products, processes or systems. Maintenance and minor adjustments to already existing services, products, processes or systems are not included in R&D. Expenses that are related to specific customer orders (customization) are included in Cost of sales. Amortization, depreciation and impairment losses are included in each function to the extent referring to intangible assets or property, plant and equipment used for that function.

Costs for retailer commissions, other customer acquisition costs, advertising, and other marketing costs are expensed as incurred.

All pension benefit costs except for the interest componet are recognized as personnel expenses. For equity-settled share-based payments to employees, such as TeliaSonera's Performance Share Programs, cost, being the fair value at the allotment date of the equity instruments allotted, is recognized as personnel expenses allocated over the vesting period and with a corresponding increase in equity. Cost is based on the best available estimate of the number of equity instruments to vest. If necessary, the estimate is revised during the vesting period and finally revised at the end of the vesting period.

Other operating income and expenses

Other operating income and other operating expenses include gains and losses, respectively, on disposal of shares or operations in subsidiaries (see section "Associated companies" above) and on disposal or retirement of intangible assets or property, plant and equipment.

Also included in other operating income and expenses are impairment losses of goodwill, government grants, exchange rate differences on operating transactions, results from court-settled disputes with other operators regarding historical interconnect and roaming fees, restructuring costs and other similar items. Government grants are initially measured at fair value and recognized as income over the periods necessary to match them with the related costs. Exchange rate differences from operating transactions also include effects from economic hedges and value changes in derivatives hedging operational transaction exposure (see section "Derivatives and hedge accounting" below).

Finance costs and other financial items

Interest income and expenses are recognized as incurred, using the effective interest rate method, with the exception of borrowing costs directly attributable to the acquisition, construction or production of an asset, which are capitalized as part of the cost of that asset (see also section "Intangible assets, and property, plant and equipment" below). Increases in provisions due to passage of time are recognized as interest expenses.

Interest income and expenses also include changes in fair value of the interest component of cross currency interest rate swaps as well as changes in fair value of interest rate swaps. The initial difference between nominal value and net present value of borrowings with an interest rate different to market rate ("day 1 gain") is amortized until due date and recognized as Other interest income. The interest component of changes in the fair value of borrowings measured at fair value and of derivatives hedging loans and borrowings (see section "Derivatives and hedge accounting" below) are included in Other interest income (gains) or in Interest expenses (losses). Exchange rate differences on financial transactions also comprise changes in fair value of the currency component of cross currency interest rate swaps and of forward contracts hedging currency risks in external borrowings.

Dividend income from equity investments is recognized when TeliaSonera's rights to receive payment have been established. Income and expenses relating to guarantee commissions are included in Other interest income and Interest expenses, respectively. Interest expenses include funding-related bank fees and fees to rating institutions and market makers. Further the net interest on the net defined benefit liability (asset) is recognized as part of finance costs.

Income taxes

Incomes taxes comprise current and deferred tax. Current and deferred income taxes are recognized in net income or in other comprehensive income, to the extent relating to items recognized in other comprehensive income. Deferred income taxes are provided in full, using the balance sheet liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying values in the consolidated financial statements and on unutilized tax deductions or losses. Where a subsidiary has a history of tax losses, TeliaSonera recognizes a deferred tax asset only to the extent that the subsidiary has sufficient taxable temporary differences or there is convincing other evidence that sufficient taxable profit will be available.

On initial recognition of assets and liabilities, deferred taxes are not recognized on temporary differences in transactions that are not business combinations. Deferred tax liabilities for undistributed earnings or temporary differences related to investments in subsidiaries, joint ventures and associated companies are not recognized because such retained earnings can be withdrawn as non-taxable dividends and the companies can be sold without tax consequences. However, some foreign jurisdictions impose withholding tax on dividends. In such cases, a deferred tax liability is recognized, calculated by applying the respective withholding tax rate on undistributed earnings. In certain countries, income tax is not levied on profits, but on dividends paid or declared. In those cases, since current and deferred taxes should be recognized at the rate of undistributed earnings, no deferred tax is recognized and current tax is recognized in the period when dividends are declared.

Current and deferred income tax is determined using tax rates and tax legislation that have been enacted or substantively enacted at the end of the reporting period and in the case of deferred tax that are expected to apply when the related deferred income tax asset or liability is settled. Effects of changes in tax rates are recognized in the period when the change is substantively enacted. Deferred tax assets are recognized to the extent that the ability of utilizing the tax asset is probable. Deferred tax assets and liabilities are offset when a legally enforceable right exists to set off current tax assets against current income tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

Interest on current tax payable or refundable calculated by tax authorities is classified as Interest expenses and Other interest income, respectively.

Intangible assets, and property, plant and equipment

Measurement bases

Goodwill is measured, after initial recognition, at cost, less any accumulated impairment losses. Goodwill is not amortized but tested for impairment at least annually. Impairment losses are not reversed. Based on management analysis, goodwill acquired in a business combination is for impairment testing purposes allocated to the groups of cash-generating units that are expected to benefit from the synergies of the combination. Each group represents the lowest level at which goodwill is monitored for internal management purposes and it is never larger than an operating segment.

Other intangible assets are measured at cost, including directly attributable borrowing costs, less accumulated amortization and any impairment losses. Direct external and internal development expenses for new or substantially improved products and processes are capitalized, provided that future economic benefits are probable, costs can be measured reliably and the product and process is technically and commercially feasible. Activities in projects at the feasibility study stage as well as maintenance and training activities are expensed as incurred.

Intangible assets acquired in a business combination are identified and recognized separately from goodwill where they satisfy the definition of an intangible asset and their fair values can be measured reliably. The cost of such intangible assets is their fair value at the acquisition date. Subsequent to initial recognition, intangible assets acquired in a business combination are measured on the same basis as intangible assets acquired separately. Fair values of intangible assets acquired in a business combination are determined as follows. Patents and trademarks are valued based on the discounted estimated royalty payments that have been avoided as a result of the patent or trademark being owned. Customer relationships are valued using the multi-period excess earnings method. For other intangible assets, income, market and cost approaches are considered in a comprehensive valuation analysis, by which the nature of the intangible asset, any legal and contractual circumstances and the availability of data will determine which approach(es) ultimately to be utilized to derive each asset's fair value.

Property, plant and equipment are measured at cost, including directly attributable borrowing costs, less accumulated depreciation and any impairment losses. Software used in the production process is considered to be an integral part of the related hardware and is capitalized as plant and machinery. Property and plant under construction is valued at the expense already incurred, including interest during the installation period. To the extent a legal or constructive obligation to a third party exists, the acquisition cost includes estimated costs of dismantling and removing the asset and restoring the site. The cost of replacing a part of an item of property, plant and equipment is recognized in the carrying value of the item if it is probable that the future economic benefits embodied within the item will flow to TeliaSonera and the cost of the item can be measured reliably. All other replacement costs are expensed as incurred. A change in estimated expenditures for dismantling, removal and restoration is added to and/or deducted from the carrying value of the related asset. To the extent that the change would result in a negative carrying value, this effect is recognized in net income. The change in depreciation charge is recognized prospectively.

Fair values for property, plant and equipment acquired in a business combination are determined as follows. Commercial real estate is normally valued using an income or market approach, while technical buildings, plant and equipment are normally valued using a cost approach, in which the fair value is derived based on depreciated replacement cost for the asset.

Capitalized interest is calculated, based on the group's estimated average cost of borrowing. However, actual borrowing costs are capitalized if individually identifiable, such as interest paid on construction loans for buildings.

Government grants received as compensation for the cost of an asset are initially measured at fair value, normally being the consideration received. A government grant reduces the carrying value of the related asset and the depreciation charge recognized over the asset's useful life.

Amortization and depreciation

Amortization of intangible assets other than goodwill and depreciation on property, plant and equipment is based on residual values, and taking into account the estimated useful lives of various asset classes or individual assets. Land is not depreciated. For assets acquired during a year, amortization and depreciation is calculated from the date of acquisition. Amortization and depreciation is mainly recognized on a straight-line basis.

Mobile and fixed telecommunication licenses to operate a specific network are regarded as integral to the network and amortization does not commence until the related network is ready for use. Amortization of network-independent licenses to use specific radio frequencies (spectrum) commences when the related frequency block is available for use. License fees based on future services, i.e. relating to the on-going performance of the entity are not capitalized but expensed as incurred.

Impairment testing
Goodwill and other intangible assets with indefinite useful lives (currently none existing) and intangible assets not yet available for use are tested for impairment annually, and whenever there is an indication that the asset may be impaired. Intangible assets with a finite life and tangible assets are tested for impairment whenever events or changes in circumstances indicate that the carrying value of an asset may not be recoverable. Where it is not possible to estimate the recoverable amount of an individual asset, the recoverable amount of the cash-generating unit to which the asset belongs is tested for impairment. If an analysis indicates that the carrying value is higher than its recoverable amount, which is the higher of the fair value less costs to sell and value in use, an impairment loss is recognized for the amount by which the carrying amounts exceeds the recoverable amount.

Value in use is measured based on the expected future discounted cash flows (DCF model) attributable to the asset.

Financial instruments

Categories
Financial instruments are for measurement purposes grouped into categories. The categorization depends on the purpose and is determined at initial recognition. Category "Financial assets at fair value through profit and loss" comprises derivatives not designated as hedging instruments (held-for-trading) with a positive fair value and investments held-for-trading. Category "Held-to-maturity" comprises non-derivative financial assets with fixed or determinable payments and fixed maturity that TeliaSonera has the positive intention and ability to hold to maturity. This category includes commercial papers, certain government bonds and treasury bills. Category "Loans and receivables" comprises non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. This category includes trade receivables, accrued revenues for services and goods, loan receivables, bank deposits and cash at hand. Category "Available-for-sale financial assets" comprises non-derivative financial assets that are designated to this category or not to any of the other categories. This category currently includes equity instruments and convertible bonds. Assets included in the categories are reported under the statement of financial position items Other non-current assets (Note C15), Trade and other receivables (Note C17), Interest-bearing receivables, cash and cash equivalents (Note C18).

Category "Financial liabilities at fair value through profit and loss" comprises derivatives not designated as hedging instruments (held-for-trading) with a negative fair value. Category "Financial liabilities measured at amortized cost" comprises all other financial liabilities, such as borrowings, trade payables, accrued expenses for services and goods, and certain provisions settled in cash. Liabilities included in the categories are reported under the statement of financial position items Long-term and short-term borrowings (Note C20), Other provisions (Note C22), Other long-term liabilities (Note C23) and Trade payables and other current liabilities (Note C24).

Transaction costs, impairment and derecognition
Financial assets and financial liabilities are initially recognized at fair value plus transaction costs that are directly attributable to the acquisition or issue of the financial asset or financial liability. However, transaction costs related to assets or liabilities held for trading or liabilities that are hedged items in a fair value hedge are expensed as incurred. A financial asset is considered impaired if objective evidence indicates that one or more events have had a negative effect on the estimated future cash flow of that asset. Individually significant financial assets are tested for impairment on an individual basis. The remaining financial assets are assessed collectively. Evidence of impairment include that debtors, individually or collectively, default in payments or other indications that they experience significant financial difficulty, including the probability of entering bankruptcy or other financial reorganization.

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is derecognized when TeliaSonera has transferred its rights to receive cash flows from the asset and has transferred substantially all the risks and rewards of the asset, or has transferred control of the asset. A financial liability is derecognized when the obligation under the liability is discharged or canceled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability, and the difference between the carrying amounts is recognized in net income.

Fair value hierarchy levels
The carrying values of classes of financial assets and liabilities measured at fair value were determined based on a three-level fair value hierarchy, as follows.

Level	Fair value determination	Comprises
1	Quoted (unadjusted) prices in active markets for identical assets or liabilities	Primarily quoted equity instruments classified as available-for-sale or held-for-trading
2	Inputs other than quoted prices included in level 1 that are observable for the asset or liability, either directly (prices) or indirectly (derived from prices)	Derivatives designated as hedging instruments or held-for-trading and borrowings in fair value hedge relationships
3	Inputs for the asset or liability that are not based on observable market data (unobservable inputs)	Unquoted equity instruments classified as available-for-sale or held-for-trading

Inputs for fair value measurements disclosed for assets and liabilities that are not carried at fair value are categorized to fair level hierarchy 2.

Fair value estimation

The fair values of financial instruments traded in active markets are based on quoted market prices at the end of the reporting period. For financial assets, the current bid price is used. The fair values of financial instruments that are not traded in active markets are determined by using valuation techniques. Management uses a variety of methods and makes assumptions that are based on market conditions existing at the end of the reporting period.

Quoted market prices or dealer quotes for similar instruments are used for long-term debt. Other techniques, such as estimated discounted cash flows (DCF analyses), are used to determine fair value for the remaining financial instruments. DCF analyses are performed using the applicable yield curve for the duration of the instruments for non-optional derivatives, and option pricing models for optional derivatives. Forward exchange contracts are measured using quoted forward exchange rates and yield curves derived from quoted interest rates matching maturities of the contracts. Interest rate swaps are measured at the present value of future cash flows, estimated and discounted based on the applicable yield curves derived from quoted interest rates.

The carrying value less impairment provision of trade receivables and payables are assumed for disclosure purposes to approximate their fair values. The fair value of financial liabilities is for disclosure purposes estimated by discounting the future contractual cash flows at the current market interest rate that is available for similar financial instruments with adjustment for credit purposes based on known credit spreads from exchange traded TeliaSonera bonds. The fair value of loans and receivables is for disclosure purposes estimated by discounting the future contractual cash flows at the current market interest rate that is available for similar financial instruments with adjustment for credit purposes based on known credit spreads, where available and if not available, individual estimates.

Current/non-current distinction, offsetting

Financial assets and liabilities maturing more than one year from the end of the reporting period are considered to be non-current. Other financial assets and liabilities are recognized as current. Financial assets and liabilities are recognized and derecognized applying settlement date accounting.

Financial assets and liabilities are offset only if there is an enforceable legal right to offset the recognized amounts and there is an intention to settle on a net basis, or to realize the assets and settle the liabilities simultaneously.

Financial assets – measurement

Quoted equity instruments are measured at fair value, being the quoted market prices. Unrealized gains and losses arising from changes in fair value other than impairment losses up to the date of sale are recognized in other comprehensive income and accumulated in the fair value reserve. If the fair value of a quoted equity instrument declines, management makes assumptions about the decline in value to determine whether it is an impairment that should be recognized in profit or loss. Evidence of impairment is a significant or prolonged decline in the fair value below the cost of the instrument. Holdings in venture capital entities are measured at fair value with changes in fair value recognized in net income. Unquoted equity instruments are measured at fair value with fair value changes recognized in other comprehensive income. TeliaSonera's primary valuation technique for unquoted equity instruments is based on the most recent transaction for the specific company if such transaction has been recently done. Adjustments to the carrying value is made to reflect significant changes in circumstances since the transaction date if TeliaSonera assess that the change will have a material impact on the fair value. The estimated fair value for material unquoted equity instruments is verified by applying other valuation models in the form of valuation multiples from peers on relevant financial and operational metrics. Unquoted equity instruments whose fair value cannot be reliably determined are valued at cost less any impairment. An impairment loss on an unquoted equity instrument is calculated as the difference between the carrying amount and the present value of estimated future cash flows discounted at the current market rate of return for a similar financial asset. Impairment losses on equity investments carried at cost are not subsequently reversed and impairment losses on equity instruments classified as available-for-sale are never reversed through net income.

Government bonds and treasury bills held-to-maturity are initially recognized at fair value and subsequently measured at amortized cost, using the effective interest rate method, less impairment. Bonds available for sale are measured at fair value (quoted market prices) with unrealized changes in fair value recognized in other comprehensive income. Receivables arising from own lending, except for short-term receivables where the interest effect is immaterial, are measured at amortized cost, using the effective interest rate method, less impairment. An impairment loss on government bonds and treasury bills held-to-maturity and on receivables from own lending is calculated as the difference between the carrying amount and the present value of the estimated future cash flow discounted at the original effective interest rate.

Short-term investments with maturities over 3 months comprise bank deposits, commercial papers issued by banks, bonds and investments held-for-trading. Cash and cash equivalents include cash at hand and bank deposits as well as highly-liquid short-term investments with maturities up to and including 3 months, such as commercial papers issued by banks. All instruments are initially measured at fair value and subsequently at fair value if categorized as held-for-trading, otherwise at amortized cost.

Financial liabilities – measurement

Financial liabilities (interest-bearing loans and borrowings), except for short-term liabilities where the interest effect is immaterial, are initially recognized at fair value and subsequently measured at amortized cost, using the effective interest rate method. Liabilities that are hedged against changes in fair value are, however, measured at hedged fair value. Any difference between the proceeds (net of transaction costs) and the settlement or redemption of borrowings is recognized over the term of the loan or borrowings. Borrowings with an interest rate different to market rate are initially measured at fair value, being the net present value applying the market interest rate. The difference between the nominal value and the net present value is amortized until due date.

Financial guarantee liabilities are contracts that require a payment to be made to reimburse the holder for a loss it incurs because the specified debtor fails to make a payment when due in accordance with the terms of a debt instrument. Financial guarantee contracts are recognized initially as a liability at fair value, adjusted for transaction costs that are directly attributable to the issue of the guarantee. Subsequently, the liability is measured at the higher of the best estimate of the expenditure required to settle the present obligation at the end of the reporting period and the amount initially recognized.

Trade receivables and trade payables – measurement

Trade receivables are initially recognized at fair value, normally being the invoiced amount, and subsequently carried at invoiced amount less impairment (bad debt losses), which equals amortized cost since the terms are generally 30 days and the recognition of interest would be immaterial. An estimate of the amount of doubtful receivables is made when collection of the full amount is no longer probable. An impairment loss on trade receivables is calculated as the difference between the carrying amount and the present value of the estimated future cash flow. Bad debts are written-off when identified and charged to Selling and marketing expenses. Accrued trade payables are recognized at the amounts expected to be billable.

Trade payables are initially recognized at fair value, normally being the invoiced amounts, and subsequently measured at invoiced amounts, which equals amortized cost, using the effective interest rate method, since generally the payments terms are such that the impact of discounting would be immaterial.

Derivatives and hedge accounting – measurement and classification

TeliaSonera uses derivative instruments, such as interest and cross currency interest rate swaps, forward contracts and options, primarily to control exposure to fluctuations in exchange rates and interest rates. For hedging of net investments in foreign operations, TeliaSonera also uses financial liabilities.

Derivatives and embedded derivatives, when their economic characteristics and risks are not clearly and closely related to other characteristics of the host contract, are recognized at fair value. Derivatives with a positive fair value are recognized as non-current or current receivables and derivatives with a negative fair value as non-current or current liabilities. Currency swaps, forward exchange contracts and options are classified as non-interest-bearing and interest rate swaps and cross currency interest rate swaps as interest-bearing items. For classification in the statement of comprehensive income, see sections “Other operating income and expenses” and “Finance costs and other financial items” above.

Hedging instruments are designated as either fair value hedges, cash flow hedges, or hedges of net investments in foreign operations. Hedges of foreign exchange risk on firm commitments are accounted for as cash flow hedges. Documentation on hedges includes: the relationship between the hedging instrument and the hedged item; risk management objectives and strategy for undertaking various hedge transactions; and whether the hedging instrument used is highly effective in offsetting changes in fair values or cash flows of the hedged item.

For fair value hedges, the effective and ineffective portions of the change in fair value of the derivative, along with the gain or loss on the hedged item attributable to the risk being hedged, are recognized in net income.

For cash flow hedges, the effective portion of the change in fair value of the derivative is recognized in other comprehensive income until the underlying transaction is reflected in net income, at which time any deferred hedging gains or losses are recycled to net income. The ineffective portion of the change in fair value of a derivative used as a cash flow hedge is recognized in net income. However, when the hedged forecast transaction results in the recognition of a non-financial asset or liability, the gains and losses are included in the initial measurement of the cost of the asset or liability.

Hedges of net investments in foreign operations are accounted for similarly to cash flow hedges. Any gain or loss on the hedging instrument relating to the effective portion of the hedge is recognized in other comprehensive income. The gain or loss relating to the ineffective portion is recognized in net income. Gains and losses deferred in the foreign currency translation reserve are recycled to net income on disposal of the foreign operation. Changes in the fair value of derivative instruments that do not meet the criteria for hedge accounting are recognized in net income.

Hedge accounting is not applied to derivative instruments that economically hedge monetary assets and liabilities denominated in foreign currencies (economic hedges) or that are initiated in order to manage e.g. the overall interest rate duration of the debt portfolio. Changes in the fair value of economic hedges are recognized in net income as exchange rate differences, offsetting the exchange rate differences on monetary assets and liabilities. Changes in the fair value of portfolio management derivatives are recognized in net income as Finance costs.

Inventories

Inventories are carried at the lower of cost and net realizable value. Costs, including an appropriate portion of fixed and variable overhead expenses, are assigned to inventories held by the method most appropriate to the particular class of inventory, with the majority being valued on a first-in-first-out basis. Net realizable value represents the estimated selling price for inventories less all estimated costs of completion and costs necessary to make the sale.

Obsolescence is assessed with reference to the age and rate of turnover of the items. The entire difference between the opening and closing balance of the obsolescence allowance is charged to cost of sales. The fair value of inventories acquired in a business combination is determined based on the estimated selling price less the estimated cost of sale and a reasonable profit margin.

Assets held-for-sale

Non-current assets and disposal groups are classified as held-for-sale if their carrying value will be recovered principally through a sale transaction rather than through continuing use. An asset-held-for-sale is measured at the lower of its previous carrying value and fair value less costs to sell.

One of the conditions that must be satisfied for an asset to be classified as held-for-sale is that the sale is highly probable and the asset (or disposal group) is available for immediate sale in its present condition. One criteria for the sale to qualify as highly probable is that the appropriate level of management must be committed to a plan to sell the assets or disposal group in its present condition. In the telecom industry acquisitions often require regulatory approval. If the buyer is a telecom operator in the same market parties often have to agree to a number of remedies to get the approval. As long as expected significant remedies are not agreed upon and accepted by management the sale is not regarded as highly probable by TeliaSonera and consequently the assets are not classified as assets-held-for sale. The determination if and when non-currents assets and disposal groups should be classified a as held-for-sale requires management judgment considering all facts and circumstances relating to the transaction, the parties and the market and entities can come to different conclusions under IFRS.

Equity attributable to owners of the parent

Equity attributable to owners of the parent is divided into share capital, other contributed capital, hedging reserve, fair value reserve, foreign currency translation reserve, revaluation reserve, inflation adjustment reserve, equity transaction in associates and retained earnings. Share capital is the legally issued share capital. Other contributed capital comprises contributions made by shareholders in the form of share premiums in connection with new share issues, specific share holder contributions, etc. This item is reduced by reimbursements to shareholders made in accordance with separately decided and communicated capital repayment programs (e.g. through purchasing own shares or extraordinary dividends). The hedging reserve as well as the fair value reserve and the foreign currency translation reserve are reclassified to net income. Cash flow hedges may also adjust the initial cost of a non-financial asset or liability. The revaluation reserve is used in connection with step acquisitions made before 2010 and the inflation adjustment reserve when accounting for operations in hyperinflationary economies. Equity transactions in associates are the effect on the group from equity transactions such as buyback of shares from third parties by an associated entity. All other equity is retained earnings.

Dividend payments are proposed by the Board of Directors in accordance with the regulations of the Swedish Companies Act and decided by the General Meeting of shareholders. The proposed cash dividend for 2015 will be recorded as a liability immediately following the final decision by the shareholders.

Provisions for pensions and employment contracts

TeliaSonera provides defined contribution or defined benefit pension plans to its employees. Contributions to defined contribution plans are normally set at a certain percentage of the employee's salary and are expensed as incurred. TeliaSonera pays fixed contributions to separate legal entities and will have no legal or constructive obligation to pay further amounts if the fund does not hold sufficient assets to pay all employee benefits. Contributions to defined contribution plans are expensed when employees provide services entitling them to the contribution.

Defined benefit pension plans, provided to part of TeliaSonera employees in Sweden, Finland and Norway, means that the individual is guaranteed a pension equal to a certain percentage of his or her salary. The pension plans mainly include retirement pension, disability pension and family pension. The present value of pension obligations and pension costs are calculated annually, using the projected unit credit method, which distributes the cost over the employee´s service period. The pension cost is recognized in three components, service cost, net interest and remeasurements. Service cost is recognized in operating income and net interest, based on discount rate, on defined benefit obligation and plan assets is reported as interest income or interest expenses in financial items. Changes in actuarial assumptions and experience adjustments of obligations and changes in fair value of plan assets, deviations from discount rate, results in remeasurements and are recognized in Other Comprehensive Income at the end of the reporting period.

Actuarial assumptions are determined at the end of the reporting period. The assets of TeliaSonera's pension funds constitute pension plan assets and are valued at fair value at the end of the reporting period.

Net provisions or assets for post-employment benefits in the statement of financial position represent the present value of obligations at the end of the reporting period less the fair value of plan assets.

Other provisions and contingencies

A provision is recognized when TeliaSonera has a present obligation (legal or constructive) as a result of a past event; it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation; and a reliable estimate can be made of the amount of the obligation. If the likelihood of an outflow of resources is less than probable but more than remote, or a reliable estimate is not determinable, the matter is disclosed as a contingency provided that the obligation or the legal claim is material.

Provisions are measured at management's best estimate, at the end of the reporting period, of the expenditure required to settle the obligation, and are discounted to present value where the effect is material. From time to time, parts of provisions may also be reversed due to better than expected outcome in the related activities in terms of cash outflow.

Where there are a number of similar obligations, e.g. product warranty commitments, the probability that an outflow will be required in settlement is determined by considering the class of obligations as a whole. A provision is recognized even if the likelihood of an outflow with respect to any one item included in the same class may be small but it is probable that some outflow of resources will be needed to settle the class of obligations as a whole.

Other provisions comprise contingent consideration resulting from business combinations or from put options granted to holders of non-controlling interests in existing subsidiaries (for additional information, see section "Consolidated financial statements – Non-controlling interests" above) as well as restructuring provisions which include termination benefits, onerous contracts and other expenses related to cost reduction programs, post-acquisition integration programs, closing-down of operations, etc. Restructuring provisions are mainly recognized as Other operating expenses, since they are not expenses for post-decision ordinary activities.

Termination benefits are recognized when TeliaSonera is committed to terminate the employment of an employee or group of employees before the normal retirement date or as a result of an offer made in order to encourage voluntary redundancy. Such benefits are recognized only after an appropriate public announcement has been made specifying the terms of redundancy and the number of employees affected, or after individual employees have been advised of the specific terms.

Onerous contracts are recognized when the expected benefits to be derived by from a contract are lower than the unavoidable cost of meeting the obligations under the contract. The provision is measured at the present value of the lower of the expected cost of terminating the contract and the expected net cost of continuing with the contract. Before a provision is established, any impairment loss on the assets associated with that contract is provided for.

Other provisions also include warranty commitments, environmental restoration, litigation, onerous contracts not related to restructuring activities, etc. These provisions are recognized as Cost of sales, Selling and marketing expenses, Administrative expenses or Research and development expenses as applicable.

Leasing agreements

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases.

TeliaSonera as lessee

As a lessee, TeliaSonera has entered into finance and operating leases and rental contracts. For a finance lease agreement, the leased asset is recognized as a tangible non-current asset and the future obligation to the lessor as a liability, capitalized at the inception of the lease at the lower of the fair value of the leased property or the present value of the minimum lease payments. Initial direct costs are added to the capitalized amount. Minimum lease payments are apportioned between the finance charges and reduction of the lease liability to produce a constant rate of interest on the remaining balance of the liability. Finance charges are charged directly to net income. Other agreements are operating leases, with the leasing costs recognized evenly throughout the period of the agreement.

TeliaSonera as finance lessor

TeliaSonera owns assets that it leases to customers under finance lease agreements. Amounts due from lessees are recorded as receivables at the amount of the net investment in the leases, which equals the net present value. Initial direct costs are included in the initial measurement of the financial lease receivable and reduce the amount of income recognized over the lease term. Income is recognized over the lease term on an annuity basis.

TeliaSonera as operating lessor

Rental revenues from operating leases are recognized on a straight-line basis over the term of the relevant lease. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying value of the leased asset and are recognized on the same basis as the lease revenues.

Fiber and duct are sold as part of the operations of TeliaSonera's international carrier business. TeliaSonera has decided to view these as integral equipment to land. Under the agreements, title is not transferred to the lessee. The transactions are therefore recorded as operating lease agreements. The contracted sales price is mainly paid in advance and sales that are not recognized in income are recorded as long-term liabilities or short-term deferred revenues.

C4 CHANGES IN GROUP COMPOSITION AND EVENTS AFTER THE REPORTING PERIOD

Group composition

Subsidiaries

TeliaSonera's principal operating subsidiaries as of December 31, 2015, are disclosed in Our market position. Ownership in addition to shares held directly or indirectly by TeliaSonera takes into account shares held by associated companies. Consolidated share also includes commitments to acquire shares from holders of non-controlling interests. Subsidiaries in continuing operations with material non-controlling interests are disclosed in Note C19 "Equity and earnings per share." Subsidiaries in discontinued operations with material non-controlling interests are described in Note C34 "Discontinued operations and assets classified as held for sale."

Associated companies

Material associated companies are disclosed in Note C14 "Investments in associated companies and joint ventures."

Joint arrangements

TeliaSonera owns three joint arrangements that are classified as joint operations, Svenska UMTS-nät AB (SUNAB) in Sweden, TT-Netværket P/S (TT) in Denmark and Suomen Yhteisverkko Oy in Finland. The companies are network-sharing operations with Tele2 (SUNAB), Telenor (TT) and DNA (Suomen Yhteisverkko). TeliaSonera holds 50 percent of the shares in both SUNAB and TT. TeliaSonera owns 51 percent of the shares in Suomen Yhteisverkko, but based on the shareholders agreement the company is jointly controlled and equally governed by the consensus principle.

Business combinations

In February 2015, TeliaSonera acquired Tele2's Norwegian operations. See Note C33 "Business combinations" for further information about this acquisition and for information on other minor business combinations in 2015.

Other acquisitions

In December 2015, TeliaSonera acquired the remaining 50 percent of the shares in the Danish subsidiary DLG Tele I/S for SEK 356 million.

Disposals

There have been no material disposals during 2015.

Events after the reporting period

No events occurred after the reporting period that will have any material effect on the financial statements of the TeliaSonera group.

C5 SEGMENT INFORMATION

TeliaSonera's operating model is based on geographical areas. The group's operations are managed and reported by the two operating segments; region Sweden and region Europe. The regions are country-based organizations and the head of each region reports directly to the CEO. Other operations are collectively reported. The former segment region Eurasia is classified as held for sale and discontinued operations as of December 31, 2015, and is therefore not included in the segment information. Comparative segment information for 2014 has been restated. See Note C34 "Discontinued operations and assets classified as held for sale" for information on discontinued operations.

- Region Sweden comprises TeliaSonera's mobile, broadband and fixed-line operations in Sweden.
- Region Europe comprises TeliaSonera's mobile, broadband and fixed-line operations in Finland, Norway, Denmark, Lithuania, Latvia, Estonia and Spain.
- Other operations include the international carrier operations, customer financing and dunning operations, TeliaSonera Holding, TeliaSonera's shareholding in the associates Russian MegaFon and Turkish Turkcell as well as Group functions.

Segment information is based on the same accounting principles as for the group as a whole. Inter-segment transactions are based on commercial terms. Besides Net sales and Operating income, principal segment control and reporting concepts are EBITDA excluding non-recurring items, Investments in associated companies and joint ventures, Other operating segment assets and Operating segment liabilities, respectively (see Definitions).

Operating segment assets comprise total assets less non-operating interest-bearing receivables, long term and short term investments, pension obligation assets, foreign currency derivatives, accrued interest, tax assets and cash and cash equivalents. Operating segment liabilities contain total liabilities less non-operating interest-bearing liabilities, provisions for pensions and employment contracts, foreign currency derivatives, accrued interest and tax liabilities. For information on distribution of goodwill by reportable segments, see Note C12 "Goodwill and other intangible assets."

SEK in millions	January–December 2015 or December 31, 2015 Sweden	Europe	Other	Discontinued operations	Eliminations	Group
Net sales	37,336	43,730	7,753	–	-2,249	**86,569**
External net sales	37,051	43,309	6,210	–	–	**86,569**
EBITDA excluding non-recurring items	14,267	10,584	430	–	–	**25,281**
Non-recurring items	-495	-601	-194	–	–	**-1,289**
Amortization, depreciation and impairment losses	-4,468	-7,728	-583	–	–	**-12,780**
of which impairment losses	*0*	*-1,917*	*-3*	–	–	***-1,920***
Income from associated companies and joint ventures	-20	119	3,295	–	–	**3,394**
Operating income	9,284	2,375	2,948	–	–	**14,606**
Financial items, net						**-2,917**
Income taxes						**-2,157**
Net income from continuing operations						**9,532**
Investments in associated companies and joint ventures	5	783	22,553	–	–	**23,341**
Other operating segment assets	42,510	95,235	11,206	–	-1,859	**147,092**
Current and deferred tax assets						**5,123**
Other unallocated assets						**42,649**
Assets classified as held for sale	–	–	–	35,812	–	**35,812**
Total assets						**254,017**
Operating segment liabilities	11,123	11,626	5,692	–	-1,868	**26,573**
Current and deferred tax liabilities						**10,712**
Other unallocated liabilities						**102,933**
Liabilities directly associated with assets classified as held for sale	–	–	–	11,598	–	**11,598**
Total non-current and current liabilities						**151,816**
Investments, continuing operations	6,337	10,441	3,634	–	–	**20,413**
of which CAPEX, continuing operations	*6,179*	*5,823*	*2,593*	–	–	***14,595***
Number of employees	6,695	11,305	3,342	5,553	–	**26,895**

SEK in millions	January–December 2014 or December 31, 2014 Sweden	Europe	Other	Discontinued operations	Eliminations	Group
Net sales	36,456	39,667	7,043	–	-2,035	**81,131**
External net sales	36,165	39,401	5,565	–	–	**81,131**
EBITDA excluding non-recurring items	14,311	9,772	282	–	–	**24,364**
Non-recurring items	-354	-206	-351	–	–	**-912**
Amortization, depreciation and impairment losses	-4,205	-5,273	-797	–	–	**-10,276**
of which impairment losses	*-36*	*-202*	*-0*	–	–	***-238***
Income from associated companies and joint ventures	-5	108	4,463	–	–	**4,567**
Operating income	9,746	4,401	3,597	–	–	**17,743**
Financial items, net						**-2,535**
Income taxes						**-2,989**
Net income from continuing operations						**12,219**
Investments in associated companies and joint ventures	22	803	31,640	327	–	**32,793**
Other operating segment assets	39,291	96,049	15,444	37,408	-1,791	**186,401**
Current and deferred tax assets						**7,006**
Other unallocated assets						**45,866**
Total assets						**272,066**
Operating segment liabilities	10,195	11,679	5,250	13,354	-1,797	**38,680**
Current and deferred tax liabilities						**11,411**
Other unallocated liabilities						**105,610**
Total non-current and current liabilities						**155,702**
Investments	5,605	5,203	2,355	4,733	3	**17,899**
of which CAPEX	*4,936*	*4,699*	*2,317*	*4,724*	*3*	***16,679***
Number of employees	6,740	10,917	3,236	5,273	–	**26,166**

C6 NET SALES

External net sales were distributed by product area as follows.

SEK in millions	Jan–Dec 2015	Jan–Dec 2014
Mobile services	39,990	37,750
Fixed services	31,973	31,344
Other services	941	886
Equipment	13,665	11,151
Total	**86,569**	**81,131**

Fixed services mainly include telephony, broadband, data and TV services. 2014 has been restated to reflect a new product classification affecting Other services by SEK -2,447 million, Equipment by SEK 1,498 million, Fixed services by SEK 930 million and Mobile services by SEK 19 million. See also Note C1 “Basis of preparation.”

Net sales by external customer location and intangible fixed assets and property, plant and equipment, respectively, were distributed among individually material countries as follows.

	Jan–Dec 2015		Jan–Dec 2014		Dec 31, 2015		Dec 31, 2014	
	Net sales				Intangible fixed assets and property, plant and equipment			
	SEK in millions	Percent	SEK in millions	Percent	SEK in millions	Percent	SEK in millions	Percent
Sweden	36,782	42.5	36,125	44.5	35,119	28.5	31,968	20.5
Finland	12,945	15.0	12,648	15.6	40,843	33.2	41,997	27.0
Norway	9,273	10.7	6,975	8.6	23,526	19.1	20,521	13.2
Denmark	6,179	7.1	5,750	7.1	5,895	4.8	8,208	5.3
Spain	8,035	9.3	7,622	9.4	3,547	2.9	4,000	2.6
All other countries	13,357	15.4	12,013	14.8	14,095	11.5	49,136	31.5
Total	**86,569**	**100.0**	**81,131**	**100.0**	**123,026**	**100.0**	**155,830**	**100.0**

Intangible fixed assets and property, plant and equipment 2014 includes former segment region Eurasia. Former segment region Eurasia is classified as held for sale and discontinued operations as of December 31, 2015. For information on discontinued operations, see Note C34 “Discontinued operations and assets classified as held for sale.” Net sales by external customer location were distributed among economic regions as follows.

	Jan–Dec 2015		Jan–Dec 2014	
	SEK in millions	Percent	SEK in millions	Percent
European Economic Area (EEA)	83,067	96.0	78,671	97.0
of which European Union (EU) member states	*73,786*	*85.2*	*71,684*	*88.4*
Rest of Europe	1,292	1.5	955	1.2
North-American Free Trade Agreement (NAFTA)	1,052	1.2	629	0.8
Rest of world	1,158	1.3	876	1.1
Total	**86,569**	**100.0**	**81,131**	**100.0**

The TeliaSonera group offers a diversified portfolio of mass-market services and products in highly competitive markets. Hence, the group’s exposure to individual customers is limited.

