Scope of this report

TeliaSonera’s Corporate Responsibility Report 2010 discloses what we have achieved during 2010 and describes our ambitions for the coming years.

The annual CR report covers events and developments during the calendar year 2010. The previous CR Report was published in March 2010. The online version of the TeliaSonera CR Report contains the same information as the downloadable PDF.

Since 2004, TeliaSonera applies the Global Reporting Initiative (GRI) guidelines for reporting on corporate responsibility including the telecommunications sector supplement. The 2010 CR Report continues to build on the most prioritized issues revealed in the materiality analysis made in 2009.

Management information and narrative information on strategies and initiatives contain information from all operations within the TeliaSonera group, except from associated companies.

During 2010, we continued to consolidate corporate responsibility information from our majority and wholly-owned companies. However, our system for reporting and consolidating key CR indicators for majority-owned businesses is still under development. Therefore the degree of completeness varies. Our associated companies are excluded from the scope of reporting with the exception of the risk section.

Human resources performance data represents 100 percent of the entities covered by the report. Reporting on environmental performance according to GHG Protocol for scope 1 and 2 emissions includes information from 14 of the 15 reporting countries. TeliaSonera International Carrier’s operations outside Nordic countries are excluded except for their business travels and estimated electricity usage. For the other key indicators we report fully or partially from 8 to 14 countries.

TeliaSonera CR Report is intended to respond to internal and external stakeholders’ quest for information and increased transparency regarding our sustainability work.

For information on data collection process and changes in methodology, see About the CR Report.
CEO Message

"We take pride in making new communication services and technology available to people in all our markets,"
Lars Nyberg, President and CEO, TeliaSonera

Enabling a world with better opportunities
TeliaSonera is an international operator, present in 20 countries in Europe and Central Asia - Eurasia. In total there are many million people using our services every day. Our vision is to become a world-class service company.

We are a company with a great heritage - founded in 1853. We have always been a pioneer; and we were one of the companies that brought mobile telephony to the world, together with a handful of Nordic operators and vendors. We take pride in making new communication services and technology available to people in all our markets.

TeliaSonera services drive growth and competitiveness and we contribute to a more open and digitally inclusive society by providing possibilities for more people to communicate. Our services form a major part of people’s daily lives - for business, education and pleasure.

Wherever we operate we have the same ambition: to be number one or two in the market based on providing the best customer experience, high quality networks and cost efficient operations. We strive for continuous progress and being regarded among leaders of our industry in terms of sustainability.

From Nordic to Nepal
TeliaSonera has transformed into an international group with a global strategy. At the same time, we act as a local company in each market.

In mature markets basically everyone has a mobile phone. In Eurasia, populations are larger and younger than in Europe, mobile penetration is lower and fixed networks are limited. We help customers in these markets leapfrog the development, and jump right to the forefront of mobile telecommunications by offering new services at affordable rates. The speed of development is impressive. TeliaSonera is an important and major investor in many developing markets.

TeliaSonera is committed to bridging the digital divide by developing infrastructure and services that are accessible across our markets. We act in a responsible way, based on a firm set of joint values and business principles. We are committed to the idea that our competence and experience within internet and telecom services should be spread to more people within our markets.

I expect that the development in telecommunication we have seen from Europe and the US in the past twenty years will happen in Kathmandu in Nepal and other countries in Eurasia within five years.

An integrated approach to Corporate Responsibility
This report tells the story of how we address both challenges and opportunities – efforts to overcome risks and reduce our environmental impact as well as efforts to deliver positive contributions. It is important for us to be regarded as a responsible employer, a good corporate citizen, and a company that meets globally recognized standards.

We have made good progress in 2010 and our intention is to continue on this journey. Our Corporate Responsibility work is based on our TeliaSonera Group Code of Ethics and Conduct, our common foundation. Our vision is to be a world-class service company and contribute to a world with better opportunities for people and businesses. This also means that we have to deal with important and sensitive issues in our daily work ranging from fair business practices to freedom of speech and the right to privacy.

We welcome both current and new stakeholders to take a closer look at our CR-achievements during 2010.

Lars Nyberg
President and CEO
Executive Summary

TeliaSonera’s core business is to offer services that help people and companies communicate in a simple, effective and environmentally friendly way. Corporate responsibility (CR) is embedded in our business strategy, aligned with the priorities, and part of every employee’s daily work, with engaged business management to ensure active direction of the CR work. We have identified the CR risks and opportunities, and act locally to address these. This, we believe, contributes to the long-term sustainable growth of our business and to a world of better opportunities.

Global strategy and local action

TeliaSonera is an international group with a global strategy, but wherever we operate we act as a local company. CR governance is embedded into our strategy and group-wide corporate governance model that frames the operational implementation and describes the roles and responsibilities. Our common foundation is formed by TeliaSonera’s shared values and TeliaSonera Code of Ethics and Conduct (The Code) approved by the TeliaSonera Board.

In TeliaSonera, we depend on our employees to implement our principles into every day actions. By being responsive to the expectations of our stakeholders, TeliaSonera has earned the reputation of being a responsible employer – a good corporate citizen – and a company that meets globally recognized standards.

We strive for continuous progress and being regarded among leaders of our industry in terms of responsibility and sustainability.

Key achievements in 2010

Code Implementation

Introduced in late 2009, implementation of the TeliaSonera Code of Ethics and Conduct has been an important group project. The Code is part of our joint platform and One Company approach, yet TeliaSonera considers local ownership key to successful implementation.

Implementation of individual local plans has reached different stages across our markets. Some markets adopted the Code already early in 2010, whereas others are still in the process of ensuring understanding, commitment and finding the best local fit.

By the end of 2010 a first round of introductions has taken place in all countries and across the staff functions. Some milestones were translation of the Code into 21 languages, integrating the Code into introduction programs and Code workshops for Eurasian management teams.

Introducing a new Supplier Code

A major proportion of TeliaSonera’s procurements is coordinated by Group Procurement. A new Supplier Code has been introduced during the year, replacing the former CR requirements. The Supplier Code shall be applied in all supplier relations where TeliaSonera Group Procurement is involved, purchasing products or services.

The new code includes strengthened provisions on for instance interaction between vendors and TeliaSonera, including anti-corruption, hospitality and handling of confidential information.

During 2010, all sourcing managers in Group Procurement, from Sweden, Finland, Norway and Denmark, received training on the Supplier Code and other TeliaSonera CR requirements.

Approximately 80 percent of contracts made by Group Procurement in 2010 incorporate provisions on CR.

Aligning CR priorities with business goals

Having a strategic approach, TeliaSonera is implementing the performance management system, rolling out the TeliaSonera Code of Ethics and Conduct, and extending the corporate governance model to all operations where TeliaSonera has management control.

Our common foundation and our CR priorities towards our vision are building on our journey and experiences from the past few years.
Looking ahead, we need to continue to address our prioritized CR issues. Customer privacy and network integrity, leadership and employee competence, fair business practices, access to communication services and protecting children online—these are the most material areas for TeliaSonera to address in our CR work.

In fact, during the year we developed a Group Privacy Policy, to clarify TeliaSonera’s commitment to protecting user privacy. The policy includes provisions on data collection, responding to inquiries, privacy risk assessments, etc. and the Board formally approved the policy in February 2011.

Implementation starts in 2011.

In operational terms, to further integrate CR into our risk management we involved business units in identifying local risks, and in reporting and handling of such risks. We took additional steps to integrate CR into the business plan process and we also strengthened the whistle-blowing system for reporting infringements of the Code.

**World-class service company**

Our long-term goal is to be among the best rated service companies with highly satisfied customers.

In 2010, Extended Performance Satisfaction Index (EPSI) was conducted in nine countries, including one new country—Spain. Despite 2010 being a challenging year for many markets following the downturn in economy, the overall group average satisfaction score reached 70.2, up from 69.5 the year before.

Meeting customer demands, TeliaSonera provides tools for parents to control their children’s internet and mobile broadband use through safety settings. In 2010, we adopted Group Instructions on Fighting Child Sexual Abuse and Limiting Erotic Content Offerings. The instructions provide guidance on how to prevent and report on child sexual abuse images.

In addition, we actively contribute to making the protection of vulnerable children and teenagers part of the public agenda through partnerships and initiatives.

**In cooperation towards digital Inclusion**

TeliaSonera continued to involve the society to increase digital inclusion with various reach out initiatives. One example was the Eurasian conference on “Mobile Communications for Social Change” in Azerbaijan, the first of its kind.

Participants from TeliaSonera, NGOs, journalists, governmental offices, educational institutions and businesses engaged in discussions about the role and contribution of mobile communication in the economic and social life of the Eurasian countries.

During 2010 TeliaSonera invested SEK 14,934 million to expand coverage where people live, work, travel and spend their leisure time. For instance 4G services are now commercially available in five countries, and we continued rolling out 3G services also in Eurasia. Despite the low level of urbanization, through our coverage we reach the areas more difficult to access.

**Employees at the core of success**

TeliaSonera’s success depends on the skills, knowledge and experience of our employees. We put a lot of effort into the recruitment, training and development of our employees.

In order to be a world-class service company with customer experience at the core, we need to foster a culture where we stimulate motivation and encourage development.

Throughout the year we continued implementing the performance management process which helps to promote and optimize performance and progress. It offers opportunities for employees to develop and grow, which in turn helps move the organization forward.

Other significant activities during the year included training on the Code and on the strengthened whistle-blowing system, ensuring a common understanding of our culture and values.

**Renewable energy and new technologies help reduce environmental impact**

To reduce TeliaSonera’s direct environmental impact, we strive to manage our operation facilities and networks as efficiently as possible. An initial estimation of six ongoing or finalized projects during 2010 year revealed a potential annual saving of at least 16 GWh.

One of the examples where the use of new cooling technologies has generated significant reductions in energy use is the data center in Haninge, Sweden. The energy use decreased by 35 percent, saving millions in electricity bills.

The proportion of renewable electricity across the group increased somewhat to 67 percent in 2010. The increase was mainly attributable to the renewable electricity certificates purchased separately by the operations in Sweden and Finland.
### Objectives, achievements and ambitions

#### Overall

<table>
<thead>
<tr>
<th>Objectives</th>
<th>Achievements 2010</th>
<th>Ambitions 2011</th>
</tr>
</thead>
<tbody>
<tr>
<td>TeliaSonera Code of Ethics and Conduct – implementation across TeliaSonera’s operations and supply chain</td>
<td>The Code translated into 21 languages Instructed management to implement the Code Available for new employees Suppliers made aware of the Code Strengthened whistle-blowing process</td>
<td>Continue awareness building of the Code and its contents internally and along the supply chain Review the Code implementation processes</td>
</tr>
<tr>
<td>Implementation of CR Strategy and priorities into business</td>
<td>Introduced CR priorities into strategic planning process, specially for risks Structured group-work on local activities not started</td>
<td>Develop regional priorities Develop common initiatives Strengthen the risk and opportunity analysis</td>
</tr>
<tr>
<td>Integration of priorities into group CR reporting</td>
<td>Privacy, initiatives in protecting children online and digital inclusion in focus in CR Report 2010</td>
<td>Communicate more in-depth on prioritized issues, both risks and opportunities</td>
</tr>
<tr>
<td>Ensure continuous inclusion of CR risks in the group Risk management processes</td>
<td>CR risks introduced into the strategic planning process Head of CR part of the Risk Management team</td>
<td>Strengthen CR inclusion in the planning process</td>
</tr>
<tr>
<td>Improve transparency in communication of CR work</td>
<td>Engaged in proactive stakeholder dialogues</td>
<td>Support industry-actions based on CR strategy</td>
</tr>
<tr>
<td>Improve synergies in group CR work</td>
<td>Active group-wide CR-network and practice-sharing</td>
<td>Strengthen use of best practice</td>
</tr>
</tbody>
</table>

#### Customers

<table>
<thead>
<tr>
<th>Objectives</th>
<th>Achievements 2010</th>
<th>Ambitions 2011</th>
</tr>
</thead>
<tbody>
<tr>
<td>Improve customer satisfaction</td>
<td>Group EPSI average in all measured countries 70.2, including Eurasia with 81.5</td>
<td>Long-term EPSI target of 77 for the Group</td>
</tr>
<tr>
<td>Formulate group approach to privacy issues to assure focus on relevant policies, processes and compliance</td>
<td>Reviewed group approach Developed Group Privacy Policy including approvals from Group Management in 2010 and from TeliaSonera Board in early 2011</td>
<td>Start implementing Group Privacy Policy Strengthen processes for careful protection of customer privacy and network integrity</td>
</tr>
<tr>
<td>Review group approach to responsible marketing</td>
<td>Reviewed existing practices in the group</td>
<td>Create common definitions and guidelines</td>
</tr>
</tbody>
</table>

#### Employees

<table>
<thead>
<tr>
<th>Objectives</th>
<th>Achievements 2010</th>
<th>Ambitions 2011</th>
</tr>
</thead>
<tbody>
<tr>
<td>Introduce group-wide performance management system</td>
<td>346 managers included in the performance management system</td>
<td>Continue step-wise expansion to include levels up to five</td>
</tr>
</tbody>
</table>

#### Suppliers

<table>
<thead>
<tr>
<th>Objectives</th>
<th>Achievements 2010</th>
<th>Ambitions 2011</th>
</tr>
</thead>
<tbody>
<tr>
<td>Develop Supplier Code, strengthen risk-based supplier assessment process and improve tools</td>
<td>Supplier Code introduced Category risk assessment conducted 80 percent of contracts with CR requirements</td>
<td>Increase the amount to 100 percent in new and renegotiated group procurement agreements Improve tools</td>
</tr>
<tr>
<td>Training of sourcing team to handle CR issues</td>
<td>All sourcing managers trained in Supplier Code</td>
<td>Continue CR competence development and training</td>
</tr>
</tbody>
</table>

#### Environment

<table>
<thead>
<tr>
<th>Objectives</th>
<th>Achievements 2010</th>
<th>Ambitions 2011</th>
</tr>
</thead>
<tbody>
<tr>
<td>Extend environmental commitment to all markets</td>
<td>Additional local commitments established; Netcom in Norway and Sonera in Finland</td>
<td>Continue supporting country specific awareness building, implementation, target setting, reporting</td>
</tr>
<tr>
<td>Establish group-wide environmental performance targets</td>
<td>Improved reporting practices, trainings Internal environmental review for Nordic &amp; Estonia, Lithuania</td>
<td>Continue striving for establishment of group-wide targets</td>
</tr>
<tr>
<td>Include reporting of environmental performance of majority-owned operations</td>
<td>14 of the 15 reporting countries included Yoigo in Spain reported first time</td>
<td>Extend reporting scope to Latvia</td>
</tr>
</tbody>
</table>

#### Owners & Investors

<table>
<thead>
<tr>
<th>Objectives</th>
<th>Achievements 2010</th>
<th>Ambitions 2011</th>
</tr>
</thead>
<tbody>
<tr>
<td>Improve understanding of investors’ expectations of CR</td>
<td>Local stakeholder dialogues, for instance “Mobile Communications for Social Change” conference in Baku, Azerbaijan Stakeholder dialogues</td>
<td>Continue with proactive dialogues</td>
</tr>
<tr>
<td>Inclusion in sustainability indices</td>
<td>Included in several indices, for instance, FTSE4Good, oekomPrime, Folksam, OMX GES and CDP</td>
<td>Aim at inclusion also in Dow Jones</td>
</tr>
</tbody>
</table>
### Key CR indicators

#### Economic impact at Dec 31

<table>
<thead>
<tr>
<th>Indicator</th>
<th>2010</th>
<th>2009</th>
<th>2008</th>
<th>Change % from previous year</th>
</tr>
</thead>
<tbody>
<tr>
<td>TeliaSonera Group net sales, MSEK</td>
<td>106,582</td>
<td>109,161</td>
<td>103,585</td>
<td>-2</td>
</tr>
<tr>
<td>Income taxes, MSEK</td>
<td>6,374</td>
<td>6,334</td>
<td>4,969</td>
<td>1</td>
</tr>
<tr>
<td>Total personnel expenses, MSEK</td>
<td>13,685</td>
<td>14,807</td>
<td>15,056</td>
<td>-8</td>
</tr>
<tr>
<td>Goods and subcontracting services purchased, MSEK</td>
<td>17,399</td>
<td>16,957</td>
<td>16,016</td>
<td>3</td>
</tr>
<tr>
<td>Investment in infrastructure (CAPEX), MSEK</td>
<td>14,934</td>
<td>14,007</td>
<td>15,795</td>
<td>7</td>
</tr>
<tr>
<td>Market capitalization, MSEK</td>
<td>239,000</td>
<td>233,000</td>
<td>175,000</td>
<td>3</td>
</tr>
<tr>
<td>Dividends paid to owners of parent company, MSEK</td>
<td>10,104</td>
<td>8,083</td>
<td>17,962</td>
<td>25</td>
</tr>
<tr>
<td>Shares held by PRI signatories, %</td>
<td>12</td>
<td>11</td>
<td></td>
<td>9</td>
</tr>
</tbody>
</table>

#### Employees

<table>
<thead>
<tr>
<th>Indicator</th>
<th>2010</th>
<th>2009</th>
<th>2008</th>
<th>Change % from previous year</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total number of employees Dec 31</td>
<td>28,945</td>
<td>29,734</td>
<td>32,171</td>
<td>-3</td>
</tr>
<tr>
<td>Women in the workforce, %</td>
<td>46</td>
<td>44</td>
<td>44</td>
<td>5</td>
</tr>
<tr>
<td>Women in senior management, %</td>
<td>39</td>
<td>36</td>
<td>32</td>
<td>8</td>
</tr>
<tr>
<td>Women in the board, %</td>
<td>31</td>
<td>27</td>
<td>40</td>
<td>15</td>
</tr>
<tr>
<td>Number of managers included in Performance Management</td>
<td>346</td>
<td>300</td>
<td></td>
<td>-15</td>
</tr>
<tr>
<td>Employee commitment score (ECS), survey conducted in five Nordic/Baltic countries</td>
<td></td>
<td>68</td>
<td>63</td>
<td>-</td>
</tr>
<tr>
<td>Employee commitment score (ECS), survey conducted in eight Eurasian countries</td>
<td></td>
<td>88</td>
<td></td>
<td>-</td>
</tr>
<tr>
<td>Number of languages the TeliaSonera Code of Ethics and Conduct is translated into</td>
<td></td>
<td></td>
<td>1</td>
<td>2000</td>
</tr>
<tr>
<td>Number of occupational injuries</td>
<td>24</td>
<td>45</td>
<td>63</td>
<td>-47</td>
</tr>
</tbody>
</table>

#### Customers

<table>
<thead>
<tr>
<th>Indicator</th>
<th>2010</th>
<th>2009</th>
<th>2008</th>
<th>Change % from previous year</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total number of subscriptions, millions</td>
<td>157</td>
<td>147</td>
<td>136</td>
<td>7</td>
</tr>
<tr>
<td>Total number of subscriptions, wholly-owned and majority-owned operations, millions</td>
<td>55.3</td>
<td>47.9</td>
<td>43.0</td>
<td>15</td>
</tr>
<tr>
<td>Customer satisfaction (EPSI) in all measured countries</td>
<td>70.2</td>
<td>69.5</td>
<td>68.0</td>
<td>1</td>
</tr>
<tr>
<td>Customer satisfaction (EPSI) in three Eurasian countries</td>
<td>81.5</td>
<td>80.6</td>
<td></td>
<td>1</td>
</tr>
</tbody>
</table>

#### Environmental impact

<table>
<thead>
<tr>
<th>Indicator</th>
<th>2010</th>
<th>2009</th>
<th>2008</th>
<th>Change % from previous year</th>
</tr>
</thead>
<tbody>
<tr>
<td>Purchased electricity consumption in MWh</td>
<td>1,136,425</td>
<td>1,006,187</td>
<td>914,103</td>
<td>-2</td>
</tr>
<tr>
<td>Renewable electricity, %</td>
<td>67</td>
<td>65</td>
<td>74</td>
<td>-2</td>
</tr>
<tr>
<td>Waste, metric tons</td>
<td>36,291</td>
<td>35,131</td>
<td>26,589</td>
<td>-2</td>
</tr>
<tr>
<td>Direct and Indirect CO2 emissions (Scope 1 and 2), metric tons CO2</td>
<td>218,968</td>
<td>191,238</td>
<td>115,376</td>
<td>-2</td>
</tr>
<tr>
<td>Business travel (part of Scope 3), metric tons CO2</td>
<td>11,960</td>
<td>11,795</td>
<td>15,999</td>
<td>-2</td>
</tr>
</tbody>
</table>

#### Suppliers

<table>
<thead>
<tr>
<th>Indicator</th>
<th>2010</th>
<th>2009</th>
<th>2008</th>
<th>Change % from previous year</th>
</tr>
</thead>
<tbody>
<tr>
<td>Sourcing managers trained in CR and ethics, %</td>
<td>100</td>
<td>100</td>
<td>26</td>
<td>0</td>
</tr>
<tr>
<td>Group Procurement contracts covered by new CR requirements, %</td>
<td>80</td>
<td></td>
<td></td>
<td>-</td>
</tr>
</tbody>
</table>

#### Society

<table>
<thead>
<tr>
<th>Indicator</th>
<th>2010</th>
<th>2009</th>
<th>2008</th>
<th>Change % from previous year</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total social investment, KSEK</td>
<td>50,543</td>
<td>45,287</td>
<td>63,537</td>
<td>12</td>
</tr>
</tbody>
</table>

1. Senior management includes members of the Board, presidents and other members of executive management teams at corporate, business area or company levels.
2. Not comparable due to updated scope.
3. Including wholly-owned and majority-owned operations and associated companies.
5. Year 2008 refers to earlier CSR Policy and Ethical Guidelines.
Code – A common foundation
The TeliaSonera Code of Ethics and Conduct (the Code) together with our vision and values form the basis for each and every TeliaSonera employees’ conduct in day-to-day-operations. In 2010, the Code was further introduced across the group, including wholly and majority-owned companies. To complement the Code, a new Supplier Code as well as Group instructions for financial officers were launched in 2010.

In 2009, TeliaSonera reviewed the group-wide approach, formulated the vision ahead and adopted a group-wide TeliaSonera Code of Ethics and Conduct.

Striving to implement the Code throughout the group during 2010, we formulated the following objectives:

- All employees aware of the Code and its content
- Available for new employees
- Implementation started in all wholly-owned and majority-owned operations
- Introductions to associated companies
- Suppliers made aware of the Code and its principles
- Implementation and follow-up processes established

Group common Code of Ethics and Conduct
Wherever we operate, we act as a local company, identifying and working with local business risks and opportunities. TeliaSonera supports international standards on human rights, labor conditions, the environment and anti-corruption. It is TeliaSonera’s objective to be a clean company and a good corporate citizen, living by the letter and spirit of the law. Our conduct has earned us a reputation of trust and reliability in all countries where TeliaSonera operates contributing to a long history of success in our business.

The TeliaSonera Code of Ethics and Conduct provide guidance on how to interact with different stakeholders; customers, business partners, competitors, co-workers, environment, shareholders, governments and regulatory bodies, as well as with the local communities in which we operate. The Code builds on our mission, vision and shared values and translates into conduct in day-to-day-operations.

Each of our employees is responsible to strengthen and uphold our reputation through their actions. Each employee is encouraged to voice concerns and highlight examples of good practice as well as to report misconduct and violations.

The Code has been translated into 21 languages to facilitate dissemination and understanding throughout our operations across all markets. All operations covered by the Code will be reviewed regularly.

TeliaSonera’s vision
TeliaSonera is a world-class service company recognized as an industry leader. We are proud of being pioneers of the telecom industry, a position we have gained by being innovative, reliable and customer friendly. We act in a responsible way, based on a firm set of values and business principles. Our services form a major part of people’s daily lives – for business, education and pleasure. Thereby, we contribute to a world with better opportunities.

Mission – to provide network and telecommunication services
TeliaSonera’s mission is to provide network access and telecommunication services that help people and companies communicate in an easy, efficient and environmentally friendly way. We create value by focusing on delivering a world-class customer experience, securing quality in our networks and achieving an efficient cost structure.

Building on our shared values
Our shared values form the foundation of our everyday work.

Add value
Being innovative and acting as pioneers is part of our heritage. We strive to share knowledge and collaborate in teams and across borders, as well as use our resources efficiently. We take ownership, follow up and give feedback to ensure that we foster simple and sustainable solutions that add value to our customers.

Show respect
We show trust, courage and integrity. We treat others the way we want to be treated, in a professional and fair manner. Customer privacy and network integrity are carefully protected, and we always act in the best interest of our customers and the company.

Make it happen
We make decisions to drive development and change. Planning and fast implementation are crucial. We foster a lively business climate where everyone can contribute, and we make use of our employees’ competence and commitment. Our customers should experience that it is easy and rewarding to do business with us, and recognize that we deliver on our promises.
The Code implementation milestones
The group-wide Code of Ethics and Conduct is the result of a process initiated in 2008 by TeliaSonera Group Management. The revised Code replaced the former CSR policy and separate policies for wholly-owned or majority-owned operations, to emphasize a shared group-wide approach to corporate responsibility.

Throughout 2010, local operations followed individual plans of implementing the Code. As TeliaSonera firmly believes in local ownership, there has not been one given way or point of time for the full implementation. Some markets adopted the Code already early in 2010, whereas others are still in the process of ensuring understanding, commitment and finding the best local fit.

By the end of 2010 a first round of introductions took place in all countries and across staff functions, with the main milestones summarized below:

- **July 2009**: the Code approved by the Board of Directors of TeliaSonera.
- **November 2009**: Code introduced at the Management Summit to 80 international top managers of the TeliaSonera group.
- **January 2010**: Code translated into 21 languages to facilitate local implementation.
- **January-June 2010**: Code integrated into Business area development programs and introduction programs for new employees.
- **May 2010**: Code reviewed along other policies by the Board.
- **Summer 2010**: Code workshops for Eurasian management teams.
- **June 2010**: New Supplier Code introduced with trainings.
- **August 2010**: Improved whistle-blowing function started to be introduced via intranets, customized to local legislation.
- **Fall 2010**: Code dialogue with MegaFon management.
- **December 2010**: Completed roll-out of the Code to all employees in Eurasian operations.

Introduction of Supplier Code
Having had group-wide CR requirements for sourcing since 2008, a TeliaSonera Supplier Code approved by the CFO was introduced in June 2010. Aligned with the TeliaSonera Group Code of Ethics and Conduct, the TeliaSonera Supplier Code further enables a more structured and efficient way of addressing social and environmental requirements in TeliaSonera supplier agreements.

The TeliaSonera Supplier Code contains provisions on human rights, safe and fair working conditions, environmental management and ethical standards. It shall apply in all relations with suppliers where TeliaSonera Group Procurement is involved.

Group Instruction for financial officers
In 2010, a specific Group instruction - Code of ethics and conduct for senior management directly involved in financial reporting was introduced, complementing the overall TeliaSonera Code of Ethics and Conduct. Instructions further specify, for instance, the principles for financial reporting, internal controls related to financial reporting and conflict of interest situations.

The instruction applies to members of Group Management, Head and the Principal Financial Officer of each Business area and each Business unit as well as TeliaSonera Holding. It also applies to level 3 and 4 managers within TeliaSonera group’s CFO Office. Approximate size of the target group was around 100 people at the end of 2010.

On an annual basis, all respective managers are expected to certify that they have read, fully understood the content and to the best of their knowledge complied with the Group instruction. The Chairman of the Audit Committee is informed that all officers are certified.

Compliance and whistle-blowing
In addition to strengthening the overall reporting mechanisms of potential Code breaches, the whistle-blowing function has been made more visible internally within TeliaSonera. We foster an open culture to raise concerns within the company, but also provide a specific channel reaching the Group General Counsel as an option to voice concerns. Employees can report misconduct in their native language and an employee who files a report in good faith shall be safeguarded against any form of retaliation, discrimination or penalty. In the countries where it is legally permitted, the reports can also be sent anonymously.

Encouraging reporting on the Code breaches and misconduct is part of group-wide risk management, enabling the management to learn of and address any misconduct at an early stage.

Taking the Code into practice in Eurasia
To replace a mere 4-year-old Fintur Code of Ethics and Conduct with the new TeliaSonera Code of Ethics and Conduct required proper planning and good implementation activities in the Eurasian countries. In each operation the process was set off with an executive meeting, followed by ambitious awareness campaigns with posters, stickers and cups targeted at all employees. In addition, several local workshops were conducted to discuss in more detail what the Code actually means in employees’ every-day operations.

