

CORPORATE GOVERNANCE REPORT 2015

TELE2

Corporate Governance Report 2015

Tele2 in brief

Tele2 AB (publ) ("Tele2" or the "company") has 14 million customers in nine countries and offers mobile services, fixed broadband and telephony, data network services and content services. In 2015, the company had net sales of SEK 27 (26) billion and reported EBITDA of SEK 5.8 (5.9) billion, excluding discontinued operations. Tele2 is a Swedish limited liability company with shares listed on the Nasdaq Stockholm Large Cap list and thus, in addition to mandatory law and rules, applies the Rule Book for Issuers Nasdaq Stockholm and the Swedish Corporate Governance Code ("the Code").

This Corporate Governance Report is published separately from the Annual Report and prepared in accordance with the Swedish Annual Accounts Act and the provisions of the Code. Previous years' Corporate Governance Reports and other corporate governance documents are available on the corporate website, www.tele2.com. The Code is based on the principle of comply or explain, which means that companies can deviate from single rules in the Code, provided that they offer an explanation for the deviation. Tele2 deviates from the Code in the following respect:

Reference from the Code	Deviation and explanation
2.4 Neither the company chair nor any other member of the Board may chair the Nomination Committee.	Lorenzo Grabau is the Chairman of the Nomination Committee and also a member of the Company's Board of Directors. The Nomination Committee has explained the appointment as being in the company's and its shareholders' best interests, and a natural consequence of Lorenzo Grabau representing Tele2's largest shareholder investment AB Kinnevik.

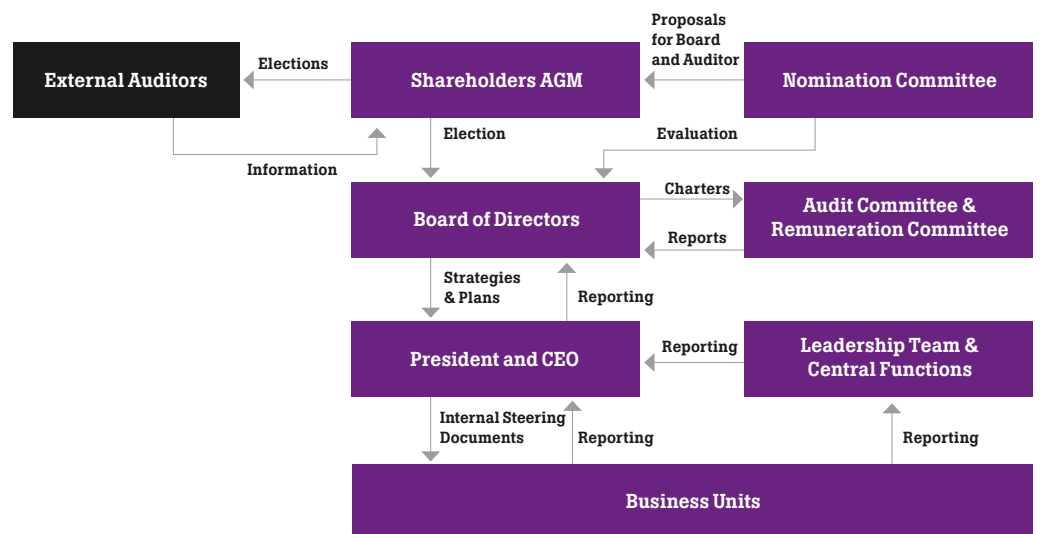
Overview of corporate governance at Tele2

Sound corporate governance at Tele2 means the establishment of an appropriate framework for decision making, assignment of responsibility and the implementation of transparent reporting that

supports the understanding and monitoring of the development of the company. Tele2's overall corporate governance framework can be visualised as follows:

Tele2's governance structure

External Steering Documents, such as Swedish Companies Act, the Annual Accounts Act, the Swedish Code of Corporate Governance, Rule Book for Issuers Nasdaq Stockholm, industry regulations etc.



Shareholder Information

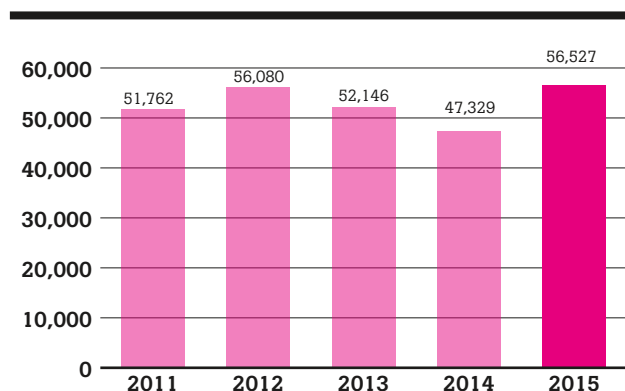
Tele2's Class A and B shares were first listed on the O-List of the Stockholm Stock Exchange in May 1996. Tele2 has been listed on the Nasdaq Stockholm Large Cap list since October 2006. Per 31 December 2015, Tele2 had 56,528 shareholders and the market value of the company was SEK 38,071 million. In addition to shareholder meetings, Tele2 continuously provides information to shareholders by publishing financial reports (interim reports, full year reports and annual reports) and press releases. The company also arranges regular analyst meetings.