C7 EXPENSES BY NATURE

Operating expenses are presented on the face of the statement of comprehensive income using a classification based on the functions “Cost of sales,” “Selling and marketing expenses,” “Administrative expenses” and “Research and development expenses.” Total expenses by function were distributed by nature as follows.

SEK in millions	Jan–Dec 2015	Jan–Dec 2014
Goods and sub-contracting services purchased	-18,176	-16,606
Interconnect and roaming expenses	-9,113	-8,419
Other network expenses	-4,949	-4,784
Change in inventories	-3,763	-3,000
Personnel expenses (see also Note C31)	-12,171	-11,248
Marketing expenses	-4,847	-4,363
Other expenses	-9,124	-8,632
Amortization, depreciation and impairment losses	-10,880	-10,271
Total	**-73,024**	**-67,322**

The main components of Other expenses are rent, consultants’ services, IT expenses and energy expenses.

Amortization, depreciation and impairment losses by function were as follows.

SEK in millions	Jan–Dec 2015	Jan–Dec 2014
Cost of sales	-9,353	-8,957
Selling and marketing expenses	-1,004	-791
Administrative expenses	-499	-519
Research and development expenses	-23	-4
Total	**-10,880**	**-10,271**

Total amortization, depreciation and impairment losses for 2015 amounted to SEK 12,780 million, whereof SEK 10,880 million was allocated to the functions above and SEK 1,900 million was included in other operating expenses. See Note C8 “Other operating income and expenses.” For more information on amortization, depreciation and impairment losses see Notes C12 “Goodwill and other intangible assets” and C13 “Property, plant and equipment.” Amortization, depreciation and impairment losses are broken down by reportable segment in Note C5 “Segment information.”

C8 OTHER OPERATING INCOME AND EXPENSES

Other operating income and expenses were distributed as follows.

SEK in millions	Jan–Dec 2015	Jan–Dec 2014
Other operating income		
Capital gains	95	71
Exchange rate gains	509	326
Commissions, license and patent fees, etc.	88	85
Grants	27	32
Recovered accounts receivable	266	63
Court-settled fees with other operators	73	–
Damages received	66	87
Total other operating income	**1,124**	**662**
Other operating expenses		
Capital losses	-69	-206
Transaction costs in business combinations	-15	-35
Provisions for onerous contracts	0	-1
Exchange rate losses	-568	-377
Restructuring costs	-811	-647
Impairment losses	-1,900	-5
Court-settled fees with other operators	-83	–
Damages paid	-11	-24
Total other operating expenses	**-3,457**	**-1,295**
Net effect on income	**-2,333**	**-633**
of which net exchange rate losses on derivative instruments held-for-trading	*1*	*9*

In 2015, recovered accounts receivable mainly refers to revaluation of receivables relating to improved forecasts of future collection amounts. In the last quarter of 2015, a goodwill write-down of SEK 1,900 million was recognized in the cash-generating unit Denmark, as a result of the updated earnings projections following the decision to withdraw from the proposed joint venture with Telenor, affecting impairment losses. For more information on impairment losses, see Notes C12 "Goodwill and other intangible assets" and C13 "Property, plant and equipment." Restructuring costs mainly comprised staff redundancy costs.

C9 FINANCE INCOME AND FINANCE COSTS

Finance income and finance costs were distributed as follows.

SEK in millions	Jan–Dec 2015	Jan–Dec 2014
Finance income		
Interest income	475	578
Interest income on finance leases	91	99
Changes in fair value of held-for-trading-investments	-15	56
Unwinding of discounts, receivables	59	74
Total finance income	**609**	**806**
Finance costs		
Interest expenses	-3,089	-3,327
Interest expenses on finance leases	-3	-4
Unwinding of provision discounts	-45	-83
Capitalized interest	83	75
Net exchange rate gains and losses	-265	-32
Net interest on the net defined benefit liability (asset)	-72	30
Other finance costs	-137	-2
Total finance costs	**-3,526**	**-3,341**
Net effect on income	**-2,917**	**-2,535**

Details on interest expenses, net exchange rate gains and losses and interest income related to hedging activities, loan receivables and borrowings were as follows.

	Jan–Dec 2015	Jan–Dec 2014	Jan–Dec 2015	Jan–Dec 2014	Jan–Dec 2015	Jan–Dec 2014
SEK in millions	Interest expenses		Net exchange rate gains and losses		Interest income	
Fair value hedge derivatives	-1,648	1,764	-41	31	–	–
Cash flow hedge derivatives	-34	-36	95	576	–	–
Derivatives held-for-trading	1,117	-188	-55	-267	–	–
Held-to-maturity investments	–	–	–	–	10	8
Loans and receivables	–	–	-1,125	674	416	602
Borrowings in fair value hedge relationships	-1,450	-2,373	1,991	-39	–	–
Borrowings and other financial liabilities at amortized cost	-1,061	-2,506	-1,137	-1,006	–	–
Other	-12	12	7	–	50	-31
Total	**-3,089**	**-3,327**	**-265**	**-32**	**475**	**578**

Borrowings at amortized cost include items in cash flow hedge relationships as well as unhedged items.

C10 INCOME TAXES

Tax items recognized in comprehensive income and directly in equity

Tax items recognized in comprehensive income and directly in equity were distributed as follows.

SEK in millions	Jan–Dec 2015	Jan–Dec 2014
Tax items recognized in net income		
Current tax expense relating to current year	-1,391	-1,680
Underprovided or overprovided current tax expense in prior years	-17	-5
Deferred tax expense originated or reversed in current year	-666	-1,168
Recognition of previously unrecognized deferred taxes	-55	-45
Effect on deferred tax from changes in tax rates	-28	-91
Total tax expense recognized in net income	**-2,157**	**-2,989**
Tax items recognized in other comprehensive income		
Current tax relating to current year	-538	870
Deferred tax originated or reversed in current year	-1,051	845
Total tax recognized in other comprehensive income	**-1,589**	**1,715**
Tax items recognized directly in equity		
Deferred tax related to treasury share repurchase made by associated company	–	10
Total tax recognized directly in equity	**–**	**10**

Pre-tax income was SEK 11,689 million in 2015 and SEK 15,209 million in 2014. The difference between the nominal Swedish income tax rate and the effective tax rate comprises the following components.

Percent	Jan–Dec 2015	Jan–Dec 2014
Swedish income tax rate	22.0	22.0
Effect of higher or lower tax rates in subsidiaries	-0.2	-0.2
Withholding tax on earnings in subsidiaries and associated companies	-1.7	2.4
Underprovided or overprovided current tax expense in prior years	0.1	0.0
Recognition of previously unrecognized deferred taxes	0.5	0.4
Effect on deferred tax expense from changes in tax rates	0.2	0.6
Income from associated companies	-6.5	-6.6
Current year losses for which no deferred tax asset was recognized	0.1	0.6
Non-deductible expenses	5.7	1.5
Tax-exempt income	-1.7	-1.0
Effective tax rate in net income	**18.5**	**19.7**
Effective tax rate excluding effects from associated companies	*26.8*	*23.9*

Withholding tax on earnings in subsidiaries and associated companies is impacted by an intra-group restructuring in 2015. The intra-group restructuring resulted in a revaluation and one-off effect of the withholding tax provision and a decrease of the deferred tax liability. Non-deductible expenses are impacted by non-tax deductible goodwill impairment in Denmark.

Recently enacted changes in tax legislation affecting TeliaSonera were as follows.

Country	Enacted	Change in corporate income tax legislation	Effective
Denmark	June 2013	Tax rate has gradually decreased from 25.0 percent to 24.5 percent on January 1, 2014, 23.5 percent in 2015 and 22.0 percent from 2016.	January 1, 2014/ 2015/2016
Finland	December 2013	Tax rate cut from 24.5 percent to 20.0 percent.	January 1, 2014
Norway	December 2013/2015	Tax rate cut from 28.0 percent to 27.0 percent in 2014 with a further reduction to 25.0 percent in 2016.	January 1, 2014/2016
Spain	July 2012/ October 2013/ November 2014	Tax rate cut from 30.0 percent to 28.0 percent in 2015 and 25.0 percent in 2016. If turnover exceeds EUR 60 million, a maximum of 25.0 percent of taxable income as of 2012 could be offset against accumulated tax losses in previous years. The temporary limitations were valid until 2013 and has been prolonged until 2015. The level of utilization increases to 60 percent in 2016 and to 70 percent in 2017 and beyond. The utilization period for tax losses are limited to 18 years but from 2015 the limitation of the tax loss utilization period cease to exist and the tax losses are no longer time-restricted.	January 1, 2012/2014/2015/ 2016/2017
United Kingdom	July 2012/2013	Tax rate cut from 23.0 percent in 2013 to 21.0 percent in 2014 and with a further reduction to 20.0 percent in 2015.	April 1, 2014/2015
Uzbekistan	December 2013/2014	Tax rate cut from 9.0 percent to 8.0 percent in 2014 with a further reduction to 7.5 percent in 2015.	January 1, 2014/2015

The reduction of the Norwegian and Spanish corporate income tax rate effective from January 1, 2016 and January 1, 2015, triggered a recalculation of existing deferred tax assets and liabilities in TeliaSonera's Norwegian and Spanish operations, resulting in a net deferred tax expense of SEK 28 million in 2015 and SEK 91 million in 2014.

Deferred tax assets and liabilities

Deferred tax assets and liabilities changed as follows.

SEK in millions	Dec 31, 2015	Dec 31, 2014
Deferred tax assets		
Opening balance	5,955	5,493
Comprehensive income period change	-1,418	-121
Operations acquired	1,054	0
Reversals of offset tax liabilities/assets, other reclassifications	-256	263
Exchange rate differences	-173	320
Reclassification to assets classified as held for sale	-108	–
Deferred tax assets, closing balance	**5,054**	**5,955**
Deferred tax liabilities		
Opening balance	10,840	10,063
Comprehensive income period change	850	222
Change of withholding taxes recognized directly in equity	–	-10
Operations acquired	743	69
Reversals of offset tax assets/liabilities, other reclassifications	-158	332
Exchange rate differences	-403	164
Reclassification to liabilities directly associated with assets classified as held for sale	-1,245	–
Deferred tax liabilities, closing balance	**10,627**	**10,840**

Temporary differences in deferred tax assets and liabilities were as follows.

SEK in millions	Dec 31, 2015	Dec 31, 2014
Gross deferred tax assets		
Delayed depreciation, impairment losses and fair value adjustments, other non-current assets	3,283	3,837
Delayed expenses for provisions	1,033	1,505
Doubtful current receivables	115	213
Interest expense carry-forwards	92	–
Tax loss carry-forwards, continuing operations	4,308	4,433
Tax loss carry-forwards reclassification to assets classified as held for sale	440	–
Subtotal	**9,271**	**9,988**
Valuation allowances		
Delayed depreciation, other non-current assets	-4	-5
Doubtful current receivables	-17	-17
Tax loss carry-forwards, continuing operations	-3,192	-3,519
Tax loss carry-forwards reclassification to assets classified as held for sale	-407	–
Subtotal	**-3,620**	**-3,541**
Offset deferred tax liabilities/assets	-489	-492
Reclassification to assets classified as held for sale	-108	–
Total deferred tax assets	**5,054**	**5,955**
Deferred tax liabilities		
Withholding taxes subsidiaries and associated companies	1,561	2,469
Accelerated depreciation and fair value adjustments, other non-current assets	6,637	5,755
Fair value adjustments, provisions	1,354	534
Delayed revenue recognition, current receivables	13	32
Profit equalization reserves	2,796	2,542
Subtotal	**12,361**	**11,332**
Offset deferred tax assets/liabilities	-489	-492
Reclassification to liabilities associated with assets classified as held for sale	-1,245	–
Total deferred tax liabilities	**10,627**	**10,840**
Net deferred tax assets (+)/liabilities (-)	**-5,573**	**-4,885**
Net increase (+)/decrease (-) in valuation allowance	**79**	**-314**

Unrecognized deferred tax assets, as reflected by the valuation allowance at December 31, 2015, were expected to expire as follows.

Expected expiry, SEK in millions	2016	2017	2018	2019	2020	2021-2024	Unlimited	Total
Unrecognized deferred tax assets	–	1	–	0	0	81	3,110	**3,192**

As of December 31, 2015 and 2014, unrecognized deferred tax liabilities for undistributed earnings in subsidiaries, including estimated such income tax that is levied on dividends paid, totaled SEK 122 million and SEK 96 million, respectively.

Tax loss carry-forwards

Deferred tax assets originating from tax loss carry-forwards mainly relate to Spain, the international carrier operations and Norway. Tax losses in Spain refer to the Spanish 3G and 4G mobile network operator Xfera Móviles S.A. (Yoigo), acquired in 2006. Xfera has reported tax losses since its incorporation in 2000, due to annual spectrum fees paid to the Spanish government, depreciation and write-downs of earlier investments, other pre-operating costs and additional operating losses incurred thereafter. As of December 31, 2015, Xfera had tax losses and taxable temporary differences totaling SEK 11.8 billion.

Under current market conditions and due to the decreases in equipment prices in the past few years, management is, however, confident that Xfera will be able to generate taxable profits, and has prepared a business plan based on a thorough business model with detailed and benchmarked data, and has also convinced other parties to invest alongside TeliaSonera. As a result, management believes that the current non-time restricted tax losses will be utilized. However, management acknowledges that the threshold for recognizing deferred tax assets in a situation of recurring historical losses is higher than for other assets, and has therefore reduced its projections to a level which it is convinced that Xfera will reach. As of December 31, 2015, based on these projections, management has recognized a deferred tax asset of SEK 463 million after valuation allowance.

Tax losses in the international carrier operations refer mainly to impairment losses on plant and machinery incurred in 2002. Most of these tax losses have no expiry dates.

Tax losses in Norway have no expiry dates and are related to the Norwegian companies acquired from Tele2 Norway.

TeliaSonera's accumulated tax loss carry-forwards were SEK 16,662 million in 2015 and SEK 16,008 million in 2014. Tax loss carry-forwards as of December 31, 2015, were expected to expire as follows:

Expected expiry, SEK in millions	2016	2017	2018	2019	2020	2021-2035	Unlimited	Total
Tax loss carry-forwards	–	4	0	0	0	626	16,032	**16,662**

C11 OTHER COMPREHENSIVE INCOME

Other comprehensive income was distributed as follows.

SEK in millions	Equity component	Jan–Dec 2015	Jan–Dec 2014
Other comprehensive income that may be reclassified to net income			
Foreign currency translation differences			
Translation of foreign operations, continuing operations	Foreign currency translation reserve	-9,277	5,655
Translation of foreign operations, discontinued operations	Foreign currency translation reserve	-4,081	1,034
Translation of foreign non-controlling interests, continuing operations	Non-controlling interests	-36	57
Translation of foreign non-controlling interests , discontinued operations	Non-controlling interests	-1,396	275
Hedging of foreign operations	Foreign currency translation reserve	2,445	-3,956
Income tax effect	Foreign currency translation reserve	-538	870
Total foreign currency translation differences		**-12,884**	**3,935**
of which attributable to non-controlling interests		*-1,433*	*332*
Income from associated companies			
Net changes in fair value of cash flow hedges	Hedging reserve	1	2
Translation of foreign operations	Foreign currency translation reserve	-3	7
Total income from associated companies		**-2**	**9**
Cash flow hedges			
Net changes in fair value	Hedging reserve	621	64
Transferred to finance costs in net income	Hedging reserve	-7	5
Income tax effect	Hedging reserve	-135	-25
Total cash flow hedges		**479**	**44**
Available-for-sale financial instruments			
Net changes in fair value	Fair value reserve	-2	1
Disposals transferred to other financial items in net income	Fair value reserve	–	2
Income tax effect	Fair value reserve	6	0
Total available-for-sale financial instruments		**4**	**3**
Total other comprehensive income that may be reclassified to net income		**-12,404**	**3,990**
of which total income tax effects (see also Note C10)		*-667*	*845*
of which attributable to non-controlling interests		*-1,433*	*332*
Other comprehensive income that will not be reclassified to net income			
Remeasurements of defined benefit pension plans	Retained earnings	4,322	-3,953
Income tax relating to items that will not be reclassified	Retained earnings	-922	870
Associates' remeasurements of defined benefit pension plans	Retained earnings	6	5
Total other comprehensive income that will not be reclassified to net income		**3,407**	**-3,078**
of which total income tax effects (see also Note C10)		*-922*	*870*
Total other comprehensive income		**-8,997**	**911**
of which attributable to non-controlling interest, continuing operations		*-1 396*	*275*
of which attributable to non-controlling interest, discontinued operations		*-36*	*57*

The hedging reserve comprises gains and losses on derivatives hedging interest rate and foreign currency exposure, with a positive net effect in equity of SEK 479 million as of December 31, 2015, and SEK 44 million as of December, 2014. Future gains or losses will affect net income in 2016, 2017, 2019 and later, when the hedged items mature. See also section "Financial instruments" in Note C3 "Significant accounting policies." See Note C21 "Provisions for pensions and employment contracts" for details of "Remeasurements of defined benefit pension plans."

C12 GOODWILL AND OTHER INTANGIBLE ASSETS

The total carrying value was distributed and changed as follows.

SEK in millions	Goodwill Dec 31, 2015	Goodwill Dec 31, 2014	Other intangible assets Dec 31, 2015	Other intangible assets Dec 31, 2014
Accumulated cost	63,316	78,707	38,750	45,034
Accumulated amortization	–	–	-24,235	-27,742
Accumulated impairment losses	-8,378	-7,812	-1,520	-2,408
Advances	–	–	–	382
Carrying value	**54,938**	**70,895**	**12,995**	**15,266**
of which work in progress	–	–	*886*	*266*
Carrying value, opening balance	70, 895	67,313	15,266	14,209
Investments	–	458	3,106	3,265
of which capitalized interest	–	–	*17*	*12*
Sales and disposals	–	–	-21	-14
Operations acquired	1,769	–	2,882	20
Reclassifications	0	-72	63	303
Adjustments related to put options and contingent consideration	-198	-185	–	–
Amortization for the year, continuing operations	–	–	-2,532	-2,170
Amortization for the year, discontinued operations	–	–	-922	-686
Impairment losses for the year, continuing operations	-1,900	–	-6	-45
Impairment losses for the year, discontinued operations	-1,628	-753	-293	-317
Advances	–	–	155	38
Exchange rate differences	-6,573	4,134	-1,308	664
Reclassification to assets classified as held for sale	-7,427	–	-3,395	–
Carrying value, closing balance	**54,938**	**70,895**	**12,995**	**15,266**

Former segment region Eurasia is classified as held for sale and discontinued operations as of December 31, 2015 and therefore not included in the figures for 2015. The comparative year 2014 has not been restated. For further information, see Note C34 “Discontinued operations and assets classified as held for sale.”

In 2015 and 2014, investments in telecom licenses and frequency permits amounted to SEK 307 million and SEK 1,354 million, respectively. Operations acquired in 2015 are primarly related to the acqusition of Tele2’s Norweigan mobile operations, see Note C33 “Business Combinations.”

In 2014, reclassifications of other intangible assets mainly related to rental rights in Denmark reclassfied from goodwill and software development in Estonia reclassified from property, plant and equipment.

For comments on impairment losses for the year for continuing operations, see section “Impairment testing” below.

Apart from goodwill, there are currently no intangible assets with indefinite useful lives. No general changes of useful lives were made in 2015. For amortization rates applied, see section “Useful lives” in Note C2 “Key sources of estimation uncertainty.” In the statement of comprehensive income, amortization and impairment losses are included in all expense line items by function as well as in line item Other operating expenses.

The total carrying value of goodwill was distributed by reportable segments and cash generating units with significant goodwill amounts as follows.

SEK in millions	Dec 31, 2015	Dec 31, 2014
Region Europe	53,893	57,445
of which Finland	*29,082*	*30,262*
of which Norway	*16,422*	*16,430*
of which Denmark	*2,020*	*4,033*
of which Lithuania	*2,574*	*2,691*
of which Estonia	*2,351*	*2,418*
of which other countries	*1,445*	*1,612*
Region Eurasia	–	12,389
Region Sweden	922	905
Other operations	122	155
Total goodwill	**54,938**	**70,895**

The total carrying value of other intangible assets was distributed by asset type as follows.

SEK in millions	Dec 31, 2015	Dec 31, 2014
Trade names	82	204
Telecom licenses and frequency permits	5,314	8,648
Customer and vendor relationships, interconnect and roaming agreements	3,142	1,590
Capitalized development expenses	2,562	2,876
Patents, etc.	2	4
Leaseholds, etc.	1,012	1,302
Work in progress, advances	881	643
Total other intangible assets	**12,995**	**15,266**

Capitalized development expenses mainly refer to IT systems, supporting the selling and marketing, and administrative functions.

Impairment testing, continuing operations

The impairment testing for continuing operations is described below. For information regarding measurement of discontinued operations, see Note C34 "Discontinued operations and assets classified as held for sale." Goodwill is, for impairment testing purposes, allocated to cash generating units in accordance with TeliaSonera's business organization. In most cases, each country within the respective reportable segment constitutes a cash-generating unit (CGU). Carrying values (for impairment testing purposes defined as segment operating capital and allocated common assets from Group Technology less deferred tax on fair value adjustments and notionally adjusted for non-controlling interests in goodwill) of all cash-generating units are annually tested for impairment. For definition of segment operating capital, see Note C5 "Segment information" and Definitions. The recoverable amounts (that is, the higher of value in use and fair value less cost to sell) are normally determined on the basis of value in use, applying discounted cash flow calculations. In the recoverable amount calculations, management used assumptions that it believes are reasonable based on the best information available. The key assumptions in the value in use calculations were sales growth, EBITDA margin development, the weighted average cost of capital (WACC), CAPEX-to-sales ratio, and the terminal growth rate of free cash flow. The value in use calculations were based on forecasts approved by management, which management believes reflect past experience, forecasts in industry reports, and other externally available information. Management believes that value in use based on own business plan better reflects the value for TeliaSonera and of the long-term valuation, compared to the current equity market values that in some cases can be below the recoverable amount derived from TeliaSonera's own long-term business plans.

The forecasted cash flows were discounted at the weighted average cost of capital (WACC) for the relevant cash-generating unit. The WACC is derived from the risk free interest rate in local currency, the country risk premium, the business risk represented by the estimated beta, the local equity market risk premium and an estimated reasonable cost of borrowing above the risk free rate. The pre-tax discount rate typically cannot be directly observed or measured. It is calculated by iteration – by first running DCF calculation using post-tax cash flows and a post-tax discount rate, and then determining what the pre-tax discount rate would need to be to cause value in use determined using pre-tax cash flows to equal the value in use determined by the post-tax DCF calculation.

The forecast periods, WACC rates and the terminal growth rates of free cash flow used to extrapolate cash flows beyond the forecast period varied by cash generating unit as presented below. In all cases management believes the terminal growth rates to not exceed the average growth rates for markets in which TeliaSonera operates.

	2015								
Years/Percent	Sweden	Finland	Norway	Denmark	Lithuania	Latvia	Estonia	Spain	TeliaSonera International Carrier
Forecast period, years	5	5	5	5	5	5	5	5	5
Post-tax WACC rate, %	4.2	4.3	4.9	4.3	4.9	4.9	5.7	5.0	4.5
Pre-tax WACC rate, %	5.4	5.4	6.7	5.6	5.8	5.7	7.2	7.1	5.8
Terminal growth rate, %	2.0	1.8	1.9	2.0	2.1	2.0	2.7	1.9	2.0

	2014								
Years/Percent	Sweden	Finland	Norway	Denmark	Lithuania	Latvia	Estonia	Spain	TeliaSonera International Carrier
Forecast period, years	5	5	5	5	5	5	5	5	5
Post-tax WACC rate, %	4.8	4.5	5.6	4.3	5.5	5.7	5.1	5.3	5.5
Pre-tax WACC rate, %	5.7	5.6	7.6	5.5	6.2-6.4	6.6	6.4	6.7	6.8
Terminal growth rate, %	2.0	1.8	2.0	2.0	2.1	2.5	2.7	1.9	2.0

In 2015, a goodwill write-down of SEK 1,900 million was recognized in the cash-generating unit Denmark, as a result of updated earnings projections following the decision to withdraw from the proposed joint venture with Telenor, as presented below.

SEK in millions	Denmark
Recoverable amount	7,274
Impairment loss	-1,900
of which goodwill	-1,900

Sensitivity analysis

The estimated recoverable amounts for Finland and Estonia were in proximity of the carrying values as of December 31, 2015. As of December 31, 2014, the estimated recoverable amounts for Finland, Norway, Denmark, Omnitel, Latvia and Estonia were in proximity of the carrying values.

The impairment tests assumed, in addition to the post-tax WACC rates and the terminal growth rates stated above, the following sales growth, EBITDA margin and CAPEX-to-sales ranges during the next 5 years for the cash generating units (CGUs) that are sensitive to reasonable changes in assumptions.

	2015		
5-year period/Percent	Finland	Denmark	Estonia
Sales growth, lowest in period (%)	-2.7	-0.9	0.0
Sales growth, highest in period (%)	1.9	1.5	2.0
EBITDA margin, lowest in period (%)	31.3	11.7	29.4
EBITDA margin, highest in period (%)	33.8	14.3	29.4
CAPEX-to-sales, lowest in period (%)	12.2	7.1	13.1
CAPEX-to-sales, highest in period (%)	16.2	17.0	17.3

	2014					
5-year period/Percent	Finland	Norway	Denmark	Omnitel	Latvia	Estonia
Sales growth, lowest in period (%)	-1.4	0.0	-6.0	0.4	-0.6	-0.4
Sales growth, highest in period (%)	0.2	6.0	0.6	2.2	0.6	0.7
EBITDA margin, lowest in period (%)	29.8	30.3	13.9	23.4	34.5	29.2
EBITDA margin, highest in period (%)	33.4	33.7	18.0	27.9	35.9	29.5
CAPEX-to-sales, lowest in period (%)	12.7	9.0	9.3	11.1	21.6	18.5
CAPEX-to-sales, highest in period (%)	14.2	16.9	13.3	11.3	26.7	18.6

The upper part of the following table sets out how many percentage points each key assumption approximately must change, all else being equal, in order for the recoverable value to equal carrying value for the respective cash generating unit.

The lower part of the table first shows the SEK billion effect on the recoverable values of the cash generating units, should there be a one percentage-point upward shift in WACC. Finally, it sets out the absolute SEK billion change of the recoverable value that would equal carring value for the respective cash generating unit.

Denmark is not included in the table for 2015 since recoverable value equals carrying value after the impairment charges recognized in this cash generating unit.

Percentage points, SEK in billions	2015 Finland	2015 Estonia
Sales growth each year in the 5-year period (%)	-2.1	-0.9
EBITDA margin each year in the 5-year period and beyond (%)	-2.7	-1.0
CAPEX-to-sales ratio each year in the 5-year period and beyond (%)	2.6	1.0
Terminal growth rate (%)	-0.8	-0.6
Post-tax WACC rate (%)	0.7	0.5
Effect of a one percentage-point upward shift in WACC (SEK in billions)	-13.9	-1.1
Change in the recoverable value to equal the carrying value (SEK in billions)	-10.6	-0.7

Percentage points, SEK in billions	2014 Finland	Norway	Denmark	Omnitel	Latvia	Estonia
Sales growth each year in the 5-year period (%)	-3.0	-0.3	-1.5	-0.5	-1.2	-0.5
EBITDA margin each year in the 5-year period and beyond (%)	-2.9	-0.3	-0.4	-0.3	-0.9	-0.3
CAPEX-to-sales ratio each year in the 5-year period and beyond (%)	2.9	0.3	0.3	0.3	0.9	0.3
Terminal growth rate (%)	-0.9	-0.1	-0.2	-0.2	-0.4	-0.2
Post-tax WACC rate (%)	0.8	0.1	0.1	0.1	0.4	0.1
Effect of a one percentage-point upward shift in WACC (SEK in billions)	-12.7	-4.3	-3.0	-0.5	-0.8	-1.3
Change in the recoverable value to equal the carrying value (SEK in billions)	-10.4	-0.4	-0.6	-0.1	-0.4	-0.3

C13 PROPERTY, PLANT AND EQUIPMENT

The carrying value was distributed and changed as follows.

SEK in millions	Property Dec 31, 2015	Property Dec 31, 2014	Plant and machinery Dec 31, 2015	Plant and machinery Dec 31, 2014	Equipment, tools and installations Dec 31, 2015	Equipment, tools and installations Dec 31, 2014	Total Dec 31, 2015	Total Dec 31, 2014
Accumulated cost	7,702	9,318	181,877	212,716	7,470	9,941	**197,050**	**231,975**
Accumulated depreciation	-4,158	-4,602	-120,117	-138,397	-4,931	-6,601	**-129,205**	**-149,600**
Accumulated impairment losses	-751	-507	-11,920	-12,186	-162	-350	**-12,833**	**-13,043**
Advances	–	7	81	325	0	6	**82**	**338**
Carrying value	**2,794**	**4,216**	**49,922**	**62,458**	**2,378**	**2,996**	**55,093**	**69,669**
of which assets under construction	–	–	*5,621*	*8,371*	–	–	***5,621***	***8,371***
Carrying value, opening balance	4,216	3,985	62,458	58,099	2,996	2,708	**69,669**	**64,792**
Investments	183	237	14,477	12,796	758	962	**15,418**	**13,994**
of which capitalized interest	–	–	*66*	*63*	–	–	***66***	***63***
Sales and disposals	-39	-4	-337	-509	-55	-8	**-431**	**-521**
Dismantling and restoration	–	–	295	170	–	–	**295**	**170**
Operations acquired	0	23	288	261	52	6	**340**	**290**
Operations divested	–	–	–	-9	–	0	**–**	**-9**
Grants received	-3	-2	-18	-37	–	–	**-21**	**-38**
Reclassifications	211	92	-555	21	292	187	**-53**	**300**
Depreciation for the year, continuing operations	-206	-184	-7,197	-6,885	-926	-799	**-8,329**	**-7,868**
Depreciation for the year, discontinued operations	*-81*	-24	-2,502	-2,321	-120	-116	**-2,703**	**-2,460**
Impairment losses for the year, continuing operations	–	–	-14	-190	0	-5	**-14**	**-194**
Impairment losses for the year, discontinued operations	–	-64	-3,378	-1,008	–	-22	**-3,378**	**-1,095**
Advances	-4	-53	-29	-376	13	-22	**-20**	**-451**
Exchange rate differences	-561	211	-4,511	2,445	-229	105	**-5,301**	**2,761**
Reclassification to assets classified as held for sale	-922	–	-9,054	–	-404	–	**-10,379**	–
Carrying value, closing balance	**2,794**	**4,216**	**49,922**	**62,458**	**2,378**	**2,996**	**55,093**	**69,669**

Former segment region Eurasia is classified as held for sale and discontinued operations as of December 31, 2015 and therefore not included in the figures for 2015. The comparative year 2014 has not been restated. For further information, see Note C34 "Discontinued operations and assets classified as held for sale."

No general changes of useful lives were made in 2015. For depreciation rates applied, see section "Useful lives" in Note C2 "Key sources of estimation uncertainty." In the statement of comprehensive income, depreciation and impairment losses are included in all expense line items by function as well as in line item Other operating expenses, see Notes C7 "Expenses by nature" and C8 "Other operating income and expenses." For information on contractual obligations regarding future acquisitions of property, plant and equipment, see Note C29 "Contingencies, other contractual obligations and litigation."

Property

TeliaSonera's real estate holdings include approximately 3,800 properties, mainly in Sweden and Finland. The substantial majority is used solely for technical facilities, like network installations, computer installations, research centers and service outlets.

The total carrying value of property was distributed by depreciable/non-depreciable assets as follows.

SEK in millions	Dec 31, 2015	Dec 31, 2014
Depreciable property (buildings, etc.)	2,456	3,706
Non-depreciable property (land)	338	510
Total property	**2,794**	**4,216**

C14 INVESTMENTS IN ASSOCIATED COMPANIES AND JOINT VENTURES

The total carrying value was distributed as follows.

SEK in millions	Dec 31, 2015	Dec 31, 2014
Interests in associated companies	23,313	32,751
Interests in joint ventures	28	42
Total carrying value	**23,341**	**32,793**

Items recognized in net income and in total comprehensive income were as follows.

	January–December	
SEK in millions	2015	2014
Share of Income from associated companies	3,422	4,578
Gains/losses from disposals of shares in associates	-19	–
Income from joint ventures	-9	-11
Recognized in net income	**3,394**	**4,567**
Other comprehensive income from associated companies	4	14
Recognized in total comprehensive income	**3,398**	**4,581**

Details of material associated companies

TeliaSonera has two material associated companies, PAO MegaFon and Turkcell Iletisim Hizmetleri A.S. PAO MegaFon has its operations mainly in Russia. The ownership interest and voting power is 25 percent and the consolidated share is 26 percent (25 percent/26 percent). MegaFon's holding of treasury shares is included in TeliaSonera's consolidated share. Turkcell Iletisim Hizmetleri A.S, in which TeliaSonera's ownership and voting power as well as consolidated share is 38 percent (38 percent), operates in Turkey, Ukraine and Belarus. Both companies are mobile operators. MegaFon and Turkcell, reported in TeliaSonera's financial statements using the equity method, are publicly listed companies and therefore included with a one-quarter lag with adjustments made for the effects of significant transactions or events that occur between TeliaSonera's closing date and the date of the respective company's financial statements. For more information, see Risks and uncertainties, sections "International political and macroeconomic developments," "Emerging markets" and "Associated companies and joint operations." Market values of TeliaSonera's holdings at year-end were:

SEK in millions	Dec 31, 2015	Dec 31, 2014
PAO MegaFon, Russia	15,145	19,033
Turkcell Iletisim Hizmetleri A.S., Turkey	23,770	44,160

The following table summarizes the financial information of MegaFon and Turkcell as included in the companies' own financial statements adjusted for fair value adjustments at acquisition and differences in accounting policies. The table also reconciles the summarized financial information to the carrying amount of the group's interests in the companies. Information on other, non-material, associated companies and joint ventures are not disclosed separately. TeliaSonera has three joint arrangements classified as joint operations. For additional information on those, see Note C4 "Changes in group composition and events after the reporting period."

Statements of financial position SEK in millions	December 31					
	MegaFon		Turkcell		Total	
	2015	2014	2015	2014	2015	2014
Non-current assets	41,101	47,595	47,861	47,191	**88,961**	**94,785**
Current assets	8,656	9,422	8,618	29,283	**17,274**	**38,705**
Non-current liabilities	20,206	22,551	1,671	3,710	**21,877**	**26,261**
Current liabilities	12,921	13,054	14,852	18,108	**27,774**	**31,162**
Net assets (100 percent)	16,629	21,412	39,955	54,655	**56,582**	**76,067**
Non-controlling interests	11	-49	-199	1,157	**-188**	**1,108**
Net assets excluding non-controlling interests	16,641	21,363	39,756	55,813	**56,394**	**77,175**
Adjustment for differences in accounting principles	-569	-269	1,236	2,644	**667**	**2,355**
Net assets after adjustments	16,071	21,074	40,992	58,456	**57,064**	**79,530**
Group's share	4,211	5,521	15,593	22,237	**19,804**	**27,758**
Adjustment, Turkcell part of Fintur equity	–	–	-1,406	-1,318	**-1,406**	**-1,318**
Adjustment, fair values	396	476	3,484	4,470	**3,880**	**4,947**
Carrying value of interests in MegaFon and Turkcell	**4,606**	**5,998**	**17,672**	**25,389**	**22,278**	**31,387**
Carrying value of other associated companies not individually material (group's share)					**1,035**	**1,364**
Carrying value of joint ventures (group's share)					**28**	**42**
Total carrying value of interests in associated companies and joint ventures					**23,341**	**32,793**

Statements of comprehensive income SEK in millions	January–December					
	2015	2014	2015	2014	2015	2014
	MegaFon		Turkcell		Total	
Net sales	46,450	60,657	28,224	32,472	**74,674**	**93,128**
Net income	5,395	8,472	5,537	6,620	**10,931**	**15,092**
Other comprehensive income	-118	-27	89	52	**-29**	**25**
Total comprehensive income (100 percent)	5,277	8,445	5,625	6,672	**10,902**	**15,118**
Total comprehensive income (group's share)	1,382	2,248	2,140	2,538	**3,522**	**4,786**
Adjustment Turkcell part of Fintur total comprehensive income	–	–	-314	-342	**-314**	**-342**
Amortization of fair value adjustments	–	-8	–	–	**–**	**-8**
Total comprehensive income after adjustments, group's share	1,382	2,240	1,826	2,196	**3,208**	**4,436**
Other associated companies not individually material						
Net sales (100 percent)					**1,866**	**1,959**
Net income (group's share)					**218**	**202**
Total comprehensive income from other associated companies					**218**	**202**
Joint ventures not individually material						
Net income (group's share)					**-28**	**-57**
Total comprehensive income joint ventures (group's share)					**-28**	**-57**
Group's share of total comprehensive income for associated companies and joint ventures					**3,398**	**4,581**
Dividends received from MegaFon and Turkcell	1,607	2,002	5,150	–	**6,756**	**2,002**
Dividends received from other associated companies					**140**	**135**
Total dividends received from associated companies and joint ventures					**6,896**	**2,136**

The carrying value was distributed and changed as follows.

