Agenda

Introduction
Lars Nyberg, President & CEO

Overview of Legal Framework
Jan Henrik Ahrnell, General Counsel

TeliaSonera in Eurasia
Tero Kivisaari, President, Eurasia

Corporate Responsibility Priorities
Eija Pitkänen, Vice President CR
Overview of Legal Framework

Jan Henrik Ahrnell
Human Rights

- UN Universal Declaration of Human Rights
  - Rights of Privacy
  - Freedom of Expression

- Limitations in National Laws

- Article 29 (2)

"In the exercise of his rights and freedoms, everyone shall be subject only to such limitations as are demanded by law solely for the purpose of securing due recognition and respect for the rights and freedoms of others and of meeting the just requirements of morality, public order and the general welfare in a democratic society".
Treaties and Regulations

• OECD Guidelines for multinational enterprises
• UN’s “Guiding principles on Business and Human Rights: Implementing the United Nations “Protect, Respect and Remedy” Framework

• International Telecommunications Union
• European Union

• National legislation
  – Constitution
  – Laws
  – Regulations
  – Licenses
Main risk areas related to privacy and freedom of expression in the telecom sector

- Lawful interception
  - Crime investigations
  - National security
- Close down of networks
- Blocking of websites

Confidential information

- Transparency restrictions
Actions to limit risks of Human Rights violations

- Assess risks
- Secure processes
- Secure competence
- Escalate decision-making
- Take action if unlawful requests
- Increase transparency
- Industry dialogue
  - Guiding principles on Freedom of expression and Privacy
TeliaSonera in Eurasia

Tero Kivisaari
President, TeliaSonera Eurasia
What is TeliaSonera in Eurasia
Our geographical presence and competitive environment

Main competitors
- Vimpelcom (Netherlands)
- Tele2 (Sweden)
- MTS (Russia)
## Business area Eurasia

<table>
<thead>
<tr>
<th>Country</th>
<th>Market position</th>
<th>Since year</th>
<th>Brand</th>
<th>Subscriptions June 2012</th>
</tr>
</thead>
<tbody>
<tr>
<td>Azerbaijan</td>
<td>1</td>
<td>1996</td>
<td>Azercell</td>
<td>4,280,000</td>
</tr>
<tr>
<td>Georgia</td>
<td>1</td>
<td>1996</td>
<td>Geocell</td>
<td>2,045,000</td>
</tr>
<tr>
<td>Kazakhstan</td>
<td>1</td>
<td>1998</td>
<td>Kcell</td>
<td>11,691,000</td>
</tr>
<tr>
<td>Moldova</td>
<td>2</td>
<td>1999</td>
<td>Moldcell</td>
<td>1,136,000</td>
</tr>
<tr>
<td>Tajikistan</td>
<td>1</td>
<td>2007</td>
<td>Tcell</td>
<td>2,507,000</td>
</tr>
<tr>
<td>Uzbekistan</td>
<td>2</td>
<td>2007</td>
<td>Ucell</td>
<td>7,767,000</td>
</tr>
<tr>
<td>Nepal</td>
<td>1</td>
<td>2008</td>
<td>Ncell</td>
<td>8,102,000</td>
</tr>
</tbody>
</table>

- Proven track record in building established and profitable operations in this part of the world with strong involvement of local management
- Significant local knowledge as a key driver to success - strong partnerships with local partners

* Turkcell owns 55% in Ukraine and 80% in Belarus
Why do we operate in Eurasia, and what are the results?
Why Eurasia?

• Sizeable and growing populations
• Continued economic growth
• Low fixed line penetration
• Low mobile penetration at market entrance
• Utilization of our management experience and resources in each new country

Creating value for both the countries and TeliaSonera
History of delivering profitable growth in our consolidated operations

- Over 37 million subscriptions as of June 30th, 2012
- 17% growth in net sales* in 2011
- Keeping EBITDA margin above 50%  

* In local currencies and excluding acquisitions
Continued growth in Eurasia

37.5 million subscriptions**

* Consolidated operations, in local currencies and excluding acquisitions
** Consolidated operations
Total investments* in Eurasia – USD 4.7 billion

- **Aug 2002**
  - Sonera acquires majority in Fintur Holdings

- **Dec 2002**
  - Merger between Telia and Sonera

- **Oct 2008**
  - Acquires operation in Nepal

- **Jul 2007**
  - Acquires operations in Uzbekistan and Tajikistan
Telecommunications, sustainability and Teliasonera in Eurasia
Telecommunication services drive growth and transition to a knowledge-based society

These services strongly encourage and promote economic, social and environmental benefits across industries, driving domestic and foreign investments.

According to the World Bank, an increase of 10% in mobile penetration drives GDP growth by 1%.
Telecommunication in emerging markets, cont.