The Tele2 shares¹⁾

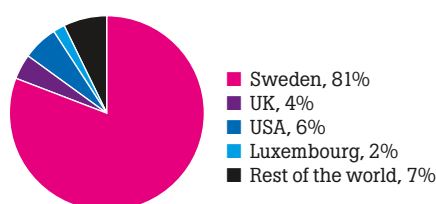
	Par value	Total issued shares	% of total count	Votes per share	% of total votes
A Shares	1.25	20,260,910	4.5%	10	32.0%
B Shares	1.25	428,923,429	95.1%	1	67.7%
C Shares	1.25	1,899,000	0.4%	1	0.3%

¹⁾ at December 31, 2015

Number of shareholders



Share capital distribution, by nationality, % of votes

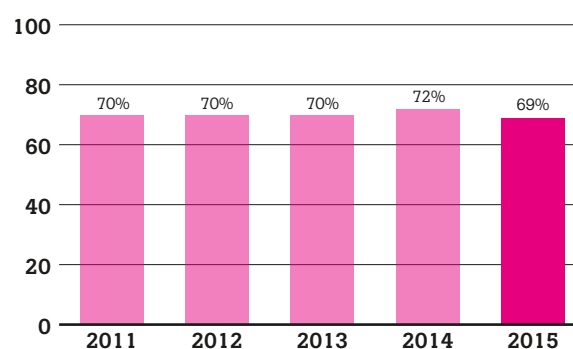


For further shareholder information, including information on share capital, voting rights, and the current share price see our corporate website, www.tele2.com.

Annual General Meeting

The 2015 Annual General Meeting ("AGM") was held on May 19, 2015. At the meeting, 845 shareholders were in attendance, personally or by proxy, representing 68.7 percent of the votes. Wilhelm Lünig was elected Chairman of the meeting. Noted as present were the Chairman of the Nomination Committee Cristina Stenbeck, the Chairman of the Board Mike Parton, the Board members Lars Berg, Lorenzo Grabau, Irina Hemmers, Mia Brunell Livfors, Erik Mitteregger and Carla Smits-Nusteling, the proposed new Board member Eamonn O'Hare, the Chief Executive Officer Mats Granryd, the Chief Financial Officer Allison Kirkby and the auditor-in-charge Thomas Strömberg.

Attendance, % of votes



The following significant resolutions were adopted by the AGM:

- re-election of Lorenzo Grabau, Irina Hemmers, Erik Mitteregger, Mike Parton, Carla Smits-Nusteling and Mario Zanotti as directors of the Board and election of Eamonn O'Hare as a new director of the Board and re-election of Mike Parton as Chairman of the Board.
- approval of the Annual Report for 2014 and resolved on ordinary dividend of SEK 4.85 per share and an extraordinary dividend of SEK 10.00 per share, i.e. a total dividend of SEK 14.85 per share. The record date was decided to be Thursday May 21, 2015. The dividend was paid out to the shareholders on Tuesday May 26, 2015.
- discharge the directors of the Board and the CEO from liability for the financial year 2014.
- approval of remuneration to the Board and auditor and procedures for the Nomination Committee;
- approval of guidelines for the remuneration to senior executives as well as the principles and scope for Tele2's long term share-related incentive program 2015, including authorisations for the Board to resolve on a new issue of not more than 2,300,000 Class C shares and to repurchase all Class C shares in the company in order to, following reclassification into Class B shares, transfer such shares to the participants in Tele2's long-term incentive plans, of which 1,800,000 can be transferred to the participants under the 2015 plan; and
- authorise the Board to pass a resolution on one or more occasions for the period up until the next Annual General Meeting to repurchase so many Class A and/or Class B shares that Tele2's holding does not at any time exceed 10 per cent of the total number of issued Tele2 shares.

The minutes of the AGM are available on Tele2's corporate website, www.tele2.com.

The Nomination Committee for the 2015 AGM

For the 2015 AGM, the Nomination Committee, consisted of; Cristina Stenbeck appointed by Investment AB Kinnevik; Mathias Leijon appointed by Nordea Funds; Jonas Eixmann appointed by Andra AP-fonden and Åsa Nisell appointed by Swedbank Robur Funds. The Committee held six meetings, with the customary additional contact between meetings. As the basis for its work, the Nomination Committee has had the benefit of a thorough formal evaluation of both the Board and the Chairman of the Board. In order to assess the degree to which the Board for the 2015 AGM fulfils the requirements placed on the Board, the Nomination Committee's discussions have focused on the Board's overall composition with respect to sector specific expertise and mix of individual skills, financial and operational experience and succession planning.

The committee submitted proposals to the AGM for the election of the Board and their remuneration, Chairman of the AGM and the procedure for the Nomination Committee.

No compensation has been paid by Tele2 to any member of the Nomination Committee for their work.

The Board

According to Tele2's Articles of Association, the Board shall consist of at least five and a maximum of nine members, to be elected by the AGM. The Articles of Association of Tele2 are available on the corporate website, www.tele2.com.

Nomination Committee for the 2016 AGM

In accordance with the resolution of the 2015 AGM, Mike Parton, Chairman of the Board of Directors, has convened a Nomination Committee consisting of members appointed by the largest share-

holders in terms of voting interest in Tele2 AB as of August 31, 2015. The members of the Nomination Committee for the 2016 AGM are shown in the table below.

At the 2015 AGM, Tele2's shareholders re-elected Lorenzo Grabau, Irina Hemmers, Erik Mitteregger, Mike Parton, Carla Smits-Nusteling and Mario Zanotti as directors of the Board and elected Eamonn O'Hare as a new director of the Board. Furthermore, Mike Parton was re-elected as Chairman of the Board. During September 2015 Mario Zanotti resigned as Director of the Board.

Independence of the Board

The Board's assessment regarding each member's position of independence in relation to the company, its shareholders and the management is presented in the table "Composition of the Board". None of the Board members are part of the senior management of the company, nor are they union representatives. Two of the total six Board's members are women.

Tele2 meets the Code's requirement that the majority of the members be independent in relation to the company and its executive management. Tele2 also meets the Code's requirement that a minimum of two of the directors be independent of the company, its executive management and, additionally, its major shareholders.