SEK in millions	Dec 31, 2015	Dec 31, 2014
Goodwill and fair value adjustments	4,110	4,917
Share of equity	19,231	27,876
Carrying value	**23,341**	**32,793**
Carrying value, opening balance	32,793	29,350
Shareholder contributions	–	10
Share of net income for the year	3,453	4,609
Share of other comprehensive income for the year	6	14
Amortization and write-downs of fair value adjustments	-9	-16
Dividends received	-6,896	-2,136
Acquisitions and operations acquired	43	4
Divestments and operations divested	15	–
Transactions in equity	-1,197	945
Reclassifications	22	144
Exchange rate differences	-4,669	-130
Reclassification to assets classified as held for sale	-220	–
Carrying value, closing balance	**23,341**	**32,793**

The carrying value is broken down by reportable segment in Note C5 “Segment Information” and by company as follows.

			Equity participation in consolidated accounts		Carrying value in the parent company	
			2015	2014	2015	2014
Company, corp. reg. no., registered office	Participa- tion (%)	Number of shares	SEK in millions			
Parent company holdings						
Swedish companies						
Overseas Telecom AB, 556528-9138, Stockholm	65	1,180,575	225	232	198	198
Springworks AB, 556915-3983, Stockholm	30	21,429	29	–	32	–
SNPAC Swedish Number Portability Administrative Centre AB, 556595-2925, Stockholm	20	400	5	5	1	1
Other operating, dormant and divested companies			0	17	0	46
Non-Swedish companies						
Strex AS, 985867569, Oslo	33	33,334	10	12	15	15
Yoga AS, 11486721, Tallinn	25	1,013,333	7	9	8	8
ZeroGroup Holding OÜ, 11536594, Tartu	25	1	11	12	12	12
Other operating, dormant and divested companies			0	0	0	0
Total parent company					**267**	**280**
Subsidiaries’ holdings						
Swedish companies						
Other operating, dormant and divested companies			0	0		
Non-Swedish companies						
AS Sertifitseerimiskeskus, 10747013, Tallinn	50	32	14	15		
SIA Lattelecom, 00030527, Riga	49	71,581,000	732	755		
Turkcell Holding A.S., 430991-378573, Istanbul	47	214,871,670	11,189	16,207		
Turkcell Iletisim Hizmetleri A.S., 304844-252426, Istanbul	14	308,531,984	6,483	9,182		
OCH A/S, 18936909, Copenhagen	33	1,333	3	4		
Voicecom OÜ, 10348566, Tallinn	26	–	2	2		
PAO MegaFon, 7812014560, Moscow	25	156,080,311	4,606	5,998		
4T af 1. oktober 2012 ApS, 32348882, Copenhagen	25	–	9	13		
Suomen Numerot NUMPAC Oy, 1829232-0, Helsinki	25	3,000	1	1		
SCF Huolto Oy, 1892276-7, Loimaa	20	20	0	0		
Strex AS, 985867569, Oslo	33	33,334	9	–		
Other operating, dormant and divested companies			5	327		
Total group			**23,341**	**32,793**		

The share of voting power in Overseas Telecom AB is 42 percent. Turkcell Holding A.S. owns 51 percent of the shares in Turkcell Iletisim Hizmetleri A.S.

For additional information related to associated companies, see Note C28 “Related Party Transactions,” and Note C29 “Contingencies, other contractual obligations and litigation.”

C15 OTHER NON-CURRENT ASSETS

For other non-current assets, fair values equal carrying values. The total carrying values of other non-current assets were distributed as follows.

	Carrying value	
SEK in millions	Dec 31, 2015	Dec 31, 2014
Equity instruments available-for-sale	1,053	275
Equity instruments held-for-trading	35	61
Other derivatives held-for-trading	65	55
Bonds available-for-sale	8,841	4,671
Interest rate and cross currency interest rate swaps at fair value	4,742	4,797
of which designated as fair value hedges	*1,153*	*2,616*
of which held-for-trading	*1,917*	*1,201*
of which designated as cash flow hedges	*1,671*	*980*
***Subtotal** (see Fair value hierarchy levels – Note C25)*	***14,736***	***9,859***
Government bonds and treasury bills held-to-maturity	29	10
Loans and receivables at amortized cost	2,549	4,041
***Subtotal** (see Categories – Note C25)*	***17,315***	***13,910***
Finance lease receivables	546	712
***Subtotal** (see Credit risk – Note C26)*	***17,860***	***14,622***
Equity instruments at cost	44	47
Deferred expenses	751	886
Total other non-current assets	**18,655**	**15,555**
of which interest-bearing	*16,368*	*14,336*
of which non-interest-bearing	*2,287*	*1,219*

For loans and receivables fair value is estimated at the present value of future cash flows discounted by applying market interest rates as of the end of the reporting period (fair value hierarchy level 2). As of December 31, 2015, contractual cash flows for Government bonds and treasury bills and Loans and receivables represented the following expected maturities.

Expected maturity, SEK in millions	2017	2018	2019	2020	Later years	Total
Government bonds and treasury bills	29	–	–	–	–	**29**
Loans and receivables	2,003	365	45	42	94	**2,549**

For more information on financial instruments by category/fair value hierarchy level and exposed to credit risk, see Note C25 “Financial assets and liabilities by category and level” and section “Credit risk management” in Note C26 “Financial risk management,” respectively. For information on leases, see Note C27 “Leasing agreements.”

C16 INVENTORIES

SEK in millions	Dec 31, 2015	Dec 31, 2014
Goods for resale	1,708	1,396
Other inventories and expense incurred on construction contracts	163	382
Total	**1,871**	**1,779**

Other inventories include purchased supplies that are mainly intended for use in constructing TeliaSonera’s own installations and for repair and maintenance. Inventories carried at net realizable value totaled SEK 170 million in 2015 and SEK 163 million in 2014.

C17 TRADE AND OTHER RECEIVABLES

The total carrying value of trade and other receivables was distributed as follows.

SEK in millions	Dec 31, 2015	Dec 31, 2014
Currency swaps, forward exchange contracts and currency options held-for-trading	351	152
Subtotal *(see Fair value hierarchy levels – Note C25)*	***351***	***152***
Accounts receivable at amortized cost	10,549	11,724
Loans and receivables at amortized cost	3,739	4,401
Subtotal *(see Categories – Note C25 and Credit risk – Note C26)*	***14,639***	***16,276***
Other current receivables	667	1,022
Deferred expenses	1,784	1,789
Total trade and other receivables	**17,090**	**19,087**

Former segment region Eurasia is classified as held for sale and discontinued operations as of December 31, 2015 and therefore not included in the figures for 2015. The comparative year 2014 has not been restated. For further information, see Note C34 “Discontinued operations and assets classified as held for sale.” For accounts receivable and loans and receivables, including claims on associated companies, the carrying values equal fair value as the impact of discounting is insignificant. Loans and receivables mainly comprise accrued call, interconnect and roaming charges. TeliaSonera offers a diversified portfolio of mass-market services and products in a number of highly competitive markets, resulting in a limited credit risk concentration to individual markets and customers.

For accounts receivable and loans and receivables, as of the end of the reporting period, concentration of credit risk by geographical area and by customer segment was as follows.

SEK in millions	Dec 31, 2015	Dec 31, 2014
Geographical area		
Nordic countries	10,862	11,223
Baltic countries	1,513	1,451
Other countries	1,913	3,451
Total carrying value	**14,288**	**16,125**
Customer segment		
Consumers	6,520	6,084
Business customers	5,551	6,714
Other operators	2,048	3,208
Distributors	169	119
Total carrying value	**14,288**	**16,125**

The geographic concentration to the Nordic operations reflects a relatively higher share of post-paid customer contracts. In most cases, customers are billed in local currency. Receivables from and payables to other operators for international fixed-line traffic and roaming are normally settled net through clearing-houses. Refer to Note C25 “Financial assets and liabilities by category and level” and section “Credit risk management” in Note C26 “Financial risk management” for more information on financial instruments classified by category/fair value hierarchy level and exposed to credit risk, respectively.

As of the end of the reporting period, allowance for doubtful and ageing of accounts receivable, respectively, were as follows.

SEK in millions	Dec 31, 2015	Dec 31, 2014
Accounts receivable invoiced	11,710	13,203
Allowance for doubtful accounts receivable	-1,161	-1,479
Total accounts receivable	**10,549**	**11,724**
Accounts receivable not due	7,411	8,590
Accounts receivable past due but not impaired	3,138	3,134
of which less than 30 days	*1,559*	*1,896*
of which 30–180 days	*647*	*807*
of which more than 180 days	*932*	*431*
Total accounts receivable	**10,549**	**11,724**

As of the end of the reporting period, ageing of loans and receivables were as follows.

SEK in millions	Dec 31, 2015	Dec 31, 2014
Loans and receivables not due	3,332	3,838
Loans and receivables past due but not impaired	407	563
of which less than 30 days	*211*	*521*
of which 30–180 days	*118*	*2*
of which more than 180 days	*78*	*40*
Total loans and receivables	**3,739**	**4,401**

Receivables past due as of the end of the reporting period were not provided for as there had been no significant change in credit quality and the amounts were still considered recoverable. Balances past due more than 180 days mainly referred to other operators. See also section "Credit risk management" in Note C26 "Financial risk management" for information on mitigation of risks related to accounts receivable.

Total bad debt expenses were SEK 481 million in 2015 and SEK 606 million in 2014. Recovered accounts receivable in these years were SEK 266 million and SEK 63 million, respectively. Refer to Note C8 "Other operating income and expenses" for more information on recovered accounts receivable in 2015.

The allowance for doubtful accounts receivable changed as follows.

SEK in millions	Dec 31, 2015	Dec 31, 2014
Opening balance	1,479	1,549
Net of charges for doubtful receivables in the period and receivables written off	29	-127
Operations acquired and divested	3	3
Unused allowances reversed	-46	-29
Exchange rate differences	-108	83
Reclassification to assets classified as held for sale	-196	–
Closing balance	**1,161**	**1,479**

C18 INTEREST-BEARING RECEIVABLES, CASH AND CASH EQUIVALENTS

Interest-bearing receivables

The total carrying value of interest-bearing receivables was distributed as follows.

SEK in millions	Dec 31, 2015	Dec 31, 2014
Interest rate swaps and cross currency interest rate swaps at fair value	804	821
of which designated as fair value hedges	–	*305*
of which held-for-trading	*804*	*516*
Subtotal *(see Fair value hierarchy levels – Note C25)*	***804***	***821***
Short-term investments with maturities over 3 months	5,635	3,144
of which bonds available for sale	*5,635*	*279*
of which bonds and commercial papers held-to-maturity	–	–
of which bank deposits at amortized cost	–	*2,866*
Loans and receivables at amortized cost	3,916	6,850
Subtotal *(see Categories – Note C25)*	***10,355***	***10,815***
Finance lease receivables	324	178
Total *(see Credit risk – Note C26)*	**10,679**	**10,993**

Carrying values for items measured at amortized cost and finance lease receivables are assumed to approximate fair values as the risk of changes in value is insignificant. Refer to Note C25 "Financial assets and liabilities by category and level" and section "Credit risk management" in Note C26 "Financial risk management" for more information on financial instruments classified by category/fair value hierarchy level and exposed to credit risk, respectively. For information on leases, see Note C27 "Leasing agreements."

Cash and cash equivalents

Cash and cash equivalents were distributed as follows.

SEK in millions	Dec 31, 2015	Dec 31, 2014
Short-term investments with maturities up to and including 3 months	3,718	16,103
of which bonds available for sale	*1,262*	–
of which bank deposits at amortized cost	*2,456*	*16,103*
Cash and bank	10,929	12,632
Total *(see Categories – Note C25 and Credit risk – Note C26)*	**14,647**	**28,735**

Former segment region Eurasia is classified as held for sale and discontinued operations as of December 31, 2015 and therefore not included in the figures for 2015. The comparative year 2014 has not been restated. For further information, see Note C34 "Discontinued operations and assets classified as held for sale."

The carrying values are assumed to approximate fair values as the risk of changes in value is insignificant. Refer to Note C25 "Financial assets and liabilities by category and level" and section "Credit risk management" in Note C26 "Financial risk management" for more information on financial instruments classified by category and exposed to credit risk, respectively, and to Note C29 "Contingencies, other contractual obligations and litigation" for information on blocked funds in bank accounts.

C19 EQUITY AND EARNINGS PER SHARE

Share capital

According to the articles of association of TeliaSonera AB, the authorized share capital shall amount to no less than SEK 8 billion and no more than SEK 32 billion. All issued shares have been paid in full and carry equal rights to vote and participate in the assets of the company. Since December 31, 2005, the issued share capital changed as follows.

	Issued share capital (SEK)	Number of issued shares	Quotient value (SEK/share)
Issued share capital, December 31, 2005	14,960,742,621	4,675,232,069	3.20
Cancellation of shares repurchased in 2005, September 6, 2006	-591,279,539	-184,774,856	3.20
Issued share capital, December 31, 2006	14,369,463,082	4,490,457,213	3.20
Issued share capital, December 31, 2007, 2008 and 2009	14,369,463,082	4,490,457,213	3.20
Issued share capital, December 31, 2010	14,369,463,082	4,490,457,213	3.20
Cancellation of shares repurchased in 2011, July 19, 2011	-513,191,783	-160,372,432	3.20
Issued share capital, December 31, 2011, 2012, 2013 and 2014	13,856,271,299	4,330,084,781	3.20
Issued share capital, December 31, 2015	13,856,271,299	4,330,084,781	3.20

Treasury shares

On April 28, 2015, TeliaSonera AB acquired 270,783 own shares at an average price of SEK 51.7908 to cover commitments under the "Long term Incentive Program 2012/2015." During the second quarter 2015, TeliaSonera distributed 266,195 shares to the incentive program participants. As of December 31, 2015 4,588 TeliaSonera shares were held by the company itself and the total numbers of issued and outstanding shares were 4,330,084,781 and 4,330,080,193, respectively.

In April 2014, TeliaSonera AB acquired 124,541 shares at an average price of SEK 46.0244. The shares were distributed to the participants in the "Long Term Incentive Program 2011/2014." As of December 31, 2014, no TeliaSonera shares were held by the company itself or by its subsidiaries.

Subsidiaries in continuing operations with material non-controlling interests

Summarized financial information on subsidiaries in continuing operations with material non-controlling interests (NCI) is presented below. The amounts disclosed for each subsidiary are based on those included in the consolidated financial statements before inter-company eliminations and only the net asset in which the NCI has a share. Other comprehensive income (OCI) only comprises exchange rate differences arising on translation to SEK.

The NCI in TEO LT, AB is 11.8 percent.

The group holds 49 percent of the shares in Latvijas Mobilais Telefons SIA (LMT). However, according to shareholders' agreements TeliaSonera has the board majority in LMT and the company is therefore regarded as a subsidiary. In addition, LMT is held partly by the associated company Lattelecom SIA which decreases NCI to 39.7 percent.

Based on put options granted on 23.4 percent of the share capital in Xfera Móviles S.A. (Yoigo) in Spain, the entitiy is accounting-wise treated as a wholly-owned subsidiary of TeliaSonera, see section "Put options and contingent consideration" in Note C22 "Other provisions."

Former segment region Eurasia is classified as held for sale and discontinued operations as of December 31, 2015. For information regarding subsidiaries in discontinued operations with material non-controlling interests, see Note C34 "Discontinued operations and assets classified as held for sale."

Dividends paid to NCIs are disclosed in Note C30 “Cash flow information.” See also Risks and uncertainties, section “Shareholder matters in partly-owned subsidiaries.”

Dec 31, 2015 SEK in millions, except percentages	TEO LT, AB, Lithuania	Latvijas Mobilais Telefons SIA, Latvia	Other subsidiaries, continuing operations	Discontinued operations	Total
Assets					
Non-current assets	2,157	1,594			
Current assets	445	559			
Liabilities					
Non-current liabilities	-85	-637			
Current liabilities	-391	-438			
Net assets	2,125	1,077			
NCI percentage	11.8	39.7			
Carrying amount of NCI	**252**	**428**	**136**	**3,502**	**4,318**
Net sales	1,914	1,127			
Net income	320	101			
Net income allocated to NCI	**38**	**40**	**92**	**1,484**	**1,654**
Cash flows from operating activities	601	323			
Free cash flow	284	41			

Dec 31, 2014 SEK in millions, except percentages	TEO LT, AB, Lithuania	Latvijas Mobilais Telefons SIA, Latvia	Other subsidiaries, continuing operations	Discontinued operations	Total
Assets					
Non-current assets	2,239	1,665			
Current assets	445	470			
Liabilities					
Non-current liabilities	-85	-95			
Current liabilities	-346	-834			
Net assets	2,252	1,206			
NCI percentage	11.8	39.7			
Carrying amount of NCI	**267**	**479**	**150**	**4,085**	**4,981**
Net sales	1,841	1,206			
Net income	346	178			
Net income allocated to NCI	**41**	**71**	**58**	**927**	**1,097**
Cash flows from operating activities	318	497			
Free cash flow	35	202			

Earnings per share and dividends

	Jan–Dec 2015	Jan–Dec 2014
Net income attributable to owners of the parent (SEK million)	8,551	14,502
Average number of outstanding shares, basic and diluted (thousands)	4,330,082	4,330,085
Earnings per outstanding share, basic and diluted (SEK)	1.97	3.35
Ordinary cash dividend (for 2015 as proposed by the Board of Directors)		
– Per share (SEK)	3.00	3.00
– Total (SEK million)	12,990	12,990

C20 LONG-TERM AND SHORT-TERM BORROWINGS

Open-market financing programs

TeliaSonera's open-market financing (excluding debt derivatives) entails the following programs.

Program		Characteristics	Limit currency	Dec 31, 2015 Limit (in millions)	Utilized (in millions)	Interest rate type: Floating (in millions)	Interest rate type: Fixed (in millions)	Average maturity (years)	Dec 31, 2014 Limit (in millions)	Utilized (in millions)
TeliaSonera AB	Euro Medium Term Note (EMTN)	Uncommitted, International, Long-term	EUR	12,000	9,408	1,107	8,301	8	12,000	9,298
TeliaSonera AB	Euro Commercial Paper (ECP)	Uncommitted, International, Short-term	EUR	1,000	–	–	–	–	1,000	–
TeliaSonera AB	Flexible Term Note (FTN)	Uncommitted, Swedish domestic, Short-term and long-term	SEK	12,000	–	–	–	–	12,000	–

Borrowings

Long-term and short-term borrowings were distributed as follows.

SEK in millions	Dec 31, 2015 Carrying value	Dec 31, 2015 Fair value	Dec 31, 2014 Carrying value	Dec 31, 2014 Fair value
Long-term borrowings				
Open-market financing program borrowings in fair value hedge relationships	37,672	41,021	26,955	34,726
Interest rate swaps at fair value	627	627	283	283
of which designated as hedging instruments	*591*	*591*	*244*	*244*
of which held-for-trading	*36*	*36*	*39*	*39*
Cross currency interest rate swaps at fair value	1,694	1,694	1,577	1,577
of which hedging net investments	*1,333*	*1,333*	*1,263*	*1,263*
of which designated as hedging instruments	*198*	*198*	*220*	*220*
of which held-for-trading	*164*	*164*	*94*	*94*
Subtotal *(see Fair value hierarchy levels – Note C25)*	***39,993***	***43,342***	***28,814***	***36,585***
Open-market financing program borrowings at amortized cost	47,908	53,577	57,861	63,534
of which hedging net investments	*29,820*	*34,809*	*40,989*	*45,249*
Other borrowings at amortized cost	3,699	3,699	3,431	3,431
Subtotal *(see Categories – Note C25)*	***91,600***	***100,618***	***90,106***	***103,549***
Finance lease agreements	46	46	62	62
Total long-term borrowings	**91,646**	**100,664**	**90,168**	**103,611**
Short-term borrowings				
Open-market financing program borrowings in fair value hedge relationships	–	–	7,414	7,414
Interest rate swaps designated as hedging instruments	43	43	–	–
Interest rate swaps held for trading	7	7	–	–
Cross currency interest rate swaps held-for trading	21	21	329	329
Subtotal *(see Fair value hierarchy levels – Note C25)*	***72***	***72***	***7,743***	***7,743***
Utilized bank overdraft and short-term credit facilities at amortized cost	9	9	1,057	1,058
Open-market financing program borrowings	5,627	5,648	725	726
of which hedging net investments	*1,583*	*1,589*	–	–
of which at amortized cost	*4,043*	*4,059*	*725*	*726*
Other borrowings at amortized cost	3,623	3,623	1,786	1,786
Subtotal *(see Categories – Note C25)*	***9,330***	***9,351***	***11,311***	***11,313***
Finance lease agreements	7	7	10	10
Total short-term borrowings	**9,337**	**9,358**	**11,321**	**11,323**

The fair values of borrowings above relate to hierarchy level 2. For a description of valuation techniques, see Note C3 "Significant accounting principles," section "Fair value estimation."

Normally, borrowings by TeliaSonera denominated in foreign currencies are swapped into SEK. The exceptions typically include funds borrowed to finance the group's international operations or selective hedging of net investments abroad. As of December 31, 2015, long-term borrowings in fair value hedge relationships also included borrowings hedging net investments. These loans have final maturities in 2020 (SEK 6,989 million), 2021 (SEK 7,783 million), 2022 (SEK 6,370 million) and later years (SEK 25,978 million).

The nominal value of TeliaSonera AB's portfolio of interest rate swaps and cross currency interest rate swaps as of the end of the reporting period was as follows.

SEK in millions	Dec 31, 2015	Dec 31, 2014
Nominal portfolio value	77,847	77,439
of which intended for overall management of the funding portfolio structure and hence not included in hedge relationships	*–*	*300*

Refer to Note C25 "Financial assets and liabilities by category and level" for more information on financial instruments classified by category/fair value hierarchy level and to Note C26 "Financial risk management" for information on maturities and management of liquidity risk, currency risk, interest rate risk and financing risk, respectively.

C21 PROVISIONS FOR PENSIONS AND EMPLOYMENT CONTRACTS

Post-employment benefits

TeliaSonera provides defined benefit pension plans to most of its employees in Sweden, Finland and Norway. The pension plans mainly include retirement pension, disability pension and family pension.

Employees in TeliaSonera AB and most of its Swedish subsidiaries are eligible for retirement benefits under the ITP-Tele (ITP 2 plan) defined benefit plan. However, all employees born in 1979 and later are covered by a defined contribution pension plan (the ITP 1 plan). The part of the ITP 2 multi-employer pension plan that is secured by paying pension premiums to Alecta is accounted for as a defined contribution plan as the plan administrator does not provide sufficient information necessary to account for the plan as a defined benefit plan. TeliaSonera's portion of total premiums in the Alecta ITP 2 plan is 0.1 percent and the share of total number of active insured in ITP 2 is 0.9 percent. Expected contribution to the ITP 2 plan for 2016 is SEK 34 million.

TeliaSonera's employees in Finland are entitled to statutory pension benefits pursuant to the Finnish Employees Pensions Act, a defined benefit pension arrangement with retirement, disability, unemployment and death benefits (TyEL pension). In addition, certain employees have additional pension coverage through a supplemental pension plan. In Finland, a part of the pension is funded in advance and the remaining part financed as a pay-as-you-go pension (i.e. contributions are set at a level that is expected to be sufficient to pay the required benefits falling due in the same period).

TeliaSonera Norway operates a defined benefit pension, which was closed for new entrants in 2011.

The pension obligations are secured mostly by pension funds, but also by provisions in the statements of financial position combined with pension credit insurance.

TeliaSonera's defined benefit plan members are approximately divided between the following groups; 19 percent active members, 45 percent vested deferreds and 36 percent retirees.

TeliaSonera's employees in many other countries are usually covered by defined contribution pension plans. Contributions to the latter are normally set at a certain percentage of the employee's salary and are expensed as incurred.

Pension obligations and pension expenses

Total amounts recognized in the statements of financial position for pension obligations were as follows.

SEK in millions	Dec 31, 2015	Dec 31, 2014
Present value of funded pension obligations	21,888	26,331
Fair value of plan assets	-25,110	-24,519
Surplus/Deficit of funded plans	**-3,222**	**1,812**
Present value of unfunded pension obligations	1,274	1,403
Net assets (-)/provisions (+) for pension obligations	**-1,949**	**3,216**
of which recognized as provisions	*1,824*	*3,505*
of which recognized as assets	*-3,773*	*-289*

Total pension expenses were distributed as follows.

SEK in millions	Jan–Dec 2015	Jan–Dec 2014
Current service cost	368	298
Curtailment of pension obligations	-32	-34
Termination benefits	7	16
Pension premiums, defined benefit/defined contribution pension plans and pay-as-you-go systems	795	635
Pension-related social charges and taxes, other pension expenses	183	145
Less termination benefits (incl. premiums and pension-related social charges) reported as restructuring charges	-23	-21
Total pension expenses in operating income from continuing operations	**1,298**	**1,039**
of which defined benefit pension plans	*336*	*264*
of which pension premiums paid to the ITP pension plan	*32*	*34*
Total pension expenses in operating income, discountinued operations	2	1
Net interest on the net defined benefit liability (asset)	72	-30
Total pension expenses in financial items	**72**	**-30**
Remeasurement gains (-)/losses (+)		
Gain/loss from change in financial assumptions	-4,184	5,698
Experience gains/losses	-423	-271
Gain/loss from change in demographic assumptions	317	17
Return on plan assets (excluding interest income)	-32	-1,490
Total pension expenses recorded in OCI, defined benefit pension plans	**-4,322**	**3,953**

The pension expense for 2015 and 2014 was reduced due to curtailment effects, for more information see Note C22 “Other provisions.”

Specifications to defined benefit obligations and fair value of plan assets

Movements in the present value of defined benefit obligations were as follows.

SEK in millions	2015	2014
Opening balance, present value of pension obligations	27,734	22,186
Current service cost	368	298
Interest expenses	787	904
Benefits paid	-1,149	-1,169
Benefits paid, early retirement	-4	-14
Termination benefits	7	16
Curtailment of pension obligations	-32	-34
Operations acquired	15	–
Remeasurement gains (-)/losses (+)		
Gain/loss from change in financial assumptions	-4,184	5,698
Experience gains/losses	-423	-271
Gain/loss from change in demographic assumptions	317	17
Exchange rate differences	-274	103
Closing balance, present value of pension obligations	**23,162**	**27,734**

Movements in the fair value of plan assets were as follows.

SEK in millions	2015	2014
Opening balance, fair value of plan assets	24,519	22,269
Interest income	715	934
Contribution to pension funds	81	77
Payment from pension funds	-80	-473
Operations acquired	12	–
Remeasurement gains (-)/losses (+)		
Return on plan assets (excluding interest income)	32	1,490
Exchange rate differences	-169	222
Closing balance, fair value of plan assets	**25,110**	**24,519**

Principal actuarial assumptions

The actuarial calculation of pension obligations and pension expenses is based on the following principal assumptions, each presented as a weighted average for the different pension plans. These assumptions are the most significant ones in terms of the risk for changes in TeliaSonera's pension obligations. The discount rate reflects the interest rate level at which the pension liabilities could be effectively settled and affects the value of the defined benefit obligations.

As in previous years the discount rate for Sweden is determined by the covered bond market. Management adjusts the reference rate derived from the covered bond market yields to reflect any differences between the inflation rate used to estimate expected annual adjustments to pensions and the implied inflation rate indicated by the financial markets at the end of the reporting period. The discount rate for Finland is based on high-quality corporate bonds with long duration. Norway sets the discount rate on the same basis as Sweden.

The expected annual adjustments and increased longevity have an impact on future pension payments and therefore the pension obligation. For Sweden and Norway, management has chosen to use the annual inflation target rates set by the national and European central banks. For Finland, the inflation assumption is derived from long-term inflation swaps. See below for a sensitivity analysis related to a change in the significant assumptions used in calculating the pension provision.

Percentages, except longevity	Dec 31, 2015	Dec 31, 2014
Discount rate	3.57	2.91
Annual adjustments to pensions	1.81	2.00
Longevity		
life expectancy 65 year old male (year)	*20*	*20*
life expectancy 65 year old female (year)	*23*	*23*

The sensitivity of the defined benefit obligations to changes in the weighted principal assumptions was as follows.

	Change in assumption (p.p.)	Impact on defined benefit obligation (SEK in millions)
Discount rate	+0.50	-2,087
Discount rate	-0.50	2,236
Annual adjustments to pensions	+0.50	2,127
Annual adjustments to pensions	-0.50	-1,987
Longevity	+1 year	948

The sensitivity analyses are based on a change in an assumption while holding all other assumptions constant. In practice, this is unlikely to occur, and changes in some of the assumptions may by correlated.

Investment strategy

The assets of TeliaSonera's pension funds constitute pension plan assets and are valued at fair value. These assets are used as prime funding source for the pension obligations, and exist primarily in Sweden and Finland. The pension funds invest the assets in such a manner that the liquidity of the pension funds is ensured. The investment horizons are long-term, and aimed to cover the growth of pension liability. The weighted average duration for the pension obligation plans is approximately 19 years. Investment plans are approved by the boards of the pension funds. The investment activities comply with the rules and regulations issued by the authorities governing pension foundations. The portion of the pension obligations not covered by plan assets is recognized in the statements of financial position.

For the Swedish pension fund (Swedish Fund) which represents approximately 85 percent of the total group plan assets, there is a minimum funding requirement that TeliaSonera apply. As of December 31, 2015, the strategic asset allocation decided by the Board of the Swedish Fund, was 56 percent fixed income, 28 percent equities and 16 percent alternative investments. The alternative investments include hedge funds and private equity. The actual allocation may fluctuate from the strategic allocation in a range up to a specified risk limit. The allocation was successful and the portfolio's performance was strong throughout the year.

It should be noted that plan-asset allocation, illustrated by capital weighting, will not always describe the characteristics of a portfolio accurately from a risk perspective. Approximately one third of the capital is invested in equity and most of the risk, measured in terms of volatility, came from this asset class. Only a very small part of the total risk originates from the other assets.

Plan-asset allocation

As of the end of the reporting period, plan assets were allocated as follows.

SEK in millions Asset category	Dec 31, 2015 Quoted	Unquoted	Total	Percent	Dec 31, 2014 Quoted	Unquoted	Total	Percent
Equity instruments	6,925	142	7,067	28	9,001	156	9,157	37
Debt instruments	13,185	419	13,604	54	11,313	348	11,661	48
Real estate	–	283	283	1	–	321	321	1
Cash and cash equivalents	286	83	368	1	209	69	278	1
Alternative investments	177	3,462	3,639	15	112	2,860	2,972	12
Other	–	149	149	1	–	130	130	1
Total	**20,573**	**4,538**	**25,110**	**100**	**20,635**	**3,884**	**24,519**	**100**
of which shares in TeliaSonera AB	*15*		*15*	*0.1*	*19*		*19*	*0.1*

Future contributions

For companies in Sweden, pension liabilities are secured also by pension credit insurance. This means that, should the net provision for pension obligation increase, each company can choose if and when to contribute to the pension fund or otherwise to recognize a provision. To pension funds outside Sweden, TeliaSonera expects to contribute SEK 87 million in 2016.

C22 OTHER PROVISIONS

Changes in other provisions were as follows.

SEK in millions	December 31, 2015 Put options and contingent consideration	Restructuring provisions	Asset retirement obligations	Warranty provisions	Other provisions	Total
Opening balance	8,392	479	2,839	21	613	**12,344**
of which financial liabilities at amortized cost	–	–	–	–	*179*	***179***
Provisions for the period	–	821	295	30	270	**1,416**
Operations acquired	–	–	56	–	–	**56**
Utilized provisions	–	-598	-131	-6	-38	**-773**
Reversals of provisions	–	-10	–	–	-5	**-16**
Adjustments related to goodwill	-198	–	–	–	–	**-198**
Reclassifications	–	-9	30	-30	–	**-9**
Timing and interest-rate effects	–	–	25	–	1	**26**
Exchange rate differences	-3,081	-11	-68	-1	-34	**-3,195**
Reclassification to liabilities directly associated with assets classified as held for sale	-4,263	0	-151	0	-16	**-4,431**
Closing balance	**850**	**672**	**2,896**	**14**	**791**	**5,222**
of which non-current portion	*850*	*184*	*2,890*	*14*	*438*	***4,375***
of which current portion	–	*488*	*6*	–	*353*	***847***
of which financial liabilities at amortized cost (see Notes Categories – C25 and Credit risk – C26)	–	–	–	–	*287*	***287***

Exchange rate differences for Put options and contingent considerations are mainly due to devaluation of the Azerbaijan manat. For financial liabilities, the carrying value equals fair value as provisions are discounted to present value. Refer to Note C25 “Financial assets and liabilities by category and level” for more information on financial instruments classified by category.

Put options and contingent consideration

The non-current portion of provisions for put options and contingent consideration relates to Xfera Móviles S.A. (Xfera).

For Xfera, which was acquired in 2006, the closing balance comprises in total SEK 850 million (SEK 992 million) referring to contingent additional consideration to the selling shareholders based on an up to 20 year earn-out model and to a put option giving existing holders of non-controlling interests the right to sell their shares to TeliaSonera after 5 years, of which at least 2 consecutive years of net profit. The provisions represent the present value of management's best estimate of the amounts required to settle the liabilities. The amounts and timing may vary as a result of changes in Xfera's operations and profitability compared to the business plan. The estimate for the put option liability has been made based on assumptions about the timing of the option exercise and about the fair value of Xfera at that date and the provision may vary as a result of changes in Xfera's estimated fair value and the timing of the option exercise.

Restructuring provisions

The restructuring provisions represent the present value of management's best estimate of the amounts required to settle the liabilities. The estimates may vary as a result of changes in the actual number of months an employee is staying in redeployment before leaving and in the actual outcome of negotiations with lessors, sub-contractors and other external counterparts as well as the timing of such changes. The restructuring provisions are mainly related to workforce reduction as a result of ongoing optimization of the business in the Nordics, Baltics and Group functions. In addition, the integration of Tele2 into TeliaSonera's Norwegian operations resulted in redundancies and associated restructuring costs.

Asset retirement obligations, warranty provisions, other provisions

Asset retirement obligations mainly refer to handling hazardous waste such as worn-out telephone poles impregnated with creosote or arsenic and to dismantling and restoration of mobile and fixed network sites. Remaining provisions as of December 31, 2015, are expected to be fully utilized in the period 2016–2045, depending on factors such as any contractual renewal options for site leases and dismantling plans decided by management.

Warranty provisions mainly comprise estimated future expenses for warranties related to products and services sold. Full utilization of these provisions is expected in the period 2016-2017.

Other provisions include provisions for damages and court cases, for payroll taxes on future pension payments and for onerous and other loss-making contracts, and insurance provisions as well as estimated expenses related to fulfilling representations made and warranties given and to potential litigation, etc. in connection with disposals and winding-up of group entities, associated companies and other equity holdings, and provisions for buy back commitments for sold equipment in certain markets. Full utilization of these provisions is expected in the period 2016–2028.

The provisions represent the present value of management's best estimate of the amounts required to settle the liabilities.

C23 OTHER LONG-TERM LIABILITIES

Other long-term non-interest-bearing liabilities were distributed as follows.

SEK in millions	Dec 31, 2015	Dec 31, 2014
Danish license fee liabilities at amortized cost	78	119
Finnish license fee liabilities at amortized cost	48	109
Nepalese license fee liability at amortized cost	–	941
Other liabilities at amortized cost	37	14
***Liabilities at amortized cost** (see Categories – Note C25)*	***163***	***1,183***
Prepaid operating lease agreements	332	447
Other liabilities	207	256
Total other long-term liabilities	**702**	**1,887**

For information on discontinued operations, see Note C34 “Discontinued operations and assets classified as held for sale.” For liabilities at amortized cost, the carrying value approximates fair value as the impact of discounting using market interest rates at the end of the reporting period was insignificant. Refer to Note C25 “Financial assets and liabilities by category and level” for more information on financial instruments classified by category and to Note C26 “Financial risk management” on management of liquidity risk.

As of December 31, 2015, contractual undiscounted cash flows for liabilities at amortized cost represented the following expected maturities.

Expected maturity SEK in millions	2017	2018	2019	2020	Later years	Total	Carrying value
Liabilities at amortized cost	134	48	5	5	8	200	163

For information on leases, see Note C27 “Leasing agreements.” Other liabilities mainly comprise customer advances for broadband build-out. Further included was deferred “day 1 gains” which changed as follows.

SEK in millions	Dec 31, 2015	Dec 31, 2014
Opening balance	73	90
Recognized in net income	-19	-19
Exchange rate differences	-8	2
Closing balance	**46**	**73**
of which current portion	*19*	*19*

C24 TRADE PAYABLES AND OTHER CURRENT LIABILITIES

Trade payables and other current liabilities were distributed as follows.

SEK in millions	Dec 31, 2015	Dec 31, 2014
Currency swaps, forward exchange contracts and currency options held-for-trading	101	416
***Subtotal** (see Fair value hierarchy levels – Note C25)*	***101***	***416***
Accounts payable at amortized cost	8,685	10,644
Current liabilities at amortized cost	2,296	2,694
***Subtotal** (see Categories – Note C25)*	***11,082***	***13,754***
Other current liabilities	5,941	6,949
Deferred income	3,751	4,365
Total trade payables and other current liabilities	**20,774**	**25,067**

Former segment region Eurasia is classified as held for sale and discontinued operations as of December 31, 2015. For information on discontinued operations see note C34 “Discontinued operations and assets classified as held for sale.”

For accounts payable and current liabilities, the carrying value equals fair value as the impact of discounting is insignificant. Refer to Note C25 “Financial assets and liabilities by category and level” for more information on financial instruments classified by category/fair value hierarchy level and to Note C26 “Financial risk management” on management of liquidity risk.

As of December 31, 2015, contractual cash flows for liabilities at amortized cost represented the following expected maturities.

Expected maturity SEK in millions	Jan–Mar 2016	Apr–Jun 2016	Jul–Sep 2016	Oct–Dec 2016	Total
Liabilities at amortized cost	10,241	410	16	314	**10,981**

Corresponding information for currency derivatives held-for-trading are presented in section “Liquidity risk management” to Note C26 “Financial risk management.”