Creating a connection to earlier experiences to build continuity and highlighting stakeholders and TeliaSonera’s responsibilities towards them were important components in the process. The workshop guidelines emphasized the importance of discussing the Code in the context of local practices; to identify what actions could be in compliance with the Code and actions that could be considered non-compliant; how to communicate with different internal and external stakeholders about the Code and how to follow up the integration of the Code into daily operations.

Seven workshops were conducted between April and July in 2010. The work will continue to finalize the local implementation and adaption, including the launch of the strengthened whistle-blowing procedure. Implementation of the new Supplier Code in local purchases is also being planned.

Download full version of TeliaSonera Code of Ethics and Conduct.
The journey continues in TeliaSonera

The TeliaSonera common Code of Ethics and Conduct represents our commitment to conduct our business in a responsible way. Therefore we will continue to strengthen its integration into our processes and daily business decisions; ensuring awareness is followed by deeper understanding of the Code and the relevant implications for different functions and regions. During 2011, we will focus on:
- Strengthening competence on country and function specific challenge areas of the Code and working with dilemmas
- Strengthening compliance assessment
- Implementing Supplier Code as part of all supplier agreements where Group Procurement is involved

We expect our journey to continue as the work to integrate and uphold the principles of the Code in daily business is a continuous job.

Case

Implementing TeliaSonera Code of Ethics and Conduct

Throughout the whole TeliaSonera group, the TeliaSonera Code of Ethics and Conduct is being implemented and lively discussed. To ensure effective implementation the process has differed between in our different markets, reflecting and responding to local conditions.

During 2010 work was also ongoing to improve our whistle-blowing function.

- Actions that are inconsistent with the Code must be promptly corrected. Any violation of the Code should primarily be reported through the ordinary reporting channels. With the exception of only a few countries (where we are still waiting for permit from the authorities) the whistle-blowing function is now more visible on all local websites. This means that the employees can access information about the whistle-blowing function 24/7 and send in reports in their local languages.

Integrated into 2.0

The Code’s implementation process differs among our operations, as for Broadband Services, Mobility Services and Business Services it has been a part of the competence development 2.0 programs especially in the Nordic countries. In Eurasia each operation has had its own process.

Top-down approach in Nepal

In Nepal, we started increasing awareness of the Code by first bringing the Code into the extended management team’s attention. As a first step, the Code was circulated among the managers to give them a general idea of its content. This was followed by a workshop for managers, including a presentation and group discussion followed by short quiz on the Code.

The Code was then formally launched to a wider audience in an all hands meeting in October 2010. To communicate about the Code to all the employees, a brief presentation was given by Lars Nyberg, President and CEO of TeliaSonera and Cecilia Edstrom, Head of Corporate Communications. This helped to give a general outline to the employees as a whole, and emphasized the commitment from Group Management.

Following the meeting, Code brochures were distributed to all the employees (in English and Nepali) and every department and floors were branded with GOOD phrasings from the Code of Conduct added with GOOD themes to promote awareness for everyone on a daily basis. GOOD was the previous Fintur Code of Ethics and Conduct. A separate section was designed in the Ncell intranet page named Corporate Responsibility where all the information about the Code and whistle-blowing procedures was collected.

Furthermore, to promote continued awareness of the Code, a group of managers participated in a workshop to come up with ideas on how to ensure awareness of the Code among all the employees in the company.

Discussions the most important tool in Kazakhstan

In Kazakhstan, a “Code of Ethics and Conduct” Management Workshop was conducted by the Human Resources Director in June 2010. During the session there was an open discussion between the participants on local practices, their compliance with the Code principles and actions to be taken for non-compliances identified.

One of the workshop results was a gap analysis including suggestions for improvement actions. Human Resources Department consolidated all the suggestions including a time table for implementation and submitted the analysis to all participants as well as to the management of TeliaSonera Eurasia.

Currently, an information package including communication materials as well as “Code of Ethics and Conduct and Whistle-blowing” is being prepared, along with an intranet page for further Code communication to all employees.

Executive commitment in Moldova

In Moldova, the introduction of the new Moldcell Code was announced by the local General Manager to all employees through a written message.

A section of the “Corporate Responsibility” page on the intranet was revised on the intranet to provide topical and relevant information and contain the electronic versions of the Code in English and Romanian. Also, the page contains information and instructions on the whistle-blowing procedure, including Q&A.

Lars Nyberg and other executives discussing the Code with employees in Ncell, Nepal.
Corporate Responsibility Priorities
Incorporating our most material issues, the TeliaSonera Corporate Responsibility’s focus on priorities ensures a systematic work within ten areas with high relevance to our business and stakeholders. An important step forward in 2010 was to start including relevant CR topics in local business units’ strategic planning processes.

Group-wide CR approach
TeliaSonera’s Corporate Responsibility strategy builds on the issues that are the most material to our business and our stakeholders following the comprehensive materiality analysis conducted in 2009. The analysis validated the strategic direction of TeliaSonera’s CR work and helped define our priorities for the future.

Corporate responsibility is - and will continue to be - further embedded into our business strategy and operational plans. We believe that corporate responsibility contributes to our long-term sustainable growth through responsible business conduct and by contributing to a world with better opportunities.

Our approach to corporate responsibility is founded on our Code, vision, shared values, common business principles, TeliaSonera strategy and focus areas, and the leadership and competence of our people.

The CR work is centred on our ten most material issues, which form the priorities of our global Corporate Responsibility approach and underpin the long-term success of our company.

CR priorities stemming from materiality analysis
TeliaSonera’s owners and shareholders expect the company to generate quarterly profits while ensuring long term sustainable growth. Therefore, we must have a balance to ensure that quarterly goals do not compromise long-term value creation.

Addressing and integrating the prioritized CR issues into daily operations will contribute to the long-term success of TeliaSonera, while helping to balance short- and long-term perspectives.

- Digital inclusion
  Bringing telecommunication services into new markets and meeting customer needs in all markets by providing affordable services and developing information and communication technology (ICT) skills present the most important opportunities for TeliaSonera going forward.
  By acting as a trusted partner, increasing coverage and bridging the digital divide, TeliaSonera contributes to a world with better opportunities and a more inclusive society while strengthening conditions for sustainable growth of our business.

- Leadership and employee competence
  The employees of TeliaSonera are key to our success. To ensure world-class service and high-quality products we must attract and retain talented people.
  TeliaSonera must effectively govern competence development and performance management to ensure that employees’ competences match business needs in all markets and that TeliaSonera’s attractiveness to future employees is strengthened.

- Fair business practices
  TeliaSonera has a long history of fair and honest business practices. We must systematically govern compliance with high ethical standards of business conduct in all markets. This applies to all relations and transactions within our own organization and in relation to suppliers and business partners.

- Privacy and network integrity
  Telecommunication services help people to instantaneously access information and encourage transparency. At the same time these services can be abused as a means for repression.
  Collecting, processing and retaining customer data must be conducted in a reliable way, adhering to strict standards to prevent unauthorized access to customer data and to respect human rights such as freedom of expression.

- Protecting children online
  TeliaSonera works to prevent our services from being used as a vehicle for child sexual abuse online, building awareness, providing tools and blocking sites containing child sexual abusive images, collaborating with authorities and reputable organizations.

- Responsible supply chain
  Long and complex supply chains may involve several tiers of sub-suppliers and may stretch across regions with different regulations and practices.
  TeliaSonera strives to ensure that human and labor rights are respected along our supply chain - an example being the effective abolition of child labor - together with ethical business practices and environmental stewardship.

- Responsible marketing
  The market for telecommunication services is highly competitive and potential customers have varied understanding of the financial impact of their decisions. TeliaSonera is committed to providing the market with clear pricing models, balanced product information and sound marketing practices related to content and when addressing minors.

- Responsible employer
  Being recognized as a responsible employer is of key importance to TeliaSonera in retaining and attracting future talents and to continuing to grow successfully.
  This includes providing a safe and healthy working environment.
environment, striving for employees’ well-being and acting responsibly in restructuring processes. It also encompasses promotion of equal opportunities and diversity in the workplace.

- **Environmental impact, climate change**
  As is the case with most operating corporate entities, TeliaSonera’s activities have an environmental impact. At the same time, the Information and communication technology (ICT) industry has a great opportunity to provide services that reduce customers’ environmental impact, for instance by substituting for physical travel. TeliaSonera is committed to environmentally sustainable practices in our own operations and promotes environmentally friendly services to customers.

  Operational focus is on energy efficiency, reducing CO₂ emissions and managing waste. While in the mature markets we strive for environmental leadership in the emerging markets we focus on progress in environmental matters taking local conditions into account.

- **Mobile devices, masts and health**
  Recognizing and responding to concerns over the potential health effects of mobile phones and masts, TeliaSonera is providing clear information and supporting related research.

**In Focus: Privacy and Network integrity**

The issue of Privacy and Network integrity is complex and sensitive and has gained increased attention in the public debate. This is reflected in our work to address these matters. Across TeliaSonera’s markets the demands on network integrity differ as a result of different stages of market development. In mature markets the main issues and stakeholder inquiries are related to the nature and volume of data that is collected and stored, provisions of data protection and measures to identify risks for misuse of data or factors that could compromise network security.

In emerging markets the overwhelming majority of communication services currently is voice based, but the development as well as new infrastructure deployment is rapid.

It is key that routines are in place for the handling of information requests based on legislation and from authorities appointed through legislation.

Privacy is a prioritized area also in emerging markets, and TeliaSonera uses the experiences from the Group in the development and establishment of new safe networks and procedures. Privacy may in fact be more readily protected there than when upgrading complex existing networks in mature markets.

Participating in the international arena of discussions and constantly reviewing our own operations, TeliaSonera will continue to focus on and work to protect customer privacy and network integrity.

**Materiality Analysis in 2009**

The objective of the materiality analysis conducted in 2009 was to validate the strategic direction for the corporate responsibility work in TeliaSonera. We considered carefully both internal and external perspectives of the matter.

The internal analysis consisted of a review of the existing foundation in comparison with the new Code, interviews with Group Management and an analysis of relevant research data from customer, employee and investor surveys. In addition, dialogues were held with NGO’s. Assessment of best practices among peers provided a benchmark and the result of our stakeholder survey served as important external input. All gathered insights were analyzed, debated and finally prioritized in workshops with representatives from different parts of the TeliaSonera organization.

**Moving ahead**

We are committed to working with the TeliaSonera CR strategy going forward. In 2010, we started to include prioritized issues in local business units’ risks planning processes. Work will continue to fully implement this. This report will address how TeliaSonera is currently working to address risks and capturing opportunities aligned with these CR priorities.

Reflecting the strategy and different stages of development in different markets, the order of priority and local measures to address the issues may vary.
CR Risk management and governance

CR risks and opportunities are integral parts of the group-wide governance framework, using the TeliaSonera Code of Ethics and Conduct as a foundation and the results of the materiality analysis as a reference. In 2010, TeliaSonera made progress by including CR issues into our planning process for the Enterprise Risk Management system over the next coming years.

Group-wide governance framework

TeliaSonera’s group-wide governance framework also integrates CR issues. The framework complies with the best-practice standards of the Swedish Code of Corporate Governance which applies to all public companies listed on the NASDAQ OMX Stockholm and Helsinki.

The TeliaSonera Board of Directors has ownership of the TeliaSonera Code of Ethics and Conduct. The Code and other policies are reviewed annually. Management at all levels is responsible for ensuring that the Code is implemented and observed in daily operations.

In 2010, we introduced Group Instructions Code of ethics and conduct for senior management directly involved in financial reporting and a complementary Supplier Code.

CR Governance

At TeliaSonera Group Management level, the Head of Group Communications is responsible for CR issues.

The Head of Corporate Responsibility, who reports to the Head of Group Communications, is responsible for planning, coordinating, and handling overall CR issues in the Group.

The Group CR function supports business areas and business units in the areas of:

- CR strategy and policies
- Planning, coordination and collaboration
- Risk management
- Stakeholder dialogue, reporting and communication
- Projects and initiatives

CR is embedded in our strategy and plans. The corporate governance model frames the operational implementation and describes roles and responsibilities.

Corporate responsibility needs to be embedded in every employee’s daily work. It also requires engaged business management to ensure active direction of the CR work.

Risks and Corporate Responsibility

Risk management in TeliaSonera includes all aspects of risks that could have material adverse effect on the business. The risk sections in the Report of Directors and in the Notes to the Financial Statements in TeliaSonera’s Annual Report 2010 provide an overview of the general risks identified in relation to the business. TeliaSonera’s operations are also exposed to specific CR-related risks.

Based on materiality, TeliaSonera has identified and prioritized ten CR issues that are key in contributing to sustainable growth and profitability.

The most material issues from the CR risk perspective include:

- Upholding fair business practices
- Ensuring privacy and network integrity
- Protecting children online
- Sourcing from a responsible supply chain
- Ensuring health and safety

The CR Report describes how TeliaSonera addresses these issues in respect to various stakeholders.

To involve the business units in the process it is essential to identify significant local risks. Local units are responsible for setting up systems for reporting and developing action plans to mitigate identified risks. These processes were further strengthened in 2010.

In 2010, CR was introduced into the strategic planning process.

Group risk management

Risks are being reported and monitored as part of quarterly business reviews. Group-level risks are monitored by the Board of Directors in quarterly risk reports.

Systematic approach to CR risks in all markets

Wherever we operate, TeliaSonera is committed to upholding high standards of corporate responsibility. TeliaSonera does not accept corruption, and we expect human and labor rights to be respected and environmental regulations to be met.

Our approach is based on assessing each risk area with regard to the telecom industry as a whole within the specific country.

The risk assessment includes material issues identified in TeliaSonera’s risk map in broad areas of human and labor rights, corruption and the environment. Based on the group-level risk profile, the local business units evaluate the relevance and critical impact on their respective operation.

As part of TeliaSonera’s overall efforts to make business units increasingly involved in transforming the CR commitments into practice, a focus area for improvement over the coming years is to ensure that appropriate processes are in place.

Entering a new market

We believe telecommunication services drive growth and prosperity, encourage transparency and enhance long-term sustainable development in all societies. CR risk assessment is part of the Mergers & Acquisition process before entering a new market or acquiring a new company. TeliaSonera makes a long-term commitment to every new market we enter, with extended investment plans.

Based on the research of external experts and dialogue with supranational authorities, such as foreign embassies, the
World Bank, the European Bank for Reconstruction and Development (EBRD) and the International Finance Corporation (IFC) are examples of areas of potential impact that TeliaSonera follows and acts upon.

Scope of control

In addressing the risks across TeliaSonera’s operations, our sphere of control has an important role. As part of TeliaSonera’s risk management we exercise control over our wholly-owned and majority-owned operations.

In associated companies TeliaSonera relies largely on these companies’ individual risk and control structures. This is the case with Russian MegaFon and Turkish Turkcell. In these companies, TeliaSonera strives to use Board presence and active ownership practices to promote the implementation of stringent standards and governance.

Turkcell has been listed on the New York Stock Exchange (NYSE) and the Istanbul Stock Exchange (ISE) since 2000, and is the only NYSE-listed company in Turkey.

Country risk levels for human rights, corruption and environment

<table>
<thead>
<tr>
<th>Wholly- and majority-owned operations in</th>
<th>Human rights¹</th>
<th>Corruption²</th>
<th>Environment³</th>
</tr>
</thead>
<tbody>
<tr>
<td>Sweden</td>
<td>Free</td>
<td>Low</td>
<td>Low</td>
</tr>
<tr>
<td>Finland</td>
<td>Free</td>
<td>Low</td>
<td>Low</td>
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<tr>
<td>Norway</td>
<td>Free</td>
<td>Low</td>
<td>Low</td>
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<tr>
<td>Denmark</td>
<td>Free</td>
<td>Low</td>
<td>Medium</td>
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<tr>
<td>Estonia</td>
<td>Free</td>
<td>Medium</td>
<td>Medium</td>
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<tr>
<td>Latvia</td>
<td>Free</td>
<td>Medium</td>
<td>Low</td>
</tr>
<tr>
<td>Lithuania</td>
<td>Free</td>
<td>Medium</td>
<td>Medium</td>
</tr>
<tr>
<td>Spain</td>
<td>Free</td>
<td>Medium</td>
<td>Low</td>
</tr>
<tr>
<td>Moldova</td>
<td>Partly Free</td>
<td>High</td>
<td>High</td>
</tr>
<tr>
<td>Nepal</td>
<td>Partly Free</td>
<td>High</td>
<td>Medium</td>
</tr>
<tr>
<td>Georgia</td>
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<td>Medium</td>
<td>Medium</td>
</tr>
<tr>
<td>Uzbekistan</td>
<td>Not Free</td>
<td>High</td>
<td>High</td>
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<td>Not Free</td>
<td>High</td>
<td>High</td>
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<tr>
<td>Kazakhstan</td>
<td>Not Free</td>
<td>High</td>
<td>High</td>
</tr>
<tr>
<td>Tajikistan</td>
<td>Not Free</td>
<td>High</td>
<td>High</td>
</tr>
</tbody>
</table>

Associated companies

In

| Ukraine² | Partly Free   | Medium      | Medium       |
| Turkey³  | Partly Free   | Medium      | Medium       |
| Belarus⁴ | Not Free      | High        | Medium       |
| Russia⁵  | Not Free      | High        | Medium       |

¹ The Human Rights rating is based on survey results (‘Combined Average Ratings’) by Freedom House (January 1, 2010 to December 31, 2010). Source: Freedom in the world 2011 by Freedom House.
² The Corruption rating is based on Transparency International’s (TI) work. TI presents its index by ranking countries from 1 (Highest level of Corruption Perception) to 10 (Lowest level of Corruption Perception). For the above chart, TeliaSonera has translated scores 1-3.33 as ‘High’, 3.34-6.66 as ‘Medium’ and 6.66-10 as ‘Low’. Source: Corruption Perception Index 2010 by Transparency International, October 2010.
³ Refers to Turkcell’s subsidiaries in Ukraine and Belarus, in which Turkcell holds 55% and 80%, respectively.
⁴ TeliaSonera owns directly and indirectly 38 % of Turkcell in Turkey.
⁵ TeliaSonera owns directly and indirectly 43.8 % of MegaFon in Russia.
⁶ Environment Risk level is based on The 2010 Environmental Performance Index (EPI) which ranks 163 countries on 25 performance indicators tracked across ten policy categories covering both environmental public health and ecosystem vitality. It is calculated bi-annually and groups countries into five categories which TeliaSonera further combines to form three categories as follows: two upper levels from EPI equal ‘High’, middle level equals ‘Medium’ and two lower levels equal ‘High’. Source: Yale and Columbia University in collaboration with World Economic Forum.
Identifying risk management, with increased business unit involvement in strengthening solution. Code was further upgraded in 2010 with an updated intranet CR. These are regarded to be the fundamental tools and Conduct and awareness of the revised TeliaSonera Group Code of Ethics. During the year, considerable efforts were put into raising the importance of self-monitoring, ensuring that all business units have a clear understanding of their responsibilities and are prepared to communicate any concerns to the appropriate parties. All business units in wholly-owned and majority-owned operations are subject to regular reviews by independent external auditors. In some regions, additional quarterly audits are conducted. The new Group Instruction Code of ethics and conduct for senior management directly involved in financial reporting introduced in 2010 is an additional tool to ensure compliance.

For all wholly-owned and majority-owned operations, TeliaSonera has implemented a structured, monthly process to monitor the financial performance and internal controls based on self-assessment. All business units in wholly-owned and majority-owned operations are subject to regular reviews by corporate internal auditors. The reviews include assessing governance processes and systems, as well as compliance with corporate policies.

Strengthened Enterprise Risk Management in 2010
During the year, considerable efforts were put into raising the awareness of the revised TeliaSonera Group Code of Ethics and Conduct and of the priorities from the materiality analysis. These are regarded to be the fundamental tools in addressing CR-related risks and opportunities in TeliaSonera. The whistle-blowing system for reporting infringements of the Code was further upgraded in 2010 with an updated intranet solution that makes the system more visible and user friendly. In addition, the risk management framework has been strengthened during 2010 through an integrated approach to risk management, with increased business unit involvement in identifying business, financial, security and CR risks, reporting and handling such risks. Group Internal Audit and the Corporate Security unit conduct reviews, which also include majority-owned operations where TeliaSonera has management control.

Crisis management
In addition to the Risk Management, a Crisis Management organization in TeliaSonera is formed including a corporate crisis team and joint business area crisis teams in each Nordic country and wholly-owned company. Each crisis team includes representatives from Communication, HR, Technology (mobile and fixed) and Security.

Extreme weather conditions, internet attacks, computer centre disasters and pandemics are examples of situations that TeliaSonera considers posing tangible risk and to which it is relevant to be prepared for. We regularly perform tests to address system vulnerabilities. Examples of such measures performed during the year include recurring penetration tests simulating hacker attacks that the Computer Emergency Response Team reacts to. TeliaSonera monitors penetration and attacks 24/7.

TeliaSonera manages continuity of services according to the implemented policies for Business Continuity and Crisis Management. We build and develop robust systems to withstand disturbances and to ensure preparedness to recover from possible disasters. Robustness is accomplished with strict rules, processes and proactive work. TeliaSonera cooperates with authorities on several levels to ensure that we have a common understanding of society’s needs related to the telecommunication product and service continuity and recovery. Fulfilling customer agreements in terms of quality and availability for services is also an important base for our continuity and crisis planning.

In early 2011 more specific group demands on Business Continuity and group common processes are to be implemented. During 2011-2012 a “Resiliency Program” will be performed in order to prioritize and safeguard business critical processes, products and functions.
Stakeholder relations

At TeliaSonera we believe that engaging in dialogue with our stakeholders is an important part of doing business and being a reliable partner. Honesty and transparency are imperative to our interaction with stakeholders.

TeliaSonera interacts with a variety of stakeholders both globally and locally within the scope of our operations.

We are receptive to stakeholders’ views and expectations and believe in constructive dialogue to share and exchange experience and expertise.

We advocate free and fair trade, striving for forthright competition and ethical conditions within the legal frameworks of the countries in which we operate.

Pro-active stakeholder dialogues
During 2010, in line with the group-level strategy, TeliaSonera engaged in pro-active stakeholder dialogue and also encouraged local dialogues to take place.

Interactions focused on issues identified as the most material based on the stakeholder and materiality analysis conducted in 2009. In-depth discussions concentrated on the following broad topics:

- The TeliaSonera Code of Ethics and Conduct
- Human and labor rights
- Privacy and network integrity
- Responsible supply chain management
- Environment and climate change

During the year we engaged in dialogue with employees, trade unions and the European Works Council (EWC), mostly in relation to the group-wide Code but also to strengthen overall CR awareness and engagement.

A first-ever internal CR webinar attracted over 300 co-workers across the markets. Dialogues with external stakeholders have involved customers, owners and investors, SRI rating agencies, ICT and telecom peers, NGO’s as well as authorities and regulatory bodies.

As a result of the improved transparency and openness towards stakeholders, TeliaSonera continued to be included in key sustainability indices for responsible investments.

In the respective chapters of this report we strive to further discuss the key issues identified in interaction with stakeholders, as well as our progress and challenges in more detail.

Comments from our stakeholders

The feedback from our stakeholders continued to highlight the interest in understanding the impact of TeliaSonera’s group-wide efforts in local context. Responding to this need, business area Eurasia hosted an international conference “Mobile Communications for Social Change” in Azerbaijan where various external stakeholders were invited.

Supply chain issues remain among the most topical issues, calling for an industry-wide approach. During the year labor conditions, conflict minerals, and supplier reviews and audits received a lot of attention. In 2010, TeliaSonera introduced a specific Supplier Code, and has engaged in closer collaboration with ICT peers through, for example, GeSi.

Human rights are among the main dialogue topics with various stakeholders. TeliaSonera’s principal engagements include:

- Ongoing dialogue with the Global Network Initiative (GNI)
- Internet@liberty event organized by Google (freedom of expression)
- Internet Governance Forum in Vilnius
- Collaboration with Swedish Minister of Foreign Affairs and UN initiative
- Nokia Human Rights Summit – living wage issue
- BSR workshop – ICT’s for Human Rights
- Alignment of work to John Ruggie “Protect, Respect, Remedy” - framework
Our approach to CR

Our stakeholders

Customers

Private, corporate and public sector customers.

How we engage: customer experience and satisfaction measurements, trend report, customer care.

Our ambition: We strive to be the trusted, number one choice of current and potential customers, and aim to deliver high-quality and safe services that offer good value for money and contribute to our customers’ success. Maintaining customer privacy is of utmost importance to TeliaSonera.

Employees

Managers, full- and part-time employees, potential employees, trade unions.

How we engage: employee commitment score, employee brand, mid and full year reviews, European Working Council.

Our ambition: TeliaSonera acknowledges that our employees are key to our success. Our aim is to be an attractive employer and we strive to attract, develop and retain qualified and motivated people in a professional working environment.

Media

International and national media, social media, financial media.

How we engage: press events, press releases, field trips, capital market day, annual general meeting, reporting.

Our ambition: We act proactively to inform media on relevant issues to ensure a thoughtful and correct image and perception of TeliaSonera. TeliaSonera’s communication with media shall be honest, fact-based and transparent within the bounds of commercial confidentiality.

Authorities and civil society

EU, national governments, regulatory bodies, industry organizations, NGOs.

How we engage: regular dialogue and lobbying, reach out initiatives and campaigns, NGO dialogue.

Our ambition: TeliaSonera is committed to bridging the digital divide by developing infrastructure and services that are accessible across our markets. Our services drive growth and economic development by creating direct or indirect job opportunities and financially contributing to the societies in which we operate. Our objective is to be a long-term investor and a good corporate citizen.

Owners and investors

Private, institutional, ethical and public investors, financial institutions, rating agencies, local JV partners.

How we engage: reporting, annual general meeting, capital market day, SRI-questionnaires, investor meetings, stakeholder surveys, dialogue, board meetings.

Our ambition: TeliaSonera strives to be an attractive investment for a wide group of shareholders, and we aim for long-term, sustainable development of shareholder value. We inform our shareholders and the market of all major developments that affect the valuation of the company promptly, simultaneously and transparently.

Suppliers and business partners

Existing suppliers, contractors, potential suppliers, business partners.

How we engage: annual reviews, vendor management, contracts, audits, assessments and surveys.

Our ambition: TeliaSonera aims to be a reliable partner to suppliers and contractors. We focus on long-term, good business relations and healthy cooperation. We expect our suppliers and contractors to support international standards on human rights, labor conditions, the environment and anti-corruption.
Commitment to international standards and initiatives

TeliaSonera adheres to international standards for human and labor rights, sound environmental practices and principles for business ethics. Working with others, we promote sustainable practices across our industry and in the markets where we operate.

International frameworks
TeliaSonera supports and respects the following international standards of corporate responsibility:

- OECD Guidelines for Multinational Enterprises
- ILO Core conventions
- UN Universal Declaration of Human Rights
- UN Global Compact's principles

TeliaSonera supports and respects the UN initiative Global Compact through our membership in ETNO, European Telecommunications Network Operators’ Association. Six TeliaSonera companies are direct signatories of the national Global Compact Network:

- TEO and Omnitel in Lithuania
- Kcell in Kazakhstan
- Geocell in Georgia
- Moldcell in the Republic of Moldova
- Turkcell in Turkey

TeliaSonera’s reporting on corporate responsibility follows the guidelines for sustainability reporting by the GRI.

Collaborating with the ICT sector
TeliaSonera partners with others to exchange ideas and advance our sustainability goals. We are also members of a number of organizations that look to influence public policy on corporate responsibility, including the International Telecommunication Union’s work on issues including:

- Emergency communication (detection, alerting and protection)
- Protection from electromagnetic fields
- Environmental and safety issues

TeliaSonera is an active member of telecom industry organizations.

ETNO engages in policy matters related to the telecom network operators and TeliaSonera is one of the signatories of the ETNO Sustainability Charter. TeliaSonera is a member of the ETNO Board and an active member in the Regulatory Policy, Frequencies, Sustainability, Data Protection and Content Issues working groups.

On the mobility side, the global industry association is the GSM Association, and TeliaSonera chaired the European affiliate GSMA Europe up until mid-2010 and currently chairs the Regulatory working group. Through the Health and Environment working group, in which TeliaSonera is also a Vice-Chair, we are actively engaged in European sustainability initiatives.

