



Towards sustainability through telecommunications services

CSR report 2004

TeliaSonera

TeliaSonera's corporate social responsibility policy is to integrate sustainability into our business processes in the marketplace, workplace, environment and community in interaction with our stakeholders.

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Message from Terje Christoffersen of TeliaSonera



The business we are in, the telecom business, touches people's lives; our products and services help customers connect with friends, families and colleagues. These connections help build communities and contribute to economic growth and well-being in society.

Our sector is a key contributor to the EU objectives of bringing the social and economic benefits of an information society to all. Electronic communication services are the engines of growth for all industrial sectors. With our operations we have a significant impact on society and we must take, and do, our responsibility for the world around us.

TeliaSonera is a company driven by vision, values and goals. We see simplicity and service as important drivers for creating long-term growth and value for our customers and shareholders. We aspire to be a good corporate citizen and moreover to be one of the highest rated companies in sustainability indexes within our industry.

Sound principles for corporate governance are critical to TeliaSonera in our endeavour to build trust among our stakeholders. Owners, investors, customers, employees and other key parties should always feel certain that our way of doing business is characterized by accuracy, a professional attitude, good transparency and high ethical standards.

We have a clear direction. We want to place greater emphasis on the potential benefits of telecommunications services for our customers and society as a whole. This is because we believe that, although not yet fully exploited, telecommunications services will be a vital tool in achieving sustainable development.

As the leading telecommunications operator in the Nordic and Baltic area it's important for us to take a lead in setting standards for the way we go about our business. TeliaSonera is committed to making a positive difference.

A handwritten signature in blue ink that reads "Terje Christoffersen". The signature is fluid and cursive, with a large, sweeping flourish at the end.

Terje Christoffersen
Group Vice President and
Head of Marketing, Products and Services



Preface

TeliaSonera's first CSR report

This is TeliaSonera's first corporate social responsibility (CSR) report. TeliaSonera was formed in December 2002 when the Finnish and Swedish telecommunications companies Sonera and Telia merged. Both Telia and Sonera had had a long-standing record of environmental work even before the merger. Both companies had been selected into various international sustainability indexes. Sonera was the world leader in the Dow Jones Sustainability Index wireless group in 2001 and was reselected into the index in 2002. Telia was selected into Dow Jones Sustainability Index fixed telecommunications group in 2002. We believe that TeliaSonera thus has solid grounds on which to base even more demanding CSR reporting.

In 2004, we took several major steps towards our goal to support sustainable development and to be a good corporate citizen. We defined the TeliaSonera CSR policy, the cornerstone of our CSR operations, which was approved by the Board of Directors in April 2004. We performed very well in several international sustainability ratings and indexes, which we regard as a strong vote of confidence for our CSR work from our stakeholders. Furthermore, an executive management member for CSR issues was appointed in 2004. We also set objectives and targets for our CSR work for the years 2005–2006. These objectives are presented in detail on page 14.

In 2005, we will continue to develop our operations and services to support sustainable development. We will also continue to deepen and broaden our CSR work and reporting even further.

We strive to fulfil the reporting requirements recommended by the Global Reporting Initiative.

This report covers the operations of TeliaSonera Finland and TeliaSonera Sweden.

Our CSR reporting strives to fulfil the reporting requirements recommended by the Global Reporting Initiative (GRI). This first report includes more qualitative than quantitative information and indicators. Our aim, however, is to improve our reporting continuously. A web based reporting platform, which would be compatible with our internal control systems as well as our internal IT and HR databases, is still in development phase. Our aim is to have the web based reporting system in place by 2008.

This report covers the operations of TeliaSonera Finland and TeliaSonera Sweden. These countries represent 71.7% of the TeliaSonera group by turnover and 69.6% by number of personnel. During the next phase, our aim is to broaden our reporting to cover all the consolidated companies and after that the associated companies of the TeliaSonera Group.

Our vision, strategy and values

Vision

In 2010, TeliaSonera is a genuine service company. We serve individuals and families, companies and organisations. We make it possible for our customers to connect and communicate over distance – anywhere, any time. We enable them to use systems, networks and services to their advantage. Safe, smart and fast.

Vision 2010: www.teliaSonera.com

Strategy

Our overall focus is on best serving our customers in our core business and creating value for our shareholders through strong profits and cash flows. We strive to provide our customers with reliable, innovative and easy-to-use telecommunication services.

Strategic focus: www.teliaSonera.com

Shared values

The purpose of our values is to guide our employees in their everyday work and decision-making as we transform from a technology-oriented company to a company focused on customers and their needs. The shared values are a combination of logic and intuition, as well as success formulas from the past and requirements based for the future challenges we face.

The TeliaSonera values fall into three groups: business, relations and drive.

Business

Add value

For business, we have decided that add value is the cornerstone. Add value contains the essence of our desire to focus on the customer and be business-minded. It means a constant drive for simplicity and working together to create value – in teams and across borders.

Relations

Show respect

We will show respect. As and individual you must feel that you are heard and know that your achievements are important. We must be able to trust and rely on each other and commit to promises. It is also about giving people tools and resources to solve the different tasks. Or in other words, simply treating others the way we want to be treated ourselves – both internally and externally.

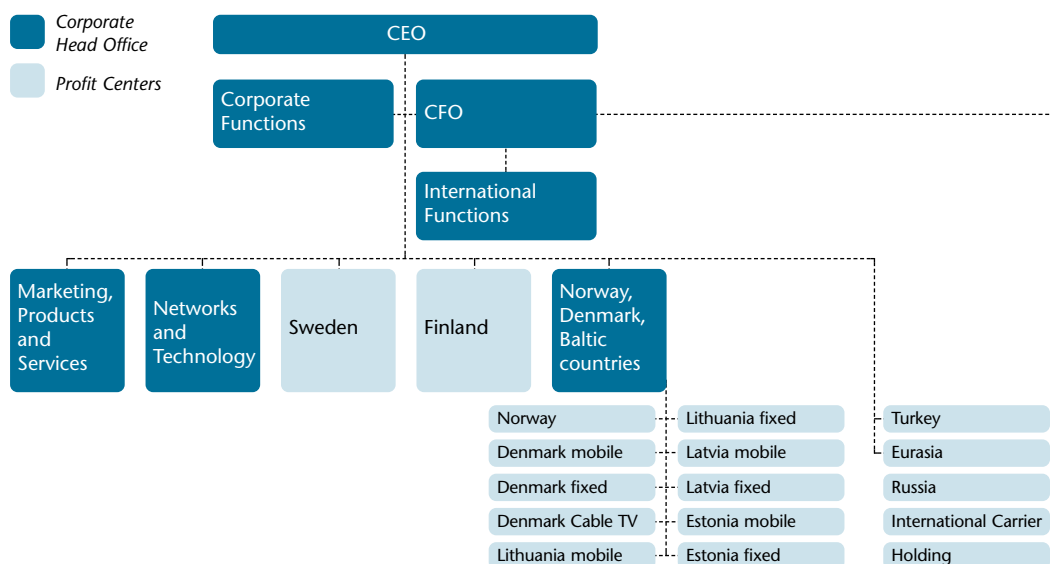
Drive

Make it happen

Being positive, having a fighting spirit and creating opportunities is all about drive. We must have the drive to make it happen. We have to be innovative and act as forerunners as we have always done in the past.

TeliaSonera profile

TeliaSonera is the leading telecommunications company in the Nordic and Baltic region. We also hold strong positions within mobile communications in Russia, Eurasia and Turkey. TeliaSonera offers reliable, innovative and easy-to-use services for transferring and packaging voice, images, data, information, transactions and entertainment. We also offer wholesale international carrier services in Europe and across the Atlantic.



At year-end 2004, TeliaSonera had 26 million customers and an additional 37 million customers in associated companies. Net sales (table) totalled SEK 81,937 million and operating income totalled SEK 18,793 million. TeliaSonera has 25,381 employees (table) of which women make up 45.0%.

TeliaSonera is the leading telecommunications company in the Nordic and Baltic region.

Net sales SEK in millions	2004	2003	Personnel by country 2004	
			Number	% women
Sweden	40,448	42,601	10,948	45.8
Finland	18,267	17,697	6,750	45.7
Norway	6,299	6,081	718	32.0
Denmark	4,495	3,278	1,160	47.1
Baltic countries	5,868	5,881	4,342	43.3
Eurasia	4,084	2,742	1,127	48.9
International Carrier	3,952	4,892		
Holding	1,470	2,586		
Corporate and other	-2,946	-3,333		
The Group	81,937	82,425	25,381	45.0

TeliaSonera's largest shareholders %	
Swedish State	45.31
Finnish State	13.73
Robur funds	2.3
SEB funds	1.7
Nordea funds	1.56
SHB/SPP funds	1.52
Alecta	1.1
Skandia Liv	1.04
SEB-Trygg Försäkring	1.01
AMF Pension	0.6
Others	17.84

Good corporate governance

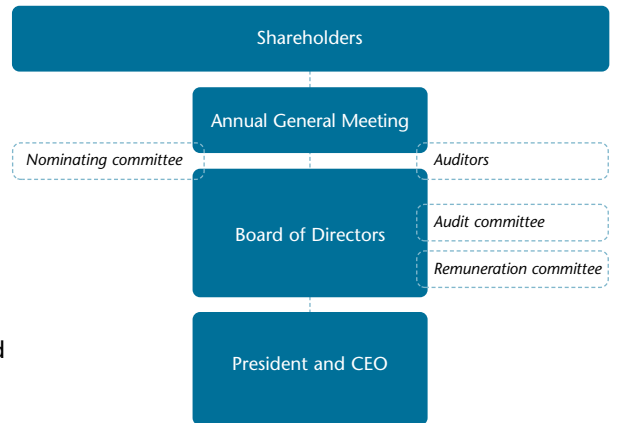
Sound principles for corporate governance are critical to TeliaSonera in our endeavour to build trust among our stakeholders. Owners, investors, customers and other stakeholders should always feel certain that our business is characterised by accuracy, control, transparency and high ethical standards.

TeliaSonera aspires to be a good corporate citizen by acting ethically and responsibly and by promoting sustainable development. To ensure this, the Group applies several policies that have been adopted by the Board of Directors and that must be known and observed by the entire organisation.

Annual General Meeting

TeliaSonera is a Swedish public limited liability company with its Annual General Meeting as its highest decision-making body. At the Annual General Meeting, one share is equal

to one vote. The Annual General Meeting determines, among other matters, the appropriation of the Company's profits and whether to discharge the Board of Directors and President from liability. The Annual General Meeting also appoints the



TeliaSonera aspires to be a good corporate citizen by acting ethically and responsibly and by promoting sustainable development.

Board of Directors and auditors and makes decisions regarding remuneration to the Board and auditors. These decisions are made through a simple majority vote. Shareholders also decide, through ordinary or extraordinary meetings of shareholders, on share issues, option programs, share buybacks, etc.

The Board of Directors

The Board of Directors is responsible for the organisation of the company and for the administration of the company's concerns, including adopting strategies for the company. The Board also appoints the Chief Executive Officer, CEO.

TeliaSonera's Board of Directors consists of nine members elected by the Annual General Meeting, serving one-year terms, and three employee representatives from the Swedish operations. An additional Finnish employee representative is present at the meetings but has no voting rights. The members elected by the Annual General Meeting are considered to be independent of in relation to the company and to the shareholders in both cases. All Board members have the same responsibilities.

According to the Swedish insurance company Folksam's Gender Equality Index, TeliaSonera was the second best company in Sweden in 2004 in terms of the share of women on the executive management team, on the board of directors and employees. The index rates all companies listed on the Stockholm Stock Exchange.

	2004		2003		Average share of women in the management of companies' listed on the Stockholm Stock Exchange in 2004 ¹
	Female	Male	Female	Male	
Board of Directors	4 (33%)	8	4 (33%)	8	20%
Executive Management Team	2 (20%)	8	2 (18%)	9	10%

¹ Folksam's Gender Equality Index 2004 on the Stockholm A-listed companies (46)

President and CEO

The CEO is responsible for the Group's strategic development and business control. He manages and coordinates the day-to-day operations as defined in the guidelines provided by the Board of Directors. Within TeliaSonera, decision-making rights are delegated from person to person, and the CEO delegates decision-making rights to his subordinates.

Further information: www.teliasonera.com

TeliaSonera and CSR

TeliaSonera's CSR management is based on our CSR policy and CSR roadmap. We believe that when we are also able to show a proven sustainability track record, this will be appreciated by our shareholders and other stakeholders. This win-win situation is the only truly sustainable solution.

CSR organisation

A CSR Director responsible for starting and developing corporate wide CSR work was appointed in 2003 and an executive management team member for CSR issues was appointed in 2004. TeliaSonera's CSR organisation is a part of the corporate Marketing Products and Services unit.