The main components of current liabilities are accrued payables to suppliers and accrued interconnect and roaming charges, while other current liabilities mainly entail value-added tax, advances from customers and accruals of payroll expenses and social security contributions. Deferred income mainly relate to subscription and other telecom charges. Included is also the current portion of deferred “day 1 gains,” refer to Note C23 “Other long-term liabilities.”

C25 FINANCIAL ASSETS AND LIABILITIES BY CATEGORY AND LEVEL

Categories

Carrying values of classes of financial assets and liabilities were distributed by category as follows. Excluded are financial instruments which are discussed in Note C27 “Leasing agreements.”

SEK in millions	Note	Dec 31, 2015	Dec 31, 2014
Financial assets			
Derivatives designated as hedging instruments	C15, C18	2,824	3,901
Financial assets at fair value through profit and loss		3,172	1,985
of which derivatives not designated as hedging instruments	*C15, C17, C18*	*3,137*	*1,923*
of which held-for-trading investments	*C15*	*35*	*61*
Held-to-maturity investments	C15, C18	29	10
Loans and receivables	C15, C17, C18	34,138	58,617
Available-for-sale financial assets	C15, C18	16,792	5,225
Total financial assets by category		**56,955**	**69,738**
Financial liabilities			
Derivatives designated as hedging instruments	C20, C24	2,165	1,727
Derivatives not designated as hedging instruments	C20, C24	329	878
Financial liabilities measured at amortized cost	C20, C22, C23, C24	108,098	112,567
Financial guarantees	C22	287	179
Total financial liabilities by category		**110,879**	**115,351**

Fair value hierarchy levels

The carrying values of classes of financial assets and liabilities measured at fair value were distributed by fair value hierarchy level as follows.

		December 31, 2015				December 31, 2014			
			of which				of which		
SEK in millions	Note	Carrying value	Level 1	Level 2	Level 3	Carrying value	Level 1	Level 2	Level 3
Financial assets at fair value									
Equity instruments available-for-sale	C15	**1,053**	–	–	1,053	**275**	–	–	275
Equity instruments held-for-trading	C15	**35**	–	–	35	**61**	–	–	61
Long- and short-term bonds available-for-sale	C15, C18	**15,739**	15,739	–	–	**4,950**	4,950	–	–
Derivatives designated as hedging instruments	C15, C18	**2,824**	–	2,824	–	**3,901**	–	3,901	–
Derivatives held-for-trading	C15, C17, C18	**3,137**	–	3,072	65	**1,923**	–	1,868	55
Total financial assets at fair value by level		**22,789**	**15,739**	**5,896**	**1,153**	**11,110**	**4,950**	**5,770**	**391**
Financial liabilities at fair value									
Derivatives designated as hedging instruments	C20, C24	**2,165**	–	2,165	–	**1,727**	–	1,727	–
Derivatives held-for-trading	C20, C24	**329**	–	329	–	**882**	–	882	–
Total financial liabilities at fair value by level		**2,494**	**–**	**2,494**	**–**	**2,609**	**–**	**2,609**	**–**

There were no transfers between Level 1 and 2 in 2015 and 2014.

Fair value measurement of Level 3 financial instruments

Investments classified within Level 3 make use of significant unobservable inputs in deriving fair value, as they trade infrequently. As observable prices are not available for these equity instruments, TeliaSonera has a market approach to derive the fair value.

TeliaSonera's primary valuation technique used for estimating the fair value of unlisted equity instruments in Level 3 is based on the most recent transaction for the specific company if such transaction has been recently done. If there has been significant changes in circumstances between the transaction date and the balance sheet date that, in the assessment of TeliaSonera, would be a material impact on the fair value, the carrying value is adjusted to reflect the changes.

In addition, the assessment of the fair value of material unlisted equity instruments is verified by applying other valuation models in the form of valuation multiples from listed comparable companies (peers) on relevant financial and operational metrics, such as revenue, gross profit and other relevant KPIs for the specific company. Comparable listed companies are determined based on industry, size, development stage, geographic area and strategy. The multiple is calculated by dividing the enterprise value of the comparable company by the relevant metric. The multiple is then adjusted for discounts/premiums with regards to differences, advantages and disadvantages between TeliaSonera's investment and the comparable public companies based on company specific facts and circumstances.

Although TeliaSonera uses its best judgment, and cross-references results of the primary valuation model against other models in estimating the fair value of unlisted equity instruments, there are inherent limitations in any estimation technique. The fair value estimates presented herein are not necessarily indicative of an amount that TeliaSonera could realize in a current transaction. Future confirming events will also affect the estimates of fair value. The effect of such events on the estimates of fair value could be material.

Unlisted equity instruments for which the fair value cannot be reliably measured are measured at cost less any impairment.

The table below presents the movement in Level 3 instruments for the twelve-month period ended December 31, 2015.

SEK in millions	December 31, 2015					December 31, 2014				
	Equity instruments available-for-sale	Equity instruments held-for-trading	Long- and short-term bonds available for sale	Derivatives held-for-trading	Total	Equity instruments available-for-sale	Equity instruments held-for-trading	Long- and short-term bonds available for sale	Derivatives held-for-trading	Total
Level 3, opening balance	275	61	*0*	55	**391**	203	57	2	0	**262**
Changes in fair value	10	-26	*0*	10	**-6**	–	–	-2	55	**53**
of which recognized in net income	*-15*	*-26*	*0*	*10*	***-31***	–	–	*-2*	*55*	***53***
of which recognized in other comprehensive income	25	–	–	–	***25***	–	–	–	–	**–**
Purchases/capital contributions	994	4			**998**	33	4	–	–	**37**
Exchange rate differences	16	-5	*0*	0	**11**	38	2	–	–	**40**
Reclassified to assets classified as held for sale	-242	–	–	-1	**-243**	–	–	–	–	–
Level 3, closing balance	**1,053**	**35**	**–**	**65**	**1,153**	**275**	**61**	**0**	**55**	**391**

The purchases in 2015 mainly related to the acquisition of a 1.4 percent stake in Spotify for USD 115 million, corresponding to SEK 976 million at the transaction date on June 9, 2015. Changes in fair value recognized in net income are included in line item Other financial items, see specification in Note C9 "Finance costs and other financial items." Former segment region Eurasia is classified as held for sale and discontinued operations as of December 31, 2015. For further information, see Note C34 "Discontinued operations and assets classified as held for sale."

C26 FINANCIAL RISK MANAGEMENT

Principles of financing and financial risk management
TeliaSonera's financing and financial risks are managed under the control and supervision of the Board of Directors of TeliaSonera AB. Financial management is centralized within the Group Treasury unit of TeliaSonera AB, which operates as TeliaSonera's internal bank and is responsible for the management of financing, management of capital requirements and cash. Group Treasury is also responsible for TeliaSonera's financial risk management, related to implementation of group policies and instructions, identification and monitoring of financial risks as well as implementation of hedging strategies thereof. The most noticeable risks under Group Treasury's responsibility are credit risk, liquidity risk, currency risk, interest rate risk and (re-)financing risk. Group Treasury also seeks to manage the cost of financial risk management.

TeliaSonera finances its operations mainly by borrowing under its uncommitted open-market financing programs directly in Swedish and international money markets and capital markets. The communicated funding strategy themes have been to increase duration, to diversify funding sources and to keep a prudent liquidity position. Capital market funding is the primary source and bank funding is considered mainly as backup. This increases flexibility and ensures access to markets to enable attractive pricing. The open-market financing programs typically provide a cost-effective and flexible alternative to bank financing.

Former segment region Eurasia is classified as held for sale and discontinued opera-tions as of December 31, 2015 and therefore not included in the figures for 2015. The comparative year 2014 has not been restated. For further information, see Note C34 "Discontinued operations and assets classified as held for sale."

Capital management
TeliaSonera's capital structure and dividend policy is decided by the Board of Directors. The ambition is to distribute at least 80 percent of free cash flow based on continuing operations with an ambition to pay out a minimum of SEK 2 per share for the fiscal year 2016.

TeliaSonera AB retained its good credit ratings. In February 2016, Moody's Investors Service confirmed its Prime-2 rating for short-term borrowings and announced that it had placed its A3 rating for long-term borrowings on review for downgrade. In March 2016, Standard & Poor's Ratings Services confirmed its rating of A- for long-term borrowings and A-2 for short-term borrowings, with a stable outlook. These ratings represent a solid investment grade level and are thus expected to allow TeliaSonera continued good access to the financial markets.

TeliaSonera shall continue to target a solid investment grade long-term credit rating of A- to BBB+ and a leverage corresponding to Net debt/EBITDA of 2x plus/minus 0.5x to secure the company's strategically important financial flexibility for investments in future growth, both organically and by acquisitions.

TeliaSonera AB is not subject to any externally imposed capital requirements.

Credit risk management
TeliaSonera's exposure to credit risk arises from default of counterparties (including price risks as regards investments in equity instruments), with a maximum exposure equal to the carrying amount of these instruments (detailed in the respective notes), as follows.

SEK in millions	Note	Dec 31, 2015	Dec 31, 2014
Other non-current assets	C15	17,860	14,622
Trade and other receivables	C17	14,639	16,276
Interest-bearing receivables	C18	10,679	10,993
Cash and cash equivalents	C18	14,647	28,735
Total		**57,825**	**70,626**

When entering into financial transactions such as interest rate swaps, cross currency swaps and other transactions in derivatives, TeliaSonera accepts only creditworthy counterparties with a solid investment grade rating. TeliaSonera requires each counterparty to have an International Swaps and Derivatives Association, Inc. (ISDA) agreement. The permitted exposure of each counterparty when entering into a financial transaction depends on the rating of that counterparty.

The aggregated exposure in derivatives as of December 2015, is distributed by the counterparty long-term rating with Moody's in the table below. In line with recommendations issued by the Basel Committee on Banking Supervision, exposures are calculated as the positive market value of the derivative contracts with each counterparty with an add-on amount intended to give a margin for a potential future exposure. Received collateral, regulated by the Credit Support Annex of the ISDA agreements, is deducted from the exposure.

SEK in millions	Dec 31, 2015	Dec 31, 2014
Counterparty rating Aa3	720	676
Counterparty rating Aa2	465	–
Counterparty rating A1	383	980
Counterparty rating A2	1,519	1,256
Counterparty rating A3	202	644
Counterparty rating Baa1	–	344
Counterparty rating Baa2	2	–
Counterparty rating Baa3	2	–
Total exposure of counterparties in derivatives	**3,293**	**3,900**

Surplus cash in TeliaSonera can be invested in bank deposits and securities issued by banks and corporates with at least a rating of A- (Standard & Poor's) or A3 (Moody's). In addition, cash can be invested in government bonds and treasury bills issued by the Swedish, German, Finnish, Norwegian or Danish government, Swedish municipals, investment funds and securitized assets with AAA/Aaa rating.

The credit risk with respect to TeliaSonera's trade receivables is diversified geographically and among a large number of customers, private individuals as well as companies in various industries. Solvency information is required for credit sales to minimize the risk of bad debt losses and is based on group-internal information on payment behavior, if necessary supplemented by credit and business information from external sources. Bad debt expense in relation to consolidated net sales was approximately 0.6 percent in 2015 and 0.8 percent in 2014.

Liquidity risk management

Liquidity risk is the risk that TeliaSonera will encounter difficulty in meeting obligations associated with financial liabilities that are settled by delivering cash or another financial asset.

TeliaSonera has internal control processes and contingency plans for managing liquidity risk. The short-term and mid-term liquidity management takes into account the maturities of financial assets and financial liabilities and estimates of cash flows from operations.

A centralized daily cash pooling process in the Nordic countries enables TeliaSonera to manage liquidity surpluses and deficits according to the actual needs on group and subsidiary level.

TeliaSonera's policy is to have a prudent liquidity position in terms of available cash and/or unutilized committed credit facilities.

SEK in millions	Dec 31, 2015	Dec 31, 2014
Surplus liquidity		
Cash and bank	10,929	12,632
Cash equivalents[1]	3,718	16,103
Cash and cash equivalents (see also Note C18)	**14,647**	**28,735**
Short-term investments[2] (see also Note C18)	5,216	3,144
Total	**19,862**	**31,879**
Long-term investments[3] (see also Note C15)	8,841	4,671
Total surplus liquidity	**28,703**	**36,550**
Committed credit facilities		
Revolving credit facilities (limit amount)	18,270	19,031
Bank overdraft and short-term credit facilities (limit amount)	2,063	1,924
Utilized credit facilities	-4,110	-648
Total unutilized committed credit facilities	**16,223**	**20,307**
Liquidity position	**44,926**	**56,857**

[1] Bank deposits and securities which matures within three months of the date of acquisition.
[2] Securities with maturities between 3 and 12 months. Convertible to cash within two days, i.e. excluding securities that for regulatory reasons are not convertible to cash within 2 days.
[3] Securities with maturities exceeding 12 months. Convertible to cash within 2 days.

TeliaSonera's committed bank credit facilities and overdraft facilities, intended for short-term financing and back-up purposes, were as follows.

SEK in millions					Dec 31, 2015	Dec 31, 2014
Group entity	Type	Characteristics	Final maturity	Currency	Limit	Limit
TeliaSonera AB	Revolving credit facility	Committed, syndicated	December 2017	EUR	9,135	9,515
TeliaSonera AB	Revolving credit facility	Committed	June 2017	EUR	9,135	9,516
TeliaSonera AB and subsidiaries	Bank overdraft facility	Committed, bilateral	Extended yearly	(various)	2,063	1,924

As of December 31, 2015, contractual undiscounted cash flows for the group represented the following expected maturites. The amounts regarding the group's interest-bearing borrowings and derivatives include installments and estimated interest payments. Amounts in foreign currency have been converted into SEK using the exchange rate prevailing as of the end of the reporting period. Future interest payments, related to instruments with floating interest rates, have been estimated using forward rates. Where gross settlements are performed (cross currency interest rate swaps, currency swaps and forward exchange contracts), all amounts are reported on a gross basis.

Expected maturity SEK in millions	Note	Jan–Mar 2016	Apr–Jun 2016	Jul-Sep 2016	Oct–Dec 2016	2017	2018	2019	2020	Later years	Total
Utilized bank overdraft and short-term credit facilities		-119	-102	–	–	–	-274	–	-274	–	**-769**
Open-market financing program borrowings		-3,250	-245	-1,896	-1,454	-10,802	-4,067	-11,543	-9,907	-71,836	**-115,000**
Other borrowings		-3,343	-70	–	–	-366	-366	-482	-231	-877	**-5,735**
Finance lease agreements		-2	-2	-2	-2	-7	-7	-7	-5	-15	**-49**
Cross currency interest rate swaps and interest rate swaps											
Payables		-4,082	-194	-258	-516	-8,516	-4,364	-5,335	-668	-21,763	**-45,696**
Receivables		5,798	107	165	589	9,827	4,933	5,373	725	22,397	**49,914**
Currency swaps and forward exchange contracts											
Payables		-31,378	–	-61	-328	–	–	–	–	–	**-31,767**
Receivables		31,617	–	57	327	–	–	–	–	1	**32,002**
Goverment bonds and treasury bills	C15	–	–	–	–	29	—	–	–	–	**29**
Loans and receivables	C15	–	–	–	–	2,003	365	45	42	94	**2,549**
Financial guarantees	C22	–	–	–	287	–	–	–	–	–	**287**
Other long term liabilities	C23	–	–	–	–	-134	-48	-5	-5	-8	**-200**
Trade Payables and Other Current Liabilities	C24	-10,241	-410	-16	-314	–	–	–	–	–	**-10,981**
Credit and performance guarantees	C29	–	–	–	–	-15	–	–	–	–	**-15**
Total		**-15,000**	**-916**	**-2,011**	**-1,411**	**-7,981**	**-3,828**	**-11,954**	**-10,323**	**-72,007**	**-125,431**

Currency risk management

Currency risk is the risk that fluctuations in foreign exchange rates will adversely affect the group's results, financial position and/or cash flows. Currency risk can be divided into operational transaction exposure and conversion exposure.

Transaction exposure relates to net inflows or outflows of foreign currencies required by operations and financing. TeliaSonera's general policy is to hedge the majority of known operational transaction exposure up to 12 months into the future. Financial flows are usually hedged until maturity, even if that is longer than 12 months.

Regarding foreign currency transaction exposure, CFO has a clearly defined deviation mandate which is capped at the equivalent of a nominal SEK +/-500 million, expressed as the long/short SEK counter-value amount that may be exposed to currency fluctuations. Since SEK is the functional currency of TeliaSonera borrowings are normally denominated in, or swapped into SEK unless linked to international operations or allocated as hedging of net investments abroad.

Financial transaction exposure risk

As of December 31, 2015, contractual undiscounted financial cash flows split by currency, for the group's interest-bearing borrowings, assets and derivatives represented the following expected maturities, including installments and estimated interest payments. Amounts in foreign currency have been converted to SEK using the exchange rate prevailing as of the end of the reporting period. Future interest payments, related to instruments with floating interest rates, have been estimated using forward rates.

SEK in millions		Jan–Mar 2016	Apr–Jun 2016	Jul–Sep 2016	Oct–Dec 2016	2017	2018	2019	2020	Later years	Total
DKK	Interest bearing asset	–	–	–	–	–	–	–	–	–	–
	Interest bearing debt	–	–	–	–	–	–	–	–	–	–
	Derivatives	-6,729	–	–	–	–	–	–	–	–	-6,729
	Net	**-6,729**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**-6,729**
EUR	Interest bearing asset	2,421	–	–	–	–	–	–	–	–	2,421
	Interest bearing debt	-2,856	-378	-338	-650	-9,627	-3,266	-7,657	-9,279	-55,842	-89,892
	Derivatives	12,041	5	2	-77	8,699	975	4,509	-175	-10,222	15,757
	Net	**11,606**	**-373**	**-336**	**-727**	**-928**	**-2,291**	**-3,148**	**-9,454**	**-66,064**	**-71,714**
GBP	Interest bearing asset	–	–	–	–	–	–	–	–	–	–
	Interest bearing debt	–	–	–	-217	-217	-217	-217	-217	-9,715	-10,800
	Derivatives	-31	–	–	217	217	217	217	217	9,715	10,769
	Net	**-31**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**-31**
JPY	Interest bearing asset	–	–	–	–	–	–	–	–	–	–
	Interest bearing debt	-7	-2	-7	-2	-331	-707	-6	-6	-1,261	-2,329
	Derivatives	7	2	7	2	331	707	6	6	1,261	2,329
	Net	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**
NOK	Interest bearing asset	–	–	–	–	–	–	–	–	–	–
	Interest bearing debt	–	-16	–	-63	-80	-80	-80	-80	-2,465	-2,864
	Derivatives	-6,958	-36	–	-13	-796	-2,407	32	28	362	-9,788
	Net	**-6,958**	**-52**	**–**	**-76**	**-876**	**-2,487**	**-48**	**-52**	**-2,103**	**-12,652**
USD	Interest bearing asset	–	–	–	–	–	–	–	–	–	–
	Interest bearing debt	-3,343	–	–	–	–	–	–	–	–	-3,343
	Derivatives	-1,620	–	-69	-328	–	–	–	–	-1	-2,018
	Net	**-4,963**	**–**	**-69**	**-328**	**–**	**–**	**–**	**–**	**-1**	**-5,361**
SEK	Interest bearing asset	2,815	2,272	1,486	41	2,159	1,564	3,866	1,239	–	15,442
	Interest bearing debt	-520	-21	-1,565	-522	-646	-170	-4,695	-839	-3,455	-12,433
	Derivatives	5,395	-59	-36	272	-7,238	1,178	-4,725	-18	-486	-5,717
	Net	**7,690**	**2,192**	**-115**	**-209**	**-5,725**	**2,572**	**-5,554**	**382**	**-3,941**	**-2,708**
Total, net		**615**	**1,768**	**-520**	**-1,340**	**-7,529**	**-2,206**	**-8,750**	**-9,124**	**-72,109**	**-99,195**

The cash flow pertains to foreign exchange rate hedging of receivables, payables and cash balances in foreign currencies. Foreign exchange rate risks are also mitigated through the group's net investment in EUR and NOK, see section "Conversion exposure risk."

Operational transaction exposure sensitivity

In most cases, TeliaSonera customers are billed in their respective local currency. Receivables from and payables to other operators for international fixed-line traffic and roaming are normally settled net through clearing-houses. Hence, the operational need to net purchase foreign currency is primarily due to a deficit from such settlements and the limited import of equipment and supplies. Main sources of transaction exposures are derived from the Nordic operations involving SEK, EUR, NOK and DKK.

Currency exposure SEK in millions	Transaction exposure from operating net flows	Impact on net income if currency rate appreciates against all other currencies by 10 percent
SEK	160	-369
EUR	422	329
NOK	104	-36
DKK	131	-9
Other	13	13
Total	**830**	**73**

The sensitivity analysis is based on the assumption that the operational transaction exposure is equivalent to that in 2015, and provided that no hedging measures were taken.

Conversion exposure risk

Conversion exposure relates to net investments in foreign operations. CEO has a mandate to implement hedging up to a specific ratio limit. TeliaSonera's net investments in foreign operations were distributed by currency as follows.

	2015			2014		
SEK in millions	Net investments	Hedged through borrowings or derivatives	Net	Net investments	Hedged through borrowings or derivatives	Net
AZN	–	–	–	5,060	–	5,060
DKK	608	-	608	2,463	–	2,463
EUR	75,719	-50,231	25,488	71,741	-51,248	20,493
GBP	137	–	137	251	–	251
GEL	–	–	–	1,146	–	1,146
KZT	–	–	–	2,927	–	2,927
LTL	–	–	–	5,202	–	5,202
MDL	–	–	–	165	–	165
NOK	13,797	-1,304	12,493	8,567	-410	8,157
NPR	–	–	–	6,705	–	6,705
RUB	4,459	–	4,459	5,812	–	5,812
TJS	–	–	–	449	–	449
TRY	16,693	–	16,693	23,991	–	23,991
USD	389	–	389	3,559	–	3,559
UZS	–	–	–	642	–	642
Other currencies	218	–	218	288	–	288
Total	**112,021**	**-51,536**	**60,485**	**138,968**	**-51,658**	**87,310**

Conversion exposure sensitivity

The positive impact on group equity would be approximately SEK 6.0 billion if the Swedish krona weakened by 10 percentage points against all conversion exposure currencies. The calculation is based on the exposure as of December 31, 2015, including hedges but excluding any potential equity impact due to TeliaSonera's operational need to net purchase foreign currency, or to currency translation of other net income related items.

Interest rate risk management

TeliaSonera's sources of funds are primarily equity attributable to owners of the parent, cash flows from operating activities, and borrowings. The interest-bearing borrowing and financial investments expose the group to interest rate risk. Interest rate risk is the risk that a change in interest rates will negatively affect the group's net interest expense and/or cash flows.

Average interest rates, including relevant hedges, on TeliaSonera AB's outstanding long-term and short-term borrowings as of the end of the reporting period was as follows.

Percent	Dec 31, 2015	Dec 31, 2014
Long-term borrowings	2.15	2.94
Short-term borrowings	1.62	0.87

Debt key figures on debt portfolio as of the end of the reporting period was as follows. Amounts indicated represent carrying values.

SEK in millions	Dec 31, 2015	Dec 31, 2014 Share (%)
Duration (years)	4.8	
Average maturity (years)	8.4	
Short-term borrowings	9,337	9
Long-term borrowings	91,646	91
Interest rate adjustment <1year	65,641	65
Interest rate adjustment >1year	35,342	35

TeliaSonera's financial policy provides the framework for interest rates and the average maturity of borrowings and investments. The group aims at balancing the estimated running cost of borrowing and the risk of significant negative impact on earnings, should there be a sudden, major change in interest rates. The group's policy is that the duration of the debt portfolio should be between 3 to 7 years.

If the loan portfolio structure deviates from the desired one, various forms of derivative instruments are used to adapt the structure in terms of duration and/or currency, including interest rate swaps and cross currency interest rate swaps.

As of December 31, 2015, TeliaSonera's rate reset periods of interest bearing assets, liabilities and derivatives represented the following interest types and expected maturities. Amounts indicated represent nominal values.

SEK in millions	Jan–Mar 2016	Apr–Jun 2016	Jul–Sep 2016	Oct–Dec 2016	2017	2018	2019	2020	Later years	Total
Fixed										
Interest bearing asset	3,084	1,207	901	–	1,143	300	3,198	1,117	–	**10,950**
Interest bearing debt	-3,798	–	-250	–	-6,851	-968	-6,168	-7,325	-56,384	**-81,744**
Derivatives	499	-450	1,383	–	6,545	9,588	5,074	6,853	22,139	**51,631**
Net	**-215**	**757**	**2,034**	**–**	**837**	**8,920**	**2,104**	**645**	**-34,245**	**-19,163**
Float										
Interest bearing asset	6,431	169	–	–	–	–	–	–	–	**6,600**
Interest bearing debt	-10,434	-966	–	–	–	–	–	–	–	**-11,400**
Derivatives	-42,521	-8,234	–	–	–	–	–	–	–	**-50,755**
Net	**-46,524**	**-9,031**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**-55,555**
Total, net	**-46,739**	**-8,274**	**2,034**	**–**	**837**	**8,920**	**2,104**	**645**	**-34,245**	**-74,718**

TeliaSonera has designated certain interest rate swaps as cash flow hedges to hedge against changes in the amount of future cash flows related to interest payments on existing liabilities also including certain long-term borrowings hedging net investments, see Note C20 "Long-term and short-term borrowings." Hedge ineffectiveness related to outstanding cash flow hedges was immaterial and recognized in net income. Net changes in fair value recognized in other comprehensive income are offset in a hedging reserve as a component of equity, see Note C11 "Other comprehensive income." In 2015, no cash flow hedges were discontinued due to the original forecasted transactions not having occurred in the originally specified time period.

Interest rate risk sensitivity

As of December 31, 2015, TeliaSonera had interest-bearing debt of SEK 100.9 billion, carrying value, with duration of interest of approximately 4.8 years, including derivatives. The volume of loans exposed to changes in interest rates over the next 12-month period was at the same date approximately SEK 65.6 billion, carrying value, assuming that existing loans maturing during the year are refinanced and after accounting for derivatives.

The exact effect of a change in interest rates on the financial net stemming from this debt portfolio depends on the timing of maturity of the debt as well as reset dates for floating rate debt, and that the volume of loans may vary over time, thereby affecting the estimate.

However, assuming that those loans were reset by January 1, 2016, at a one percentage point higher interest rate than the prevailing rate as per December 31, 2015, and remained at that new level during 12 months, the post-tax interest expense would increase by approximately SEK 512 million.

Fair value of the loan portfolio would change by approximately SEK 5.2 billion, should the level in market interest rates make a parallel shift of one percentage point, and assuming the same volume of loans and a similar duration on those loans as per year-end 2015.

Refinancing risk management

The group's policy is that the average maturity of borrowings should exceed 4 years. In order to reduce refinancing risk, the group aims to spread loan maturity dates over a longer period. As of December 31, 2015, TeliaSonera borrowings had an average time to maturity of approximately 8.4 years.

Pension obligation risk and sensitivity

See Note C21 "Provisions for pensions and employment contracts" for details on the pension obligation risks and a sensitivity analysis.

Management of insurable risks

The insurance cover is governed by corporate guidelines and includes a common package of different property and liability insurance programs. The business units and other units being responsible for assessing the risks decide the extent of actual cover. Corporate Insurance at TeliaSonera AB manages the common group insurance programs and uses a captive, TeliaSonera Försäkring AB, as a strategic tool in managing the insurance programs. The risks in the captive are in part reinsured in the international reinsurance market.

Master netting arrangements and similar agreements

TeliaSonera has entered into ISDA Master Agreements for its OTC derivative business, i.e. interest rate and currency derivatives, with all of its core banks. These ISDA Master Agreements allow the parties to do close-out nettings.

For derivatives in the financial operations, CSAs (credit support annex) may be entered into as an annex to the respective master agreement, and are recognized as other current receivables/liabilities. Under the CSA, the parties agree to provide each other with eligible support, which is calculated based on a weekly exposure under the specific agreement. Funds transferred and interest accrued under a CSA agreement is not considered collateral.

If TeliaSonera has a commitment of a NCI option (put option over non-controlling interests) linked to a receivable from the same counterparty and the shares are held as collateral for the receivable, then the receivable and liability is recognized and offset in the statement of financial position.

For information on discontinued operations, see Note C34 "Discontinued operations and assets classified as held for sale."

		December 31, 2015					
SEK in millions	Note	Gross amounts, financial assets	Gross amounts, financial liabilites	Net amounts of financial assets in the statement of financial position	Related financial liabilities that are not set off	CSA	Net amount
Interest and cross currency interest rate swaps	C15, C18	5,546	–	5,546	-2,192	-1,558	1,796
Currency swaps and forward exchange contracts	C15, C17	351	–	351	-26	–	325
Other receivables		24	-8	16	–	–	16
Total		**5,921**	**-8**	**5,913**	**-2,218**	**-1,558**	**2,137**

		December 31, 2015					
SEK in millions	Note	Gross amounts, financial liabilities	Gross amounts, financial assets	Net amounts of financial liabilities in the statement of financial position	Related financial assets that are not set off	CSA	Net amount
Interest and cross currency interest rate swaps	C20	2,393	–	2,393	-2,192	–	201
Currency swaps and forward exchange contracts	C23, C24	101	–	101	-26	–	75
Other liabilites		29	-8	20	–	–	20
Total		**2,523**	**-8**	**2,514**	**-2,218**	–	**296**

		December 31, 2014					
SEK in millions	Note	Gross amounts, financial assets	Gross amounts, financial liabilites	Net amounts of financial assets in the statement of financial position	Related financial liabilities that are not set off	CSA	Net amount
Interest and cross currency interest rate swaps	C15, C18	5,618	–	5,618	-1,716	-1,043	2,859
Currency swaps and forward exchange contracts	C15, C17	152	–	152	-78	–	74
Receivables set off by NCI options	C22	2,257	-2,257	0	–	–	0
Other receivables		33	-14	19	–	–	19
Total		**7,402**	**-1,613**	**5,789**	**-1,794**	-1,043	**2,952**

		December 31, 2014					
SEK in millions	Note	Gross amounts, financial liabilities	Gross amounts, financial assets	Net amounts of financial liabilities in the statement of financial position	Related financial assets that are not set off	CSA	Net amount
Interest and cross currency interest rate swaps	C20	2,191	–	2,191	-1,716	–	475
Currency swaps and forward exchange contracts	C23, C24	417	–	417	-78	–	339
Other liabilites		177	-13	164	–	–	164
Total		**2,875**	**-13**	**2,772**	**-1,794**	–	**978**

C27 LEASING AGREEMENTS

TeliaSonera as lessee, continuing operations

Finance leases

The group's finance leases concern computers and other IT equipment, production vehicles, company cars to employees, and other vehicles. There is no subleasing.

The carrying value of the leased assets as of the end of the reporting period was as follows.

SEK in millions	Dec 31, 2015	Dec 31, 2014
Cost	92	96
Less accumulated depreciation and impairment losses	-79	-77
Net carrying value of finance lease agreements	**13**	**19**

In 2015 and 2014, depreciation and impairment losses totaled SEK 4 million and SEK 4 million, respectively. Leasing fees paid in these years totaled SEK 9 million and SEK 9 million, respectively.

As of the end of the reporting period, the present value of future minimum leasing fees under non-cancelable finance lease agreements were as follows.

SEK in millions	Dec 31, 2015	Dec 31, 2014
Total future minimum leasing fees	68	93
Less interest charges	-19	-25
Present value of future minimum leasing fees	**49**	**68**

As of December 31, 2015, future minimum leasing fees and their present values as per finance lease agreements that could not be canceled in advance and were in excess of one year were as follows.

Expected maturity SEK in millions	Jan–Mar 2016	Apr–Jun 2016	Jul–Sep 2016	Oct–Dec 2016	2017	2018	2019	2020	Later years	Total
Future minimum leasing fees	4	4	4	4	9	9	9	6	19	**68**
Present value of future minimum leasing fees	2	2	2	2	7	7	7	5	15	**49**

Operating leases

TeliaSonera's operating lease agreements primarily concern office space, technical sites, land, computers and other equipment. Certain contracts include renewal options for various periods of time. Subleasing consists mainly of office premises.

Future minimum leasing fees under operating lease agreements in effect as of December 31, 2015, that could not be canceled in advance and were in excess of one year were as follows.

Expected maturity SEK in millions	Jan–Mar 2016	Apr–Jun 2016	Jul–Sep 2016	Oct–Dec 2016	2017	2018	2019	2020	Later years	Total
Future minimum leasing fees	487	485	481	479	1,281	1,032	814	690	3,516	**9,266**
Minimum sublease payments	4	4	4	4	12	3	–	–	–	**30**

In 2015 and 2014, total rent and leasing fees paid were SEK 1,818 million and SEK 1,785 million, respectively. The previously reported amount for 2014 of SEK 1,184 million has been restated for comparability. In these years, revenues for subleased items totaled SEK 15 million and SEK 15 million, respectively.

Apart from certain short-term leases, leasing terms range between 3 months and 50 years with an average term of approximately 8 years. All leases have been entered into on conventional commercial terms. Certain contracts include renewal options for various periods of time.

TeliaSonera as lessor, continuing operations

Finance leases

The leasing portfolio of TeliaSonera's customer financing operations in Sweden, Finland, Denmark and Norway, comprise financing related to TeliaSonera's product offerings. The term of the contract stock is approximately 14 quarters. The term of new contracts signed in 2015 was 14 quarters. Of all contracts, 55 percent carry a fixed interest rate and 45 percent a floating interest rate. Most contracts include renewal options. In Finland, TeliaSonera provides, under a finance lease agreement, electricity meters with SIM cards for automated reading to a power company as part of TeliaSonera's service package. The term of the agreement is 15 years and it carries a fixed interest rate.

As of the end of the reporting period, the present value of future minimum lease payment receivables under non-cancelable finance lease agreements were as follows.

SEK in millions	Dec 31, 2015	Dec 31, 2014
Minimum lease payments receivables	947	1,007
Unguaranteed residual values accruing to the benefit of the lessor	–	–
Gross investment in finance lease contracts	**947**	**1,007**
Unearned finance income	-77	-120
Present value of future minimum lease payments receivables (net investment in finance lease contracts)	**870**	**887**

As of December 31, 2015, the gross investment and present value of receivables relating to future minimum lease payments under non-cancelable finance lease agreements were distributed as follows.

Expected maturity SEK in millions	Jan–Mar 2016	Apr–Jun 2016	Jul–Sep 2016	Oct–Dec 2016	2017	2018	2019	2020	Later years	Total
Gross investment	87	89	88	88	231	147	87	66	64	**947**
Present value of future minimum lease payments receivables	76	78	78	92	213	137	78	59	59	**870**

As of December 31, 2015 and 2014, the accumulated allowance for uncollectible minimum lease payments receivables totaled SEK 0 million and SEK 6 million, respectively. Credit losses on leasing receivables are reduced by gains from the sale of equipment returned.

Operating leases

The leasing portfolio refers mainly to the international carrier business and includes agreements with other international operators and other contracts. The contract periods with operators range between 10 and 25 years with the average term being 20 years. For other contracts, the contract periods range between 3 and 10 years with the average term of approximately 5 years. In addition, 348 operating lease agreements are related to TeliaSonera's product offerings to end-customers in Sweden and Finland. Contract periods range between 3 and 5 years, with an average term of approximately 3 years.

The carrying value of the leased assets as of the end of the reporting period was as follows:

SEK in millions	Dec 31, 2015	Dec 31, 2014
Cost	3,249	3,100
Less accumulated depreciation and impairment losses	-1,886	-1,820
Gross carrying value	**1,363**	**1,280**
Less prepaid lease payments	-319	-495
Net value of operating lease agreements	**1,044**	**785**

Depreciation and impairment losses totaled SEK 651 million in 2015 and SEK 621 million in 2014.

Future minimum lease payment receivables under operating lease agreements in effect as of December 31, 2015, that could not be canceled in advance and were in excess of one year were as follows:

Expected maturity SEK in millions	Jan–Mar 2016	Apr–Jun 2016	Jul–Sep 2016	Oct–Dec 2016	2017	2018	2019	2020	Later years	Total
Future minimum lease payments receivables	73	73	73	162	255	141	50	14	3	**844**

C28 RELATED PARTY TRANSACTIONS

The Swedish State

At year end, the Swedish State held 37.3 percent of the outstanding shares in TeliaSonera AB. The remaining 62.7 percent of the outstanding shares are widely held.

The TeliaSonera group's services and products are offered to the Swedish state, their agencies, and state-owned companies in competition with other operators and on conventional commercial terms. Certain state-owned companies run businesses that compete with TeliaSonera. Likewise, TeliaSonera buys services from state-owned companies at market prices and on otherwise conventional commercial terms. Neither the Swedish State and their agencies, nor state-owned companies represent a significant share of TeliaSonera's net sales or earnings.

The Swedish telecommunications market is governed mainly by the Electronic Communications Act and ordinances, regulations and decisions in accordance with the Act. Notified operators are required to pay a fee to finance measures to prevent serious threats and disruptions to electronic communications during peacetime. The required fee from TeliaSonera was SEK 45 million in 2015 and SEK 43 million in 2014. In addition, TeliaSonera, like other operators, pays annual fees to the Swedish National Post and Telecom Agency (PTS) to fund the Agency's activities under the Electronic Communications Act and the Radio and Telecommunications Terminal Equipment Act. TeliaSonera paid fees of SEK 52 million in 2015 and SEK 49 million in 2014.