Through our memberships in ETNO and GSMA, TeliaSonera participates in the initiatives of GeSi, Global e-sustainability initiative, where the ICT sector collaborates on finding approaches and standards on sector specific issues, e.g. energy efficiency.

Within the energy efficiency area, TeliaSonera is also a member of the WG1 working group of the ICT for energy efficiency (ICT4EE) established in 2010, striving to establish definition for energy efficiency. It is a multi-stakeholder working group initiated by a recommendation from the European Commission. TeliaSonera has continued to monitor the progress of the Global Network Initiative (GNI) addressing human rights, freedom of expression and privacy issues for the ICT industry. Experiences gained from the exchange have been important input to TeliaSonera’s work of addressing these highly relevant issues specifically from the telecom industry perspective.

Global and local sustainability networks
In 2010 TeliaSonera became a member of Business for Social Responsibility (BSR), and participated in member network workshops, summits and an annual conference for global sustainability audience in New York.

In addition, in most of our countries, we engage actively in the local sustainability networks often as a founding member or as a member of the board. Main themes of the local networks vary depending on the country from environmental to more societal concerns. Moreover, we have introduced generic advocacy sites on sustainability issues in Kazakhstan and in Lithuania.
Our stakeholders
Meeting stakeholder expectations means proactively identifying opportunities and addressing concerns related to our operations. This is part of TeliaSonera’s commitment to being an industry leader acting responsibly and contributing to a world of better opportunities.

Customers
TeliaSonera provides access to communications, bridging the digital divide. We protect and respect customer privacy, ensure network integrity and safe use. Our services are marketed in a responsible way and we are responsive to health concerns.

Employees
TeliaSonera supports our employees to provide world-class service. We focus on leadership and employee competence development. As a responsible employer we address matters of health and safety, well-being and diversity.

Suppliers
In all our relationships with suppliers TeliaSonera adheres to fair and ethical business practices. We work to promote and uphold a responsible supply chain, ensuring fair working conditions.

Owners and investors
TeliaSonera strives to deliver sustainable growth, balancing long-term value creation and short-term profits. TeliaSonera adheres to fair and ethical business practices and acts in a transparent and accountable way, including governance of Environmental, Social and Governance (ESG) matters.

Society
Our services drive growth and increase transparency in society through digital inclusion. TeliaSonera acts responsibly with regard to the environment, marketing practices, mast site placement and health concerns.

Environment
TeliaSonera offers products and services that can reduce our customers’ environmental impact and help to fight climate change. We also strive to minimize our own environmental impact, focusing on energy efficiency, reducing CO₂ emissions and waste.
Customers

TeliaSonera aims to add value to customers by offering innovative world-class services and a superior customer experience. Our success is built on providing high-quality and safe networks to our customers. In 2010, we further raised the bar for customer experience with the roll-out of 4G and 3G services in our markets. In response to the general concern over the risk of privacy invasion related to the ICT industry, TeliaSonera works actively to be a safe and reliable choice. We continued to engage in privacy and network integrity issues, developed a Group Privacy Policy and promoted safe use of the internet.

Adding value to our customers

“Easy to use” will be the key to the future. Through our services, TeliaSonera is part of the customers’ daily lives including business, education and pleasure. By leading innovation and pioneering technology TeliaSonera continues to develop reliable and customer-friendly services which bring people closer to each other and make life easier.

TeliaSonera was the first operator in the world to introduce 4G services in late 2009, extending commercially available services to five countries by the end of 2010.

We can contribute to a world with better opportunities by helping customers improve their life quality through a better work-life balance and increased productivity by offering services that increase flexibility and save time. Our services enhance customers’ access to education, public services, health business applications and entertainment.

Part of everyday life

Use of teleconferencing or videoconferencing can reduce business travel and environmental impact as well as save time and expenses. During the ash clouds in April 2010, we offered corporations the opportunity to test our teleconferencing services in Sweden and Finland free of charge.

In April 2010 we also held a first Nordic Cisco TelePresence intercompany video meeting between Cisco’s CEO Jon Chambers at San Jose, California, USA and TeliaSonera’s CEO Lars Nyberg in Sweden, representing a landmark for further interactive communication possibilities between companies.

While these conferencing services are frequently used in the Nordic and Baltic countries to conduct daily business, we are also seeing a positive growth in demand for teleconferencing and videoconferencing services in Eurasia.

Moreover, mobile devices can be used to communicate with and control equipment in remote locations, which provides an endless number of opportunities to save time, energy and even life.

Such situations may include controlling lighting and temperatures at home or in the office from a distance or alerting a security company in case of break-in to premises. In Finland, TeliaSonera is the market leader with our automatic remote electricity reading solutions serving 500,000 households. Mobile devices allow customers to make mobile banking transactions or payments to utility companies. Our mobile health projects in Eurasia bring medical assistance to remote areas.

However, staying connected may have counter-effects. A study released in Denmark issued a warning about being...
constantly connected and proposed a reminder to switch off from the connected world from time to time.

In Finland, ICT investments’ ability to actually increase productivity was debated in a top executive seminar organized for TeliaSonera’s corporate customers with speakers from the leading companies and in parallel with the launch of the book “Understanding neo-growth – invitation to sustainable productivity”. One proposition was that more training for users is needed in order to realize the full potential on the benefits of the ICT technology.

**Best-in-class networks to secure availability and reliability**

We have decided to focus on providing best-in-class networks responding to the growing demand for bandwidth. At the same time, we face shifting expectations for the availability of networks from different stakeholders, for instance authorities, companies and end-users. To answer up to these expectations, we continue to perfect our power back-up systems, transmission redundancy and solutions for recovery.

As regards to quality we have introduced increasingly higher quality into the mobility networks by securing availability and reliability with:

- Continuous upgrading of networks
- 24/7 supervision of networks
- Back-up power supplies
- Systematic approach to disaster recovery
- Improvements to ensure network dependability

TeliaSonera has a systematic approach to the entire chain of network operations, from design and development to roll-out and to the operational phase. 24/7 supervision of networks enables instant, proactive and effective measures when problems are identified.

The issue of net neutrality and the open character of the internet are increasingly debated internationally. This is a result of the rapid increase in the volume of traffic passing over the internet and the technological changes taking place. TeliaSonera believes that operators are incentivized to constantly increase their efficiency in order to be able to provide better services to customers if there is freedom and flexibility to effectively manage traffic. However, this requires that end-users are given a realistic opportunity to make an informed decision and to compare different offerings.

All content and application services should flow across networks, but all types of applications will not be included in all price models. Therefore TeliaSonera has announced its intention to implement a transparency declaration related to broadband in the Nordic and the Baltic countries. According to the declaration, broadband customers will be appropriately informed of issues such as the realistic speed to be expected, limitations in traffic types, services or applications, amount of data included in the fair usage level and consequences for beyond the level, and any traffic management measures that are essential to the customer experience.

We continue to deploy Six Sigma projects to measure, analyze, and repair network failures throughout the group. Our most recent projects in Eurasia in 2010 have resulted in better understanding of where the obstacles and hurdles are located. These projects contribute to better quality and improved network dependability in our mobile networks. For the end-users this results in a more consistent customer experience.

**Protecting customer privacy**

We strive to operate the most secure communication network in the world, and take actions to prevent unauthorized access to personal data.

Customers use our services to communicate and store personal and confidential information at their homes, on the move and in their workplaces. What is considered private differs and may change over time. TeliaSonera is committed to protecting and safeguarding customer privacy, as has been clearly stated in TeliaSonera Code of Ethics and Conduct.

Our ambition for the future is to communicate more actively about customer privacy and our position on maintaining customer privacy is crisp and clear. During 2010, internal efforts were devoted to developing a Group Privacy Policy.

**Promoting network integrity and privacy**

The legislation related to privacy protection differs from market to market. TeliaSonera acknowledges that there are ongoing discussions of further regulations related to online activities, data protection and consumer privacy in several national forums and in the European Union.

Together with the ICT industry, TeliaSonera is engaged with the EU and also nationally to boost consideration of consumer protection and privacy measures in the drafting of new laws and regulations.

TeliaSonera adheres to national regulations in every market where we operate, and supplies authorities with information only when so required by courts and in response to formal requests from appropriate authorities.

TeliaSonera was invited by the Swedish Ministry of Foreign Affairs to be part of a reference group on human rights and security in 2010. Later in the year, the UN Special Rapporteur on the promotion and protection of the right to freedom of opinion and expression, together with the Swedish Ministry of Foreign Affairs and with the assistance of the Raoul Wallenberg Institute of Human Rights summoned a group of high level experts from all around the world in Stockholm, Sweden. The group representing the ICT industry and human rights NGOs discussed matters concerning the protection of human rights in the internet context, i.e. privacy, freedom of expression, access to the internet and security issues.

The aim was to exchange experiences and to offer insights into the challenges and opportunities of the respective parties. The meeting was the first in a series of meetings that the UN Rapporteur has held across a number of continents, planned to be followed up with a concluding meeting in Stockholm in early 2011 and in a report to the UN Human Rights Council in Geneva in mid-2011.

TeliaSonera encourages and wants to actively contribute to the public debate on matters regarding Security, Openness and Privacy. In 2010, TeliaSonera participated in the fifth Internet Governance Forum, held in Vilnius, Lithuania. The forum is a multi-stakeholder meeting involving states, organizations, corporations and experts.

**Protecting young users and children**

We take the protection and safety of vulnerable users very seriously and pay special attention to protecting children and young users from abuse within the scope of our services. As the digital world is a natural and vital way of socializing for new digital natives they may not always realize while posting personal information that they are exposing themselves. We recognize the increased risk of bullying, sexual harassment, exploitation, grooming and other abuse.

This area is central in our corporate responsibility work. In our activities in different countries we strive for children, teenagers, parents, teachers and other grown-ups to start reflecting and discussing what happens on the internet and where to draw the line between publicly available and personal information. Taking a stand against child sexual abusive images online is an important part of our corporate responsibility. Acting at the forefront, TeliaSonera International Carrier provides a free Child Safeguard service to its operator customers around the world to prevent distribution of such images. Moreover, we have purchased a license of proactive Netclean software and it is planned to be implemented in internal operations across the TeliaSonera group starting 2011.

TeliaSonera is engaged in several activities to raise awareness of how to use mobile phones with care and avoid mobile bullying. TeliaSonera also provides subscribers with tools to limit the access of their children’s internet usage.
Working with others to fight child abuse online
TeliaSonera believes that a multi-stakeholder approach is the way to identify long-term solutions to tackle these complex issues. Therefore, politicians, NGO’s and the industry need to cooperate closely. TeliaSonera works together with authorities, our business partners and well reputed organizations to block websites that are found to contain child sexual abusive images. In addition, many of TeliaSonera’s social partnerships focus on putting the protection of vulnerable children and teenagers on the public agenda.

TeliaSonera contributes to GSMe’s work with the European Framework for Safer Mobile Use by Younger Teenagers and Children and has signed the Code of Conduct related to this for the group in 2008. In this context, national codes of conduct have earlier been signed in Denmark, Latvia, Lithuania, Spain and Sweden, while operations in Estonia and Finland signed codes consistent with the framework during 2010.

Responsible marketing
One of our priority areas is responsible marketing. This includes, for example, clarity of tariffs, clear customer bills, services to manage usage and responsible communication with minors. Our local marketing departments work closely with our legal departments to ensure national marketing regulation compliance.

While we have not yet established a common definition for responsible marketing in more detail, we have launched a number of initiatives across our operations to improve clarity of our customer tariffs and prices. In 2011, TeliaSonera will continue to develop the current gap analysis further in order to ensure and validate our group-wide approach to responsible marketing practices and in order for it to serve as a basis supplemented with local initiatives and guidelines.

The TeliaSonera group sponsorship strategy applies the ICC International Code on Sponsorship. In addition, special care has been taken in marketing towards minors, with a strict ban on direct marketing to children. In Spain, Autocontrol, Spanish advertising watchdog, certified Yoigo ads as Socially Responsible.

The number of cases with incidents of non-compliance with regulations and voluntary codes concerning product and services information and labelling were approximately 30 and there were approximately 30 on-going cases concerning marketing communication for the TeliaSonera group’s majority and wholly-owned operations in 2010.

Towards world-class customer experience
TeliaSonera strives to offer a genuine world-class customer experience by continuously developing our customer service processes and offerings. We use The Extended Performance Satisfaction Index (EPSI) survey to compare our performance across the group and with industry peers, now for the fourth year in a row.

In 2010, EPSI was conducted in nine countries including all wholly-owned operations, three countries in Eurasia - Azerbaijan, Georgia and Kazakhstan - and one new country, namely Spain.

All in all, the group average satisfaction score for all measured countries reached 70.2, up from 69.5 a year earlier. The combined score for the Nordic and Baltic region improved to 68.6 from 67.6, but was as high as 81.5 for the Eurasian operations. Our ambition is to reach a score of 77 for the TeliaSonera group, as a proof of being regarded as a genuine service company and best-in-class in the service industry.

This high ambition level means that we must continue to focus on improving both processes in our customer support and the quality of our products and services, their functionality and usability, marketing, packaging and our communication as well as our brand reputation in each market. As a result of our actions, for example, in Sweden, with a positive three-year-trend the implemented measures have had significant positive results. As a recognition of the continuous work to improve customer service, Sonera’s Mobile Customer Service was rated best in Finland in 2010. In Spain, Yoigo with their simple tariffs has the most satisfied customers in the country according to the EPSI results.

According to the EPSI results, TeliaSonera is perceived above the market average in all countries except Denmark and Lithuania in the mobility domain, while the respective TeliaSonera brands in broadband services are below the market average in all countries measured except in Sweden. In brief, TeliaSonera is perceived especially strong in the mobile segment, and slightly less so in the broadband.

A new place to meet with customers
Today, social media channels have a strong impact on consumers and enterprises, and the online dialogue is growing in importance every day. TeliaSonera and many of its subsidiaries have started using Facebook, Twitter, blogs and forums as channels to reach out to the customers, especially during 2010. How to best communicate and provide relevance that meets the digital natives’ needs is a continuous learning process.

Using Facebook for dialogue
Our customers from Nepal to Norway discuss with us about availability, pricing, service levels, among other things on a daily basis.

Our first local Facebook sites were opened in 2008, and by December 2010 they had reached over 300,000 customers in 14 countries, helping people access the latest information on our services and providing customer service and offers. Omnitel’s Facebook site reached 35,000 customers in less than a year from the launch in 2010. In Azer-cell, we reached 20,000 customers by the end of the year, up from 2,000 at launch in the spring 2010, making the site the main channel to reach customers every day.

To provide our customers and others with relevant information, offers and to be transparent, letting our customers get to know us through social channels, has proven to be a highly efficient way of communicating our messages. This is also an important tool in strengthening our employer branding.

Our surveys show that our online presence both increases loyalty and attracts new customers. Being active in social media supports TeliaSonera’s striving towards world class customer experience.
Our achievements in 2010

Developing a Group Privacy Policy
Based on market developments, the results of the comprehensive materiality analysis performed in 2009, and the work already done within the group, TeliaSonera decided in 2010 to develop a Group Privacy Policy.

For over a year TeliaSonera participated in and contributed to the multi-stakeholder process Global Network Initiative (GNI), involving NGOs, SRIIs, Academics, internet companies and telecom companies. The participation was motivated by the complexity of the issues and the need for joint industry consideration of Human Rights. The telecommunications companies involved eventually decided not to become signatories of the documents developed, in large motivated by the telecom industry’s different nature compared to the internet companies. For example, telecoms companies have more of an in-country-presence than internet companies.

Drawing from the important GNI experience TeliaSonera has continued to work on the protection of customer Privacy and Freedom of Expression. Many important considerations made in the GNI process benefited TeliaSonera’s own process of developing a Group Privacy Policy. The policy has a broader scope than the relations with governments which is in focus in GNI. TeliaSonera has also continued to address issues regarding Freedom of Expression and Privacy together with peers in industry organizations such as ETNO and GSMe.

An internal reference group from different functions and markets was set up to draft a privacy policy document. In a process facilitated by Business for Social Responsibility (BSR), external parties ranging from NGOs to investors - recognized as experts in these matters - gave feedback about the draft.

Some features of the policy:
- Informed user-content
- Collection only of relevant and necessary personal data
- Storage of personal data no longer than required
- Provision of data in response to inquiries according to law
- Regular assessment of privacy risks

In late 2010 a final draft of the policy was presented to Group Management and the draft was approved by the TeliaSonera Board of Directors in February 2011. Implementation will follow in 2011, and the policy will be publicly available.

Solid projects with Six Sigma bring results
Across the group, 330 Green Belts and over 60 Black Belt today strive towards world class customer experience by means of the Six Sigma projects they run. The Six Sigma methodology serves to support a systematic and fact-based approach to measuring and improving TeliaSonera’s customer experience. We gain measurable results by identifying root causes of the problems encountered by customers or causing internal inefficiencies. Work has brought tangible improvements in customer experiences across the TeliaSonera group.

Several improvement projects have been conducted across the group to improve the customer experience, efficiency of customer care, product quality and quality of our networks.

Recently the Eurasian units have also started to adopt Six Sigma with increasing speed and results. For instance, Geocell in Georgia has improved the quality of their mobile networks during the challenging summer time period by decreasing the level of defects in the network by 6 percent and the daily variation of defects by 36 percent, while at the same time traffic has significantly increased compared to 2009. They have also integrated Six Sigma into everyday management practices of network quality.

One of the main improvement priorities across all the units in TeliaSonera has been the reduction of the number of so called “unwanted calls”. These are calls from our customers that we could avoid by having higher quality in our products, services and processes. They are thus unnecessary contacts from the customer’s point of view and have a negative impact on TeliaSonera’s brand image and customer loyalty. Additionally, the unwanted calls increase the volume of calls coming into our call centers causing longer waiting times for our customers. In all business areas several improvement projects have been initiated and completed to provide a better customer experience and improve the quality of our products and services.

Easy roaming between Denmark and Sweden
In 2010, Telia Denmark’s Mobility business launched two new services called “Telia Fritid Sverige” and “Telia Business Sverige”. These are services that supplement subscriptions reducing unnecessary concern over roaming prices for Danish customers when travelling to Sweden. The offer is mainly targeted at Danes commuting between Denmark and Sweden, who previously could face very high bills or the need to have two separate mobile phones.

Simple tariff in Nepal takes off – a million customers in less than six months
Ncell decided to offer more clarity on tariffs in 2010 by launching a simple tariff scheme in Nepal. A new Sajilo tariff was launched to customers in July 2010. For the first time in Nepal, Ncell offered a single per minute rate of Rs 1.99 for any domestic calls made, be it mobile or fixed line. Sajilo was launched as an easy-to-understand and easy-to-use tariff, simplifying the control over communication costs for customers. Pricing schemes had been complicated with a great variety of on-net and off-net tariffs, changing according to the geographical zone and calling destination. With Sajilo, Ncell customers know exactly how much they spend.

By the end of 2010, and within only six months from the launch, Sajilo had already over one million subscribers, out of the total Ncell subscription base of four million. This means that almost 25 percent of the subscription base uses Sajilo.

Up to 70 percent of Sajilo subscribers are new customers, and around 30 percent have switched to Sajilo from other Ncell tariffs.

Customers’ feedback continues to be very encouraging with highly successful results achieved in 2010. Today more than half of the SIM-card sales is based on the new Sajilo tariff plan. Tariff awareness is very high in Nepal.

Secure identification through mobile certificate in Sweden and Finland
In April 2010, Telia, Telenor and Swedbank started a service for Swedbank’s customers in Sweden to use mobile BankID as a personal identification instead of the widely used internet “e-legitimation”. Swedbank’s customers can use the mobile BankID to authorize all their bank transactions and access public services, for instance to apply for parental leave.

During the autumn of 2010, Sonera together with other operators in Finland launched a secure mobile certificate which can replace the online bank codes when strong identification is needed, such as in the use of bank services and public services. The system is based on strong identification of identity through a mobile phone and a dedicated SIM card inside the operators’ so called “circles of trust”.

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Case

Activities to protect children during 2010
TeliaSonera provides tools for parents to control their children’s internet and mobile broadband use through safety settings. An example of such tool is the Telia Safe Surf solution in Sweden. In addition, we also engage actively with various social partnerships to increase focus on the protection of vulnerable children and teenagers on the public agenda.

Safer Internet Day
The International Safer Internet Day in February 2010, organized annually in February by Insafe, focused on youngsters’ safety on social networking sites. TeliaSonera worked with local activities in Sweden, Spain, Lithuania and Finland to promote awareness while surfing the internet either by mobile or internet. In Lithuania the TEO mobile academy, TEOBUSAS, taught children and their parents how to use internet safely. Yoigo collaborated with the Spanish Awareness Centre of the Insafe Network. In Finland and Sweden we have year-around activities: for instance Sonera in Finland has volunteers from the company who are engaged in educational activities at schools and events.

Group instructions to protect children online
In November 2010, TeliaSonera adopted Group Instructions on Fighting Child Sexual Abuse and Limiting Erotic Content Offerings. The instructions are aligned with the TeliaSonera Group Code of Ethics and Conduct and underline TeliaSonera’s firm stance against exploitation of children.

The instructions provide guidance on how to prevent and report on child sexual abuse images. The also clarify how to act as a distributor and/or aggregator of erotic content, help protect customers from unwanted content and provide clarity as to service offerings.

Paving the way to address child abuse in Sweden
Pioneers in the discussion of protecting children online, we have long-term partnership projects with three NGO’s. Since 1999, TeliaSonera has co-operated with World Childhood Foundation as a founding member. The organization works to protect children from abuse, aiming to reach the most marginalized children, those most often ignored and forgotten. World Childhood is a valuable partner for TeliaSonera in protecting children on the internet.

TeliaSonera also collaborates with Friends, Sweden’s largest anti-bullying organization, by participating in projects to prevent bullying of children and teenagers via mobiles and internet for instance, by offering two books targeted at parents.

In 2010, TeliaSonera partnered with ECPAT – the global network of organizations and individuals working together for the elimination of child prostitution, child sexual abuse images and the trafficking of children for sexual purposes.

In addition to the NGO-partnerships, Telia together with 40 other organizations participate in Safe surf (Surfa lugnt). Safe surf is a Swedish initiative started in 2005, and during 2009/2010 the initiative was behind numerous campaigns to increase awareness of how young people use internet.

Azercell supporting children with hot-line in Azerbaijan
In February 2010, Azercell launched Children Helpline Service with the participation of NGOs Save the Children, World Vision and UNICEF, NGO Alliance for children’s rights, its member “Umidli Gelecek” Youth Organisation (“Hope-full Future”), and the Ministry of Education. The service offers initial psychological assistance and emotional support to children - mainly those experiencing some form of abuse - and has already received more than 300 calls.

In addition to providing the psychological help, the project is intended to serve as a source of objective information about the spread of threats to children in today’s society.

The Raise with Responsibility initiative targeting at 100 000 families launched by Omnitel in Lithuania
The Raise with Responsibility initiative launched by Omnitel is a national program of family training called the University of Families, encouraging parents to develop and strengthen family relations, and thus to strengthen their relationships with children. The four-year-program started in 2010 with a goal to reach 100,000 families with children under 16 years of age and to provide training on how to talk either directly or by using the internet. 100 volunteers have received certificates by the end of 2010.

Sonera launched an internet game Epepi to enable discussion of responsible use of internet and mobile phone targeted school children and their parents.
Using playful technologies to raise awareness in Finland
In Finland, Sonera launched an internet game Eepeli to teach responsible usage of the internet and mobile phone to school children and their parents. The game was launched in conjunction with the annual “welcome-to-school”-package of the Mannerheim League for Child Welfare, the largest child welfare organization in Finland.

During the autumn 2010, 58,000 school children, starting their first year at school were given information about the game to teach both children and parents to discuss responsible use of internet. http://www.eepeli.fi/

Telia in Denmark reminding parents of mobile bullying
Telia Denmark continued to provide parents with good advices on how to prevent mobile bullying among children and to encourage families to discuss these issues.

Since 2009, this activity has included a “Go Mobilstil” folder with advice to both parents and children on how to use the mobile phone with care. The folder compromises a contract that the parents and children can fill out together to specify for what purpose the children can use their mobile phones.

1,000 mobile phones bringing safety in rural areas in Lithuania
Omnitel launched a campaign intended to ensure safety of primary school children living in remote rural areas of Lithuania. Families having children who attend remote primary schools and worrying about their safety were offered a thousand free mobile phones with Ezys pre-paid cards. Each month they were given 30 call minutes free of charge allowing pupils to call their parents or teachers whenever needed. The initiative is supported by the Ministry of Education and Science as well as by the Education Departments of Regional Municipalities of Lithuania that also assist in implementing it.

The idea is also to identify and bring to the attention emerging issues. The UN is likely to grant the IGF a continued mandate and the next forum is planned to be held in Kenya during the fall 2011.

Emerging topics beyond technical nature
A wide range of issues were covered in nine parallel seminars during four days.

“It can be noted that whereas the IGF some years ago was more about technical issues, today matters such as Privacy, Freedom of Expression and Protection of Children online are of equal importance,” says Patrik Hiselius, TeliaSonera Group Communications, Public Affairs, who represented TeliaSonera at the IGF.

IGF is a global, open forum which gathers companies, governments and various organizations for a week of seminars on topics important to foster the sustainability, robustness, security, stability and development of the internet. The idea is also to identify and bring to the attention emerging issues. The UN is likely to grant the IGF a continued mandate and the next forum is planned to be held in Kenya during the fall 2011.

Contributing to the dialogue
Representatives from TeliaSonera, Omnitel and TEO were given the opportunity to make formal interventions on many topics such as Access and Diversity, Development and Mobile Broadband, Network Neutrality and Regulation regarding Intermediary Liability. They also contributed in a workshop on Children online Protection in Northern Europe.

TEO was able to show-case their services in the “TEOBUSAS” which was parked outside the Conference Center and Omnitel successfully explained and offered an opportunity to test 4G services to the participants of the IGF.

The IGF -sessions and seminars are available on IGF’s link http://webcast.intgovforum.org/ondemand/

For the indicators to this section, see Key indicators.
Employees

Our vision of a world-class service company with customer experience at the core is always taken into account in the recruitment, training and development of our people. As we operate in a constantly changing business environment, our success depends on our ability to continuously develop our employees’ skills, knowledge and experiences. We aim to inspire people towards high performance with strong focus on feedback and development. Today, we have a TeliaSonera group common job portal used in 20 countries.

Performance Management — How we make it happen

To retain a pioneering position in a highly competitive market with exciting business opportunities, TeliaSonera is creating conditions for a high performance company culture.

Professional leadership is a key to motivate and lead our teams to innovate and develop customer-friendly solutions. Therefore, managers at every level are setting individual objectives linked to strategic business goals and providing frequent feedback to each employee.

This is part of TeliaSonera’s group-wide performance management model, which currently applies to senior and mid level leaders in the organization. This model translates TeliaSonera’s business objectives into actions in our different business areas, and is designed to:

- Help managers set and cascade business objectives
- Review individual performance
- Develop and reward performance

Systematic approach to performance

Through our performance management process – Make it happen – we stimulate motivation and offer opportunities for employees to develop and grow, which optimizes performance and in turn helps the organization progress.

The purpose of performance management is to ensure that every employee knows and understands how he or she can contribute to business success.

Appraisals between managers and their employees are carried out on an annual basis, or more frequently.

TeliaSonera’s view on performance is not limited to what you achieve, but also how you achieve your objectives, including what kind of competencies and behaviors someone applies in pursuit of results.

The group-wide performance management process launched in 2009 offers a shared framework and language for defining competencies.

As a first step, the new performance management process involved 346 managers across the whole group in 2010. By the end of 2011 the process will have been further launched to all level five leaders and senior specialists in the group. The performance management process includes wholly-owned as well as majority-owned operations.
Shared values as a platform

TeliaSonera’s shared values combined with the group-wide competency framework work together to ensure shared principles and expectations on behavior and performance. While the values promote preferred behaviors, the competency framework outlines successful leadership competencies for different roles and levels.

The competency framework is a support tool for managers providing feedback to individuals, evaluating performance and assessing what competencies to develop further.

TeliaSonera’s performance management process provides annual routines. We begin each year by setting objectives and conclude the year by conducting a performance evaluation. We believe in consequence management, rewarding good performance and addressing poor performance by applying coaching in order to reach better results. Performance is directly linked to compensation as well as career and development opportunities.

