Corporate
Responsibility Report
2010

TELE2

Content

About this report

This report, which is Tele2's, third sustainability report, summarizes the company's 2010 Corporate Responsibility (CR) performance. Tele2 has decided to report CR performance according to the Global Reporting Initiative G3 (GRI) for the first time and will continue to do so annually. Our self-declared level of application of the GRI guidelines is C.

This CR report focuses on issues considered to be most relevant and material regarding Tele2's economic, social and environmental performance, and where Tele2 can make a difference. The report is structured in the following areas: engaging with our stakeholders, customer loyalty, safety and integrity, our workplace, socioeconomic impact, community involvement and environmental footprint. For more information on how these areas were identified, see page 7 "Our focus".

This report covers operations in all eleven markets where Tele2 is present, unless otherwise stated. However, Tele2's operation in Kazakhstan is excluded in the calculations as the acquisition was finalised in March 2010 and the numbers would therefore not cover the whole year, with the exception for financial indicator EC1. Joint ventures, subsidiaries, outsourced operations and leased facilities are not included in this report, unless specifically stated in the text, as efforts of accuracy and data gathering have been focused to impacts from significant operations. Data in this report refers to the fiscal year 2010, unless otherwise stated. Tele2's annual report and other financial information can be found at www.tele2.com.

Investing in our future

Successful companies are able to adapt quickly to changes in both the markets in which they operate, and the demands of their stakeholders, including customers, shareholders, employees, business partners and society generally. Failing to meet these new challenges could have a negative impact on a company's brand with the subsequent loss of stakeholder trust.

I firmly believe that Tele2 needs to be environmentally as well as financially sustainable, and to make a positive contribution to the societies in which we operate, in order to be able to maximise the business opportunities we see in front of us. Corporate Responsibility is therefore a key priority for Tele2, and the Board of Directors has asked Mia Brunell Livfors to lead our strategic Corporate Responsibility activities.

The Board of Directors has also adopted a new Code of Conduct which clearly and openly states how we do business at Tele2. This code which is based on the four United Nations pillars of Human Rights, Labour Rights, Anti-corruption and Environmental impact, applies to everyone representing Tele2 including employees, suppliers, retailers and other business partners.

Conducting our business in a sustainable way will have a beneficial impact on Tele2. It can reduce costs, increase productivity and lead to revenue growth, all of which increases profitability. Our future Strategic Business planning will include the development of new services, and expansion into emerging markets in order to reduce the global digital divide.

Corporate Responsibility will make good business sense for Tele2.

Mike Parton
Chairman of The Board

To uphold our competitive edge and always offer the Best Deal, we need to continue listening to our customers, shareholders, employees and other stakeholders. They have put forward their requests for us to increase our sustainability efforts and to continuously communicate our progress. In response, I am proud to present Tele2's first Corporate Responsibility report in accordance to the Global Reporting Initiative guidelines and the third sustainability report published.

In 2010, we have laid a solid foundation for our Corporate Responsibility work. We have focused on increasing our knowledge in the Group about human rights, labour rights, anti-corruption and environmental impact, as well as implementing a well functioning governance structure.

To deepen our knowledge in Corporate Responsibility, we have conducted a number of analyses, such as identifying risks and opportunities, material actions and indicators, as well as strategic focus areas. We have engaged in numerous dialogues with our stakeholders to ensure that we take into account significant external perspectives and learn more about their views and requirements on our Corporate Responsibility work.

Our first step to efficiently incorporate sustainability throughout the entire organisation was to implement the new Code of Conduct adopted by the Board of Directors. Subsequently, we have adopted a new set of short-, middle- and long-term goals covering environmental, social and anti-corruption issues. In turn, these goals have been developed into an action plan at Group level, with departmental targets that will be addressed between 2011 and 2013.

Corporate Responsibility will as of 2011 be included in the internal training "The Tele2 Way", which is mandatory for all management. Likewise, a new e-learning training program is launched, aiming at providing all employees with the necessary knowledge to efficiently incorporate Corporate Responsibility into everyday work.

The process of decreasing our impact on the climate continues, with 2010 as the base year for our carbon footprint. The transition to running our operations in an environmentally friendly manner is progressing with ongoing instalments of fresh-air cooling, decreased business travel and switch to energy from renewable sources.

Tele2 continues to pursue its growth in emerging markets. The challenges that lie in expansion are not limited to the financial risks and returns, but also to how we sustain our role in bridging the digital divide. We perceive that a strong and transparent stance against corruption, pollution, human and labour rights abuse is fundamental and a necessity to prevail in new markets. The dedicated work with Corporate Responsibility will be instrumental in increasing our market value and earning our future customers' loyalty.

Mats Granryd
President and Chief Executive Officer

Meet our company

Communication is a fundamental element in our society and plays an important role in people's lives all over the world. Communication is the core of Tele2's operations and our Mission is to offer our customers' the Best Deal at all times. In order to fulfill our mission, it is essential for Tele2 to build sound, sustainable external relationships.

Open communication and good internal control systems create a sustainable corporate culture which embraces business ethics, lowers costs and improves business opportunities. Besides social and economic benefits, Tele2's services offer possibilities to reduce the environmental impact. Individuals, organisations and companies can use resources more efficiently as many physical products and travels can be replaced.

With operations in eleven countries, over six thousand employees, 31 million customers and net sales in excess of SEK 40 billion. Tele2 is one of Europe's leading telecom operators. Tele2's direct economic value generated and distributed is stated in the table to the right. The purpose of the table is to show the flow of capital among stakeholders, the major economic impacts of Tele2 throughout society and the contribution to sustainability in economic systems. The total assets of Tele2 is SEK 40,369 million, with equity at SEK 28,875 million and liabilities SEK 11,494 million. Tele2 provides residential and business customers with products and services in mobile telephony, complemented in some countries with fixed telephony, fixed broadband, cable TV and content services. Mobile communication is the primary focus area and the most important growth segment.

Tele2 currently has operations in Sweden, Norway, Estonia, Latvia, Lithuania, Croatia, Kazakhstan, Netherlands, Germany, Austria and Russia. Tele2 has expanded its operation to Eurasia and on March 17, 2010 Tele2 acquired 51 percent of Kazakhstan's third biggest mobile operator, NEO, with an option to buy the remaining 49 percent from December 14th 2014. The other shareholder, Asianet Holding B.V. has the option to sell it's shares to Tele2 from December 14th 2011.

Tele2 has both wholly-owned sites and sites shared with other mobile operators. The sites are primarily built on existing structures, but stand-alone sites are also common especially in emerging markets. All Tele2's sites are presented in the table on the next page.

Tele2 AB has been listed on the NASDAQ OMX Nordic Exchange since 1996 and the company headquarters are located in Stockholm, Sweden.