Associated companies and joint ventures

TeliaSonera sells and buys services and products to and from associated companies. These transactions are based on commercial terms.

Summarized information on transactions and balances with associated companies was as follows.

SEK in millions	January–December or December 31, 2015	2014
Sales of goods and services		
PAO MegaFon	96	172
Other	16	135
Total sales of goods and services	**112**	**307**
Total purchases of goods and services	**83**	**151**
Total trade and other receivables	**7**	**54**
Total trade and other payables	**10**	**23**

Pension and personnel funds

As of December 31, 2015, TeliaSonera's Finnish pension fund held 366,802 shares and its Finnish personnel fund 531,499 shares in TeliaSonera AB, respectively, in total representing 0.02 percent of the outstanding shares. For information on transactions and balances, see Note C21 "Provisions for pensions and employment contracts."

Key management

See section "Remuneration to corporate officers" in Note C31 "Human resources" for further details.

C29 CONTINGENCIES, OTHER CONTRACTUAL OBLIGATIONS AND LITIGATION

Contingent assets and financial guarantees, continuing operations

As of the end of the reporting period, TeliaSonera had no contingent assets, while financial guarantees reported as contingent liabilities were distributed as follows.

SEK in millions	Dec 31, 2015	Dec 31, 2014
Credit and performance guarantees, etc.	15	33
Subtotal *(see Liquidity risk – Note C26)*	***15***	***33***
Guarantees for pension obligations	283	287
Total financial guarantees	**298**	**320**

As of December 31, 2015, credit and performance guarantees represented the following expected maturities.

Expected maturity SEK in millions	Jan–Mar 2016	Apr–Jun 2016	Jul–Sep 2016	Oct–Dec 2016	2017	2018	2019	2020	Later years	Total
Credit and performance guarantees	–	–	–	–	15	–	–	–	–	**15**

Some loan covenants agreed limit the scope for divesting or pledging certain assets. Some of TeliaSonera AB's more recent bond issuances include change-of-control provisions which under certain conditions allow the lenders to call back the bond before scheduled maturity. Conditions stipulated include a new owner taking control of TeliaSonera AB, as such also resulting in a lowering of TeliaSonera AB's official credit rating to a "non-investment grade" level.

For all financial guarantees issued, stated amounts equal the maximum potential future payments that TeliaSonera could be required to make under the respective guarantee.

Collateral held, continuing operations

On December 29, 2015, TeliaSonera received payment of the last tranche of the deferred consideration from AF Telecom Holding (AFT) agreed in relation to the transaction regarding shares in MegaFon in 2012, in the amount of SEK 2,659 million. Subsequent to this payment, TeliaSonera has no outstanding receivables from AFT. The pledged shares and bank accounts were released in February 2016.

Collateral pledged, continuing and discontinued operations

As of the end of the reporting period, collateral pledged was distributed as follows and are based on the total TeliaSonera, group including both continuing and discontinued operations.

SEK in millions	Dec 31, 2015	Dec 31, 2014
For long-term borrowings: Real estate mortgages and chattel mortgages	226	255
For pension obligations: Real estate mortgages	2	3
For other provisions: Bonds and short-term investments	80	65
For operating leases: Blocked funds in bank accounts	45	46
For commitments under a shareholders' agreement: Shares in Strex AS	–	11
For commitments under a shareholders' agreement: Shares in 4T Sverige AB	–	46
Total collateral pledged	**353**	**426**

Other unrecognized contractual obligations, continuing operations

As of December 31, 2015, unrecognized contractual obligations regarding future acquisitions (or equivalent) of non-current assets represented the following expected maturities.

Expected investment period SEK in millions	Jan–Mar 2016	Apr–Jun 2016	Jul–Sep 2016	Oct–Dec 2016	2017	2018	2019	2020	Later years	Total
Intangible assets	211	14	–	4	–	–	–	–	–	**229**
Property, plant and equipment	937	430	279	604	17	3	–	–	–	**2,270**
Other holdings	1	1	1	1	3	–	–	–	–	**7**
Total *(see Liquidity risk – Note C26)*	**1,149**	**445**	**280**	**609**	**20**	**3**	–	–	–	**2,505**

Most of the obligations with respect to property, plant and equipment refer to contracted build-out of TeliaSonera's fixed networks in Sweden.

TeliaSonera's Spanish subsidiary Xfera Móviles S.A. (Yoigo) also pays an annual spectrum fee during the term of its 3G license expiring in 2020. The fee is determined on an annual basis by the Spanish government authorities and for 2015 is set to SEK 417 million (EUR 46 million).

Legal and administrative proceedings

In its normal course of business, TeliaSonera is involved in a number of legal proceedings. These proceedings primarily involve claims arising out of commercial law issues and matters relating to telecommunications regulations and competition law. Further, TeliaSonera is involved in numerous proceedings related to interconnect fees, which affects future revenues.

In addition, there are ongoing investigations in Sweden, the Netherlands and the USA regarding TeliaSonera's operations in Uzbekistan and suspected irregularities related to those and to the market entry into Uzbekistan. At this point in time, it is not possible to assess how or when the investigations will be resolved. For more information see Risks and uncertainties section "Review of Eurasian transactions."

Except for the proceedings described below, TeliaSonera or its subsidiaries are not involved in any legal, arbitration or regulatory proceedings which management believes could have a material adverse effect on TeliaSonera's business, financial condition or results of operations.

During the second half of 2001, a number of operators filed complaints against TeliaSonera with the Swedish Competition Authority and the Authority initiated an investigation regarding TeliaSonera's pricing of ADSL services. The complaints suggest that the difference between TeliaSonera's wholesale prices and retail prices is too low to effectively enable competition in the retail market. In December 2004, the Competition Authority sued TeliaSonera at the Stockholm District Court claiming that TeliaSonera had abused its dominant position. The Authority demands a fine of SEK 144 million. In December 2011, the Stockholm District Court decided in accordance with the Competition Authority's demands. After TeliaSonera's appeal, the Market court decided in April 2013, to change the district court's ruling and ordered TeliaSonera to pay a fine of SEK 35 million. Following the Competition Authority's lawsuit, Tele2 has in April 2005, and Spray Network in June 2006, respectively, claimed substantial damages from TeliaSonera due to the alleged abuse of dominant market position. TeliaSonera has vigorously contested Tele2's and Spray Network's claims. The actions for damages are ongoing.

TeliaSonera is currently involved in court cases with Primav Construcoes e Comercio, former shareholder of the Brazilian mobile operator Tess, relating to such shareholder's disposal of its investment in Tess as well as certain call options and subscription rights in Tess. Whilst TeliaSonera has sold its holding in Tess, it has entered into certain guarantees to compensate the buyer for certain losses in connection with the above-mentioned court cases. TeliaSonera has vigorously contested all claims in connection with the disputes. On September 13, 2013, the court of first instance in Sao Paolo-SP, decided to dismiss all the pleadings made in the law suit and related proceedings, terminating the case. On October 4, 2013, Primav filed an appeal to the State Appellate Court against this decision.

In 2005, TeliaSonera and Çukurova signed an agreement regarding TeliaSonera's purchase of shares in Turkcell Holding A.S. from Çukurova. As Çukurova subsequently did not honor the agreement, TeliaSonera brought legal action. On September 1, 2011, an International Chamber of Commerce (ICC) Arbitral Tribunal awarded TeliaSonera USD 932 million in damages, plus interest and costs, for Çukurova's failure to deliver the Turkcell Holding shares as required under the share purchase agreement. Due to the refusal of Çukurova to honor the ICC award, TeliaSonera has initiated a number of legal actions in multiple jurisdictions to pursue collection of the award. In parallel, Çukurova has initiated legal actions against TeliaSonera with the aim to revert the ICC award or to refute its enforceability, some of which proceedings are yet to be finalized. However, TeliaSonera continues to vigorously pursue collection of the ICC award. TeliaSonera has not recorded any award amount receivable in the financial statements. Following an agreement with Alfa Telecom (now LetterOne) signed in November 2009, LetterOne is under certain circumstances entitled to receive part of the damages amount set out in the ICC award, if such funds will be successfully collected.

C30 CASH FLOW INFORMATION

Non-cash transactions, continuing and discontinued operations

Asset retirement obligations (AROs)

In 2015 and 2014, obligations regarding future dismantling and restoration of technical sites entailed non-cash investments of SEK 295 million and SEK 171 million, respectively.

Building-infrastructure exchange transactions

TeliaSonera provides and installs infrastructure in buildings and as compensation is granted an exclusive right to deliver services for 5–10 years through this infrastructure. These activities entailed non-cash exchanges of SEK 51 million in 2015 and SEK 88 million in 2014.

Dividends to holders of non-controlling interests, continuing and discontinued operations

SEK in millions	Jan–Dec 2015	Jan–Dec 2014
Subsidiaries		
AO Kcell	-593	-590
Fintur Holdings B.V.	–	-310
Latvijas Mobilais Telefons SIA	-93	-106
TEO LT AB	-44	-46
Other subsidiaries	-52	-90
Total dividends to holders of non-controlling interests	**-781**	**-1,143**

Business combinations, other acquisitions and disposals

The TeliaSonera group is continually restructured by acquiring and divesting equity instruments or operations.

For information on net cash outflow from business combinations in 2015, see Note C33 “Business combinations.”

In 2014, the total net cash outflow from business combinations was SEK 1,004 million. The amount included SEK 347 million relating to the acquisition of Ainacom, SEK 400 million relating to the acquisition of Zitius, SEK 73 million relating to repayment of certain borrowings in Zitius, SEK 140 million relating to the acquisition of Ipeer and SEK 44 million relating to other minor business combinations.

No operations were divested in 2015 nor in 2014.

Cash inflow for 2015 of SEK 4,724 million from “Other equity instruments divested” comprises the two last tranches received from AF Telecom Holding (AFT) relating to the sale of shares in MegaFon in 2012 and cash inflow for 2014 of SEK 2,094 million represented the third tranche from the same transaction.

C31 HUMAN RESOURCES

Employees, salaries, and social security expenses
During 2015, the number of employees from continuing operations increased by 449 to 21,342 at year-end from 20,893 at year-end 2014. The number of employees in discontinued operations increased by 280 to 5,553 from 5,273 at year-end 2014. The contribution from business combinations in 2015 was 495 employees, the major part of those came from the acquisition of Tele2 in Norway.

The average number of full-time employees by country was as follows.

Country	Jan–Dec 2015 Total (number)	Jan–Dec 2015 of whom men (%)	Jan–Dec 2014 Total (number)	Jan–Dec 2014 of whom men (%)
Sweden	8,172	60.5	7,997	59.2
Finland	3,326	59.9	3,577	63.1
Norway	1,158	64.8	841	67.4
Denmark	1,132	70.3	1,051	69.9
Lithuania	2,978	50.9	3,110	51.1
Latvia	958	48.2	917	48.4
Estonia	1,931	54.5	1,981	52.4
Spain	103	64.1	106	66.0
Russian Federation	37	54.1	28	42.9
United Kingdom	49	63.3	41	75.6
Other countries	192	70.3	295	70.2
Total from continuing operations	**20,036**	**58.7**	**19,944**	**56.6**
Kazakhstan	1,801	41.6	1,635	40.8
Azerbaijan	820	54.5	822	53.2
Uzbekistan	953	62.1	890	62.5
Tajikistan	569	67.0	460	67.0
Georgia	357	45.4	328	46.3
Moldova	344	46.8	353	47.0
Nepal	522	73.9	505	74.1
Other countries	48	58.3	36	55.6
Total from discontinued operations	**5,414**	**53.7**	**5,029**	**53.3**
Total	**25,450**	**57.7**	**24,973**	**57.5**

In total, for both 2015 and 2014, operations were conducted in 29 countries of which continuing operations were conducted in 21 countries.

The share of female and male senior executives was as follows. Boards of directors refer to board members in all consolidated group companies. Other senior executives include presidents and other members of executive management teams at the group level, region level and company level.

Percent	Dec 31, 2015 Boards of directors	Dec 31, 2015 Other senior executives	Dec 31, 2014 Boards of directors	Dec 31, 2014 Other senior executives
Women	26.1	32.6	26.0	30.9
Men	73.9	67.4	74.0	69.1
Total continuing operations	**100.0**	**100.0**	**100.0**	**100.0**
Women	3.4	34.7	3.1	30.0
Men	96.6	65.3	96.9	70.0
Total discontinued operations	**100.0**	**100.0**	**100.0**	**100.0**

Total salaries and other remuneration, along with social security expenses and other personnel expenses, were as follows.

SEK in millions	Jan–Dec 2015	Jan–Dec 2014
Salaries and other remuneration	**9,408**	**8 ,645**
Social security expenses		
Employer's social security contributions	1,992	1,790
Pension expenses	1,298	1,039
Total social security expenses	**3,291**	**2,829**
Capitalized work by employees	-969	-597
Other personnel expenses	441	372
Total personnel expenses recognized by nature, continuing operations	**12,171**	**11,248**
Total personnel expenses, discontinued operations	**1,495**	**1,309**

Salaries and other remuneration were divided between senior executives and other employees as follows. Variable pay was expensed in the respective year, but disbursed in the following year.

	Jan–Dec 2015		Jan–Dec 2014	
SEK in millions	Senior executives (of which variable pay)	Other employees	Senior executives (of which variable pay)	Other employees
Salaries and other remuneration, continuing operations	188 (11)	9,220	175 (10)	8,469
Salaries and other remuneration, discontinued operations	25 (1)	1,216	22 (1)	1,071

Pension expenses for all senior executives totaled SEK 32 million in 2015 and SEK 28 million in 2014.

In 2015 and 2014, employee profit-sharing costs in TeliaSonera's Finnish subsidiaries amounted to SEK 38 million and SEK 73 million, respectively, and in its Nepalese subsidiary to SEK 223 million and SEK 168 million, respectively. In addition to these employee profit-sharing systems, all TeliaSonera regions apply performance-based variable compensation for different groups of employees. In Sweden, for example, all permanent employees are included in variable compensation schemes, one type for the sales force and one for all other staff.

Performance share programs

The 2010 to 2015 Annual General Meetings of shareholders in TeliaSonera AB resolved to implement performance share programs (PSP), which shall comprise of certain senior executives and key positions within the group (however, members of the Group Executive Management team are excluded). Provided that certain financial performance conditions are met during a defined performance period, participants in the programs shall be given the opportunity to receive final allotments of TeliaSonera shares without consideration (performance shares). The financial targets include a minimum level which must be achieved in order for any allotments to occur at all, as well as a maximum level in excess of which no additional allotments will occur. Each program shall in total comprise no more than 1,400,000 (PSP 2012), 1,360,000 (PSP 2013), 2,090,000 (PSP 2014) and 3,793,200 (PSP 2015) TeliaSonera shares, corresponding to approximately 0.03 percent of the total number of outstanding shares for PSP 2012 and PSP 2013, 0.05 percent for PSP 2014 and 0.08 for PSP 2015.

Recalculation of final allotments of performance shares shall take place in the event of an intervening bonus issue, a split, a rights issue and/or other similar events.

Performance share program 2012 to 2014

Financial targets are earnings per share (EPS) and total shareholder return (TSR). The final allotments of performance shares will be based 50 percent on EPS development for each of the three years of the performance period in relation to EPS for the preceding year, and 50 percent on TSR during the full performance period of three years in relation to TSR in a group of comparable telecom companies defined by the Board of Directors.

Participation in the program requires that the participant has invested in or allocated already held TeliaSonera shares to the program corresponding to a value of 2 percent of the participant's annual base salary. The maximum financial outcome for a participant, and the maximum number of performance shares that may finally be allotted in a program, shall be capped at such number of performance shares which aggregated market value corresponds to 37.5 percent of each participant's base salary.

PSP 2012 vested during the spring 2015 and shares were distributed to 66 participants remaining in the program. TeliaSonera AB acquired 270,783 own shares in April 2015, to an average price of SEK 51.7908 to cover the commitments under the PSP 2012 program which corresponds to a cost of SEK 14,024,068.

Performance share program 2015

Financial targets are earnings before interest, tax, depreciation and amortization (EBITDA) and total shareholder return (TSR). The final allotments of performance shares will be based 50 percent on accumulated EBITDA and 50 percent on TSR during the full performance period of three years. TSR is measured in relation to TSR in a group of comparable telecom companies defined by the Board of Directors.

Participants are not required to invest in TeliaSonera shares. The final number of performance shares awarded shall be capped at such number where the aggregated market value corresponds to 60 percent of each participant's base salary.

The summarized performance share program activity in 2015 was as follows.

Performance share program	2015/2018	2014/2017	2013/2016	2012/2015
Participants				
Number of participants, December 31, 2014	–	144	84	73
New participants in 2015	202	–	–	–
Terminated employments in 2015	-11	-8	–9	-7
Vested employees in 2015	–	–	–	–66
Number of participants, December 31, 2015[1]	**191**	**136**	**75**	**–**
Allotted shares				
Preliminary allotments, December 31, 2014	–	112,220	146,766	295,778
Preliminary allotments in 2015	816,348	–	–	–
Forfeited shares	–	0	0	0
Cancelled shares	-38,818	-6,675	-17,556	-30,007
Final allotments	–	–	–	-265,771
Number of allotted shares, December 31, 2015	**777,530**	**105,545**	**129,210**	**–**

[1] 25 participants, in total for all performance share programs, are part of discontinued operations.

The estimated fair values at the date of allotment and the assumptions used when estimating the achievements of the performance conditions were as follows.

Performance share program	2015/2018	2014/2017	2013/2016	2012/2015
Fair value at the date of allotment (SEK in millions)	41	19	15	16
Assumptions used (percentages)				
Achievement of EBITDA-based performance condition	50	–	–	–
Achievement of EPS-based performance condition	–	50	50	50
Achievement of TSR-based performance condition was based on				
Estimated volatility, TeliaSonera	18	21	21	24
Estimated volatility, peer group companies	15-36	21-35	20-27	20-31
Average reciprocal correlation between TeliaSonera and the peer group companies	33	37	41	44
Risk-free interest rate	-0.3	0.9	1.0	2.1

The achievement of the TSR-based performance condition was estimated using a Monte Carlo simulation model. The estimated fair value of each performance share program and related social security expenses are amortized to expense over the performance period. Total personnel expenses were as follows.

SEK in millions	Jan–Dec 2015	Jan–Dec 2014
Salaries and other remuneration	23	18
Social security expenses	6	5
Total personnel expenses, performance share programs	**29**	**23**

Remuneration to corporate officers

Board of Directors

As resolved by the 2015 Annual General Meeting of shareholders (AGM) in TeliaSonera AB, annual remuneration is paid to the members of the Board of Directors in the amount of SEK 1,550,000 (SEK 1,240,000) to the Chair, SEK 750,000 (SEK 750,000) to the Vice-Chair and SEK 530,000 (SEK 470,000) to each of the other directors, elected by the AGM. In addition, annual remuneration is paid to the members of the Board's Audit Committee in the amount of SEK 150,000 (SEK 150,000) to the Chair and SEK 100,000 (SEK 100,000) to each of the other members. Additional annual remuneration is also paid to the members of the Board's Remuneration Committee in the amount of SEK 65,000 (SEK 65,000) to the Chair and SEK 45,000 (SEK 45,000) to each of the other members. Remuneration to the Chair of the Sustainability and Ethics Committee is SEK 150,000 (SEK 150,000) and SEK 100,000 (SEK 100,000) is paid to each of the other members.

Remuneration to Board members

SEK in thousands	Board[1]	Audit Committee	Remuneration Committee	Sustainability and Ethics Committee	Total remuneration
Board of Directors, AGM 2015					
Marie Ehrling, Chair	1,466	100	65	100	**1,731**
Olli-Pekka Kallasvuo, Vice-Chair	750	–	45	–	**795**
Mats Jansson	514	–	45	–	**559**
Mikko Kosonen	514	–	–	150	**664**
Nina Linander	514	150	–	–	**664**
Martin Lorentzon	514	100	–	100	**714**
Per-Arne Sandström	514	100	–	–	**614**
Kersti Strandqvist	514	–	–	100	**614**
Total	**5,297**	**450**	**155**	**450**	**6,353**

SEK in thousands	Board	Audit Committee	Remuneration Committee	Sustainability and Ethics Committee	Total remuneration
Board of Directors, AGM 2014					
Marie Ehrling, Chair	1,230	74	65	100	**1,469**
Olli-Pekka Kallasvuo, Vice-Chair	750	–	45	–	**795**
Mats Jansson	465	–	45	–	**510**
Mikko Kosonen	465	–	–	150	**615**
Nina Linander	465	150	–	–	**615**
Martin Lorentzon	465	100	–	100	**665**
Per-Arne Sandström	465	100	–	–	**565**
Kersti Strandqvist	465	–	–	100	**565**
Total	**4,769**	**424**	**155**	**450**	**5,799**

1 Board remuneration, remuneration for Audit Committee, remuneration for Remuneration Committee and remuneration for Sustainability and Ethics Committee are presented in separate columns above. The remuneration is paid monthly. All Board members, including Chair and Vice-Chair, were re-elected at the 2015 AGM. Numbers may not add up due to rounding.

Group Executive Management

The Chief Executive Officer (CEO) and the "Other members of the Group Executive Management" referring to the two EVPs and the six SVPs directly reporting to the CEO, constituted the TeliaSonera Group Executive Management.

The 2015 Annual General Meeting decided to approve the following guidelines for remuneration to the Group Executive Management.

TeliaSonera's objective is to offer remuneration levels and other employment conditions required to attract, retain and motivate high calibre executives needed to maintain the success of the business. Remuneration should be built upon a total reward approach allowing for a market relevant – but not market leading – and cost effective executive remuneration based on the following compensation components: (1) base salary; (2) pension; and (3) other benefits. The base salary should reflect the competence required in the position and the responsibility, complexity and the business contribution of the executive. The base salary should also reflect the performance of the executive and consequently be individual and differentiated. Pension and other retirement benefits should be based on the defined contribution method.

The termination period may be up to six (6) months (twelve (12) for the CEO) when given by the employee and up to twelve (12) months when given by the Company. In case the termination is given by the Company, the individual may be entitled to a severance payment up to twelve (12) months.

The severance payment is not included when calculating vacation pay or pension benefits. The severance payment will be reduced if the executive should receive income from either a new employer or conducting his/her own business.

Acting Group Executive Management members keep their previous terms regarding Short term and Long term variable pay, pensions and benefits remain during the acting period. They also keep their existing notice periods.

The executive may be entitled to a company car benefit, health care provisions, travel insurance etc. in accordance with local labor market practice. The Board of Directors are allowed to make minor deviations on an individual basis from the principles stated above.

Remuneration to the CEO and other permanent members of Group Executive Management consists of base salary, certain taxable benefits and pension benefits. As per December 31, 2015, TeliaSonera does not operate any share related incentive program in relation to the CEO, and other permanent members of Group Executive Management.

Applying the remuneration policy adopted at the AGM, the CEO's total remuneration package is decided by the Board of Directors based on the recommendation of its Remuneration Committee.

Total remuneration packages to other members of Group Executive Management (EVPs and SVPs) are approved by the Remuneration Committee, based on the CEO's recommendation.

Remuneration and other benefits during the year, capital value of pension commitments

SEK in thousands	Base salary	Other remuneration[1]	Other benefits[2]	Pension expense[3]	Total remuneration	Capital value of pension commitment[5]
Group Executive Management, 2015						
Johan Dennelind, CEO	14,490	147	74	5,685	**20,396**	–
Other members of Group Executive Management (including 2 EVPs and 6 SVPs)	36,032	1,589	1,174	11,045	**49,840**	**1,167**
Total	**50,522**	**1,736**	**1,249**	**16,730**	**70,236**	**1,167**
Other former members of Group Executive Management						
Other former members of Group Executive Management (5 individuals)[4]	33,828	715	376	8,301	**43,219**	**9,615**
Other former CEOs and EVPs (8 individuals)	–	–	–	–	–	**168,468**
Total	**33,828**	**715**	**376**	**8,301**	**43,219**	**178,083**
Grand total	**84,349**	**2,450**	**1,624**	**25,031**	**113,455**	**179,250**

SEK in thousands	Base salary	Other remuneration	Other benefits	Pension expense	Total remuneration	Capital value of pension commitment[5]
Group Executive Management, 2014						
Johan Dennelind, CEO	14,000	206	93	5,491	**19,790**	–
Other members of Group Executive Management (including 3 EVPs and 8 SVPs)	47,031	3,068	1,306	15,433	**66,839**	**11,430**
Total	**61,031**	**3,275**	**1,399**	**20,925**	**86,630**	**11,430**
Other former members of Group Executive Management						
Other former members of Group Executive Management (4 individuals)	2,047	455	62	785	**3,349**	–
Other former CEOs and EVPs (8 individuals)	–	–	–	–	–	**190,294**
Total	**2,047**	**455**	**62**	**785**	**3,349**	**190,294**
Grand total	**63,078**	**3,729**	**1,461**	**21,710**	**89,978**	**201,724**

1 One Group Executive Management member and one former member have outcome from long term incentive programs related to positions held before the Group Executive Management membership. The amounts are included in Other remuneration. Other remuneration for the CEO are holiday allowance SEK 144,846 (SEK 206,213) and minor taxable expenses SEK 2,060 (SEK 2,279).

2 Other benefits refer to company cars and a number of other taxable benefits. Other benefits for the CEO refer to car allowance SEK 60,000 (SEK 60,000) and health insurance SEK 14,400 (SEK 30,700).

3 See further disclosures concerning the terms and conditions of pension benefits below.

4 Other former members of Group Executive Management includes two individuals who have left TeliaSonera, one individual who have left Group Executive Management and two individuals who have been temporary members of the Group Executive Management. Provisions for the twelve months' notice period for base salary and pension costs for the two individuals who left TeliaSonera are included in the figures as well as provisions for base salary for the 12 months' severance period. The salary during the notice period and severance pay will be reduced by any other income. The provision will then be reduced.

5 Capital value of pension commitment includes defined benefit plans for eight former CEOs and EVPs (left TeliaSonera before 2015). Comments on the table related to 2014 can be found in the Annual and Susatainability Report 2014. Numbers may not add up due to rounding.

Pension benefits

TeliaSonera offers permanent members of the Group Executive Management defined contribution pension schemes. A defined contribution scheme provides premium contributions to the pension scheme as a percentage of the pensionable salary. The level of pension benefits at retirement will be determined by the contributions paid and the return on investments and the costs associated to the plan. The reasons behind the decrease in the capital value of defined benefit pension commitments are due to changes in discount rate and retirement benefits paid to retirees.

CEO

The CEO is eligible to a defined contribution pension scheme with contributions corresponding to 4.5 percent of base salary up to 7.5 income base amounts and to 30 percent for such salary above 7.5 income base amounts. In addition, contributions of 10 percent of base salary are paid into the scheme. These contributions add up to a total pension contribution per annum of SEK 5,684,884 (compared to base salary for 2015 SEK 14,490,000 representing 39.2 percent). The contributions into the scheme are vested immediately. The income base amount is determined annually by the Swedish Government and was SEK 58,100 for 2015.

The retirement age is variable. Contributions to the pension scheme will cease at retirement or earlier if leaving the company for any other reason.

Other members of Group Executive Management

The EVPs and the SVPs are eligible to defined contribution pension schemes similar to the ITP plan section 1 providing contributions corresponding to 4.5 percent of their base salary up to 7.5 income base amounts and 30 percent of such salary above 7.5 income base amounts. Two members of Group Executive Mangement have an additional contribution of 10 percent of their base salary. The contributions to the pension schemes are vested immediately. The retirement age for members of Group Executive Management is 65 or variable.

Other former members of Group Executive Management

During the year there have been two members with temporary acting positions within Group Executive Management. They kept their existing pension plans plans during their acting periods. Three permanent Group Executive Management members left their position before the end of the year.

Defined pension benefits earned by former CEOs and EVPs until 2008 are pledged and calculated as capital values (debt) until all their lifelong pensions are fully paid out by TeliaSonera. Their pensions are paid out from the age of 60. Within the total capital value for this category of SEK 168,467,937 (SEK 190,293,748), the capital value for Marie Ehrling of SEK 8,121,577 (SEK 9,296,036) is included relating to her period as president of TeliaSonera Sweden during 2002–2006. The main reason behind the decrease in the capital value of the defined benefit pension commitment for Marie Ehrling is changes in discount rate and pension paid to her in the amount of SEK 411,355. Since 2008, TeliaSonera does not offer any defined benefit pension schemes to CEOs and EVPs.

C32 REMUNERATION TO AUDIT FIRMS

The following remuneration was billed by audit firms for audits and other reviews based on applicable legislation and for advice and other assistance resulting from observations in the reviews. Remuneration was also billed for independent advice, using group auditors or other audit firms, in the fields of Tax/Law and Corporate Finance as well as other consulting services. Audit fees to other audit firms refer to subsidiaries not audited by the group auditors. Auditors are elected by the Annual General Meeting.

Deloitte AB was re-elected at the Annual General Meeting on April 8, 2015 as TeliaSonera AB's independent auditor (group auditor) for a 1-year term. The audit of the consolidated financial statements has been carried out throughout the year since the election. No separate fee has been billed for the review of interim financial statements.

SEK in millions	Jan–Dec 2015	Jan–Dec 2014
Remuneration expensed, continuing and discontinued operations		
Deloitte		
Audits	46	38
Audit-related services	3	5
Tax services	1	1
All other services	17	1
Total Deloitte	**67**	**45**
EY		
Audits	1	0
Audit-related services	–	0
Tax services	1	1
All other services	3	4
Total EY	**6**	**5**
KPMG		
Audits	1	0
Audit-related services	1	–
Tax services	8	4
All other services	11	15
Total KPMG	**21**	**19**
PwC		
Audits	0	2
Audit-related services	–	2
Tax services	5	0
All other services	4	4
Total PwC	**9**	**8**
Other audit firms		
Audits, audit-related services	0	1
Tax services and all other services	–	–
Total other audit firms	**0**	**1**
Total remuneration expensed	**102**	**78**
Total remuneration	**102**	**78**

Within the provisions of Swedish legislation, the Audit Committee of the Board of Directors of TeliaSonera AB is responsible, among other matters, for the oversight of TeliaSonera's independent auditors. The Board of Directors has adopted a policy regarding pre-approval of audit-related services and permissible non-audit services provided by audit firms.

C33 BUSINESS COMBINATIONS

Business combinations during the period

Tele2's Norwegian operations

After the Norwegian Competition Authority approval TeliaSonera acquired Tele2's Norwegian mobile operations on February 12, 2015. The results of the acquired operations were included in the consolidated financial statements as of February 12, 2015. The acquisition included 100 percent of all outstanding shares in Tele2 Norge AS and Network Norway AS and their subsidiaries and joint ventures. As part of the remedies provided in order to get the approval, TeliaSonera has signed an agreement with mobile operator ICE Communication Norge AS (ICE) partly on national roaming, partly on the sale of the customer base and the marketing and sales organization of Network Norway, which provides voice communication solutions to companies. In addition TeliaSonera has sold infrastructure to ICE.

The transaction is a strategic fit for the group and in line with the ambition to strengthen TeliaSonera's position in the core markets. The greater scale will improve TeliaSonera's competitiveness and ability to offer mobile internet to enterprise customers and consumers in Norway, including the rural areas where large investments are needed.

The cost of combination, fair values of assets acquired including goodwill and liabilities assumed are presented in the table below. The table includes the effects of all the related transactions, including remedies provided. The total cost of the combination includes repayment of certain borrowings of SEK 3,043 million to Tele2. The total cost of the combination has been impacted by negative cash flow, interest and seasonal changes in working capital since the agreed locked box date as of May 31, 2014.

SEK in millions	Tele2 Norway
Cost of combination	
Cash consideration	5,138
Contingent consideration	–
Total cost of the combination	**5,138**
Fair values of net assets acquired	
Intagible assets (mainly customer contracts)	2,882
Property, plant and equipment	316
Deferred tax assets	1,054
Other non-current assets	68
Current assets	936
Total assets acquired	***5,256***
Deferred tax liabilities	743
Other non-current liabilities	322
Current liabilities	768
Total liabilities assumed	***1,833***
Total fair value of net assets acquired	**3,423**
Goodwill	**1,715**

The cash-flow effects were as follows.

SEK in millions	Tele2 Norway
Total cost of the combination paid in cash	5,138
Less acquired cash and cash equivalents	-1
Net cash outflow from the combination	**5,137**

Goodwill consists of the knowledge of transferred personnel and expected synergies from the assets merged to the network and operations of TeliaSonera. No part of goodwill is expected to be deductible for tax purposes.

The fair value of acquired receivables with fair value of SEK 614 million (whereof trade receivables SEK 504 million and loans SEK 110 million), had gross contractual amounts of SEK 654 million (whereof trade receivables SEK 544 million and loans SEK 110 million). The best estimate at the acquisition date of the contractual cash flows not expected to be collected were SEK 40 million (relating to accounts receivables only). Acquisition-related costs of SEK 10 million and SEK 17 million have been recognized as other operating expenses in 2015 and 2014, respectively. Compared to the preliminary fair values presented in the interim report for the first quarter of 2015, goodwill has been reduced by SEK 141 million as a result of increased fair values for current assets. Other changes relate mainly to reclassifications.

The acquired Tele2 Norway entities were merged into TeliaSonera Norway as of July 1, 2015. Information on revenue and net income of Tele2 Norway for 2015 is therefore not available. Disclosures on amounts of revenue and net income of Tele 2 Norway since the acquisition date included in the consolidated statements of comprehensive income are therefore not presented. If Tele2 Norway had been acquired at the beginning of 2015, revenue and net income for the TeliaSonera group had been SEK 87,011 million and SEK 10,239 million respectively.

Other minor business combinations during the period
On January 2, 2015, TeliaSonera acquired all shares in Transit Bredband AB. The cost and net cash outflow of the combination was SEK 22 million. On June 8, 2015, TeliaSonera acquired all outstanding shares in the Finnish company ict-verstas Oy. The cost of the transaction, SEK 28 million, was paid in cash. On August 3, 2015, TeliaSonera acquired all shares in the Estonian company Green IT OÜ. The cost of the transaction was SEK 35 million, whereof SEK 21 million was paid in cash. On October 5, 2015, TeliaSonera acquired all shares in the Swedish company Växjö Support Center Försäljnings AB for SEK 5 million which was paid in cash. The costs of the combinations and fair values have been determined provisionally, as they are based on preliminary appraisals and subject to confirmation of certain facts. Thus, the purchase price accounting is subject to adjustment.

C34 DISCONTINUED OPERATIONS AND ASSETS CLASSIFIED AS HELD FOR SALE

Disposal of region Eurasia
Classification
As of December 31, 2015, segment region Eurasia is classified as held for sale and discontinued operations. On September 17, 2015, TeliaSonera announced that it is not a long-term owner in region Eurasia and that a process had been initiated in order to reduce the presence in region Eurasia and over time fully leave. During the fourth quarter of 2015, the sales process in all the Eurasian markets progressed and in December, TeliaSonera signed an agreement to sell its ownership in the Nepalese operator Ncell. As a consequence of this progress, the current status in the overall divestment process and an assessment of the circumstances in each market and the complex owner structures, TeliaSonera has made the judgment that a divestment of the operations in region Eurasia is deemed highly probable within one year and that region Eurasia therefore should be classified as held for sale and reported as discontinued operations as of December 31, 2015.

Presentation
Region Eurasia is classified as held for sale and discontinued operations and therefore presented as a single amount in the consolidated statements of comprehensive income. Assets and liabilities in region Eurasia are presented separately in two line items in the consolidated statement of financial position. The consolidated cash flow statement is presented including region Eurasia, but with additional information on cash flows from operating, investing and financing activities and free cash flow for region Eurasia. The amounts for continuing and discontinued operations in the consolidated financial statements are presented after elimination of intra-group transactions. Comparative periods in the consolidated statements of comprehensive income are restated to reflect the classification of region Eurasia as discontinued operations.

Net income from discontinued operations, SEK in millions	Jan-Dec 2015	Jan-Dec 2014
Net sales	20,742	19,759
Expenses and other operating income, net	-13,775	-14,823
Operating income	**6,967**	**4,936**
Finance costs and other financial items, net	1,552	-38
Income after financial items	**8,519**	**4,898**
Income taxes	-2,546	-1,519
Impairment loss on remeasurement to fair value less costs to sell [1]	-5,300	–
Net income from discontinued operations	**673**	**3,379**
EBITDA excl. non-recurring items	**11,035**	**10,859**

[1] Non-tax deductible

Operating income in 2014 was effected by impairment losses. Finance costs and other financial items, net increased mainly due to exchange rate changes affecting USD cash balances due to devaluation in Azerbaijan and Kazakhstan during 2015.

Assets and liabilities classified as held for sale, SEK in millions	Dec 31, 2015
Goodwill and other intangible assets	10,821
Property, plant and equipment	10,379
Other non-current assets	586
Short-term interest-bearing receivables	1,382
Other current assets	1,957
Cash and cash equivalents	10,687
Assets of former segment region Eurasia classified as held for sale	**35,812**
Long-term borrowings	238
Long-term provisions	4,431
Other long-term liabilities	2,176
Short-term borrowings	1,230
Other current liabilities	3,524
Liabilities of former segment region Eurasia associated with assets classified as held for sale	**11,598**
Net assets of former segment region Eurasia classified as held for sale	**24,214**

Measurement

In accordance with IFRS 5, the discontinued operations are measured at the lower of carrying value and estimated fair value less costs to sell. The valuation is based on an overall assessment of the input from the sales process and the risks in the different countries. The remeasurement of the net assets in region Eurasia resulted in an impairment charge of SEK 5.3 billion related to goodwill and other fixed assets in Uzbekistan.

Fair value is the price that would be received to sell the discontinued operations in an orderly transaction between market participants at the measurement date under current market conditions. There are no directly observable prices for TeliaSonera's discontinued operations and fair values have therefore been estimated using other valuation techniques which require the use of judgment.