Meeting business requirements through individual development

To stay ahead of competition, TeliaSonera has constantly developed the business through different competency shifts in order to stay at the forefront of technical development. As a result, there is a solid history of career-long learning among TeliaSonera’s employees.

Today, the majority of our employees have graduated before they join the company. This is the result of a targeted effort to increase educational levels. Current competency development is increasingly about transfer to new technologies and understanding its implications for the telecom industry as a whole, and for TeliaSonera and our services.

Investing for growth

TeliaSonera has a history of growth through mergers and acquisitions and a future of cross-border solutions. This requires awareness of how to operate in an international environment. We have invested in tailored e-learning solutions to support our managers and employees in further improving their language skills, specifically in English which is the corporate language.

In a rapidly changing business environment, it is essential that our employees ensure that innovative solutions are based on profitability and sound judgments. We have therefore invested in further developing business acumen skills among our specialists and leaders.

We continue to develop initiatives to strengthen our competencies, especially focusing on our business capabilities for the future. Current examples are:

- **IT/IP Business Program**
  The IT/IP Business Development Program enables a number of TeliaSonera’s key individuals to better understand customer businesses and identify how TeliaSonera’s products and services can be used to improve the core business of our customers. The program focus is on what IT/IP based products and services mean and on increasing the understanding of the new business logistics and what this entails. It also explores current and future business positions and the strategic challenges of the telecom industry and TeliaSonera. In addition to a diploma, the program offers ten accredited academic points for its participants.

- **TeliaSonera Business Acumen**
  The Business Acumen Program supports participants’ capability to better understand the business challenges and provide a basis for sound judgements and accurate decisions. The program puts focus on the different business models and increased business acumen skills, and on TeliaSonera’s capability to offer a true customer experience. It enhances the importance of business innovations with profitable growth as a target. The program ran twice during 2010, and a total of 39 employees participated.

- **Coaching for Performance**
  Targets middle managers and equips them with tools to coach and challenge performance gaps among individuals and teams to enhance a high performance culture. The skills acquired are transformed from theory into practice. During 2010, we ran five successful programs in cooperation with an international supplier that specializes in experiential learning. To further develop leadership skills, we focus on improving the level of English and extend the internal network by delivering an international program run by native speakers from the UK.

- **Managing and Leading Change**
  Targets middle managers with the aim of ensuring that they have the capacity to manage operations in a rapidly changing business environment. The objective is to help leaders understand how people and organizations react to change, and how to effectively manage organizations through times of change. During 2010, we have run four successful programs based on an experiential learning approach, where the participants are challenged through a number of different projects and exercises under circumstances that are either known or unknown to them. The intention is to challenge their capability of leading change and at the same time coping with ambiguity and fragmentation.

- **Essentials of Management**
  Developing our First Level Managers to leverage greater employee contribution in achieving TeliaSonera’s strategic objectives and to empower their capability to lead high performing teams. In order to ensure a shared platform and view on Leadership principles, we introduced a Group Wide Leadership Program “Essentials of Management” in 2009. The program focuses on developing fundamental leadership skills and capabilities along with extending the business awareness. The program is managed either by certified internal trainers or by consultants from our international partners. During 2010 we ran the program in 12 countries and with more than 300 participants attending the program. It has been very well received according to evaluations and has set the baseline for working in an integrated way as One Company.

TeliaSonera’s Leadership Development Pipeline

During 2010, TeliaSonera has worked with the communication and awareness of having a shared vocabulary for leadership competencies and requirements.

Our competency framework sets out competency profiles that outline the behaviors that distinguish successful leadership approaches and skills for each different level and role.

Based on competence profiles, development activities for senior and mid-level leaders are customized to respond to the challenges and competencies that are characteristic of each leadership level. This helps us to ensure the right training and development at the right time, which is when our leaders will be in a position to practice their newly acquired competencies. In order to ensure behavioral change and quality of our offerings, all trainings in our Leadership Development Pipeline are based on defined critical business competencies.

Recruitment - An open job market

Since 2009, TeliaSonera has announced all vacancies through our international job portal, the TeliaSonera Job Market. During 2010 the majority of our companies have been included in the global job portal. Today 20 countries are publishing and presenting their vacancies in the same place on the intranet and during the year we have further developed the recruitment portal to be aligned in terms of functionalities and design. This has lead to an increased number of applications for each vacancy.
As emphasized in TeliaSonera’s recruitment policy, we value business minded people with a strong customer focus, people that team up to make the business happen across borders. We want to attract and recruit people that through a strong drive, a positive attitude and an innovative mindset can create business opportunities. For employees with ambitions and willingness to relocate to other countries, we have international career opportunities within the group.

To grow and develop within the group is a shared responsibility. It is every employee’s responsibility to make him or herself employable and develop competencies needed to make it happen. It is each manager’s responsibility to support each employee in this process, and it is TeliaSonera’s responsibility to make sure that we as a company are fair, ethical and professional in the process of selecting the right person for the right job at the right time.

Internal recruitment vs. local nationalities
TeliaSonera has a global recruitment policy valid for the group. In the Nordic region we have a lot of cross-border functions with managers from various countries.

In Eurasia the common practice is that local staff should be considered first for the majority of the top management positions, provided that they have the right skills required for the position. We have a focus on preventing gender discrimination or harassment.

In all of our operations at least 50 percent of the management are local, in most cases the figure is even higher (75 percent or above). An exception is Nepal where the proportion of local nationalities in the management grew from 40 percent to 52 percent.

Measuring Employee Commitment
Committed employees are core to the success of TeliaSonera. TeliaSonera’s employees are encouraged to express their views on a number of issues in recurring employee commitment surveys, including work processes, customer focus, communication, leadership and working environment.

Since 2009, 14 countries have participated in the survey that follows the One Company approach with synchronized questions and focus areas on a group-wide basis. Moreover, local units are able to benchmark the results both with the respective local peers and with the TeliaSonera group as a whole.

Late in 2009 TeliaSonera decided to conduct its group-wide employee commitment survey on a bi-annual basis. This allows time to take actions to address the outcome of the survey.

In 2009, the response rates were high at the same time as the results showed increased commitment levels. The results are still used as a basis for continued improvements throughout the organization, for setting up actions plans which are then followed up on. In 2011, the plan is to launch the survey during the autumn, with results and analyses available in Q4.

Freedom of association
Employees are free to join a union if they so wish. The level of union affiliation across the group is varying between different countries and sometimes between companies within the same country. Overall, an estimated majority of TeliaSonera’s employees are covered by a collective agreement, in total over 79 percent.

In 2009, TeliaSonera signed a new agreement with European Works Council (EWC) where the content was adapted to the increasing internationalization of the group. For instance, the President of the EWC can now be elected from any of the countries in which the EWC agreement is applicable and the working language in the meetings is English instead of Swedish.

All entry wages above minimum wage
In all of TeliaSonera’s operations we have an entry level wage that is well above the local minimum wage. In the Baltic and Eurasian countries the entry level varies from twice to nearly eight times as high as the local minimum wage. In most of the Nordic countries there is no legislated minimum wage, as this is instead regulated in collective agreements.

Where there are employees who have entry wages close to what is regulated in the collective agreement, the entry level wage is supplemented with an additional variable salary.

Our achievements in 2010

Employer branding award
TeliaSonera was presented with Universum’s prestigious award Newcomer of the Year in Employer Branding 2010.

Employer branding is part of our People Agenda – a number of activities and focus areas that TeliaSonera, including the Group Management, have identified as important support mechanisms for our business strategy.

We aim at enhancing TeliaSonera’s company image as an attractive international employer operating in an exciting sector and offering excellent career development opportunities. We are working towards a common voice, a common message for the group and communicating it through all the available channels: student fairs, brochures, the internet, and so on.

A continued 100 percent employee engagement in change management programs in Sweden
The competence development program Mobil 2.0, introduced in 2008 has now been expanded and adapted by other parts of the TeliaSonera organization, Mobile 2.0 is very well established within the organization and today we also have Broadband 2.0 and Skanova 2.0 among others.

In 2010 six new modules were launched including Customer Relations, Excellent processes and Vision, ethics and strategy business area Mobility Services. The modules are launched together with Broadband Services and Business Services.

100 percent of the employees have participated in the program focused on increasing knowledge about the business. As a result of visible leadership and management’s engagement together with regular feedback to team leaders, employees have been encouraged to contribute to the program.

Human resources have been strongly involved and, as in Nepal driving the implementation of the Code. An employee asking a question to the management.

Working with health and safety
The TeliaSonera Code of Ethics and Conduct states that we aim to provide and constantly improve a safe and healthy workplace by ensuring safe work processes, preventing and reacting to conditions of ill health and supporting measures to promote health and well-being.

Throughout our operations we act according to local legislation and collective agreements and take pro-active measures to promote a safe and healthy workplace. In many countries we also encourage positive health by subsidizing costs for health activities.

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Most of the Nordic and Baltic countries have special agreements with external health care providers. In most of the Eurasian operations the employees are provided with health and accident insurance. In Azerbaijan this also covers family members. Most of the Eurasian operations also promote sports club membership and sports activities.

In Kazakhstan, a health and safety test is conducted on the management staff and employees responsible for health and safety issues within company subdivisions (once in three years as per legislation in the country). Personnel working in hazardous work conditions are provided with protective clothing and special equipment. Some categories of such personnel are eligible for additional benefits (additional vacation days) as per legislation in the country. As a recognition of the work done Kcell received an “Asyl Alma” Award for its contribution to protection of the employees’ health.

During 2011 health, safety and well-being will be in special focus within Ncell, TeliaSonera’s operation in Nepal.

Supporting growth of job opportunities in Lithuania
On December 2, 2010, TEO’s subsidiary Lintel was awarded by the Ministry of Economy of the Republic of Lithuania with the prize for creating the biggest number of workplaces. Lintel created 400 new workplaces in 2010 during the financial crisis.

Labor union agreement in Nepal
In 2009, the union Ncell Employee Welfare Council (former Spice Nepal Employee Welfare Council) was formed to create an official forum for dialogue between employees and management and to forward employees’ views and opinions on matters concerning them.

Industrial relations in 2010
A good cooperation and negotiation practice has been established with Ncell Employee Welfare Council, the only official trade union in Ncell. All remaining requirements of the two-year collective agreement (end date June 12, 2011) were delivered during 2010. Employee issues are handled between employees and managers and the Council is used in cases where escalation is needed.

Sound relations have been achieved by open communication, transparent decision-making and improved working conditions which have built a basis for mutual trust.

One major mutual achievement was replacing the local hierarchical job grading structure by a new TeliaSonera Eurasia-wide job leveling and salary structure that is based on career groups and job evaluations and that makes performance based career and compensation options available for employees. In many respects, Ncell has become a forerunner and a benchmark in industrial relations and employee working conditions for the local labor market.

Eurasian Mobile Talent Pool took off
To increase mobility and also identify leadership potential, TeliaSonera Eurasia launched a new initiative during 2010. The main aim was to identify a mobile pool for TeliaSonera Eurasia pivotal/business critical roles with the purpose of pool members’ further development, proper utilization and retention. The candidates were identified and nominated by the CEO’s and Human Resource Department of each business unit according to their past performance and willingness to move for work to another locations.

The nominees passed through a Development Center that consisted of four steps:
- Measurement of leadership potential
- Presentation of self-spotlighting and panel interview
- Giving feedback
- Development planning sessions

Qualified candidates will eventually be offered opportunities of short and long-term assignments across TeliaSonera’s Eurasian operations when and where the need for their competencies arises.

The Mobile Pool candidates are offered support and coaching by a development committee, including local CEOs, HR and other key functions. The talent pool will be reviewed regularly, and in the future it is planned that enrolment will be made accessible via the TeliaSonera job portal.

Case

Promoting volunteering in TEO and in Lithuania
One of TEO’s social responsibility ambitions is to encourage increased volunteering in Lithuania. Today TEO is regarded as one of the socially most active companies in the country.

Pioneering volunteerism in Lithuania
TEO has actively promoted volunteering activities, for instance by setting up Lithuania’s first large-scale volunteering conference back in 2008, and together with Alliance of Voluntary Organizations and the portal CV.LT launching the first independent job site matching voluntary jobs and volunteers in 2009. (www.cv.lt/savanoryzė)

In 2010, TEO arranged numerous meetings with volunteering field organizations and initiated a volunteering rating analysis in Lithuania.

Offering employees opportunities to volunteer
During the spring 2010, TEO management decided that all approximately 2,000 employees are entitled to use one full working day to work for a cause of their choice once a year. The TEO Corporate Volunteering Day is yet another “firsts” of its kind in Lithuania. In this year’s round, many of the employees decided to volunteer for Save the Children Lithuania or the environmental clean-up campaign Darom (Let’s Do It).

Employees choosing to fund local organizations
Later in the year, TEO piloted a social project increasing employees’ involvement in distribution of TEO charity funding. Every employee could choose one of five public organizations and their projects to receive a specified sum.

The organizations are working with issues and areas that match the focus areas of TEO’s support and they are selected with the help of a committee of experts, composed of the representatives of the Alliance of Voluntary Organizations, Ministry of Social Security and Labor and other organizations promoting social responsibility.

By the employees’ decision, half of the support in 2010, just over LTL 20,000 (SEK 59,000), was awarded to the charity and support fund “Algojimas”. The organization is seeking to change public attitudes to disability and to help families raising disabled children to better integrate into society. Other organizations that TEO employees chose to support included National Student Academy and the NGO “Big Brothers Big Sisters”.

TeliaSonera CR Report 2010
Our Stakeholders – Employees
“People’s active participation has exceeded our expectations. Our plan is that such a support distribution practice, where TEO employees are involved in the decision-making process will continue”, concluded Valdas Kaminskas, Director of Corporate Communication Division of TEO.

**Working with diversity**

TeliaSonera works with diversity by providing, for instance, internships and job or training opportunities to people with physical challenges or people from different backgrounds.

**Sweden - Telia providing opportunities**

Recent studies from the Swedish Socialstyrelsen (Welfare) show that young people with disabilities face challenges to enter the labor market. “Open eyes” is a project run by the City of Stockholm in co-operation with TeliaSonera and other ICT companies. The project strives to facilitate employment and recruitment in the ICT industry by looking beyond disabilities and instead focusing on skills and abilities.

Participants are offered an internship for 6 to 12 months and if possible, the person can be recruited into a position available. In our agreement with the City of Stockholm, TeliaSonera is committed to offering two internships per year for persons with disabilities. Since last summer, we have had two trainees who are in place with sound work performance.

Between 2008 and 2010 TeliaSonera ran a mentorship project for newly arrived migrants in Sweden. The project involved ten mentors, each of them a manager at TeliaSonera, and ten novices who all held managerial positions before they moved to Sweden. The goal was to create a new network of contacts and increase the exchange within and between the respective manager groups.

**Azerbaijan - Azercell building capacity**

Azercell organized two training programs for the members of “Independent Life” Development and Support Centre in Azerbaijan in 2010. The training programs involved 14 persons with various physical disabilities. The main topics were introduction to customer service culture and how to prepare for job interviews.

Key characteristics that are required to build a customer service culture in a company for instance, include empathy, patience and determination. Hence, the ability to perform a great job is not dependent on physical abilities.

These two training programs helped participants to understand customer service culture and various aspects of working with customers, develop negotiation skills and consider the basics of a good CV preparation and success during job interview. Participants valued the open and frank atmosphere, which allowed them to overcome previous insecurities or doubts over working situations.

**Georgia – beyond just offering services**

“When Geocell launched a special tariff for hearing-impaired people some years ago, little did we know that this project would become a start of a larger social initiative - promoting integration of people with physical challenges into society,” comments Osman Turan, CEO of Geocell.

A special tariff includes a package to enable communication with low-priced SMS and a dedicated 24-hour SMS-based customer service.

After the commercial launch, Geocell’s “We Hear You” project continued to equip a computer center and to promote education opportunities and communication solutions for people with hearing and speaking difficulties. Recognizing the challenge to integrate into society where employment plays a vital role, Geocell has since employed seven persons with physical challenges. One of them is a columnist in Geocell’s corporate magazine.

In 2010, Geocell set out to increase awareness of the necessity of supporting and creating better living conditions for people with physical challenges in Georgia.

“Our business is about enabling communication. In order to start communicating, you need to reach others. We took this literally. The basic issue in Georgia is that the infrastructure in many public places is not adjusted in such a way that disabled people could enter or move around. So we reached out and encouraged all public institutions - banks, theatres, universities, and others - to equip their entrances with ramps for wheelchairs. We did this through an elegant targeted campaign and through leading by example,” concludes Osman Turan, CEO of Geocell.

For the indicators to this section, see Key indicators.
Suppliers

Our aim is to be a reliable and long-term partner to our suppliers. In return, we expect suppliers to ensure compliance with the same standards TeliaSonera complies with. We do not accept corruption, we expect human and labor rights to be respected and environmental regulations to be met. Our key achievements towards responsible sourcing in 2010 included the new Supplier Code and providing CR training to all sourcing managers. Moreover, our category managers in Group Procurement conducted CR risk assessments for their categories.

Stable supplier base

TeliaSonera engages suppliers that are reliable, high performance organizations with spearhead technology knowledge in order to create capacity to deliver world-class services.

The majority of TeliaSonera’s purchases, in terms of volumes and capital, are infrastructure equipment related to building, developing and maintaining our fixed and mobile networks and IT-infrastructure. We also purchase mobile handsets and other consumer electronic devices, but these represent only a minor part of our purchases.

More than 80 percent of TeliaSonera’s purchases are from large global companies, with internationally recognized standards of corporate responsibility. These companies have third party certified management systems.

TeliaSonera strives to uphold CR standards along the supply chain and do so by engaging predominantly with large global suppliers, conducting a systematic selection process and demanding supplier commitment to CR requirements.

Key facts about procurement

TeliaSonera Group Procurement is organizationally positioned in the CFO’s office. Group Procurement is headed by the Chief Procurement Officer (CPO). A new organization was established starting January 1, 2011, and it centralizes the management of global procurement operations in Stockholm, Sweden.

TeliaSonera Group Procurement is responsible for procurement in the Nordic and Baltic countries and in Spain. It is also involved in procurement in TeliaSonera majority-owned operations in Kazakhstan, Azerbaijan, Uzbekistan, Tajikistan, Georgia, Moldova and Nepal. The focus in these countries is on mobile infrastructure procurement. TeliaSonera’s yearly purchasing volume under Group Procurement is around SEK 40-50 billion.

TeliaSonera’s sourcing policy is to use the purchasing power of the whole group to minimize the total cost of purchased goods and services whenever possible and appropriate. TeliaSonera evaluates and selects its suppliers against the pre-set criteria of:

- Quality
- Price
- Functionality
- Availability
- Delivery
- Reliability
- Service
- Corporate responsibility requirements, including social and environmental aspects.
CR requirements for TeliaSonera Suppliers

TeliaSonera established group-wide CR requirements in 2008. In June 2010, TeliaSonera further introduced a Supplier Code to enable a more structured and efficient way of transferring the social and environmental requirements to all TeliaSonera supplier agreements. TeliaSonera CR requirements consist of the Supplier Code and additional requirements to Product Suppliers and Contractors. The diagram on the next page summarizes all TeliaSonera CR requirements to our suppliers.

The TeliaSonera Supplier Code defines the conduct we expect from our suppliers in order to protect human rights as well as respect and promote safe and fair working conditions, responsible management of environmental issues and high ethical standards along the supply chain. Suppliers are responsible for ensuring that their employees, relevant subsidiaries and subcontractors are informed of and comply with the TeliaSonera Supplier Code requirements.

The Supplier Code includes requirements related to the interaction between vendors and TeliaSonera: it clearly states, for example, that bribes or any other illegal payments are not accepted and describes guidelines for hospitality. The Supplier Code also encourages vendors to have management systems to meet TeliaSonera requirements. These are examples of how the requirements have been strengthened as compared to the former general CR requirements.

The Supplier Code is to be applied in all supplier relations where TeliaSonera Group Procurement is involved, purchasing products or services from suppliers. TeliaSonera Supplier Code states that TeliaSonera reserves the right to make audits and that sanctions - up to termination of the contract - can be imposed in case the supplier fails to comply with Supplier Code after a reasonable time for agreed remedy actions.

All 82 sourcing managers in Group Procurement, from Sweden, Finland, Norway and Denmark, have participated in internal training to learn about the Supplier Code and other TeliaSonera CR requirements. They have also started to report on the inclusion of CR requirements in supplier contracts as part of internal reporting. This helps us to monitor the usage of CR requirements, and to continuously strive to increase the inclusion of CR requirements in our contracts.

TeliaSonera CR requirements

Supplier risk assessment

Category managers in Group Procurement performed a risk assessment of their respective sourcing categories in 2010. The purpose with this assessment was to form an overall picture of risk levels for TeliaSonera’s sourcing categories, vendors and geographical areas. The main focus was to allocate risks from a corporate responsibility perspective based on the TeliaSonera Supplier Code.

A Group Procurement CR person met category managers in a series of face-to-face meetings, where category managers described relevant CR risks in their specific categories in relation to main suppliers. They also evaluated CR risks based on their probability and significance.

As a result of these meetings, category managers in Group Procurement have higher awareness of CR related risks in their own procurement areas. It also contributed to a better overall picture of CR risks per category, and based on that we can identify focus areas for future actions.

TeliaSonera continues to develop consistent risk assessment systems and to monitor the compliance of TeliaSonera’s suppliers with the TeliaSonera Supplier Code in 2011.

Sourcing in emerging markets

TeliaSonera Group Procurement is actively involved in procurement, mainly within the mobile infrastructure area, in TeliaSonera operations in Kazakhstan, Azerbaijan, Uzbekistan, Tajikistan, Georgia, Moldova and Nepal. In the future, TeliaSonera Group Procurement strives to increase the involvement in Eurasia and to align the procurement strategy to act as One Company.

TeliaSonera is a significant investor in Eurasian countries, contributing to the development of local economies through investments, deployment and maintenance of mobile infrastructure. The CAPEX investments in TeliaSonera’s mobile operations in Kazakhstan, Azerbaijan, Uzbekistan, Tajikistan, Georgia, Moldova and Nepal account to approximately SEK 25 billion since 2003.

The majority of TeliaSonera infrastructure investments in Eurasia are procured from global suppliers, who comply with our CR requirements. As of June 2010, the TeliaSonera Supplier Code has been included together with other CR requirements in all new contracts. Prior to this, the former general TeliaSonera CR requirements were used.

Local suppliers are also frequently engaged in TeliaSonera’s operations in Eurasia. A significant share of suppliers being local contributes to the economic development of the countries where TeliaSonera operates. For instance, Kcell has a specific program to increase the Kazakhstani content in the total volume of procurement of goods, labor and services for 2010-2011. As a result, Kcell started using a local supplier for packaging SIM cards instead of a foreign supplier as of November 2010.

Moving forward

Group Procurement is strongly committed to working with sustainability issues in the future. By way of example, work will continue to increase the number of contracts with the Supplier Code and to increase the proportion of contracts with Supplier Code from the current 80 percent.

In order to fully implement this, TeliaSonera must further improve its communication about the CR requirements to its suppliers.

Our plan for 2011 is to define focus areas based on the CR risk assessments made in the purchasing categories. Moreover, we will continue to improve supplier monitoring systems and to enhance the CR risk assessment method.

To move forward in securing the compliance with the Supplier Code we shall perform audits when considered necessary.
Our achievements in 2010

Increasing number of contracts with CR Requirements
During 2010, Group Procurement continued to work systematically to incorporate the TeliaSonera CR requirements into contracts. We have calculated that the CR requirements were successfully incorporated in 80 percent of the contracts made by Group Procurement in 2010. The 80 percent contain either the former general CR requirements or the new Supplier Code.

New Supplier Code in place
The Supplier Code was implemented in 2010 to further enable a more structured and efficient way of transferring social and environmental requirements to supplier agreements. The Supplier Code forms the core of the CR requirements and also includes anti-corruption and hospitality guidelines. TeliaSonera Supplier Code is available from http://www.teliasonera.com/Global/documents/TeliaSonera_Supplier_Code.pdf

All sourcing managers trained
During the year, along the introduction of the new Supplier Code, several trainings were organized for sourcing managers to ensure their understanding and awareness of the new tools to be used in the procurement process. By the end of 2010, all sourcing managers had participated in Supplier Code and CR requirements training.

These trainings aimed to ensure that the new Supplier Code and CR requirements are incorporated into the contracts.

Case

Subcontractor audits in India
TeliaSonera Group Procurement has actively worked with Ncell in Nepal during 2010. Close collaboration contributed to the decision to audit a number of Ncell’s contractors and subcontractors. The aim of the audits was to monitor CR compliance. Three companies based in India were chosen for audit.

Audit process
Two employees of TeliaSonera Group Procurement performed the audits. They interviewed both the company management and the employees in the factory. The audits covered production and product development processes, material control and facilities. Special attention was given to education and safety precautions of hired personnel, quality, environmental issues and ethical considerations.

High level of compliance
All of the companies audited were certified in ISO quality management system. They also had environmental and quality policies. The companies all complied with the TeliaSonera Supplier Code. No handling that TeliaSonera could not approve was found in the audits.

Suggestions for improvements
The audits resulted in a number of improvement suggestions, which were shared with audited companies and direct suppliers.

We emphasized that direct suppliers should continue monitoring CR related issues with subcontractors and make ad hoc checks at sites to ensure that the subcontractors work according to the policies and rules.
Owners and Investors
TeliaSonera strives to balance strong financial results with long-term sustainable value creation and to be an attractive investment. Responding to expectations on TeliaSonera to conduct our business in a fair and responsible way, we always seek to provide information to the investor community in an honest, fact-based and transparent manner. Increasing interest in sustainability is reflected in the growing share of PRI – investors in the TeliaSonera share, reaching estimated 12 percent from the total shares in 2010. Our work continued to receive acknowledgement through inclusion in several sustainability indices.

With their respective share holdings of 37.3 percent and 13.7 percent, the Swedish and Finnish States are the largest shareholders in TeliaSonera. In addition, there are a number of institutional investors and funds among the more influential shareholders.

The TeliaSonera has more than 600,000 shareholders, primarily in Sweden and Finland but during the year, the shareholding outside Sweden and Finland increased from 13.8 percent to 17.6 percent.

In dialogue with the investor community
During 2010, we continued to have dialogues with the investor community as a whole and with investors with specific interest in TeliaSonera’s CR work, for example Swedbank Robur, Folksam, Nordea and SRI Ethix advisors. The objective was to ensure that their perception of TeliaSonera is at par with where we are heading. A steady flow of reliable and balanced information is crucial for investors to make a fair evaluation of the company.

Risk and opportunities and long-term sustainable growth
The main concern of investors and owners is for TeliaSonera to keep delivering long-term sustainable growth, while at the same time presenting quarterly profits.

In dialogue with investors, TeliaSonera has identified a number of topics that investors believe to affect TeliaSonera’s success, and which are closely intertwined with CR aspects, for instance:

- Network integrity
- Fair business practices
- Supply Chain
- Routines in entering new markets

Eastern expansion important for growth
TeliaSonera’s operations in the Baltic region and Eurasia have grown significantly and their share of the group results has increased steadily. Eurasia generated some 40 percent of the TeliaSonera group’s operating income in 2010.

Some investors forward this as a risk in financial terms, partly because of the exposure to higher risk emerging markets, but also in terms of ensuring fair business practices.

Upholding fair business practices are critical and the management’s top priority. TeliaSonera acknowledges that hypothetically, a severe incident of corruption could cause TeliaSonera’s “license to operate” to be put in question, and thus materialize into a business risk.

A pre-condition for addressing these issues is a robust governance model and an internal auditing system that covers all relevant entities of the group. The group-wide Code of Ethics and
Conduct presents a shared platform to act as a group with a uniform approach to fair business practices. TeliaSonera has also clarified its position and intention to remain and further develop its business in the Nordic, Baltic and Eurasian countries and in Spain.

**Bridging the digital divide**

Another emerging issue identified by the investment community is the importance of bridging the digital divide. Developing the accessibility of telecom services means expanding TeliaSonera’s business. Currently the highest potential for this is presented by the Baltic and Eurasian markets, where both the digital divide and the market growth potential are significant.

This signals that investors consider a basic level of CR work to be fundamental and a basic condition for investments.

Well-prepared companies may move into emerging markets or regions without compromising investor confidence. On the other hand, companies that do not address these issues risk ending up outside the investment universe when it comes to large institutional capital.

**CR and sustainability in financial analysis**

Emerging from the sell-side, analysts following the TeliaSonera share also review CR policies and practices as a part of the traditional company analysis.