Nomination Committee for the 2016 AGM

Name	Representing	Share of votes
Lorenzo Grabau (Chairman)	Investment AB Kinnevik	48.0%
Mathias Leijon	Nordea Investment Funds	4.9%
Hans Ek	SEB Investment Management AB	1.7%
Jonas Eixmann	Andra AP-fonden	2.1%
Mike Parton	Chairman of the Board of Tele2 AB	N/A

Composition of the Board

Name	Born	Position	Elected	Remuneration Committee	Audit Committee	Independent	Shareholding
Mike Parton	1954	Chairman	2007	Member	-	Yes	19,625 B shares
Lorenzo Grabau	1965	Member	2014	Chairman	Member	No*	-
Irina Hemmers	1972	Member	2014	-	Member	Yes	-
Erik Mitteregger	1960	Member	2010	-	Member	No*	10,000 B shares
Carla Smits-Nusteling	1966	Member	2013	Member	Chairman	Yes	1,500 B shares
Eamonn O'Hare	1963	Member	2015	-	-	Yes	-

* Not independent in relation to the company's major shareholders.

Board members



Mike Parton

Chairman of the Board, elected in 2007

Born: 1954

Nationality: British citizen

Independence: Independent in relation to the company and management as well as in relation to the company's major shareholders.

Holdings in Tele2: 19,625 B shares

Committee work: Member of the Remuneration Committee

Mike Parton is Chairman of Arqiva (since 2015), a UK based telecoms and broadcast infrastructure company. He is a member of the Chartered Institute of Management Accountants. Furthermore, he is a member of the Advisory Board of a UK charity called Youth at Risk.

He was CEO and Chairman of Damovo Group Ltd, an international IT company (between 2007 and 2014) and CEO of Marconi plc (between 2001 and 2006).

Trained as Chartered Management Accountant.



Lorenzo Grabau

Non-Executive Director, elected in 2014

Born: 1965

Nationality: Italian citizen

Independence: Independent in relation to the company and management but not independent in relation to the company's major shareholders

Holdings in Tele2: –

Committee work: Chairman of the Remuneration Committee and member of the Audit Committee

Lorenzo Grabau is CEO of Investment AB Kinnevik since 2014. He is also Chairman of Global Fashion Group SA (since 2015), deputy Chairman of Zalando SE (since 2013), as well as Non-Executive Director of Millicom International Cellular S.A. (since 2013), of Rocket Internet SE (since 2014) and of Qliro Group AB (since 2014).

From 2011 to 2015 he served for different periods of time as Chairman of Avito AB and as Non-Executive Director of Investment AB Kinnevik, Modern Times Group MTG AB, CTC Media, Inc. and Softkinetic BV. He was a Partner and Managing Director at Goldman Sachs International in London (until 2011). He joined the Investment Banking division of Goldman Sachs in 1994 and during his 17 years at the firm held various leadership positions within the Consumer/Retail and Media/Online industry practices, and the Financial Sponsors Group. He began his career in Investment Banking in 1990 when he joined Merrill Lynch, where he remained for five years working in the Mergers & Acquisitions department in London and New York.

Dottore in Economia e Commercio, Università degli Studi di Roma, La Sapienza, Italy.



Irina Hemmers

Non-Executive Director, elected in 2014

Born: 1972

Nationality: Austrian citizen

Independence: Independent in relation to the company and management as well as in relation to the company's major shareholders

Holdings in Tele2: –

Committee work: Member of the Audit Committee

Irina Hemmers is a partner at Eight Roads, the proprietary investing arm of FIL, Fidelity International, and leads Principal Investing, a permanent capital fund focused on acquiring and investing in innovative long-term growth businesses.

She was Non-Executive Director of Trader Corporation, Trader Media Group and Top Right Group (until 2013), of Hit Entertainment (until 2012), Incisive Media/American Lawyer Media (until 2009) and SULO Group (until 2007). Previously, she was a Partner with private equity firm Apax Partners (between 2001 and 2013). During her 12 years with Apax Partners, she worked in Munich, Hong Kong and London. She began her career at McKinsey & Company in Vienna 1996.

M.Sc. in International Business and Economic Studies from University of Innsbruck, Austria, and an MPA from John F. Kennedy School of Government, Harvard University, USA.



Erik Mitteregger

Non-Executive Director, elected in 2010

Born: 1960

Nationality: Swedish citizen

Independence: Independent in relation to the company and management but not independent in relation to the company's major shareholders

Holdings in Tele2: 10,000 B shares

Committee work: Member of the Audit Committee

Erik Mitteregger is member of the Board of Investment AB Kinnevik (since 2004) and of Rocket Internet SE (since 2014). He is also chairman of the Boards of Firefly AB (since 2013 and board member since 2003) and Wise Group AB (since 2008 and board member since 2003).

Previously, he was member of the Board of Invik & Co. AB (between 2004 and 2007), Metro International SA (between 2009 and 2013) and Avito AB (between 2014 and 2015). He was founding partner and Fund Manager of Brummer & Partners Kapitalförvaltning AB (between 1995 and 2002). During the period 1989 to 1995, he was Head of Equity Research and member of the Management Board at Alfred Berg Fondkommission.

B.Sc. in Economics and Business Administration from Stockholm School of Economics.

Board members



Carla Smits-Nusteling

Non-Executive Director, elected in 2013

Born: 1966

Nationality: Dutch citizen

Independence: Independent in relation to the company and management as well as in relation to the company's major shareholders

Holdings in Tele2: 1,500 B shares

Committee work: Chairman of the Audit Committee and member of the Remuneration Committee

Carla Smits-Nusteling is a Non-Executive Director at ASML (since 2013). She is also a member of the management board of the Foundation Unilever NV Trust Office (since 2015) and she is Lay judge of the Enterprise Court of the Amsterdam Court of Appeal (since 2015).