Uzbekistan

As of December 31, 2015, the operations in Uzbekistan (Ucell) is measured at estimated fair value less costs to sell and is classified within Level 3 of the fair value hierarchy of IFRS 13. For Ucell, valuations have been prepared based on the current business plan. Input from both internal and external advisors have been considered in the valuations. The following different valuation models have been used:
- Valuation multiples from comparable companies (peers) on relevant financial metrics such as EBITDA and Operating Free Cash Flow (OpFCF)
- Discounted cash flow (DCF) calculations, and
- Brokers' EBITDA multiple valuations of Ucell

The key assumptions used in the valuation models are presented in the table below.

	Multiple range	WACC %	Terminal growth rate %
Enterprise value/EBITDA	2.75 - 3.75	–	–
Enterprise value/OpFCF	4.75 - 5.75	–	–
DCF base case	–	20.78 - 21.78	2.00 - 3.00
DCF conservative	–	20.78 - 21.78	-2.00 - 0.00
Brokers' EBITDA multiples	2.50 - 4.00	–	–

The combined results of the different valuation models provided an estimated range reflecting a normalized Enterprise value based on normal business risks. Apart from the normal business risks, there are a number of specific risks related to the valuation of Ucell such as cash repatriation issues, the foreign exchange risks, the unstable regulatory environment, the compliance issues associated with Ucell's minority shareholder and finding the right buyer from a sustainability point of view. Given the lack of precedents and factual evidence, it is difficult to quantify the valuation impact of all such risks. Morover, any potential discount, will be highly subject to the specific views of an interested buyer. The normalized range for the estimated enterprise value was adjusted to reflect management's best estimate of these specific risks. Management's best estimate is that the risk adjusted debt free value of Ucell is SEK 3.3 billion. Changes in any of the estimated risk adjustments would have a material impact on the estimated fair value. The most significant impact on fair value will be the buyer's ability to operate in the country and convert local currency. See also Risks and uncertainties, sections "International political and macroeconomic developments," "Emerging markets," and "Review of Eurasian transactions."

Nepal

For Ncell in Nepal, the estimated fair value as of December 31, 2015 was based on the sales price in the agreements signed in December 2015. As the estimated fair value for Ncell exceeded the carrying value as of the end of 2015, Ncell was not remeasured at December 31, 2015.

On December 21, 2015, TeliaSonera announced that it had agreed to sell its 60.4 percent ownership in the Nepalese operator Ncell to Axiata, one of Asia's largest telecommunication groups, for USD 1,030 million (SEK 8.6 billion) on a cash and debt free basis. At the same time, TeliaSonera should dissolve its economic interests in the 20 percent local ownership and receive approximately USD 48 million (SEK 0.4 billion). The transactions are conditional on each other. Ncell had a net cash position of approximately USD 284 million (SEK 2.4 billion), after purchase price adjustments, as of September 30, 2015, and TeliaSonera will be paid for the cash position at closing in proportion to its economic interest of 80.4 percent. The divestment, all transactions included, results in a positive net cash effect for TeliaSonera, corresponding to approximately SEK 7.5 billion after provisions, primarily related to tax.

Other parts pf discontinued operations

For the other parts of discontinued operations (excluding Uzbekistan and Nepal), the estimated fair values exceeds the carrying value and these parts have therefore not been remeasured at December 31, 2015. The estimated fair values were based on a combination of indicative bids received, valuation discussions with potential buyers and valuation models in the form of multiples from comparable companies (peers) on relevant financial metrics such as EBITDA and discounted cash flow calculations. The specific risks of each country have also been factored in to the fair value estimates. See Risks and uncertainties for more information on the risks.

Subsidiaries in discontinued operations with material non-controlling interests

AO Kcell and Azercell Telekom B.M. are held partly by intermediate holding companies where one is partly held by the associated company Turkcell. The NCI in Kcell is 38.1 percent. Based on a put option granted, the NCI in Azercell is accounting-wise reduced to 30.5 percent.

Ncell Pvt. Ltd. is held by intermediate holding companies with an NCI of 39.6 percent, but based on a put option granted the NCI is reduced to 19.6 percent.

Based on put options granted on 6 percent of the share capital in TeliaSonera Uzbek Telecom Holding B.V. (Uzbek Holding), the subsidiary is accounting-wise treated as a wholly-owned subsidiary of TeliaSonera.

Put options

Azertel Telekomünikasyon A.S. (Azertel), the parent company of the mobile operator Azercell Telekom B.M. (Azercell) in Azerbaijan, has a put option granted in 2008 in conjunction with the privatization of Azercell, now wholly-owned by Azertel. Should a deadlock regarding material decisions at the general assembly arise, the resolution supported by Fintur Holdings B.V. will apply. In such circumstances, the put option gives the largest holder of non-controlling interests the right to sell its 42 percent holding in Azertel to Fintur Holdings B.V. TeliaSonera consolidates 74.3 percent of Fintur. The exercise price is equal to the fair value at the time of exercise and is to be determined by independent appraisal. The provision represents the present value of management's best estimate of the amount required to settle the liability. The provision may vary as a result of changes in Azertel's estimated fair value and the timing of the option exercise.

Uzbek Holding, the parent company of the mobile operator OOO Coscom (Ucell) in Uzbekistan, has a put option originally granted in 2007 in conjunction with the acquisition of a 3G license, frequencies and number blocks in Uzbekistan in exchange for cash and a 26 percent interest in Uzbek Holding. The put option gave the existing holder of the non-controlling interest the right to sell its 26 percent interest in Uzbek Holding to TeliaSonera. In 2010, TeliaSonera acquired 20 percent of the shares in Uzbek Holding resulting in a total holding of 94 percent. Following this transaction, the terms of the put option were amended. The put option refers to 6 percent of the shares and is exercisable after February 15, 2013. The exercise price is equal to the higher of either a fixed amount of USD 75 million or the fair value at the time of exercise as determined by independent appraisal.

Put options and financial receivables are offset in the statement of financial position when there is an enforceable right to offset the recognized amounts and there is an intention to settle on a net basis, or to settle the put option and financial receivable simultaneously (Ncell and Rodnik).

Financial risk management

TeliaSonera's net investments in the Eurasia region is although classified as discontinued operations, still exposed to fluctuations in foreign exchange rates and managed accordingly.

Transaction risk on proceeds of the divestments will be dealt with as a part of the group's established foreign exchange risk management procedures following the group policy on financial management. The currency of the future sales proceeds will probably not be the same as the local currency of the disposed operations.

Conversion risk in discontinued operations relates to the net investments in foreign operations. The major currencies contributing to the conversion risk are NPR, AZN, USD, UZS and KZT.

The surplus liquidity and liquidity position for the discontinued operations as of December 31, 2015 were 10,687 million, which relate to cash and cash equivalents. Based on the current liquidity position and the expected disposal of the Eurasian operations within one year, TeliaSonera's liquidity risk relating to discontinued operations are considered limited.

Credit risk will be dealt with as part of the group's established credit risk management procedures following the group policy, or where applicable, the subsidiary´s policy on financial management.

Interest rate risk is the risk that a change in interest rates will negatively affect the group net income or cash flows. The interest-bearing borrowings in the discontinued operations refers mainly to fixed rate loans with short maturity and considering the expected divestment of the operations within one year the interest rate risk exposure for TeliaSonera is therefore deemed limited. The interest rate risk relating to cash and cash equivalents and receivables is deemed limited.

PARENT COMPANY INCOME STATEMENTS

SEK in millions	Note	Jan–Dec 2015	Jan–Dec 2014
Net sales	P2	4	4
Cost of sales		–	–
Gross income		**4**	**4**
Selling and marketing expenses	P3	-53	-67
Administrative expenses	P3	-1,140	-871
Other operating income	P4	19	34
Other operating expenses	P4	-91	-16
Operating loss/income		**-1,261**	**-916**
Finance income	P5	11,234	20,907
Finance costs	P5	-3,470	-17,498
Income after financial items		**6,503**	**2,493**
Appropriations	P6	6,376	7,750
Income before taxes		**12,879**	**10,243**
Income taxes	P6	-1,194	-231
Net income		**11,685**	**10,012**

PARENT COMPANY STATEMENTS OF COMPREHENSIVE INCOME

SEK in millions	Note	Jan–Dec 2015	Jan–Dec 2014
Net income		**11,685**	**10,012**
Items that may be reclassified to net income			
Cash flow hedges		614	71
Available-for-sale financial instruments		-2	3
Income tax effect adjustments previous year		–	-9
Income taxes relating to other comprehensive income		-130	-16
Total other comprehensive income	P7	**482**	**49**
Total comprehensive income		**12,167**	**10,061**

PARENT COMPANY BALANCE SHEETS

SEK in millions	Note	Dec 31, 2015	Dec 31, 2014
Assets			
Intangible assets	P8	7	10
Property, plant and equipment	P9	3	5
Deferred tax assets	P6	–	125
Other financial assets	P10	162,690	155,355
Total non-current assets		**162,700**	**155,495**
Trade and other receivables	P11	41,740	42,146
Current tax receivables		–	897
Short-term investments	P12	8,870	17,508
Cash and bank	P12	9,903	5,254
Total current assets		**60,513**	**65,805**
Total assets		**223,213**	**221,300**
Shareholders' equity and liabilities			
Restricted equity			
Share capital		13,856	13,856
Statutory reserve		1,855	1,855
Non-restricted equity			
Other reserves		586	104
Retained earnings		54,919	57,905
Net income		11,685	10,012
Total shareholders' equity		**82,901**	**83,732**
Untaxed reserves	P6	**12,666**	**11,476**
Provisions for pensions and employment contracts	P14	436	427
Deferred tax liabilities	P6	10	–
Other provisions	P15	58	51
Total provisions		**504**	**478**
Interest-bearing liabilities			
Long-term borrowings	P16	88,086	87,165
Short-term borrowings	P16	37,537	36,287
Current tax payables		86	–
Non-interest-bearing liabilities			
Long-term liabilities	P17	8	7
Short-term provisions, trade payables and other current liabilities	P15, P18	1,425	2,155
Total liabilities		**127,142**	**125,614**
Total shareholders' equity and liabilities		**223,213**	**221,300**
Contingent assets	P23	–	–
Guarantees	P23	2,595	3,196
Collateral pledged	P23	–	58

PARENT COMPANY CASH FLOW STATEMENTS

SEK in millions	Note	Jan–Dec 2015	Jan–Dec 2014
Net income		11,685	10,012
Adjustments for:			
Amortization, depreciation and impairment losses		225	10,153
Capital gains/losses on sales/discards of non-current assets		48	-1,822
Pensions and other provisions		8	-173
Financial items		-1,382	3,639
Group contributions and appropriations		-6,376	-7,750
Income taxes		989	-668
Cash flow before change in working capital		**5,197**	**13,391**
Increase (-)/Decrease (+) in operating receivables		444	-623
Increase (+)/Decrease (-) in operating liabilities		-801	425
Change in working capital		**-358**	**-198**
Cash flow from operating activities		**4,839**	**13,193**
Intangible and tangible non-current assets acquired		0	-1
Repayment of capital in subsidiary		380	18,522
Equity instruments acquired		-7,663	-4,314
Equity instruments and operations divested		4,817	3,949
Loans granted and other similar investments		-11,775	-34,253
Net change in interest-bearing current receivables		3,303	-2,106
Repayment of long-term loans		711	–
Cash flow from investing activities		**-10,227**	**-18,203**
Cash flow before financing activities		**-5,388**	**-5,010**
Repurchased treasury shares including transaction costs		-14	-6
Dividend to shareholders		-12,990	-12,990
Group contributions net		7,980	8,678
Proceeds from long-term borrowings		8,050	11,050
Repayment of long-term borrowings		-8,173	-8,366
Change in short-term borrowings		3,336	-1,013
Settlement of derivative contracts for economic hedges and CSA		450	1,155
Cash flow from financing activities		**-1,361**	**-1,492**
Change in cash and cash equivalents		**-6,748**	**-6,502**
Cash and cash equivalents, opening balance		**20,379**	**26,781**
Change in cash and cash equivalents		-6,748	-6,502
Exchange rate differences in cash and cash equivalents		-73	100
Cash and cash equivalents, closing balance	P12	**13,558**	**20,379**
Dividends received		7,917	17,711
Interest received		1,660	1,810
Interest paid		-2,866	-4,137
Income taxes paid		-206	-898

PARENT COMPANY STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY

SEK in millions	Note	Share capital	Statutory reserve	Fair value reserve	Retained earnings	Total shareholders' equity
Closing balance, December 31, 2013		**13,856**	**1,855**	**55**	**70,895**	**86,661**
Dividend	P13	–	–	–	-12,990	-12,990
Total comprehensive income		–	–	49	10,012	10,061
Treasury shares		–	–	–	-6	-6
Share-based payments	P25	–	–	–	5	5
Closing balance, December 31, 2014		**13,856**	**1,855**	**104**	**67,917**	**83,732**
Dividend	P13	–	–	–	-12,990	-12,990
Total comprehensive income		–	–	482	11,685	12,167
Treasury shares		–	–	–	-14	-14
Share-based payments	P25	–	–	–	7	7
Closing balance, December 31, 2015		**13,856**	**1,855**	**586**	**66,604**	**82,901**

NOTES TO PARENT COMPANY FINANCIAL STATEMENTS

Contents

P1 BASIS OF PREPARATION

General

The parent company TeliaSonera AB's financial statements have been prepared in accordance with the Swedish Annual Reports Act, other Swedish legislation, and standard RFR 2 "Accounting for Legal Entities" and other statements issued by the Swedish Financial Reporting Board. The standard is applicable to Swedish legal entities whose equities at the end of the reporting period are listed on a Swedish stock exchange or authorized equity market place. In their consolidated financial statements such companies have to comply with the EU regulation on international accounting standards, while they still have to comply with the Annual Reports Act in their separate financial statements. RFR 2 states that as a main rule listed parent companies should apply IFRSs and specifies exceptions and additions, caused by legal provisions or by the connection between accounting and taxation in Sweden.

Measurement bases and significant accounting principles

With the few exceptions below, TeliaSonera AB applies the same measurement bases and accounting principles as described in Notes to consolidated financial statements (Note C3).

Item	Note	Accounting treatment
Group contributions	P6	Under certain conditions, it is possible to transfer profits through group contributions between Swedish companies in a group. A group contribution is normally a deductible expense for the contributor and a taxable income for the recipient. Group contributions are recognized as appropriations in the income statement.
Borrowing costs	P5, P8, P9	Borrowing costs directly attributable to the acquisition, construction or production of an asset are not capitalized as part of the cost of that asset.
Investments in subsidiaries and associated companies	P5, P10	Shares in subsidiaries and associated companies are recognized at cost less any impairment. Dividends received are brought to income while a repayment of contributed capital reduces the carrying value.
Provisions for pensions and employment contracts	P5, P14	Pension obligations an pension expenses are recognized in accordance with the simplification rule for pensions in RFR 2 "Accounting for legal entities."
Untaxed reserves and appropriations	P6	Untaxed reserves and appropriations are reported gross excluding deferred tax liabilities related to the temporary differences.
Leasing agreements	P21	All leasing agreements are accounted for as operating leases.

Amounts and dates

Unless otherwise specified, all amounts are in millions of Swedish kronor (SEK million) or other currency specified and are based on the twelve-month period ended December 31 for income statement and cash flow statement items, and as of December 31 for balance sheet items, respectively.

Recently issued accounting standards

For information relevant to TeliaSonera AB, see Notes to consolidated financial statements (corresponding section in Note C1).

Key sources of estimation uncertainty

For information relevant to TeliaSonera AB, see Notes to consolidated financial statements (Note C2).

P2 NET SALES

Net sales amounted to SEK 4 million (SEK 4 million) and were related to other services to internal and external customers in Sweden.

P3 EXPENSES BY NATURE

Operating expenses are presented on the face of the income statement using a classification based on the functions “Cost of sales,” “Selling and marketing expenses” and “Administrative expenses.” Total expenses by function were distributed by nature as follows.

SEK in millions	Jan–Dec 2015	Jan–Dec 2014
Other network expenses	-1	-1
Personnel expenses (see also Note P25)	-717	-602
Rent and leasing fees	-29	-38
Consultants' services	-275	-304
IT expenses	-154	-153
Invoiced and other expenses, net	-12	166
Amortization, depreciation and impairment losses	-4	-5
Total	**-1,193**	**-938**

Administrative and other parent company expenses which are not classified as shareholder costs are invoiced to the subsidiaries and recognized as cost reductions. Amortization, depreciation and impairment losses were distributed by function as follows.

SEK in millions	Jan–Dec 2015	Jan–Dec 2014
Administrative expenses	-4	-5
Total	**-4**	**-5**

P4 OTHER OPERATING INCOME AND EXPENSES

Other operating income and expenses were distributed as follows.

SEK in millions	Jan–Dec 2015	Jan–Dec 2014
Other operating income		
Exchange rate gains	19	11
Patents sold, commissions, etc.	–	23
Total other operating income	**19**	**34**
Other operating expenses		
Exchange rate losses	-30	-11
Restructuring costs	-61	-5
Total other operating expenses	**-91**	**-16**
of which amortization, depreciation and impairment losses	–	–
Net effect on income	**-72**	**18**
of which net exchange rate gains/losses on derivative instruments held-for-trading	–	–

P5 FINANCE INCOME AND FINANCE COSTS

Finance income and finance costs were distributed as follows.

SEK in millions	Jan–Dec 2015	Jan–Dec 2014
Finance income		
Dividends from subsidiaries	7,917	17,711
Capital gains from subsidiaries	1	1,850
Dividends from associated companies	0	-28
Interest from subsidiaries	546	1,579
Other interest income	226	344
Changes in fair value of held for trading investments	10	55
Exchange rate gains	2,524	366
Interest to subsidiaries	10	-970
Total finance income	**11,234**	**20,907**
Finance costs		
Impairment losses from subsidiaries	-207	-10,147
Capital losses from associated companies	-50	–
Impairment losses from other financial investments	-13	–
Other interest expenses	-3,043	-3,333
Interest component of pension expenses	-16	-27
Exchange rate losses	-23	-3,990
Other financial expenses	-118	–
Total finance costs	**-3,470**	**-17,498**
Net effect on income	**7,764**	**3,410**

Details on other interest expenses, net exchange rate gains and losses and other interest income related to hedging activities, loan receivables, bonds and borrowings were as follows.

	Jan–Dec 2015	Jan–Dec 2014	Jan–Dec 2015	Jan–Dec 2014	Jan–Dec 2015	Jan–Dec 2014
SEK in millions	Other interest expenses		Net exchange rate gains and losses		Other interest income	
Fair value hedge derivatives	-1,648	1,764	6	31	–	–
Cash flow hedge derivatives	-34	-36	96	576	–	–
Derivatives held-for-trading	1,117	-188	-45	-267	–	–
Loans and receivables	–	–	-1,129	1,002	179	335
Bonds available-for-sale	–	–	–	–	47	9
Borrowings in fair value hedge relationships	-1,450	-2,362	1,991	-31	–	–
Borrowings and other financial liabilities at amortized cost	-965	-2,458	1,582	-4,935	–	–
Other	-63	-53	–	–	0	0
Total	**-3,043**	**-3,333**	**2,501**	**-3,624**	**226**	**344**

Borrowings at amortized cost include items in cash flow hedge relationships as well as unhedged items.

P6 INCOME TAXES

Tax items recognized in comprehensive income

Tax items recognized in comprehensive income were distributed as follows.

SEK in millions	Jan–Dec 2015	Jan–Dec 2014
Tax items recognized in net income		
Current tax expense relating to current year	-1,189	-200
Underprovided or overprovided current tax expense in prior years	-6	-76
Deferred tax expense originated or reversed in current year	1	45
Total tax expense recognized in net income	**-1,194**	**-231**
Tax items recognized in other comprehensive income		
Current tax relating to current year	6	–
Deferred tax originated or reversed in current year	-136	-25
Total tax recognized in other comprehensive income	**-130**	**-25**

Pre-tax income was SEK 12,879 million in 2015 and SEK 10,243 million in 2014. The difference between the nominal Swedish income tax rate and the effective tax rate comprise the following components.

Percent	Jan–Dec 2015	Jan–Dec 2014
Swedish income tax rate	22.0	22.0
Underprovided or overprovided current tax expense in prior years	0.1	0.8
Recognition of previously unrecognized deferred taxes	–	-0.5
Non-deductible expenses	0.8	22.2
Tax-exempt income	-13.6	-42.2
Effective tax rate in net income	**9.3**	**2.3**

Non-deductible expenses in 2014 consist mainly of write-downs of subsidiaries. In 2015 and 2014, tax-exempt income consisted primarily of dividends from subsidiaries.

Deferred tax assets and liabilities

Deferred tax assets and liabilities changed as follows.

SEK in millions	Jan–Dec 2015	Jan–Dec 2014
Deferred tax assets		
Carrying value, opening balance	125	171
Comprehensive income period change	1	45
Reclassification from current tax	0	-62
Offset tax liabilities/assets	-126	-29
Carrying value, closing balance	**0**	**125**
Deferred tax liabilities		
Carrying value, opening balance	–	–
Comprehensive income period change	136	25
Reclassifications from current tax	–	4
Offset tax liabilities/assets	-126	-29
Carrying value, closing balance	**10**	**–**

Temporary differences in deferred tax assets were as follows.

SEK in millions	Jan–Dec 2015	Jan–Dec 2014
Deferred tax assets		
Delayed expenses for provisions	126	154
Offset deferred tax liabilities/assets	-126	-29
Total deferred tax assets	**–**	**125**
Deferred tax liabilities		
Fair value adjustments, cash-flow hedges and assets available-for-sale	136	29
Offset deferred tax liabilities/assets	-126	-29
Total deferred tax liabilities	**10**	**–**
Net deferred tax assets	**-10**	**125**

In 2015 and 2014, there were no accumulated non-expiring tax loss carry-forwards or unrecognized deferred tax assets. As of December 31, 2015 and 2014, the unrecognized deferred tax liability in untaxed reserves amounted to SEK 2,787 million and SEK 2,525 million, respectively.

Untaxed reserves and appropriations

As of December 31, 2015 and 2014, untaxed reserves in the balance sheet consisted of profit equalization reserves totaling SEK 12,666 million and SEK 11,476 million, respectively.

SEK in millions	Jan–Dec 2015	Jan–Dec 2014
Change in profit equalization reserves	-1,190	-230
Group contributions received	16,395	15,418
Group contributions paid	-8,829	-7,438
Net effect on income	**6,376**	**7,750**

P7 OTHER COMPREHENSIVE INCOME

Other comprehensive income was distributed as follows.

SEK in millions	Equity component	Jan–Dec 2015	Jan–Dec 2014
Cash flow hedges			
Net changes in fair value	Fair value reserve	614	66
Transferred to interest expenses in net income	Fair value reserve	–	5
Income tax effect adjustments previous year	Fair value reserve	–	-9
Income tax effect	Fair value reserve	-136	-16
Total cash flow hedges		**478**	**46**
Available-for-sale financial instruments			
Net changes in fair value	Fair value reserve	-2	1
Transferred to interest expenses in net income	Fair value reserve	0	2
Tax effect	Fair value reserve	6	0
Total available-for-sale financial instruments		**4**	**3**
Total other comprehensive income		**482**	**49**
of which total income tax effects (see also Note P6)		*-130*	*-25*

No fair value reserve transfer necessitated adjustment of the cost of acquisition.

P8 INTANGIBLE ASSETS

The total carrying value was distributed and changed as follows.

SEK in millions	Dec 31, 2015	Dec 31, 2014
Accumulated cost	69	69
Accumulated amortization	-61	-58
Carrying value	**7**	**10**
of which work in progress	*1*	*2*
Carrying value, opening balance	10	13
Investments and operations acquired	0	1
Amortization for the year	-3	-4
Impairment losses for the year	–	0
Carrying value, closing balance	**7**	**10**

No general changes of useful lives were made in 2015. For other useful lives applied, see Notes to consolidated financial statements (corresponding section in Note C2). In the income statement, amortization and impairment losses are, if applicable, included in all expense line items by function as well as in line item Other operating expenses. Accelerated amortization, to the extent allowed by Swedish tax legislation, is recorded as untaxed reserves and appropriations, see this section in Note P6 “Income taxes.”

The carrying value of intangible assets was distributed as follows.

SEK in millions	Dec 31, 2015	Dec 31, 2014
Capitalized development expenses	6	8
Work in progress	1	2
Total carrying value	**7**	**10**

P9 PROPERTY, PLANT AND EQUIPMENT

The total carrying value was distributed and changed as follows.

	Dec 31, 2015	Dec 31, 2014	Dec 31, 2015	Dec 31, 2014	Dec 31, 2015	Dec 31, 2014
SEK in millions	Plant and machinery		Equipment, tools and installations		Total	
Accumulated cost	6	6	19	19	**25**	**25**
Accumulated depreciation	-2	-2	-18	-18	**-21**	**-20**
Carrying value	**4**	**4**	**1**	**1**	**3**	**5**
Carrying value, opening balance	4	5	1	1	**5**	**6**
Depreciation for the year	-1	-1	-1	0	**-2**	**-1**
Carrying value, closing balance	**3**	**4**	**0**	**1**	**3**	**5**

No general changes of useful lives were made in 2015. For useful lives applied, see Notes to consolidated financial statements (corresponding section in Note C2). In the income statement, depreciation and impairment losses are, if applicable, included in all expense line items by function as well as in line item Other operating expenses. Accelerated depreciation, to the extent allowed by Swedish tax legislation, is recorded as untaxed reserves and appropriations, see this section in Note P6 “Income taxes.”

P10 OTHER FINANCIAL ASSETS

The total carrying value changed as follows.

SEK in millions	Investments in associated companies and joint ventures Dec 31, 2015	Dec 31, 2014	Investments in other equity instruments Dec 31, 2015	Dec 31, 2014	Investments in subsidiaries and other non-current financial assets Dec 31, 2015	Dec 31, 2014	Total Dec 31, 2015	Dec 31, 2014
Carrying value, opening balance	280	267	67	31	155,007	178,890	**155,355**	**179,188**
New share issues and shareholder contributions	3	9	–	–	4,275	4,061	**4,278**	**4,070**
Repayment of capital	–	–	–	–	-380	-18,512	**-380**	**-18,512**
Additions	32	4	1,023	36	12,238	8,119	**13,293**	**8,159**
Disposals	-49	–	–	–	-3,684	-3,003	**-3,733**	**-3,003**
Impairment losses	–	–	-13	–	-207	-10,147	**-220**	**-10,147**
Reclassifications to short-term investments	–	–	–	–	-5,911	-4,503	**-5,911**	**-4,503**
Changes in fair value	–	–	–	–	9	103	**9**	**103**
Carrying value, closing balance	**267**	**280**	**1,077**	**67**	**161,346**	**155,007**	**162,690**	**155,355**

For other financial assets, fair values equal carrying values. The total carrying values of other financial assets were distributed as follows.

SEK in millions	Carrying value Dec 31, 2015	Carrying value Dec 31, 2014
Investments in other equity instruments available-for-sale	1,052	46
Investments in other equity instruments held-for-trading	25	21
Bonds available-for-sale	8,841	4,671
Interest rate and cross currency interest rate swaps at fair value	4,742	4,798
of which designated as fair value hedges	*1,193*	*2,616*
of which held-for-trading	*1,918*	*1,201*
of which designated as cash flow hedges	*1,631*	*981*
Derivatives held-for-trading	65	55
Currency swaps and forward exchange contracts held-for-trading	–	0
Subtotal *(see Fair value hierarchy levels – Note P19)*	***14,725***	***9,591***
Loans and receivables at amortized cost	51	2,466
Subtotal *(see Categories – Note P19 and Credit risk – Note P20)*	***14,776***	***12,057***
Investments in subsidiaries	144,226	138,259
Receivables from subsidiaries	3,421	4,759
Investments in associated companies	267	280
Total other financial assets	**162,690**	**155,355**
of which interest-bearing	*18,132*	*16,758*
of which non-interest-bearing	*144,558*	*138,597*

For Loans and receivables (including claims on associated companies), fair value is estimated at the present value of future cash flows discounted by applying market interest rates at the end of the reporting period.

For more information on financial instruments by category/fair value hierarchy level and exposed to credit risk, refer to Note P19 “Financial assets and liabilities by category and level” and section “Credit risk management” in Note P20 “Financial risk management,” respectively. Conventional commercial terms apply for receivables from subsidiaries.

Investments in subsidiaries are specified below, while corresponding information on associated companies and other equity instruments is presented in Notes to consolidated financial statements (Notes C14 and C15).

Subsidiary, Corp. reg. no., registered office	Participation (%)	Number of shares	Carrying value (SEK in millions)	
			Dec 31, 2015	Dec 31, 2014
Swedish companies				
TeliaSonera Skanova Access AB, 556446-3734, Stockholm	100	21,255,000	27,819	27,819
Telia Nättjänster Norden AB, 556459-3076, Stockholm	100	68,512	3,146	3,146
TeliaSonera Sverige AB, 556430-0142, Stockholm	100	3,000,000	3,021	2,992
TeliaSonera Mobile Networks AB, 556025-7932, Stockholm	100	550,000	2,698	2,698
Cygate AB, 556549-8952, Solna	100	61,000	659	–
Cygate 11 AB, 556707-4876, Solna	100	1,000	7	143
TeliaSonera Mobile Holding AB, 556855-9040, Stockholm	100	50,000	476	476
TeliaSonera International Carrier AB, 556583-2226, Stockholm	100	1,000,000	453	453
TeliaSonera Finance AB, 556404-6661, Stockholm	100	45,000	481	358
Zitius Services Delivery AB, 556642-8339, Stockholm	100	2,079,000	353	353
TeliaSonera Försäkring AB, 516401-8490, Stockholm	100	2,000,000	200	200
TeliaSonera Sverige Net Fastigheter AB, 556368-4801, Stockholm	100	5,000	169	169
Svenska Stadsnät AB, 556577-9195, Landskrona	100	100,000	70	100
Quadracom Networks AB, 556606-6055, Gothenburg	100	10,000	71	71
Rätt Internet Kapacitet i Sverige AB, 556669-1704, Umeå	100	8,500	31	31
TeliaSonera Asset Finance AB, 556599-4729, Stockholm	100	1,000	22	22
Sergel Kredittjänster AB, 556264-8310, Stockholm	100	5,000	8	8
TeliaSonera Network Sales AB, 556458-0040, Stockholm	100	10,000	7	7
TeliaSonera Assignments AB, 556989-3679, Stockholm	100	500	0	–
Qmarket AB, 556883-7214, Gothenburg	100	50,000	0	0
Qadracom Services AB, 556677-3726, Gothenburg	100	1,000	0	0
Svenska Stadsnät Transit AB, 556333-0934, Täby	100	1,000	23	–
Växjö Support Center Försäljnings AB, 556663-4514, Växjö	100	1,000	5	–
TeliaSonera Sverige Karlaplan Fastighet AB, 559035-2737, Stockholm	100	50,000	0	–
Other operating, dormant and divested companies			0	815

Subsidiary, Corp. reg. no., registered office	Participation (%)	Number of shares	Carrying value (SEK in millions) Dec 31, 2015	Dec 31, 2014
Non-Swedish companies				
TeliaSonera Finland Oyj, 1475607-9, Helsinki	100	1,417,360,515	74,863	74,863
Cygate Oy, 0752421-0, Helsinki	100	1,500,000	246	–
Sergel Oy, 1571416-1, Helsinki	100	267,966,000	277	277
TeliaSonera International Carrier Finland Oy, 1649304-9, Helsinki	100	100	98	98
TeliaSonera Norge AS, 981929055, Oslo	100	30,000	12,786	6,620
Sergel Norge AS, 984272170, Sandefjord	100	227,247	143	–
TeliaSonera International Carrier Denmark A/S, 24210413, Copenhagen	100	1,000	172	172
TeliaSonera Danmark A/S, 18530740, Copenhagen	100	14,500	54	74
Sergel A/S, 35481036, Copenhagen	100	500,000	6	6
Argon A/S, 36462272, Copenhagen	100	500,000	1	1
TEO LT, AB, 121215434, Vilnius	88.2	513,593,681	3,310	3,310
UAB Omnitel, 110305282, Vilnius	100	39,688,889	2,153	2,153
UAB Sergel, 125026242, Vilnius	100	10,850	7	7
SIA Telia Latvija, 000305757, Riga	100	328,300	51	51
TeliaSonera International Carrier Latvia SIA, 000325135, Riga	100	205,190	13	13
Latvijas Mobilais Telefons SIA, 000305093, Riga	24.5	140,679	2	2
SIA Sergel, 010318318, Riga	100	3,500	4	4
Telia Eesti AS, 10234957, Tallinn	100	137,954,528	5,686	5,686
TeliaSonera international Carrier Estonia OÛ, 12606073, Tallin	100	1	11	11
Xfera Móviles S.A., A82528548, Madrid	76.6	517,025,247	2,549	2,549
ZAO TeliaSonera International Carrier Russia, 102780919732, Moscow	100	220,807,825	200	200
TeliaSonera Telekomünikasyon Hizmetleri L.S., 381395, Istanbul	99	79,193	10	10
TeliaSonera International Carrier Telekomünikasyon L.S., 609188-556770, Istanbul	100	55,919	8	8
TeliaSonera International Carrier UK Ltd., 02796345, London	100	1,010,000	268	268
TeliaSonera International Carrier Germany GmbH, HRB50081, Frankfurt am Main	100	–	249	629
TeliaSonera Frankfurt Property GmbH, HRB98956, Frankfurt	100	–	49	49
TeliaSonera International Carrier France S.A.S., B421204793, Paris	100	2,700,000	681	681
TeliaSonera International Carrier Austria GmbH, FN191783i, Vienna	100	–	118	118
TeliaSonera International Carrier Switzerland AG, 2171000547-8, Zurich	100	1,000	54	54
TeliaSonera International Carrier Netherlands B.V., 34128048, Amsterdam	100	910	59	59
TeliaSonera Assignments B.V., 24300363, Rotterdam	100	1,810,719,000	2	1
TeliaSonera International Carrier Belgium S.A., 469422293, Brussels	100	50,620	3	3
TeliaSonera International Carrier Italy S.p.A, 07893960018, Turin	100	530,211	17	17
TeliaSonera International Carrier Ireland Ltd., 347074, Dublin	100	27	6	6
TOV TeliaSonera International Carrier Ukraine, 34716440, Kyiv	100	–	6	6
TeliaSonera International Carrier Poland Sp. z o.o., KRS00000186, Warsaw	100	22,500	37	37
TeliaSonera International Carrier Czech Republic a.s., 26207842, Prague	100	20,000	126	126
TeliaSonera International Carrier Slovakia, s.r.o., 36709913, Bratislava	100	–	7	7
TeliaSonera International Carrier Hungaria Távközlési Kft., 01-09-688192, Budapest	100	–	19	19
TeliaSonera International Carrier Bulgaria EOOD, 175215740, Sofia	100	29,210	14	14
TeliaSonera International Carrier Romania S.R.L., 20974985, Bukarest	100	10,001	5	5
TeliaSonera International Carrier, Inc., 541837195, Herndon, VA	100	3,000,100	136	136
TeliaSonera International Carrier Canada, Inc., BC0968600, Vancouver, BC	100	100	1	1
TeliaSonera International Carrier Singapore Pte. Ltd, 200005728N, Singapore	100	1,200,002	1	1
Other operating, dormant and divested companies			0	46
Total			**144,226**	**138,259**

In 2015, TeliaSonera merged its former Norwegian holding company TeliaSonera Norge Holding AS into TeliaSonera Norge AS. The Swedish subsidiary Cygate Group AB has been liquidated. The decrease in carrying value of Telia-Sonera International Carrier Germany GmbH results from capital repayment. Telia Danmark is a branch of Telia Nättjänster Norden AB. TeliaSonera´s stakes in the network-sharing operations in Sweden and Denmark are held through TeliaSonera Mobile Networks AB and TeliaSonera Mobile Holding AB, respectively. Another 24.5 percent of the shares in Latvijas Mobilais Telefons SIA are owned by a subsidiary. TeliaSonera has a board majority on Latvijas Mobilais Telefons. The remaining shares in TeliaSonera Telekomünikasyon Hizmetleri L.S. are owned by Telia-Sonera Finland Oyj which also indirectly controls Fintur Holdings B.V. and TeliaSonera UTA Holding B.V. Equity participation corresponds to voting rights participation in all companies except Xfera Móviles S.A.; where TeliaSonera controls 80 percent of the votes by virtue of a shareholders agreement. Other operating and dormant companies do not control group assets of significant value. In addition to companies mentioned above,TeliaSonera AB indirectly controls a number of operating and dormant subsidaries of subsidiaries.

P11 TRADE AND OTHER RECEIVABLES

The carrying value of trade and other receivables were distributed as follows.

SEK in millions	Dec 31, 2015	Dec 31, 2014
Interest rate and cross currency interest rate swaps designated as fair value hedges	–	305
Currency swaps and forward exchange contracts held-for-trading	1,154	668
***Subtotal** (see Fair value hierarchy levels – Note P19)*	***1,154***	***972***
Accounts receivable at amortized cost	2	3
Loans and receivables at amortized cost	2	2,598
***Subtotal** (see Categories – Note P19 and Credit risk – Note P20)*	***1,159***	***3,573***
Receivables from subsidiaries	40,375	38,375
of which cash-pool balances and short-term deposits	*32,325*	*29,801*
of which trade and other receivables	*8,050*	*8,574*
Other current receivables	182	189
Deferred expenses	24	9
Total trade and other receivables	**41,740**	**42,146**
of which interest-bearing	*33,101*	*30,512*
of which non-interest-bearing	*8,639*	*11,634*

For Accounts receivable and Loans and receivables, the carrying values equal fair value as the impact of discounting is insignificant. For Accounts receivable and Loans and receivables (including receivables from associated companies and joint ventures), at the end of the reporting period, concentration of credit risk by geographical area and by customer segment was as follows.

