Corporate
Responsibility Report
2011

TELE2

Content

About this report

This is Tele2's second Corporate Responsibility report in accordance with the Global Reporting Initiative (GRI) and the fourth in all. It is made in accordance with G3.1 guidelines and our self-declared level of application is C. Tele2 will continue to report in accordance with the GRI guidelines annually.

The report summarises the company's 2011 Corporate Responsibility (CR) performance and focuses on issues considered to be most material regarding Tele2's economic, social and environmental performance. The report is structured according to the following areas: focusing on essentials, customer loyalty, safety and integrity, a great place to work, socioeconomic impact, community involvement and environmentally sustainable business. For more information on how these areas were identified, see pages 8 and 9 "Focusing on essentials".

This report covers all of Tele2's operations, except outsourced operations, leased facilities, subsidiaries and joint ventures, unless otherwise stated. Data in this report refers to the fiscal year 2011, unless otherwise stated. Since Tele2's acquisition of its operations in Kazakhstan was finalised in March 2010, there is no comparative data for 2010 included (with the exception of the financial indicator EC1), since the numbers would not cover the whole year. For the indicator SO2 there is no comparative data for 2010, since the indicator is introduced in this year's

report for the first time. In order to focus our data gathering on more material indicators, the PR3 indicator reported on in the 2010 CR report has been excluded. When information has been included from previous year's reports this is clearly stated in the text.

Tele2's sustainability reports, annual reports and other financial information can be found at www.tele2.com.

Sustainability in the global eye

Sustainability has become a major area of focus across the telecom sector during 2011. The means of mobile communication have proved to be of great democratic importance when it comes to freedom of speech and bridging the digital divide.

Cooperation on growth markets

Issues of democracy pose challenges especially in growth markets, Tele2's main expansion area. This subject is too complex for any company to address alone; therefore we have initiated and participated in dialogues with our competitors, trade organisations and relevant NGOs. The aim of the dialogues is to establish common strategies on how to handle those complex issues. We believe that cooperation is essential for all of us, if we are to be able to act responsibly in these markets. We are also proud to have been invited to participate in the OECD Corporate Responsibility Roundtable, as a part of the ICT sector's ongoing dialogues to update the Guidelines for Multinational Enterprises. We believe that we can contribute to the process of diminishing the digital divide and strengthening freedom on the Internet in growth markets.

New CR Advisory Group

To further develop CR as one of the key strategic areas, the Board of Directors introduced a CR Advisory Group in the beginning of the year. The group consists of three Board Members: Mr John Shakeshaft, Mr Lars Berg and Mrs Mia Brunell Livfors, the latter also being the Head of the Advisory Group. The advisory group's responsibilities are to prepare CR issues for the Board and to maintain a continuous contact between the Board's strategic perspective and the organisation's operational everyday work.

Recognition for our CR work

I am also glad that the organisation's efforts within the CR area have not gone unnoticed. During the year, Tele2 received a notable ranking in both the Carbon Disclosure Project and the Responsible Business index published by Folksam. Tele2 was also one of the companies highlighted in the Sustainable Value Creation Initiative due to the rapid progression of our company's CR work.

Mike Parton
Chairman of the Board

With the telecom industry rapidly changing, it is more important than ever to maintain high ethical standards and stakeholder trust. For us at Tele2, 2011 was a year characterised by the continued implementation of our extensive CR programme.

Hands-on actions

In 2011, our focus shifted from establishing policies and guidelines to determining strategies and hands-on actions and implementing routines for the follow-up on set targets. We took yet another step towards integrating CR issues throughout our organisation and reaching our goals. Tele2's new CR strategy establishes the division of responsibilities and mandates within the company and gives all employees clear guidance on how CR issues should be handled.

Reaching our goals

In 2010, we defined a number of short, middle and long term CR goals. I am pleased to see that we have reached many of our short term goals during 2011 and that we are well on track with our mid and long term goals.

One of our primary short term goals was to implement the Code of Conduct in our value chain. As of 31 December, 92 percent of Tele2's employees and 84 percent of our largest suppliers had signed the Code. The implementation of the Code required more resources than anticipated. As a consequence, the short term goal of increasing awareness of CR issues within the organisation through providing a basic CR training for all employees was not met. In order to have the necessary resources to prepare quality training, we postponed this goal until the second half of 2012.

Read more about our goals and achievements during the year on page 9.

Our challenges

Supply chain follow-up is one of our main challenges. Besides the implementation of our Code of Conduct, we have also provided CR training for all management and purchasing staff during the year. In 2012, focus will shift to following up on our suppliers' compliance with the standards of the Code.

Safeguarding personal integrity through secure and private services is critical to maintaining our customers' trust. The legislation in the context is partly conflicting between the countries in which we operate. Therefore, we have established a new working group that will monitor developments in legislation and other relevant areas and pursue the harmonisation of our corporate guidelines.

Looking ahead

Going forward, the importance of sustainability issues will only continue to grow. Customers, employees and other stakeholders will place greater demands on companies to take responsibility for their impact on their surroundings. At Tele2, we will continue to stand strong in providing accessibility and offer our customers what they need, for less – while accepting wide responsibility across our footprint.

Mats Granryd
President and Chief Executive Officer

Tele2 at a glance

Tele2 provides residential and business customers with products and services in mobile telephony, complemented in some countries with fixed telephony and fixed broadband. With over 7,000 employees and 34 million customers, Tele2 is one of Europe's leading telecom operators.

Corporate Responsibility – our core business

Communication is a fundamental element in our society and plays an important role in people's lives. Today, telecom services fulfill core needs of individual consumers as well as businesses all over the world. Mobile communication has also proved to be of great democratic importance to freedom of speech and bridging the digital divide. Hence sustainability is at the very core of Tele2's business.

In addition to that, our services bring social and economic benefits to societies by improving infrastructure and offer possibilities for individuals and organisations to reduce their environmental impact by replacing physical products and travels with information and communication technology (ICT) solutions.

The Best Deal

Our mission is to always provide the Best Deal to customers, employees and shareholders. In order to fulfill our mission, it is essential for Tele2 to build sound, sustainable relationships.

Being the Challenger

Tele2 has grown fast since its start in 1986. The company currently has operations in eleven countries, divided into four market areas:
- *Nordic* – Sweden and Norway
- *Western Europe* – The Netherlands, Austria and Germany
- *Central Europe and Eurasia* – Estonia, Latvia, Lithuania, Croatia and Kazakhstan
- *Russia*

During the year, we have received six new GSM licenses, in Russia. We consider this a step in the right direction towards making our Best Deal proposition available to an even larger number of consumers and businesses. In Russia and Eurasia, we have the ambition to continue our expansion, thus contributing to bridging the digital divide.

Economic footprint

We pride ourselves in always offering price leading and easy-to-use communication services with expected quality. This has proven to be a recipe for success. Tele2 continued to grow with good profitability during 2011, with net sales in excess of SEK 40 billion. Total assets amounted to SEK 46,509 (40,369) million, with equities of SEK 21,452 (28,875) million and liabilities SEK 25,057 (11,494) million.

Our capital investments in telecommunications network infrastructure totalled SEK 3,941 (2,655) million. In the map on the opposite page, the figures are broken down by country.

Tele2's direct economic value generated and distributed is stated in the table to the right. The table shows the flow of capital among stakeholders, the major economic impacts of Tele2 throughout society and the contribution to sustainability in economic systems.

Our shareholders

Tele2 AB has been listed on the NASDAQ OMX Nordic Exchange since 1996 and the company's headquarter is located in Stockholm, Sweden. The fifteen largest shareholders on December 31 held shares corresponding to 51 percent of the capital and 62 percent of the voting rights, of which Investment AB Kinnevik owns 30 percent of the capital and 47 percent of the voting rights. No other shareholder owns, directly or indirectly, more than ten percent of the shares in Tele2.