She has over 10 years' experience from Koninklijke KPN N.V., and was KPN's Chief Financial Officer (between 2009 and 2012). She joined KPN in 2000 and held various financial positions, whereof three years as Director of Corporate Control. Between 1990 and 2000, she worked at TNT Post Group N.V., an international express and mail delivery service, and held various managerial positions before her appointment as Regional Director in 1999.

M.Sc. Business Economics from Erasmus University, Rotterdam.



Eamonn O'Hare

Non-Executive Director, elected in 2015

Born: 1963

Nationality: Irish and British citizen

Independence: Independent in relation to the company and management as well as in relation to the company's major shareholders

Holdings in Tele2: –

Committee work: –

Eamonn O'Hare is Founder, Chairman and CEO of Zegona Communications, an investment company focusing on the European media and telecommunications sector. He is also a Non-Executive Board Director of Dialog Semiconductor (since 2014), a leading consumer technology supplier to the world's largest mobile device brands.

He was Chief Financial Officer and Board Director of Virgin Media from 2009 up until its sale to Liberty Global in 2013. Between 2005 and 2009, he served as the UK Chief Financial Officer of Tesco, one of the world's largest retailers. Before that he served as Chief Financial Officer and Board Director of Energis Communications and prior to that he spent ten years at PepsiCo in a series of executive roles in Europe, Asia and the Middle East.

B.Sc. Aeronautical Engineering, from Queen's University, Belfast, and MBA from London Business School.

The Board's responsibility and work procedures

The Board's work procedures are established every year and govern the organisation of the Board's duties and its meetings, as well as written instructions for the Board's work and evaluation of its performance. Furthermore, the Board has issued "Instructions to the Managing Director" to the President and CEO regarding her responsibilities towards the Board, and to establish her authority to execute the company's management, including any limitations thereto.

The Board:

- Oversees Tele2's overall long-term strategies and goals,
- Approves budgets, business plans, financial reports, investment and personnel proposals,
- Makes decisions regarding acquisitions and disposal of business interests,
- Monitors the CEO's work and the company's performance, and
- Evaluates the quality of the company's internal control functions, risk management and financial reports, and communicates with the company's auditors directly and through regular reports from the Audit Committee and the company's CFO.

In order to carry out its work more effectively, the Board has appointed members for a Remuneration Committee and an Audit Committee with special tasks. These Committees are the Board's preparatory bodies and do not reduce the Board's overall and joint responsibility for the handling of the company and the decisions made.

Further to the above, where needed, the Board appoints members to form preparatory working groups on topics of special interest, such as questions regarding dividends and capital structure and the Corporate Responsibility Advisory Group for questions regarding corporate responsibility related risks and opportunities.

The Board's work in 2015

During the 2015 financial year, the Board convened 5 times at different locations in Europe. In addition, 11 per capsulam meetings and 7 telephone conference meetings were held.

Below is a summary of the main topics handled by the Board during 2015:

- Appointment of Allison Kirkby as new President and CEO of Tele2
- Review and approval of financial reports,
- Review and follow-up of internal controls, risk management and corporate governance,
- Treasury matters,
- Corporate responsibility matters, including data privacy, corruption risks and ethical business practices,
- Human resources matters, including talent management, succession planning and remuneration guidelines,
- Strategy review, including review of growth opportunities, product portfolio, business model challenges and marketing strategies,
- Several matters regarding acquisition and divestment opportunities, including the merger of Tele2 Kazakhstan and Altel in Kazakhstan, and the participation in licence auctions and tenders,
- Review of the budget for 2016,
- Self-evaluation of the Board and evaluation of the CEO and senior executives,
- Auditors' reports.

Evaluation of the Board

The Chairman of the Board ensures that an annual self-assessment of the Board's work is performed, where the Board members are given the opportunity to share their views on working methods, Board material, their own and other Board members' work, as well as the scope of their assignment.

The Board also receives reports from the Audit and Remuneration Committees and evaluates their work.

The evaluation is presented to the Nomination Committee.

Attendance of Board members

Name	Board meetings	Audit Committee	Remuneration Committee
Number of meetings, including telephone and per capsulam meetings	23	4	9
Mike Parton	23		9
Eamonn O'Hare*	17		
Mia Brunell Livfors**	2		
Lorenzo Grabau	23	4	9
Irina Hemmers	23	4	
Lars Berg**	3		4
Erik Mitteregger	21	4	
Carla Smits-Nusteling	21	4	9
Mario Zanotti***	9		

* Eamonn O'Hare was elected Board members at the AGM in May 2015,

** Mia Brunell Livfors and Lars Berg left the Board in May 2015.

*** Mario Zanotti left the Board in September 2015.

The Board members are all compensated for their Board work in accordance with the resolution passed at the AGM. Details of compensation are shown in the table "Remuneration to the Board during 2015" on the following page. In addition, Board members are reimbursed traveling expenses for Board work, according to submitted receipts. There is no outstanding share or share price related incentive program for the Board.

Remuneration to the Board

SEK	Fees to the Board		Fees to the Audit Committee		Fees to the Remuneration Committee		Total Fees	
	2015	2014	2015	2014	2015	2014	2015	2014
Mike Parton	1,430,000	1,365,000	–	–	40,000	38,000	1,470,000	1,403,000
Lars Berg	–	525,000	–	–	–	75,000	–	600,000
Mia Brunell Livfors	–	525,000	–	–	–	–	–	525,000
Lorenzo Grabau	550,000	525,000	105,000	100,000	79,000	38,000	734,000	663,000
Irina Hemmers	550,000	525,000	105,000	100,000	–	–	655,000	625,000
Erik Mitteregger	550,000	525,000	105,000	100,000	–	–	655,000	625,000
Carla Smits-Nusteling	550,000	525,000	210,000	200,000	40,000	38,000	800,000	763,000
Eamonn O'Hare	550,000	–	–	–	–	–	550,000	–
Mario Zanotti	179,299*	525,000	–	–	–	–	179,299	525,000
Total remuneration	4,359,299	5,040,000	525,000	500,000	159,000	189,000	5,043,299	5,729,000

* Mario Zanotti resigned during September 2015

Audit Committee

The Audit Committee has the primary task of assisting the Board in its supervision and review of the internal and external audit processes, and reviewing and ensuring the quality of the company's external financial reporting. Furthermore, the Audit Committee supervises the internal control functions of the company.