The fifteen largest shareholders at December 31, held shares corresponding to 57 percent of the capital and 67 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

Direct economic value generated	2010	2009
SEK million		
Revenues	40,348	40,780
Economic value distributed		
Operating costs	−26,164	−28,316
Employee wages and benefits	−3,402	−3,113
Payments to providers of capital	−2,936	−2,746
Payments to government	4,703	4,221
Community investments	7	10
Economic value retained	12,557	10,835

Tele2 Markets

Tele2 Norway
Number of customers 600,000
Net sales, SEK 3,016 million

Tele2 Sweden
Number of customers 4,744,000
Net sales, SEK 11,881 million

Tele2 Netherlands
Number of customers 1,081,000
Net sales, SEK 5,838 million

Tele2 Germany
Number of customers 1,298,000
Net sales, SEK 1,515 million

Tele2 Austria
Number of customers 415,000
Net sales, SEK 1,580 million

Tele2 Estonia
Number of customers 479,000
Net sales, SEK 880 million

Tele2 Latvia
Number of customers 1,027,000
Net sales, SEK 1,261 million

Tele2 Lithuania
Number of customers 1,731,000
Net sales, SEK 1,319 million

Tele2 Croatia
Number of customers 738,000
Net sales, SEK 1,346 million

Tele2 Russia
Number of customers 18,438,000
Net sales, SEK 10,142 million

NEO (Kazakhstan)
Number of customers 332,000
Net sales, SEK 119 million

Number and percentage of stand-alone sites, shared sites, and sites on existing structures

	Stand alone sites		Shared sites		Sites on existing structures	
	Number	Percentage	Number	Percentage	Number	Percentage
Netherlands	116	7.0	3	0.2	1,527	92.8
Austria	49	14.2	0	0.0	295	85.8
Germany	0	0.0	300	87.7	42	12.3
Russia	1,800	22.7	0	0.0	6,120	77.3
Lithuania	187	25.4	89	12.1	460	62.5
Norway	3	17.6	0	0.0	14	82.4
Croatia	112	15.0	202	27.0	435	58.1
Estonia	193	28.7	84	12.5	396	58.9
Sweden	1,014	17.2	2,668	45.2	2,223	37.6
Latvia	289	41.9	98	14.2	303	43.9

Corporate Responsibility – part of every day business

At Tele2 we strive to implement our Corporate Responsibility throughout the entire organisation and in all products and services, thus making it a part of everyday business. Successful governance of Tele2's CR work is based on clear division of responsibilities and mandates.

Policies
The ten principles in the UN Global Compact constitute the basis of Tele2's new Code of Conduct, which is the core CR policy. The Code of Conduct, adopted during 2010, applies to all personnel and everyone working on behalf of or representing Tele2. The Code of Conduct and subordinate policies, are available on the company intranet and on www.tele2.com.

All shareholders, including minorities, can exercise their voting rights at the highest decision-making body, The Annual General Meeting. The Annual General Meeting also provides all shareholders with an opportunity to express their opinions in regards to Tele2's CR work.

The Nomination Committee consists of the four largest shareholders in Tele2 as per September 30. The committee is responsible for proposing Board Members, Chairman of The Board as well as remuneration to The Board members, its committees and auditors to the Annual General Meeting. In the election process, leading up to propositions of Board Members, knowledge of CR issues is one of the parameters taken into consideration by the Nomination Committee.

The Board of Directors is the highest governing body responsible for Tele2's CR performance. The Board consists of eight members, elected by the shareholders at The Annual General Meeting. Three of the Directors of the Board, Christina Stenbeck, Mia Brunell Livfors and Erik Mitteregger are considered dependent. The Chairman of the Board John Shakeshaft is independent. Two of the Directors of the Board are women. During the year, the Board of Directors has appointed one Board Member with the specific responsibility to head Tele2's strategic Corporate Responsibility work. The Board of Directors as a whole assesses Tele2's sustainability performance whenever needed, however at a minimum once a year.

The Remuneration Committee's main work includes presenting recommendations to the Board regarding all aspects of remuneration and terms of employment for the Leadership Team. Recommendations regarding remuneration of Board Members and long-term incentive programs to Senior Managers and Group Executives are submitted by the Board to The Annual General Meeting for approval. The remunerations are based on a wide range of criteria, both financial as well as 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, as well as to review and ensure the quality of the company's external financial reporting. Furthermore, the Audit Committee supervises the internal control functions of the company. The Board has also delegated the right to establish procedures for accounting, internal control and auditing issues, as well as the right to determine the procedure for receiving and dealing with complaints received by the Company with regard to accounting, internal control or audit issues to the Audit Committee.

The auditors are elected by the shareholders on The Annual General Meeting. The auditors revise the financial statements.

The Leadership Team, consisting of twelve members, is the highest operational body responsible for the Company'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 pertaining CR action plan, following up the performance and presenting the results to the Leadership Team.

The Divisions within Tele2 are responsible for implementing the CR action plan in order to reach set goals and reporting the results to the Head of CR. Thus enabling each Tele2 employee to contribute to the overarching goals in their every day work.

Corporate Governance in Tele2
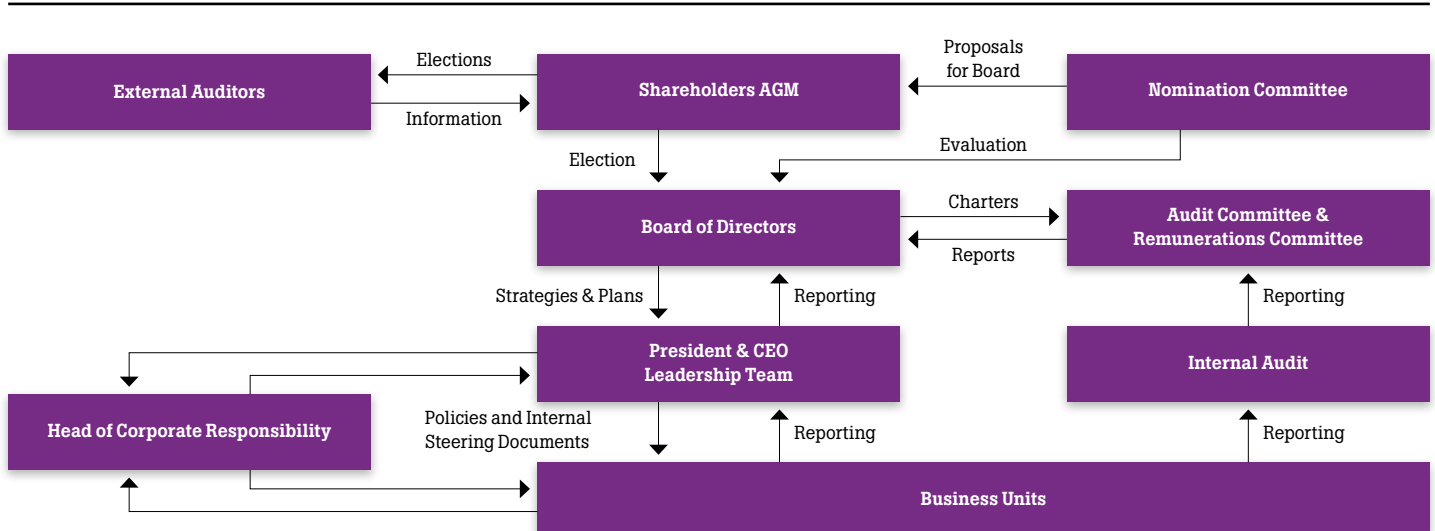
Our focus

In order to be successful with our Corporate Responsibility work, efforts and resources need to be concentrated to where they can make the biggest difference within the CR area. Therefore, Tele2 has focused on identifying risks and opportunities, as well as areas of impact within Tele2's sphere of influence.