• Therefore, development of telecommunication and IT infrastructure and services is essential for the future prosperity of any country

• Our investments in mobile networks use the most modern technologies from world class vendors

• Providing high quality networks and expanding mobile network coverage is the quickest way to bring all citizens within reach of telecommunication services
Tangible socio-economic value

- Telecommunication industry contributes considerably more to Eurasian countries’ GDPs compared to Europe
- Our operators are among the largest tax payers in their respective countries

<table>
<thead>
<tr>
<th>Country</th>
<th>Penetration at entrance</th>
<th>Penetration Q2/2012</th>
</tr>
</thead>
<tbody>
<tr>
<td>Azerbaijan</td>
<td>negligible</td>
<td>89%</td>
</tr>
<tr>
<td>Georgia</td>
<td>none</td>
<td>110%</td>
</tr>
<tr>
<td>Kazakhstan</td>
<td>none</td>
<td>144%</td>
</tr>
<tr>
<td>Moldova</td>
<td>negligible</td>
<td>94%</td>
</tr>
<tr>
<td>Tajikistan</td>
<td>25%</td>
<td>90%</td>
</tr>
<tr>
<td>Uzbekistan</td>
<td>19%</td>
<td>90%</td>
</tr>
<tr>
<td>Nepal</td>
<td>10%</td>
<td>60%</td>
</tr>
</tbody>
</table>

- **Azercell** - in Azerbaijan and Kcell in Kazakhstan are the largest tax payers among non-oil industry companies
- **Ncell** - is the fourth largest tax payer in Nepal
- **Tcell** - in Tajikistan awarded “Best Tax Payer” in 2009-2011
Tangible socio-economic value, *cont.*

- Over 100,000 jobs created directly and indirectly in 7 countries, not counting Russia and Turkey
  - We are among the largest and most coveted employers in Eurasia, over 5000 employees
- We have made affordable telecommunication services available to the people of Eurasia
CR Risk analysis

Nordic Countries
Democracy level:
Free: Denmark, Finland, Norway, Sweden

Corruption Index:
Low risk: Denmark, Finland, Norway, Sweden

Human Development Index:
Very high level: Denmark, Finland, Norway, Sweden

ILO Core Labour Conventions:
All countries have ratified the ILO core conventions

Baltics & Spain
Democracy level:
Free: Estonia, Latvia, Lithuania, Spain

Corruption Index:
Medium risk: Estonia, Latvia, Lithuania, Spain

Human Development Index:
Very high level: Estonia, Latvia, Lithuania, Spain

ILO Core Labour Conventions:
All countries have ratified the ILO core conventions

Eurasia
Democracy level:
Not free: Azerbaijan, Kazakhstan, Tajikistan, Uzbekistan
Partly free: Georgia, Moldova, Nepal

Corruption Index:
Medium risk: Georgia
High risk: Azerbaijan, Kazakhstan, Moldova, Nepal, Tajikistan, Uzbekistan

Human Development Index:
High level: Azerbaijan, Georgia, Kazakhstan
Medium level: Moldova, Tajikistan, Uzbekistan
Low level: Nepal

ILO Core Labour Conventions:
Azerbaijan, Georgia, Kazakhstan, and Tajikistan have ratified the ILO core conventions
Nepal and Uzbekistan have not ratified the ILO C 87 Convention on Freedom of association

Associated Companies
Democracy level:
Not free: Belarus, Russia
Partly free: Turkey, Ukraine

Corruption Index:
Medium risk: Turkey
High risk: Belarus, Russia, Ukraine

Human Development Index:
High level: Belarus, Russia, Turkey, Ukraine

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Our business ethics

• Group Code of Ethics and Conduct

• Corporate Governance
  – Management policies & practices
  – Management rotation practices
  – Solid internal control environment
  – Transparent way of working

• Fair selection of employees & suppliers

• A lot of independent oversight over the operations
TeliaSonera in Tajikistan
Telecom market in Tajikistan

• Population 7.6 million
• One of the lowest per capita GDPs in Eurasia – USD 2,100
• Two thirds live in poverty
• Telecom industry is a major contributor to GDP, as Tajikistan has scarce natural resources and little industry or importance as transportation hub, etc.
• 93% of the country’s territory is mountainous
• Low fixed-line and internet penetration
• Mobile penetration up from 25% in 2007 to 90% in Q2/2012
• Emigrant workers (about a half of the working population), poverty and family-centered culture influence usage
  – Low priced services
  – Family tariffs
  – Price war between operators for international calls
Tcell in brief

- 60% owned by TeliaSonera, 40% by Aga Khan Foundation (AKFED)
- The first and the biggest mobile operator in Tajikistan
  - Established in 1998
  - Acquired by TeliaSonera in July 2007
  - Market leader with over 2.5 mn subscriptions (Q2/2012)
  - Covers nearly 100% of the population
  - Ensures coverage in some of the most remote mountainous areas, where other operators are not available
- “Best Tax Payer” awards in 2009-2011
  - Ca. USD 50 mn paid in taxes in 2011
- 18% revenue growth in 2011
- CAPEX close to USD 250 mn since acquisition in 2007
Tajikistan - sustained growth

Data users and traffic has grown 3.5 times in one year!
Current situation - Update