When performing its work, the Audit Committee is guided by a written charter and instructions that the Board has determined, as well as the provisions contained in the Code. The Board has delegated the following decision making powers to the Audit Committee:

- The right to establish procedures for accounting, internal control and auditing,
- The right to determine the procedure for receiving and managing complaints received by the company with regard to accounting, internal control or audit issues.

At the statutory Board Meeting following the 2015 AGM, the Board appointed Carla Smits-Nusteling as the Chairman of the Audit Committee and Erik Mitteregger, Irina Hemmers and Lorenzo Grabau as ordinary members. With reference to the table "Composition of the Board" on page 3, Tele2 accordingly meets the independence requirements of the Code vis-à-vis the Audit Committee.

The Audit Committee usually meets in connection with Board meetings or the publication of external financial reports. During 2015, the Audit Committee held 4 meetings. The President and CEO and the CFO together with the Group General Counsel, Head of Group Internal Control, the Head of Group Financial Reporting, Investor Relations and the company's external auditors were also present at the meetings, as required. Other management including that of Group Tax and of Group Security were also present in part or some of the meetings.

In 2015, the primary matters dealt with by the Audit Committee were the approval of financial reports, capital structure, tax, reports from the external auditor, follow-up of internal audits and risk assessments, and information regarding significant financial and control projects. The Audit Committee, through its Chairman, also meets with the external auditor independently to exchange views regarding the company's accounting and control environment. The results of the Audit Committee's work in the form of observations, recommendations and proposed decisions and measures are reported regularly to the Board of Directors.

Remuneration Committee

The Remuneration Committee's main work includes presenting recommendations to the Board regarding remuneration and terms of employment for CEO and other senior executives. The recommendations, including recommendations for long-term incentive programs, are submitted by the Board to the AGM for adoption.

Following their adoption at the AGM, the Board applies these remuneration guidelines.

When performing its work, the Remuneration Committee is guided by a written charter and instructions that the Board has determined.

The Board appoints the members and the Chairman of the Remuneration Committee. At the statutory Board meeting following the AGM, Lorenzo Grabau was appointed Chairman of the Remuneration Committee and Mike Parton and Carla Smits-Nusteling were appointed members of the Committee.

During 2015, the Remuneration Committee held 9 meetings.

Refer to Note 33 in the Annual Report 2015 for information regarding remuneration to senior executives.

Leadership Team

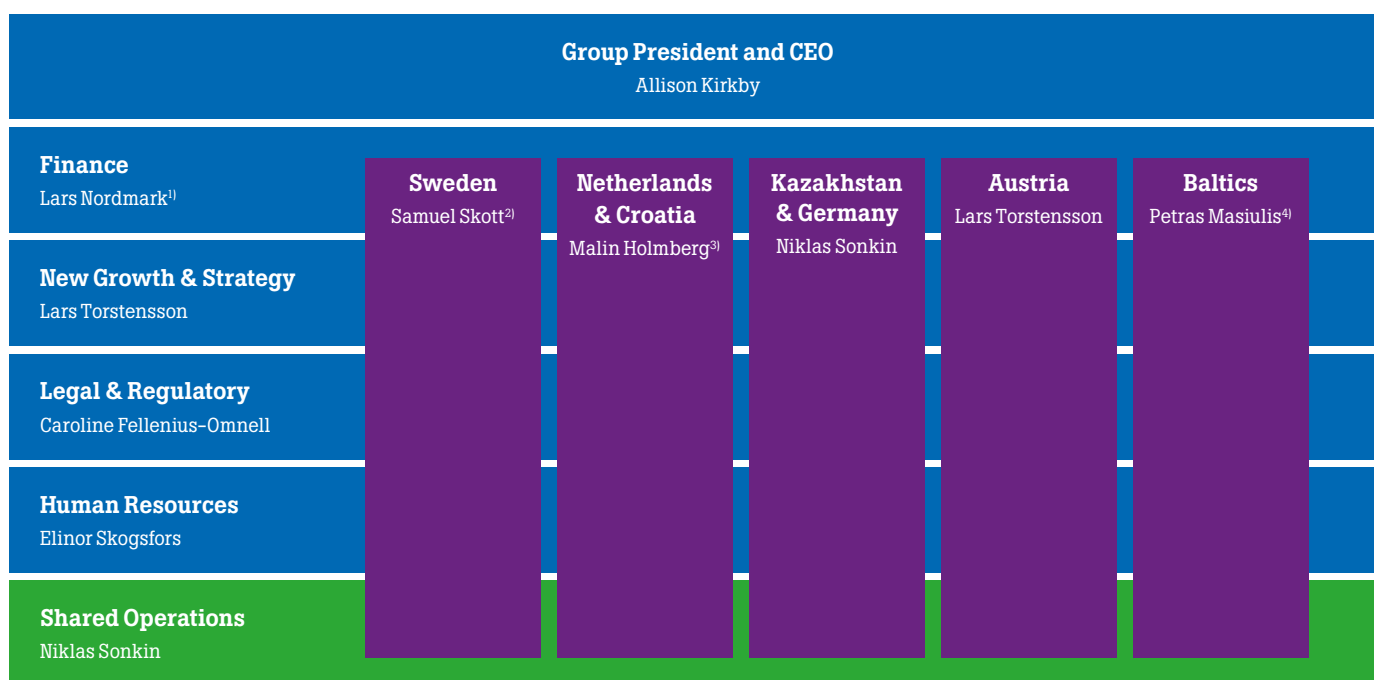
The Board appointed Allison Kirkby as President and CEO of Tele2 AB effective as of 1 September 2015. Allison Kirkby, born in 1967, has had a consistent and successful international financial and operational career in FMCG, Media and Telecoms, working for Procter & Gamble, Virgin Media and most recently at 21st Century Fox. Prior to being appointed President and CEO of Tele2, she was Group CFO of Tele2 AB since May 2014. She holds a SHND in Accounting from Glasgow Caledonian University, is a Fellow of the Chartered Institute of Management Accountants (FCMA) and a Chartered Global Management Accountant (CGMA).