Materiality Analysis

The Leadership Team together with the Head of CR performed a Materiality Analysis in April. The Materiality Analysis was made in accordance with the GRI G3 guidelines. Ten aspects were identified as being of significant importance internally, as well as externally and within Tele2's sphere of influence. Both priorities made and actions taken, within the CR area, were based on the results from the Materiality Analysis, which where verified in Stakeholder Dialogues.
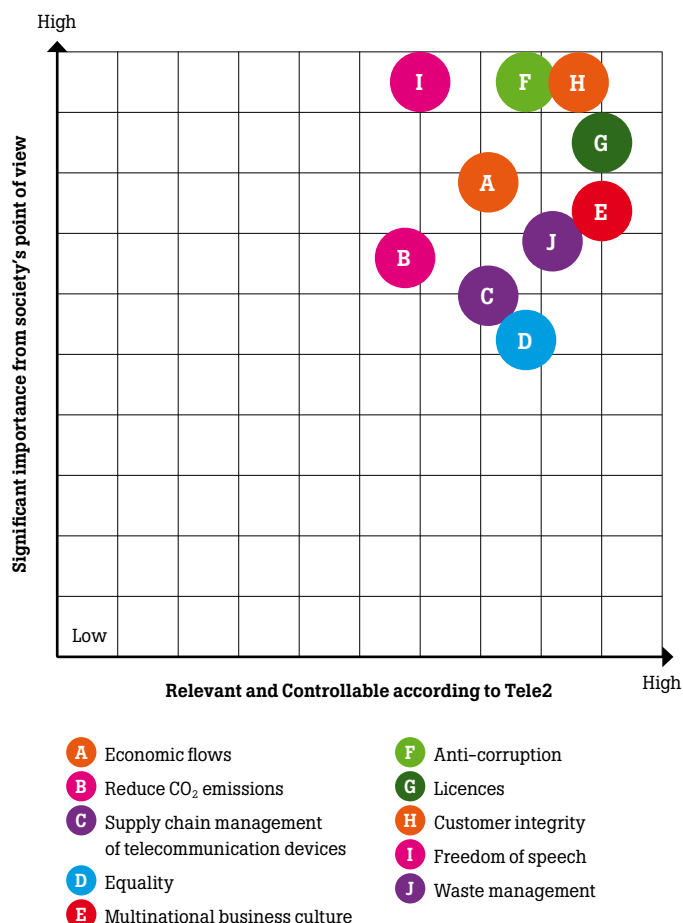
Goals

To lay a proper foundation for Tele2's CR work, a risk analysis was made in the beginning of 2010 by an independent third party, as a complement to the results derived from the Materiality Analysis. The aim of the analysis was to establish in which CR areas Tele2 has the greatest impact.

The results derived from the Materiality Analysis and the risk analysis combined with the results from the Stakeholder Dialogues, see pages 8–9, and Tele2's long term CR vision provided the basis for the CR goals on long, middle and short term. Specific goals where set to the CR areas, to ensure that issues with great impact are addressed accordingly. These goals are stated in the table below.

CR Goals

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

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

A Economic flows
B Reduce CO_2 emissions
C Supply chain management of telecommunication devices
D Equality
E Multinational business culture
F Anti-corruption
G Licences
H Customer integrity
I Freedom of speech
J Waste management

Engaging with our stakeholders

Tele2's main focus in 2010 has been Stakeholder Dialogues. The reason for this is threefold; to gain better understanding of and to learn from each respective group, to take into consideration the stakeholders' perspectives on Tele2's CR work and to develop communication with the different stakeholder groups. Including stakeholders in the ongoing CR process through dialogues has helped Tele2 to verify and prioritize material issues.

Stakeholder mapping

To identify relevant and significant external parties, a stakeholder mapping was performed. The following seven stakeholder groups were identified; Customers, Employees, Leadership Team and Key Functions, Shareholders, Analysts and Investors, NGO's and Suppliers, including retailers, vendors and agents.

Holding Stakeholder Dialogues using AA1000SES

The Stakeholder Dialogues were performed with the help of a certified external third party, Ethos International, and in accordance with the AA1000 Stakeholder Engagement Standard (SES) which is an internationally renowned standard for performing Stakeholder Dialogues. The AA1000 framework is based on the overarching principles of Inclusivity, Materiality, Completeness and Responsiveness. The AA1000 series are aligned with initiatives such as Global Compact, Global Reporting Initiative (GRI) as well as environmental, social and governance (ESG) indicators.

Tele2's Stakeholder Dialogues have been held with external parties throughout the year by surveys, letters, site visits, multi Stakeholder Dialogues, and one-to-one meetings – all with specific focus on CR. Internally, dialogues have been held with the Leadership Team and key functions through survey and multi-Stakeholder Dialogue. A CR Stakeholder Dialogue question was included in the annual employee survey. Due to the large number of employees the results are not yet finalised, but are expected to be so during spring 2011. More information about the execution of the Stakeholder Dialogues can be found on the table on the next page.

Results from Stakeholder Dialogues

In the survey, stakeholders were asked to choose which key areas they find most important for Tele2 to focus on in regards to CR, and secondly where they believe Tele2 can make the biggest improvements. The following key areas identified in the Materiality Analysis were selected for stakeholders to choose from:

- Working conditions
- Equality
- Anti-Corruption
- Customer Integrity
- Environment
- Community Involvement
- Regular Communication

The Stakeholders' responses from the Dialogues are shown in the pie charts on the opposite page. Further analysis of the dialogues also emphasized that regular communication, fair working conditions and anti-corruption work are areas where Tele2 can make the biggest improvements.

Responding to stakeholder views

Tele2 has taken stakeholders' views into account when planning the CR work. For example, Tele2 will launch a new equality and diversity program in 2011. A language inventory will be compiled, and a new gender and diversity policy has been developed on a corporate level to be implemented locally, depending on national legislation and prerequisites.

Tele2 will also focus on external communication. Examples of initiatives are this GRI-report and the new CR website that will be launched in 2011. Tele2 will take a stronger grip on upstream and downstream supply chain regarding CR issues by launching a supply chain management program in the near future.