All business units have coordinators responsible for the implementation of the CSR policy in their respective units and countries. CSR coordinators report to the corporate CSR director about the progress made within CSR.

Goal

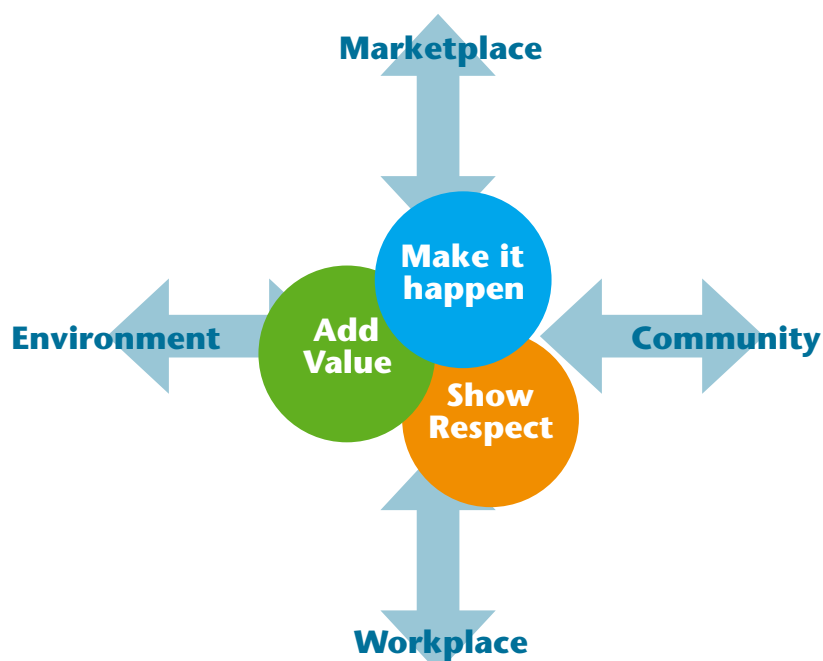
Our goal is to support sustainable development and to be a good corporate citizen. This is evaluated by our stakeholders and measured by sustainability raters. Our aim is to be one of the highest rated companies within our industry.

CSR policy

In order to facilitate sustainable development and the aim of being a good corporate citizen, TeliaSonera defined a corporate social responsibility policy, which was approved by the board of directors in April 2004. The CSR policy defines the areas which we consider important for our stakeholders and the issues where we can make a difference, not only when running the daily business, but also when developing and providing new services for our customers.

TeliaSonera's CSR policy is to integrate sustainability into our business processes in the marketplace, workplace, environment and community in interaction with our stakeholders. We constantly focus on our shared values – add value, make it happen and show respect – and our commitment to them will be measured annually.

Our goal is to support sustainable development and to be a good corporate citizen
Our aim is to be one of the highest rated companies within our industry.



CSR roadmap



TeliaSonera has defined a CSR Roadmap, the purpose of which is to implement the CSR policy and help us to achieve our goal of being a good corporate citizen.

Following laws and regulations is normally considered as the minimum level of acceptable behaviour for a company. Socially responsible companies, i.e. good corporate citizens, act responsibly, even if they are not obliged to do so by laws and regulations. We believe that with our CSR policy, practices and results we can fulfil our stakeholders' expectations and be a good corporate citizen.

Challenges and opportunities

New services and markets also bring challenges to CSR. Business ethics can vary from country to country. Words may have different meanings. We have to face issues like good corporate governance, corruption, human rights, diversity and equal rights, and companies have to have a clear stance on those issues.

Telecommunications networks can also be misused in the form of spam and viruses. Crime and pornography exploit telecom networks and services. We have to meet demands for the protection of privacy and the prevention of abusive or illegal use of information and telecommunications services to promote racism, violence and all forms of child abuse. These issues challenge telecom operators to provide a safe and fast communication channel for all customers.

Telecommunications networks can provide opportunities for sustainable development.

On the other hand, telecommunications networks can also provide opportunities for sustainable development by:

- replacing and substituting products and travel with services like teleconferencing
- exploiting opportunities for flexible working, "eWork"
- sharing knowledge and encouraging transparency and involvement in society
- meeting demands for competitiveness through e-government, e-business, e-learning, e-health, e-employment, e-environment, e-agriculture and e-science

Decision makers should see the use of telecommunication services as a solution to questions about competitiveness and sustainability. In the future, price is not the only factor in making deals but also environmental and societal issues have to be taken into account to a greater degree. The emissions trading scheme to implement Kyoto's climate change agreement is one example. Today, the Kyoto agreement applies mainly to companies with high amounts of CO₂ emissions. After 2012, the agreement can be widened to include other sectors as well; eco-efficiency may well have the competitive edge.

Energy is also an important issue for future telecommunications networks. New technology (3G, broadband) consumes energy not only when in use but also in stand-by mode. Network equipment will often become smaller in size but have larger energy density per square metre, which causes greater demands for cooling in telephone exchanges. On the other hand, the new technology can provide a world of new services using the same amount of energy as old technology.

Energy is an important issue for future telecommunications networks.

Drivers of our CSR reporting

CSR is by its origin corporations' voluntary actions for sustainable development. However, there are many laws and recommendations related to the implementation of CSR in practice. We act according to legislation and carefully follow the trends in international recommendations for stakeholder engagement, content and reporting structure within CSR.

Besides formal requirements and recommendations, TeliaSonera also receives queries from several stakeholders like raters, analysts, consultants, non-governmental organisations, universities, students, media, customers and consumers. This gives us a remarkable opportunity to benchmark and develop our CSR performance to meet our objective to be one of the most sustainable companies within our industry.

Legislation

- EU financial accounting directives require disclosure about environmental and human resources issues.
- ILO and UN conventions on human rights, environment, social issues and corruption.
- Legislation in several countries requires that annual reports have to include information about CSR risks.
- In Sweden, there is a bill proposal suggesting that, as of May 1st, 2005, large companies should report about environmental impacts and targets and ethical practices in their annual reports.
- EU Emission Trading Scheme (ETS) from 2005; The number of companies who are to report about their CO₂ emissions may be increased after 2012, when the first Kyoto agreement phase is over.
- The US Sarbanes-Oxley requires to document and report for significant environmental risks.

International recommendations

CSR reporting recommendations come from several directions:

- EU recommends that companies with more than 250 employees report about CSR.
- Global Compact recommends that signatories report according to the GRI reporting guidelines.
- Several stock exchanges require that listed companies publish a CSR report.
- OECD recommends to comply with its guidelines on human rights, environment, social issues and corruption.
- ISO 26000 Social Responsibility standardisation work strives for having guidance document on SR.
- Several business organisations and non-governmental organisations (NGO) want a dialogue with companies on CSR.

Marketplace drivers

- Customers postulate that large companies have a responsibility to society.
- Customers may avoid companies with poor social performance, but may be willing to pay more for products and services if they know that the company takes care of its employees and is honest to customers and shareholders.
- Sustainability pays off – also economically. Members of WBCSD (World Business Council on Sustainable Development) tend to have superior stock exchange performance.
- The importance of Social Responsibility Indexes is increasing worldwide. Several ethical funds base their criteria merely on the company's

performance in the Sustainable Development indexes. For example, in Sweden there are about 100 ethical funds and TeliaSonera has been selected into 16 of those.

- The increasing importance of business ethics, good corporate governance and intolerance of corruption.
- Stakeholders' expectations for telecom companies' actions against misuse of the internet: e.g. distribution of child pornography, spam, viruses, integrity issues etc.
- Opportunities of telecom services for sustainable development for instance EU i2010 – A European Information Society for Growth and Development.

Environment drivers

- Reduction of electrical and electronic waste according to WEEE (Waste Electrical and Electronic Equipment) and ROHS (Restriction Of Hazardous Substances) directives
- Reduction of use of natural resources
- Recycling of telephone poles
- Cleaning of contaminated soils
- Aesthetic concerns
- Reduction of energy use
- Building of environmental management system according to ISO 14001
- Environmental requirements in procurements



Community drivers

- GRI reporting
- Reporting on "what the company is giving back"
- Human rights and ethics in procurement
- Intolerance of corruption
- Community involvement
- Sponsorship and charity
- Public concern for electromagnetic fields

Workplace drivers

- Employees prefer an employer with good CSR reputation
- Health and well-being
- Diversity
- Human rights and equal opportunities

Rankings of Finland and Sweden in sustainability and ICT related international indexes

Good national sustainability rankings increase stakeholders' expectations on one hand, but on the other hand they also enhance the credibility of companies which have their origin and base in countries like Finland and Sweden.

Rankings of Finland and Sweden in sustainability and ICT related international indexes		
Index	Finland	Sweden
Competitiveness 2005¹ The real "engines" of competitiveness in Finland and Sweden are science, technology, entrepreneurship, finance, logistics and education.	6	14
Networked Readiness 2004–2005² The Networked Readiness Index is composed of three component indexes which assess: <ul style="list-style-type: none"> – The environment for ICT offered by a given country or community – The readiness of the community's key stakeholders – individuals, business and governments – The use of ICT among these stakeholders The Networked Readiness report is the most comprehensive and authoritative international assessment of the preparedness of countries to capture the benefits of participating in the Networked World. It also highlights the continuing importance of ICT application and development for economic growth.	3	6
Sustainable Development 2001³ The Well-being of Nations survey ranks 180 countries by measuring human development and environmental conservation. The report shows that all countries enjoying high standards of living are placing undue pressure on the environment.	2	1
Environmental Sustainability Index 2005⁴ The Environmental Sustainability Index is a composite index tracking a diverse set of socioeconomic, environmental, and institutional indicators that characterise and influence environmental sustainability on the national scale.	1	4
Gender Gap 2005⁵ The Gender Gap survey quantifies the size of the gender gap in 58 countries. The study measures the extent to which women have achieved full equality with men in five critical areas: economic participation, economic opportunity, political empowerment, educational attainment and health and well-being.	5	1
Corruption Perception 2004⁶ The index defines corruption as the abuse of public office for private gain, and measures the degree to which corruption is perceived to exist among a country's public officials and politicians. It is a composite index, drawing on 17 surveys from 13 independent institutions, which have gathered the opinions of business people and country analysts.	1 (least corrupt)	6

¹ IMD, one of the world's leading business schools www02.imd.ch/wcc/ranking/

² World Economic Forum www.weforum.org

³ The Well-being of Nations www.iucn.org

⁴ A joint production of the Yale Center for Environmental Law and Policy and the Center for International Earth Science Information Network (CIESIN) at Columbia University www.yale.edu/esi/

⁵ World Economic Forum www.weforum.org

⁶ Transparency International 2004 www.transparency.org

Policies and commitments

In order to facilitate sustainable development and aiming to be a good corporate citizen, TeliaSonera defined a comprehensive corporate social responsibility policy, which was approved by the board of directors in April 2004.

Furthermore TeliaSonera signed the ETNO (European Telecommunications Operators' Association) Sustainability Charter on 30 June 2004 and joined CSR Sweden – the company driven network for corporate social responsibility in September 2004 as well.

	YES	NO
Corporate Policy	x	
Corporate Social Responsibility Policy ¹	www.teliasonera.com	
ETNO Sustainability Charter ²	As above	
Code of Conduct of the Swedish Stock Exchange ³	www.ecgi.org	
Sourcing policy with environmental requirements	x	
Business Ethics	www.teliasonera.com	
Diversity ⁴	x	
Equal rights ⁵	x	
Human rights ⁶	x	
Global Compact		x ⁷
OECD		x ⁸
Elementary ILO Conventions	www.teliasonera.com	
UN Universal Declaration on Human Rights	As above	
Adult Content and Sexual Exploitation of Children Policy in Relation to Services Offered Via Telecommunications Networks and in the Workplace	Draft	
Corporate Policy on electromagnetic fields	www.teliasonera.com	
Corporate Position on Internet Spam	www.teliasonera.com	

¹ CSR policy was approved by the Board 28 April 2004

² 2004

³ As of July 1st, 2005. The code covers issues such as, the shareholders' meeting, the selection of board of directors as well as the auditors, the remuneration of the auditors and the members of the board of directors, the board of directors' tasks, size and composition, the board of directors' financial reporting, internal control and internal relationship to the auditor, and the role of the CEO.

⁴ As a part of our HR policy; in Sweden there is a separate policy from 2005

⁵ As a part of our HR policy

⁶ As a part of our HR policy

⁷ TeliaSonera is a member of ETNO (European Telecommunications Network Operators' Association) and ETNO has joined the United Nations Global Compact Program in November 2004.

⁸ State of Sweden is committed to the OECD guidelines and as the major owner of TeliaSonera controls on the annual basis how TeliaSonera complies with the guidelines.