This confirms that CR and sustainability issues are increasingly becoming a part of company evaluation, as a means to detect the capacity for sustainable and long-term growth.

The openness and willingness to engage in dialogue and transparent disclosure on TeliaSonera’s practices yielded results. In 2010, TeliaSonera continued to be included in the FTSE4Good responsible investment index, in the Swedbank Robur fund and was reinstated in the Banco Ethical fund.

**Shareholders in TeliaSonera with ESG commitments**

To confirm the importance of CR issues and the growing expectations for companies to communicate about their performance in the field, TeliaSonera continues to estimate the proportion of ethical investors among our shareholders.

The estimate is based on the investors’ participation in Principles for Responsible Investments (PRI). PRI is a UN initiative gathering investors that are committed to integrating Environmental, Social and Governance (ESG) issues into their investment decisions, to promoting ESG consideration in the financial community and to increasing the transparency of portfolio companies.

At the end of 2010, approximately 12 percent of the shares in TeliaSonera were held by PRI signatories, corresponding to 24.6 percent excluding Swedish and Finnish State ownership. While countries cannot be signatories to PRI, and hence not included in the calculation, both the Swedish and Finnish States exercise active ownership and are committed to promoting environmental, social and governance issues.

**Using sustainability indices as a benchmark**

Inclusion in a sustainability index is a quality indicator and recognition of the company’s CR work, and at the same time it provides a benchmark on how the company performs as compared to its peers. Inclusion in a sustainability index exposes the company shares to funds and members of the investor community that pick stock specifically from such indices.

For both these reasons it has been important to TeliaSonera to regain and strengthen our position in regional and global sustainability indices.

**Our achievements in 2010**

**Reaching out to the financial community**

As part of TeliaSonera’s efforts to continue with proactive communication towards the financial community, the Investor Relations function conducted around 300 meetings with investors in 2010. Many of these meetings included representatives from the Group Management.

**FTSE4Good**

TeliaSonera maintained the position in one of the world’s most recognized sustainability indices, FTSE4Good. TeliaSonera has been included in the index since 2009, partly because of its increased transparency about CR practices related to human and labor rights and anti-corruption. This index is designed to measure the performance of companies in...
meeting globally recognized corporate responsibility standards, to provide the investment community with an investment universe of companies that show good preparedness.

**Oekom PRIME rating**

TeliaSonera maintained the prime rating from oekom research, based on an assessment of our environmental and social performance. This qualifies TeliaSonera shares for inclusion in the investment universe of oekom research’s clients.

Oekom research provides research for assets totaling more than EUR 90 billion.

**Carbon Disclosure Project**

Participating since 2004 in the global investor initiative, CDP, TeliaSonera has been among the leading telecom operators globally. In 2010, TeliaSonera was again rated as the top Nordic telecom operator and shared position number four among global telecom operators.

The initiative is designed to evaluate companies’ environmental performance reporting and assess how well companies address the risks and opportunities related to climate change.

**Nordic ratings and assessments**

**Folksam** In its yearly ranking, Folksam, one of Sweden’s largest insurance companies, assesses how listed companies are dealing with gender equality. The Gender Equality Index is conducted by Folksam in co-operation with the University of Gothenburg. 255 Swedish companies from 20 sectors are assessed, among them six telecom operators. The rating is based for example on the proportion of women/men in the board, in the executive management and among the employees. TeliaSonera is one of the top eleven companies receiving grade five (on a scale 1-5) and it is the only company from the telecom sector receiving a grade over three. In Folksam’s ranking on environmental and human rights efforts, TeliaSonera performed well in 2009.

**OMX SUSTAIN** Based on TeliaSonera’s preparedness in environmental, social and governance matters, the TeliaSonera share is also qualified for inclusion in the two indices OMX GES Sustainability Sweden and OMX GES Sustainability Nordic. These indices are based on research by GES Investment Services and have been developed together with OMX.

Assessing companies according to a number of sustainability criteria, Ethix SRI Advisors identified 25 Nordic Sustainability Stars in 2009. TeliaSonera is included among the 25 companies that form the universe for the index SIX STAR which is a joint project between Ethix and SIX.

**Case**

Owner perspective: Corporate responsibility issues need to be on the Board’s agenda

“TeliaSonera’s services can contribute considerably to the quality of life in Eurasia and the company is considered well positioned to explore the opportunities in the Eurasian market. The fact that corporate responsibility and responsible business conduct are high on TeliaSonera’s agenda is a prerequisite from this viewpoint,” says Pauli Anttila from Solidium, which is a holding company owned by the State of Finland.

**Mobile communications for social change**

In November 2010 TeliaSonera arranged a conference on the theme “Mobile communications for social change” in Baku, Azerbaijan. One of the participants was Pauli Anttila who reflected on the contribution TeliaSonera can make to growth and development in the region by providing employment opportunities and investments, including taxes, but also by making telecommunication services accessible for individuals:

“In many Eurasian countries, the quality of fixed line networks is low and power cuts are frequent in some regions. I consider access to communication and information to be the most important contribution TeliaSonera can make to the region from the corporate responsibility viewpoint.”

“For example, without a mobile phone, it can take a day or two from a Nepalese living in the mountains to walk to the next village to be able to call his or her relatives or to seek for help in technical problems or to find information on weather forecasts and power cuts. Instant access to communication and information is something that is taken as given in developed countries such as Finland or Sweden.”

**Board endorsement critical**

From the owner perspective Anttila regards the Eurasian region as an important opportunity for growth and expansion, but also emphasizes the importance of prioritizing corporate responsibility issues when operating in a region where human rights and corruption issues require higher than average attention. In fact, Anttila believes that these issues should be subjected to the attention of the Board of Directors;

“The Board of Directors decides which topics are high on the company’s agenda. Without the Board’s support and endorsement it is thus very difficult to implement the Group Code of Ethics and Conduct successfully. TeliaSonera operates in countries where corporate responsibility issues are of particular importance.”

“Therefore, it is important that the Board is committed to ensuring that TeliaSonera upholds and promotes international standards and initiatives for business practices and human and labor rights, and acts in a sustainable way. This is not only about being a good corporate citizen, but also about maximizing the shareholder value in the long-run.”

“I think that the corporate responsibility issues should continuously be discussed by the Board and linked to the business decisions. For example, if a company is considering expanding its geographical footprint through an acquisition, the Board should assess not only its fit into the company’s strategy and attractiveness of the valuation but also what kind of corporate responsibility issues are involved and how the company is going to deal with them.”

For the indicators to this section, see [Key indicators](#).
Society
At TeliaSonera we believe that telecommunication services contribute to a world of better opportunities by helping more societies to become digitally inclusive. Responding to local needs and challenges, communication technologies are a positive force for openness and transparency leading to growth and economic development. In 2010, we launched 4G services to speed up the mobile internet in the Nordic and Baltic, and in Nepal and Kazakhstan, we started to offer 3G. Across our markets we cooperated to promote digital literacy.

Generating value and stimulating growth
Our services are available for 167 million people in 15 countries where our wholly or majority-owned companies operate. TeliaSonera’s objective is to be a long-term investor and a good corporate citizen in the communities where we operate. Our low-carbon services enable sustainable economic growth and a more inclusive society.

TeliaSonera offers direct employment for around 29,000 people, not including the indirect job opportunities along the value chain. Moreover, our income taxes totaled SEK 6,374 million in 2010. Our impact on societies is fundamental in various aspects not the least in the building of the information society.

The relatively low penetration of fixed telephony in emerging markets represents a growth opportunity for TeliaSonera, and at the same time we can support these countries’ journey to the information society as the leap directly to the opportunities that mobile networks can offer. Demand for our services is driven by growing young populations, rising standards of living and limited fixed telecommunication networks.

During 2010, our services reached more than 6.1 million new subscribers in Eurasia.

We believe that communications technologies are drivers of growth and economic development as well as a positive force for openness and transparency. As different societies face different challenges it varies how the TeliaSonera group addresses the issues locally.

Towards digital inclusion
TeliaSonera is committed to bridging the digital divide with infrastructure and services. We support initiatives to promote digital literacy and sustainable development of local communities. We believe it makes society stronger when all citizens can connect to and benefit from the digital community. By expanding the coverage of our services and bringing expertise and low cost solutions to our markets we contribute
to improving the digital inclusion.

Recognizing the positive societal aspects of telecommunication services, the gap between those who have access to global information and communication networks and those who have not exists in mature as well as emerging markets.

In countries with ageing populations we need to ensure older people’s inclusion in the information society. To this end, for instance in Estonia the three-year project “Come-Along” has trained over 60,000 people by the end of 2010. In Denmark, Estonia, Lithuania and Tajikistan we offer seniors special tariff pricing and/ or phones with easy to use functions.

We run initiatives in Eurasian countries in collaboration with universities to bring both access and know-how to the education of telecommunications. In Denmark, Finland and Lithuania, we have exciting pilots in how to use mobile devices for the educational purposes.

Of the official ten targets of the World Summit on the Information Society (WSIS), TeliaSonera group focuses on the coverage and availability of the networks as part of our core strategy. In addition, we work to make sure to participate in multi-stakeholder projects for instance in Lithuania and Estonia.

Expanding coverage across our markets

To improve network coverage TeliaSonera invests in both mobile and fixed infrastructure each year. We spent SEK 14,934 million (14,007) in 2010 in expanding coverage where people live, work, travel and spend their leisure time. The service level and coverage of our networks is in compliance with the provisions defined by local regulations and frequency licenses of all of our markets.

By upgrading to 4G in our mobile networks we are pioneers in speeding up the mobile data services to up to 100Mb/s or ten times the speed of 3G. We had commercially available services in Denmark, Norway, Sweden, Finland and Estonia by the end of 2010. This means faster mobile broadband access to the internet and to other applications for our customers on the move. This also calls for improvement of the indoor coverage which was in focus in 2010.

Our 2G generation networks cover 100 percent of the population in Sweden, Finland, Norway, Denmark, Lithuania and Estonia. Our 3G network coverage varies from around 80 percent in Norway, Denmark and in Lithuania to up to 98.5 percent in Sweden.

Introducing 4G services in Sweden and Norway in 2009 as the first operator in the world, TeliaSonera today reaches 10- 15 percent of the population in these countries.

In Eurasia, our coverage keeps expanding as our operations grow. Today, our mobile coverage ranges from 73 percent of the population in Nepal to 80 percent in Kazakhstan and over 99 percent in Azerbaijan, Georgia and North Tajikistan. We offer 3G services in Georgia, Tajikistan, Uzbekistan, Moldova and Nepal. Our most recent 3G launch was inaugurated in Kazakhstan in December 2010.

In addition to the 15 countries where we operate with consumer and business customers, our global network infrastructure enables a platform for our own operations as well as for a large number of virtual network and service operators. For example, more than 85 percent of all European internet service providers can connect directly to TeliaSonera International Carrier’s global IP network making us the market leader as a carrier in Europe.

Coverage in sparsely populated areas

Coverage in less populated areas is important. TeliaSonera has several on-going improvements in these areas: for instance, we can supplement the upgrade of fixed networks by upgrading to 3G or by building mobile coverage instead of fixed networks in the first place.

Despite the low level of urbanization ranging from only 20 percent in Nepal to 26 percent in Tajikistan and around 50 percent in Azerbaijan, Georgia and Moldova, our coverage enables us to reach the areas more difficult to access. We reach up to 73 percent of the population in Nepal, 92 percent in South Tajikistan and over 99 percent in North Tajikistan, Azerbaijan, Georgia and Moldova.

In July 2010, Finland became the first country in the world where 1 Mbit/s access was legislated as being a basic civil right under the Universal Service Obligation (USO). We are responsible for providing the universal services for 72 percent of the geographical region, and while we do offer a service for people living in this area our customers make up only about one third of the population. TeliaSonera believes that the costs for ensuring the availability should be distributed evenly among operators, ISP-providers and TV-operators.

In 2010, we started a five-year-project to replace fixed network technology with mobile technology in Sweden. The aim of the Swedish migration project is to replace some old parts of the fixed network that are impossible to maintain or to upgrade to broadband. This will have an influence on approximately 50,000 customers in several parts of Sweden. The ambition is to ensure that no one is left without a proper telephone connection and internet access. A similar project has been running in Finland since 2008.

In Lithuania, we continue to increase the fixed broadband coverage of Fiber to the Home (FTTH) networks through the EU funded Rural Area Information Technology Broadband Project (RAIN). Another exciting area we are looking into is to potentially offer satellite-based services in Finland and in Sweden in 2011. Satellite broadband might become a promising solution especially for the most rural areas in these countries.

Affordability key for digital inclusion

Responding to the different conditions and shifting economic situation of our customers, we operate with many price levels to make services affordable across our markets. Affordable services are important to enable digital inclusion and to enhance digital equality for people coming from different backgrounds to study, for instance. In response to this, we offer student pricing in Lithuania and Uzbekistan. In Moldova, we introduced 50 percent discounted hotspots in several universities in Chisinau.

We have low cost brands and pre-paid subscriptions in all of our markets, and we were the first low-cost brand in the Spanish market with Yoigo.

Our response to emergencies and disasters

On January 12, the world was shocked by the earthquake affecting millions of people in Haiti. We contributed locally to this human crisis in various ways. In Sweden we reduced the operator share of the value added SMS support messages to SEK 0, topped up with an extra SEK 5 for each value added SMS that had been sent to any NGO using our short numbers. All our customers located in Haiti at that time could communicate globally free of charge between 15-29 January. TeliaSonera’s direct financial support to NGO’s work in assisting Haiti totaled SEK 2 million from Finland (Sonera), Sweden (Telia) and Norway (Netcom).

TeliaSonera assists rescue work and disaster relief in cases of major catastrophes, for instance flooding in the countries where we operate. In Eurasia, most of our companies have mobile base stations that can be set up in areas affected by disaster. The networks are designed in such a way that traffic can be re-routed through alternative network nodes. Ucell and Azercell send alert SMSs about natural disasters to areas that are at risk.

In 2010, we sent 135 million SMSs to alert our customers about natural disasters in Azerbaijan, one of them being the flooding in March 2010. On other occasions, we offered phones and free call minutes to people affected to allow them to stay connected, for instance in Moldova, Kazakhstan and in Azerbaijan.
In Lithuania, TEO provided 12 short numbers free of charge for local campaigns to raise money for local disasters and social projects. In Denmark we have entered into collaboration with the Danish Foreign Ministry about sending out warning SMSs to Danish citizens who are in disaster or crisis areas abroad.

In the Nordic and Baltic countries and in Spain detailed plans have been made for crisis management and emergency policies in cooperation with national authorities. Weather conditions in 2010 further intensified the efforts to improve the processes.

TeliaSonera manages the continuity of services according to the implemented policies for business continuity and crisis management. We develop and uphold robustness to withstand disturbances and preparedness to recover from possible disasters. During 2010, we further simplified the internal incident handling process to speed up internal communication by defining the communication process for different incident levels.

Relations with authorities and governments
TeliaSonera works in close collaboration with international and national governmental authorities, law enforcement and social organizations to help communities.

In our industry, governments control operator licenses, frequencies and other prerequisites for operations. While, engaging with governments and authorities is a regular part of the group’s business, TeliaSonera always observes fair business practices and acts in accordance with strict standards to avoid any inappropriate advantages and uphold fair competition.

Engaging in policy development
TeliaSonera does not engage in the politics of the countries in which we operate, and has a policy of not making political donations. In line with the policy, none were made in 2010. TeliaSonera does, however, actively engage in dialogue on regulations that affect our business.

The objective of TeliaSonera’s engagement in public policy is to promote a regulatory environment that is stable and foreseeable, encourages investments and innovation, and promotes equal opportunity and innovation.

In Eurasia we participate actively in promoting modern and transparent telecommunication laws and regulation, helping to level the playing field and create fair conditions for all market participants. In Eurasia we regularly engage with regulators in a fair and transparent manner, sharing experiences and opinions. Non-involvement in politics is crucial in maintaining our integrity.

In 2010, TeliaSonera focused its public policy engagements on the following areas:
- The implementation of the new EU Regulatory Framework for electronic communications
- Roaming pricing
- Interconnection and access to networks
- Openness / Net Neutrality
- Radio Spectrum
- Copyright and access to content
- Privacy

An objective of TeliaSonera’s engagement in public policy is promoting equal competition. In wholly-owned and majority-owned TeliaSonera companies there were 13 ongoing legal actions for anti-competitive behavior, antitrust, and monopoly practices in 2010.

Mobile devices, masts and health
TeliaSonera’s mobile services depend on a network of base stations. Stakeholders are consulted and health concerns and visual implications are discussed before locations of mast sites are determined.

The practices of engaging with local communities in decisions on locations of base station may vary by country, as the differences in local planning legislation need to be taken into account. In every country, TeliaSonera fulfils the requirements as set by local authorities.

Location sharing with other operators
Whenever possible, we share the location of masts and base stations with other mobile operators to reduce environmental impact and costs and thus the total number of base stations needed.

68 percent of our base station sites totaling 42,000 are located on shared sites or sites placed on existing structures, such as:
- High buildings
- Electricity towers
- Highway lighting poles

Thus less than approximately 30 percent of the base stations sites are currently built in new locations. When upgrading the network, for instance as part of our 4G roll-out in Stockholm and Oslo we only needed to change the antennas to provide the new services as we could use existing 2G/3G sites. In addition, we reduce the visual impact for example by enclosing wires in a tube of the same color as the surroundings. We seek to have as little visual impact as possible.

EMF concerns
TeliaSonera recognizes the increasing awareness and concerns related to exposure from electromagnetic fields due to the increased number of mobile terminals and base stations. Our commitment to fair and transparent practices with regard to EMF is clearly stated in the TeliaSonera Code of Ethics and Conduct.

We cooperate with authorities, associations and organizations, and support independent research in this area.

TeliaSonera follows the EMF norms that have been issued by WHO and the United Nations to ensure human health and safety. TeliaSonera has a public EMF policy and a dedicated team at Mobility services that is responsible for coordinating group measures and activities around the EMF issue.

TeliaSonera acts according to the EU Directives and Council Recommendations on the limitation of exposure of the general public to electromagnetic fields. All base stations provided to TeliaSonera by its suppliers must comply with ICNIRP guidelines.

With regard to handsets, the ICNIRP guidelines and in European CENELEC standards are followed where a maximum SAR (Specific Absorption Rate) value of 2W/kg is allowed for mobile phones and TeliaSonera expects its suppliers to adopt if new collective scientific information concludes that exposure levels should be changed in any way.

A longitudinal study called Interphone was published in 2010. The overall conclusion was that there is no established health risk from radio signals that comply with international safety recommendations, a conclusion supported by a large body of existing research and expert reviews. The results reported emphasize the importance of utilising complete and thorough data analysis before reaching conclusions.

The mobile phone industry takes all questions regarding the safety of mobile phones seriously and TeliaSonera has a strong commitment to supporting ongoing scientific research, both directly and via GSM A (www.gsmworld.com/health). This particular project is being funded by the mobile phone industry jointly with governments and national health agencies in a way that ensures the complete scientific independence of the work carried out.

Community projects in Eurasia and Baltic
TeliaSonera runs several projects that contribute to the development of local communities. While the Nordic welfare
system addresses social issues well, engagement in social projects may be crucial in societies in Eurasia or in Baltic. TeliaSonera Eurasia companies are among the major contributors to the economy and infrastructure development in their respective countries. Historically being pioneers in many aspects of the business culture and environment, we have taken the lead in supporting and developing a much wider range of areas than just telecommunications, with high relevance to the local context. To mention just a few examples, we have contributed:

- Social projects for the most vulnerable in the society
- Education and training
- Healthcare
- Cultural events
- Revival of local traditions; restoration of objects of national architectural and arts heritage
- Sports and sports facilities development

TEO in Lithuania is one of the biggest contributors to community development projects in Lithuania, with a long standing history. TEO’s work in response to local issues has been recognized over the years. Both TEO and Omnitel were recognized as Socially Responsible Enterprises in Lithuania in March 2010.

**Our achievements in 2010**

**Extraordinarily fast internet connection with 4G now commercially available in five countries**

In response to the sharp increase in use of mobile broadband in the Nordic countries, customers are demanding increasingly higher connection speeds and capacity. 4G is the fastest mobile technology available on the market; up to ten times higher than today’s fastest 3G connections.

As the first operator in the world, TeliaSonera launched 4G services commercially in Sweden and in Norway back in 2009, covering 10 percent and 15 percent of the population, respectively, by the end of 2010. Only a year later, in 2010, we offer 4G services commercially in five countries, namely in Estonia, Denmark and Finland in addition to Norway and Sweden. We also have ongoing pilots, for instance in Lithuania and Uzbekistan.

4G opens up new opportunities for customers to use and enjoy on their laptops services that require high transmission speeds and capacity, such as advanced web TV broadcasting, extensive online gaming and web conferences.

Our first premier to show opportunities of 4G included the Swedish Royal wedding in Stockholm, Sweden, June 2010. TeliaSonera collaborated with the City of Stockholm within the LOVE Stockholm 2010 project, in which TeliaSonera was the official communication services partner and provided the official Media Center. Overseeing all communications by the world media TeliaSonera provided journalists with wireless HomeRun service and demonstrated the potential of the 4G network. The public was allowed to surf the WiFi free of charge in downtown Stockholm. Earlier in June, the first rock concert was broadcast over 4G in central Stockholm.

**3G services launched in Nepal**

Benefitting from our experience, TeliaSonera’s customers in the Eurasian countries can take giant leaps from no telecommunications to direct access to the latest communication technologies available.

One such example is Ncell in Nepal with the launch of 3G in the Mount Everest Area in October 2010.


**3G in support of Asian winter games in Kazakhstan**

Kcell became the official mobile operator partner of the 7th Winter Asian Games-2011 (“Asiada”) in August 2010. The Games were held in Kazakhstan between January 31 and February 8, 2011.

The choice of Kcell as the official mobile operator of Asiada was based on reliability, quality and long-term reputation in the country. Naturally the quality of mobile communication is one of the major aspects of the overall technical support of the Asian Games, not only in Kazakhstan but also in the Asian region. Additional GSM and WiMax were installed. Kcell also ensured security of the sports facilities in Almaty by installing 3G SIM-cards in all over 50 security cameras.

Kcell was prepared to provide its customers and the guests of the country with additional relevant and interesting services during the Games which attracted over 5,000 guests from 31 countries in the Asian region.

**Sonera Idea competition to harvest innovations**

We need to learn more from our customers on how operators should contribute to the future with the networks we are building.

To this end, Sonera started an annual open innovation competition called Sonera Idea 2010, where anyone may submit a new idea and compete to win EUR 50,000 based on the people’s votes and consideration by an acknowledged jury. Over 700 ideas were submitted, of which 77 in the category “sustainable development and environmentally friendly” and 347 ideas in the category for “people’s well-being” during the first round in 2010.

In Lithuania, Omnitel harvested new innovations together with customers and employees along The Factory of Ideas. During 2010, 106 ideas were received of which 22 are in progress of being implemented and 15 are already implemented.

**Severe floods in Eurasia and prompt response by Kcell, Azercell and Moldcell**

In March 2010, due to heavy rains in the Almaty region in Kazakhstan, a dam was broken causing a severe mud flood. Over 2,000 residents of Kzyyl-Agash village suffered, several people lost their lives and most of the houses in the village were destroyed. Kcell secured the network operations and in addition, provided 500 families with mobile phones and SIM-cards worth 5,000 unit balance to help them stay connected.

In Azerbaijan, a flood in the country’s central areas left a number of regions under the water. In order to support people living in disaster impacted areas, Azercell granted 500 free-of-charge units, which correspond to 25 call minutes, to each Azercell subscriber living in those areas. This response covered 136,600 subscribers and a total of 3 million call minutes in the region. In addition, as we knew the demand for mobile calls rapidly increases during the emergency times, we installed six additional Mobile Radio Base Stations in the places that most suffered from the flood and in places where government requested.

In July-August 2010, part of Moldova was affected by severe floods. Moldcell provided free communication to the people living in those areas, as well as to the rescue and emergency teams working there. In total, Moldcell granted over three million free-of-charge on-net call minutes to over 77,000 people in 16 flooded regions. Moldcell estimates having covered about 11 percent of the country’s territory with free mobile communication during the two month period. Moreover, Moldcell has collected about USD 23,000 for the flood victims through its fundraising SMS campaign.

**Kcell Activ Youth Bank**

initiated with the Eurasian Foundation Central Asia (EFCA) in 2009 inspired young people between 15-24 to get involved in volunteering and civil activism through training and managing their own Youth Bank activities by providing small grants to four regions in...
Kazakhstan. The project ended in July 2010 with more than 3,000 people participating.

The winning 16 proposals out of the total 130 proposals seeking grants included a variety of topics, ranging from debating to better understand legal rights, to teaching communications and to working with orphans.

Case

Mobile Communications for Social Change
TeliaSonera organized in Baku, Azerbaijan, a regional Eurasian conference titled “Mobile Communications for Social Change”. Internal and external speakers took part in panel discussions on the role and contribution of mobile communication in the economic and social life of the Eurasian countries.

Enhancing the lives of millions
TeliaSonera Eurasian companies from Azerbaijan, Georgia, Kazakhstan, Moldova, Nepal, Uzbekistan and Tajikistan presented over 30 different mobile communication services and projects, illustrated with photo and video presentations, as well as customer cases.

"Mobile operators' products and services have turned the mobile phone into a means of enhancing lives of millions of people via social relations, development of user-friendly infrastructure and ensuring social security", said Ali Agan, CEO of Azercell, while opening the conference in Baku on November 25.

Creating a forum for discussion
A total of about 350 people attended this seminar, of them, 20 were journalists from the region, another 30 were employees and the rest were representatives of NGOs, governmental offices, educational institutions and business in Azerbaijan, and the Eurasian countries' embassies in Azerbaijan.

The Conference was a response to the changing mobile environment and offered an overview of the group's current achievements in this sphere. The Conference covered various aspects of mobile business, mobile society as well as the emergence of mobile technologies, services, implementation and implications for education, business, and society. The event brought together business people, researchers, scientists, software architects, and industry professionals to discuss innovative ideas and diverse topics on application and role of mobile communications in social development.

First of a kind
"In my experience, this is the first time a commercial company is arranging this kind of conference, and it means a lot to me. I am truly impressed at how much is being done in the Eurasia region. One can't find as much in Europe, because there is no demand there. But in Eurasia, the potential for value added services seems to be enormous, as mobile communications contribute to the social and economic development in this part of the world," said Ibrahim Kushchu, Associate Professor and founding director at Mobile Government Consortium.

In Nepal, in the positive aftermath of the seminar, a separate workshop organized by local media and the journalists who attended the Baku seminar was arranged spontaneously to reflect on the topics discussed there with over 200 journalists attending.

Benefits for the region
The most obvious benefits for Eurasia include bridging the digital divide, bringing telecommunication services to remote and mountainous areas, providing a way of communicating for people with disabilities, and providing telecommunication and internet access for people who previously had none.

Beneficial for the region is also m-government, where mobile operators co-operate with their local governments in various projects in the areas of healthcare, education, taxation, security, traffic control, energy efficiency, etc.

Helping business
Simply having a mobile phone with an affordable tariff is of great help, for example, to women starting their own business in Tajikistan, whereas in a more sophisticated market like Azerbaijan, individuals and businesses can benefit from the possibilities of paying subway fares, making bank transactions, or managing their car fleets over a mobile connection.

Education and training activities to invite people to join the digital highway and beyond
Across the TeliaSonera group we work actively to promote digital literacy by engaging with local organizations and various projects. We consider local context carefully and propose suitable solutions to it. During 2010 we have engaged with the following activities, for instance:

Sweden. During the year, TeliaSonera engaged in advocacy around the topic in general by arranging a seminar along the Almedalen and debating in the regional newspapers. In addition, TeliaSonera conducted a survey in Sweden about the status of information society at schools. The results showed that Swedish schools are not equal when it comes to giving access to information technology. The survey showed that some local authorities see a portable computer as a natural tool for each pupil, while 60 percent of the municipalities do not make a similar investment in any of their primary schools.

Not even one out of ten Swedish pupils regularly uses a computer in their math studies. The Swedish National Agency for Education, as well as TeliaSonera, has called for a national IT-strategy for schools.

Denmark. Telia Danmark together with other Danish operators, Dansk e-learning Center (DELC), Danish Ministry of Education, Ministry of Science and The National IT and Telecom Agency have launched a project on mobile math e-learning at public schools in Denmark. With SkoleMat.dk, students can play learning games in school - while integrating mathematics into the lives they live outside the school.