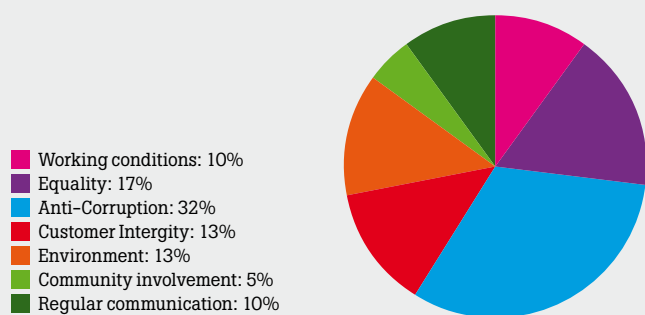## Identified stakeholder groups

Overarching principles AA1000
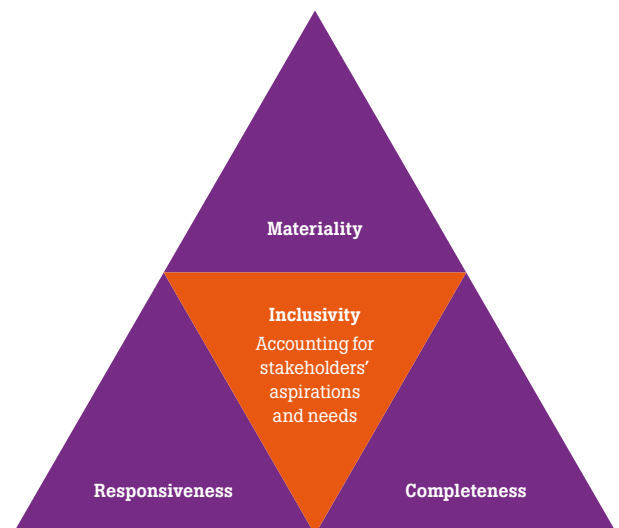
Tele2's Head of CR and a representative from Swedbank Robur Asset Management together visited sites, and a supplier in Russia in November. This turned out to be so successful that Tele2 has decided to launch a new Stakeholder Dialogue concept during 2011, where analysts, owners and investors will be invited each year to combined Stakeholder Dialogue and site visit trips to different countries.

The inclusion of stakeholders through dialogues are of high importance for Tele2's CR work and will be held on a regular basis in the future to verify our priorities and maintain transparency within, respect for Human and Labour rights, Environmental impact and Anti-Corruption work.
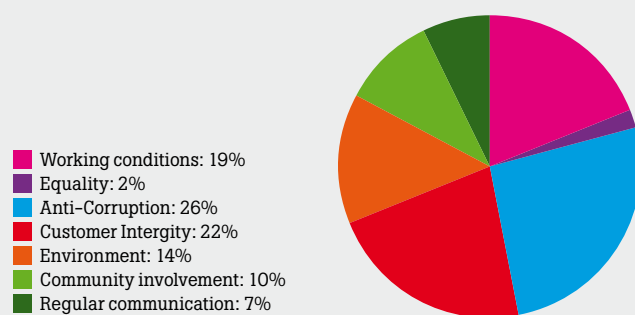
Execution of Stakeholder Dialogues

Stakeholder Group	Selection	Execution	Response rate / attendance
Private customers	All customers	· Customer satisfaction survey · Postcards	· 1,180 postcards. Tele2 answered all
Management and key functions	Leadership Team and key functions	· Survey · Multi stakeholder meeting	· 82% answered the survey
Analysts and Investors	Swedish ESG-analysts and Investors	· Survey on ESG indicators · One–to–one meetings	· 6 one–to–one meetings · 33 % answered ESG–survey · Meeting in Moscow together with investors
Suppliers (including retailers, vendors, agents) and corporate customers	High risk and large suppliers	· Survey · Multi stakeholder meeting · E–mail · Visit (Russia)	· 21% answered the survey · 1 supplier attended the meeting
Shareholders	Selection from largest and key shareholders	· Survey · Multi stakeholder meeting · Country visit to Russia	· 47% answered the survey · 3 owners attended the meeting
NGOs	Organisations in countries where Tele2 is present with specific interest in the ITC industry and/or human rights, Labour rights, environmental impact and anti-corruption work.	· Survey · One–to–one meetings · Multi stakeholder meeting · Postcards	· 3 one–to–one meetings · 19% answered survey · Several NGOs attended meeting · Information and Q&A session with Fair Trade Center at a fundraising fair in December
Employees	All employees	· CR questions included in employee survey	· All employees are offered to participate

Most important issues for Tele2 to focus on, internal responses

- Working conditions: 10%
- Equality: 17%
- Anti-Corruption: 32%
- Customer Intergity: 13%
- Environment: 13%
- Community involvement: 5%
- Regular communication: 10%

Most important issues for Tele2 to focus on, external responses

- Working conditions: 19%
- Equality: 2%
- Anti-Corruption: 26%
- Customer Intergity: 22%
- Environment: 14%
- Community involvement: 10%
- Regular communication: 7%

1,180 postcards

An initiative to Stakeholder Dialogue was taken by Make IT fair and Tele2's customers in an international campaign where customers were given the opportunity to sign postcards stating they want a "fair and green phone". Tele2 received 1,180 postcards. As we at Tele2 are keen on receiving suggestions and ideas on how Tele2 can improve the CR work, we were grateful to receive postcards as we saw this as an opportunity to build a relationship with customers interested in CR. We answered all customers that had signed and asked them to share their ideas on how they believe their wishes could be fulfilled by Tele2.

Customer loyalty, safety and integrity

Striving to meet expectations and to countinously offer a product portfolio that goes in line with customers' needs, as well as ensuring customer safety and integrity are top priorities for Tele2.

Listening to our customers

Listening to the customers is fundamental in Tele2's continuous growth and development. To ensure that we always know how our customers perceive Tele2, as well as our 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 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 is "extremely likely" and 0 is "not at all likely". Netherlands and Kazakhstan have not yet been introduced into the NPS system and Austria and Germany do not have mobile operations. Therefore, these countries are not included in the table below. The table shows the result from the 2010 Net Promoter Score survey.

Net Promoter Score

Country	Subscription type	Result Q4 2010	Trend
Russia	Prepaid	42.6	→
Sweden	Prepaid	20.1	→
	Postpaid	9	↑
Estonia	Prepaid	34.7	↑
	Postpaid	39.2	↑
Latvia	Prepaid	39	→
	Postpaid	24.7	→
Lithuania	Prepaid	60.9	↑
	Postpaid	44.9	→
Croatia	Prepaid Postpaid	45.6	→
Norway	Prepaid Postpaid	5.3	↓

Explanations

Result Q4 2010
Based on their responses, customers are categorized 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.

Customer Safety

Electromagnetic fields are constantly present, for example around electric devices such as mobile phones.