SEK in millions	Dec 31, 2015	Dec 31, 2014
Geographical area		
Sweden	–	0
Other countries	4	2,600
Total carrying value	**4**	**2,600**
Customer segment		
Other customers	4	2,600
Total carrying value	**4**	**2,600**

On December 29, 2015, TeliaSonera received payment of the last tranche of deferred consideration from AF Telecom Holding (AFT), for more information refer to Note P23. For more information on financial instruments by category/fair value hierarchy level and exposed to credit risk, refer to Note P19 “Financial assets and liabilities by category and level” and section “Credit risk management” in Note P20 “Financial risk management,” respectively. Conventional commercial terms apply for receivables from subsidiaries.

As of the end of the reporting period, allowance for doubtful and ageing of Accounts receivable, respectively, were as follows.

SEK in millions	Dec 31, 2015	Dec 31, 2014
Accounts receivable invoiced	2	3
Allowance for doubtful accounts receivable	–	–
Total accounts receivable	**2**	**3**
Accounts receivable not due	1	1
Accounts receivable past due but not impaired	1	2
of which 30–180 days	*0*	*2*
of which more than 180 days	*1*	*0*
Total accounts receivable	**2**	**3**

As of the end of the reporting period, ageing of Loans and receivables (including receivables from associated companies) were as follows.

SEK in millions	Dec 31, 2015	Dec 31, 2014
Loans and receivables not due	2	2,598
Total loans and receivables	**2**	**2,598**

Receivables past due at the end of the reporting period were not provided for as there had not been a significant change in credit quality and the amounts were still considered recoverable. See also Notes to consolidated financial statements (section "Credit risk management" in Note C26) for information on mitigation of risks related to accounts receivable.

There were no bad debt expenses and no recovered accounts receivable in 2015 and in 2014.

P12 SHORT-TERM INVESTMENTS, CASH AND CASH EQUIVALENTS

Short-term investments, cash and cash equivalents were as follows.

SEK in millions	Dec 31, 2015	Dec 31, 2014
Short term investments with maturities longer than 3 months	5,216	2,383
of which bonds available for sale	*5,216*	*279*
Short-term investments with maturities up to and including 3 months	3,655	15,125
of which bonds available for sale	*1,234*	–
of which bank deposits at amortized cost	*2,421*	*15,125*
Total short-term investments	**8,870**	**17,508**
Cash and bank	9,903	5,254
Total *(see Categories – Note P19 and Credit risk – Note P20)*	**18,773**	**22,762**
of which cash and cash equivalents	*13,558*	*20,379*

Cash and cash equivalents are defined as the sum of Short-term investments with maturities up to and including 3 months and the balance sheet item Cash and bank. The carrying values are assumed to approximate fair values as the risk of changes in value is insignificant. As of December 31, 2015, there were no blocked funds in TeliaSonera AB's bank accounts. For more information on financial instruments by category and exposed to credit risk, refer to Note P19 "Financial assets and liabilities by category and level" and section "Credit risk management" in Note P20 "Financial risk management," respectively.

P13 SHAREHOLDERS' EQUITY

Share capital, treasury shares, earnings per share and dividends

See Notes to consolidated financial statements (corresponding sections in Note C19).

P14 PROVISIONS FOR PENSIONS AND EMPLOYMENT CONTRACTS

Pension obligations and pension expenses

The vast majority of employees in TeliaSonera AB are covered by a defined benefit pension plan (the ITP-Tele plan and ITP 2 plan) which means that the individual is guaranteed a pension equal to a certain percentage of his or her salary. The pension plan mainly includes retirement pension, disability pension and family pension. All employees born in 1979 or later are covered by a defined contribution pension plan (the ITP1 plan).

Most pension obligations are secured by Telia Pension Fund. Certain commitments, such as certain supplementary individual pension benefits and a right under the employment contracts for certain categories of personnel to retire at age 55, 60, or 63, are provided for by taxed reserves in the balance sheet.

Pension obligations are calculated annually, as of the end of the reporting period, based on actuarial principles.

SEK in millions	Dec 31, 2015	Dec 31, 2014
Opening balance, pension obligations covered by plan assets	1,586	1,594
Opening balance, pension obligations not covered by plan assets	427	488
Opening balance, total pension obligations	**2,013**	**2,082**
Current service cost	24	24
Interest cost, paid-up policy indexation	105	60
Benefits paid	-127	-139
Divested operations	0	0
Other changes in valuation of pension obligations	-15	-16
Termination benefits	6	2
Closing balance, pension obligations covered by plan assets	1,569	1,586
Closing balance, pension obligations not covered by plan assets	436	427
Closing balance, total pension obligations	**2,005**	**2,013**
of which PRI Pensionsgaranti pensions	*1,357*	*1,365*

The fair value of plan assets changed as follows.

SEK in millions, except percentages	Dec 31, 2015	Dec 31, 2014
Opening balance, plan assets	2,358	2,109
Actual return	63	248
Closing balance, plan assets	**2,421**	**2,358**
Actual return on plan assets (%)	*2.7*	*11.8*

Provisions for pension obligations were recognized in the balance sheet as follows.

SEK in millions	Dec 31, 2015	Dec 31, 2014
Present value of pension obligations	2,005	2,013
Fair value of plan assets	-2,421	-2,358
Surplus capital in pension fund	852	772
Provisions for pension obligations	**436**	**427**

Total pension expenses (+)/income (-) were distributed as follows.

SEK in millions	Jan–Dec 2015	Jan–Dec 2014
Current service cost	24	24
Interest cost, paid-up policy indexation	105	60
Less interest expenses recognized as financial expenses	-16	-27
Actual return on plan assets	-63	-248
Divested operations, pension obligations	0	0
Other changes in valuation of pension obligations	-15	-16
Termination benefits	6	2
Pension expenses (+)/income (-), defined benefit pension plans	**41**	**-205**
Pension premiums, defined benefit/defined contribution pension plans and other pension costs	55	55
Pension-related social charges and taxes	51	30
Less termination benefits (incl. premiums and pension-related social charges) reported as restructuring cost	-6	-2
Pension expenses (+)/income (-)	**100**	**83**
Decrease (-)/Increase (+) of surplus capital in pension fund	80	257
Recognized pension expenses (+)/income (-)	**221**	**135**
of which pension premiums paid to the ITP pension plan	*5*	*5*

Principal actuarial assumptions

The actuarial calculation of pension obligations and pension expenses is based on principles set by PRI Pensionsgaranti and the Swedish Financial Supervisory Authority, respectively.

The principal calculation assumption is the discount rate which, as a weighted average for the different pension plans and, as applicable, net of calculated yield tax, was 3.2 percent in 2015 and 3.4 percent in 2014. Obligations were calculated based on the salary levels prevailing at December 31, 2015 and 2014, respectively.

Plan-asset allocation

At the end of the reporting period, plan assets were allocated as follows.

	Dec 31, 2015		Dec 31, 2014	
Asset category	SEK in millions	Percent	SEK in millions	Percent
Fixed income instruments, liquidity	1,344	55.5	1,136	48.2
Shares and other investments	1,077	44.5	1,221	51.8
Total	**2,421**	**100.0**	**2,358**	**100.0**
of which shares in TeliaSonera AB	–	–	–	–

Future contributions and pension payments

As of December 31, 2015, the fair value of plan assets exceeded the present value of pension obligations. Unless the fair value of plan assets during 2016 should fall short of the present value of pension obligations, TeliaSonera AB has no intention to make any contribution to the pension fund.

In 2016, pension payments from the defined benefit plans are expected to be SEK 105 million.

P15 OTHER PROVISIONS

Changes in other provisions were as follows.

	December 31, 2015				
SEK in millions	Payroll taxes on future pension payments	Restructuring provisions	Damages and court cases	Insurance provisions	Total
Opening balance	24	22	240	27	**313**
of which financial liabilities at amortized cost	–	–	–	–	–
Provisions for the period	–	61	–	-4	**57**
Utilized provisions	-4	-31	–	–	**-35**
Reclassifications	–	-2	–	–	**-2**
Closing balance	**20**	**50**	**240**	**23**	**333**
of which non-current portion	20	15	–	23	**58**
of which current portion	–	35	240	–	**275**

For financial liabilities, the carrying value equals fair value as provisions are discounted to present value. Refer to Note P19 “Financial assets and liabilities by category and level” for more information on financial instruments classified by category.

Restructuring provisions mainly refer to staff redundancy costs related to cost saving programs. The remaining provision as of December 31, is expected to be fully utilized in 2016-2017. Provisions for damages and court cases are related to disposals and winding-up of group entities and associated companies. Full utilization of payroll taxes on future pension payments, damages and court cases, and insurance provisions is expected in the period 2016-2028.

The provisions represent the present value of management’s best estimate of the amounts required to settle the liabilities. The estimates may vary mostly as a result of changes in actual pension payments, changes in the actual number of months an employee is staying in redeployment before leaving, changes in tax and other legislation and changes in the actual outcome of negotiations with lessors, sub-contractors and other external counterparts as well as the timing of such changes.

P16 LONG-TERM AND SHORT-TERM BORROWINGS

Open-market financing programs

For information on TeliaSonera AB's open-market financing programs, see Notes to consolidated financial statements (corresponding section in Note C20).

Borrowings

Long-term and short-term borrowings were distributed as follows.

	Dec 31, 2015		Dec 31, 2014	
SEK in millions	Carrying value	Fair value	Carrying value	Fair value
Long-term borrowings				
Open-market financing program borrowings in fair value hedge relationships	37,672	41,021	26,955	34,726
Interest rate swaps at fair value	621	621	283	283
of which designated as hedging instruments	*591*	*591*	*244*	*244*
of which held-for-trading	*30*	*30*	*39*	*39*
Cross currency interest rate swaps at fair value	1,694	1,694	1,577	1,577
of which hedging net investments	*1,334*	*1,334*	–	–
of which designated as hedging instruments	*171*	*171*	*220*	*220*
of which held-for-trading	*190*	*190*	*1,357*	*1,357*
***Subtotal** (see Fair value hierarchy levels – Note P19)*	***39,988***	***43,337***	***28,814***	***36,585***
Open-market financing program borrowings at amortized cost	47,908	53,577	57,861	63,534
***Subtotal** (see Categories – Note P19)*	***87,896***	***96,914***	***86,675***	***100,118***
Borrowings from subsidiaries	190		490	
of which other borrowings	*190*		*490*	
Total long-term borrowings	**88,086**		**87,165**	
Short-term borrowings				
Open-market financing program borrowings in fair value hedge relationships	–	–	7,414	7,414
Interest rate swaps designated as hedging instruments	43	43	0	0
Interest rate swaps designated as held-for trading	7	7	0	0
Cross currency interest rate swaps as held-for trading	–	–	329	329
***Subtotal** (see Fair value hierarchy levels – Note P19)*	***51***	***51***	***7,743***	***7,743***
Open-market financing program borrowings at amortized cost	5,627	5,648	725	726
of which hedging net investments	*1,584*	*1,589*	*0*	*0*
of which at amortized cost	*4,043*	*4,059*	*725*	*726*
Other borrowings at amortized cost	3,354	3,354	1,043	1,043
***Subtotal** (see Categories – Note P19)*	***9,031***	***9,052***	***9,511***	***9,423***
Borrowings from subsidiaries	28,506		26,776	
of which cash pool balances	*26,603*		*24,886*	
of which other borrowings	*1,903*		*1,890*	
Total short-term borrowings	**37,537**		**36,287**	

As of December 31, 2015 and 2014, fully unutilized bank overdraft facilities had a total limit of SEK 973 million and SEK 990 million, respectively.

For additional information on financial instruments classified by category/fair value hierarchy level, refer to Note P19 "Financial assets and liabilities by category and level," and for information on maturities and liquidity risks, refer to section "Liquidity risk management" in Note P20 "Financial risk management." Refer to Notes to consolidated financial statements (corresponding section in Note C20) for further information on borrowings and the swap portfolio. Conventional commercial terms apply for borrowings from subsidiaries, which comprise cash-pool balances and other borrowings.

P17 LONG-TERM LIABILITIES

The carrying value of long-term liabilities were distributed as follows.

SEK in millions	Dec 31, 2015	Dec 31, 2014
Liabilities to subsidiaries	1	2
Other liabilities	7	5
Total long-term liabilities	**8**	**7**

For the years 2015 and 2014, no long-term liabilities fell due more than 5 years after the end of the reporting period.

P18 SHORT-TERM PROVISIONS, TRADE PAYABLES AND OTHER CURRENT LIABILITIES

Short-term provisions, trade payables and other current liabilities were distributed as follows.

SEK in millions	Dec 31, 2015	Dec 31, 2014
Currency swaps, forward exchange contracts and currency options held-for-trading	101	416
Subtotal *(see Fair value hierarchy levels – Note P19)*	***101***	***416***
Accounts payable at amortized cost	132	103
Current liabilities at amortized cost	75	57
Subtotal *(see Categories – Note P19)*	***308***	***576***
Liabilities to subsidiaries	551	1,064
Other current liabilities	567	515
Total short-term provisions, trade payables and other current liabilities	**1,425**	**2,155**

For Accounts payable and Current liabilities, the carrying value equals fair value as the impact of discounting is insignificant. For additional information on financial instruments classified by category/fair value hierarchy level and on liquidity risks, refer to Note P19 “Financial assets and liabilities by category and level” and section “Liquidity risk management” in Note P20 “Financial risk management.” As of December 31, 2015, contractual cash flows for liabilities at amortized cost represented the following expected maturities.

Expected maturity SEK in millions	Jan–Mar 2016	Apr–Jun 2016	Jul–Sep 2016	Oct–Dec 2016	Total
Liabilities at amortized cost	207	–	–	–	**207**

Corresponding information for currency derivatives held-for-trading is presented in section “Liquidity risk management” to Note P20 “Financial risk management.”

Conventional commercial terms apply for trading with subsidiaries. The main components of Other current liabilities are short-term provisions, see Note P15 “Other provisions,” and accrued payroll expenses and social security contributions.

P19 FINANCIAL ASSETS AND LIABILITIES BY CATEGORY AND LEVEL

Categories

Carrying values of classes of financial assets and liabilities were distributed by category as follows. Financial assets and liabilities relating to subsidiaries are not included. Excluded are also investments in associated companies and joint ventures as discussed in Note P10 "Other financial assets" and pension obligations as discussed in Note P14 "Provisions for pensions and employment contracts."

SEK in millions	Note	Dec 31, 2015	Dec 31, 2014
Financial assets			
Derivatives designated as hedging instruments	P10, P11	2,824	3,901
Financial assets at fair value through profit and loss		3,162	1,945
Derivatives not designated as hedging instruments	*P10, P11*	*3,137*	*1,924*
Held-for-trading investments	*P10*	*25*	*21*
Long- and short-term bonds available-for-sale	P10, P12	15,291	4,950
Loans and receivables	P10, P11, P12	44,033	48,390
Available-for-sale financial assets	P10, P12	1,052	46
Total financial assets by category		**66,362**	**59,232**
Financial liabilities			
Derivatives designated as hedging instruments	P16	2,139	464
Derivatives not designated as hedging instruments	P16, P18	329	2,141
Financial liabilities measured at amortized cost	P16, P18	124,015	122,488
Total financial liabilities by category		**126,483**	**125,093**

Fair value hierarchy levels

The carrying values of classes of financial assets and liabilities were distributed by fair value hierarchy level as follows.

		December 31, 2015				December 31, 2014			
			of which				of which		
SEK in millions	Note	Fair value	Level 1	Level 2	Level 3	Fair value	Level 1	Level 2	Level 3
Financial assets at fair value									
Equity instruments available-for-sale	P10	**1,052**	–	–	1,052	**46**	–	–	46
Investments in other equity instruments held-for-trading	P10	**25**	–	–	25	**21**	–	–	21
Long and short term bonds available-for-sale	P10, P12	**15,291**	15,291	–	–	**4,950**	4,950	–	–
Derivatives designated as hedging instruments	P10, P11	**2,824**	–	2,824	–	**3,901**	–	3,901	–
Derivatives held-for-trading	P10, P11	**3,137**	–	3,072	65	**1,924**	–	1,869	55
Total financial assets at fair value by level		**22,329**	**15,291**	**5,896**	**1,142**	**10,842**	**4,950**	**5,771**	**122**
Financial liabilities at fair value									
Derivatives designated as hedging instruments	P16	**2,139**	–	2,139	–	**464**	–	464	–
Derivatives held-for-trading	P16, P18	**329**	–	329	–	**2,141**	–	2,141	–
Total financial liabilities at fair value by level		**2,468**	–	**2,486**	–	**2,605**	**–**	**2,605**	**–**

There were no transfers between Level 1 and 2 in 2015 and 2014.

Level 3 financial assets changed as follows.

SEK in millions	December 31, 2015 Equity instruments available-for-sale	December 31, 2015 Investments in other equity instruments held-for-trading	December 31, 2015 Derivatives held-for-trading	December 31, 2015 Total	December 31, 2014 Equity instruments available-for-sale	December 31, 2014 Investments in other equity instruments held-for-trading	December 31, 2014 Derivatives held-for-trading	December 31, 2014 Total
Level 3, opening balance	46	21	55	**122**	13	17	0	**31**
Changes in fair value	12	0	10	**22**	0	0	55	**55**
of which recognized in net income	*-13*	*0*	*10*	***-3***	*0*	*0*	*55*	***55***
of which recognized in other comprehensive income	*25*	–	–	***25***	–	–	–	**–**
Purchases/capital contributions	994	4		**998**	33	4		**37**
Level 3, closing balance	**1,052**	**25**	**65**	**1,142**	**46**	**21**	**55**	**122**

Changes in fair value recognized in net income are included in line item Financial income and expenses, see specification in Note P5 “Financial income and expenses.”

P20 FINANCIAL RISK MANAGEMENT

Principles, capital management and management of financial risks

For information relevant to TeliaSonera AB, see Notes to consolidated financial statements (Note C26).

Credit risk management

TeliaSonera’s exposure to credit risk arises from default of counterparts (including price risks as regards investments in equity instruments), with a maximum exposure equal to the carrying amount of these instruments (detailed in the respective note and excluding receivables from subsidiaries), as follows.

SEK in millions	Note	Dec 31, 2015	Dec 31, 2014
Other financial assets	P10	14,776	12,057
Trade and other receivables	P11	1,159	3,573
Short-term investments, cash and cash equivalents	P12	18,773	22,762
Total		**34,708**	**38,392**

For information on credit risk management relevant to TeliaSonera AB, see Notes to consolidated financial statements (corresponding section in Note C26).

Liquidity risk management

Liquidity risk is the risk that TeliaSonera AB will encounter difficulty in meeting obligations associated with financial liabilities that are settled by delivering cash or another financial asset. For information on liquidity risk management relevant to TeliaSonera AB, see Notes to consolidated financial statements (corresponding section in Note C26).

As of December 31, 2015, contractual undiscounted cash flows for interest-bearing borrowings and non-interest-bearing currency derivatives (excluding intra-group derivatives) represented the following expected maturities, including installments and estimated interest payments. The balances due within 12 months equal their carrying values as the impact of discounting is insignificant.

Expected maturity SEK in millions	Jan–Mar 2016	Apr–Jun 2016	Jul–Sep 2016	Oct–Dec 2016	2017	2018	2019	2020	Later years	Total
Open-market financing program borrowings	6,817	239	1,868	1,466	11,221	4,155	11,293	9,619	69,734	**116,412**
Other borrowings	3,361	–	–	–	–	–	–	–	–	**3,361**
Cross currency interest rate swaps and interest rate swaps										
Payables	38,774	3	81	344	14	1	–	–	–	**39,216**
Receivables	-38,985	-3	-81	-344	-13	-1	–	–	–	**-39,427**
Currency swaps and forward exchange contracts										
Payables	6,478	207	259	743	9,703	4,582	5,552	884	31,482	**59,890**
Receivables	-7,797	-145	-200	-813	-10,840	-5,139	-5,576	-909	-30,678	**-62,097**
Total, net	**8,648**	**301**	**1,926**	**1,395**	**10,084**	**3,599**	**11,269**	**9,595**	**70,538**	**117,355**

Expected maturities for and additional information on non-interest-bearing liabilities, guarantees and other contractual obligations are presented in Notes P15 "Other provisions," P18 "Short-term provisions, trade payables and other current liabilities" and P23 "Contingencies, other contractual obligations and litigation," respectively.

P21 OPERATING LEASE AGREEMENTS

TeliaSonera AB leases primarily office premises. Most of the leases are from outside parties. The leases are on commercial terms with respect to prices and duration. There was no subletting.

Future minimum leasing fees under operating lease agreements in effect as of December 31, 2015, that could not be canceled in advance and were in excess of one year were as follows.

Expected maturity SEK in millions	Jan–Mar 2016	Apr–Jun 2016	Jul–Sep 2016	Oct–Dec 2016	2017	2018	2019	2020	Later years	Total
Future minimum leasing fees	1	1	1	1	1	0	0	0	0	**5**

In 2015 and 2014, total rent and leasing fees paid were SEK 29 million and SEK 37 million, respectively.

P22 RELATED PARTY TRANSACTIONS

General

Conventional commercial terms apply for the supply of goods and services to and from subsidiaries, associated companies and joint ventures.

Subsidiaries

In 2015 and 2014, sales to subsidiaries totaled SEK 3 million and SEK 3 million, respectively, while purchases from subsidiaries totaled SEK -166 million and SEK -129 million, respectively.

Commitments on behalf of related parties

TeliaSonera AB has made certain commitments on behalf of group companies, associated companies and joint ventures. See Note P23 "Contingencies, other contractual obligations and litigation" for further details.

Other transactions

For descriptions of certain other transactions with related parties, see Notes to consolidated financial statements (Note C28).

P23 CONTINGENCIES, OTHER CONTRACTUAL OBLIGATIONS AND LITIGATION

Contingent assets and financial guarantees

As of the end of the reporting period, TeliaSonera AB had no contingent assets, while financial guarantees reported as contingent liabilities were distributed as follows.

SEK in millions	Dec 31, 2015	Dec 31, 2014
Guarantees on behalf of subsidiaries	2,556	3,158
Guarantees for pension obligations	38	38
Total financial guarantees	**2,595**	**3,196**

Some loan covenants agreed limit the scope for divesting or pledging certain assets. For information on change-of-control provisions included in some of TeliaSonera AB's more recent bond issuances, see Notes to consolidated financial statements (corresponding section in Note C29).

For all financial guarantees issued, stated amounts equal the maximum potential future payments that TeliaSonera AB could be required to make under the respective guarantee.

Guarantees on behalf of subsidiaries include SEK 579 million (EUR 63 million) related to Xfera Móviles S.A., of which counter guarantees of SEK 419 million (EUR 46 million) as TeliaSonera's share on behalf of Xfera's performance requirements in relation to its telecom and frequency licenses. Guarantees on behalf of subsidiaries also include SEK 499 million related to Swedish pension obligations. In addition to financial guarantees indicated above, guarantees for fulfillment of contractual undertakings are granted by TeliaSonera AB on behalf of subsidiaries, as part of the group's normal course of business. At the end of the reporting period, there was no indication that payment will be required in connection with any such contractual guarantee.

On December 29, 2015, TeliaSonera received payment of the last tranche of the deferred consideration from AF Telecom Holding (AFT) agreed in relation to the transaction regarding shares in MegaFon in 2012, in the amount of SEK 2,659 million. Subsequent to this payment, TeliaSonera has no outstanding receivables from AFT. The pledged shares and bank accounts were released in February 2016.

Collateral pledged

As of the end of the reporting period, collateral pledged was distributed as follows.

SEK in millions	Dec 31, 2015	Dec 31, 2014
For commitments under a shareholders' agreement: Shares in 4T Sverige AB and Strex AS	–	58
Total collateral pledged	**–**	**58**

Other unrecognized contractual obligations

As of December 31, 2015, unrecognized contractual obligations regarding future acquisitions (or equivalent) of non-current assets represented the following expected maturities.

Expected maturity SEK in millions	Jan–Mar 2016	Apr–Jun 2016	Jul–Sep 2016	Oct–Dec 2016	2017	2018	2019	2020	Later years	Total
Other holdings	1	1	1	1	3	–	–	–	–	7
Total *(see Liquidity risk – Note P20)*	**1**	**1**	**1**	**1**	**3**	–	–	–	–	**7**

Reported obligations refer to licenses for and adaption of business support systems.

Legal and administrative proceedings

For additional information relevant to TeliaSonera AB, see Notes to consolidated financial statements (corresponding section in Note C29).

P24 CASH FLOW INFORMATION

Non-cash transactions

No non-cash transactions were performed during 2015 or 2014.

P25 HUMAN RESOURCES

The number of employees was 298 at December 31, 2015 (264 at year-end 2014). The average number of full-time employees was as follows.

	Jan–Dec 2015		Jan–Dec 2014	
Country	Total (number)	of whom men (%)	Total (number)	of whom men (%)
Sweden	288	48	255	47
Total	**288**	**48**	**255**	**47**

The share of female and male Corporate Officers was as follows. Corporate Officers include all members of the Board of Directors, the President and the 9 other members (11 members in 2014) of Group Executive Management employed by the parent company.

Percent	Dec 31, 2015 Board of Directors	Dec 31, 2015 Other Corporate Officers	Dec 31, 2014 Board of Directors	Dec 31, 2014 Other Corporate Officers
Women	36.4	33.3	36.4	33.3
Men	63.6	66.7	63.6	66.7
Total	**100.0**	**100.0**	**100.0**	**100.0**

Total personnel expenses were distributed by nature as follows.

SEK in millions	Jan–Dec 2015	Jan–Dec 2014
Salaries and other remuneration	**343**	**329**
of which performance share programs	*7*	*5*
Social security expenses		
Employer's social security contributions	109	104
of which performance share programs	*2*	*2*
Pension expenses	221	135
Total social security expenses	**330**	**239**
Other personnel expenses	44	33
Total personnel expenses recognized by nature	**717**	**601**

Salaries and other remuneration were divided between Corporate Officers and other employees as follows.

SEK in millions	Jan–Dec 2015 Corporate Officers (of which variable pay)	Jan–Dec 2015 Other employees	Jan–Dec 2014 Corporate Officers (of which variable pay)	Jan–Dec 2014 Other employees
Salaries and other remuneration	91 (–)	252	74 (–)	256

Corporate Officers include members of the Board of Directors and, as applicable, former Board members (but exclude employee representatives); the President and, as applicable, former Presidents and Executive Vice Presidents; and the 9 other members (11 members in 2014) of Group Executive Management employed by the parent company.

Pension expenses and outstanding pension commitments for Corporate Officers were as follows. There are no pension benefit arrangements for external members of the Board of Directors.

SEK in millions	January–December or December 31, 2015	2014
Pension expenses	25	22
Outstanding pension commitments	183	202

For additional information, see sections "Performance share programs" and "Remuneration to corporate officers" in Notes to consolidated financial statements (Note C31).

P26 REMUNERATION TO AUDIT FIRMS

Remuneration billed by audit firms was as follows. See additional information in Notes to consolidated financial statements (Note C32).

SEK in millions	Jan–Dec 2015	Jan–Dec 2014
Remuneration expensed		
Deloitte		
Audit	11	9
Audit-related services	–	1
Tax services	2	–
All other services	17	1
Total	**30**	**11**

GRI INDEX

GRI index and other sections of the Annual and Sustainability Report have been prepared according to GRI G4 "In accordance – Core." Additionally we use the Telecommunications Sector Supplement in reporting. Deloitte has been engaged to provide a limited level of assurance on these sections, see Auditors' Limited Assurance Report on the Sustainability Report for more information. All disclosures in this GRI index are covered by the limited assurance.

Some of the disclosures in this GRI index, while deemed non-material, are nevertheless included as a response to specific stakeholder requests.

In the case of a disclosure not being fully reported, the omission is explained at the end of the disclosure.

STRATEGY AND ANALYSIS

G4-1 CEO statement

See Our Company, section "Comments by the CEO."

G4-2 Description of key impacts, risks, and opportunities

See Our Company, sections "How we create value" and "Our stakeholders" and Sustainability Work, sections "Sustainability in TeliaSonera" and "Sustainability focus area summary."

ORGANIZATIONAL PROFILE

G4-3 Name of the organization

TeliaSonera AB (publ).

G4-4 Primary brands, products, and services

See Our Company, sections "Where we operate" and "Our market position."

G4-5 Location of the organization's headquarters

Stockholm, Sweden.

G4-6 Countries where the organization operates

See Our Company, section "Where we operate."

G4-7 Nature of ownership and legal form

See Directors' report, section "TeliaSonera share."

G4-8 Markets served

See Our Company, section "Where we operate."

G4-9 Scale of the organization

See Our Company, section "TeliaSonera in brief."

G4-10 Total workforce by employment type, employment contract, and region

See Note C31 to the consolidated financial statements.

Omission: We do not report percentage of full-time and part-time employees, or percentage of permanent and temporary employees.

G4-11 Percentage of employees covered by collective bargaining agreements

Employees covered by collective bargaining agreements, by geographical area	2015 (%)	2014 (%)
Sweden	100	100
Europe	79	79
Eurasia	45	45
Other countries[1]	6	8
Reported entities' share of total workforce (%)	**78**	**79**

[1] TeliaSonera International Carrier France and Italy

In the following countries the percentage is zero: Kazakhstan, Azerbaijan, Georgia, Czech Republic, Germany, Hong Kong, Hungary, Netherlands, Poland, Singapore, United Kingdom, United States, Turkey, Italy and Russia.

TeliaSonera employees have the right to choose whether or not to be represented by a trade union for the purpose of collective bargaining. No employee shall be discriminated against for exercising this right. All employees should be aware of the basic terms and conditions of their employment. TeliaSonera respectfully cooperates with legitimate employee representatives and national labor unions.

G4-12 Description of the supply chain

See Sustainability Work, section "Responsible procurement."

G4-13 Significant changes during the reporting period regarding size, structure, ownership or supply chain

See Our Company, section "The year in brief."

G4-14 How the precautionary principle is approached

For TeliaSonera the precautionary principle relates mainly to electromagnetic fields, see Directors' Report, section "Risks and uncertainties." Our overall precautionary approach is addressed through the code of ethics and conduct, supplier code of conduct, other policies, and the risk management framework.

G4-15 Externally developed economic, environmental, and social charters, principles, or other initiatives to which the organization subscribes or endorses

See Sustainability Work, section "Sustainability in TeliaSonera."

G4-16 Memberships of associations

See www.teliasonera.com/en/sustainability/impacts/partnerships-and-initiatives/.

IDENTIFIED MATERIAL ASPECTS AND BOUNDARIES

G4-17 Entities included in the consolidated financial statements, and whether any entity is not covered by the report

See Our Company, section "Where we operate" and Note C4 to the consolidated financial statements.

G4-18 Process for defining report content and aspect boundaries, and how the reporting principles for defining report content have been implemented

Report content and aspect boundaries are defined through continuous or annual internal and external stakeholder input, including discussions at Group Executive Management and Board of Directors level on the strategic direction of TeliaSonera's sustainability work, and as part of the process of producing the Annual and Sustainability Report. See also Our Company, section "Our stakeholders" and Sustainability Work, section "Sustainability in TeliaSonera."

G4-19 Material aspects identified in the process for defining report content

See Sustainability Work, section "Sustainability in TeliaSonera" and Our Company, section "Our stakeholders" for an understanding of material topics that define our sustainability work and report content.

G4-20 Aspect boundary within the organization for each material aspect

Material aspects are considered material for the entire organization.

G4-21 Aspect boundary outside the organization for each material aspect

Material aspects are considered material for all external stakeholder groups.

G4-22 Effect of any restatements of information provided in previous reports, and the reasons for such restatements

No significant restatements during the reporting period. Greenhouse gas emissions have been recalculated using the most recent emission factors. See "Emissions."

G4-23 Significant changes from previous reporting periods in the scope and aspect boundaries

No significant changes during the reporting period.

STAKEHOLDER ENGAGEMENT

G4-24-27 Stakeholder engagement

See Our Company, section "Our stakeholders" and Sustainability Work, section "Sustainability in TeliaSonera."

REPORT PROFILE

G4-28 Reporting period

Calendar year 2015.

G4-29 Date of most recent previous report

March 2015.

G4-30 Reporting cycle

Annual. We regularly publish sustainability related information on the Newsroom, and a bi-annual sustainability update and law enforcement disclosure report. See www.teliasonera.com/en/sustainability/reports/.

G4-31 Contact point for questions regarding the report or its contents

Comments and feedback are important to help us develop our sustainability work and reporting. You are welcome to contact us at sustainability-group (at) teliasonera.com or visit www.teliasonera.com/en/contact/contact-us/sustainability for further contact details.

G4-32 GRI content index

GRI Index.

G4-33 Policy and current practice with regard to seeking external assurance to the report

Deloitte has been engaged to provide a limited level of assurance on sections of the Annual and Sustainability Report. TeliaSonera will continue this practice.

GOVERNANCE

G4-34-49 Governance of the organization with regards to economic, social and environmental impacts

See Corporate Governance, sections "Governing Bodies," "Shareholders," "Board of Directors," "Group-wide governance framework" and Sustainability Work, section "Sustainability in TeliaSonera."

ETHICS AND INTEGRITY

G4-56 Values, principles, standards and norms of behavior such as codes of conduct and codes of ethics

See Corporate Governance, section "Group-wide governance framework" and Sustainability Work, section "Sustainability in TeliaSonera."

G4-58 Internal and external mechanisms for reporting concerns about unethical or unlawful behavior.

See Corporate Governance, section "Enterprise risk management (ERM) framework."

DISCLOSURE ON MANAGEMENT APPROACH

For an understanding of how material aspects have been identified, see Our Company, section "Our stakeholders" and Sustainability Work, section "Sustainability in TeliaSonera."

For more information about sustainability governance, see Sustainability Work, section "Sustainability in TeliaSonera" and the Governance section of each respective focus area. The Code of Ethics and Conduct and other governing documents can be found at www.teliasonera.com/en/about-us/public-policies.

Evaluation of the management approach of material aspect s is the responsibility of the function responsible for the specific material aspect, and is carried out mainly through internal reporting. During 2015, we evaluated our management approach of material aspects as part of defining the sustainability approach.

ECONOMIC

Economic performance

G4-EC1 Direct economic value generated and distributed

For detailed financial information, see the consolidated financial statements.

TeliaSonera provides network access and telecommunications services to our customers, we buy equipment related to building, developing and maintaining our networks and IT systems, and we purchase mobile handsets and other consumer electronics from our suppliers. We pay salaries, dividends and taxes that benefit our employees, local communities and national economies. These actions all generate monetary flows affecting TeliaSonera's stakeholders. For more information, see Our Company, section "How we create value."

Tax is an important sustainability issue, with high expectations from stakeholders on transparency. TeliaSonera is a responsible tax payer, paying the amount of taxes legally due in any territory, in accordance with local legislation and international accepted principles. In many of our markets we are one of the largest corporate tax payer and we promote the importance of transparency and fair, ethical tax practices. The table below lays out corporate income tax payments by country.

Income taxes paid SEK in millions	2015	2014	2013
Sweden	220	906	942
Finland	0	-2	0
Norway	264	159	187
Denmark	0	0	1
Lithuania	37	30	38
Latvia	23	28	22
Estonia	91	101	94
Russia	82	100	105
Turkey	438	0	0
Other countries[1]	68	193	67
Total, continued operations	**1,223**	**1,515**	**1,456**
Kazakhstan	685	649	651
Azerbaijan	410	359	370
Uzbekistan	6	12	9
Tajikistan	136	123	93
Georgia	0	24	40
Moldova	0	0	3
Nepal	661	492	379
Other countries[2]	45	4	50
Total, discontinued operations	**1,943**	**1,663**	**1,595**
Total	**3,166**	**3,178**	**3,051**

[1] Yoigo in Spain and TeliaSonera International Carrier outside above countries.

[2] 3 countries.

Omission: we are unable to accurately report value generated and distributed for all stakeholder groups. As we gain a better understanding of the financial and social impact of our services we aim to improve this reporting.

G4-EC2 Financial implications and other risks and opportunities due to climate change

See Directors' Report, section "Risks and uncertainties." For additional information, see our Carbon Disclosure Project Climate Change Response at www.cdp.net.

Indirect economic impacts

G4-EC8 Significant indirect economic impacts

See Our Company, section "How we create value."

Omission: we are unable to accurately quantify or report on our indirect economic impacts.

ENVIRONMENT

Energy

See "Emissions" regarding reporting scope. All scope 1 energy except solar energy is non-renewable. Part of scope 2 energy is renewable, see Sustainability Work, section "Environmental responsibility" for more information.

G4-EN3 Energy consumption within the organization

Direct energy consumption by geographical area, GWh	2015	2014	2013
Sweden	4	4	3
Europe	28	31	32
Eurasia	161	178	211
Direct energy consumption, total	**193**	**213**	**246**

The figures include energy generated by solar powered base stations in Ncell in Nepal, Tcell in Tajikistan and Ucell in Uzbekistan, and the Telia Denmark head office, 4 GWh in total. Direct energy consumption consists mainly of fuel for generators used to provide back-up power. The large figure for Eurasia reflects the need for using back-up generators in areas where, or during periods when, access to grid electricity is limited or unavailable.

Indirect energy consumption by geographical area, GWh	2015	2014	2013
Sweden	398	444	440
Europe	684	662	685
Eurasia	422	398	393
Other countries[1]	41	29	70
Indirect energy consumption, total	**1,545**	**1,533**	**1,588**

[1] TeliaSonera International Carrier outside above areas.

