



## Tele2 Sustainability Report 2008

# Vision and approach

## Tele2's responsibility

The core of Tele2's operations is communication. That is a fundamental element in our society and plays an important role in people's lives throughout the globe. We want everyone to have access to attractively priced, easy to-use communication services.

To that end, Tele2 must be able to compete under the same conditions as others. Therefore, we fight hard for fair legislation and correct application of regulations. Our efforts have not been in vain. We have improved competition in each part of the European telecommunications market where we operate. This has resulted in lower prices, which are essential to the long-term development of society and free enterprise.

At the heart of our commitment to our stakeholders is our aim to increase the sustainability of what we do. Our aspiration is to deliver sustainable and superior results as a consequence of our business practices.

Our most relevant issues covered in this report are:

- Business Integrity
- The Environment, Energy & Product Safety
- People

It is important to stress that this is a starting point of what we will do in the future and a starting point for conversations, internally and externally, on the scope of our responsibility in society. Over the next few years, we will extend the scope of our sustainability work to cover Tele2s operations in all the markets where we are present. This report refers to the Swedish operations and the calendar year 2008 unless otherwise stated.

## President says

### ***“We look forward to the challenge”***

Sustainable growth in society and good business go hand in hand. In order to maintain a sustainable business model and help build a better society, we have to take responsibility for the things we do. That creates opportunities as well as challenges for all companies. Since we consider corporate responsibility to be a part of our business, we have chosen to approach the topic in the same way as we do business – with openness, flexibility and cost consciousness. We know that being open to new ideas on how to use our resources even more wisely, be it the engagement of our employees or the energy we use to power our networks, is a way to save costs.

Telecommunications bring many benefits to our customers. By increasing access to communication services, Tele2 promotes people’s needs for expression and enhances economic opportunities. However, our business operations also present challenges. The fact that Tele2 operates in both mature and emerging markets requires us to have distinct frameworks in place to ensure that we act responsibly in all our markets. Moreover, the rapid development of telecommunications presents our sector with new questions around privacy and integrity that need to be addressed. We have always put our customers and their needs first, so I am convinced that this development will work to Tele2’s advantage.

Tele2s sustainability work has been a beneficial exercise, for me personally and for the entire management team. In addition to giving us new perspectives on our responsibility, this process has enabled us to gain practical experience. Such experience will prove to be valuable in our future selection of targets and performance indicators. With a system measuring a whole range of environmental and social performances, we will get a broader and more accurate picture of how well we run our company.

At Tele2 we believe that the success of our company depends on the success of the societies in which we operate. We do know that we still are far from perfect, but are convinced that by making corporate responsibility a way of doing business, we will achieve sustainable growth and help societies grow sustainable as well.

We invite feedback from people around us. You are welcome to e-mail us at [sustainability@tele2.com](mailto:sustainability@tele2.com) with feedback and ideas for our future sustainability work.

Harri Koponen  
CEO

## **About this report**

The Sustainability Report 2008 is the first of its kind produced by Tele2 and limited to the Swedish operations (Tele2 Sweden AB and fully owned subsidiaries in Sweden ). Tele2 is in the process of strengthening its corporate responsibility practices and governance structures, and will report more fully on its performance in years to come. Our aim is to include more comprehensive data, specific targets and indicators, and to expand coverage so as to include our businesses outside Sweden. The long term aim of Tele2 is to incorporate the whole group in the annual Sustainability Report.

In this report, we have chosen to focus on three areas that we consider of importance to us and to our stakeholders. Being socially responsible means not only fulfilling legal expectations, but also going beyond compliance and investing 'more' into human capital, the environment and the relations with stakeholders. The four areas in question are business integrity, people and the environment, energy and climate change. This report is a summary of Tele2's responsibility as a company within these four areas in 2008.

### **Scope**

The report covers the operations of all Swedish subsidiaries fully owned by Tele2 Sweden AB, representing about 30 percent of Tele2 by net sales. The companies included are Tele2 Sweden AB, Optimal Telecom, Procure IT Right (PIR) and Datametrix.

### **Method and data**

In 2005, Tele2 implemented a new Code of Business Ethics in Russia. In 2006, the Code was globally implemented in the Tele2 group. In 2008, Tele2 initiated the process of identifying the main corporate responsibility issues in our business and the effect we have on people and the environment. The Code of Conduct constituted a starting point that was developed through industry mapping, initial stakeholder dialogues and internal analysis. The processes resulted in a Sustainability Policy, which has formed the foundation of this first Sustainability Report.