Normal output of different radio wave sources

TV transmitters (UHF)	Television and radio transmitters (VHF)	Base stations (UMTS)	Mobile phone (UMTS)
60 000 W	2 000 W	10 W	0,25 W

Source: Post och telestyrelsen

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. There is currently no scientific evidence that electromagnetic exposure from mobile site antennas is dangerous to our health.

Ensuring product and service safety is important to Tele2. Tele2 follows bo th 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 The International Commission for Non-Ionizing Radiation Protection (ICNIRP) Guidelines and the recommendations of WHO (World Health Organisation). Tele2 also measures, on a regular basis, the radio wave signals emitted in the network 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. SRSA suspects, however, that during the long-term use of mobile phones, there might be some effect on health. Pending further knowledge, the SRSA advocates some caution in the use of mobile phones. The SRSA also states that since children and young people use mobile phones longer than adults do, this piece of advice is of particular importance to them.

Customer integrity

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 law on customer data protection. The table below shows complaints received in regards to breaches of customer privacy. As no losses of customer data has occured during the year this column is omitted from the table. Any suspected case of abuse should be reported through our Whistle Blower System at report.violations@tele2.com.

Number of complaints regarding breaches of customer privacy

Complaints regarding breaches of customer privacy	50
Complaints received from outside parties and substandiated by the organisation	39
Complaints received from regulatory bodies	60
Identified leaks of information	0
Thefts	0

Product and service information

Accessible and adequate information on the sustainability impacts of products and services is necessary for customers and end users to make informed purchasing decisions, and for these preferences to be reflected in the market. Providing appropriate information and labelling with respect to sustainability impacts is directly linked to compliance with regulations and codes. The table below indicates the degree to which information and labelling of Tele2's products' and services' is required due to their impact on sustainability.

Content control

Internet and mobile phones bring many benefits to our customers, 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:

· 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 the media. The Council covers all moving image media, i.e. the internet, film, television, computer and video games.

Tele2 requires the following product and service information per main product and service category

Information on:	Main Products						Main Services						Percentage of main product/service categories covered by and assessed for compliance
	Modem		SIM		Dongels		Home telephony		Digital Cable TV		Mobile broadband		
	yes	no	yes	no	yes	no	yes	no	yes	no	yes	no	
The sourcing of components of the product or service	✓			✗	✓			✗		✗		✗	33%
Content, particularly with regard to substances that might produce an environmental or social impact	✓			✗	✓		✓		✓		✓		83%
Safe use of product or service	✓			✗	✓		✓		✓		✓		83%
Disposal of the product and environmental/social impacts	✓			✗	✓		✓		✓		✓		83%

Our workplace

Tele2 is a value driven company. We are flexible, open and cost conscious. Driven by quality, challenge and action. This is one of the keys to Tele2's success.

Multicultural strength

At the end of the year Tele2 had 6,389 employees in eleven countries. Understanding the customer is key in striving to offer the Best Deal in each market. Local knowledge and language skills are two of our most important competitive edges. Therefore, Tele2 has decided to perform a language inventory during 2011 to map out the language skills within the company.

New Diversity policy

Diversity is regarded as a lever for profitability and an asset to the company. This was also one of the most important internal focus areas that were brought forward during the Stakeholder Dialogue with the Leadership Team and key function employees. Tele2 has subsequently developed and adopted a new Diversity policy which states that at Tele2 everybody is treated equally, notwithstanding gender, ethnicity, national origin, religion, disability, sexual orientation, general appearance, marital or parental status, union membership, political affiliation or age.

The Tele2 Way

Our core values are summarised in our internal training program The Tele2 Way "walk -the-talk", which all managers participate in. In addition to this, Tele2's Leadership Team, and seven additional key functions: Head of CR, General Counsel, Head of Group Procurement, Head of Information, Head of Strategy, Head of Procurement Kazakhstan, and the CEO assistant, received anti-corruption training with specific significance to corporate responsibility. The functions security, procurement and audit deal with anti-corruption issues on a daily basis. Therefore, these employees are required to have knowledge and adequate training to manage their working tasks in accordance with the Tele2 Code of Conduct.

During the year the Leadership Team decided that in order to increase awareness of CR issues, all employees shall undergo CR training. A new e-learning program is being developed and will be launched during the third quarter of 2011.

Individual career management

Together with his/her manager, every employee creates a yearly individual development plan, including personal goals. An assessment is made annually, which includes goal and result evaluations as well as career planning.