Direct economic value generated and distributed

SEK million	2011	2010
Direct economic value generated		
a) Revenues	40,987	40,375
Economic value distributed		
b) Operating costs	–26,238	–26,164
c) Employee wages and benefits	–3,763	–3,408
d) Payments to providers of capital	–12,354	–2,936
e) Payments to governments		
Sweden	–1,508	–1,349
Norway	–177	–190
Russia	–1,834	–1,176
Estonia	–86	–96
Lithuania	–192	–228
Latvia	–154	–205
Croatia	–79	–73
Kazakhstan	–110	–71
Netherlands	–713	–683
Germany	–101	–196
Austria	–143	–155
Other	–108	–114
f) Community investments	–10	–6
Economic value retained	**–6,583**	**3,325**

Brands

Main brand

Consumer facing

Business facing

Tele2 Market areas

Tele2 Sweden
Number of customers: 4,742,000
Net sales: SEK 12,398 million
Network investment: SEK 433 million

Tele2 Norway
Number of customers: 1,158,000
Net sales: SEK 3,245 million
Network investment: SEK 133 million

Tele2 Netherlands
Number of customers: 984,000
Net sales: SEK 5,823 million
Network investment: SEK 322 million

Tele2 Germany
Number of customers: 980,000
Net sales: SEK 1,096 million
Network investment: SEK 0 million

Tele2 Austria
Number of customers: 365,000
Net sales: SEK 1,377 million
Network investment: SEK 39 million

Tele2 Estonia
Number of customers: 498,000
Net sales: SEK 839 million
Network investment: SEK 76 million

Tele2 Latvia
Number of customers: 1,019,000
Net sales: SEK 1,094 million
Network investment: SEK 88 million

Tele2 Lithuania
Number of customers: 1,723,000
Net sales: SEK 1,254 million
Network investment: SEK 112 million

Tele2 Croatia
Number of customers: 710,000
Net sales: SEK 1,301 million
Network investment: SEK 90 million

Kazakhstan
Number of customers: 1,371,000
Net sales: SEK 346 million
Network investment: SEK 758 million

Tele2 Russia
Number of customers: 20,636,000
Net sales: SEK 11,463 million
Network investment: SEK 1,890 million

Number and percentage of standalone sites, shared sites and sites on existing structures

	Stand alone sites		Shared sites		Sites on existing structure		Total	
Sweden	1,084	(1,014)	2,778	(2,668)	2,101	(2,223)	5,963	(5,905)
Russia	2,275	(1,800)	837	(300)	6,718	(6,120)	9,830	(8,220)
Estonia	199	(193)	91	(84)	408	(396)	698	(673)
Latvia	310	(289)	113	(98)	442	(303)	865	(690)
Lithuania	208	(187)	118	(89)	532	(460)	858	(736)
Croatia	137	(112)	225	(202)	467	(435)	829	(749)
Norway	25	(3)	125	(0)	940	(14)	1,090	(17)
Kazakhstan	40	(0)	540	(0)	1,290	(0)	1,870	(0)
Netherlands	111	(116)	0	(0)	2,587	(1,527)	2,698	(1,643)
Austria	49	(49)	3	(3)	358	(295)	410	(347)
Germany	0	(0)	0	(0)	5	(42)	5	(42)
Total	**4,438**		**4,830**		**15,848**		**25,116**	
Percentage	18%		19%		63%		100%	

Making Corporate Responsibility a part of everyday business

Successful governance is key to making Corporate Responsibility a part of everyday business. This includes well-communicated policies and guidelines as well as a clear division of responsibilities and mandates.

Policies

The UN Global Compact's ten principles constitute the basis of Tele2's Code of Conduct, which is the core CR policy. The Code of Conduct, adopted by the Board of Directors in 2010, applies not only to the company itself, but also to suppliers and other parties representing Tele2.

The Code of Conduct and subordinate policies such as the Environmental policy and the Whistle-blower policy are available on the company intranet and on www.tele2.com.

A new CR strategy

A new CR strategy has been developed to facilitate the integration of CR issues throughout the organisation, i.e. making it part of everyday business. The strategy gives clear guidance on how the CR issues will be handled and on the division of responsibilities within the company and mandates.

Governance structure

The governance structure of Tele2 is illustrated on the opposite page. The responsibility and mandate of each unit is explained in the text below.

The Nomination Committee consists of the three largest shareholders. The committee is responsible for proposing Board members, the Chairman of the Board as well as remuneration to Board members and auditors to the Annual General Meeting (AGM). Knowledge of CR issues is one of the parameters taken into consideration by the committee when proposing Board members.

All shareholders, including minorities, can exercise their voting rights at the highest decision making body, the Annual General Meeting. During the AGM, the shareholders elect the Board of Directors, the auditors and vote on other key issues presented by the Board. The AGM also provides all shareholders with an opportunity to express their opinions in regards to Tele2's CR work.

The Board of Directors is the highest governing body responsible for Tele2's CR performance. The Board consists of eight members out of which two are women. Three of the Directors of the Board, Cristina Stenbeck, Mia Brunell Livfors and Erik Mitteregger, are considered dependent. The Chairman of the Board, Mike Parton, is independent. The Board of Directors as a whole assesses Tele2's sustainability performance whenever needed, however at a minimum once a year.

The CR Advisory Group was introduced by the Board of Directors in the beginning of 2011 to support the Board on Corporate Responsibility topics. The group consists of three Board members: John Shakeshaft, Lars Berg and Mia Brunell Livfors, the latter also being the Head of the CR Advisory Group. Mats Granryd, Tele2's CEO, is affiliated to the CR Advisory Group. The group held two meetings during 2011 and dealt with issues such as the Code of Conduct, supply chain follow-up and the new CR strategy.

The Remuneration Committee's work includes recommending to the Board aspects of remuneration and terms of employment for the Leadership Team. The remunerations are based on a wide range of criteria, both financial and non-financial.

The Audit Committee has the primary task of assisting the Board in its supervision and review of the internal and external audit process and of reviewing and ensuring the quality of the company's external financial reporting. Furthermore, the Audit Committee supervises the internal control functions of the company.
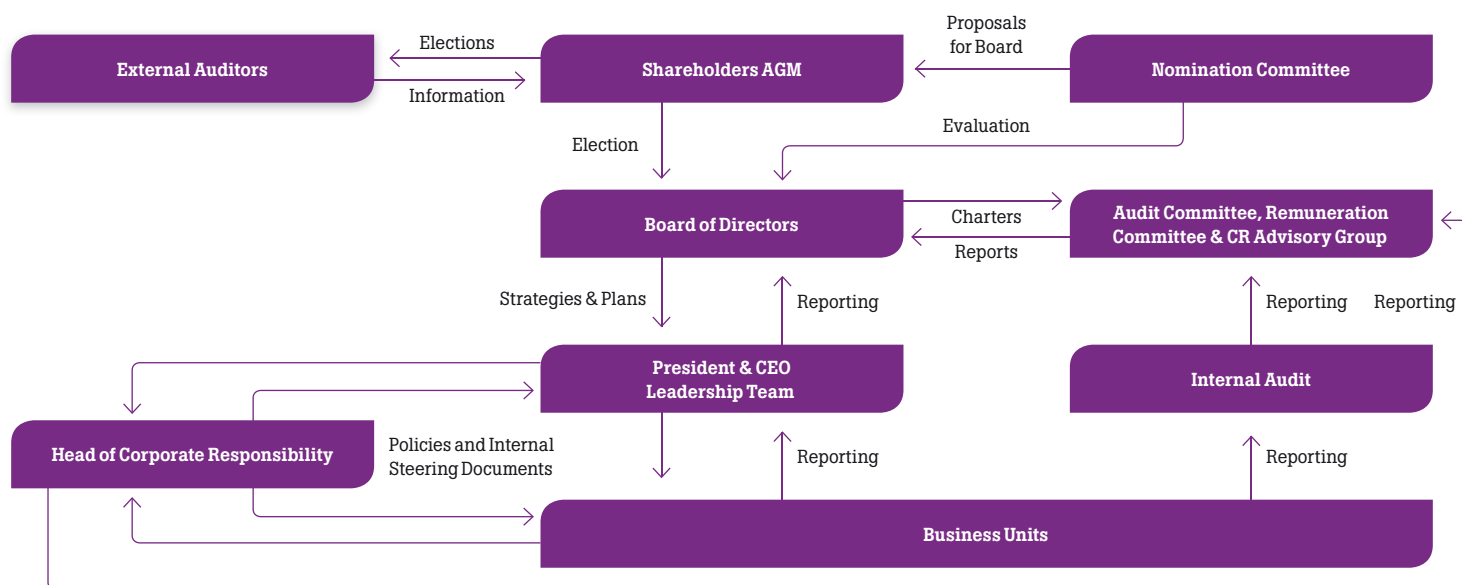
The auditors are elected by the shareholders at the AGM. The auditors revise the financial statements.