Our aim is to find indicators for areas considered important in order to measure our performance and set appropriate targets.

Data in this report refers to the calendar year 2008, unless otherwise stated. Tele2 has strived to create a report that is as transparent, accurate, consistent and complete as possible. In the environmental chapter, we have used the Greenhouse Gas Protocol (GHG) guidelines.

## About Tele2

### Key financial and corporate information

One of Europe's leading telecom operators

Tele2 is one of Europe's leading alternative telecom operators and our mission is to provide price leading and easy to use communication services. Tele2 always strives to offer the market's best prices. We have 25,4 million customers in 11 countries and offer mobile services, fixed broadband and telephony, data network services, cable TV and content services. Ever since Jan Stenbeck founded the company in 1993, it has been a tough challenger to the former government monopolies and other established providers. Tele2 has been listed on the OMX Nordic Exchange since 1996. In 2008, we had net sales of SEK 39.5 billion with an operating profit (EBITDA) of SEK 8.2 billion.

### 7 things you must know about Tele2 (fact box)

#### ***1 Price-leading and easy-to-use communication services in a quality wrapping***

Tele2 is a challenger that always provides best value to its customers. Tele2 shall be perceived as a price leader and offer the market's best deal. We offer good quality services that are simple for everyone to use.

#### ***2 New geographical focus***

We now focus on fewer countries than before and concentrate on a portfolio of mobile and mobile internet, which in some markets is complemented by fixed broadband.

#### ***3 Lower costs***

Whoever has the lowest costs will win the battle for customers. With this in mind, we invest as late as possible and question every single cost – always. Investing in new technology is only interesting if it provides productivity improvement.

#### ***4 Sharpened brand***

Tele2 is one of the strongest telecom brands in Europe and is associated with a good deal for a good price.

#### ***5 Corporate market high on the agenda***

In the Nordic and Western Europe regions, Tele2 is already successful today in the corporate segment. Now, as development is reaching for more advanced services, the corporate market is even higher on our agenda.

#### ***6 The customer is king***

Customers are the ones who decide when it is time to launch new services. Our customers will always be treated in a professional and supportive way. We constantly ask ourselves how we can compose a product portfolio that goes in line with the needs of our customers.

#### ***7 Strong values***

We call it the Tele2 Way – a simple set of values and working methods. They are not a desktop product; in fact, they run through the very veins of the company.

## TELE2 IN BRIEF

25.4 million customers  
in 11 countries

Mobile operations in 9  
countries

Fixed broadband operations in  
6 countries

Fixed telephony operations in  
8 countries



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Illustration 1: Tele2's operations globally

Billion SEK	2004	2005	2006	2007	2008
Billion SEK	27 752	34 410	39 401	40 056	39 505
EBITDA	4 714	4 948	5 390	6 320	8 175
Number of customers	18 153	21 017	24 025	23 221	24 486
Number of employees		3 909	5 285	5 859	5 351

Table 1: Key financial statistics, Tele2 globally (Continuing operations)

	Holder Name	A shares	B shares	Share of Capital	Share of votes
1	Investment AB Kinnevik (Investment Management)	25 830 229	99 651 296	28,2%	45,4%
2	AllianceBernstein LP	0	21 813 446	4,9%	2,8%
3	Swedbank Robur Fonder AB	0	18 351 315	4,1%	2,3%
4	Stenbeck Family	10 014 612	2 251 137	2,8%	13,0%
5	AMF Pensionsforsakring AB	0	11 171 905	2,5%	1,4%
6	Alecta Pension Insurance, Mutual	0	8 765 000	2,0%	1,1%
7	Nordea Investment Management AB	0	8 122 432	1,8%	1,0%
8	Newton Investment Management Ltd.	0	7 780 364	1,7%	1,0%
9	SEB Investment Management AB	0	6 981 069	1,6%	0,9%
10	Handelsbanken Fonder AB	0	6 492 835	1,5%	0,8%
11	Pictet Asset Management SA	0	6 076 674	1,4%	0,8%
12	Andra AP-fonden	0	6 000 465	1,3%	0,8%
13	New Jersey Division of Investment	0	6 000 000	1,3%	0,8%
14	Pioneer Investment Management, Inc.	0	5 662 901	1,3%	0,7%
15	Fjarde AP-fonden	0	4 028 750	0,9%	0,5%
	Total, 15 largest shareholders	35 844 841	219 149 589	57,3%	73,3%

Table 2: Tele2's largest shareholders, 2008-12-31

# How we do business

## Committed to integrity

With operations in 11 countries, over 5,000 employees and 24 million customers, Tele2 has an important role in society and is a key part of many people's lives. It is therefore essential that we build sound, sustainable external relationships in order to realize our goals and fulfill our mission. It is our firm belief that open communication and good internal control systems do not only produce a corporate culture which is sustainable and which embraces business ethics; it also result in lower costs and better business opportunities.