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 within Tele2. Action plans including concrete measures and improvements, will be developed accordingly.
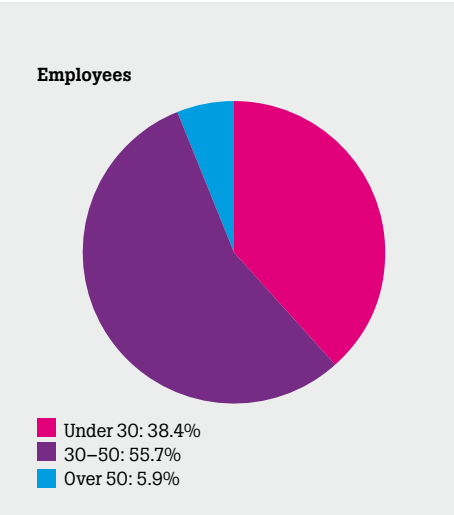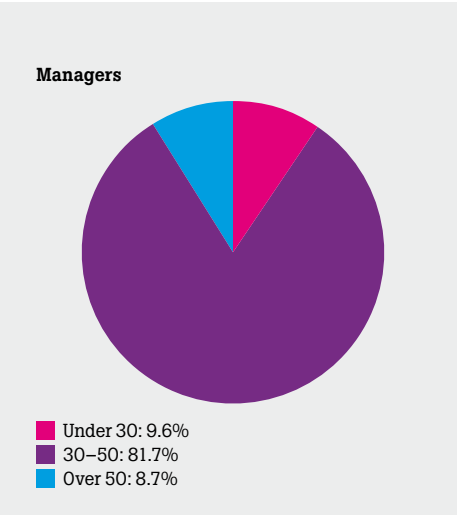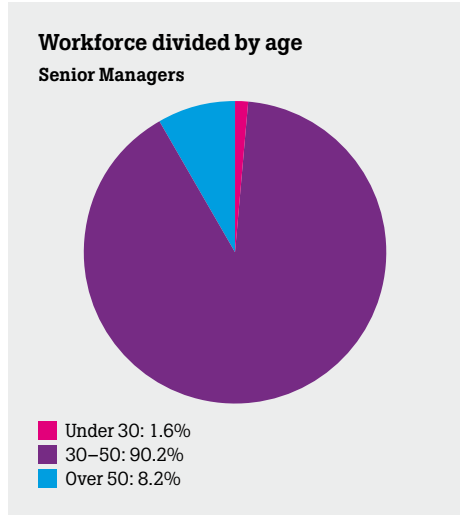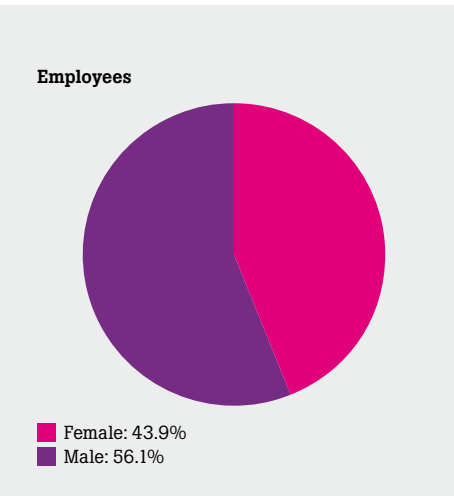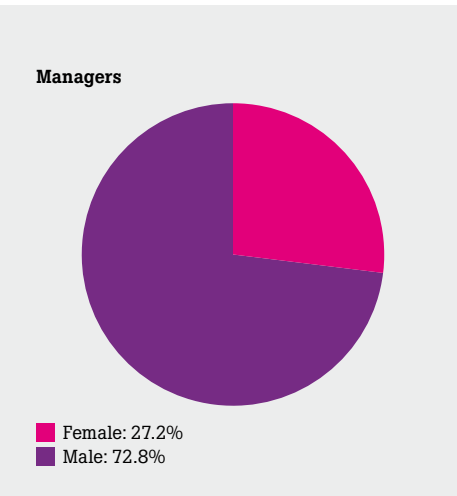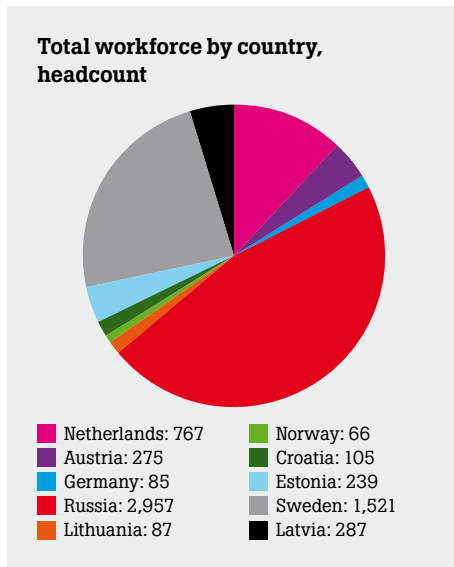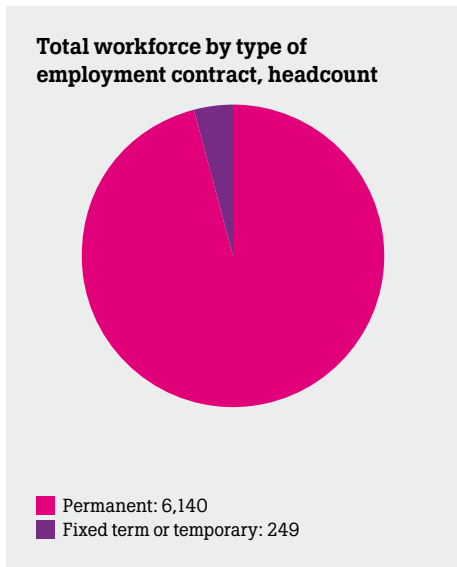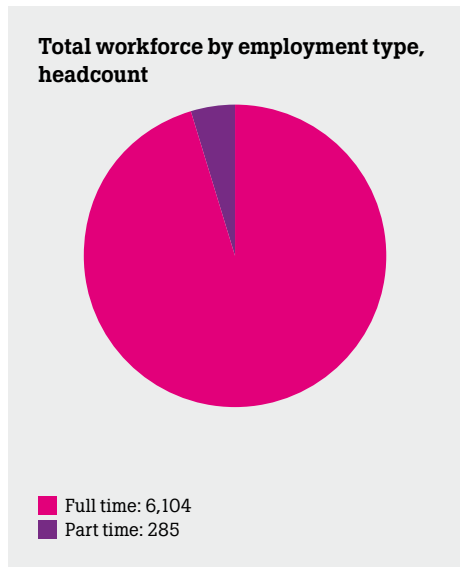
Average hours of training per year per employee by employee category
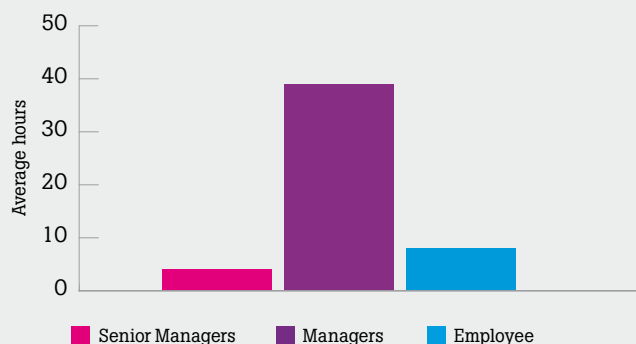
Monitoring employee indicators

Tele2 measures and monitors employee indicators and factors as our Materiality Analysis stated that diversity and maintaining good work- ing conditions are significant success factors. The results are shown in the pie charts below.

Total workforce by employment type, headcount

- Full time: 6,104
- Part time: 285

Total workforce by type of employment contract, headcount

- Permanent: 6,140
- Fixed term or temporary: 249

Total workforce by country, headcount

- Netherlands: 767
- Austria: 275
- Germany: 85
- Russia: 2,957
- Lithuania: 87
- Norway: 66
- Croatia: 105
- Estonia: 239
- Sweden: 1,521
- Latvia: 287

Workforce divided by gender

Senior Managers
- Female: 28.8%
- Male: 71.2%

Managers
- Female: 27.2%
- Male: 72.8%

Employees
- Female: 43.9%
- Male: 56.1%

Workforce divided by age

Senior Managers
- Under 30: 1.6%
- 30–50: 90.2%
- Over 50: 8.2%

Managers
- Under 30: 9.6%
- 30–50: 81.7%
- Over 50: 8.7%

Employees
- Under 30: 38.4%
- 30–50: 55.7%
- Over 50: 5.9%

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 markets by providing affordable telecom. By increasing access to communication services, Tele2 promotes people's possibilities for exp ression and enhances economic opportunities and sustainable development.

Ethical business practices

Tele2 has a strict policy under which no employee or member of our 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.

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-eye 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 management

Our global Frame Supply Agreement and Vendor Certificate regulate 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 being invited to key procurements. A violation of these regulations will result in liability claims or other similar remedies claims by Tele2. In 2011, the conditions in our new Code of Conduct will be made applicable to suppliers and vendors in the entire Tele2 Group.

Background checks of suppliers (financial status/ownership, etc) are part of the purchasing process. Since three years key suppliers in Russia 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.