The Leadership Team, consisting of eleven members, is the highest operational body responsible for Tele2's CR work.

The Head of Corporate Responsibility is responsible for coordinating the CR work within Tele2, including proposing overarching strategies and policies, developing focus areas, goals and the CR action plan, following up performance and presenting the results to the Leadership Team.

Business Units within Tele2 are responsible for implementing the CR action plan in order to reach set goals and to reporting the results to the Head of CR. Working in this way enables each Tele2 employee to contribute to the overarching goals in their everyday work.

CR Governance in Tele2

Board of Directors and Leadership Team divided by gender and age

		Number						Percentage				
	Total	Men	Women	<30	30–50	>50		Men	Women	<30	30–50	>50
Nomination Committee	3	1	2	0	1	2		33%	67%	0%	33%	67%
Board of Directors	8	6	2	0	3	5		75%	25%	0%	38%	62%
Audit Committee	4	4	0	0	1	3		100%	0%	0%	25%	75%
Remuneration Committee	4	3	1	0	2	2		75%	25%	0%	50%	50%
CR Advisory Group	3	2	1	0	1	2		67%	33%	0%	33%	67%
Leadership Team	11	10	1	0	9	2		91%	9%	0%	82%	18%

Focusing on essentials

The priorities made and actions taken within the CR area are based on the results of the Materiality Analysis and verified in the Stakeholder Dialogues.

Materiality Analysis

During 2011, the Leadership Team and the Head of CR have reviewed the Materiality Analysis. Two other aspects, CR training and Customer satisfaction, were added to the ten aspects already identified as being of significant importance internally as well as externally in 2010. There has also been a shift in some of the ten aspects identified in 2010, where for example Freedom of speech has become more important. The results of the review are shown in the diagram on page 9.

Reviewing the stakeholder mapping

During the year, we have reviewed the stakeholder mapping performed in 2010. Neither additional stakeholders nor new areas of interest were identified. Tele2's stakeholder groups remain the same, as illustrated in the figure below.

Participating in the Industry Dialogue

Tele2 considers the UN Guiding Principles on Business and Human Rights, endorsed in June 2011, a significant milestone bringing clarity as to governments' duty to protect human rights and the responsibility of companies to respect human rights. Tele2, together with other stakeholders, will now need to define how the UN principles should be applied in our sector, especially as

Most important issues for Tele2 to focus on, external responses

Important issues	Actions taken 2011
Anti-corruption	√ Anti-corruption training
Customer Integrity	√ Member of the Telecom industry dialogue, Formed an internal workgroup – Customer Integrity and Privacy
Working Conditions	√ Initiated work on supply chain management
Environment	√ Improved methods for calculating energy consumption and CO_2-emissions
Regular Communication	√ ESG KPI's in the GRI report, CR blog, CR website
Equality	√ Gender & Diversity policy

it relates to freedom of expression and privacy. Tele2 has therefore, together with a number of other telecommunications operators and vendors, started to work together to address these issues jointly. An Industry Dialogue was initiated during the summer of 2011, which is to explore the interaction and boundaries between the duty to protect and the responsibility to respect human rights. The participating companies want to develop and provide – jointly – broadly accepted principles, tools and due diligence mechanisms to ensure the respect

Execution of Stakeholder Dialogues

Stakeholder Group	Execution
Private customers	√ Customer Satisfaction survey
Management and key functions	√ CR survey
Analysts and Investors	√ ESG survey & CR survey
Suppliers	√ CR survey, Announced site visit
Shareholders (owners)	√ CR survey
NGOs	√ CR survey
Employees	√ Employee survey

for privacy and freedom of expression. It is very early days in the process so the specific deliverables and timelines are still to be developed. The participants are seeking input, ideas and feedback from a wide range of stakeholders at these very early stages of the dialogue to ensure that its work is built on a good understanding of stakeholder expectations, rather than on industry principles developed in isolation.

Holding Stakeholder Dialogues using AA1000SES

Stakeholder dialogues are of great importance for Tele2's CR work. It allows us to not only verify our priorities and maintain high transparency, but also to learn from each stakeholder group. The Stakeholder Dialogue survey was performed with the assistance of an external third party guided by the AA1000 Stakeholder Engagement Standard, which is an internationally renowned standard. The AA1000 framework is based on the principles of Inclusivity, Materiality, Completeness and Responsiveness. The AA1000 series are aligned with initiatives such as the Global Compact, Global Reporting Initiative (GRI) as well as EFFAS's environmental, social and governance (ESG) indicators.

Identified stakeholder groups

The AA1000 Principles

Results from Stakeholder Dialogues

Tele2's Stakeholder Dialogues have been performed through surveys, site visits, multi-stakeholder meetings and one-to-one meetings, all with specific focus on CR. More information on the execution and results of the Stakeholder Dialogues can be found in the table to the right.
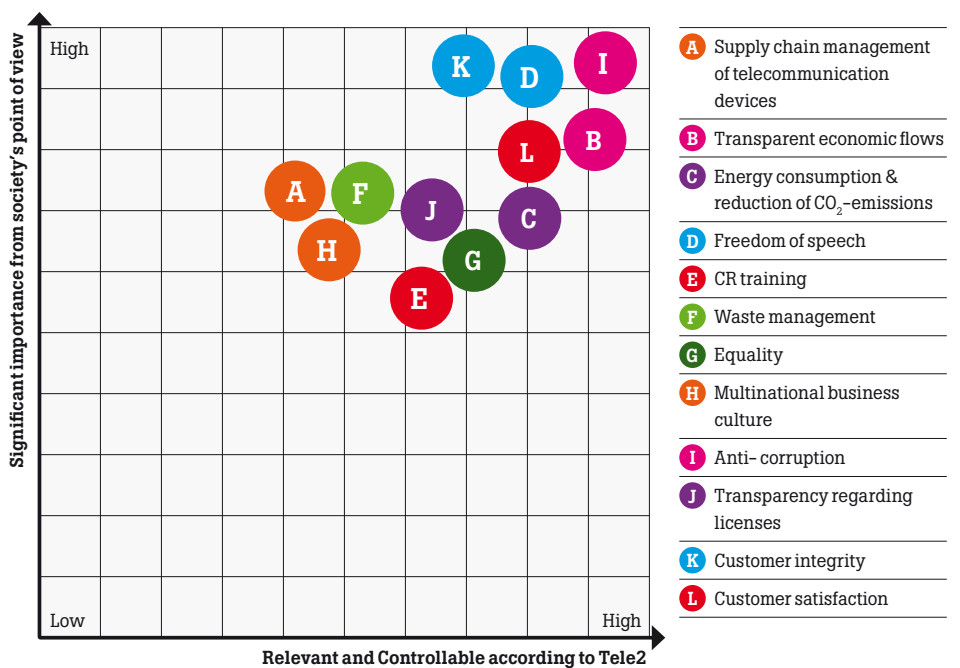
Responding to stakeholder views

Tele2 has taken stakeholders' views into account when planning the work. For example, Tele2 has included new ESG indicators in this report as a response to requests put forward by analysts during last year's dialogue. Regular communication was one of the areas where stakeholders thought Tele2 could make the biggest improvement. Therefore, besides publishing our first GRI report last year, we launched a new CR website in April. We have also expanded this year's report to include additional indicators.