TeliaSonera's CSR report

Results 2004

Objectives and targets 2005–2006

Objectives and targets 2005–2006

CSR area	Objectives of our Policy	Targets / Activities 2005–2006 ¹
Marketplace 	Emphasising our values and business ethics	CSR as a part of our business strategy to be discussed when the TeliaSonera strategy is reviewed
	Supplying services supporting sustainable development	All profit centres are to have a person responsible for coordinating CSR
	Communicating benefits of our services for sustainable development, e.g. reduction of CO ₂ emissions, telemedicine, e-work	CSR to be included in management representatives' speeches and statements whenever possible
	Contributing to reduction of Digital Divide	A separate annual TeliaSonera CSR report based on GRI to be published
	Improving accessibility for disabled users	All profit centres are to report annually with a web based GRI data collection system
		All profit centres are to report CSR risks and opportunities annually
Workplace 	Increasing CSR awareness within our own organisation	Our values to be included as a part of our job advertisements
	Creating and sustaining working conditions by promoting a healthy work-life balance	Commitment to TeliaSonera CSR policy among other policies to be included as a part of job descriptions
	Developing and facilitating the health and well-being of all employees	CSR to be included as a part of newcomers' introduction package
		The choice of cars as fringe benefits to be based on CO ₂ emissions g/km (target: always under EU average emission level)
		CSR to be included as a part of leaders' training (e.g. TeliaSonera Business School)
		Annual one hour CSR training in web environment for all employees
		CSR perspective to be included as a part of normal business development / training courses
		CSR to be included as a part of climate surveys
Environment 	Operating and developing our telecom networks according to the best environmental praxis	Personnel / business gifts to be based on CSR thinking
		Use of commodities (coffee etc.) to be based on CSR criteria
		Recommendation to reduce disposables whenever possible to be introduced
		In-sourcing and procurement to be based on CSR criteria
Community 	Taking into account ethical, social and environmental criteria in commercial partnerships and in sourcing of telecommunications equipment and services	Employees are encouraged to use one day a year for community / charity work (paid by TeliaSonera) and sum given to charities by employees matched by TeliaSonera. These and other interesting ideas are under further development.
	Reviewing CSR risks and opportunities in our operations	Further development of CSR reporting to cover more units more comprehensively
	Supporting research and maintaining broad and detailed knowledge of electromagnetic fields (EMF) and related concerns	

¹ These are objectives and targets under the CSR umbrella. Within the corporation there are several other targets which could fall well under CSR but are not listed here.



Marketplace

CSR results 2004

Towards sustainability through telecommunications services

We recognise the possibilities that telecommunications offer for sustainable development, and emphasise the innovative utilisation of telecommunications. Telecommunication services enable a more effective utilisation of natural resources and at best replace physical products with services.

New mobile services for business customers

Automatic metering of electricity consumption

In November 2004, TeliaSonera and Vattenfall, a leading Swedish energy company, signed a long-term agreement on co-operation on automatic metering of electricity consumption. The service covers the supply, installation and maintenance of new, intelligent electricity meters with new functions relating to a GSM modem-based, automatic electricity meter-reading service. The service enables accurate monitoring of customer-specific consumption data, switch-over to an invoicing system based on actual rather than estimated consumption, and improvement of customer services and fault management.

Customer satisfaction

Customer satisfaction is a crucial issue for TeliaSonera. In order to live up to customer expectations, TeliaSonera Sweden has created a unique value check practice. With this practice, TeliaSonera employees can give value checks to customers who have had problems or made complaints. It is not uncommon that employees meet people at work or in their private lives that have had problems with our products or services. The idea of the value check practice is that each employee can carry value checks in his/her pocket and if needed give these value checks to unhappy customers. With this practice we can have happy customers, but more importantly, we can turn all our employees into ambassadors for the company.

Using TeliaSonera's metering system, Vattenfall obtains more accurate information on the state of the electricity network. The information enables more focused development and maintenance of the network, thereby improving the efficiency of network management.

TeliaSonera's system is a further step in the process whereby 30,000 remote readable meters were installed in apartment buildings for Vattenfall's customers. The installation of new, intelligent electricity meters for Vattenfall's customers started in spring 2005.

Remote monitoring of patient health

TeliaSonera offers a new and unique service to hospitals and health care units in Sweden. Using GPRS in the mobile network, hospital and health care staff can remotely monitor patients with conditions or diseases that do not require hospital treatment or other types of medical care. The service, called BodyKom, has been developed by TeliaSonera Sweden in association with Hewlett Packard and Kiwok, a Swedish software company.

BodyKom functions by means of a communications device that is connected wirelessly to a number of sensors on a patient's body. The communications device communicates with health care personnel over TeliaSonera Sweden's nation-wide mobile network and constantly monitors the patient's health status remotely. If the sensors detect any changes in the patient's health, or if the patient notices changes to his or her bodily functions, the system can automatically dispatch an alarm to an on-call doctor or to members of the patient's family.

This service will mean better quality of life for patients, who will no longer have to be hospitalised but will still have access to health check-ups and emergency assistance if required. If a larger number of patients can be discharged earlier from hospitals, BodyKom will naturally lead to savings in the health care sector. BodyKom is currently being used to monitor the pulses of patients, but in the future, the service will also be offered to patients with diabetes, asthma and other illnesses that might require emergency help.

TeliaSonera Mobile Contact

TeliaSonera Mobile Contact is a mobile marketing and wireless interest group communications service that is targeted to business customers and which requires no software or equipment investment by the customer. Subscribers can offer customers, personnel and other interest groups two-way mobile services in a multi-operator environment. They have access to various types of service, such as the information and feed-back channel.

One application of the TeliaSonera Mobile Contact is the real-time voting service, which is based on text messages. Mobile Contact users are able to vote with their own mobile phone by sending text messages. In addition to the voting service, with TeliaSonera Mobile Contact it is also possible to obtain real-time voting statistics and results even during the vote. In organisations and communities where almost everyone has a mobile phone, TeliaSonera Mobile Contact could be more natural way to participate in local decision-making than going to traditional polling stations to vote in person.

Flexible working

has many names: telecommuting, flexi-place, flexi-work, telework, remote work, distance work, networking, digital nomadic work, electronic home working and alternating telework. Distance work is usually the preferred term for work done outside office, (home-based eWork). This has also become a sticking point for distance work. People may fear being permanently stuck at home alone, which is why they are reluctant to embark on distance work.

The European Commission's goal is to make Europe the world's most competitive and dynamic information-based economy by the year 2010. Distance work plays a crucial role in achieving this.

Car sharing service

TeliaSonera has developed a car sharing service, which is based on text messages. With TeliaSonera's technology, it is possible to book, get and return a car to the service provider with text messages. Uusimaa's environment centre in southern Finland awarded City Car Club its annual environmental prize in 2003.

TeliaSonera prefers the term flexible working, which conveys the idea of work that is not limited by time or place. In a flexible working scheme, the household is only one remote work base – distance work can also be done elsewhere. In such cases, the permanent office base might only have a desk with a docking station for hooking up to the company's intranet. TeliaSonera has developed services that facilitate flexible working schemes, such as the TeliaSonera Connect Pro and PAN videoconferencing services.

Further information: www.teliaasonera.com

TeliaSonera Connect Pro

TeliaSonera Connect Pro is a new business concept for larger companies, linking technology, innovation, and simplicity into one unique mobile working solution. On the TeliaSonera Connect Pro user interface, the user can establish a data transmission connection to the internet, e-mail and intranet with a single click. Different access methods and technologies are hidden from the user behind one and the same Telia Connect Pro view, so users can focus entirely on their work.

PAN videoconferencing

TeliaSonera's Nordic phone conference service is targeted at companies that have offices and employees in two or more Nordic countries and organise phone conferences regularly. The service allows conferencing in Sweden, Denmark, Norway and Finland. With PAN videoconferencing customers can improve the efficiency of their operations and save travel costs.

The phone conference service can be used around the clock without advance reservation. The participants call a country-specific local conference number, avoiding all extra international call costs. Previously, an international call had to be established to participate in a Nordic phone conference.

Services for users with special needs

Mobile phone training for seniors

Senior citizens often find the latest mobile phones difficult to use due to their small size. Using services is also difficult if the buttons are placed too close together, screens and text are too small, or tones are not clear or loud enough. There is a definite need for communication and a desire for more instruction in mobile phone use than a thick user's manual provides.

In Finland, mobile phone user support for senior citizens has been provided for more than three years by volunteer mobile phone guides trained by TeliaSonera Finland. These mobile phone guides are peer instructors, i.e. people of the same age or in the same life situation, who provide guidance in mobile phone use. Sonera customer service initiated the guide service in 2000 in co-operation with pensioners' organisations and the Enter Ry senior citizen association.

In Sweden, TeliaSonera works in co-operation with the Pensioners' National Organisation (PRO) under the name Mobilär. In the programme, TeliaSonera functions, for example, as a guide to the possibilities offered by mobile technologies. TeliaSonera has also prepared educational materials in co-operation with PRO. The materials contain instruction materials and a study pack that also serves as advertising material. The material can also be used in other capacities for other target segments.

TeliaSonera's services for the disabled

Text messages

- People who are not able to speak can communicate by text message with people who do not know sign language
- In an emergency situation, people with disabilities can send a text message to the emergency services and the emergency services can identify the location of the subscriber.

Hotline

- Connects the caller to a pre-determined number, (relative, nurse etc.), 5 seconds after picking up the receiver, with no need to dial the number. Requires a Sonera telephone subscription

Positioning "Where are you?"

- The person to be located (with the consent of the person)
- Finds out the location of the nearest chemist, for instance
- Nursing company locating people with disabilities (with consent)

Improved accessibility for the disabled

There are tens of millions of people with disabilities in the EU. The disabled comprise a very wide group of people and can be defined in many ways. They may have learning difficulties or different sensory disabilities like deafness, hearing impairment, blindness, visual impairment or different combinations of impairments, and they can have physical disabilities.

There is no exact figure for the number of disabled people, but according to an EU study, there are many sources which say that 10–15% of people have disabilities and prevalence increases with age. One study has estimated that 35–48% of the population would benefit from better ICT design. The major problems with ICT accessibility are dealing with human / ICT interfaces, expensive assistive technology and inaccessible information because of its poor design.

Legislation recommends taking into account disabilities, but very often there is no obligation to offer special telecommunications services to users with disabilities. TeliaSonera has been developing services for people with disabilities and for elderly people in co-operation with organisations that represent them.

Furthermore, TeliaSonera participated in the consultation of EU eAccessibility in January 2005 and has been a member of the Nordic Forum of Telecommunications and Disabled since 1987. The focus of the forum is:

- Problems within ADSL and ISDN services
- Mobile telephones for people with physical impairments
- Overview of services for users with physical impairments

Further information:

europa.eu.int/information_society/policy/accessibility/
www.norden.org

Issues of current interest

New telecom services have unfortunately also led to misuse of the services. The most harmful types of misuse are viruses, spam and abusive or illegal use of information and telecommunications services for discrimination, racism, violence and all forms of child abuse. It is always best to be proactive. That is why TeliaSonera does its utmost to prevent such activity.

Spam

It is estimated that a majority of all global e-mail traffic is spam, a devastating development for trust in the services and the Information Society.

Electronic communication, such as e-mail, has become an important daily tool for individuals and business. Mobile electronic communication (SMS, MMS) is expected to become just as important. However, the development of mass distributed unsolicited and unwanted e-mails, most often referred to as 'spam', has reached a point where it creates a major problem for users and for the Information Society as a whole. Spam is a global concern and an ever-growing problem. It clogs individual mailboxes as well as corporate networks and is sometimes a vehicle for viruses that can cause serious damage.

Spam is also a problem in mobile networks, especially for the increasing number of users that have e-mail in their mobile phones. Wireless broadband accesses (hot spots) will probably be used for spamming when such accesses are more widely spread.

TeliaSonera invests significant resources into investigating complaints about spam messages which may have originated from users and accounts within our network. All known e-mail accounts which violate our anti-spam policies are immediately blocked and we have introduced specific procedures to be able to react rapidly whenever there is a problem. Various TeliaSonera entities operate general filters according to specific identified needs in the respective national or access markets. In Sweden and in Finland for example, we have blocked destination port 25¹ so our broadband and dial up

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¹ In programming, a port is a "logical connection place" and specifically, using the internet's protocol, TCP/IP, the way a client program specifies a particular server program on a computer in a network. Higher-level applications that use TCP/IP, such as e-mail (SMTP), have ports with preassigned numbers, e.g. SMTP uses port 25.

consumer customers can only send e-mails through TeliaSonera's e-mail servers. In Denmark, Telia Stofa filters port 25.