Allison Kirkby holds 20,000 Tele2 Class B shares, 24,000 rights (LTI 2014) and 31,500 rights (LTI 2015)*. Allison Kirkby is also Non Executive Director and Chair of the Audit Committee at Greggs PLC and a member of the Boards of Reach for Change Foundation and Secure Value.

The President and CEO leads the work conducted by the company's management and renders decisions in consultation with other senior executives in the Leadership Team.

* Allocated share rights at grant date, before compensation for dividend.

The Tele2 Leadership Team



■ Group Functions ■ Market Area ■ Shared Operations

¹⁾ As of April 18, 2016 ²⁾ As of April 18, 2016 ³⁾ As of April 1, 2016 ⁴⁾ Not a member of the Leadership Team

During 2015, 11 Leadership Team meetings were held. They focused on the company's strategic and operational development and follow-up on financial performance. Besides, key risks, key market developments and internal projects were also evaluated at the Leadership Team meetings. Other personnel and external consultants participated in these meetings, as required.

For further information on members of the company's management, please visit the corporate website, www.tele2.com.

Long-term incentive program (LTI)

Tele2 has three outstanding incentive programs. For information concerning the long-term incentive programs, the LTI program 2013, the LTI program 2014 and the LTI program 2015, see Note 33 in the Annual Report 2015 and the corporate website, www.tele2.com.

Auditor

Tele2's Auditor-in-Charge, Thomas Strömberg, is the deputy Country Managing Partner and a member of the executive management of Deloitte Sweden. In addition to his assignment at Tele2, he is also auditor of, amongst others, Investor and Rezidor. In addition, Thomas Strömberg is an exchange auditor for Nasdaq Stockholm stock exchange. He has no assignments in businesses that are related to Tele2's major owners or CEO.

During 2015, Deloitte performed services for Tele2 besides the ordinary audit assignments, with regard to financial due diligence services and advice in tax issues. All non-audit services performed by the auditor are approved by the Audit Committee.

Refer to Note 34 in the Annual Report 2015 for information regarding remuneration to the auditors.

The Board's report on Internal Controls over Financial Reporting

The internal controls over Tele2's financial reporting aims to provide reasonable assurance of the reliability of internal and external financial reporting, and to ensure that external financial reporting is prepared in accordance with legislation, applicable accounting standards and other requirements for listed companies.

Tele2's system for internal controls and risk management is based on "Internal Control – Integrated Framework" issued by the Committee of Sponsoring Organizations of the Treadway Commission, also referred to as "the COSO model". This section reproduces the key elements of Tele2's application of this model and how it assists the Board and the Leadership Team in providing assurance over the financial reporting as well as operational, compliance and strategic objectives.

Tele2 Pillars of Internal Control



Control environment

The control environment in Tele2 is much influenced by our common values which are reflected in all parts of our business, from trainings for new employees to strategy making. There are also control activities in place to ensure that the values are, not only known by employees and managers, but also that we act in accordance with them, i.e. that we "walk the talk". All employees are evaluated against these common values and managers are required to conduct training on "The Tele2 Way" in order to discuss and gain greater insight into the company's values and practices.

The Tele2 Board of Directors

The Board of Directors bears overall responsibility for internal controls related to financial reporting. As a result, the Board has established a written work plan, "Work and delegation procedures for the Board of Directors of Tele2 AB", that clarifies its responsibilities and regulates the Board's and its committees' internal distribution of work. Furthermore, the Board has appointed an Audit Committee with a written charter, the primary task of which is to ensure that established principles for financial reporting and internal controls are adhered to and that appropriate relations are maintained with the company's auditors. Results of internal and external audits, which are reported to the Audit Committee, as well as management's reporting on risks and incidents forms the basis for the Board's evaluation of the internal controls.

Local management – 1st line of defence

The responsibility for maintaining an effective control environment and on-going work on internal controls has been assigned to the President and CEO and documented in the "Instructions to the Managing Director of Tele2 AB". The President and CEO has, in turn, allocated responsibility for maintaining effective internal controls in the different countries to the respective line managers. Country CEOs are therefore responsible for ensuring internal controls over all COSO related objectives pertaining to their respective markets, with their local finance organisations having the specific responsibilities for ensuring correct and timely financial reporting.

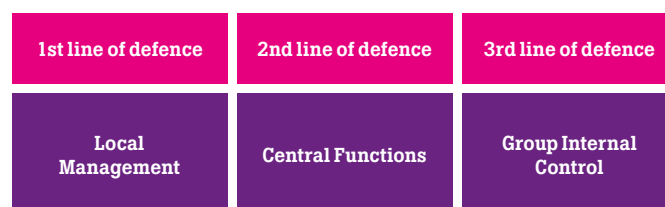
Central Functions – 2nd line of defence

A number of corporate functions are responsible for promoting effective internal controls in separately defined areas. This is done by issuing group wide policies (including the group wide Code of Conduct), procedures, financial manuals etc. and following up on related issues. Among these functions, the central finance organisation (including Group Financial Reporting, Planning & Business Control, Tax, Treasury and Investor Relations) play particularly important roles in ensuring correct and timely financial reporting. Other central departments vital to maintaining a sound control environment are for example Group Legal, Group Security, Group Purchasing, Corporate Responsibility and Human Resources, as well as various controlling functions integrated in the central functions.