The major share of indirect energy consumed (electricity, district heating and district cooling) is used for running base stations and data centers. The figures also include energy consumed in offices, stores and other locations such as warehouses.

Omission: we do not collect data on cooling and heating, e.g. energy used for cooling in base stations.

G4-EN5 Energy intensity

See Sustainability Work, section “Environmental responsibility.”

G4-EN6 Energy saved due to conservation and efficiency improvements

Energy savings initiatives, mainly related to replacing older technical equipment at base stations and data centers and closing technical sites, accounted for reported energy savings of 34 GWh.

Emissions

WRI, IEA and Defra emission factors have been used as a basis for calculating greenhouse gas (GHG) emissions. Historical figures have been recalculated using the most recent emission factors. Leased assets are generally considered as scope 1 and scope 2. All major operations where TeliaSonera has financial control are included, unless otherwise noted. Joint ventures are included based on ownership share. Emissions are calculated and reported as CO_2 as we estimate that the difference between CO_2 and CO_2e is negligible.

G4-EN15-16 Direct and indirect greenhouse gas emissions (scope 1 and scope 2)

Greenhouse gas emissions by geographical area, ktons CO_2	2015	2014	2013
Direct emissions (scope 1)			
Sweden	0.7	1.1	1.0
Europe	6.9	7.5	7.8
Eurasia	39.8	44.4	53.2
Direct emissions, total	**47.4**	**53.0**	**62.0**
Indirect emissions (scope 2)			
Sweden	5.2	5.3	5.3
Europe	153.8	163.2	166.6
Eurasia	162.6	157.2	147.4
Other countries[1]	17.0	11.8	30.8
Emissions reduction from renewable energy	-56.5	-47.9	-30.7
Indirect emissions, total	**282.1**	**289.6**	**319.4**
Direct and indirect emissions, total	**329.5**	**342.6**	**381.4**

[1] TeliaSonera International Carrier outside above areas.

G4-EN17 Other indirect greenhouse gas emissions (scope 3)

Greenhouse gas emissions by geographical area, ktons CO_2	2015	2014	2013
Sweden	3.8	4.3	3.9
Europe	2.4	2.0	2.3
Eurasia	2.8	2.6	2.7
Other indirect emissions from business travel, total	**9.0**	**8.9**	**8.9**

A significant share of the total emissions generated in our value chain is generated at suppliers. Correctly calculating these emissions is challenging as data is often lacking or of low quality. Therefore we only report business travel emissions from all countries.

G4-EN18 Greenhouse gas emissions intensity

See Sustainability Work, section “Environmental responsibility.”

G4-EN19 Reduction of greenhouse gas emissions

See Sustainability Work, section “Environmental responsibility.”

Effluents and waste

G4-EN23 Total weight of waste by type and disposal method

Dismantled telephone poles, ktons	2015	2014	2013
Sweden	6.4	7.6	6.9
Finland	3.5	5.6	3.9
Total	**9.9**	**13.2**	**10.8**

Waste reporting covers only Sweden and Finland, where we are confident in the data provided by waste handlers. To provide meaningful comparison between scopes and years, we limit our waste reporting to include only dismantled telephone poles. These poles are mainly dismantled as part of the technology shift from fixed to mobile networks, and make up a large share of total reported waste.

Additionally, approximately 800 tons of electronic waste was reported. The accuracy of this figure is uncertain as much of this waste, generated mainly from replacing equipment at or decommissioning technical sites is handled by contractors. For more information, see Sustainability Work, section “Environmental responsibility.”

Omission: we are constantly reviewing how we can better report on waste, especially electronic waste.

Supplier environmental assessment

G4-EN32 **Percentage of new suppliers screened using environmental criteria**

See Sustainability Work, section “Responsible procurement.”

Omission: we are unable to report separately on the percentage of new suppliers. As we develop our supplier screening processes, this data might become available.

LABOR PRACTICES AND DECENT WORK

Occupational health and safety

G4-LA6 **Injuries, absenteeism, and work-related fatalities**

See also Sustainability Work, section “Occupational health and safety.”

LTIF and SAR, by geographical area	2015		2014	
	LTIF[1]	SAR[2] (%)	LTIF	SAR (%)
Sweden	0.44	2.50	0.72	2.90
Europe	0.54	2.30	0.36	2.20
Eurasia	0.09	1.40	0.18	1.50
Other countries[3]	0.0	0.90	0.0	2.09
Total	**0.41**	**2.20**	**0.46**	**2.30**

[1] Total number of lost-time injuries per million possible working hours.
[2] Total hours of sickness absence per possible working hours (full year average).
[3] TeliaSonera International Carrier outside above areas.

Around 20 lost-time injuries were reported. Most injuries occurred in the course of normal work (e.g. in offices or shops) or in traffic. A few cases were stress related.

There have been no fatal accidents involving TeliaSonera employees reported during 2013-2015.

Omission: we do not consider reporting by gender relevant, as there are no differences in work tasks. We are working on developing supplier reporting.

Training and education

G4-LA11 **Percentage of employees receiving regular performance and career development reviews**

TeliaSonera has a group-wide performance management process which targets 20,100 employees at all levels and units, regardless of gender and employee category, in total covering 75 percent of our employees. In 2016, the process will translate TeliaSonera’s strategic objectives into actions and is designed to support managers to set individual objectives, review and provide constructive feedback on individuals’ performance, reward strong performance and plan individual career and development to build the capabilities needed, short and long term.

In addition to the above, the majority of employees who don´t participate in the group-wide process take part of local performance and development planning processes, either non computer based or supported by local tools.

Supplier assessment for labor practices

G4-LA14 **Percentage of new suppliers screened using labor practices criteria**

See Sustainability Work, section “Responsible procurement.”

Omission: we are unable to report separately on the percentage of new suppliers. As we develop our supplier screening processes, this data might become available.

Labor practices grievance mechanisms

G4-LA16 **Number of grievances about labor practices filed, addressed, and resolved through formal grievance mechanisms**

See Corporate Governance, section “Enterprise risk management (ERM) framework.”

HUMAN RIGHTS

Investment

G4-HR1 **Significant investment agreements and contracts that include human rights clauses or that underwent human rights screening**

See Sustainability Work, section “Human rights impact assessments – Focus on region Eurasia.”

G4-HR2 **Employee training on human rights policies or procedures concerning aspects of human rights that are relevant to operations**

See Sustainability Work, section “Freedom of expression and privacy.”

Non-discrimination

G4-HR3 **Total number of incidents of discrimination and actions taken**

No substantiated cases of discrimination during the year.

Freedom of association and collective bargaining; Child labor; Forced and compulsory labor

G4-HR4-6	Operations and suppliers identified with significant risks regarding the right to exercise freedom of association and collective bargaining, child labor and forced and compulsory labor

See Directors' Report, section "Risks and uncertainties" and Sustainability Work, section "Responsible procurement." We consider these risks small in TeliaSonera's own operations, but bigger in many suppliers' operations.

Supplier human rights assessment

G4-HR10	Percentage of new suppliers that were screened using human rights criteria

See Sustainability Work, section "Responsible procurement."

Omission: we are unable to report separately on the percentage of new suppliers. As we develop our supplier screening processes, this data might become available.

Human rights grievance mechanisms

G4-HR12	Number of grievances about human rights impacts filed, addressed, and resolved through formal grievance mechanisms

See Corporate Governance, section "Enterprise risk management (ERM) framework."

SOCIETY

Local communities

G4-SO1	Local community engagement

See Sustainability Work, section "Sponsorships and donations."

Omission: we do not carry out community or environmental impact assessments. We aim to develop a more comprehensive approach to assessing the positive and negative impacts of our operations.

Anti-corruption

G4-SO3	Number and percentage of operations assessed for risks related to corruption and the significant risks identified

See Sustainability Work, section "Anti-bribery and corruption" and Directors' Report, section "Risks and uncertainties."

G4-SO4	Communication and training on anti-corruption policies and procedures

See Sustainability Work, sections "Anti-bribery and corruption," "Responsible procurement" and "Responsible exit from region Eurasia."

Omission: We are unable to provide more accurate statistics than those provided in the above sections.

G4-SO5	Confirmed incidents of corruption and actions taken

See Sustainability Work, section "Anti-bribery and corruption," Corporate Governance, section "Enterprise risk management (ERM) framework" and "G4-SO8."

Anti-competitive behavior

G4-SO7	Total number of legal actions for anti-competitive behavior, anti-trust, and monopoly practices and their outcomes

Kcell in Kazakhstan, Ucell in Uzbekistan, Yoigo in Spain and Telia in Sweden were engaged in a small number of new and ongoing legal processes. In all cases the fines have either been appealed, or corrective actions have been implemented.

Compliance

G4-SO8	Monetary value of significant fines and total number of non-monetary sanctions for non-compliance with laws and regulations

TeliaSonera subsidiaries were engaged in a small number of tax-related cases, none of which resulted in a significant fine. TeliaSonera, some of its subsidiaries and former employees are involved in preliminary investigations in Sweden, the Netherlands and USA primarily relating to investments in Uzbekistan. See Directors' Report, section "Risks and uncertainties" for more information.

PRODUCT RESPONSIBILITY

Product and service labeling

G4-PR5 **Practices related to customer satisfaction, including results of surveys measuring customer satisfaction**

We use NPS (Net Promoter Score) as the key measure to track development towards reaching our vision of becoming loyalty leader on all our markets. NPS was introduced as a strategic KPI in 2015. NPS is complemented by regular brand tracking in terms of brand consideration and preference, which gives useful insights into customer satisfaction trends. All results are followed both locally and on group level.

Omission: Due to changes in the NPS survey setup, we cannot present aggregated results for 2015.

Marketing communications

G4-PR7 **Total number of incidents of non-compliance with regulations and voluntary codes concerning marketing communications**

Telia in Sweden was convicted twice for violating direct marketing regulations. In both cases corrective actions were taken.

Customer privacy

G4-PR8 **Total number of substantiated complaints regarding breaches of customer privacy and losses of customer data**

Around 20 substantiated complaints were reported. Most cases related to system errors or failures which caused customer data to be visible for other customers or online, or customer data being sent to the wrong customer. In all cases the errors were corrected.

Omission: There may be additional cases that have not been reported. We are working on improving reporting.

TELECOMMUNICATIONS SECTOR SUPPLEMENT

Health and safety

IO4-6 **Compliance with ICNIRP standards and guidelines related to radiofrequency emissions and Standard Absorption Rate of handsets and base stations**

See www.teliasonera.com/en/sustainability/other-issues/electromagnetic-fields/.

Access to telecommunication products and services

PA1-2 **Policies and practices to overcome barriers for access and use of telecommunications products and services**

See Sustainability Work, section “All In for an inclusive world.”

PA6 **Programs to provide and maintain telecommunication products and services in emergency situations and disaster relief**

TeliaSonera is prepared to assist in rescue work and disaster relief in cases of major emergencies and disasters. Maintaining telecommunications services is vital to facilitate the rescue work and for helping affected people.

In 2015, Nepal was hit by major earthquakes. See Sustainability Work, section “Sponsorships and donations” for information on our response.

Access to content

PA7 **Policies and practices to manage human rights issues relating to access and use of telecommunications products and services**

See Sustainability Work, sections “Freedom of expression and privacy” and “Human rights impact assessments – focus on region Eurasia.”

BOARD OF DIRECTORS' AND PRESIDENT'S CERTIFICATION

The Board of Directors and the President and CEO certify that the consolidated financial statements have been prepared in accordance with IFRSs as adopted by the EU and give a true and fair view of the Group's financial position and results of operations. The financial statements of the Parent Company have been prepared in accordance with generally accepted accounting principles in Sweden and give a true and fair view of the Parent Company's financial position and results of operations.

The Board of Directors' Report for the Group and the Parent Company provides a fair review of the development of the Group's and the Parent Company's operations, financial position and results of operations and describes material risks and uncertainties facing the Parent Company and the companies included in the Group.

Stockholm, March 10, 2016

Marie Ehrling
Chair of the Board

Olli-Pekka Kallasvuo
Vice-Chair of the Board

Agneta Ahlström
Board member,
employee representative

Stefan Carlsson
Board member,
employee representative

Mats Jansson
Board member

Mikko Kosonen
Board member

Nina Linander
Board member

Martin Lorentzon
Board member

Per-Arne Sandström
Board member

Kersti Strandqvist
Board member

Peter Wiklund
Board member,
employee representative

Johan Dennelind
President and CEO

Our auditors' report was rendered on March 10, 2016

Deloitte AB

Jan Palmqvist
Authorized Public Accountant

AUDITORS' REPORT

To the annual meeting of the shareholders of TeliaSonera AB (publ)
Corporate identity number 556103-4249

REPORT ON THE ANNUAL ACCOUNTS AND CONSOLIDATED ACCOUNTS

We have audited the annual accounts and consolidated accounts of TeliaSonera AB (publ) for the financial year 2015-01-01 – 2015-12-31 with the exception of the corporate governance statement on pages 47-67. The annual accounts and consolidated accounts of the company are included in the printed version of this document on pages 20-46, 96-199 and 208.

Responsibilities of the Board of Directors and the Managing Director for the annual accounts and consolidated accounts

The Board of Directors and the Managing Director are responsible for the preparation and fair presentation of these annual accounts in accordance with the Annual Accounts Act and of the consolidated accounts in accordance with International Financial Reporting Standards, as adopted by the EU, and the Annual Accounts Act, and for such internal control as the Board of Directors and the Managing Director determine is necessary to enable the preparation of annual accounts and consolidated accounts that are free from material misstatement, whether due to fraud or error.

Auditors' responsibility

Our responsibility is to express an opinion on these annual accounts and consolidated accounts based on our audit. We conducted our audit in accordance with International Standards on Auditing and generally accepted auditing standards in Sweden. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the annual accounts and consolidated accounts are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the annual accounts and consolidated accounts. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the annual accounts and consolidated accounts, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the company's preparation and fair presentation of the annual accounts and consolidated accounts in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the company's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the Board of Directors and the Managing Director, as well as evaluating the overall presentation of the annual accounts and consolidated accounts.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Opinions

In our opinion, the annual accounts have been prepared in accordance with the Annual Accounts Act and present fairly, in all material respects, the financial position of the parent company as of 31 December 2015 and of its financial performance and its cash flows for the year then ended in accordance with the Annual Accounts Act. The consolidated accounts have been prepared in accordance with the Annual Accounts Act and present fairly, in all material respects, the financial position of the group as of 31 December 2015 and of their financial performance and cash flows for the year then ended in accordance with International Financial Reporting Standards, as adopted by the EU, and the Annual Accounts Act. Our opinions do not cover the corporate governance statement on pages 47-67. The statutory administration report is consistent with the other parts of the annual accounts and consolidated accounts.

We therefore recommend that the annual meeting of shareholders adopt the income statement and balance sheet for the parent company and the group.

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

In addition to our audit of the annual accounts and consolidated accounts, we have also audited the proposed appropriations of the company's profit or loss and the administration of the Board of Directors and the Managing Director of TeliaSonera AB (publ) for the financial year 2015-01-01 – 2015-12-31. We have also conducted a statutory examination of the corporate governance statement.

Responsibilities of the Board of Directors and the Managing Director

The Board of Directors is responsible for the proposal for appropriations of the company's profit or loss, and the Board of Directors and the Managing Director are responsible for administration under the Companies Act and that the corporate governance statement has been prepared in accordance with the Annual Accounts Act.

Auditors' responsibility

Our responsibility is to express an opinion with reasonable assurance on the proposed appropriations of the company's profit or loss and on the administration based on our audit. We conducted the audit in accordance with generally accepted auditing standards in Sweden.

As a basis for our opinion on the Board of Directors' proposed appropriations of the company's profit or loss, we examined the Board of Directors' reasoned statement and a selection of supporting evidence in order to be able to assess whether the proposal is in accordance with the Companies Act.

As a basis for our opinion concerning discharge from liability, in addition to our audit of the annual accounts and consolidated accounts, we examined significant decisions, actions taken and circumstances of the company in order to determine whether any member of the Board of Directors or the Managing Director is liable to the company. We also examined whether any member of the Board of Directors or the Managing Director has, in any other way, acted in contravention of the Companies Act, the Annual Accounts Act or the Articles of Association.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinions.

Furthermore, we have read the corporate governance statement and based on that reading and our knowledge of the company and the group we believe that we have a sufficient basis for our opinions. This means that our statutory examination of the corporate governance statement is different and substantially less in scope than an audit conducted in accordance with International Standards on Auditing and generally accepted auditing standards in Sweden.

Opinions

We recommend to the annual meeting of shareholders that the profit be appropriated in accordance with the proposal in the statutory administration report and that the members of the Board of Directors and the Managing Director be discharged from liability for the financial year.

A corporate governance statement has been prepared, and its statutory content is consistent with the other parts of the annual accounts and consolidated accounts.

Stockholm, 10 March 2016

Deloitte AB

Signature on Swedish original

Jan Palmqvist
Authorized Public Accountant

AUDITORS' LIMITED ASSURANCE REPORT ON THE SUSTAINABILITY REPORT

To TeliaSonera AB (publ), corporate identity number 556103-4249

INTRODUCTION

We have been engaged by the Management of the TeliaSonera AB (publ) to undertake a limited assurance engagement of the TeliaSonera Sustainability Report for the year 2015. The Company has defined the scope of the Sustainability Report on page 3 in the printed version of this document.

RESPONSIBILITIES OF THE BOARD OF DIRECTORS AND THE EXECUTIVE MANAGEMENT FOR THE SUSTAINABILITY REPORT

The Board of Directors and the Executive Management are responsible for the preparation of the Sustainability Report in accordance with the applicable criteria, as explained on page 200 in the Sustainability Report, and are the parts of the Sustainability Reporting Guidelines (published by The Global Reporting Initiative (GRI)) which are applicable to the Sustainability Report, as well as the accounting and calculation principles that the Company has developed. This responsibility also includes the internal control relevant to the preparation of a Sustainability Report that is free from material misstatements, whether due to fraud or error.

RESPONSIBILITIES OF THE AUDITOR

Our responsibility is to express a conclusion on the Sustainability Report based on the limited assurance procedures we have performed.

We conducted our limited assurance engagement in accordance with RevR 6 Assurance of Sustainability Reports issued by FAR. A limited assurance engagement consists of making inquiries, primarily of persons responsible for the preparation of the Sustainability Report, and applying analytical and other limited assurance procedures. The procedures performed in a limited assurance engagement vary in nature from, and are less in extent than for, a reasonable assurance engagement conducted in accordance with IAASB's Standards on Auditing and other generally accepted auditing standards in Sweden. The firm applies ISQC 1 (International Standard on Quality Control) and accordingly maintains a comprehensive system of quality control including documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements. The procedures performed consequently do not enable us to obtain assurance that we would become aware of all significant matters that might be identified in a reasonable assurance engagement. Accordingly, we do not express a reasonable assurance conclusion.

Our procedures are based on the criteria defined by the Board of Directors and the Executive Management as described above. We consider these criteria suitable for the preparation of the Sustainability Report.

We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our conclusion below.

CONCLUSION

Based on the limited assurance procedures we have performed, nothing has come to our attention that causes us to believe that the Sustainability Report, is not prepared, in all material respects, in accordance with the criteria defined by the Board of Directors and Executive Management.

Stockholm, March 10, 2016

Deloitte AB

Signatures on Swedish original

Jan Palmqvist
Authorized Public Accountant

Didrik Roos
Authorized Public Accountant

UNITED NATIONS GLOBAL COMPACT PRINCIPLES

TeliaSonera is a signatory to the United Nations Global Compact since 2013. This Annual and Sustainability Report represents our Communication On Progress.

TeliaSonera's implementation of the UN Global Compact principles is outlined in the table below. Our statement of continuing support for the Global Compact is found in "Comments by the CEO". Four business units – Omnitel and TEO in Lithuania, Moldcell in Moldova and Kcell in Kazakhstan – are themselves also signatories to the Global Compact. This Annual and Sustainability Report represents the Communication On Progress also for these companies.

Principle	Human Rights	Approach and outcomes
1	Support and respect the protection of internationally proclaimed human rights	See Sustainability Work, sections "Sustainability in TeliaSonera" and "Freedom of expression and privacy"
2	Make sure that we are not complicit in human rights abuses	See Sustainability Work, sections "Freedom of expression and privacy" and "Human rights impact assessments – Focus on region Eurasia"
	Labor	
3	Uphold the freedom of association and the effective recognition of the right to collective bargaining	See Sustainability Work, sections "Occupational health and safety" and "Responsible procurement," and GRI Index, "G4-11" and "G4-HR4-6"
4	Uphold the elimination of all forms of forced and compulsory labor	See Sustainability Work, section "Responsible procurement" and GRI Index, "G4-HR4-6"
5	Uphold the effective abolition of child labor	See Sustainability Work, section "Responsible procurement" and GRI Index, "G4-HR4-6"
6	Uphold the elimination of discrimination in respect of employment and occupation	See Sustainability Work, section "Occupational health and safety"
	Environment	
7	Support a precautionary approach to environmental challenges	See Sustainability Work, section "Environmental responsibility" and GRI Index, "G4-14"
8	Undertake initiatives to promote greater environmental responsibility	See Sustainability Work, section "Environmental responsibility"
9	Encourage the development and diffusion of environmentally friendly technologies	See Sustainability Work, section "Environmental responsibility"
	Anti-corruption	
10	Work against corruption in all its forms, including extortion and bribery	See Sustainability Work, section "Anti-corruption"

FIVE-YEAR SUMMARY

TeliaSonera Group Financial data	2015	2014	2013[8]	2012[8]	2011[8]
Income (SEK in millions)[1),2)]					
Net sales	86,569	81,131	101,870	104,898	104,804
Operating income	14,606	17,743	24,462	28,400	29,720
EBITDA excluding non-recurring items	25,281	24,364	35,584	36,171	37,222
EBITDA	23,992	23,453	33,656	35,074	37,181
Net income from continuing operations	9,532	12,219	–	–	–
Net income from discontinued operations	673	3,379	–	–	–
Net income	10,205	15,599	16,767	21,168	21,119
Financial position (SEK in millions)[2),3)]					
Goodwill and other intangible assets	67,933	86,161	81,522	83,278	92,017
Property, plant and equipment	55,093	69,669	64,792	62,657	61,291
Other non-current assets	50,824	54,592	46,681	49,738	62,865
Current assets	80,167	61,645	59,833	57,373	36,710
Total assets	*254,017*	*272,066*	*252,828*	*253,046*	*252,883*
Total equity	102,202	116,364	112,934	109,106	122,871
of which attributable to owners of the parent	97,884	111,383	108,324	105,150	115,518
Non-current liabilities	109,175	118,163	103,226	108,409	93,680
Current liabilities	42,641	37,539	36,668	35,531	36,332
Total equity and liabilities	*254,017*	*272,066*	*252,828*	*253,046*	*252,883*
Capital employed, continuing and discontinued operations	193,486	208,365	192,134	193,056	191,402
Operating capital, continuing and discontinued operations	144,609	155,683	143,154	144,020	170,880
Net debt, continuing and discontinued operations	55,717	59,320	55,774	59,444	65,048
Cash flows (SEK in millions)[4)]					
Cash flow from operating activities	35,249	29,252	31,036	38,879	26,950
Cash flow from investing activities	-28,985	-21,979	-14,644	-6,359	-15,967
Cash flow from financing activities	-9,628	-10,269	-15,013	-15,231	-13,295
Cash flow for the year	*-3,363*	*-2,997*	*1,379*	*17,289*	*-2,312*
Free cash flow	16,550	13,046	16,310	23,740	9,415
of which from discontinued operations	4,030	4,905	–	–	–
Investments (SEK in millions)[5)]					
CAPEX	14,595	11,955	16,332	15,685	17,384
Acquisitions and other investments	5,818	1,210	1,461	1,905	672
Total investments	*20,413*	*13,165*	*17,793*	*17,590*	*18,056*
Key ratios[6)]					
Return on equity (%)	9.3	15.0	15.9	20.5	16.8
Return on capital employed (%)	8.9	12.2	13.5	14.9	16.4
Equity/assets ratio (%)	35.1	38.0	39.5	38.2	44.0
Net debt/equity ratio (%)	62.5	57.4	55.8	61.4	58.8
Net debt/EBITDA rate excl. non-recurring items	1.53	1.68	1.57	1.64	1.75
Net debt/assets ratio	21.9	21.8	22.1	23.5	25.7
Owners' equity per share (SEK)	22.61	25.72	25.02	24.28	26.69
Share data					
Number of outstanding shares (millions)					
– at the end of the period	4,330.1	4,330.1	4,330.1	4,330.1	4,330.1
– average, basic	4,330.1	4,330.1	4,330.1	4,330.1	4,367.0
– average, diluted	4,330.1	4,330.1	4,330.1	4,330.1	4,367.0
Basic and diluted total earnings per share (SEK)	1.97	3.35	3.46	4.59	4.21
Cash dividend per share (SEK)[7)]	3.00	3.00	3.00	2.85	2.85
Total cash dividend (SEK in millions)[7)]	12,990	12,990	12,990	12,341	12,341
Pay-out ratio (%)	151.9	89.6	86.8	62.1	67.7

[1)] Former segment region Eurasia is classified as held for sale and discontinued operations as of December 31, 2015, and is therefore presented on one line in the income statement 2015 and 2014. The above presented income statement line items for 2015 and 2014 refer to continuing operations if not otherwise stated.
[2)] 2011 has not been restated for changes in accounting for defined benefit pension plans adopted in 2013.
[3)] Assets and liabilities in former segment region Eurasia are presented separately on two line items in the consolidated statement of financial position as of December 31, 2015. In the above presented balance sheet line items assets classified as held for sale and liabilities directly associated with assets classified as held for sale are included in current assets and current liabilities.
[4)] Cash flow information is presented including former segment region Eurasia.
[5)] 2015 and 2014 including continuing operations only.
[6)] Key ratios are based on the total TeliaSonera group including both continuing and discontinued operations for 2014 and 2015. The definition for the key ratio Return on capital employed was changed during 2014 (see Definitions), only 2013, 2014 and 2015 have been calculated with the current definition.
[7)] For 2015 as proposed by the Board of Directors.
[8)] 2011-2013 are not restated to reflect classification of former segment region Eurasia as discontinued operations.

TeliaSonera Group Operational data	2015	2014	2013	2012	2011
Mobile services					
Total subscriptions (thousands)[1]	19,981	19,352	19,337	20,537	19,520
of which Sweden					
Mobile telephony, total subscriptions (thousands)	6,067	6,186	6,171	6,587	6,290
Mobile telephony, MoU (minutes)	288	275	263	244	242
Mobile telephony, blended churn (%)	19	19	19	15	15
Mobile telephony, ARPU (SEK)	206	201	198	190	196
of which Finland					
Mobile telephony, subscriptions (thousands)	3,306	3,281	3,245	3,249	3,231
Mobile telephony, MoU (minutes)	289	290	281	268	255
Mobile telephony, blended churn (%)	21	21	21	26	28
Mobile telephony, ARPU (EUR)	16	17	18	19	21
of which Norway					
Mobile telephony, subscriptions (thousands)	2,311	1,517	1,532	1,641	1,657
Mobile telephony, MoU (minutes)	292	305	302	285	279
Mobile telephony, ARPU (NOK)	245	254	258	248	259
of which other countries					
Mobile telephony, subscriptions, Denmark (thousands)	1,644	1,581	1,522	1,462	1,426
Mobile telephony, subscriptions, Lithuania (thousands)	1,327	1,378	1,546	1,953	1,990
Mobile telephony, subscriptions, Latvia (thousands)	1,119	1,097	1,066	1,070	1,092
Mobile telephony, subscriptions, Estonia (thousands)	863	841	821	868	795
Mobile telephony, subscriptions, Spain (thousands)	3,344	3,471	3,434	3,707	3,039
Fixed services					
Broadband, total subscriptions (thousands)	2,589	2,543	2,416	2,545	2,481
of which					
Broadband, subscriptions, Sweden (thousands)	1,306	1,275	1,208	1,175	1,149
Broadband, subscriptions, Finland (thousands)	527	561	532	501	491
Broadband, subscriptions, Norway (thousands)	–	–	–	184	188
Broadband, subscriptions, Denmark (thousands)	135	114	99	87	80
Broadband, subscriptions, Lithuania (thousands)[2]	390	369	355	385	372
Broadband, subscriptions, Estonia (thousands)	231	224	222	213	201
Fixed telephony, total subscriptions (thousands)[3]	2,838	3,034	3,247	3,452	3,681
of which					
Fixed telephony, subscriptions, Sweden (thousands)	1,896	2,054	2,209	2,347	2,521
Fixed telephony, subscriptions, Finland (thousands)	80	99	108	125	147
Fixed telephony, subscriptions, Denmark (thousands)	114	122	121	125	81
Fixed telephony, subscriptions, Lithuania (thousands)	447	468	504	540	647
Fixed telephony, subscriptions, Estonia (thousands)	301	291	305	315	285
Human Resources[4]					
Number of employees as of December 31	26,895	26,166	26,013	27,838	27,983
Average number of full-time employees during the year	25,450	24,973	25,319	26,793	27,005
of whom, in Sweden	8,172	7,977	8,122	8,486	8,378
of whom, in Finland	3,326	3,577	3,745	4,231	4,497
of whom, in other countries	13,953	13,419	13,452	14,076	14,130
of whom, women	10,777	10,579	10,958	11,465	11,786
of whom, men	14,673	14,394	14,361	15,328	15,219
Salaries and remuneration (SEK in millions)	9,408	9,746	9,400	9,863	9,979
Employer's social security contributions (SEK in millions)	1,992	1,893	1,900	1,835	1,821
Salaries and employer's social security contributions as a percentage of operating costs	12.6	14.4	14.0	14.2	14.5
Net sales per employee (SEK in thousands)	4,220	4,047	4,023	3,915	3,881
Operating income per employee (SEK in thousands)	64	908	966	1,056	1,101
Change in labor productivity (%)	-0.1	2.6	5.6	14.1	11.2
Net income per employee (SEK in thousands)	40	625	662	790	782

[1] The definition of number of mobile prepaid subscriptions has been changed. Prepaid subscriptions are counted if the subscriber has been active during the last three months. 2013 to 2015 have been restated for comparability.
[2] The definition for number of broadband subscriptions in Lithuania has changed. 2013 to 2015 have been restated for comparability.
[3] Fixed telephony subscriptions include PSTN and VoIP.
[4] HR data is based on the total TeliaSonera group including both continuing and discontinued operations.

DEFINITIONS

CONCEPTS AND KEY RATIOS

Billed revenues
Voice, messaging, data and content.

Service revenues (external)
External net sales excluding equipment sales.

EBITDA
An abbreviation of “Earnings Before Interest, Tax, Depreciation and Amortization.” Equals operating income before amortization, depreciation and impairment losses, and before income from associated companies and joint ventures.

Non-recurring items
Non-recurring items comprise capital gains and losses, impairment losses, restructuring programs (costs for phasing out operations and personnel redundancy costs) or other costs with the character of not being part of normal daily operations.

Adjusted equity
Reported equity attributable to owners of the parent less the (proposed) dividend. For the parent company also including untaxed reserves net of tax.

Capital employed
Total assets less non-interest-bearing liabilities and non-interest-bearing provisions, and the (proposed) dividend.

Operating capital
Non-interest-bearing assets less non-interest-bearing liabilities, including the (proposed) dividend, and non-interest-bearing provisions.

Segment assets and liabilities (Segment operating capital)
As Operating capital, but assets and liabilities exclude items related to foreign currency derivatives and accrued interest as well as to deferred and current tax, respectively, and liabilities exclude the (proposed) dividend.

Net debt
Interest-bearing liabilities less derivatives recognized as financial assets (and hedging long-term and short-term borrowings) and related credit support annex (CSA), less short term investments, long-term bonds available for sale and cash/cash equivalents.

Net interest-bearing liability
Interest-bearing liabilities and provisions less interest-bearing assets but including investments in associated companies and joint ventures.

Free cash flow
Cash flow from operating activities less cash CAPEX.

CAPEX
An abbreviation of “Capital Expenditure.” Investments in intangible and tangible non-current assets but excluding goodwill, fair-value adjustments and asset retirement obligations.

Acquisitions and other investments
Investments in goodwill and fair-value adjustments, shares and participations, and asset retirement obligations.

EBITDA margin
EBITDA excluding non-recurring items expressed as a percentage of net sales.

Operating margin
Operating income expressed as a percentage of net sales.

Return on sales
Net income expressed as a percentage of net sales.

Total asset turnover
Net sales divided by average total assets.

Turnover of capital employed
Net sales divided by the average capital employed.

Return on assets
Operating income plus financial revenues expressed as a percentage of average total assets.

Return on capital employed
Operating income plus financial revenues excluding FX gains expressed as a percentage of average capital employed.

Return on equity
Net income attributable to owners of the parent expressed as a percentage of average adjusted equity.

Equity/assets ratio
Adjusted equity and equity attributable to non-controlling interests expressed as a percentage of total assets.

Net debt/equity ratio
Net debt expressed as a percentage of adjusted equity and equity attributable to non-controlling interests.

Net debt/EBITDA rate
Net debt divided by EBITDA excluding non-recurring items.

Net debt/assets ratio
Net debt expressed as a percentage of total assets.

Interest coverage ratio
Operating income plus financial revenues divided by financial expenses.

Self-financing rate
Cash flow from operating activities divided by gross investments.

Earnings and equity per share
Earnings per share are based on the weighted average number of shares before and after dilution with potential ordinary shares, while equity per share is based on the number of shares at the end of the period. Earnings equal net income attributable to owners of the parent and equity is equity attributable to owners of the parent.

Pay-out ratio
Dividend per share divided by basic total earnings per share.

MoU
Minutes of usage per subscription and month.

Blended churn
The number of lost subscriptions (postpaid and prepaid) expressed as a percentage of the average number of subscriptions (postpaid and prepaid).

ARPU
Average monthly revenue per user.

Labor productivity
Year-on-year percentage change in the ratio: net sales at fixed prices to average number of full-time employees.

NOTATION CONVENTIONS

In conformity with international standards, this report applies the following currency notations:

SEK	Swedish krona	HKD	Hong Kong dollar	NPR	Nepalese rupee
AZN	Azerbaijan manat	JPY	Japanese yen	RUB	Russian ruble
CZK	Czech koruna	KZT	Kazakhstan tenge	TJS	Tajikistan somoni
DKK	Danish krone	LTL	Lithuanian litas	TRY	Turkish lira
EUR	European euro	LVL	Latvian lats	USD	U.S. dollar
GBP	Pound sterling	NOK	Norwegian krone	UZS	Uzbekistan som
GEL	Georgian lari	MDL	Moldovan leu		

ANNUAL GENERAL MEETING 2016

TeliaSonera's Annual General Meeting will be held on Tuesday, April 12, 2016, at 14.00 CET at Waterfront Congress Centre, Stockholm. The complete notification was published on TeliaSonera's website, www.teliasonera.com at the beginning of March. The meeting will be interpreted into English.

RIGHT TO ATTEND

Shareholders who wish to attend the Annual General Meeting shall be entered into the transcription of the share register as of Wednesday, April 6, 2016, kept by Swedish central securities depository Euroclear Sweden AB and give notice of attendance to the Company no later than Wednesday, April 6, 2016.

NOTICE TO THE COMPANY

Notice of attendance can be made

- in writing to TeliaSonera AB, Box 7842, SE-103 98 Stockholm, Sweden,
- by telephone +46 (0)8 402 90 50 on weekdays between 09.00 CET and 16.00 CET, or
- via the company's website www.teliasonera.com (only private individuals).

When giving notice of attendance, please state name/company name, social security number/corporate registration number, address, telephone number (office hours) and number of accompanying persons.

SHAREHOLDING IN THE NAME OF A NOMINEE

Shareholders, whose shares are registered in the name of a nominee, must request to be temporarily entered into the share register kept by Euroclear Sweden AB as of April 6, 2016, in order to be entitled to participate in the meeting. Such shareholder is requested to inform the nominee to that effect well before that day. As Finnish shareholders within the Finnish book-entry system at Euroclear Finland Oy are nominee registered at Euroclear Sweden AB, these Finnish shareholders have to contact Euroclear Finland Oy, by email:
thy@euroclear.eu or by phone: +358 (0)20 770 6609, for re-registration well in advance of April 6, 2016, to be able to participate in the meeting.

NOMINEE

Shareholders who are represented by proxy shall issue a power of attorney for the representative. Forms for power of attorneys are available at the Company's website www.teliasonera.com. To a power of attorney issued by a legal entity a copy of the certificate of registration (and should such certificate not exist, a corresponding document of authority) of the legal entity shall be attached. The documents must not be older than one year. In order to facilitate the registration at the meeting, powers of attorney in original, certificates of registration and other documents of authority should be sent to the Company at the address above at the latest by Wednesday, April 6, 2016.

DECISIONS TO BE MADE BY THE ANNUAL GENERAL MEETING

The Annual General Meeting determines, among other matters, the appropriation of the Company's profits and whether to discharge the Board of Directors and President from liability. The Annual General Meeting also appoints the Board of Directors and makes decisions regarding remuneration to the Board. The Board of Directors proposes that a dividend of SEK 3.00 per share be distributed to the shareholders in two tranches of SEK 1.50 each. April 14, 2016, and October 25, 2016, respectively, be set as the record dates for the dividend. If the Annual General Meeting adopts this proposal, it is estimated that disbursements from Euroclear Sweden AB will take place on April 19, 2016, and on October 28, 2016, respectively.

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Production: TeliaSonera AB Investor Relations in cooperation with Narva
Photo of the Board of Directors and Group Executive Management: Jeanette Hägglund

TeliaSonera provides communication services helping millions of people to be connected and communicate, do business and be entertained. By doing that we fulfil our purpose to bring the world closer – on the customer´s terms.