We constantly use Real-Time Black-Hole lists, which enable us to deny many known spam sources access to our servers. In some markets, whenever there are massive virus attacks via e-mail or/and the whole e-mail system is threatened, we also block known senders of spam temporarily based on black lists of open relays (from Mail Abuse Prevention System, MAPS (www.mail-abuse.com), Spam Haus Black List (www.spamhaus.org) and Distributed Server Boycott List, DSBL, (www.dsbl.org)). TeliaSonera is constantly evaluating the best practices and the latest for spam filtering and blocking techniques. We also strive to design our services to prevent misuse.

Spam is a global problem. TeliaSonera therefore contributes actively, in partnership with other leading operators, responding to initiatives of international organisations and public bodies. TeliaSonera has also entered into bilateral cooperation agreements with major international internet operators to improve the situation for our customers. Furthermore, we participate in international industry associations (e.g. ETNO and GSMA) and International Forums to exchange experience and competence and to remain one step ahead of the abusers.

Viruses

Viruses, Trojan horses, Zombies, worms and other malicious software on the internet are a nuisance and a threat to secure and easy use of the internet. Many of these are spread through spam e-mails or other ways when users have unknowingly, unintentionally or accidentally downloaded unknown software.

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TeliaSonera has effective means for our own customers to check and filter spam-emails. In addition, TeliaSonera offers customers internet connections with security services, which help customers use the internet safely by using basic internet security services like anti-virus and firewall as well as more advanced services like parental control and spam filtering.

The Antivirus used by TeliaSonera gives continuous protection and support against viruses. Every time the computer is started, new software is used or a disc is inserted into the PC, the Antivirus software detects if the PC is under virus attack. If the PC is under attack, the software or program causing the virus attack will be quarantined. The anti-virus software is updated with latest protection every time the PC is connected to the internet and continuously when the PC is connected to the internet. Using the internet safely is not only a matter of having the correct means and tools, it is also a matter of knowing what to do and how to use internet. This includes, for example, avoiding untrusted sites, protecting passwords and keeping the PC up-to-date with the latest antivirus software and modifications.

The Antivirus used by TeliaSonera gives continuous protection and support against viruses.

TeliaSonera supports and takes part in government-supported campaigns on local markets such as Surfa Lugnt (Safe Surfing) in Sweden and Kansallinen tietoturvapäivä (National data protection day) in Finland. TeliaSonera also takes part in several industry forums and standardisation bodies working actively to make the internet more secure.

Adult content services and sexual exploitation of children

TeliaSonera has often been accused, especially by local media, for providing adult content services such as pornography in its telecommunications networks. The possibilities for telecom operators to monitor which type of material is being transferred on the networks are very limited. This kind of monitoring is both technically impossible and illegal. Furthermore, adult content services are regarded as permissible business in most countries and telecom operators cannot filter out such material.

On the other hand, illegal issues like child pornography are a totally different story. TeliaSonera is totally and actively against sexual exploitation of children in all of its forms. TeliaSonera has approved an Adult Content and Sexual Exploitation of Children Policy in Relation to Services Offered Via Telecommunications Networks and in the Workplace. This policy commits TeliaSonera to promote the safe use of services that can be accessed via telecommunications networks. TeliaSonera is also prepared to use all possible technical

TeliaSonera has often been accused, especially by local media, for providing adult content services such as pornography in its telecommunications networks.

TeliaSonera is prepared to use all possible technical means to filter out illegal material from its services and networks.

means to filter out illegal material from its services and networks by barring sites distributing illegal content and services. TeliaSonera co-operates with organisations such as Save the Children Sweden to identify such sites. TeliaSonera also supports Ecpat and World Childhood Foundation, organisations working actively to fight distribution of child pornography.

Further information: www.rb.se/eng/

www.childhood.org/

www.ecpat.net

Co-operation with World Childhood Foundation

World Childhood Foundation and TeliaSonera support a company called Netclean Technologies in the development of software to identify child pornography in the internet. Software functions as a very effective preventive solution. The application is based on child pornography pictures indexed by the police. When a person accesses indexed pictures, the network manager receives a notification. Even though it is not possible to index all suspicious pictures on the internet, the system considerably increases the risk of being caught. This type of solution may flush out child pornography in the workplace, which has been found to be a growing problem.

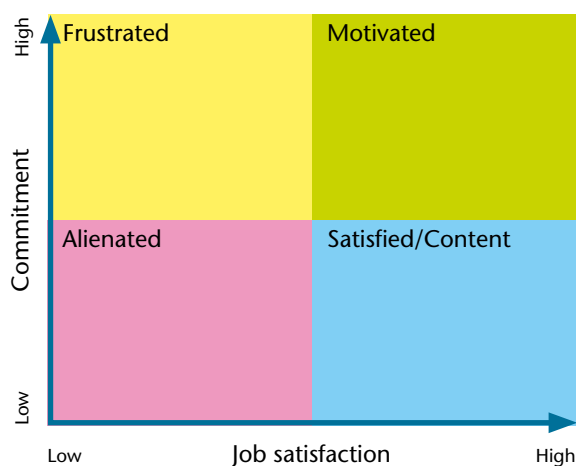


Workplace

CSR results 2004

Well-being

The main drivers for employee well-being are motivation and empowerment, which increase employees' commitment to work and performance. Measures aimed at improving these factors vary from safe working conditions through training and new career and flexible working opportunities to fair and equal rewards and recognition. All this helps employees in their work and contributes to a balanced and healthy life. At TeliaSonera, we measure these relationships as follows:



CSR training

Each profit centre has arranged CSR related training for its personnel based on local needs. For the most part, the training has still been more focused on environmental issues. 2,336 employees of the 10,000 employees at TeliaSonera Sweden have participated in the training.

In order to guarantee some basic corporate wide skills in CSR, TeliaSonera has made a decision to arrange one hour of CSR training for all employees on the intranet. Furthermore, CSR should be included as a part of other training activities.

TeliaSonera Business School

TeliaSonera Business School is a group-wide competence development programme for specialists and managers which run from October 2004 until April 2005. Thirty-six participants took part in six workshops with highly competent lecturers and worked with business project assignments from the group's different businesses.

Sonera has conducted 15 rounds of its own competence development programme, known as the Sonera Business School, for about 500 participants since 1998.

TeliaSonera Award

The purpose of the TeliaSonera Award is to give recognition to a team or an individual that has shown extraordinary and excellent performance within TeliaSonera. Selection criteria are based on attributes originating from the Vision & Values process¹. The team's or individual's results and working methods can also be used as an example of the kind of behaviour that will lead TeliaSonera to the Wanted Position 2005² and onwards. Concrete results, best practices sharing, cross-border working, extraordinary service (internal and external) and customer focus are of particular interest. Customer input will also be taken into account.

TeliaSonera Job Market

With the launch of TeliaSonera Job Market, TeliaSonera has taken a major step towards a common job market for all its employees. With only a few exceptions, all employees can now access TeliaSonera Job Market and take advantage of job opportunities in the entire company. The purpose of TeliaSonera Job Market is to strengthen the notion of one company – one job market. The Job Market aims to inspire employees to take advantage of opportunities and to strengthen knowledge sharing and networking in TeliaSonera. With all jobs easily accessible in one place, flexibility and internal mobility will increase through temporary and permanent assignments.

TeliaSonera does not distinguish between distance work and other types of work.

Flexible working

TeliaSonera does not distinguish between distance work and other types of work. Many TeliaSonera employees are distance workers or work on a flexible basis, free of time or place constraints, taking advantage of various telecommunications services at work, while traveling, at home or at remote work bases.

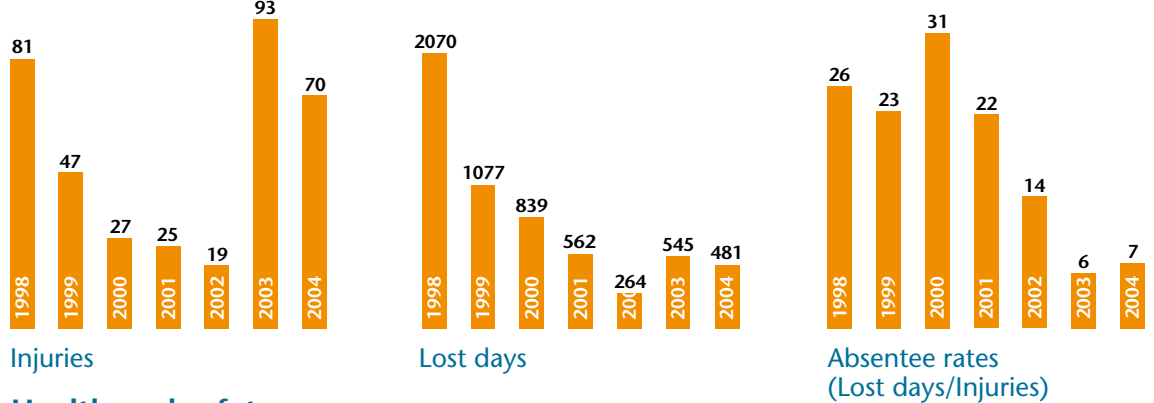
TeliaSonera always encourages flexible working practices when these are suitable for the work involved. Flexi-work entails the same rights and responsibilities as those that apply to work performed at a fixed work base. Moving to a fixed remote work base is always voluntary and such arrangements can also be suspended if the individual so desires. Distance work requires an agreement be made between the supervisor and the individuals concerned. The agreement should specify, for example, the adaptation of work assignments to a distance work format, accessibility, reporting and data security.

TeliaSonera always encourages flexible working practices when these are suitable for the work involved.

¹ Vision 2010 aims to make TeliaSonera a genuine service company, defining the targets in the areas customers, devoted people, easy to use services and profitable growth.

² Wanted Position 2005 sets targets to ensure that we are moving in the right direction towards Vision 2010.

Health account indicators at TeliaSonera Finland



Health and safety

Issues concerning work and health are given particular attention at TeliaSonera. TeliaSonera Sweden has developed a specific model for the certification of all management personnel regarding leadership and the working environment. By the end of 2004, approximately 90% of managers had been certified.

TeliaSonera Sweden wants to encourage its employees to take responsibility for their own health. TeliaSonera Sweden offers a number of different possibilities to learn about various lifestyle issues, exercise, how to quit smoking, etc. Personnel tracking helps keep an eye on developments using a special health index, which is also included in the management 'drivers license'. The health index is a universal yardstick for numerous issues concerning occupational health. Use of the health index has increased in recent years.

Special attention has been devoted to trends in sick leave. Whereas this was previously on the rise within TeliaSonera Sweden, the trend broke in 2003 and then plateaued in 2004. The target for sick leave authorisation in 2005 is 5.0%. Several measures focusing on health and safety factors have been taken.

In Finland, statistics on occupational accidents and diseases come from ESAW (European statistics on accidents at work) system based on data from insurance companies. The formal development work is conducted by the steering committee for industrial safety, which includes representatives of TeliaSonera Finland's trade unions. There are industrial safety officers and delegates in the workplace. Industrial safety issues include guidance and co-operation, the steering committee for industrial safety, training and communication and the psycho-social working environment. Occupational health care consists of workplace surveys, medical examinations, rehabilitation, first aid preparedness and medical service. TeliaSonera Finland's health account describes clearly and in great detail health and safety development with indicators: injuries, lost days and absentee rates.

Health Company (Hälsobolag)

Hälsobolaget (Health Company) is the name for a joint Volvo, Skandia and TeliaSonera Sweden project whose purposes include exchange of experiences on how one can promote health in the workplace and development of preventive measures. The most pioneering of these measures is to provide the 2,000 research workers with a personal coach to help those with chronic illnesses or who risk going on sick leave for stress-related disorders. Those who are already on sick leave will be assigned a personal coordinator to provide them with the necessary assistance. The idea is that the personal coordinator, a person employed from outside the company, will maintain constant contact with the workplace. If the problem lies in the workplace, it should be possible to change the situation. If the problem lies in the person's private life and free time, it should be possible to decide on what support and assistance can be offered.

Stress management for all

In co-operation with the corporate health plan, TeliaSonera Sweden offers all personnel the possibility to improve stress management by means of numerous seminars, information on the intranet and exercises. This is part of the company's health plan.