Group Internal Control – 3rd line of defence

Independently of area of responsibility, be it geographic or corporate, Group Internal Control (Tele2's internal audit department) is responsible for evaluating the operations of the company to identify any shortcomings in internal controls over financial reporting as well as in other areas. Significant findings are reported to the Board of Directors through the Audit Committee.

Internal Control Responsibilities



The Tele2 Code of Conduct

Another key aspect of the control environment is the Executive Management's enforcement of the Tele2 Code of Conduct and, as part of this, the four-eyes principle, which means that important decisions and contracts signed on behalf of Tele2 should always be made by at least two persons. The Code of Conduct is signed by all employees upon joining Tele2 and then reconfirmed annually.

When entering into a contractual arrangement with Tele2, suppliers and other business partners also need to give their assurance regarding compliance with Tele2's standards by signing Tele2's Business Partner Code of Conduct.

The Code of Conduct is available on the company's intranet and on Tele2's corporate website www.tele2.com.

Risk assessment

First and second “line of defence” is inherently responsible for the risk identification and risk mitigation related to their respective market or corporate area. On top of this Group Internal Control performs an independent risk assessment for each market and function which forms the basis for the annual internal audit plan. This risk assessment considers the fact that there is risk both from how we operate and from where we operate, as illustrated in the Risk Universe below. Other inputs to this risk assessment and the internal audit plan include results of prior audits, known incidents and reporting issues, external risk benchmarks and external assessments of countries’ general corruption levels etc. The internal audit plan is reviewed and approved by the Board through the Audit Committee.

Tele2 Group Strategic Risks

Risks which could threaten Tele2’s ability to achieve its strategic objectives are assessed by the Leadership Team (LT). These risks could relate to our strategic initiatives, financial targets or the overall vision & mission, but they could also relate to other risks in the Risk Universe considered to have a potential material effect on the group’s strategic objectives.

The strategic risks are initially defined on a high level as risk areas (as illustrated in the Risk Radar to the right on this page). Each of these risk areas are then assigned to a risk owner (an individual LT member) who is responsible for breaking down the risk into quantifiable risk scenarios, for which potential impact and likelihood is then calculated. The risk owners are also responsible for identifying actions to mitigate the risks where possible and to monitor and report any development to the rest of the LT.

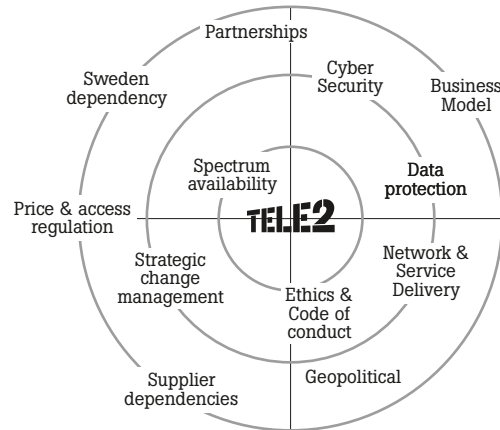
The strategic risks are also reported and discussed quarterly by the Audit Committee and/or the full Board of Directors. During 2015 the Audit Committee has also had separate sections in their meetings dedicated to certain risks identified (including Network & Service Delivery, Cyber Security and Data Protection) in order to get a better understanding of the risks and related actions.

During 2015 the full Board also had dedicated risk sessions relating to Tele2’s partnerships in Kazakhstan, prior to the decision and announcement to partner with Kazakhtelecom, which resulted in

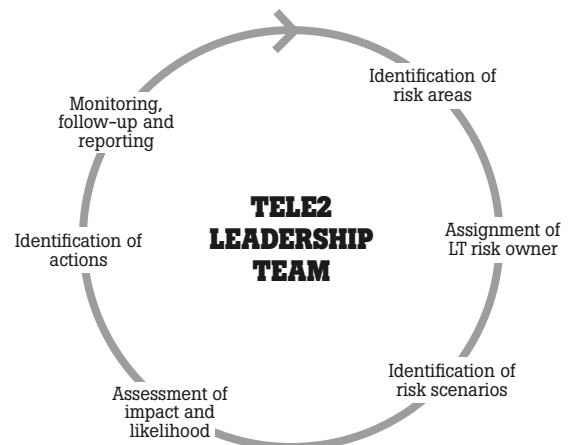
several adjustments of the proposed plan and a deepened due diligence in certain areas.

For an elaboration of the strategic risks, please refer to the section Risks and Uncertainty Factors in the Administration Report of the Annual Report 2015.