Goals

The CR goals are based on Tele2's long term vision, identified risks and opportunities as well as the aspects derived from the Materiality Analysis and the Stakeholder Dialogues. To reaffirm the CR areas of greatest impact, the extensive risk analysis performed during 2010 has been reviewed during the year.

To ensure continuous work on CR, we have set long, middle and short term goals. The base year for most CR goals is 2010, but some new goals have been introduced during 2011. The goals are presented in the table to the right, together with the timeline and progress made.

Identified aspects of significant importance within Tele2's sphere of influence

A Supply chain management of telecommunication devices
B Transparent economic flows
C Energy consumption & reduction of CO_2-emissions
D Freedom of speech
E CR training
F Waste management
G Equality
H Multinational business culture
I Anti-corruption
J Transparency regarding licenses
K Customer integrity
L Customer satisfaction

CR goals

	Start year	End year	Progress
Short term			
Update governance documents and sustainability reporting	2010	ongoing	⬆
Gain control over greenhouse gases focus on CO_2-emissions	2010	ongoing	⬆
Screen and improve anti-corruption system (focus on Russia and Kazakhstan)	2010	ongoing	⬆
Provide CR training for management and purchasing staff	2010	2011	✓
Identify and manage value chain problems	2010	ongoing	⬆
Further develop Tele2's work on diversity and equality	2010	ongoing	⬆
Implement governance and strategy for community involvement	2011	ongoing	⬆
E-learning program on CR for employees	2012		⬇
Mid term			
Ensure that Tele2 is seen as a strong CR brand in the Telecom sector	2010	2012	➜
Further develop an anti-corruption strategy	2010	2012	➜
Reduce business risks through CR	2010	2012	➜
Long term			
Maintain anti-corruption system with sector partners	2010	2013	➜
Map ICT regulation and legislation related to CR	2010	2013	➜
Gain market and new customers through CR	2010	2013	➜

⬆Positive progress   ➜ Ongoing progress   ⬇ Delayed progress   ✓ Achieved target

Customer loyalty, safety and integrity

It is essential for Tele2 to gain and retain its customers' loyalty and trust. Therefore, top priorities include knowing and meeting customers' expectations as well as ensuring customer safety and integrity.

Listening to our customers

Listening to customers is a fundamental prerequisite for Tele2's continuous growth and development. To ensure that we always know how our customers perceive Tele2,

Net Promoter Score

Country	Subscription type	Result Q4 2011	Trend
Russia	Prepaid	40.7	→
Sweden	Prepaid	17.3	↓
	Postpaid	–0.7	↓
Estonia	Prepaid	25.8	↓
	Postpaid	28.0	↓
Latvia	Prepaid	38.7	↑
	Postpaid	28.6	↑
Lithuania	Prepaid	49.2	↓
	Postpaid	32.1	↑
Croatia	Prepaid and postpaid	30.1	↓
Norway	Prepaid and postpaid	15.7	↑

Explanations
Result Q4 2011
Based on their responses, customers are categorised into one of three groups: Promoters (9–10 rating), Passives (7–8 rating) and Detractors (0–6 rating). The percentage of Detractors is then subtracted from the percentage of Promoters to obtain a Net Promoter Score. NPS can be as low as -100 (everybody is a detractor) or as high as +100 (everybody is a promoter).

Trend
Development compared to previous quarter.

including the company's products and services, we perform a yearly customer survey. The Net Promoter Score (NPS) is a customer loyalty metric. The score is obtained by asking mobile customers the question "How likely is it that you would recommend our company to a friend or colleague?". The rating scale goes from 0 to 10, where 10 represents "extremely likely" and 0 represents "not at all likely". The Netherlands, Kazakhstan, Austria and Germany are not included in the NPS results. The two first are yet to be introduced to the NPS system and the latter two do not have mobile operations. The table to the left shows the Net Promoter Score survey result for the fourth quarter 2011 compared to the third quarter.

Customer Safety

Electromagnetic fields are constantly present, for example around electric devices such as mobile phones. Mobile phones transmit radio waves and create electromagnetic fields as they communicate with base stations. The strength of the radio wave depends on the specific mobile phone, as well as its distance to the base station. Wireless technologies are used for both phones and networks. The common denominator to all wireless technologies is that they send a weak signal, which decreases with distance. The stronger the electricity, the stronger the electromagnetic field;

as soon as the electrical device is turned off, so is the electromagnetic field.

Ensuring product and service safety is important to Tele2. We follow both Swedish and internationally accepted guidelines and norms within the area of electromagnetic fields. Hence the company follows the recommendation of the Swedish Radiation Safety Authority (SRSA), the EU's recommendation 1999/519/EG with the complementary Guidelines of The International Commission for NonIonizing Radiation Protection (ICNIRP) and the recommendations of WHO (World Health Organisation). Tele2 also measures, on a regular basis, the radio wave signals emitted in the networks to ensure that the accepted guidelines and norms are met. On average, the radio wave signal is 100 to a 1,000 times lower than the limit value.

The SRSA estimates that there are no adverse health risks of exposure from base stations for mobile telephony, wireless networking or similar transmitters. During the year, research from the World Health Organization led the SRSA to confirm that heavy use of mobile phones can potentially affect the risk of cancer but it is not considered likely. Pending further knowledge, the SRSA advocates some caution in the use of mobile phones, such as the use of hands-free devices. The SRSA also highlights that some uncertainties remain about the long

term health risks for children and their use of mobile phones.

Customer integrity and privacy

Tele2 manages large amounts of personal data in its operations. Processing and storing personal data presents significant privacy and data protection challenges. Customers must be able to trust Tele2 to only collect, store and use its customers' personal information for defined business purposes and not disclose customers' personal information. Therefore, Tele2 safeguards its customers' information in accordance with applicable laws on customer data protection.

Any complaints regarding breaches of customer integrity and privacy are treated swiftly and accordingly. The table above shows complaints received during the year. Any suspected case of abuse should be reported through our Whistle Blower System at report.violation@tele2.com.

In October, the CR Advisory Group decided to establish a Workgroup on Customer Integrity and Privacy. The purpose of the workgroup is to monitor the development within the area and advance Tele2's work. The workgroup, consisting of representatives from Legal, Security, Sales, M&A, Government Relations and CR, had its first meeting in February 2012.