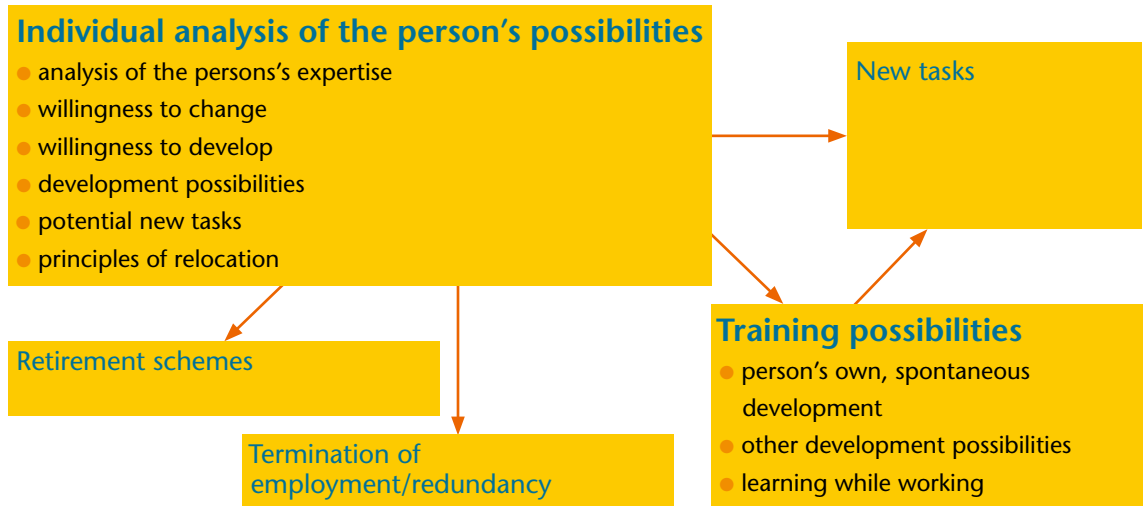
For example, personnel have the opportunity to participate in a seminar on practical stress management. Seminars are led by psychologists who have years of experience in the field. The seminars provide information on what happens in the body when we are under stress as well as how to break out of a vicious cycle.

Issues of current interest

Redeployment

It is our primary goal that anyone who leaves TeliaSonera does so with a full understanding of the background to the decision and the reasons why it is occurring. Where possible, we strive to ease the transition from employment at the company to searching for a new position on the job market. Our aim is to maintain a positive relationship between TeliaSonera and the individual concerned.

Basically, redeployment is always based on a detailed analysis to find opportunities for the employee concerned. The worst option is always redundancy.



TeliaSonera's redeployment practice has generally been regarded as above average standard for the industry. For instance, TeliaSonera Sweden's transition agreement stipulates that surplus personnel must be able to work on individualised qualification training and seek new employment within or outside

TeliaSonera for a period of *up to three years*. This will be carried out within a separate transition and qualification development unit.

The transition agreement provides basic security for all personnel, as surplus employment can be managed *without involuntary redundancies*.

This also involves an investment in competence development and enhancement in order to successively transfer personnel from areas where TeliaSonera will not operate in the future to new areas of investment.

TeliaSonera's redeployment practice has generally been regarded as above average standard for the industry.

Dialogue with unions

Each country has its own way of handling collective agreements and other union related issues. Nowadays, unions work in international forums, in organisations and within the EU. Therefore, TeliaSonera plans to apply the European Works Council (EWC) model in the Group. This proposes that the company's management and staff representatives agree on common rules such as what is to be discussed and in what language, on providing information, and on consultation procedures.

In the Swedish part of TeliaSonera, there are established procedures (samverkan) for involvement of employees via their union representatives. These procedures are protected by Swedish law (MBL – the Co-determination Act) and by mutual agreements between TeliaSonera and the unions.

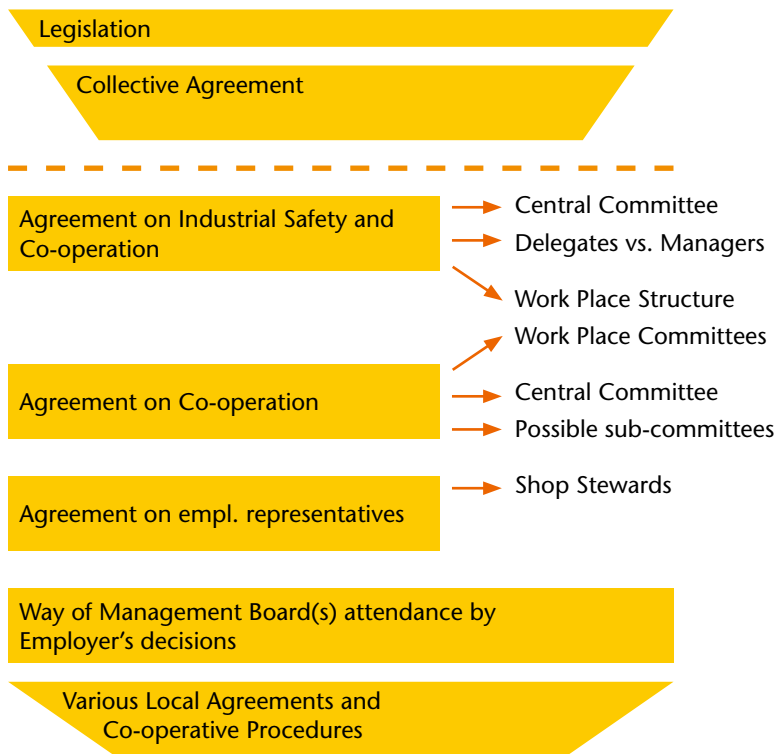
Gender Equality

In Finland, the Gender Equality Act was revised in 1995 and was tightened as of June 1st, 2005. According to the Act, employers are obliged to promote equality between women and men purposefully and systematically, and the Act is supplemented by a provision on equality planning. Employers are to have a plan for Equal Opportunities Program ready by the end of 2005. At TeliaSonera Sweden, the plan on Equal Opportunities Program was updated in March 2005 to meet the gender equality requirements in the Swedish Act of 1991.

The agreements are formulated so that TeliaSonera and the unions will strive to achieve a common view on how the business is to be managed and developed (at all levels within the company). This ensures that the employees (via their union representatives) are informed, consulted or negotiated with regarding the overall business operations (at each level of the company) in the Swedish part of TeliaSonera. This also has the effect that the views and interest of the employees have a strong influence on the way the company is managed and developed.

The union agreement structure with TeliaSonera Finland is described in the graph. It covers not only collective agreements, but also health and safety issues.

Agreement structure





Environment

CSR results 2004

Environmental aspects

TeliaSonera has devised a CSR risk and opportunities analysis, which will be updated twice a year. The analysis is not yet company wide and complete, and it still covers mainly environmental issues.

The principal environmental impact of our operations arises from vehicle use, travel, transport, energy use and the consumption and use of materials. Pursuant to European Union legislation, we may be responsible for recycling costs of used telephone poles and the cleaning up of impregnation sites in several of the jurisdictions in which we operate.

Among other environmental aspects, we can mention:

- reuse and recycling of electronic equipment
- masts in the landscape
- legionella bacteria in some of our exchanges
- lead sheathed underground and sub-marine cables
- electromagnetic fields (EMF) and health issues (base stations, mobile sets)
- climate change activities and targets.

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Impregnated telephone poles

In Finland, TeliaSonera alone has over a million telephone poles which are impregnated with either copper, chromium, arsenic (CCA) or creosote impregnating agents. These types of telephone poles are now obsolete and have been classified as hazardous waste since 2002, and their sale to private persons is prohibited by law. Hazardous waste can only be transferred to a holder of a hazardous waste permit. TeliaSonera is ethically and legally

responsible for ensuring that the poles are turned over for a legally-approved use.

The European Union's approach to waste management is based on three principles: 1) waste prevention 2) recycling and re-use and 3) improving final disposal and monitoring. If waste cannot be avoided, as much of the material as possible should be recovered, preferably by recycling. Following this approach, it is advisable to re-use impregnated telephone poles as products or product components because recovered material is a substitute for new products, thereby reducing the total amount of waste and chemicals. At the same time, re-use is also cost-effective.

The extent to which CCA impregnated wood is re-used varies from one country to another. In Finland, the use of CCA treated wood is promoted by its high degree of domestic content. Other optional materials, (e.g. steel and concrete), are more expensive and their production requires more energy.

A study by the Technical Research Centre of Finland determined the technical condition of CCA impregnated poles removed from service and the concentration levels and leaching of remaining preservatives. The results show that it is safe to re-use recovered poles of 30 to 50 years of age. Both the preservative concentrations and strength/load-bearing capacity are high enough to allow the use of the poles as load-bearing members in the applications permitted under the EU's waste management directive. The environmental impact is extremely low, because both earlier studies and the results of this study suggest that no significant amounts of preservatives are leached into the soil from the old B-type poles. Most of the leaching has already occurred during the first few years of service. According to the study and several previous international studies, the environmental risks from the re-used old B-type poles are equal to the environmental risks posed by wood impregnated with the new C type preservative.

TeliaSonera chairs a task team made up of telecom operators possessing a large number of used impregnated telephone poles. The task team is intended to evaluate the most feasible ways of disposing of the poles. The use of telephone poles will be decreasing in the future, as they will be replaced with underground cables or wireless solutions.

Contaminated soils

Soils have been contaminated by automotive garage oil leaks and impregnating agents from wood impregnation plants and pole storage facilities. Soil contamination occurred primarily in the 1950–1970s. At the time of contamination, there was no effective environmental legislation, which has made the determination of liability very difficult.

Of the wood impregnation chemicals available, the ones providing the most effective wood protection have traditionally been creosote oil and CCA impregnating agents: pressure impregnating agents containing chromium, arsenic and copper. However, these agents are harmful to the environment and health.

Soil reclamation costs are always very case-specific. An extremely difficult case would be one where the contaminated soil has also contaminated the water table or housing has been built on contaminated land.

Contaminated sites have been mapped in Finland, but the final risk evaluation has not been conducted. The

ISO 14001 Environmental Management System

TeliaSonera Sweden decided to broaden the coverage of its combined environmental / quality certification ISO 14001/ 9001 from network issues to the customer front. The decision to broaden the coverage of the certification was made because a great number of TeliaSonera's large business customers demand that suppliers have environmental and quality certification. This new certificate will therefore broaden our business opportunities even further. The ISO 14001/9001 certificate covers now approximately 37 per cent of TeliaSonera Group's operations

Annual review

In April 2005, TeliaSonera published its first annual review, a brief summary of the financial year 2004 and a presentation of TeliaSonera's focus for the coming years. The purpose of the annual review was to replace the traditional, massive annual report with a more reader-friendly report. By printing the compact annual review instead of the annual report, TeliaSonera saved several tons of paper.

The decontamination costs have been estimated to be around 1 million €, based on the previous decontamination costs.

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Legionella bacteria

Legionella bacteria occur quite frequently in building plumbing systems. The open cooling systems of telephone exchanges provide legionella bacteria with not only an optimal growth environment, but also an excellent opportunity for dispersal via cooling towers and during cleaning. In aerosol form, legionella can result in epidemics by entering the respiratory tract. In humans the pathogenic dose is unknown. Usually, legionella infections occur in single cases, which make it difficult to determine the point of origin. No links have been made between the presence of legionella and respiratory disorders presenting in residents.

Based on recommendations made, cooling systems should be cleaned in accordance with equipment instructions. Also, the general contamination (e.g. slime build-up) of cooling system structures should be monitored and prevented, and the chemical and microbiological quality of water should be tested. Legionella samples should be taken to assess the sufficiency of precautionary measures. Especially in the summer months, attention should be given to the adequate circulation of water and any potential for increases in legionella concentrations in the cooling system.

The national Public Health Institute's Laboratory of Environmental Microbiology constantly monitors TeliaSonera Finland's legionella concentrations in its equipment facilities. Legionella bacteria are kept at bay by disinfecting areas and cleaning out cooling system tanks. A drop in water temperature significantly reduces legionella concentrations. Conversely, electromagnetic irradiation has not been found to have any impact.

It is extremely difficult to eliminate legionella bacteria in open cooling systems. In 2004, TeliaSonera Finland replaced its last open cooling tower with a seawater condenser. The remaining cooling systems used in auxiliary power stations are closed, thus making them considerably easier to control.

Masts in the landscape

Thousands of masts required for the functioning of the mobile phone network have been erected all over Finland and Sweden, especially during the 1990s. In the near future, the number of erections of new masts will slow down. It is estimated that in Finland, approximately 200 masts will be built annually, some of them to replace existing ones. The third generation of mobile phones, however, will again increase the need for masts, particularly in densely populated areas.

The environmental impact of masts is primarily in the landscape. In some locations, masts have been thought to disturb the natural landscape, especially in areas of outstanding natural beauty or of cultural and historical significance.

In order to make sure that the mast erection causes as little harm as possible, TeliaSonera Finland has developed a check list for network planners to go through before to choose a site for each mast. TeliaSonera Finland has also been involved in producing a guidebook called "Mast in the landscape", developed by the Finnish Ministry of Environment. The guidebook is intended for those organisations planning and building masts. The purpose of the guidebook is to make it easier to place masts well and appropriately for the terrain. The guide also discusses the characteristics of masts, their impacts on the landscape and the investigation of those impacts, as well as overall principles for the location of masts. Additionally, the guide contains a list of areas where landscape values are taken into account as early as in the planning phase of tele-networks.