- Fighting erupted in Gorno-Badakshan region in late July
  - According to CNN, more than 40 people have been killed
- Operators and ISP’s were officially requested to suspend services in the area
- Subsequently blocking of certain web-sites was also officially requested
- Tcell legal assessment of the requests, later confirmed by TeliaSonera deemed them to comply with Tajik regulations
- Tcell hence complied with the official request
- On August 10 TeliaSonera communicated the situation on its web-site
- TeliaSonera is the only operator, or ISP in Tajikistan which has given any public information regarding the situation
- Currently the situation is still tense in the Gorno-Badakshan region, but according to reports the situation might be improving
Aga Khan Foundation Update

• Aga Khan Foundation represents the Ismaili community
  – The Shia Imami Ismaili Muslims, generally known as the Ismailis, belong to the Shia branch of Islam. The Ismailis live in over 25 different countries, mainly in Central and South Asia, Africa and the Middle East, as well as in Europe, North America and Australia.
  – His Highness the Aga Khan the spiritual leader of the Ismaili Muslims.
  – The **Aga Khan Fund for Economic Development (AKFED)** is an international development agency dedicated to promoting entrepreneurship and building economically sound enterprises in the developing world. AKFED focuses on building enterprises in parts of the world that lack sufficient foreign direct investment. It also makes bold but calculated investments in situations that are fragile and complex.
Aga Khan Foundation Update

- Foundation worked as trusted negotiator to get cease-fire in place
- Also active in getting community leaders to initiate disarming of rebel groups
- Humanitarian help to people affected
- Pamir Energy (part of AKFED) to help restoring energy to region
- Resident Rep (Ambassador) working with government and rebel groups to secure cease-fire and return to normal situation
Corporate Responsibility Priorities

Eija Pitkänen
TeliaSonera’s Corporate Responsibility impact

**Supply chain**
- Anti-corruption
- Human rights and Labor Laws
- Occupational health and safety
- ICNIRP and CENELE standards

**Own operations**
- Human rights and Labor Laws
- Occupational health and safety
- Energy efficiency and CO₂ emissions
- Recycling e-waste

**Markets and Customers**
- Customer privacy
- Responsible marketing
- Anti-corruption
- Minimizing environmental impacts

**Society**
- Freedom of expression
- Bridging digital divide
- Wide socio-economic impact; driving growth and economic development
- Protecting children from sexual abuse
- Supporting research, transparent communication on exposure to EMF
**Nordic Countries**

*Democracy level:*
Free: Denmark, Finland, Norway, Sweden

*Corruption Index:*
Low risk: Denmark, Finland, Norway, Sweden

*Human Development Index:*
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**Baltics & Spain**

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**Eurasia**

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High level: Belarus, Russia, Turkey, Ukraine

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TS Group Mgmt Team priority CR plan 2012 agreed by the Board

- Establish CR strategy and priorities
- Intensify dialogue with all external stakeholders
- Introduce group-wide e-learning tool for Group Code of Ethics and Conduct
- Strengthen the assessment process as to how our suppliers follow and respect our Code
- Systematic integration of corporate responsibility risk assessments, in major investment decisions as well as ordinary business reviews and risk management processes
TS Group Mgmt Team priority CR plan 2012 agreed by the Board, cont.

• Conduct a ‘Human Rights Impact Assessment’ and define a mitigation plan. Engage external Human Rights experts in order to define best practice

• Systematically implement the privacy policy based on continued risk assessment and prioritization

• Participate in, intensify and drive the industry dialogue on freedom of expression and privacy

• Improve the group-wide CR reporting, introduce external verification to provide transparent and balanced reporting

• Establish group-wide environmental targets in order to reduce our environmental impact
TS Group CR priority plan status

CR Strategy and action plan
Code of Conduct e-learning
Human Rights Impact Assessment
Developing the supplier code
CR risk management

CR priority action plan 2012
Vendor selection
Content production
Tool development
Fact finding and mitigation plan
E-learning platform

Partner and tool selection
Revising the Code and supplier framework agreement.
Improving supplier monitoring and follow-up
Development of common framework for Group risk management
CR assessment part of M&A process

KPIs
Roll-out
Implementation
Communication

Q1 2012 Q2 2012 Q3 2012 Q4 2012 Q1 2013
TS Group CR priority plan status

Privacy policy implementation

Industry dialogue

Joint guiding principles and permanent “home” established

CR reporting 2011

Revised data collection system

Report verification

Q1 2012 | Q2 2012 | Q3 2012 | Q4 2012 | Q1 2013
Additional activities

• Renewed analysis of legal and license-based requirements on each market, with focus on interception and access to information
  – Analysis completed and process initiated to screen lawfulness related to requests beyond “ordinary course of business” at Group level

• Request that Turkcell’s board initiate corresponding efforts in its subsidiaries
  – Formal request made to Turkcell Board, decision pending

• Initiate a dialogue with the minister of telecommunications in each country in Eurasia
  – Contacts have been initiated, some initial meetings have taken place