Number of complaints regarding breaches of customer privacy

	2011	2010
Complaints regarding breaches of customer privacy	33	50
Complaints received from outside parties and substantiated by Tele2	13	39
Complaints received from regulatory bodies	8	60
Identified leaks of information	0	0
Thefts	0	0

Content control

Internet and mobile phones bring many benefits to users, but can also expose them to inappropriate content and abuse. The boundaries between TV, Internet and mobile phones are gradually being erased. Tele2 works continuously to increase the protection of customers, children and adults when using the Internet and mobiles and to combat online abuse in a number of ways, such as:
• Parental control
• Filtering and blocking (including blacklisting)
• Raising awareness

Tele2's Abuse Group in Sweden works actively against fraud and abuse. Tele2 also has a dialogue with the Swedish Media Council, a governmental committee of inquiry, which studies the interaction of children and young people with different media. The aim of the Swedish Media Council is to reduce the risks of harmful effects of media. The Council covers all moving image media, i.e. the Internet, film, television, computer and video games.

A great place to work

Employee satisfaction and engagement are key to Tele2's success. Providing a stimulating, challenging and rewarding work environment where employees can grow and achieve goals is one of our main priorities.

At the end of 2011, Tele2 had 7,878 employees in eleven countries, 95.9 percent of which worked full time and 97.5 percent of which were permanently employed. This is an increase by of 0.4 percent and 1.4 percent respectively. Almost half of all employees work in Russia while a quarter of employees work in Sweden. The charts and tables below provide more detailed information.

Implementing the new Code of Conduct
During 2011, a vast programme to implement the Code of Conduct was initiated in all countries. Up to now, 92 percent of the over 7,000 Tele2 employees have signed. The remaining 8 percent are expected to sign during the first six months of 2012. As of 2011, all new employees are asked to sign the Code of Conduct.

Diversity is a strength
Diversity is regarded as a lever for profitability and an asset to the company. During the year, Tele2 has developed a new Gender and Diversity policy that was approved in April. This policy harmonises with the overarching Code of Conduct and applies to all employees. It forms the basis for our continued work within the area. It is stated that everybody shall be treated equally, notwithstanding gender, ethnicity, national origin, religion, disability, sexual orientation, general appearance, marital or parental status, union membership, political affiliation or age.

Local knowledge and language skills are two of our most important competitive edges. Understanding the customer in each market is pivotal in offering the Best Deal. During 2011, Tele2 started to map out the language skills within the company. This inventory is expected to be finalised during 2012.

Tele2's total number of employees consists of 42.9 percent of women and 57.1 percent of men. Women constitute 27.7 percent of managers and 45.1 percent of non-management employees. Tele2 aims at achieving an equal gender balance throughout the organisation; to that end, there are several programs within the company meant to increase the number of women at managerial levels.

Training
Tele2 is a value driven company. We have a simple set of values and working methods, called the Tele2 Way, that runs through the veins of the company. This is one of the essential elements to Tele2's success. Our core values are summarised in our internal training program The Tele2 Way "walk-the-talk", which all managers participate in. During the year, non-management employees, managers and senior managers have received on average 9.23 and 8 hours of training respectively.
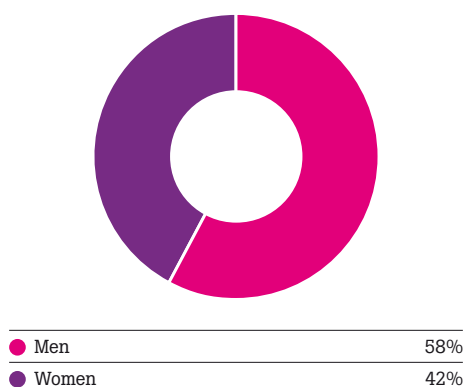
The e-learning program on CR issues planned for 2011 was postponed until the second half of 2012, since we decided to initially focus our efforts on communicating and implementing the new Code of Conduct to all employees.

Average hours of training per year per employee category

Average hours

- ● Senior Managers[1]   8 (4)
- ● Managers[2]   23 (39)
- ● Non-Management Employees   9 (8)

1) Local country management team and above, including Group Market Area Directors and Leadership Team members
2) First line and middle managers

Average number of employees divided by gender

- ● Men   58%
- ● Women   42%

Tele2's employees divided by gender[1]

	2011		2010	
	Men	Women	Men	Women
Management[2]	72.3	27.7	72.2	27.8
Non-Management	54.9	45.1	56.1	43.9

Tele2's employees divided by age

	2011			2010		
	<30	30–50	50<	<30	30–50	50<
Management[2]	10.3	81.6	8.1	7.3	84.2	8.5
Non-Management	43.2	51.8	5	38.4	55.7	5.9

1) Data on Board, Leadership Team and CR Advisory Group can be found on page 7.
2) Data includes Managers (first in line and middle management) and Senior Managers (local country management team and above).

Individual career management

Together with his or her manager, every employee creates a yearly individual development plan, including personal goals. An assessment is made annually, which includes an evaluation of goals and results as well as career planning. Employees also have the opportunity to provide recommendations through the yearly evaluation or the everyday working relationships with senior managers.

My Voice

Tele2 invites all employees to participate in the annual survey My Voice. The aim of the survey is to evolve Tele2 as an employer and to improve the workplace within several areas, such as communication and leadership. The results are analysed at Group level. Action plans including concrete measures and improvements are developed accordingly.

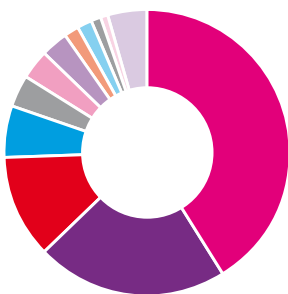A total of 96 percent of all employees participated in the 2011 survey, an increase of 3 percentage points compared to the previous year. The survey measures the general satisfaction of employees by means of the Employee Satisfaction Index (ESI); managers' leadership capabilities are measured by means of the Leadership Index (LSI); and Tele2's internal attractiveness as an employer is measured by means of the Net Promoter Score (NPS).

The ESI amounted to 96 percent, which indicates that our employees are very satisfied with the overall working climate, the quality and relevance of the information they receive, their relationship with their manager and their work in general. Furthermore, the NPS revealed that our employees would gladly recommend Tele2 as a good place to work. Employees particularly appreciate the company's corporate culture and core values, workplace stability and open communication.

Anti-corruption screening

In 2011, HR and Security analysed risks related to corruption in one of Tele2's four market areas, Tele2 Russia. In order to ensure full understanding and alignment with our anti-corruption processes, 39 percent of the management and 50 percent of the non-management employees received training in Tele2's anti-corruption procedures during the year.

Total workforce by country, average number

Russia	3,096	(2,931)
Sweden	1,633	(1,503)
Netherlands	872	(1,048)
Kazakhstan	435	(375)
Latvia	280	(294)
Austria	258	(276)

Estonia	232	(237)
Norway	125	(63)
Croatia	110	(97)
Lithuania	87	(112)
Germany	74	(79)
Other	315	(366)
Total	**7,517**	**(7,381)**

Total Workforce	Men	Women
Russia	1,502	1,594
Sweden	1,121	512
Netherlands	673	199
Kazakhstan	225	210
Latvia	112	168
Austria	192	66
Estonia	96	136
Norway	87	38
Croatia	70	40
Lithuania	50	37
Germany	49	25
Other	195	120
	4,372	**3,145**

	Men	Women	Total 2011	Total 2010
Position				
Employees	4,372	3,145	7,517	–
Supervised Workers[1,2]	180[3]	219[3]	973	–
Contract Type[2]				
Indefinite or Permanent Contract	4,313	3,218	7,531	6,140
Fixed Term or Temporary Contract	86	93	179	249
Employment Type[2]				
Full time	4,287	3,111	7,398	6,104
Part time	116	196	312	285

1) An individual who performs regular work on site for, or on behalf of, Tele2, but is not recognised as an employee under national law or practice.
2) Estimated numbers.
3) Gender data on consultants in Sweden and the Netherlands not included.
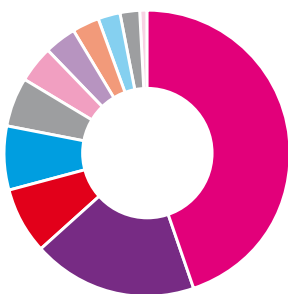
Socioeconomic impact

At Tele2, we strive to take responsibility for our entire value chain. This includes the way we do business as well as the demands we pose both upstream and downstream.