SkoleMat has been developed in collaboration with mathematics teachers. Available are more than 100 games and programs that make it fun to learn math on your mobile

TeliaSonera’s executives participating in the conference panel in Baku, Azerbaijan
phone and are free from January 2011 and the rest of the year. The learning games follow the teaching targets set by the Danish Ministry of Education - i.e. the games are not toys but important tools to better understand complex mathematical concepts. There are more than 100 instructional videos, training games and quizzes - and the games cover many of the mathematical topics to get through at schools, from primary school to the 9th grade. After only two weeks from the launch in January 2011, 6,000 games have been downloaded by 200 students. The target of the project is to reach 500,000 downloads in 2011.

**Estonia.** Since 2009, the Eesti Telekom Group (EMT, Elion, MicroLink) together with the foundation Vaata Maailma have been actively improving Estonians’ knowledge about the internet in the project Come Along!. Come Along! helps to narrow the information gap in the society by facilitating the internet usage through free classes, discounted computer and internet connections.

The goal of the three-year project is to provide basic and supplementary internet training courses for 100,000 people by the end of 2011, and to get 50,000 families to actually use the internet after the training. By the end of 2010, the project had already reached 60,000 people in Estonia with training courses. The training is targeted primarily to families with kids, the rural population, the older generation and people with low or medium income.

**Finland.** A pool of around 15 volunteers from Sonera engages on demand in the trainings on the safe internet usage in schools. In addition, Sonera, together with other operators, is a partner in Nokia’s mobile learning pilot, where students along the normal lessons use mobile device to learn mathematics. Pilot started with 70 students from Turku in September 2010 and in early 2011 we have four schools and 270 students joining the pilot.

**Georgia.** Geocell decided to promote digital literacy by equipping ten schools with mobile internet in the remote and highly mountainous areas. In a project pilot, Geocell donated 3G mobile modems and internet connection to ten schools in the Ajar a region to support children’s education and obtaining necessary information and knowledge online. Based on the results of this project and the feedback from schools, Geocell will look into extending its support to schools in other remote mountainous areas of Georgia in 2011.

**Lithuania.** As part of a two-year project in TEO, during 2010 the TEOBUS, a mobile customer care centre, was actively travelling around Lithuania. The TEOBUS with installed modern communication technologies, audio and video systems provided the opportunity to introduce these technologies to the residents of outlying areas, thus contributing to the reduction of the technological divide in Lithuania. What is more, the TEOBUS became a mobile academy for safer Internet use for the second year in a row.

**Lithuania.** A Creative Laboratory is a new advanced initiative of the European Union where Omnitel is piloting the ways to promote possibilities of use of digital content for teaching and learning with a help of various portable devices. Omnitel cooperates with the publishing house SVIESA, Ministry of Education and Science of the Republic of Lithuania, Educational Development Centre and UAB ERP. The innovative project promotes replacement of traditional printed textbooks and other teaching materials by electronic books. This will open new opportunities of more advanced learning process and increase of electronic literacy of the country’s population.

In addition the project will allow to save funds of the national budget and to preserve health of pupils. It is important to note an environmental aspect: e-book readers do not need paper and books use less electricity than computers. All benefits of the replacement of conventional printed textbooks with electronic books and the possibilities provided to the Lithuanian schools will be assessed during the pilot programme to be conducted in a few selected schools in 2010-2011.

**Lithuania.** An eight-year project “Window to the Future” includes contributions from both Omnitel and TEO. They have contributed by providing trainings, and free WiFi hotspots in Lithuania. The project was awarded by EU in the Registars under the category three ICT applications for e-Inclusion in May 2010.

The project group consisted of companies, banks, and telecommunications and IT businesses that formed the Langas j Ateilj alliance. The aim was to provide training, establish public internet access points and stimulate growth in e-services, to enhance computer literacy skills. The main target groups were the elderly, disabled and people living in remote areas with little access to digital services. By the end of the 2010, more than 85,400 people have received training since the start of the project.

**Moldova.** Moldcell engages through donating Laboratory for students and giving scholarship grants to talented students:

- Laboratory of Mobile Communication at the Technical University of Moldova was officially inaugurated in May 2010. The laboratory with twelve seats is equipped with a testing switch center that has all the functions of an autonomous GSM network. In this center, students will have the possibility of studying the structure, functionality and administration of a GSM network in practice. Besides modern equipment, the laboratory also has its own specialized library with the most contemporary reading material.

- Moldcell Scholarship was awarded to 26 new students from six Moldova’s universities for the 6th annual round in 2010. Moldcell invests not only directly, but also indirectly - 600 manhours of managerial staff to lecture to students at universities. Financial support and training in the company, knowledge and skills gained from the leading specialists as well as employment opportunities after graduation. Being developed and optimised throughout years, Moldcell Scholarship program is getting more and more popular among students, who are willing to learn about the activities of one of the biggest companies on the market of Moldova, about corporate culture and working procedures in accordance with the European standards. "We are proud that Moldcell Scholarship has directly contributed to the formation of 135 young professionals in the spirit of European values in business," the General Manager of Moldcell, Chiriş Gaburici, said.
Tajikistan. Tcell supports educational projects, such as ongoing project “Tcell Scholarship”, scientific conferences, supporting youth, providing computers and internet access to remote schools. For instance, with Tcell Scholarship launched in 2010, six successful candidates will now receive financial support for their studies for one year.

Uzbekistan. Ucell donated a Mobile Communications Laboratory to the Tashkent University of Information Technologies in Uzbekistan in November 2009.

Azerbaijan. Azercell started the first student scholarship round in November 2010. Students will be receiving a monthly scholarship established by Azercell throughout their term of study. In addition, the students will be provided with all the necessary conditions for acquiring knowledge and skills in the field of information and communication technologies, including internship possibilities at Azercell.

Sanam tariff for Women creates opportunities
The “Women and Mobile” report published by the Cherie Blair Foundation for Women in February 2010 showed that, by extending the benefits of mobile phone ownership to more women in low and middle-income countries, a host of social and economic goals could be advanced.

The report highlights that mobile phone ownership could empower and enable women to stay better connected with family and friends, improve their safety, and help them obtain paid work. Tcell in Tajikistan and recently Ucell in Uzbekistan responded by launching tariffs for women to enhance these opportunities.

Widespread poverty but steady economic growth
While Tajikistan has experienced steady economic growth since 1997, nearly two-thirds of the 7.5 million population continues to live in poverty with limited opportunities of in-country employment.

Lack of employment opportunities has led to intense migration: nearly 50 percent of the working population of Tajikistan is estimated to be working abroad and they are mostly men. Of the population remaining in the country in the age group of 15-64, 50.5 percent are women. Mobile penetration in Tajikistan reaches close to 65 percent with Tcell being the market leader with over two million subscriptions in the competitive mobile communication market with eight mobile operators at the end of 2010.

Encouraging women to network
Tcell became the first operator to launch a special tariff plan for women in South of Tajikistan, called “Sanam” (Tajik language – means wonderful, beautiful, a beauty, sweetheart) in November 2009.

A modern woman in Tajikistan nowadays combines many roles - a housewife, a mother, a business woman and a cornerstone of the society - while at the same time she wants to live an active social life engaging in conversation and exchanging news with her neighbors and friends.

The main attraction of the “Sanam” tariff was a low price for outgoing calls within the tariff plan – only half a US cent per minute, other one was the bonuses for usage. The intention is to encourage women to unite in a single "mobile social network" which might then become a symbol of national female solidarity.

By the end of 2010, over 20,000 women have subscribed to this new tariff that was also marketed in an unconventional way, word of mouth along the co-operation of cosmetics companies with direct sales.

For the indicators to this section, see Key indicators.
Environment

TeliaSonera reduces environmental impact by being energy efficient, choosing telecommunications solutions instead of travel and by responsible waste handling. Our products and services enable customers to reduce their environmental impact, while increasing efficiency and well-being, and reducing costs. In 2010, TeliaSonera continued to work with projects to increase energy efficiency: for instance, we achieved 35 percent annual electricity savings at the Haninge data center – one of the largest in Scandinavia.

Services that reduce environmental impact
Together with our partners and customers, we aim to reduce our carbon footprint and contribute to fighting climate change. Telecommunications services offer a wide range of possibilities to reduce CO\textsubscript{2} emissions. We offer our customers services that can increase their productivity and energy efficiency while minimizing travel, and subsequently resulting in reduced CO\textsubscript{2} emissions, time savings and cost efficiency.

Across the group, we prioritize the use of telecommunication services to minimize our own business travel and to work more efficiently whatever the time and location. An increased use of M2M solutions is a powerful tool in increasing logistics and energy efficiency. For instance, with our remote metering solutions for utility companies we are the market leader in Finland.

We collaborate with a number of large corporate customers to define the role that telecommunication can play in optimizing our customers’ communications, energy management and logistical needs, including unified communications services, teleconferencing, videoconferencing or introducing wireless heating and cooling controls. Moreover, TeliaSonera arranges webinars and training events for customers on a regular basis to introduce and discuss these services and the opportunities they offer.

The ICT industry enabling low-carbon societies
The ICT sector is one of the key drivers in the transition to a low-carbon economy. This is recognized by the EU Commission, which in a recommendation in 2009 encouraged intensified efforts from the sector.

To make an active contribution to the international debate, TeliaSonera is working through telecom industry organizations ETNO and GSMe, both members of GeSi, where these issues are addressed from a global ICT perspective.

A significant contribution to developing a common methodology for measuring energy efficiency is expected from a multi-stakeholder working group under ICT for Energy Efficiency Forum (ICT4EE) in which also TeliaSonera participates.

Group environmental commitment
As a group, TeliaSonera is committed to operating in an environmentally sustainable way. We contribute to global sustainability by developing, promoting and utilizing resource-efficient and environmentally friendly services and through our actions to minimize the environmental impact of our own activities.

In order to minimize our environmental impact we strive to:

- Reduce our own carbon footprint
- Use energy as efficiently as possible
- Use raw materials as efficiently as possible, including minimizing related waste
- Promote the use of our services
These ambitions are clearly stated in the TeliaSonera Code of Ethics and Conduct. However, there are large regional differences within the group with respect to defining these ambitions on a more detailed level.

TeliaSonera companies in the Nordic and Baltic regions are leaders in environmental development. For instance, in Sweden the quality and environmental management systems are based and certified according to the ISO 9001 and ISO 14001 standards. In Denmark and Finland, parts of the organization have a management system based on these standards.

In other parts of the group, the local conditions, including shifting availability of energy sources and public agenda priorities, pose a challenge to the implementation of uniform standards across the group.

TeliaSonera constantly strives to maximize the use of best practices and synergies between our businesses and aims to set environmental targets for the group. For example, in Sweden we have had annual rolling environmental targets for many years to:
- Reduce CO₂ emissions from operations by 5 percent
- Increase energy efficiency by 5 percent
- Increase customers’ use of telecom services by 10 percent

**Group environmental reporting**

Energy issues in general – and CO₂ emissions in particular – are issues to which TeliaSonera wants to pay special attention.

The reported environmental impact of TeliaSonera’s own operations primarily originates from the networks operations, electricity consumption and the business travels.

Our reporting of environmental performance for scope 1 and 2 emissions according to the GHG Protocol includes fully or partially information about 14 out of our 15 reporting countries. TeliaSonera International Carrier operations outside Nordic are excluded except for their business travel and estimated electricity usage.

Depending on our operational practices in each country, construction and maintenance of the networks is either mostly outsourced or is being conducted by our own engineers and our own or leased car fleet. Therefore, we report travel-related emissions from the network operations either in scope 1 or scope 3. In the Nordic, for example, network maintenance and construction are mainly outsourced, hence related emissions are reported in the scope 3, whereas in Lithuania both TEO and Omnitel mostly operate using their own car fleet and related emissions are hence reported in scope 1.

During 2010, TeliaSonera made progress with reporting practices across the group. An internal review of group environmental reporting practices was conducted in the Nordic countries and in Lithuania and Estonia, and it brought tangible improvements to the quality of the reporting process. This will further enhance the reporting process, the practices and the possibilities of setting up actual targets. Remaining future improvement areas include ensuring the quality of data in terms of consistency, completeness and comparability.

**Focusing on energy efficiency**

Energy efficiency is a cornerstone of TeliaSonera’s operations, of how we run our networks, data centers and offices or replace business travels with teleconferences or videoconferences.

**Energy efficiency is a business matter**

Our customers demand 24/7 connectivity, and at the same time corporate customers are expecting TeliaSonera to address climate change. In fact, even with cutting edge technology - the energy consumption required to run our own operations makes up the major part of our calculated carbon footprint.

Increasing energy prices have both financial and environmental implications. Therefore, one of our constant priorities is to find more energy-efficient solutions for our networks and data centers. This makes sense from both business and environmental perspective.

We have several ongoing initiatives on how to manage our operation facilities and networks more efficiently and an essential key is to be able to measure actual energy consumption accurately. An initial estimation of six ongoing or finalized projects during the year revealed a potential annual saving of at least 16 GWh in 2010.

**Progress of heating and cooling techniques**

In TeliaSonera, network production facilities’ cooling costs make up a significant part of the maintenance costs.

Technology that reduces the amount of energy needed to run the operations also reduces the cooling needs, generating significant potential energy and cost savings. Usually introduction of new technology reduces energy needs significantly if carefully planned for.

Where feasible, facilities use lake water, seawater or free air for cooling. Meanwhile, in some operations the excess heat can be reused and purchased energy can be replaced with it.

**International energy commitments**

TeliaSonera signed the EU code of conduct on Energy Consumption of Broadband equipment in 2008. In line with this, we intensified our discussions on energy efficiency with broadband equipment suppliers and included energy criteria into TeliaSonera CR requirements for suppliers.

Internally, TeliaSonera is developing ways to improve, monitor and report on energy efficiency in general and compliance with the EU code of conduct –as regards both the network and the customer placed equipment area - in particular.

**Increase in the use of renewable energy**

TeliaSonera has an ambition to increase the use of renewable energy in our operations. The Nordic countries are leading this development.

In Sweden and Finland, 100 percent of electricity purchased by TeliaSonera is from renewable sources. We have tested and use sun powered systems in Eurasia, wind turbines for back-up power in Finland, fuel cell systems in Sweden and our Norwegian operations continue to run on hydroelectricity. In Eurasia alternative sources are evaluated on an ongoing basis.

The calculated share of renewable energy in the group’s purchased electricity consumption was 67 percent in 2010 (65). The separately purchased renewable electricity certificates in Sweden and Finland accounted for 78 percent (64) of this.

**Handling waste**

Handling waste generated by TeliaSonera’s operations is an increasingly relevant environmental issue to us.

The weight of reported waste totaled 36,000 metric tons at the end of 2010, and network upgrades accounted for the main part of this. The share of waste that is recycled varies greatly between countries, from 0 percent to over 95 percent.

TeliaSonera strives to promote recycling of electronic waste: in Denmark, for instance, “Mobilkomposten” was introduced in 2009 to recycle used mobile phones, and in Finland we have business customer take-back options.

Of total waste in 2010, 56 percent is categorized as hazardous waste. This is something that is characteristic of the industry: when we upgrade networks, old poles are being dismantled and they make up a large proportion of our current hazardous waste. Moreover, batteries, lamps and certain cables are also classified as hazardous waste.

TeliaSonera selects waste management suppliers and recyclers with high environmental standards and performance to handle all different types of waste categories.

**Environmentally friendly office practices**

Efficiently designed offices help reduce the need for electricity for the premises. In Sonera, Finland, office space was reduced by 42 percent in four years, which cut our CO₂ emissions by estimated 8,000 metric tons, based on a calculation of heating and electricity savings.

While moving to new office premises in Lithuania, TEO installed new energy-saving equipment such as a free-cooling- system for
inner air conditioning. To reduce paper use in the office, many of our operations have brought into use default two-sided printing - for instance, Estonia, Lithuania, Denmark and Finland.

In the "Save Resources and Change Yourself" – project employees in TEO are continuously encouraged to save energy, water, paper and other natural resources. In early 2011, Netcom’s office in Oslo, Norway was awarded a national “Miljøfyrstam” certification thanks to setting up clear targets and launching a program to reduce environmental impact.

**CO₂ emissions from business travel**
In the reporting of business travel emissions, TeliaSonera includes mainly information about flights, cars used for business purposes and taxi drives.

Our CO₂ emissions from business travel remained stable at 11,960 metric tons as compared with 11,795 metric tons a year earlier although we extended the scope of our reporting and that some countries reported increased travel.

While the number of flight kilometers increased in the group by seven percent from year 2009, they are still 26 percent below the year 2008 level. Increase in business travel was stable or dropped in Finland and Sweden.

**Our achievements in 2010**
**Electronic billing continues to increase**
TeliaSonera promotes electronic billing in many of its operations. Since a campaign in late 2009, only 13 percent of Omnitel’s post-paid customers still receive paper invoices in Lithuania. Omnitel considers repeating the campaign, with and added incentive of winning a prize. Omnitel’s target is 100 percent electronic billing.

EMT in Estonia promotes e-invoice by donating one euro a month per customer to plant a tree in co-operation with Riigimetsa Majandamise Keskus (RMK), the State Forest Management Center to restore Estonian forest reserves. By the end of 2010, 70 percent of EMT’s customers had subscribed to e-invoice.

Since July, 2010, TEO’s customers have received invoices and envelopes printed on 100 percent recycled paper. This initiative is estimated to save more than 1,000 trees every year. Nearly 47 percent of TEO’s customers receive electronic invoices. Also Yoigo in Spain uses only FSC-paper for their invoices since 2010.

In Finland, Sonera continues to be a leading company in e-invoicing with 20 percent of all invoicing being electronic. In 2010, e-invoicing increased by 50 percent (40%) mainly among business customers.

In Denmark, online invoicing has gained wide acceptance among the customers, and over 70 percent of the Telia Denmark customers receive their invoices online, 74 percent of the mobile customers and over 78 percent of the broadband customers.

In Eurasia, subscriptions are primarily prepaid, so invoices are not sent to customers in the first place. Instead, focus is on the methods to save materials when reaching out to customers for topping up their subscriptions.

**800 Lithuanian students engaged in environmental matters**
Between October and December in 2010, over 800 students in ten schools took part in approximately 40 lectures on responsible use of natural resources and responsible consumption organized by TEO. This was part of the TEOBUS tour, the so called eco-tour, organized in partnership with The Centre of Information Technologies and Education (CITE) and the Ministry of Environment.

Lecturers illustrated how each pupil and the school community could contribute to saving resources which would allow reducing not only daily expenditures but also the amount of waste generated. Part of the lectures was devoted to the sorting, collecting and processing of electronic waste - disused IT, telecommunications and other devices.

The experiences gathered will be further utilized in the ordinary schedule, as over 90 percent of the teachers were planning to use the seminar materials in their teaching. The eco-tour is part of the TEO’s multiyear project “Save Resources and Change Yourself”.

**Enabling customers to choose energy efficient home appliances in Finland**
Veikon Kone Oy, a subsidiary of TeliaSonera Finland, decided to take the competence of their sales people to the next level in terms of environmental knowledge. As the first company in Finland, the company joined a pilot together with national organizations like Motiva and Työehtoseura in 2010.

The project’s target is to launch a national “energy passport” for sales personnel to show are competent to advise customers on choosing more energy-efficient home-appliances. By the end of 2010, all the 200 sales people of Veikon Kone had been trained to better assist customers’ in making a choice.

**Publishing a research article on energy efficiency methodology**
TeliaSonera contributes to the international discussion and participates in working groups to define energy efficiency in a way that is comparable across companies. On the topic of energy efficiency we contributed to the definition discussion by co-writing an article about the total ICT sector’s CO₂ emissions in relation to smart work in 2010.

(Links to the article: http://onlinelibrary.wiley.com/doi/10.1111/j.1530-9290.2010.00278.x/abstract)

**Power with a wind turbine in EMT, Estonia**
On July 1, 2010, the EMT Techno Center became the first operator in Estonia to use green energy by powering up a wind turbine that produces energy for its base stations. The power capacity of the wind turbine is 5 kW, powering up to six EMT base stations.

EMT plans to add the number of wind turbines if this pilot project proves successful. Another benefit from the use of wind turbines is that they provide electricity during storms. Most of the base station failures are caused by interruptions in electricity supply during stormy weather. Also, using wind power enables building base stations in locations where there is no other electricity supply.

**Solar power in Nepal**
Use of solar energy is always considered and applied whenever feasible when new base stations are built in Nepal.

Yet about 90 percent of Ncell sites have diesel generators. In 2010, Ncell started considering site solutions that would help saving energy, as well as using the generators less. These solutions will be in focus during Ncell network roll-out in 2011 and 2012. Ncell dedicated the launch of its 1,000th site in 2010 to Ncell’s way of working – “Green Telecom”.

In 2010, Ncell implemented eight hour battery backup on every site to minimize the need for diesel generator operation. However, when power cuts are longer than eight hours, the sites are powered by generators.

During the year, Ncell together with three vendors carried out Green Site and Low Power Solution tests in order to assess the possibility of larger roll-outs in rural areas for so called low capacity solutions. Low capacity solutions mean a low cost base station solutions used in remote areas to enable coverage build-up for low demand and hence low mobile traffic locations.

As a result of these tests, Ncell has made the decision not to install heavy and large power consuming sites in these areas, since this would have a significant impact on the surroundings and environment. The new concept provided by vendors will not require a power grid but instead runs on solar power and batteries.
BTS will provide sufficient output power to cover remote villages. By the end of 2010, Ncell reached 11 districts with this solution. Since as early as 2009, Ncell has 20 TeliaSonera base stations using solar power as the main source of energy.

**Case**

**Environmentally friendly office practices in Finland**

TeliaSonera Finland Oyj’s head-office in Helsinki has adopted an environmental management system called Green Office, created by WWF Finland.

**WWF Finland’s program for offices**

Green Office is a practical environmental program implemented for companies of different sizes that want to reduce the impact on the environment and at the same time achieve cost savings for energy and materials.

The main goals include reducing carbon dioxide emissions, and raising environmental awareness among the employees and thereby influencing their daily actions towards a sustainable way of life and eco-friendly office practices.

**Green Office criteria met in Sonera headquarters in 2010**

The journey towards achieving Green Office acknowledgment began in late 2009 by creating an environmental program, including action planning and formulation of clear targets. The actions included, for example, effective internal communication and motivational activities for the employees.

Green Office criteria were met in September 2010 and the labeling rights were granted to the so called a “Panda Office” in TeliaSonera Finland’s head-office in Helsinki with approximately 1,000 employees.

**Baltic Data Center (BDC), a subsidiary of TEO, launched the most environmentally friendly data center in Central and Eastern Europe**

An upgraded facility of Baltic Data Center in Lithuania started its operation as the first data center in Central and Eastern Europe to use the Kyoto Cooling technology for server cooling in June 2010.

Kyoto Cooling allows cooling servers with outdoor air and it is estimated to use eight times less energy for cooling than conventional cooling systems.

TEO Group invested LTL 5.8 million in the new data center which also has the ISO 27001 certification for information security as another first in the Baltic region. The new data center is estimated to save up to 4.5 GWh electricity per year. Moreover, when all the latest technologies invested in BDC will be in use, the power usage effectiveness (PUE) of the data center is expected to decrease to 1.1. In comparison, the estimated global average PUE of data centers is around 1.92.

Climatic conditions in Lithuania are perfect for cooling technology using outdoor air. The climate allows using cool outdoor air 97.3 percent of the time. Additional coolers are turned on only when the outside air temperature is higher than required. In addition to Kyoto Cooling, Chatsworth CPI passive cooling products are used. These products create a one-way flow of air through the equipment resulting in consistently cold air in both the top and the bottom of the cabinet. When all open spaces are closed, air can no longer re-circulate within the cabinet. We use this energy for heating the building’s office premises.

**High ambitions in Helsinki**

The main targets for TeliaSonera Finland are reducing paper consumption by 20 percent and raising awareness among the employees on environmental matters. The head office in Helsinki has two specific additional targets – to reduce electricity consumption per person by 10 percent and to reduce miscellaneous waste by 25 percent. The reference year is 2009 and the targets are to be achieved by the end of 2011. Striving to reach the targets each employee is encouraged in the daily operations to recycle waste, pay attention to paper use and printing, turning off the electricity equipment and considering transportation habits.

“This is a great example of a concrete way to achieve our group environmental ambitions together with our employees”, says Juha-Pekka Weckström, Managing Director of TeliaSonera Finland Oyj.

The journey continues in 2011 according to the environmental plan, and we are heading towards constant improvement.

**Patented free air cooling with outstanding results in DC Haninge, Sweden**

In the latest reconstruction phase of data center (DC) Haninge originally constructed in the 80’s, environmental aspects were taken seriously into account in the planning, design and imple-
mplementation of the new cooling system. DC Haninge is one of the largest data centers in the TeliaSonera group and one of the largest data centers in Scandinavia.

**Pushing capacity limits**
The cooling system in DC Haninge has been reconstructed several times in the past but in the mid 2000 the cooling capacity and the emergency back-up cooling systems were being used up to the maximum levels.

After nearly two years of preparation, the renovation project started in 2007 and is still ongoing.

**Great opportunity for energy savings**
TeliaSonera’s energy experts realized that there was a huge possibility to increase the energy efficiency and to lower the total energy bill by installing a more efficient cooling system. An opportunity to save approximately 20–30 percent in energy was identified. Well in advance of the finalization of the project tangible achievements in terms of energy savings are already visible. The total budget for the project is estimated to be over SEK 70 million.

**New system uses free air-cooling**
“The new patented cooling system uses for instance, only indirect free air-cooling with temperatures below 14 degrees Celsius and partly even up to 21 degrees Celsius. It is estimated that due to this innovation, the data center can exclusively rely on indirect free air for up to eight to ten months in a year instead of using air cooling compressors.”

“A similar cooling solution based on free-air cooling is used at many medium radio base stations (RBS) and fixed network sites in Sweden, but this is first time we use it in such a large installation as Haninge DC,” explains Svante Enlund, TeliaSonera technical expert who designed the cooling system.

**Increasing power usage effectiveness**
In addition to the work done with the cooling and ventilation systems a lot of effort has been put, for instance in replacing older server installations with virtual solutions. These result in increased energy efficiency and capacity.

Energy efficiency in data centers can be defined with a Power Usage Effectiveness (PUE) value. PUE is calculated as total consumed electricity (including network equipment, cooling, rectifiers, UPS etc.) divided by the electricity used by network equipment such as servers etc. It has been estimated that the average global PUE value in the data centers is around 1.92. A PUE value over 2.0 would indicate poor system management. In other words, 100 kW of energy is needed to cool the equipment that uses 100 kW, the total power consumption thus being 200 kW. With efficient cooling systems, less cooling energy is needed and thus PUE value decreases.

**Visible results at an early stage**
Before the reconstruction, DC Haninge’s PUE value was at approximately 1.9. With the new cooling system in place, the PUE value is expected to decrease to an annual average of 1.3–1.4. This means a 30 percent improvement. Monthly variations occur and for instance, a value as low as 1.14 was reported for DC Haninge in February 2010.

In only three years, since the start of the project, annual electricity consumption has decreased by 35 percent, from 26 GWh in 2008 down to 17 GWh in 2010. This equals an estimated SEK 39 million saving in the electricity bill or an estimated annual electricity consumption of 500 houses.

More adjustments are waiting to be implemented in order that we could enhance the energy efficiency even further. Examples include benefits from leveraging coolants to projected temperatures and building a ground cooling to secure top cooling capacity.