Environmental perspective	Regional characteristics
Neighbourhood	Neighbours, hospitals, daycare centres, nursing homes, recreational areas
Valuable landscapes & cultural and traditional landscapes	National landscapes (e.g. Koli), ironworks communities, agricultural landscapes
Cultural environments & protected sites	Rock paintings, sacrificial rocks, castle mounds, burial grounds
Museum roads	Medieval roads, stone-vault bridges
Ancient relics and areas	Manor houses, rectories, churches, state buildings
Natura 2000 & other nature conservation areas	Groves, shores, old-growth forests, ridges, waterfowl reserves
National parks, nature reserves & nature memorials	e.g. Nuuksio, Seitsemien, Kevo
Wilderness areas	e.g. Muotkatunturi, Hammastunturi
Legally-protected natural habitats & other valuable natural habitats	Hardwood forests, coastal meadows, juniper fields, sand dunes
Endangered and protected species	e.g. Arctic fox, Saimaa ringed seal, white-backed woodpecker
Avifauna, nesting & migratory areas	Coasts, wetlands, IBA areas
Protected water table area	Water table areas, e.g. gravel veins
Zoned preservation areas	"future" reserves

Climate change

Climate change is one of mankind's greatest challenges and is likely to have significant negative global environmental, economic and social impact. It is expected to impinge negatively on sustainable development and the livelihoods of millions of people all over the world.

TeliaSonera uses great amounts of energy, even if these are mainly generated from supplies with low CO₂ emissions like hydro-electricity and windmills.

The overall global annual mean surface temperature increase should not exceed 2 °C above pre-industrial levels. The temperature has now risen about 0.6 °C and is expected to rise further – between 1.5 and 5.8 °C by 2100.

The first consequences of a temperature rise are already visible:

- reduction of land area covered by snow
- thunderstorms, floods and sea level rise

The Kyoto Protocol of 1997 was the important first step in the global fight against climate change. Its target is to reduce greenhouse gases (CO₂, CH₄, N₂O, HFCs, PFCs, SF₆) by 8% from the 1990 level by 2012. Carbon dioxide, CO₂, has the most significant impact in total and the emissions come mainly from energy production and travel.

Climate change issues are very important for TeliaSonera in many ways. TeliaSonera uses great amounts of energy, even if these are mainly generated from supplies with low CO₂ emissions like hydro-electricity and windmills. We want to reduce energy usage in our operations and we want to increase the use of the telecommunications services. Our ultimate goal should be to become a carbon neutral company. However, that means that telecommunications services should be accepted as a part of the CO₂ trading scheme. That would mean that when our customers use ICT services like eBusiness, eGovernance, eHealth, eLearning, eInclusion, eWork and telemeetings, the amount of CO₂ they have saved would be compensated. This would also accelerate the deployment of ICT for sustainable development.

During the last seven years, the Swedish insurance company Folksam has analysed and presented the amount of carbon dioxide released by publicly traded companies in Folksam's Climate Index. The index looks at these companies' actual emissions in relation to sales, the companies' work with reducing emissions, and how they present their emissions and any steps being taken to reduce them.

TeliaSonera topped the ranking in 2004. The most important reasons for the significant CO₂ emission reduction were the reduction in travel as a result of using tele-meetings and TeliaSonera Finland's decision to purchase about 15 per cent of its electricity consumption from renewable energy sources, especially wind power.

Our ultimate goal should be to become a carbon neutral company.



Community

CSR results 2004

International co-operation

Besides many telecommunications technology related standards and expert organisations like ETSI, ITU, GSM Association and GSM Europe, TeliaSonera is involved with purely CSR related organisations or CSR and telecommunications. A versatile participation in different stakeholder organisations makes it possible to see better ICT opportunities for sustainable development. As well as our international co-operation, TeliaSonera is involved in many national CSR organisations.

ETNO working group Sustainability

ETNO, the voice of Europe's telecoms and electronic communications operators in Brussels, has been at the forefront of policy and regulatory affairs in telecommunications since 1992. ETNO launched its Environmental Charter in 1996 – the first European sector to do so. Its signatories included leading telecommunications companies that have worked together by sharing best practices to achieve continuous environmental improvement in their daily business operations and relations with suppliers. TeliaSonera has been in the working group that developed the Charter from the very beginning. In 2004, the environmental charter was expanded to cover other CSR areas than environmental issues.

Further information: www.etno.be/

GeSI

Global e-Sustainability Initiative is an initiative of Information and Communications Technology (ICT) service providers and suppliers, with the support of the United Nations Environment Programme and International Telecommunication Union. TeliaSonera is an affiliated member of this initiative through

ETNO. Climate change, procurement ethics and use of ICT for sustainable development and bridging the digital divide have been some of the major topics of the initiative.

ETNO has participated through GeSI in a study coordinated by the World Resource Institute on the Digital Divide: To identify and promote sustainable solutions for bridging the global digital divide – catalysing large-scale use of ICTs to create social and economic “dividends” in poor communities throughout the developing world.

Further information: www.gesi.org

www.digitaldividend.org

ICC Sweden

ICC Sweden is one of the most active committees within the global organisation International Chamber of Commerce, ICC. It was formed in 1921, just two years after the foundation of ICC. TeliaSonera is a member of its reference group Business in Society. This group defines the part business should play in the context of globalisation and changing societal expectations. It follows the Commission on Business in Society and on Anti-Corruption in particular.

Further information: www.iccsweden.se

CSR Sweden

TeliaSonera is one of the founders of CSR Sweden – a specific business network exclusively for companies. The vision of this network is to be a leading CSR competence centre in Sweden. It supports companies' efforts to integrate CSR in all company departments in order to drive competitiveness, growth and people development. The network provides a helpdesk, individual business-to-business meetings, workshops, a link to the EU (CSR Europe) and influence on public opinion.

Further information: www.csrsweden.se

Confederation of Swedish Enterprise

The Confederation of Swedish Enterprise is a pro-business interest organisation representing close to 54,200 Swedish companies. The Confederation's mandate from its member companies is to continuously heighten public and official awareness of the importance and value of Swedish enterprise. TeliaSonera has participated in the reference group for sustainable development, for instance the ISO standard on social responsibility.

Further information: www.svensktnaringsliv.se

ISO 26000 social responsibility standard

TeliaSonera has been involved in defining the new ISO (International Standardisation Organisation) guidelines for social responsibility. The standard is planned to be ready in 2008. The practical preparation work is being carried out by the standardisation organisations in Brazil and Sweden.

Further information: www.iso.org

IPP, Integrated Product Policy

Product-oriented environmental policy encourages everybody involved in the life-cycle of a product – from suppliers, to manufacturers and to end consumers – to improve the product's environmental performance and ensure its sustainable use. To demonstrate how a product-oriented environmental policy works in practice, the European Commission has selected two pilot projects based on suggestions from stakeholders, including European companies. In these pilot projects, the product-oriented approach will be applied to mobile phones, as proposed by Nokia, and to wooden garden furniture, a proposal put forward by Carrefour. The Commission will lead the projects. The EU also selected TeliaSonera as one of the companies to be involved.

The projects form an integral part of the Commission's activities to increase the availability and purchasing of more sustainable products throughout the Single Market. They are a central component of the Commission's efforts to promote Integrated Product Policy (IPP).

Further information: europa.eu.int/comm/environment/ipp

TeliaSonera has been involved in defining the new ISO (International Standardization Organisation) guidelines for social responsibility.

Procurement

TeliaSonera's sourcing operations are based on business thinking and high ethics, and they are carried out with integrity, expertise, in accordance with corporate policies and honouring all agreements and commitments. We select our partners from among the top vendors in each line of business.

TeliaSonera's environmental and ethical procurement requirements and recommendations follow the local practices in different countries. The corporate guidelines are under development.

Purchasing operations take place within the scope of valid acts, degrees, authority regulations and instructions applied within TeliaSonera, honouring all agreements and commitments. This is also required from all subcontractors and vendors.

Among our 10 biggest equipment suppliers are companies like Nokia, TietoEnator, Ericsson and Hewlett-Packard. They make up around 30% of our total procurement costs, which were 10,356 MSEK in 2004.

TeliaSonera's environmental and ethical procurement requirements and recommendations follow the local practices in different countries. The corporate guidelines are under development. For the disposal of hazardous materials and waste management, TeliaSonera follows EU legislation.

In contracts with service providers, TeliaSonera emphasises suppliers' ability to show how they can utilise telecommunications services in order to reduce CO₂ emissions and to report their environmental impacts in general and those resulting from business with TeliaSonera in particular.

Sponsoring and charity

TeliaSonera's sponsoring activities aim to strengthen our relationship with our customers and our community. We mainly use our local brands in sponsoring. TeliaSonera's sponsoring efforts span over several areas such as sports, culture, education, nature and humanitarian projects. This is consistent with our desire to reach out and be involved in many dimensions of society.

TeliaSonera prioritises ethics and environmental issues in our cooperation with sponsoring partners.

TeliaSonera prioritises ethics and environmental issues in our cooperation with sponsoring partners. This includes working with our partners against the use of performance-enhancing drugs and working towards making a positive environmental contribution.

Further information: www.teliasonera.com

Charity activities listed in more detail

Disaster aid for Asian Tsunami areas

The world's most powerful earthquake in more than 40 years struck deep under the Indian Ocean on December 26, 2004, triggering massive tsunamis that obliterated cities, coastal communities and holiday resorts, killing tens of thousands of people in a dozen countries. TeliaSonera contributed in many ways to the disaster aid in Asia by setting up and simplifying communications and by providing financial aid. TeliaSonera's help to the disaster areas consisted of several parts: each company in the group offered services, such as free mobile service to and from the affected areas. The aid totalled around 16 MSEK.

Hand tools to relief workers in devastated areas of Jamaica and Grenada

Hurricane Ivan closed in for what could be the worst natural catastrophe to hit the Jamaica in the past 50 years in September 2004. Landslides and floods caused by torrential rain left dozens dead and injured and thousands homeless. In addition to the loss of life, tremendous damage was sustained to homes and buildings. Fallen trees blocked the restoration of utilities, services and transportation. Local resources were inadequate to clear this damage. Response agencies approached the DRN (Disaster Resource Network), an initiative of the World Economic Forum, with requests for chainsaws and other tools needed to clear downed foliage and to repair structural damage. In response, the DRN procured and packaged a total of 100 community sets of tools. TeliaSonera sponsored DRN with 2 sets at a value of around US\$ 10,000.

LMT helps children with severe hearing loss

Twenty-six Latvian children will regain their hearing and will be able to live normal lives together with other children thanks to the largest donation in Latvian medical history by LMT (Latvias Mobilais Telefons).

The 26 children, between the ages of 1 and 14, have severe hearing loss. A cochlea implant will give them back their hearing. The problem is that each implant costs up to EUR 20,000, an amount that the children's parents are unable to pay themselves. TeliaSonera owns 60.3 per cent of LMT.

SOS Barnbyar

Netcom (Norway) is helping to finance the construction of an upper-secondary school being built by the aid organisation SOS-barnbyar in Zambia's capital Lusaka to provide schooling for 500 teenagers. The school will primarily focus on theoretical subjects, but its curriculum will also include vocational training. The idea is for young people to be able find work after their studies and ensure their ability to make a living. Construction of the school started at the beginning of 2004 and it should be completed by mid-2005.

Sponsoring activities listed in more detail

Fryshuset

The Fryshuset youth organisation and TeliaSonera Sweden have signed an agreement making TeliaSonera the main sponsor of Fryshuset operations by contributing to part of the organisation's telecommunications costs. In exchange, TeliaSonera will gain exposure and have access to venues, speakers and Fryshuset's various activities, not to mention expert information on youth culture and trends. Fryshuset was founded as a youth activity centre in 1984 by YMCA in Stockholm in co-operation with a number of dedicated people. Today, the organisation is extensive, involving everything from secondary schools and networks to an extremely wide range of recreational activities, all with the purpose of providing participants with insight and enhancing self-confidence. Although Fryshuset primarily organises activities at its own facilities in Stockholm, it also co-operates with an extensive network of organisations throughout Sweden.

Sibelius Academy

TeliaSonera Finland and the Sibelius Academy have begun a partnership to sponsor a programme in which two internationally celebrated vocal artists will act as mentors for six promising young people who are studying singing. The programme is to extend over the academic year 2006–2007. One of the mentors is one of the world's most highly regarded vocal artists and winner of the Cardiff 'Singer of the Year' competition in 2003, Tommi Hakala. The other is the mezzo-soprano Lilli Paasikivi, who has won several prizes both in Finland and internationally and has been with the Finnish National Opera since 1998. The aim is to use networking principles to create an environment in which know-how and experience can be passed on from seasoned mentors to young artists who can make use of these in their studies and the decisions they make concerning their own careers.