Bridging the digital divide

Telecommunications bring many benefits. Tele2 has a long history of entering emerging market areas by providing affordable telecom.

By increasing access to communication services, Tele2 promotes people's possibilities for expression and enhances economic opportunities and sustainable development. Tele2 participated in the OECD Corporate Responsibility Roundtable, as a part of the ICT sector's ongoing dialogues to update the Guidelines for Multinational Enterprises. As a result, Tele2 has been invited to participate in the forthcoming event, Stockholm Internet Forum hosted by the Swedish Foreign Minister Carl Bildt. The aim is to diminish the digital divide and strengthen freedom on the Internet, especially in growth markets.

Suppliers, together constituting 80 percent of the spending, divided by country

● Russia	404
● Sweden/Central	166
● Latvia	68
● Netherlands	64
● Austria	51
● Norway	36
● Kazakhstan	32
● Croatia	28
● Lithuania	24
● Estonia	19
● Germany	6
Total	**898**

Ethical business practices

Tele2 has a strict policy under which no employee or member of the Board of Directors is allowed to offer, ask, give or accept, directly or indirectly, any undue advantage for personal gain from any third party, unless it can be constituted as being within the boundaries of accepted business practices, such as representation and reasonable hospitality given in the ordinary course of business.

All employees have a responsibility to report any breaches of the policy. This could be done either by reporting it to his or her manager or, if the employee for any reason does not want to report to his or her manager, to another superior manager, according to the so-called grandfather principle. There is also the possibility to report breaches through the Whistle Blower System at report.violation@tele2.com.

To secure fair competition, Tele2 always invites at least three suppliers to participate in a tender. The negotiation and selection of a supplier is governed by the four eyes principle, implying that all negotiations should have at least two people from Tele2 present. All of these practices are clearly stated in our Purchasing policy.

Supply chain follow-up

In 2011, Tele2's new Code of Conduct was made applicable to suppliers and vendors. Our Code of Conduct is included in the purchasing agreements when a contract is renewed with existing suppliers or when a new supplier or agent is contracted.

As a first step towards implementing the Code of Conduct in already existing contracts, the largest suppliers, together constituting 80 percent of the spending, were asked to sign it. By December 31, 752 out of the 898 suppliers had signed Tele2's Code of Conduct.

Our global Frame Supply Agreement and Vendor Certificate also ensure that suppliers and contractors submit to high ethical standards and refrain from all kind of corruption. This document has to be signed by suppliers before they can be invited to key procurements. A violation of these regula-

tions will result in liability claims or other similar remedy claims by Tele2.

Background checks of suppliers (financial status, ownership, etc) are part of the purchasing process. Key suppliers in Russia and Kazakhstan also have to pass a security check before entering final negotiations. If a supplier is not approved by the Security Department, this supplier cannot be selected.

During the year, Tele2's Head of CR has performed a friendly visit at Tele2's largest SIM card supplier in Slovakia. No major inadequacies were identified during the visit and a mutually beneficial dialogue was established. The focus on supply chain follow-up will continue during 2012.

Complying with local laws and respecting human rights

Tele2 has to comply with local laws and at the same time respect human rights, including freedom of speech and freedom of assembly, as clearly stated in our Code of Conduct. In situations where there is a risk that the two might conflict, which could be the case in a state of emergency, we will do whatever we can under the circumstances to seek ways to always respect human rights. For that reason, Tele2 has joined an international ICT working group, which aims to develop a common approach of guiding principles to manage such conflicts.

In December 2011 a series of protests and strikes, originally held by oil workers claiming improved working conditions, degenerated into riots in the Kazakh city of Zhanaozen. The gravity of the situation led the country's leaders to declare a state of emergency. In connection with the escalating situation, our telecommunication services were down for 5 days. To fulfill our obligations within our control, we took immediate action and initiated a dialogue directly with the government and other relevant parties to get the network up again. As a result, despite the existing state of emergency, the network was soon restored and services were provided in the normal mode.

Community involvement

It is important for Tele2 to contribute to global development by engaging in and supporting local communities. We do this by contributing knowledge and resources to organisations that relentlessly fight to improve living conditions for people around the globe.

Focus on children

Tele2's charitable focus is to improve the situation for vulnerable children. To that end, Tele2 gives donations to organisations working for children's rights, such as the World Child Foundation, the Red Cross, BRIS, Unicef and Radimichi – for children of Chernobyl. Radimichi – for children of Chernobyl is a Russian NGO working specifically with people affected by the Chernobyl catastrophe. The organisation is active in areas severely contaminated with radioactive pollution. Over 5,000 children and young people between the ages of four and twenty–three participate in the programs.

Playing for Change

Tele2 has supported Playing for Change since 2009 as part of its effort to improve the situation for children and young people around the world.

Tele2 is, together with other companies in the Kinnevik Group, a senior partner in Playing for Change. Playing for Change is a strong voice for children's rights that envisions a world where all children can play freely – a healthy, just and thriving society where all barriers to play have been removed. To fulfill that vision, focus must be on all the rights for children that the United Nation Convention on the Rights of the Child contains. Playing for Change supports social entrepreneurs who want to make a better life for children and young people. The social entrepreneurs contribute with their power of initiative and an idea that can change the world. The entrepreneurs, the "playmakers", receive funding for up to three years and the support of some of the Kinnevik Group's best employees with expertise in business development, marketing, law and communications. Nine employees from Tele2 are advisors and have regular contact with their entrepreneur and one of Tele2's employees is a representative in Playing for Change's jury when choosing the social entrepreneurs to support. An organisation working against violence on women and children in Ghana and an organisation working against sexual

Sponsoring BRIS

Tele2 has been one of the main sponsors of BRIS (Children's Rights in Society) since 2007. BRIS supports vulnerable children and young people in particular and provides opportunities for children and young people to have a dialogue with adults. Beyond giving economic support, Tele2 contributes with expertise in infrastructure and new services that make it easier for children and youths to get in contact with BRIS. Currently, Tele2 has a fundraising campaign via SMS in aid of BRIS.

abuse of children in Sweden are examples of projects that have been supported during the year.

Playing for Change opening up in Russia

During the third and fourth quarter, Playing for Change launched its activities in Russia together with senior partners Tele2, Metro and Viasat. The launch in Russia started by identifying needs and possibilities in the country. Then, in early November, Playing for Change Russia opened up the Search and Selection for applicants and received 318 pitches from all over Russia through an intense network search. Three NGOs working for children and youth in St Petersburg and Moscow were also identified and supported. In order to follow–up on progress, Playing for Change has developed KPI's for measuring results. By the end of the fourth quarter, the efforts of Playing for Change Russia had already resulted in the support of 5,131 children and the engagement of 30 supporters and 21 opinion leaders.

Environmentally sustainable business

Environmental sustainability is at the very core of Tele2's business. We enable our customers to lower their greenhouse gas emissions by offering products and services that provide them with alternatives to travelling.