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For the indicators to this section, see [Key indicators](#).
## Key indicators

### Key CR indicators

#### Economic impact at Dec 31

<table>
<thead>
<tr>
<th></th>
<th>2010</th>
<th>2009</th>
<th>2008</th>
<th>Change % from previous year</th>
</tr>
</thead>
<tbody>
<tr>
<td>TeliaSonera Group net sales, MSEK</td>
<td>106,582</td>
<td>109,161</td>
<td>103,585</td>
<td>-2</td>
</tr>
<tr>
<td>Income taxes, MSEK</td>
<td>6,374</td>
<td>6,334</td>
<td>4,969</td>
<td>1</td>
</tr>
<tr>
<td>Total personnel expenses, MSEK</td>
<td>13,685</td>
<td>14,807</td>
<td>15,056</td>
<td>-8</td>
</tr>
<tr>
<td>Goods and subcontracting services purchased, MSEK</td>
<td>17,399</td>
<td>16,957</td>
<td>16,016</td>
<td>3</td>
</tr>
<tr>
<td>Investment in infrastructure (CAPEX), MSEK</td>
<td>14,934</td>
<td>14,007</td>
<td>15,795</td>
<td>7</td>
</tr>
<tr>
<td>Market capitalization, MSEK</td>
<td>239,000</td>
<td>233,000</td>
<td>175,000</td>
<td>3</td>
</tr>
<tr>
<td>Dividends paid to owners of parent company, MSEK</td>
<td>10,104</td>
<td>8,083</td>
<td>17,962</td>
<td>25</td>
</tr>
<tr>
<td>Shares held by PRI signatories, %</td>
<td>12</td>
<td>11</td>
<td>-</td>
<td>9</td>
</tr>
</tbody>
</table>

#### Employees

<table>
<thead>
<tr>
<th></th>
<th>2010</th>
<th>2009</th>
<th>2008</th>
<th>Change % from previous year</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total number of employees Dec 31</td>
<td>28,945</td>
<td>29,734</td>
<td>32,171</td>
<td>-3</td>
</tr>
<tr>
<td>Women in the workforce, %</td>
<td>46</td>
<td>44</td>
<td>44</td>
<td>5</td>
</tr>
<tr>
<td>Women in senior management, %¹</td>
<td>39</td>
<td>36</td>
<td>32</td>
<td>8</td>
</tr>
<tr>
<td>Women in the board, %</td>
<td>31</td>
<td>27</td>
<td>40</td>
<td>15</td>
</tr>
<tr>
<td>Number of managers included in Performance Management</td>
<td>346</td>
<td>300</td>
<td>-</td>
<td>15</td>
</tr>
<tr>
<td>Employee commitment score (ECS), survey conducted in five Nordic/Baltic countries⁴</td>
<td>-</td>
<td>68</td>
<td>63</td>
<td>-</td>
</tr>
<tr>
<td>Employee commitment score (ECS), survey conducted in eight Eurasian countries⁵</td>
<td>-</td>
<td>88</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Number of languages the TeliaSonera Code of ethics and conduct is translated into⁶</td>
<td>21</td>
<td>1</td>
<td>1</td>
<td>2000</td>
</tr>
<tr>
<td>Number of occupational injuries</td>
<td>24</td>
<td>45</td>
<td>63</td>
<td>-47</td>
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</tbody>
</table>

#### Customers

<table>
<thead>
<tr>
<th></th>
<th>2010</th>
<th>2009</th>
<th>2008</th>
<th>Change % from previous year</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total number of subscriptions, millions²</td>
<td>157</td>
<td>147</td>
<td>136</td>
<td>7</td>
</tr>
<tr>
<td>Total number of subscriptions, wholly-owned and majority-owned operations, millions</td>
<td>55.3</td>
<td>47.9</td>
<td>43.0</td>
<td>15</td>
</tr>
<tr>
<td>Customer satisfaction (EPSI), in all measured countries</td>
<td>70.2</td>
<td>69.5</td>
<td>68.0</td>
<td>1</td>
</tr>
<tr>
<td>Customer satisfaction (EPSI) in three Eurasian countries</td>
<td>81.5</td>
<td>80.6</td>
<td>-</td>
<td>1</td>
</tr>
</tbody>
</table>

#### Environmental impact

<table>
<thead>
<tr>
<th></th>
<th>2010</th>
<th>2009</th>
<th>2008</th>
<th>Change % from previous year</th>
</tr>
</thead>
<tbody>
<tr>
<td>Purchased electricity consumption in MWH</td>
<td>1,136,425</td>
<td>1,006,187</td>
<td>914,103</td>
<td>-2</td>
</tr>
<tr>
<td>Renewable electricity, %</td>
<td>67</td>
<td>65</td>
<td>74</td>
<td>-2</td>
</tr>
<tr>
<td>Waste, metric tons</td>
<td>36,291</td>
<td>35,131</td>
<td>26,589</td>
<td>-2</td>
</tr>
<tr>
<td>Direct and Indirect CO₂ emissions (Scope 1 and 2), metric tons CO₂</td>
<td>218,968</td>
<td>191,238</td>
<td>115,376</td>
<td>-2</td>
</tr>
<tr>
<td>Business travel (part of Scope 3), metric tons CO₂</td>
<td>11,960</td>
<td>11,796</td>
<td>15,999</td>
<td>-2</td>
</tr>
</tbody>
</table>

#### Suppliers

<table>
<thead>
<tr>
<th></th>
<th>2010</th>
<th>2009</th>
<th>2008</th>
<th>Change % from previous year</th>
</tr>
</thead>
<tbody>
<tr>
<td>Sourcing managers trained in CR and ethics, %</td>
<td>100</td>
<td>100</td>
<td>26</td>
<td>0</td>
</tr>
<tr>
<td>Group Procurement contracts covered by new CR requirements, %</td>
<td>80</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
</tbody>
</table>

#### Society

<table>
<thead>
<tr>
<th></th>
<th>2010</th>
<th>2009</th>
<th>2008</th>
<th>Change % from previous year</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total social investment, KSEK</td>
<td>50,543</td>
<td>45,287</td>
<td>63,537</td>
<td>12</td>
</tr>
</tbody>
</table>

¹ Senior management includes members of the Board, presidents and other members of executive management teams at corporate, business area or company levels.
² Not comparable due to updated scope and new region added in 2009.
³ Including wholly and majority-owned operations and associated companies.
⁴ Employee commitment survey conducted bi-annually, next survey in 2011.
⁵ Year 2008 refers to earlier CSR Policy and Ethical Guidelines.
Customers

PR5 – Practices related to customer satisfaction, including results of surveys measuring customer satisfaction

<table>
<thead>
<tr>
<th>Customer satisfaction survey results (source EPSI)¹</th>
<th>2010</th>
<th>2009</th>
<th>2008</th>
</tr>
</thead>
<tbody>
<tr>
<td>Sweden</td>
<td>70.7</td>
<td>69.4</td>
<td>68.7</td>
</tr>
<tr>
<td>Mobility Services, Sweden</td>
<td>71.4</td>
<td>70.5</td>
<td>69.7</td>
</tr>
<tr>
<td>Broadband Services, Sweden</td>
<td>70.1</td>
<td>68.5</td>
<td>68.1</td>
</tr>
<tr>
<td>Finland</td>
<td>67.4</td>
<td>67.6</td>
<td>68.1</td>
</tr>
<tr>
<td>Mobility Services, Finland</td>
<td>70.6</td>
<td>68.7</td>
<td>71.1</td>
</tr>
<tr>
<td>Broadband Services, Finland</td>
<td>62.0</td>
<td>66.0</td>
<td>64.3</td>
</tr>
<tr>
<td>Norway</td>
<td>66.5</td>
<td>65.3</td>
<td>65.4</td>
</tr>
<tr>
<td>Mobility Services, Norway</td>
<td>67.4</td>
<td>65.6</td>
<td>65.9</td>
</tr>
<tr>
<td>Broadband Services, Norway</td>
<td>60.1</td>
<td>62.2</td>
<td>60.4</td>
</tr>
<tr>
<td>Denmark</td>
<td>63.2</td>
<td>63.1</td>
<td>64.5</td>
</tr>
<tr>
<td>Mobility Services, Denmark</td>
<td>63.4</td>
<td>63.5</td>
<td>65.3</td>
</tr>
<tr>
<td>Broadband Services, Denmark</td>
<td>62.5</td>
<td>60.3</td>
<td>62.1</td>
</tr>
<tr>
<td>Lithuania²</td>
<td>73.4</td>
<td>70.3</td>
<td>79.3</td>
</tr>
<tr>
<td>Mobility Services, Lithuania</td>
<td>73.4</td>
<td>70.3</td>
<td>79.3</td>
</tr>
<tr>
<td>Kazakhstan</td>
<td>79.8</td>
<td>76.6</td>
<td>–</td>
</tr>
<tr>
<td>Georgia</td>
<td>88.4</td>
<td>85.9</td>
<td>–</td>
</tr>
<tr>
<td>Azerbaijan</td>
<td>82.6</td>
<td>86.1</td>
<td>–</td>
</tr>
<tr>
<td>Spain</td>
<td>72.6</td>
<td>–</td>
<td>–</td>
</tr>
</tbody>
</table>

¹ B2C and B2B are equally weighted within each country, weighted average, Eurasia not included.
² Lithuania includes Omnitel.

The EPSI Index scale:
51–60: Very bad/Bad
61–69: Average
70–74: Good/Strong
75–79: Very strong
80+: Excellent

The Extended Performance Satisfaction Index (EPSI) method is a well established method for measuring customer satisfaction and loyalty. Research is public and from a reliable source with statistically verified data. The EPSI-rating is based on international research insights from studies in many industries.

PR8 – Number of complaints regarding customer privacy, or loss of data

<table>
<thead>
<tr>
<th>by Business Area</th>
<th>2010</th>
<th>2009</th>
<th>2008</th>
</tr>
</thead>
<tbody>
<tr>
<td>Mobility Services¹</td>
<td>71.9</td>
<td>67.8</td>
<td>69.1</td>
</tr>
<tr>
<td>Broadband Services</td>
<td>67.6</td>
<td>67.3</td>
<td>66.4</td>
</tr>
<tr>
<td>EURasia²</td>
<td>81.5</td>
<td>80.6</td>
<td>–</td>
</tr>
<tr>
<td>TeliaSonera results²</td>
<td>70.2</td>
<td>69.5</td>
<td>68.0</td>
</tr>
</tbody>
</table>

¹ Spain is included under the mobility services business area.
² Result is for the all measured operations. BSC and B2B are equally weighted within each country, weighted average. Mobility and Broadband are weighted by net sales 2008 Jan–Sep.

I01 – Capital investment in telecommunication network infrastructure, MSEK

![Graph showing capital investment in telecommunication network infrastructure, MSEK]
### Employees

#### LA1 – Total workforce by country, business area, age group and gender

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Sweden</td>
<td>9,414</td>
<td>9,869</td>
<td>10,699</td>
</tr>
<tr>
<td>Finland</td>
<td>4,623</td>
<td>4,841</td>
<td>5,458</td>
</tr>
<tr>
<td>Denmark</td>
<td>1,183</td>
<td>1,727</td>
<td>1,895</td>
</tr>
<tr>
<td>Norway</td>
<td>1,357</td>
<td>1,311</td>
<td>1,461</td>
</tr>
<tr>
<td>Estonia</td>
<td>2,117</td>
<td>2,280</td>
<td>2,515</td>
</tr>
<tr>
<td>Latvia</td>
<td>905</td>
<td>459</td>
<td>582</td>
</tr>
<tr>
<td>Lithuania</td>
<td>4,195</td>
<td>4,049</td>
<td>4,477</td>
</tr>
<tr>
<td>Spain</td>
<td>91</td>
<td>84</td>
<td>80</td>
</tr>
<tr>
<td>Azerbaijan</td>
<td>782</td>
<td>739</td>
<td>645</td>
</tr>
<tr>
<td>Georgia</td>
<td>338</td>
<td>331</td>
<td>309</td>
</tr>
<tr>
<td>Kazakhstan</td>
<td>1,439</td>
<td>1,436</td>
<td>1,480</td>
</tr>
<tr>
<td>Moldova</td>
<td>347</td>
<td>343</td>
<td>320</td>
</tr>
<tr>
<td>Nepal</td>
<td>505</td>
<td>474</td>
<td>414</td>
</tr>
<tr>
<td>Tajikistan</td>
<td>578</td>
<td>574</td>
<td>605</td>
</tr>
<tr>
<td>Uzbekistan</td>
<td>799</td>
<td>754</td>
<td>793</td>
</tr>
<tr>
<td>Cambodia</td>
<td>0</td>
<td>175</td>
<td>176</td>
</tr>
<tr>
<td>Other countries</td>
<td>272</td>
<td>288</td>
<td>261</td>
</tr>
</tbody>
</table>

#### Total numbers of employees by country or region

<table>
<thead>
<tr>
<th></th>
<th>2010</th>
<th>2009</th>
<th>2008</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total</td>
<td>28,945</td>
<td>29,734</td>
<td>32,171</td>
</tr>
</tbody>
</table>

#### By Business area, Dec 31st

<table>
<thead>
<tr>
<th>Business area</th>
<th>2010</th>
<th>2009</th>
<th>2008</th>
</tr>
</thead>
<tbody>
<tr>
<td>Mobility Services</td>
<td>7,488</td>
<td>7,506</td>
<td>8,339</td>
</tr>
<tr>
<td>Broadband Services</td>
<td>13,901</td>
<td>13,645</td>
<td>15,410</td>
</tr>
<tr>
<td>Eurasia</td>
<td>4,853</td>
<td>4,688</td>
<td>4,780</td>
</tr>
<tr>
<td>Other operations and corporate</td>
<td>2,703</td>
<td>3,695</td>
<td>3,642</td>
</tr>
</tbody>
</table>

#### Total number of employees by Business Area/Unit

<table>
<thead>
<tr>
<th></th>
<th>2010</th>
<th>2009</th>
<th>2008</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total</td>
<td>28,945</td>
<td>29,734</td>
<td>32,171</td>
</tr>
</tbody>
</table>

#### By Age, Dec 31st

<table>
<thead>
<tr>
<th>Age group</th>
<th>2010</th>
<th>2009</th>
<th>2008</th>
</tr>
</thead>
<tbody>
<tr>
<td>&lt; 30 years</td>
<td>7,998</td>
<td>8,179</td>
<td>10,323</td>
</tr>
<tr>
<td>31-50 years</td>
<td>14,985</td>
<td>15,480</td>
<td>15,717</td>
</tr>
<tr>
<td>&gt; 51 years</td>
<td>5,962</td>
<td>6,075</td>
<td>6,132</td>
</tr>
</tbody>
</table>

#### Total number of employees

<table>
<thead>
<tr>
<th></th>
<th>2010</th>
<th>2009</th>
<th>2008</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total</td>
<td>28,945</td>
<td>29,734</td>
<td>32,171</td>
</tr>
</tbody>
</table>

#### By Gender, Dec 31

<table>
<thead>
<tr>
<th>Gender</th>
<th>2010</th>
<th>2009</th>
<th>2008</th>
</tr>
</thead>
<tbody>
<tr>
<td>Female</td>
<td>12,753</td>
<td>13,221</td>
<td>14,517</td>
</tr>
<tr>
<td>Male</td>
<td>16,192</td>
<td>16,513</td>
<td>17,654</td>
</tr>
</tbody>
</table>

#### Total number of employees

<table>
<thead>
<tr>
<th></th>
<th>2010</th>
<th>2009</th>
<th>2008</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total</td>
<td>28,945</td>
<td>29,734</td>
<td>32,171</td>
</tr>
</tbody>
</table>

#### Total workforce by age, 2010

- Age group < 30 years, 28%
- Age group 31-50 years, 52%
- Age group > 51 years, 20%

#### Total workforce by gender, 2010

- Female, 44%
- Male, 56%
### LA2 – Total numbers and rates of employee turnover by country, age group and gender

**By Country, Dec 31st**

<table>
<thead>
<tr>
<th>Country</th>
<th>2010</th>
<th>2009</th>
<th>2008</th>
</tr>
</thead>
<tbody>
<tr>
<td>Sweden</td>
<td>398</td>
<td>983</td>
<td>997</td>
</tr>
<tr>
<td>Finland</td>
<td>208</td>
<td>583</td>
<td>640</td>
</tr>
<tr>
<td>Norway</td>
<td>135</td>
<td>85</td>
<td>116</td>
</tr>
<tr>
<td>Denmark</td>
<td>88</td>
<td>305</td>
<td>430</td>
</tr>
<tr>
<td>Estonia</td>
<td>253</td>
<td>355</td>
<td>363</td>
</tr>
<tr>
<td>Latvia</td>
<td>26</td>
<td>125</td>
<td>29</td>
</tr>
<tr>
<td>Lithuania</td>
<td>796</td>
<td>457</td>
<td>1,096</td>
</tr>
<tr>
<td>Spain</td>
<td>5</td>
<td>7</td>
<td>–</td>
</tr>
<tr>
<td>Eurasia²</td>
<td>506</td>
<td>623</td>
<td>925</td>
</tr>
<tr>
<td>Other countries</td>
<td>9</td>
<td>6</td>
<td>–</td>
</tr>
</tbody>
</table>

**Total number of leavers**

<table>
<thead>
<tr>
<th></th>
<th>2010</th>
<th>2009</th>
<th>2008</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>2,424</td>
<td>3,529</td>
<td>4,596</td>
</tr>
</tbody>
</table>

**Total rate of employee turnover, %**

<table>
<thead>
<tr>
<th></th>
<th>2010</th>
<th>2009</th>
<th>2008</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>8.8</td>
<td>12.4</td>
<td>14.8</td>
</tr>
</tbody>
</table>

1. Leaving rate.
2. Eurasia includes Moldova, Nepal, Georgia, Uzbekistan, Azerbaijan, Kazakhstan, Tajikistan. Restated history.

### Employee turnover by age, %

- **Age group < 30 years**
- **Age group 31-50 years**
- **Age group > 51 years**

### LA4 – Percentage of employees covered by collective bargaining agreements

**By Country, Dec 31st**

<table>
<thead>
<tr>
<th>Country</th>
<th>2010</th>
<th>2009</th>
<th>2008</th>
</tr>
</thead>
<tbody>
<tr>
<td>Sweden¹</td>
<td>100</td>
<td>100</td>
<td>100</td>
</tr>
<tr>
<td>Finland¹</td>
<td>95</td>
<td>95</td>
<td>93</td>
</tr>
<tr>
<td>Norway – NetCom</td>
<td>23</td>
<td>25</td>
<td>25</td>
</tr>
<tr>
<td>Norway – Chess</td>
<td>100</td>
<td>100</td>
<td>100</td>
</tr>
<tr>
<td>Norway – NextGenTel</td>
<td>42</td>
<td>40</td>
<td>–</td>
</tr>
<tr>
<td>Denmark – Telia DK</td>
<td>56</td>
<td>72</td>
<td>72</td>
</tr>
<tr>
<td>Denmark – Mobility Denmark</td>
<td>60</td>
<td>60</td>
<td>–</td>
</tr>
<tr>
<td>Estonia – EMT</td>
<td>0</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>Estonia – Microlink</td>
<td>0</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>Estonia – Eilion</td>
<td>100</td>
<td>100</td>
<td>100</td>
</tr>
<tr>
<td>Latvia – LMT</td>
<td>100</td>
<td>100</td>
<td>100</td>
</tr>
<tr>
<td>Lithuania – Omnitel</td>
<td>0</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>Lithuania – TEO</td>
<td>100</td>
<td>66</td>
<td>66</td>
</tr>
<tr>
<td>Spain – Yoigo¹</td>
<td>100</td>
<td>100</td>
<td>–</td>
</tr>
<tr>
<td>Moldova - Moldcell</td>
<td>0</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>Nepal – Ncell</td>
<td>89</td>
<td>90</td>
<td>–</td>
</tr>
<tr>
<td>Uzbekistan Ucell</td>
<td>100</td>
<td>67</td>
<td>67</td>
</tr>
<tr>
<td>Tajikistan – Tcell South</td>
<td>100</td>
<td>100</td>
<td>100</td>
</tr>
<tr>
<td>Tajikistan – Tcell North</td>
<td>100</td>
<td>100</td>
<td>100</td>
</tr>
<tr>
<td>Other countries²</td>
<td>100</td>
<td>100</td>
<td>–</td>
</tr>
<tr>
<td>Report entities’ share of TeliaSonera total, %</td>
<td>79</td>
<td>73</td>
<td>65</td>
</tr>
</tbody>
</table>

1. Excluding top management.
2. TeliaSonera International Carrier France, Austria and Italy.

### LA13 – Number of managers by gender

**2010 | 2009 | 2008**

<table>
<thead>
<tr>
<th>Category</th>
<th>2010</th>
<th>2009</th>
<th>2008</th>
</tr>
</thead>
<tbody>
<tr>
<td>Female</td>
<td>1,066</td>
<td>1,139</td>
<td>1,185</td>
</tr>
<tr>
<td>Male</td>
<td>2,109</td>
<td>2,146</td>
<td>2,176</td>
</tr>
</tbody>
</table>

**Number of managers**

<table>
<thead>
<tr>
<th></th>
<th>2010</th>
<th>2009</th>
<th>2008</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>3,175</td>
<td>3,285</td>
<td>3,361</td>
</tr>
</tbody>
</table>

**Managers by gender, 2010**

- Female, 34%
- Male, 66%
Suppliers

Sourcing managers trained in CR and ethics, %

Group Procurement contracts covered by CR requirements

Contracts with, 80%
Contracts without, 20%
Owners and investors

### Key economic indicators

<table>
<thead>
<tr>
<th>Economic impact at Dec 31</th>
<th>2010</th>
<th>2009</th>
<th>2008</th>
</tr>
</thead>
<tbody>
<tr>
<td>TeliaSonera Group net sales, MSEK</td>
<td>106,582</td>
<td>109,161</td>
<td>103,585</td>
</tr>
<tr>
<td>Income taxes, MSEK</td>
<td>6,374</td>
<td>6,334</td>
<td>4,969</td>
</tr>
<tr>
<td>Total personnel expenses, MSEK</td>
<td>13,685</td>
<td>14,806</td>
<td>15,056</td>
</tr>
<tr>
<td>Goods and subcontracting services purchased, MSEK</td>
<td>17,399</td>
<td>16,957</td>
<td>16,016</td>
</tr>
<tr>
<td>Investment in infrastructure (CAPEX), MSEK</td>
<td>14,934</td>
<td>14,007</td>
<td>15,795</td>
</tr>
<tr>
<td>Market capitalization, MSEK</td>
<td>239,000</td>
<td>233,000</td>
<td>175,000</td>
</tr>
<tr>
<td>Dividends paid to owners of parent company, MSEK</td>
<td>10,104</td>
<td>8,083</td>
<td>17,962</td>
</tr>
<tr>
<td>Shares held by PRI signatories, %</td>
<td>12</td>
<td>11</td>
<td>–</td>
</tr>
</tbody>
</table>

### Share of investors with PRI commitment, percent in 2010

#### Percent from the number of total shares

- PRI-signatories' share of total outstanding shares, 12.1%
- Other shareholders, 87.9%

#### Share of investors with PRI commitment of the free float

- PRI-signatories' share of total outstanding shares, 24.6%
- Other shareholders, 75.4%

---

¹ At the end of 2010, approximately 12.1 percent of the shares in TeliaSonera were held by PRI signatories, corresponding to 24.6 percent excluding Swedish and Finnish State ownership. While countries cannot be signatories to PRI, and hence not included in the calculation, both the Swedish and Finnish States exercise active ownership and are committed to promoting environmental, social and governance issues.
Society

IO8 – Number of stand-alone sites, shared sites and sites on existing structures

<table>
<thead>
<tr>
<th>Number of base station sites of which</th>
<th>2010</th>
<th>2009</th>
<th>2008¹</th>
</tr>
</thead>
<tbody>
<tr>
<td>Stand-alone sites</td>
<td>13,422</td>
<td>11,209</td>
<td>–</td>
</tr>
<tr>
<td>Shared sites</td>
<td>11,303</td>
<td>10,653</td>
<td>–</td>
</tr>
<tr>
<td>Sites on existing structures</td>
<td>16,895</td>
<td>16,925</td>
<td>–</td>
</tr>
<tr>
<td><strong>Total number of sites</strong>²</td>
<td>41,620</td>
<td>38,786</td>
<td>23,293</td>
</tr>
</tbody>
</table>

¹ Year 2008 includes all Nordics and Baltics except Latvia.
² Figures not comparable. Year 2009 includes Spain, all Nordic, Eurasian and Baltic operations except Latvia. Year 2009 restated due to exclusion of Cambodia.

EC1 – Financial support to partnership projects, ‘000 SEK²

Financial support, geographical distribution

<table>
<thead>
<tr>
<th>2010</th>
<th>2009</th>
<th>2008¹</th>
</tr>
</thead>
<tbody>
<tr>
<td>Nordic, Spain</td>
<td>30,000</td>
<td>25,000</td>
</tr>
<tr>
<td>Baltic</td>
<td>20,000</td>
<td>15,000</td>
</tr>
<tr>
<td>Europe</td>
<td>5,000</td>
<td>4,000</td>
</tr>
</tbody>
</table>

¹ Latvia not included.
² Currency rates as YTD Average Dec; year 2008 figure is restated from CR report to currency rates at YTD Average December, 2008

Financial support, types of projects 2010

- Culture, leisure & cause related marketing, 47%
- Education, training, 21%
- Social inclusion, 11%¹
- Philanthropy and charity, 11%³
- Digital inclusion, 9%²
- Other, 1%

¹ Combined categories according to GRI guidelines: social inclusions and aid to disadvantaged or minority groups, community engagement and dialogue, community health & diseases.
² Category – helping local business & infrastructure from the GRI guidelines.
³ Education and training is also about digital inclusion.