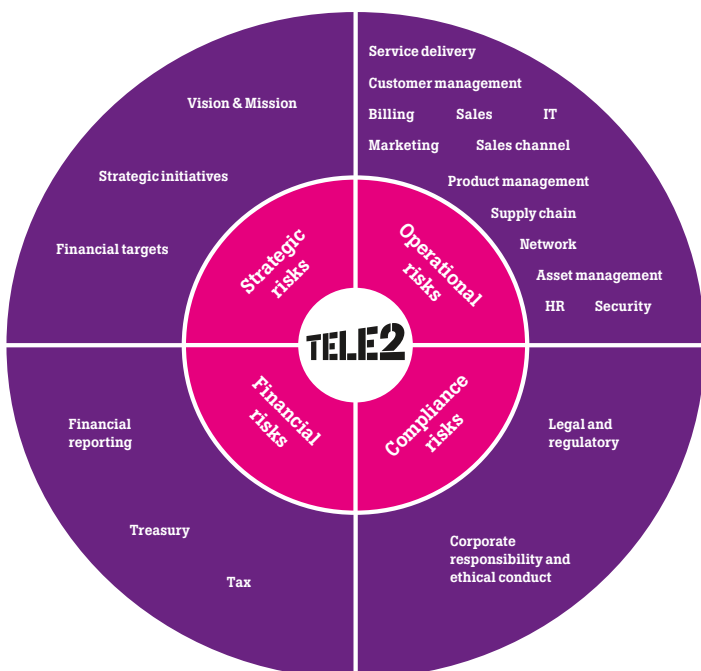
Tele2 Risk Radar – Risk Areas



The Strategic Risk Assessment Process



Tele2 Risk Universe



Information and communication

Corporate policies and procedures are available for employees on the company's intranet or directly through the relevant central function. Manuals and guidelines of significance to financial reporting are regularly updated and continuously communicated to the employees concerned.

Monthly closings follow a pre-defined process and are preceded by monthly telephone meetings with all senior finance managers. Feedback is also provided to the reporting subsidiaries regarding their financial reporting processes.

The company management reports regularly to the Audit Committee and the Board according to established procedures.

IT General Controls

Controls such as IT and access security, change management and monitoring of systems performance and interfaces for IT systems supporting the financial reporting are of high importance for the internal controls over financial reporting. Tele2 has requirements in these areas articulated in a number of different policies and standards and compliance to these are followed up continuously.

Control activities

Line management bears the responsibility for the implementation of control activities in compliance with central policies and governance documents (including the Financial Reporting Manual), as well as for managing any further risks that they may identify. This includes controls in the financial reporting processes as well as controls in other processes which could be expected to impact financial reporting. These controls comprise a mix of detailed controls at transaction level and analyses based on aggregated data.

In conjunction with monthly consolidation and reporting to management, Group Financial Reporting also performs a review of the figures reported. Furthermore, the company applies a self-certification process in relation to the annual accounts, whereby the CEOs and financial managers of subsidiaries certify that they have not withheld information of importance in the financial statements and have complied with applicable legislation, accounting policies and Tele2's internal guidelines.

The Audit Committee reviews every interim and annual report prior to publication. The company's financial reporting procedures are also evaluated regularly.

Particular controls have been defined within the IT organisation to ensure a favourable IT environment and minimise the risk of erroneous data. Those include controls for change management of applications and systems to ensure that no changes are implemented in the operating environment without being subjected to prior testing and approval.

Monitoring

Monitoring means ensuring that the control activities described and referred to in the previous section are appropriate and performed as intended. This follow-up is performed at various levels within the company.

Follow-up within the line organisation

The country managers follow up on controls in their respective areas with the help of their own staff and own central functions.

Follow-up assisted by corporate functions

In addition to the follow-up performed by country managers, the corporate functions are responsible for follow-up in their respective areas, including compliance with the company's policies and governance documents. Where needed, this is performed through reviews with the help of experts in the respective areas (for example, the central Security organisation identifies risk of fraud and the Procurement organisation together with the legal department follows up on the application of Tele2's Code of Conduct for business partners).

Follow-up assisted by Group Internal Control

Independently of line responsibilities and without any limitation by area of responsibility, Group Internal Control follows up compliance with Tele2's rules and control activities through the performance of internal audits and other activities. The internal audits naturally also take into account the risk of errors in the financial reporting and are intended to ensure compliance with the Financial Reporting Manual, particularly when reviewing the account-closing process.

Significant risks and issues noted by Group Internal Control are communicated to both the Audit Committee and to the relevant corporate functions for the purpose of not only correcting errors, but also enhancing or clarifying policies and other governance documents, and thereby reducing the risk of future errors. During 2015, around 500 man days of internal audit were performed.

Stockholm March 15, 2016

Mike Parton
Chairman

Lorenzo Grabau

Irina Hemmers

Erik Mitteregger

Carla Smits-Nusteling

Eamonn O'Hare

Allison Kirkby
President and CEO

Auditor's report on the Corporate Governance Report

To the Annual General Meeting of the shareholders of Tele2 AB (publ), corporate registration number 556410-8917. The Board of Directors is responsible for the Corporate Governance Report for the year 2015 and for ensuring that it has been prepared in accordance with the Swedish Annual Accounts Act.

We have read the Corporate Governance Report and based on that reading and our knowledge of the company and the Group we believe that we have a sufficient basis for our opinions. This means

that our statutory examination of the Corporate Governance Report is different and substantially less in scope than an audit conducted in accordance with International Standards on Auditing and generally accepted auditing standards in Sweden.

In our opinion, the Corporate Governance Report has been prepared and its statutory content is consistent with the annual accounts and the consolidated accounts.

Stockholm, March 15, 2016

Deloitte AB

Thomas Strömberg
Authorized Public Accountant

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VISIT OUR WEBSITE: www.tele2.com

TELE2 IS ONE OF EUROPE'S FASTEST GROWING TELECOM OPERATORS, ALWAYS PROVIDING CUSTOMERS WITH WHAT THEY NEED FOR LESS. We have 14 million customers in 9 countries. Tele2 offers mobile services, fixed broadband and fixed telephony, data network services, and content services. Ever since Jan Stenbeck founded the company in 1993, it has been a tough challenger to the former government monopolies and other established providers. Tele2 has been listed on the Nasdaq Stockholm since 1996. In 2015, net sales amounted to SEK 27 billion and EBITDA of SEK 5.8 billion.

The logo for Tele2, featuring the word "TELE2" in a bold, black, sans-serif font. The "2" is significantly larger and more prominent than the other characters.