The first announced inspection took place in Russia during the year, when the Head of CR together with an ESG analyst from Swedbank visited one supplier, one retailer, one base station construction site and performed interviews with Tele2's regional management. The focus on supply chain management will continue and for 2011 further paper reviews and announced site inspections are planned.

Capital Investments

Being customer involved and financially invested on the markets we are present in, is key to our and the societies sustainable development. The table below shows Tele2's capital investments in telecommunication network infrastructure in each respective market.

Capital Investments in telecommunication network infrastructure

Country	SEK million
Netherlands	422
Austria	31
Germany	0
Russia	1,460
Lithuania	112
Norway	5
Croatia	108
Estonia	50
Sweden	379
Latvia	88
Total:	**2,655**

Community involvement

Tele2 contributes to sustainable development by offering products and services that enable economic and social development in an environmentally friendly way. Beyond this, Tele2 has an ambition to contribute to global development by supporting the local communities where we operate, and we have a tradition of actively participating in numerous social activities.

An active and healthy lifestyle

Tele2 sponsorship programs aim to promote and encourage people to have an active and healthy lifestyle. Tele2 supports sport clubs, teams and athletes in our operating countries. For example, in Latvia Tele2 sponsors the event ZZ Championships, a sport tournament for children.

Focus on children

Tele2's charitable focus is to improve the situation for vulnerable children. We do this by giving donations to organisations working for children's rights, such as the World Child Foundation, the Red Cross, Unicef and the Nadezhda Fund. The Nadezhda Fund is a Russian NGO dedicated to helping orphans with everything from meeting their immediate needs, such as housing, emotional counseling, medical and dental assistance to after-school activities, education and job opportunities. Over five thousand 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 our 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 of Playing for Change, which 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 rights for children that are contained in the United Nation Convention on the Rights of the Child.

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. Ten employees from Tele2 are advisors and have regular contact with his or her entrepreneur and one of Tele2's employees is a representative in Playing for Change's jury when choosing which social entrepreneurs to support. Eco-friendly educational toys and play therapy for refugee children traumatized by war, and a night school for teenage mothers who have to work to feed their children are examples of projects that have been supported so far.

In December, Tele2 decided to donate money to Playing for Change instead of the traditional employee Christmas present. The money, 150,000 SEK, will be used for starting up Playing for Changes operation in Ghana 2011 where four entrepreneurs will receive support.

Sponsoring BRIS

Tele2 has been one of the main sponsors to BRIS (Children's Rights in Society) since 2007. BRIS supports vulnerable children and young people in particular, and provide 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.

Courage to fight for education

Orphaned and alone at six years of age, Doris was forced to start working as a saleswoman at the roadside. She works from morning to night, every weekend, to earn money for her high school fees. Doris fights hard to be in school, and many of her peers in the village have already given up.

In Ghana, over 600,000 children between 7 and 14 years are forced into child labor to survive. Girls in the village remain illiterate, without education and with limited opportunities to change their lives due to factors such as poverty, sexual violence, prejudice and teenage pregnancy. It is for them Doris started the night school, which has given the 30 teenage mothers who every day carries their babies on their backs while they are in the quarry, another chance. Together with her friends, Phyllis and Gertrude, Doris teaches reading, writing, and arithmetic – but together, they also learn about courage, hope, and that even small steps can change the future.

– I am only doing what I hope that someone would do for me, says Doris. Their situation is my situation. All it takes is someone who gives strength and courage to fight for their education.

Environmental footprint

Environmental awareness is at the very core of our business. By providing companies with alternatives to travelling through our products and services, we enable them to lower their green-house gas emissions. We believe environmentally sustainable business to be a prerequisite for continued profitability.

Analysis of environmental impact

To identify Tele2's biggest environmental issues, an external party performed an analysis of our environmental impact during the year. 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.

The results from the analysis have been important when laying the foundation for Tele2's continued efforts within the environmental area.

New policy and goals

In December, a new Environmental Policy was adopted. It applies not only to the organisation itself, but also both downstream and upstream, including affiliates, vendors and suppliers. New environmental goals on short, middle and long term have also been adopted. More information about the goals, see page 7, Our focus.

Extraction of raw materials and assembly of components for devices

Tele2 distributes tens of thousands of internet communication devices every year. To ensure that environmental issues are taken into consideration during the entire manufacturing process, Tele2 has increased demands on suppliers and sub-suppliers. When entering into a contractual arrangement, suppliers now have to assure to uphold Tele2 standards by signing Tele2's Code of Conduct.

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 minimise the visual intrusion of masts and antennas by taking this into consideration when choosing the site and to actively use design as means of mitigation.

The cooling of the 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 continually being phased in there as well.

Tele2 reports its greenhouse gas emissions to the Carbon Disclosure Project (CDP).

Transportation of goods and staff

The other 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 as much as possible by using telephone or video conference. Environmentally friendly cars are continuously replacing existing company cars. By the end of 2010 environmentally friendly cars constituted near, 80 percent of the car fleet in Sweden.

Indirect energy consumption by primary source
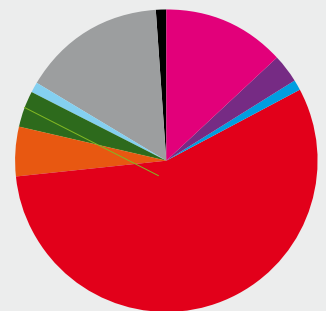**Giga Joules**

- **Non-renewable**
  Electricity: 888,194
- **Non-renewable**
  Heating and cooling: 47,514
- **Renewable**
  Hydro, solar, wind, geothermal etc: 275,425
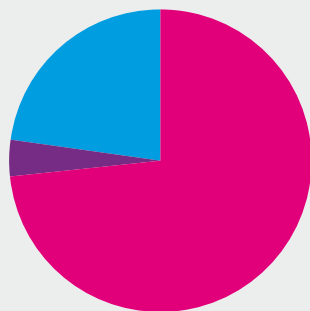
Total greenhouse gas emissions by country
Tonnes CO_2