Cooperation activities listed in more detail

Friedrike Welter – TeliaSonera's own professor

TeliaSonera's "very own" professor, Friedrike Welter is one of the leading researchers in entrepreneurship. Based at the Stockholm School of Economics in Riga, Welter is heading a research project whose aim is to develop entrepreneurship and stimulate innovation. TeliaSonera decided to establish a separate professorship at the Stockholm School of Economics in Riga in 2004. The professorship is three years in duration, during which time it will promote research in the areas of innovation and entrepreneurship. The "TeliaSonera Institute" think tank will also organise seminars (TeliaSonera Business Days) and draft reports on topical social issues. For example, a discussion on the telecommunications regulation to be instituted in the three Baltic states was recently held. During the past year, more than 400 students throughout Latvia have participated in the "Entrepreneurial Project Leadership" course.

Sustainability training for the Swedish Government

In November 2004, the Swedish government started to formulate a vision of an ecologically sustainable

Sweden. Every ministry is to learn about applying the principles of sustainable development. Among others, TeliaSonera Sweden was invited to show how to integrate these issues into day-to-day work. In the future, the Swedish Government will take economic, social, and environmental consequences into account as it formulates its policy, placing significantly higher demands on coordination among the different ministries than ever before. This practical training programme for 1,500 department heads and administrators in every ministry began in November 2004.

Ethical investments

The Telia Sonera pension fund will invest SEK 1 billion in a new ethical fund, which TeliaSonera proposed together with the institutional fund manager State Street. The Telia Sonera pension fund will manage a total of SEK 14.5 billion. All pension fund investments for the last two years must meet the fund's ethical criteria. The ethics watchdog Etix goes through the pension fund's holdings twice a year to ensure that it is meeting the applicable requirements, including the UN Convention on Human Rights & Disability. The new fund invests all over the world and includes several companies.

Issues of current interest

Bribery and corruption

Bribery and corruption are a common occurrence in several of the countries where TeliaSonera is active. The problem is especially significant in transition and developing economies. Bribery and corruption are often also the subjects of questions and interest from media and other parties.

TeliaSonera's Business Ethics Policy clearly defines our stand on bribery and corruption:

- Follow local and international competition laws.
- Do not make or receive payments of any description which are illegal and/or unethical in the territory concerned. The giving or receiving of items of nominal value is permitted except if prohibited by local laws.
- Do not make political contributions

Furthermore Fintur Holding's (manages TeliaSonera's companies in Kazakhstan, Azerbaijan, Georgia, Moldova) own code of conduct defines clearly which actions are taken if a lack of honesty or integrity as an employee is found. Unacceptable conduct with disciplinary actions in the code of conduct has been defined comprehensively with several examples.

An increased transparency is the key factor to prevent illegal or unethical behaviour. TeliaSonera applies the US Sarbanes-Oxley accounting standards which require accurate documentation about risks. Towards the same goal functions the use of SAP software. Several SAP applications provide the capability to manage financial, asset, and cost accounting, production operations and materials, personnel, plants, and archived documents. Moreover TeliaSonera's values are introduced and integrated in all consolidated companies, TeliaSonera has arranged common training seminars and deployed benchmarking to facilitate TeliaSonera's practises and values. Monitoring of business ethics is naturally one of the issues which professional CFOs (Chief Financial Officer) of TeliaSonera have to look after as well.

TeliaSonera's Business Ethics Policy clearly defines our stand on bribery and corruption.

Corruption Perception Index by Transparency International			TeliaSonera Mobile Markets		
Countries where TeliaSonera is active	Population (million)	Rating (max 10 = clean from corruption)	Our main brand ¹	Ownership ² %	Market ³ share %
Finland	5.2	9.7	Sonera	100	51
Denmark	5.4	9.5	Telia	100	22
Sweden	9.0	9.3	Telia	100	46
Norway	4.6	8.5	NetCom	100	29
Estonia	1.4	5.6	EMT	50.3	47
Lithuania	3.5	4.8	Omnitel	100	47
Latvia	2.4	3.7	Latvijas Mobilais Telefons	60.3	47
Turkey	72.0	3.2	Turkcell	37.3	66
Russia	143.8	2.7	MegaFon	43.8	18
Georgia	4.5	2.4	Geocell	83.2	46
Ukraine	51.6	2.4	–	–	–
Kazakhstan	15.0	2.3	KCell	51.0	69
Moldova	3.4	2.1	Moldcell	100	46
Azerbaijan	8.0	2.0	Azercell	51.3	85

¹ MegaFon and Turkcell are TeliaSonera's associated companies.

² For Kazakhstan, Azerbaijan, Georgia and Moldova, the number indicates Fintur Holding B.V.'s ownership. TeliaSonera owns, directly or indirectly, 74.0% of Fintur Holdings.

³ Based on the number of subscriptions on the market

The independent organisation Transparency International publishes an annual report with a grading of how widespread corruption is in different countries in the world. However, many of the countries are working on a national strategy for fighting corruption and poor governance.

Further information: www.transparencyinternational.org

Electromagnetic fields, EMF

All electrical equipment emits a certain amount of electromagnetic radiation when in use. Mobile telephones and mobile systems are no exception. To coordinate EMF related issues, TeliaSonera has formed an EMF Project Team. The EMF-Project Team has issued a corporate policy on EMF.

To coordinate EMF related issues, TeliaSonera has formed an EMF Project Team. The EMF-Project Team has issued a corporate policy on EMF.

TeliaSonera is committed to best practice guidelines established by the industry. We provide information on our mast sites according to the local regulations in each country.

TeliaSonera engages in active public communication and consultation. We have regular meetings with unions, have an intranet-site and an external web site on the issue, hold and participate in internal and external seminars on our different markets, answer queries addressed to us both directly and through our reselling outlets, take active part in international seminars (GSM-association, BEMS, WHO, etc.), participate in hearings at national and EU level and interact regularly with national authorities that have a responsibility for EMF issues.

TeliaSonera also discloses SAR values of mobile phones. A list of these values can be found through our web site, which in turn is linked to the Mobile Manufacturers web site.

TeliaSonera also provides free radio-frequency measurements on the following basis:

- TeliaSonera provides data on measurements that it has made to the Swedish Radiation Protection Authority (SSI) upon request, and
- TeliaSonera will also make and provide additional measurements as a "goodwill gesture" to other parties than the SSI upon enquiry.

TeliaSonera Corporate Policy on electromagnetic fields (EMF): www.teliasonera.com

Ratings and awards

TeliaSonera has performed very well in international sustainability ratings. The ratings focus on different CSR areas and use several indicators, but what is common for most of the rating indexes is that the companies to be rated should have three areas clearly stated: policies, practices and documented results.

The former companies of TeliaSonera (Telia and Sonera) were, for instance, included in the Dow Jones Sustainability Indexes for many years. Today, as a new company, TeliaSonera has already been included in many indexes and ethical funds and classified best by its commitment to carbon dioxide issues.

Roburs ethics analysis

TeliaSonera was approved for Robur ethical funds, on the condition that it provided feedback within the year. Despite the considerable discrepancy between different levels and functions within the company, TeliaSonera's environmental and social work is regarded as best in the industry in Sweden. TeliaSonera is especially active in environmentally- and socially-based business opportunities. Risks that should be managed in the near future include links to gaming and pornography as well as those associated with the handling of electrical and electronic waste, especially on markets that do not have a recycling infrastructure. Robur is one of the few Nordic asset management firms with its own ethics analysts. The criteria are based on Robur's fundamental values for ethical analysis, including: the UN Declaration on Human Rights; UN Global Compact; the Rio Declaration on Sustainable Development; and ILO Conventions and Recommendations Relevant to the Radiation Protection of Workers.

TeliaSonera has performed very well in international sustainability ratings.

TeliaSonera International Carrier awarded the Golden Antenna in Poland

TeliaSonera International Carrier was awarded the Golden Antenna Prize for the Most Promising Company in the Telecom Industry in Poland in 2004. The Golden Antenna contest is organised in Poland every year. The award was instituted by Swiat Telekomunikacji, "The World of Telecommunication", a major Polish telecommunication magazine, and the winners are selected by representatives of the telecom industry, politicians and journalists. TeliaSonera International Carrier is a major IP carrier in Europe as well as the leading international carrier in Poland. Last year, the Polish European Integration Committee and Business Centre Club awarded the company "The European Medal for quality of internet services".

Stock market website

TeliaSonera came in a very respectable 5th place when Swedish financial communication consultancy, Hallvarsson & Halvarsson tabulated the results for Sweden's best listed company websites for 2004. Out of the possible 100 points, TeliaSonera received 81.5 (the winner: 89.25) and was the best in the telecom sector. This means that TeliaSonera's website is very good and meets a majority of the requirements the market sets for websites. The test protocol comprises a form sent out to analysts, institutional bankers and business journalists throughout Europe, but can also be adapted to the requirements of ordinary, active shareholders. The CSR section of TeliaSonera's website also received fair ratings.

Further information: www.webranking.nu

TeliaSonera strengthened its position on the Svenskt Kvalitetsindex (Swedish Quality Index)

The annual survey conducted by Svenskt Kvalitetsindex (Swedish Quality Index) for the telecom market shows just how satisfied our customers are. TeliaSonera Sweden strengthened its position as the industry leader, especially in the private sector and landline telephony.



FTSE4 Good Index Series

FTSE Group is the index provider of choice for the world's leading investors. The FTSE4Good Index Series has been designed to measure the performance of companies that meet globally recognised corporate responsibility standards, and to facilitate investment in those companies. TeliaSonera has been selected into the FTSE4Good index. In March 2005, TeliaSonera was on The FTSE4Good Europe 50 Index Reserve List. The reserve list will be used in the event that one or more constituents are deleted during the period up to the next half-yearly review.

CoreRatings 2004

B

Ratings scale: A+ (highest), A, B+, B, C+, C, D. The rating assesses how well the company manages the investment risks arising from its material environmental, social, employment and ethical impacts.

TeliaSonera tops Folksam's climate ranking

TeliaSonera has improved its climate indicators the most, according to a survey Folksam, the Swedish insurance company conducted of listed companies in Sweden. During the last seven years, Folksam has analysed and presented the amount of carbon dioxide released by publicly traded companies in Folksam's Climate Index. The index looks at these companies' actual emissions in relation to sales, the companies' work with reducing emissions, and how they present their emissions and steps being taken to reduce them. This leads to a total climate rating on a scale of 0 to 5. The survey covers 270 companies that were listed on the Stockholm stock exchange in October 2003 and that have not been delisted since then. The best company in 2004 was TeliaSonera, which was one of the companies that received a 5 rating.

TeliaSonera has already been included in many indexes and ethical funds and classified best by its commitment to carbon dioxide issues.

Environmental recognition

TeliaSonera Sweden in Gothenburg received Gothenburg's Nature Conservation Association's annual environmental award, the Kaprifol Prize, in January 2004. The prize was awarded as a result of the company's decision to build a bicycle parking area and encourage its employees to carpool instead of building a 200-space employee car park.

The change occurred when TeliaSonera Sweden moved 1,100 employees into the same facility. The garage will include a number of parking spaces which will be converted into an indoor bicycle parking area, complete with lockers for a change of clothes. Even though TeliaSonera Sweden's Gothenburg branch mainly wanted to save money, it also wanted to encourage its employees to either carpool or cycle to work.

CSR indicators

Table below presents CSR indicators according to the GRI guidelines and telecom sector specific supplement added with TeliaSonera's own KPI indicators. Quantitative data covers the TeliaSonera Group or TeliaSonera Finland and TeliaSonera Sweden unless otherwise mentioned. All environment data is only for Finland and Sweden.