EC1 – Generated and distributed value, MSEK, 2010

- Suppliers, 35%
- Employees, 26%¹
- Shareholder dividends, 20%
- Tax, 13%
- Financial interest, 4%

¹ Including social costs.
### Environment

#### EN5 – Direct energy consumption by primary energy source, terajoule (TJ)

<table>
<thead>
<tr>
<th>Region</th>
<th>2010</th>
<th>2009</th>
<th>2008</th>
</tr>
</thead>
<tbody>
<tr>
<td>Nordic³</td>
<td>40</td>
<td>40</td>
<td>69</td>
</tr>
<tr>
<td>Baltic²</td>
<td>68</td>
<td>75</td>
<td>82</td>
</tr>
<tr>
<td>Eurasia³</td>
<td>141</td>
<td>127</td>
<td>–</td>
</tr>
<tr>
<td>Other³</td>
<td>2</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

#### EN8 – Total water withdrawal, m³

<table>
<thead>
<tr>
<th>Region</th>
<th>2010</th>
<th>2009</th>
<th>2008</th>
</tr>
</thead>
<tbody>
<tr>
<td>Nordic¹</td>
<td>153,039</td>
<td>153,185</td>
<td>166,977</td>
</tr>
<tr>
<td>Baltic²</td>
<td>42,023</td>
<td>45,687</td>
<td>77,876</td>
</tr>
<tr>
<td>Eurasia³</td>
<td>100,764</td>
<td>75,860</td>
<td>–</td>
</tr>
<tr>
<td>Other³</td>
<td>2,200</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

#### EN16 – Total direct and indirect greenhouse gas emissions by weight, metric tons CO₂

<table>
<thead>
<tr>
<th>Region</th>
<th>2010</th>
<th>2009</th>
<th>2008</th>
</tr>
</thead>
<tbody>
<tr>
<td>Nordic</td>
<td>2,804</td>
<td>2,775</td>
<td>4,638</td>
</tr>
<tr>
<td>Baltic¹</td>
<td>4,720</td>
<td>5,175</td>
<td>5,891</td>
</tr>
<tr>
<td>Eurasia²</td>
<td>10,583</td>
<td>8,943</td>
<td>–</td>
</tr>
<tr>
<td>Other²</td>
<td>128</td>
<td>–</td>
<td>–</td>
</tr>
</tbody>
</table>

#### EN4 – Indirect energy consumption by primary energy source, terajoule (TJ)

<table>
<thead>
<tr>
<th>Region</th>
<th>2010</th>
<th>2009</th>
<th>2008</th>
</tr>
</thead>
<tbody>
<tr>
<td>Nordic³</td>
<td>3,065</td>
<td>3,165</td>
<td>2,989</td>
</tr>
<tr>
<td>Baltic²</td>
<td>466</td>
<td>430</td>
<td>431</td>
</tr>
<tr>
<td>Eurasia³</td>
<td>519</td>
<td>333</td>
<td>–</td>
</tr>
<tr>
<td>Other³</td>
<td>367</td>
<td>135</td>
<td>135</td>
</tr>
</tbody>
</table>

#### EN16 – Total direct and indirect greenhouse gas emissions by weight, metric tons CO₂

<table>
<thead>
<tr>
<th>Region</th>
<th>2010</th>
<th>2009</th>
<th>2008</th>
</tr>
</thead>
<tbody>
<tr>
<td>Nordic</td>
<td>56,196</td>
<td>78,213</td>
<td>57</td>
</tr>
<tr>
<td>Baltic¹</td>
<td>52,697</td>
<td>46,754</td>
<td>34</td>
</tr>
<tr>
<td>Eurasia²</td>
<td>54,810</td>
<td>35,176</td>
<td>–</td>
</tr>
<tr>
<td>Other²</td>
<td>37,030</td>
<td>14,203</td>
<td>14,203</td>
</tr>
</tbody>
</table>

#### EN8 – Total water withdrawal, m³

<table>
<thead>
<tr>
<th>Region</th>
<th>2010</th>
<th>2009</th>
<th>2008</th>
</tr>
</thead>
<tbody>
<tr>
<td>Nordic¹</td>
<td>18,235</td>
<td>16,893</td>
<td>10,530</td>
</tr>
</tbody>
</table>

#### EN4 – Indirect energy consumption by primary energy source, terajoule (TJ)

<table>
<thead>
<tr>
<th>Region</th>
<th>2010</th>
<th>2009</th>
<th>2008</th>
</tr>
</thead>
<tbody>
<tr>
<td>Nordic³</td>
<td>4,091</td>
<td>3,622</td>
<td>3,291</td>
</tr>
<tr>
<td>Baltic²</td>
<td>327</td>
<td>440</td>
<td>265</td>
</tr>
<tr>
<td>Eurasia³</td>
<td>67</td>
<td>65</td>
<td>74</td>
</tr>
</tbody>
</table>

#### EN8 – Total water withdrawal, m³

<table>
<thead>
<tr>
<th>Region</th>
<th>2010</th>
<th>2009</th>
<th>2008</th>
</tr>
</thead>
<tbody>
<tr>
<td>Nordic¹</td>
<td>244,853</td>
<td>191,238</td>
<td>200,733</td>
</tr>
</tbody>
</table>

#### EN4 – Indirect energy consumption by primary energy source, terajoule (TJ)

<table>
<thead>
<tr>
<th>Region</th>
<th>2010</th>
<th>2009</th>
<th>2008</th>
</tr>
</thead>
<tbody>
<tr>
<td>Nordic³</td>
<td>22,200</td>
<td>274,732</td>
<td>298,026</td>
</tr>
</tbody>
</table>

#### EN8 – Total water withdrawal, m³

<table>
<thead>
<tr>
<th>Region</th>
<th>2010</th>
<th>2009</th>
<th>2008</th>
</tr>
</thead>
<tbody>
<tr>
<td>Nordic¹</td>
<td>218,966</td>
<td>174,345</td>
<td>200,733</td>
</tr>
</tbody>
</table>

#### EN4 – Indirect energy consumption by primary energy source, terajoule (TJ)

<table>
<thead>
<tr>
<th>Region</th>
<th>2010</th>
<th>2009</th>
<th>2008</th>
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<tbody>
<tr>
<td>Nordic³</td>
<td>37,030</td>
<td>14,203</td>
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#### EN8 – Total water withdrawal, m³

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#### EN8 – Total water withdrawal, m³

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#### EN4 – Indirect energy consumption by primary energy source, terajoule (TJ)

<table>
<thead>
<tr>
<th>Region</th>
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<tr>
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#### EN8 – Total water withdrawal, m³

<table>
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<tr>
<th>Region</th>
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</table>

#### EN4 – Indirect energy consumption by primary energy source, terajoule (TJ)

<table>
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<tr>
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<td>14,203</td>
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#### EN8 – Total water withdrawal, m³

<table>
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<tr>
<th>Region</th>
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<th>2009</th>
<th>2008</th>
</tr>
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<td>174,345</td>
<td>200,733</td>
</tr>
</tbody>
</table>

#### EN4 – Indirect energy consumption by primary energy source, terajoule (TJ)

<table>
<thead>
<tr>
<th>Region</th>
<th>2010</th>
<th>2009</th>
<th>2008</th>
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<tbody>
<tr>
<td>Nordic³</td>
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<td>14,203</td>
<td>14,203</td>
</tr>
</tbody>
</table>

#### EN8 – Total water withdrawal, m³

<table>
<thead>
<tr>
<th>Region</th>
<th>2010</th>
<th>2009</th>
<th>2008</th>
</tr>
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<tbody>
<tr>
<td>Nordic¹</td>
<td>218,966</td>
<td>174,345</td>
<td>200,733</td>
</tr>
</tbody>
</table>

#### EN4 – Indirect energy consumption by primary energy source, terajoule (TJ)

<table>
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<tr>
<th>Region</th>
<th>2010</th>
<th>2009</th>
<th>2008</th>
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</thead>
<tbody>
<tr>
<td>Nordic³</td>
<td>37,030</td>
<td>14,203</td>
<td>14,203</td>
</tr>
</tbody>
</table>

#### EN8 – Total water withdrawal, m³

<table>
<thead>
<tr>
<th>Region</th>
<th>2010</th>
<th>2009</th>
<th>2008</th>
</tr>
</thead>
<tbody>
<tr>
<td>Nordic¹</td>
<td>218,966</td>
<td>174,345</td>
<td>200,733</td>
</tr>
</tbody>
</table>
**EN17 – Other relevant indirect greenhouse gas emissions by weight, metric tons CO₂**

<table>
<thead>
<tr>
<th>Region</th>
<th>2010</th>
<th>2009</th>
<th>2008</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Nordic</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Business travel¹</td>
<td>9,579</td>
<td>10,176</td>
<td>15,059</td>
</tr>
<tr>
<td>Outsourced maintenance and driving²</td>
<td>18,446</td>
<td>22,658</td>
<td>27,037</td>
</tr>
<tr>
<td>Distributions/logistics³</td>
<td>3,070</td>
<td>4,379</td>
<td>9,698</td>
</tr>
<tr>
<td><strong>Nordic, total metric tons CO₂</strong></td>
<td>31,095</td>
<td>37,213</td>
<td>51,794</td>
</tr>
<tr>
<td><strong>Baltic</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Business travel</td>
<td>1,139</td>
<td>539</td>
<td>940</td>
</tr>
<tr>
<td>Outsourced maintenance and driving²</td>
<td>913</td>
<td>821</td>
<td>958</td>
</tr>
<tr>
<td>Distributions/logistics³</td>
<td>318</td>
<td>310</td>
<td>252</td>
</tr>
<tr>
<td><strong>Baltic, total metric tons CO₂</strong></td>
<td>2,370</td>
<td>1,670</td>
<td>2,150</td>
</tr>
<tr>
<td><strong>Eurasia</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Business travel</td>
<td>809</td>
<td>797</td>
<td>–</td>
</tr>
<tr>
<td>Outsourced maintenance and driving²</td>
<td>354</td>
<td>323</td>
<td>–</td>
</tr>
<tr>
<td>Distributions/logistics³</td>
<td>51</td>
<td>75</td>
<td>–</td>
</tr>
<tr>
<td><strong>Eurasia, total metric tons CO₂</strong></td>
<td>1,214</td>
<td>1,195</td>
<td>–</td>
</tr>
<tr>
<td><strong>Other</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Business travel</td>
<td>433</td>
<td>284</td>
<td>–</td>
</tr>
<tr>
<td>Outsourced maintenance and driving²</td>
<td>542</td>
<td>–</td>
<td>–</td>
</tr>
<tr>
<td>Distributions/logistics³</td>
<td>223</td>
<td>–</td>
<td>–</td>
</tr>
<tr>
<td><strong>Other, total metric tons CO₂</strong></td>
<td>1,198</td>
<td>284</td>
<td>–</td>
</tr>
<tr>
<td><strong>Total other relevant indirect greenhouse gas emissions in metric tons CO₂</strong></td>
<td>35,877</td>
<td>40,362</td>
<td>53,944</td>
</tr>
</tbody>
</table>

1. Restated year 2006 and 2009 due excluding Stofa from Denmark from the scope.
5. Too from Lithuania not included. EMT estimated.
7. Includes Yoigo in Spain for the first time in 2010 and TeliaSonera International Carrier travels originated outside Nordic. Year 2009 contains only TeliaSonera International Carrier.
8. Includes partial info from Yoigo in Spain for the first time in 2010.

**EN22 – Total weight of waste by type and disposal method, metric tons**

<table>
<thead>
<tr>
<th>Region</th>
<th>2010</th>
<th>2009</th>
<th>2008</th>
</tr>
</thead>
<tbody>
<tr>
<td>Nordic</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Business travel¹</td>
<td>888</td>
<td>614</td>
<td>1,178</td>
</tr>
<tr>
<td>Outsourced maintenance and driving²</td>
<td>33,909</td>
<td>33,929</td>
<td>25,411</td>
</tr>
<tr>
<td><strong>Nordic, total weight of waste, metric tons</strong></td>
<td>36,291</td>
<td>35,131</td>
<td>26,589</td>
</tr>
<tr>
<td>Other</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Share of recycled waste ±, %</td>
<td>From 0 to over 95</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

1. Data is not fully comparable.
2. Stofa from Denmark excluded in 2008 and 2009. No info from Norway in 2008 and 2009, partial information in 2010 as NexGenTel and Netcom reported for the first time in 2010. Major increase due to network upgrade projects in Finland and Sweden.
3. Year 2009 includes partial info from Azerbaijan, Georgia, Tajikistan and Uzbekistan. Year 2010 also Nepal, Kazakhstan and Moldova reported for the first time with partial information.
4. Includes Spain for the first time in 2010.
5. Data not comparable due to new countries added and partially incomplete data.
6. Share of cables excludes lead cables that are categorized as hazardous.
7. Share of recycled waste depends on the category of waste.
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CR Risks and governance, page 13
AR/Report of the Directors, page 10
AR/Financial statements, page 84

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2.2 Primary brands, products, and services
TeliaSonera website
2.3 Operational structure of the organization
AR/Corporate Governance Statement, page 23
2.4 Location of organization’s headquarters
Contact TeliaSonera, page 68
2.5 Countries where the organization operates
TeliaSonera website
2.6 Nature of ownership and legal form
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2.7 Markets served
TeliaSonera website
2.8 Scale of the organization
Key CR indicators, page 7
AR/Financial statements, page 32
AR/Report of the directors, page 10
2.9 Significant changes during the reporting period
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AR/Report of the Directors, page 18
2.10 Awards received during the reporting period
Customers, page 22
Employees, page 28-29
Society, page 39
Owners and investors, page 35

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Contact TeliaSonera, page 68

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Approach to stakeholder relations, page 16
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#### Governance

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**Telecom**

8. **Telecom specific indicators**

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| 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. Describe relevant legislative and regulatory mechanisms | Society, page 38 |

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| IO4 | Compliance with ICNIRP standards on exposure to RF emissions from handsets | Society, page 39 |
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**Infrastructure**

| IO7 | Policies and practices on the siting of masts and transmission sites including stakeholder consultation, site sharing and initiatives to reduce visual impacts | Society, page 39 |
| IO8 | Number and percentage of stand-alone sites, shared sites and sites on existing structures | Key indicators/Society, page 55 |

**Access to Telecommunication Products and Services: Bridging the Digital Divide**

| 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 | Society, page 37 |
| PA2 | Policies and practices to overcome barriers for access and use of telecommunication products and services including: language, culture, illiteracy, and lack of education, income, disabilities and age | Society, page 38, Society, page 41 |
| PA3 | Policies and practices to ensure availability and reliability of telecommunications products and services and quantify, where possible, for specified time periods and locations of down time | Customers, page 21 | Customers, page 23 |
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| PA5 | Number and types of telecommunications products and services provided to and used by low and no income sectors of the population | Society, page 38 | Society, page 41 | Society, page 43 |
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| TA1 | Examples of the resource efficiency of telecommunication products and services delivered | Environment, page 47 | Customers, page 20 |
| TA2 | Examples of telecommunications products, services and applications that have the potential to replace physical objects | | Customers, page 22 | Environment, page 47 |
| TA3 | Disclose any measures of transport and/or resource changes of customer use of the telecommunications products and services listed above. Provide some indications of scale, market size, or potential savings. | Environment, page 44 | Customers, page 20 |
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| TA5 | Description of practices relating to intellectual property rights and open source technologies | | Additional facts, page 66 | AR/Report of The Directors, page 18 |
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**4.7**
The Board of Directors applies a systematic and structured evaluation to its internal work. The Nomination Committee proposes the composition of the Board annually, and defines the needed competences. The basis for evaluation includes discussions with the CEO, Chairman of the Board and feedback from the Board member evaluation, conducted by the Chairman, and certain years by external consultants.

**4.12**
Working hours: TeliaSonera complies with local legislation regarding work hours per week, and in some cases offer better conditions than the local legislation (e.g. in Sweden and Denmark). In most countries the weekly working hours are 40, with some variation between 37-40 hours. The exceptions are Nepal, where employees according to local legislation have a 48 hours work week, and Turkey where it is 45 hours a week. In the US, UK and Germany local legislation are not as prescriptive.

Work-life balance: To create and sustain working conditions that promote a healthy work-life balance is something TeliaSonera strives for. We offer possibility to work part-time, flexible time and part-time retirement as well as providing the possibility, when suitable, to work from home. In many operations we subsidize costs for hobby and health activities (e.g. in Estonia and Sweden). Some operations also offer salaried extra days off (e.g. in Norway for senior employees, and in Estonia for employees with two or more children under the age of 12). In Eurasia we comply with local legislation, which generally provide employees with good working conditions (e.g. working part-time or allowing flexible working).

Parental leave/sick child care: TeliaSonera complies with local legislation regarding parental leave and caring for sick children. In some countries where local statutory provisions are lower we enhance the maternity benefits (e.g. in some International Carrier countries). In Denmark the company offers support for sick child care through a local child care network. In Omnitel Lithuania, the company offers mobile working place to support caring for sick children. In Eurasia the local legislation is followed regarding parental leave and child care. The time period for the parental leave as well as the subsidy provided by the company varies between the countries according to local legislation.

Succession planning: On a TeliaSonera group level the Management Team carries out an annual management review led by the CEO. The purpose is to have a good overview of current leadership capabilities, to ensure succession planning and to secure the future talent pool. On a country level many of the local Managing Directors apply similar processes.

**EN5, EN6**
Across TeliaSonera’s operations there are a number of ongoing initiatives aimed at increasing energy-efficiency. The ambition is to reduce energy need through innovative solutions, use of alternative energy and upgrading of equipment. Examples include:
- In Denmark, the replacement of rectifiers with higher energy-efficiency capacity estimated to save approximately 1,000 MWh and in addition, to keep raising cooling point for sites with two degrees
- In Finland, savings by renewing equipment reduced the need for electricity by 30 percent or estimated 1,000 MWh annually for the equipment that were changed. More savings to be achieved when renovation continues
- In Lithuania, TEO installed 25 free cooling systems with estimated savings of 428 MWh. Moreover, in rural areas nine nodes were shut down reducing electricity need by 465 MWh
- In Estonia, EMT changed lamps in the offices with estimated electricity savings of 30 percent
- In Azerbaijan, renewable energy solution was piloted in one base station now with electricity need of 1.5 kWh/h. Since the start of the pilot, 12 MWh of electricity has been produced.

**EN23**
TeliaSonera operations have not reported any significant spills during 2010.

**EN28**
No incident to report during 2010 from TeliaSonera’s wholly-owned companies.

**HR3**
There is currently no group system to measure average training hours. However since 2009, TeliaSonera reviewed the group-wide approach, formulated the vision ahead and adopted a group-wide Code of Ethics and Conduct (The Code). Striving to implement the Code throughout the group during 2010 meant that all employees were made aware of the Code and its content and that the implementation started in all wholly-owned and majority-owned operations. Fundamentals of Human Rights are included into The Code.

**HR4**
No incidents have been reported during 2010.

**HR5**
Among TeliaSonera’s own operations, we have not identified any business units where the right to exercise freedom of association might be at risk. TeliaSonera supports the international human rights as outlined by the UN declaration and core ILO conventions. Our Code of Ethics and Conduct states that we respect the employee’s right to choose whether or not to be represented by a trade union for the purpose of collective bargaining. The Code is being implemented in all wholly- and majority-owned operations and during 2010 also introduced to most of our minority operations. Most of the countries where
we operate, including Eurasia, have legislation that protects the right to join a union. In Uzbekistan, Moldova, Tajikistan and Nepal we have trade unions representing the employees.

**HR6**
Among TeliaSonera’s own operations, we have not identified any business units where there is a risk for incidents of child labor and no such incident has been reported. TeliaSonera supports the international human rights as outlined by the UN declaration of Human Rights and core ILO conventions.

**HR7**
Among TeliaSonera own operations, we have not identified any business units where there is a risk for incidents of forced or compulsory labor, and no such incident has been reported. TeliaSonera supports the international human rights as outlined by the UN declaration of Human Rights and core ILO conventions.

**IO3**
Most field work is outsourced. Employees involved in fieldwork receive training in health & safety and are provided with safety equipment and regular check-ups. Training, extra benefits according to legislation and support are given to employees working under such conditions.

The policy for health and safety control procedures of Eurasian operations requires a management system that ensures that significant risks are identified, assessed and controlled through effective standards. These standards are defined in the Fintur Code of Health & Safety. Azercell’s Health and Safety management system is in accordance with ISO9001:2000. Most Eurasian companies have an H&S committee.

**Disclosure of management approach/Employment**
The TeliaSonera Group HR governance framework is designed to ensure that HR activities support the company’s strategy and overall business goals. The most senior HR position is Senior Vice President, Head of Group HR, who is a part of the Group Management. This ensures that HR is integrated part of the management agenda.

Each business area has its own designated HR Vice President who has a strategic and operational role in supporting the integration of employee issues into business planning.

**LA5**
Notice periods vary between different countries and are regulated either by law, collective agreement or personal contracts. The length of the notice period varies from two weeks up to six months. In a majority of the countries the minimum notice period is at least one month. In some countries the company offers longer notice periods than what is regulated by law or collective agreement, for instance in Sweden and Finland as well as some of the countries where International Carrier operates. Our general approach to adjustment plans is to act as a responsible employer and be supportive in finding new employment opportunities inside and outside the company to enable the shortest possible transition period for redundant employees.

During the beginning of 2010 the efficiency program that was launched during 2008 was officially closed. As a result of the program, employees have been leaving the company during 2008 and 2009 in agreement with negotiated terms and conditions. Effects of the efficiency program were still noticed during 2010 as result of the redundancy processes that took place in 2009.

**LA6**
In the Nordic countries, all employees are represented in formal joint management-worker health and safety committees. Among our Eurasian operations the set-up differs between the countries, some have committees and units monitoring legal acts and requirements on Health and safety issues, other has special functions handling and advising these activities. During 2011 a Health and safety committee will be formed in Nepal. Of the Baltic countries the Estonian operation has a formal safety committee in place.

**LA7**
Number of lost time occupational injuries, total 23.5 (45) and fatalities 0 (0). Lost days related to injuries 318.

**LA9**
In all Nordic and Baltic countries formal agreements regarding Health & Safety issues are in place, this goes as well for the northern parts of Tajikistan. In Nepal some basic requirements have been included in the collective agreement but most of the actions are still done by the company.

**LA10**
For the moment there is no group common process to measure average training hours.

Local reports indicate that the average hours of training vary between 6 to 50 hours per employee and year. The span is depending on different employment categories, in some countries more hours are spent on management training than on general training, while in other countries the situation is the opposite.

Current competency development is increasingly about transfer to new technologies and understanding its implications for the telecom industry as a whole, and for TeliaSonera and our services.

**LA11**
TeliaSonera is a responsible employer and supports the individual employee’s competence development. This is beneficial for the business as well as for the employees’ future employability. Throughout the company a variety of activities and programs aimed at developing employees’ competence are taking place, including on the job training or other internal or external training courses. The need for competence development is subject to discussion as part of annual development dialogues between manager and employees. The company may, when deemed relevant fund external trainings and in some countries provide support during sabbatical leave for external training, to this date mostly in the Nordic countries.

**LA12**
Since 2009, a new group-wide performance management process is in place.

The group-wide performance management process launched offers a shared framework and language for defining competencies. As of 2010, the performance management process involves 346 managers across the whole group. By 2011 the process will have been further launched to all level 5 leaders and senior specialists in the group. The performance management process also includes majority-owned operations.

Along with the TeliaSonera corporate common performance management process, annual employee appraisal processes (regular performance and career development reviews, PD discussions etc.) are in place in most of the TeliaSonera business units and being carried out according to local standards and agreements. In some countries appraisals are carried for certain employee categories even more often.

**LA13**
TeliaSonera’s Code of Ethics and Conduct states that all employees should be treated fairly and equally and that no employee, or candidate, should be discriminated against or harassed. In addition, most operations have HR policies in-
In 2010, TeliaSonera allocated SEK 500,000 to EMF research. The GSM Association member's fee also includes support to EMF research.

Recognizing there may be areas along the life-cycle approach that have improvement potential, TeliaSonera follows the regulations in the local markets and complies with EU health and safety regulation. Our suppliers generally provide health and safety information in the packaging.

TeliaSonera operations have not reported any incidents during 2010. Within wholly-owned companies in TeliaSonera we had during 2009 in Finland two incidents where a thunderbolt had stroke our network and related apparatus causing personal injuries due to non-compliance of Ficora's security and safety regulations and several cases where a moose (or other animals like deer) might have been injured due to abandoned cables in the forest (one case has led to police investigation whereas it was decided at prejudicial stage that there were no felony). No incidents to report for 2010.

The number of complaints in relation to customer privacy totalled 47 (31) in 2010. In most cases, the increase correlates with the increased number of reporting units, for instance Spain reported for the first time. Year 2009 data was restated due to data error and exclusion of Cambodia. In several cases, the main reason is a direct customer complaint (e.g. loss of data) or a request by a regulatory body or an authority. The percentage of substantiated complaints varies among the countries.

TeliaSonera is managing significant network and data volumes and therefore aims to ensure network integrity and data security and to protect customer's personal data. TeliaSonera will only provide personal data to authorities to the extent required by law or with the customer’s permission. To ensure privacy, TeliaSonera protects assets such as personnel, customers, IT infrastructure, internal and public networks as well as office buildings and technical facilities. TeliaSonera implements measures to prevent and detect the disclosure of sensitive information to unauthorized parties.

TeliaSonera takes measures to detect and promptly respond to security incidents. TeliaSonera maintains a zero acceptance policy towards criminal activities and fraud. While TeliaSonera through appropriate measures avoids failure in its work to secure network integrity and data security, external or internal factors may have negative impact on security and cause negative effects on customers' perception on how TeliaSonera handles these matters leading to a possible adverse impact on TeliaSonera’s business.

TeliaSonera has not received any significant fines to be reported.

TeliaSonera uses the group-wide internal control environment, periodic internal audits and annual external audit to safeguard company assets and protect shareholder value. This is applied to all units where TeliaSonera has management control. The segregation of duties principle is applied across all relevant business processes and control measures as well as audits may be adjusted according to identified risk exposure.

Employees in CFO office have received relevant training related to corruption, fraud and other financial risk management.

Anti-corruption is covered within our TeliaSonera Code of Ethics and Conduct. It is available for all employees and is being implemented in all wholly-owned and majority-owned operations.

TeliaSonera has a policy of not making political donations, and in line with policy, none was made in 2010.

TeliaSonera has no significant issues to report.

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TeliaSonera group protects its intellectual property to guard the results of TeliaSonera’s R&D investments, prevent third party interference in the activities of TeliaSonera, create additional income from technology marketing and create the means for TeliaSonera to negotiate, in cross-licensing and conflicts with third parties. TeliaSonera group has approximately 438 patent families. TeliaSonera group has protected the corporate name and locally used brands as trademarks in the respective business areas. TeliaSonera is using several licensed open-source solutions as part of commercial solutions provided by third parties.
About the CR report

Scope of this report

TeliaSonera’s Corporate Responsibility Report 2010 discloses what we have achieved during 2010, and describes our ambitions for the coming years.

The annual CR report covers events and developments during the calendar year 2010. The previous CR Report was published in March 2010. The online version of the TeliaSonera CR Report contains the same information as the downloadable PDF.

Since 2004, TeliaSonera applies the Global Reporting Initiative (GRI) guidelines for reporting on corporate responsibility including the telecommunications sector supplement pilot. We have self-declared our reporting to be Application level B.

The 2010 CR Report continues to build on the most prioritized issues revealed in the materiality analysis made in 2009. Management information and narrative information on strategies and initiatives contains information from all operations within the TeliaSonera group, except from associated companies.

During 2010, we continued to consolidate corporate responsibility information from our majority- and wholly-owned companies. However, our system for reporting and consolidating key CR indicators for majority-owned businesses is still under development. Therefore the degree of completeness varies. Our associated companies are excluded from the scope of reporting with the exception of the risk section.

Human resources performance data represents 100 percent of the entities covered by the report and data for Cambodia is not restated for the previous years. Reporting on environmental performance according to GHG Protocol for scope 1 and 2 emissions includes information from 14 of the 15 reporting countries. TeliaSonera International Carrier operations outside Nordic are excluded except for their business travels and estimated electricity usage. For the other key indicators we report fully or partially from eight to 14 countries.

Future improvement potential remains in ensuring quality of data in terms of consistency, completeness and comparability. Data from Cambodia and Telia Støfa A/S Denmark are excluded from the reporting and history is restated when applicable. As for Latvia, this report includes human resources but not environmental performance data.

Data collection process and changes in methods

In 2010, Yoigo in Spain provided performance data on the environmental for the first time. We will continue to support this progress.

For the GHG Protocol Scope 3, operational data from our supply chain includes data mainly from the travel agencies, the transportation and network construction, maintenance, postal and waste transportation companies.

GRI guidelines v.3.0 and the Telecommunications sector supplement are applied to collect the data from our operations using the CR reporting network.

Data collection methods are continuously strengthened and improved in order to ensure reliable, complete, accurate and transparent data. The current report has not been subject to external assurance. In 2010 we conducted an internal environmental reporting review in Nordic countries, Estonia and Lithuania. We will continue to build on the lessons learned to improve the quality in environmental performance indicators.

TeliaSonera applies the Greenhouse Gas (GHG) Protocol in environmental performance reporting of emissions. The GHG Protocol categorizes direct and indirect emissions into three broad scopes:

- Scope 1 includes all direct GHG emissions, e.g. emissions from company-owned or controlled vehicles and stationary fuel combustion.
- Scope 2 includes indirect GHG emissions, from consumption of purchased electricity, heat or steam.
- Scope 3 are all other indirect emissions, such as the extraction and production of purchased materials and fuels, employee business travel and transport-related activities in vehicles not owned or controlled by the reporting entity, outsourced activities, waste disposal, etc.

Applying the GHG Protocol Scope 1–3 in our reporting, TeliaSonera has restated the data for environmental results from previous years when applicable. With regard to the GHG Protocol Scope 3, partial operational data from the supply chain is included in EN17.

CR Report target group

TeliaSonera CR Report is intended to respond to internal and external stakeholders’ quests for information and increased transparency regarding our sustainability work. This includes customers, owners, investors, suppliers and media.

The information should also be useful for our partners and NGO’s, and for future TeliaSonera employees. Internally, we use the CR Report to highlight and share information about best-practice across the group, reaching all current employees within TeliaSonera.

Feedback on this report

To help us improve, we invite all stakeholders to provide feedback on this report and on TeliaSonera’s CR work. Please send your comments to: csr-hq@teliasonera.com.
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Online speech enabling: VoiceCorp
Film production: Creo Media Group
Glossary

BSR
Business for Social Responsibility

CDP
Carbon Disclosure Project

ECPAT
End Child Prostitution, Child Pornography And Trafficking of Children for Sexual Purposes (NGO)

EFCA
Eurasian Foundation Central Asia

EMF
Electromagnetic Fields

ETNO
European Telecommunications Network Operators’ Association

EWC
European Works Council

FTTH
Fiber to the home

GDR
Global Design Resources

GeSi
Global e-Sustainability initiative

GHG
Greenhouse Gas

GRI
Global Reporting Initiative

GSMA
Groupe Speciale de Mobile Association

GSMe
European affiliate of Groupe Speciale Mobile Association

ICNIRP
International Commission on Non-Ionizing Radiation Protection

ICT
Information and communication technology

ICT4EE WG1
ICT for Energy Efficiency Working Group 1

IFTDO
International Federation of Training and Development Organisations

ILO
International Labor Organization

ISP
Internet Service Provider

NGO
Non Governmental Organization

OECD
Organisation for Economic Co-operation and Development

PRI
Principles for Responsible Investments

SRI
Socially Responsible Investment

WHO
World Health Organization

WWF
WorldWide Fund for Nature