- Netherlands: 13,475
- Austria: 3,330
- Germany: 1,100
- Russia: 57,521
- Lithuania: 5,225
- Norway: 0.79
- Croatia: 4,220
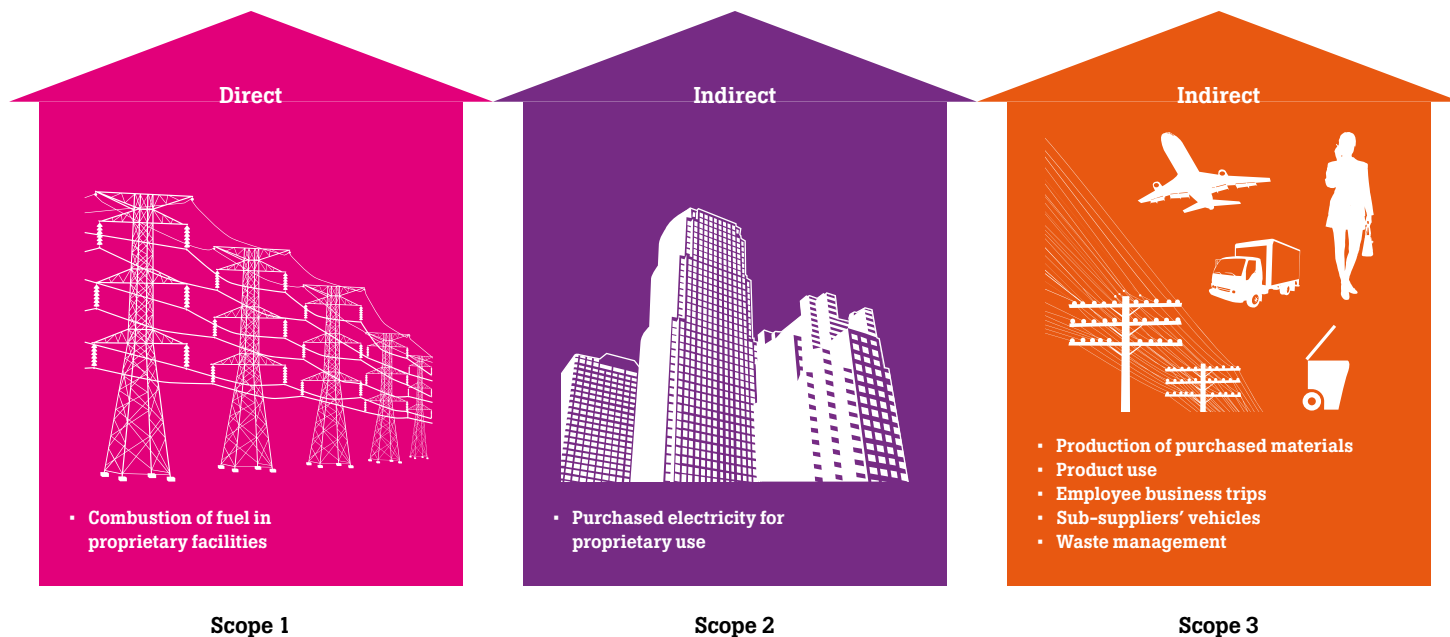- Estonia: 933
- Sweden: 15,794
- Latvia: 980

Contributing to a more sustainable world

Tele 2´s products and services contribute to a more sustainable world, by providing many companies with alternatives to travelling. The use of telephone- and video conferencing is increasing every year. A study made for the Global e-Sustainability Initiative (GeSI) concludes that for every kilowatt of energy spent on ICT, five kilowatts can be saved from sectors such as travel and manufacturing. Even though the total CO_2 impact of the ICT sector may grow, it will make a net positive contribution to reducing global emissions.

Greenhouse gases

Direct	Indirect	Indirect
· Combustion of fuel in proprietary facilities	· Purchased electricity for proprietary use	· Production of purchased materials · Product use · Employee business trips · Sub-suppliers' vehicles · Waste management
Scope 1	**Scope 2**	**Scope 3**

Waste

Effective end-of-life management for both telecom devices and network equipment is critical because they contain precious and potentially toxic materials. Recovery and reuse of these materials prevent 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 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.

GRI – index

1. Strategy and Analysis	Reference	Comments
1.1. Statement from the most senior decisionmaker 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
1.2. Description of key impacts, risks, and opportunities.	Page 16	Partially reported

2. Organisational Profile	Reference	Comments
2.1. Name of the organisation.	Page 4	Fully reported
2.2. Primary brands, products, and/or services.	Page 4	Fully reported
2.3. Operational structure of the organisation.	Annual report. Pages 37–40, 57	Fully reported
2.4. Location of organisation's headquarters.	Page 4	Fully reported
2.5. Number of countries where the organisation operates.	Page 4	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.	Page 4 and 5	Fully reported
2.10. Awards received in the reporting period.		No significant CR awards received.

3. Report Parameters	Reference	Comments
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 7	Fully reported
3.6. Boundary of the report.	Page 2, 7 and 8	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 restatement.	Page 2	Fully reported. No significant re-statements
3.11. Significant changes from previous reporting periods in the scope, boundary, or measurement methods applied in the report.	Page 2	Fully reported. No significant changes
3.12. Table identifying the location of the Standard Disclosures in the report.	Page 18	Fully reported

4. Governance	Reference	Comments
4.1 Governance structure of the organisation.	Page 6	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, nonexecutive directors	Page 6	Fully reported
4.4 Mechanisms for shareholders and employees to provide recommendations or direction to the Board or senior management team.	Page 6	Recommendations from employees are managed through the working relationships with senior managers and in yearly evaluations.
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, 12, 14 and 16.	Fully reported
4.14 The organisation's stakeholders.	Page 8 and 9	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

Abbreviations

	Reference	Comments
5. Performance Indicators		
EC 1 Direct economic value generated and distributed.	Page 4	Fully reported. Numbers, incl. Kazakhstan.
EC 8 Development and impact of infrastructure investments and services provided primarily for public benefit through commercial, inkind, or pro bono engagement.	Page 15	Fully reported
IO 1 Capital investment in telecommunication network infrastructure broken down by country/region.	Page 4	Fully reported
IO 8 Number and percentage of stand–alone sites, shared sites, and sites on existing structures.	Page 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 3 Type of product and service information required by procedures, and percentage of significant products and services subject to such information requirements.	Page 11	Fully reported
PR 5 Practices related to customer satisfaction, including results of surveys measuring customer satisfaction.	Page 10	Fully reported
PR 8 Total number of substantiated complaints regarding breaches of customer privacy and losses of customer data.	Page 11	Fully reported
LA 1 Total workforce by employment type, employment contract, and region.	Page 12 and 13	Fully reported
LA 10 Average hours of training per year per employee by employee 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 6 and 13	Partially reported due to issues of origin etc. may not be registered according to Swedish Law.
SO 3 Percentage of employees trained in organization's anti–corruption policies and procedures.	Page 12	Fully reported

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

CDP
Carbon Disclosure Project

CEO
Chief Executive Officer

CoC
Code of Conduct

CO_2
Carbon dioxide

CSI
Customer Satisfaction Index

CR
Corporate Responsibility

EMC
Electro Magnetic Compatibility

EMF
Electro Magnetic Fields

ESG
Environmental, Social and Governance

GJ
Giga Joule

GHG
greenhouse gases

GRI
Global Reporting Initiative

HR
Human Resources

ICNIRP
The international Commission for Non–Ionizing Radiation Protection

ICT
Information and Communications Technology

KPI
Key Performance Indicator

KwH
Kilowatt hour

NGO
Non Governmental Organisation

OECD
Organisation for Economic Co-operation and Development

SRSA
The Swedish Radiation Safety Authority

UNGC
The United Nations Global Compact

WHO
World Health Organisation

FSC
www.fsc.org
MIX
From responsible
sources
FSC® C022962

TELE2