Indicators		2004	2003	2002
Marketplace	EC1 Net sales million SEK; 1 SEK= 0.11 EUR	81,937	81,772	
	Earnings per share (SEK)	2.77	1.95	
	EC2 Geographic breakdown of markets			
	EC3 Cost of all goods materials, and services purchased, MSEK	51,783	52,194	
	EC4 Percentage of contracts that were paid in accordance with agreed terms	>50% ¹	>50%	
	EC6 Distributions to providers of capital, MSEK			
	– Dividends	5,610	4,675	
	– Interest expenses	1,572	2,065	
– Total	7,182	6,740		
EC7 Increase in retained earnings, MSEK	16,108 ²			
Telecom Sector Specific Indicators	PR1 Description of policy for preserving customer health and safety during use of products and services	www.teliaSonera.com		
	PR2 Description of policy etc. related to product information and labelling	Not specified		
	PR3 Description of policy etc. for consumer privacy	www.teliaSonera.com		
Telecom Sector Specific Indicators	IO1 Capital investment in telecommunication network infrastructure broken down by country/region	Annual report page 57		
	IO2 Net costs for service providers under the Universal Service Obligation when extending service to geographic locations and low-income groups, which are not profitable.	Not available		
	PA1 Policies and practices to enable the deployment of telecommunications infrastructure and access to telecommunications products and services in remote and low population density areas	Service provision obligation by EU-directive		
	PA2 Policies and practices to overcome barriers for access and use of telecommunication products and services	www.teliaSonera.com		
	PA3 Policies and practices to ensure availability and reliability of telecommunications products and services	www.teliaSonera.com		
	PA4 Quantify the level of availability of telecommunications products and services in areas where the organisation operates	www.teliaSonera.com		
	PA10 Initiatives to ensure clarity of charges and tariffs	www.teliaSonera.com		
	PA11 Initiatives to inform customers about product features and applications that will promote responsible, efficient, cost effective, and environmentally preferable use ³	www.teliaSonera.com		
	TA4 Disclose any estimates of the rebound effect of customer use of the products and services listed above, and lessons learned for future development	Not specified		
	TA5 Description of practices relating to intellectual property rights and open source technologies	Corporate Guidelines on Patents and Trademarks ⁴		
	Number of patent families ⁵	665		

¹ Company approval procedures involved with payments take time and the agreed terms are tight

² Defined as the change in total non-restricted equity i.e. funds available for distribution to the shareholders

³ In Sweden our business unit "Large Companies" has defined a Business Plan for Sustainability how to approach large customers with sustainability issues like "How to decrease the environmental load with telecommunications services?" Otherwise our customer information with sustainability issues is not yet handled systematically but based mainly on the contacts and dialogue with different stakeholders.

⁴ TeliaSonera's mission and focus for patents and trademarks is to comply with the Corporate Patent Guidelines plus the Corporate Trademark guidelines set by the CEO of TeliaSonera (internal document)

⁵ Comprises of TeliaSonera Finland and TeliaSonera Sweden only. The patent portfolio is very strong compared with other operators

Indicators		2004	2003	2002
Workplace	Number of employees	25,381	26,188	29,173
	Women of employees, %	45.0	41.8	
	Women in managerial position: ⁶ %			
	Finland	32		
	Sweden (target 40%)	38	33	
	Employee Commitment, % ⁷ (target 67%)	62		
	Process Efficiency ⁸ , % (target 40%)	42		
	EC5 Total payroll and benefits, MSEK	8,674	8,460	
	LA1 Breakdown of workforce by region/country etc.	Page 6		
	LA2 Net employment creation and average turnover segmented by region/country	Annual report page 106		
	LA3 Percentage of employees represented by independent trade unions, %	About 80 ⁹		
	LA4 Policy and procedures involving information, consultation, and negotiation with employees over changes in the reporting organization's operations	Page 24		
	LA5 Practices on recording and notification of occupational accidents and diseases	Pages 22–23		
	LA6 Description of formal joint health and safety committees	Pages 22–23		
LA7 Standard injury, lost day, absentee rates and numbers of work-related fatalities				
Injuries: ¹⁰	144	183		
Lost day:	Page 23			
Absent due to illness ¹¹ , %	6.3	6.3		
Work-related fatalities:	none	none	none	
LA8 Description of policies or programmes on HIV/AIDS	Not specified			
LA9 Average hours of training per year per employee by category of employee	Not available			
LA10 Description of equal opportunity policies or programmes	www.teliasonera.com			
LA11 Composition of senior management and corporate governance bodies	Page 7			
HR1 Description of policies etc. to deal with human rights	www.teliasonera.com			
HR2 Evidence of consideration of human rights impacts as part of investment and procurement decisions	Not specified			
HR3 Description of policies and procedures to evaluate and address human rights performance within the supply chain and contractors	Not specified			
HR4 Description of global policy and procedures preventing all forms of discrimination in operations	www.teliasonera.com			
HR5 Description of freedom of association policy	www.teliasonera.com			
HR6 Description of policy excluding child labour	www.teliasonera.com			
HR7 Description of policy to prevent forced and compulsory labour	www.teliasonera.com			
Telecom Sector				
Specific Indicator IO3 Practices to ensure health and safety of field personnel	Pages 22–23			

⁶ Share of women is not comparable from country to country because the definitions for managerial positions varies

⁷ Employee commitment score consists of following indicators: visionary leadership, empowered people, organisational and operational model and service focused performance

⁸ Process efficiency consist of indicators like work processes, tools being used and processes meeting customer expectations

⁹ Sweden about 90%; Finland about 50%

¹⁰ Statistics between different countries can not be compared in such. Finland includes all kinds of accidents and injuries, which employer (an insurance company) covers; In Sweden an employer covers only vocational diseases and only those diseases are recorded and the rest of accidents are taken care by the national security system

¹¹ Group's Swedish units

Indicators		2004	2003	2002
Environment	ISO 14001 certified of total turnover and number of personnel, %	37/26	35/26	
	EN1 Total materials use	Not applicable; no own production		
	EN2 Percentage of materials used that are wastes from sources external to the reporting organization	Not specified		
	EN3 Direct energy use, TJ ¹²	2,285.4	2,715.1	2,754.5
	EN4 Indirect energy use, TJ ¹³	268,7		
	Electricity, MWh	580,970	676,300	707,000
	Renewable electricity ¹⁴ of total electricity, %	60	60	60
	Electricity from wind power ¹⁵ %	4.3		
	Fuel: ¹⁶ Diesel + Petrol unleaded, m ³	13,930	9,954	10,503
	Heating oil, m ³	689	940	1,000
	EN5 Total water use, m ³	133,400		
	EN6 Location and size of land owned, leased, or managed in biodiversity-rich habitats	Not applicable		
	EN7 Description of the major impacts on biodiversity	Not applicable		
	EN8 Greenhouse gas emissions: CO ₂ , tons ¹⁷	121,237	87,939	158,565
	CO ₂ emissions from travel, tonnes ¹⁸	13,870	54,574	
Annual CO ₂ emissions relative to energy consumption, E8/EN3, g/kWh	191	117	134	
EN9 Use and emissions of ozone-depleting substances	Not specified ¹⁹			
EN10 NO _x , SO _x , and other significant air emissions by type ²⁰	Not specified			
EN11 Total amount of waste by type and destination, tons ²¹	6,583			
EN12 Significant discharges to water by type	Not applicable			
EN13 Significant spills of chemicals, oils, and fuels in terms of total number and total volume	Not applicable			
EN14 Significant environmental impacts of principal products and services	Pages 26–29			
EN15 Percentage of the weight of products sold that is reclaimable at the end of the products' useful life and percentage that is actually reclaimed	Not specified ²²			
Telecom Sector Specific Indicators	IO4 Compliance with ICNIRP standards on exposure to RF emissions from handsets	Page 35		
	IO5 Compliance with ICNIRP guidelines on exposure to RF emissions from base stations	Page 35		
	IO6 Policies and practices with respect to SAR of handsets	Page 35		
	IO7 Policies and practices on the siting of masts and transmission sites	Pages 28–29		
	IO8 Number and percentage of stand-alone sites, shared sites, and sites on existing structures	Not specified		
	TA1 Provide examples of the resource efficiency of telecommunications products and services delivered	Page 15		
	TA2 Provide examples of telecommunications products, services and applications that have the potential to replace physical objects	Pages 15–17		
	TA3 Disclose any measures of transport and/or resource changes of customer use of the telecommunication products and services listed above.	www.teliasonera.com		

¹² Includes electricity, district heating, heating oil and diesel, 1 kWh = 3.6 MJ

¹³ All travel (car fleet (own and outsourced), flight, tax, train)

¹⁴ An estimate; based on the average national grid in Finland and Sweden consisting of hydro-electricity/wind/solar

¹⁵ Finland

¹⁶ Personnel's own and company cars for business, car fringe benefit, outsourced entrepreneurs (network building and maintenance); outsourcing of fleet makes year to year comparison more difficult

¹⁷ Energy, electricity, fuel, travel (flights: domestic and abroad); increase of emissions mainly because of the different mix of electricity suppliers

¹⁸ All business travel (flight, car, train etc.) but commuting

¹⁹ The emissions are very minor; mainly from the possible leakages from the cooling and distinguishers.

²⁰ Data for these emissions in principle exist (fleet, electricity, travel) but is not summed up

²¹ Collection and recycling outsourced. Amounts can vary a lot depending on the growth and development of technology. All package material is handled and reported according to the EU package directive. Our electronic waste recyclers in Sweden and Finland are ISO 14001 certified. Amounts depend a lot on the growth and development of technology of mobile and fixed telecommunications networks. Wastes consist of e.g. domestic waste (to the landfill but mainly incinerated), office electronics, lead acid batteries, waste from telephone exchanges and telephone lines, lead sheathed cables, telephone poles. Used furniture and PCs are recycled and mostly reused. Wastes may be sorted out into 3 to even 13 different fractions.

²² Almost all mobile handsets can be resold

Indicators		2004	2003	2002
Community	EC8 Total sum of taxes, MSEK	3,132 ²³	1,308	122
	EC9 Subsidies received, MSEK	15	13	3
	EC10 Donations, MSEK	20 ²⁴		
	EN16 Incidents of and fines for non-compliance with all applicable international declarations/conventions/treaties etc., MSEK	15 ²⁵	92	7
Telecom Sector Specific Indicators	SO1 Description of policies to manage impacts on communities	Not specified		
	SO2 Description of policy etc. addressing bribery and corruption	www.teliasonera.com		
	SO3 Description of policy etc. for managing political lobbying and contributions	www.teliasonera.com		
	PA5 Number and types of telecommunication products and services provided to and used by low and no income sectors of the population	Not specified		
	PA6 Programmes to provide and maintain telecommunication products and services in emergency situation and for disaster relief	Based on the TeliaSonera Business Continuation Management and Regulatory Authorities ²⁶		
	PA7 Policies and practices to manage human rights issues relating to access and use of telecommunications products and services	Not specified		
	PA8 Policies and practices to publicly communicate on EMF related issues	Page 35, www.teliasonera.com		
	PA9 Total amount invested in programmes and activities in electromagnetic field research	Not specified		
	Coverage of the CSR report by TeliaSonera Group – turnover, % – number of personnel, %	71.7 69.9		

²³ The figure concerns income taxes. Besides that TeliaSonera pays value added tax (VAT) in a number of countries but there is no separate VAT reporting in the consolidations system.

²⁴ An estimate; the figure consists of money, services and equipment; mostly for the Tsunami catastrophe in Asia in the beginning of 2005. The figure does not consist of many community investment projects on the development of information society. The limits and decisions of the donations are basically already defined by the Annual General Meeting.

²⁵ No separate reporting for environmental issues. We have only "Damages paid" which includes environmental but also commercial and regulatory matters

²⁶ Risk management supports primary business processes to sustain and assure their flexibility in emergencies and crises to fulfil promises regarding continuity of service. TeliaSonera must be able to function under extraordinary circumstances, such as emergencies or crises. FICORA (The Finnish Communications Regulatory Authority) stipulates this well consisting of security on administrative and organisational information, personnel, communications and computer facilities and software. The Swedish authority has not such a regulation. Further information: FICORA

GRI content index

GRI Guidelines	This report	Further information
Vision and strategy	●	Pages 3–5
Profile	●	Pages 6–7
Report scope and profile	●	Page 4–5
Governance structure and management systems	●	Pages 7–8, 12
Economic performance indicators		
Customers	●	CSR indicators table, page 6
Suppliers	●	CSR indicators table
Employees	●	CSR indicators table
Providers of capital	●	CSR indicators table
Public sector	●	CSR indicators table
Environmental performance indicators		
Materials	●	Not applicable or not specified
Energy	●	CSR indicators table
Water	●	CSR indicators table
Biodiversity	●	Not applicable
Emissions, effluents and waste	●	CSR indicators table
Products and services	●	Pages 26–29
Compliance	●	CSR indicators table
Social performance indicators		
Labour practices and decent work		
Employment	●	Page 6, annual report page 106
Labour/Management relations	●	CSR indicators table, pages 24–25
Health and safety	●	CSR indicators table, page 29
Training and education		Not available
Diversity and opportunity	●	Pages 6–7
Human rights		
Strategy and management	●	Not specified
Non-discrimination	●	www.teliasonera.com
Freedom of association and collective bargaining	●	www.teliasonera.com
Child labour	●	www.teliasonera.com
Forced and compulsory labour	●	www.teliasonera.com
Community	●	Not specified
Bribery and corruption	●	Pages 34–35, www.teliasonera.com
Political contributions	●	www.teliasonera.com
Product responsibility		
Customer health and safety	●	www.teliasonera.com
Products and services	●	Not specified
Respect for privacy	●	www.teliasonera.com

- Reported in accordance with the GRI Guidelines
- Reported in partial adherence with the GRI Guidelines
- Not reported

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TeliaSonera