Tele2's environmental impact

Tele2's environmental impact was analysed by an external party in 2010. The results of the analysis, UN's precautionary approach and Tele2's environmental policy have been the basis for Tele2's efforts within the environmental area.
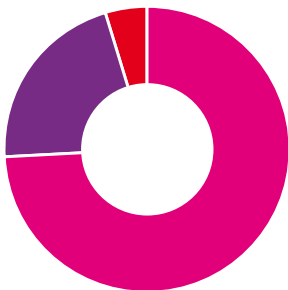
In the analysis, four main risk areas were identified:

- Extraction of raw materials and assembly of components during the manufacturing of devices
- Rolling out and running networks
- Transportation of goods and staff
- Disposal and recycling of materials

Extraction and assembly

Extraction of raw materials and assembly of components for devices are Tele2's main issues to follow up in the supply chain. To ensure that environmental issues are taken into consideration during the entire manufacturing process, we have increased demands on suppliers and sub-suppliers during the year. More information on our supply chain follow-up can be found in the chapter Socioeconomic impact.

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Providing services that reduce global emissions

The ICT for Energy Efficiency Forum concludes that a smarter use of technologies could help citizens and other industries cut 15 percent of global emissions by 2020. Tele2's services enable emission saving solutions that can be used by both developing and developed countries. The Global e-Sustainability Initiative (GeSI) provides the following examples, which often help reduce emissions by 80 percent or more.

E-commerce: ICT allows for reductions of physical transport of products. This supports dematerialisation, from downloadable books to enabling farmers to check prices online. These solutions can reduce emissions with over a billion tonnes of CO_2e.

Virtual meetings and remote working: Remote collaboration has the potential of significantly reducing greenhouse gas emissions from travel. 0.5 billion tonnes CO_2e can be saved without any major investments.

</div>

Rolling out and running networks

When rolling out, running and closing down sites and networks Tele2 takes the greatest environmental care, especially in sensitive surroundings. Tele2 also minimises the visual intrusion of masts and antennas by taking positioning into consideration when choosing the site and actively using design as means of mitigation.
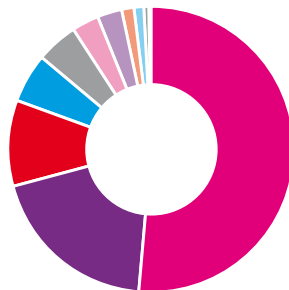
The cooling of base stations requires energy and is therefore one of the main sources of Tele2's greenhouse gas emissions. In an effort to lower emissions, all new base stations are equipped with fresh air cooling, which is much more energy efficient than older systems. When cooling systems in existing base stations need replacing, fresh air cooling is phased in there as well.

Our indirect energy consumption by primary source and our emission of greenhouse gases have increased during the year compared to 2010, the main reason being an increase in number of sites in the Netherlands, Norway, Latvia and Russia and the inclusion of Kazakhstan in the 2011 data.

Tele2 also continued to report the organisation's carbon emissions to the Carbon Disclosure Project (CDP). For 2011, the group received a score of 73 out of 100, which according to the CDP indicates that senior management understands the business issues related to climate change and integrates climate-related risks and opportunities into the core business.
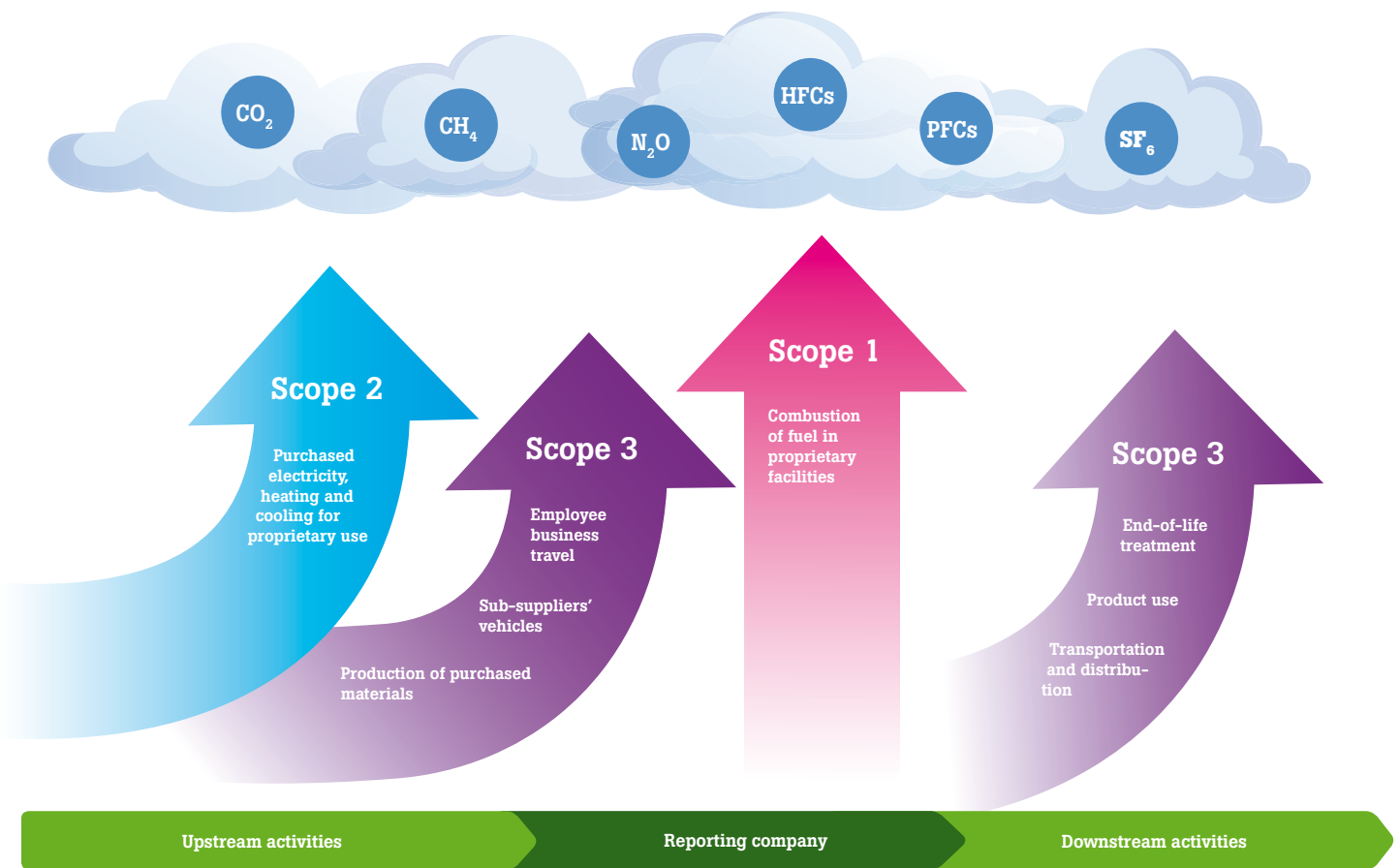
Transportation of goods and staff

Another main source of greenhouse gas emissions is the transportation of goods and staff. In an effort to minimise emissions, goods are purchased locally when possible and employees are encouraged to meet virtually by using the telephone or video conferencing. Environmentally friendly

Indirect energy consumption by primary source, Giga Joules (GJ)

● **Electricity** Non-Renewable/Unknown	1,008,197 (911,615[1])
● **Electricity** Renewable	288,562 (275,425)
● **Heating and Cooling** Non-Renewable	60,897 (47,514)

1) 2010 figures have been revised due to methods of data gathering.

Total greenhouse gas emissions by country, Tonnes CO_2

● Russia	71,897 (57,521)	● Austria	3,818 (3,300)
● Netherlands	27,020 (13,475)	● Latvia	2,063 (980)
● Sweden	13,784 (15,794)	● Lithuania	1,568 (5,225)
● Estonia	7,600 (7,329[1])	● Germany	931 (1,100)
● Kazakhstan	6,556 (–)	● Norway	19 (0.79)
● Croatia	4,303 (4,220)	**Total**	**139,559 (108,944)**

1) 2010 figures have been revised due to methods of data gathering.

Greenhouse gases

Scope 2
Purchased electricity, heating and cooling for proprietary use

Scope 3
Employee business travel

Sub-suppliers' vehicles

Production of purchased materials

Scope 1
Combustion of fuel in proprietary facilities

Scope 3
End-of-life treatment

Product use

Transportation and distribution

Upstream activities — Reporting company — Downstream activities

cars are continuously replacing existing company cars. At the end of 2011, environmentally friendly cars constituted nearly 88 percent of the car fleet in Sweden, an increase of 10 percent since 2010.

Waste
Effective end-of-life management of both telecom devices and network equipment is critical due to the fact that they contain rare and potentially toxic materials. Recovery and reuse of these materials prevents them from entering and polluting the environment, thus reducing the amount of raw

material extraction needed in the first place. Tele2 continually strives to increase the percentage of recovered and reused material from network equipment.

During 2010, a programme aiming at increasing the amount of discarded devices handed in were introduced in Sweden and in the Netherlands. The customers are given a voucher for every old device handed in which can be used in Tele2 shops. The programme expanded during 2011 and will side with the roll out of Tele2 shops in our operating countries.

GRI index

	Reference	Comments
1. Strategy and Analysis		
1.1. Statement from the most senior decision maker of the organisation (e.g., CEO, chair, or equivalent senior position) about the relevance of sustainability to the organisation and its strategy.	Page 3	Fully reported
2. Organisational Profile		
2.1. Name of the organisation.	Page 20	Fully reported
2.2. Primary brands, products and/or services.	Page 4 and 5	Fully reported
2.3. Operational structure of the organisation.	Page 4, 6, 7 and Annual report page 40–43 and 60	Fully reported
2.4. Location of organisation's headquarters.	Page 4	Fully reported
2.5. Number of countries where the organisation operates.	Page 4 and 5	Fully reported
2.6. Nature of ownership and legal form.	Page 4	Fully reported
2.7. Markets served (including geographic breakdown, sectors served and types of customers/beneficiaries).	Page 4 and 5	Fully reported
2.8. Scale of the reporting organisation.	Page 4 and 5	Fully reported
2.9. Significant changes during the reporting period regarding size, structure, or ownership.		Fully reported. No significant changes.
2.10. Awards received in the reporting period.		No significant CR awards received.

	Reference	Comments
3. Report Parameters		
3.1. Reporting period (e.g., fiscal/calendar year) for information provided.	Page 2	Fully reported
3.2. Date of most recent previous report.	Page 2	Fully reported
3.3. Reporting cycle.	Page 2	Fully reported
3.4. Contact point for questions regarding the report or its contents.	Page 20	Fully reported
3.5. Process for defining report content.	Page 8 and 9	Fully reported
3.6. Boundary of the report.	Page 2	Fully reported
3.7. State any specific limitations on the scope or boundary of the report.	Page 2	Fully reported
3.8. Basis for reporting on joint ventures, subsidiaries, leased facilities, outsourced operations and other entities that can significantly affect comparability from period to period and/or between organisations.	Page 2	Fully reported
3.10. Explanation of the effect of any restatements of information provided in earlier reports and the reasons for such re-statement.	Page 2	Fully reported
3.11. Significant changes from previous reporting periods in the scope, boundary, or measurement methods applied in the report.	Page 2	Fully reported
3.12. Table identifying the location of the Standard Disclosures in the report.	Page 18 and 19	Fully reported

	Reference	Comments
4. Governance		
4.1 Governance structure of the organisation.	Page 6 and 7	Fully reported
4.2 Chairman of the Board's role(s) in the organisation.		Fully reported. The Chairman of The Board is not an executive officer.
4.3 Number of independent, non-executive directors.	Page 6 and 7	Fully reported
4.4 Mechanisms for shareholders and employees to provide recommendations or direction to the Board or senior management team.	Page 4, 6 and 13	Fully reported
4.8 Internally developed statements of mission or values, codes of conduct and principles relevant to economic, environmental and social performance and the status of their implementation.	Page 6 and 12	Fully reported
4.14 The organisation's stakeholders.	Page 8	Fully reported
4.15 Method used for identifying stakeholders.	Page 8 and 9	Fully reported
4.16 Types of dialogue with stakeholders.	Page 8 and 9	Fully reported
4.17 Issues that arose during dialogue with stakeholders.	Page 8 and 9	Fully reported
5. Performance Indicators		
EC 1 Direct economic value generated and distributed.	Page 4	Fully reported
EC 8 Development and impact of infrastructure investments and services provided primarily for public benefit through commercial, in kind, or pro bono engagement.	Page 15	Fully reported
IO 1 Capital investment in telecommunication network infrastructure broken down by country/region.	Page 5	Fully reported

Abbreviations

	Reference	Comments
IO 8 Number and percentage of stand-alone sites, shared sites and sites on existing structures.	Page 4 and 5	Fully reported
EN 4 Indirect energy consumption by primary source.	Page 16	Fully reported
EN 16 Total direct and indirect greenhouse gas emissions by weight.	Page 16	Fully reported
PR 5 Practices related to customer satisfaction, including results of surveys measuring customer satisfaction.	Page 10 and 11	Fully reported
PR 8 Total number of substantiated complaints regarding breaches of customer privacy and losses of customer data.	Page 10	Fully reported
LA 1 Total workforce by employment type, employment contract and region, broken down by gender.	Page 12 and 13	Fully reported
LA 10 Average hours of training per year per employee, by gender and by employment category.	Page 12	Fully reported
LA 13 Composition of governance bodies and breakdown of employees per category according to gender, age group, minority group membership and other indicators of diversity.	Page 7 and 12	Fully reported
SO 2 Percentage and total number of business units analysed for risks related to corruption	Page 13	Fully reported
SO 3 Percentage of employees trained in organisation's anti-corruption policies and procedures.	Page 13	Fully reported

ESG Indicators Mobile Communications

	Reference	Comments
E01-01 Energy Consumption	Page 16	Fully reported.
E02-01 GHG-emissions	Page 16	Fully reported
V28-01 Supply Chain	Page 14	Partially reported

BRIS
Barnens rätt i samhället (Children's Rights in Society)

CDP
Carbon Disclosure Project

CEO
Chief Executive Officer

CH$_4$
Methane

CO$_2$
Carbon dioxide

CoC
Code of Conduct

CR
Corporate Responsibility

CSI
Customer Satisfaction Index

EFFAS
The European Federation of Financial Analysts Societies

EMC
Electro Magnetic Compatibility

EMF
Electro Magnetic Fields

ESG
Environmental, Social and Governance

ESI
Employee Satisfaction Index

GeSI
The Global e-Sustainability Initiative

GHG
Greenhouse gases

GJ
Giga Joule

GRI
Global Reporting Initiative

HFCs
Hydroflorocarbons

HR
Human Resources

ICNIRP
The international Commission for Non-Ionizing Radiation Protection

ICT
Information and Communications Technology

KPI
Key Performance Indicator

KwH
Kilowatt hour

LSI
Leadership Index

N$_2$O
Nitrous Oxide

NGO
Non Governmental Organisation

NPS
Net Promoter Score

OECD
Organisation for Economic Co-operation and Development

PFCs
Perfluorocarbons

SF$_6$
Sulfur Hexafluoride

SRSA
The Swedish Radiation Safety Authority

UNGC
The United Nations Global Compact

WHO
World Health Organization

FSC
MIX
FSC® C022962

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