- **Sustainability Policy**  
Tele2's Sustainability Policy commits us to act responsibly in regards to products, our business, people and the environment. Our approach is to do business in a responsible way and to bring the benefits of communications to a wider audience.
- **Code of Conduct**  
Our Code of Conduct is a framework for Tele2's employees concerning the conduct and attitudes that those should have towards customers, suppliers, public authorities, shareholders and colleagues. The Code was integrated into our Russian operations in 2005 and at group level in 2006.
- **Whistle Blower Policy**  
Tele2 has a Whistle Blower Policy, whereby any employee or member of the public may openly or anonymously report suspected irregularities at Tele2. All reports filed under this framework go to the chairman of the Board of Director's Audit Committee.

Tele2 is committed to conducting our business to the highest ethical standards. Tele2 actively promotes compliance with all laws, rules and regulations in each jurisdiction in which we do business. On top of legal compliance, Tele2's Code of Conduct put additional requirements on our everyday work.

Our Code of Conduct represents a set of practical guidelines for Tele2 and for anyone acting on behalf of Tele2. The Code is complemented by policies.

## Business principles

The Code of Conduct states several business principles to which every employee of Tele2 must comply. Tele2 requires all employees, all members of management and the Board of Directors to read and understand our Code of Conduct and to sign a written acknowledgement that they have done so. By signing the code, they ensure that their conduct fully meets the Tele2 standards and also ensure that Tele2 affiliates (such as representatives, distributors, agents and contractors) understand and comply with the code.

All Tele2 employees and all long term consultants in Sweden have been provided with a copy of the Code of Conduct together with a request to carefully read the code and thereafter sign the written acknowledgement that they have done so.

### ***Treating people with respect***

Tele2 will not under any circumstances discriminate anyone. At Tele2 we treat all people equally and respectfully irrespective of age, gender, race, religion, sexual orientation, marital or parental status, political opinion or ethnical background.

### ***Fair competition***

Tele2 is firmly committed to fair competition. One of the foundations of our success has been the break-up of monopolies. We remain firm believers that open and fair competition works in our favour and do whatever is in our power to defend this view.

### ***Conflict of interest***

Tele2 considers it crucial that business decisions be always made in the best interest of the company. To avoid risks of conflicts of interest the Code of Conduct states that employees may not work outside Tele2 without the company's written consent. If there is even the slightest risk for a conflict of interest, employees are expected to immediately inform their manager.

### ***Customer integrity***

Tele2 only collects, stores and uses its customers' personal information for defined business purposes, and does not disclose this information. We safeguard our customers' information, in accordance with this and applicable laws on customers' privacy and data retention.

### ***Corruption and bribes***

Tele2 does not accept that employees offer or accept any gifts or benefits, directly or indirectly from a third party unless it can be considered being within the boundaries of accepted business practices and would not constitute a violation of laws.

Tele2's Frame Supply Agreement and Vendor Certificate regulate that the contractors of Tele2 submit to high ethical standards and refrain from any kind of corruption or bribes. A violation of the regulations results in compensation to Tele2 next to other available remedies. These conditions apply to Tele2's global agreements.

### ***Corporate governance***

Tele2 has been applying the Swedish Code of Corporate Governance since July 1, 2005, which has increased requirements regarding dissemination of information and control units in the company. Tele2's own corporate governance reflects the provisions contained in the Swedish Code. More information can be found under Corporate Governance on [tele2.com](http://tele2.com).

# The Environment, Energy and Product Safety

## Our impact on the climate

Climate change affects us all and we share a responsibility to reduce the impact on the environment. Besides bringing many social and economic benefits to societies, the telecommunications sector offers possibilities for environmental and climate protection. Many physical products and travels can be replaced by services and Tele2 has an important role to play by helping organisations, companies and individuals use resources more efficiently.

Tele2's most significant impact on the climate results from the greenhouse gas emissions we produce when operating our networks or when heating, cooling and powering our buildings. It also results from the use of our vehicle fleet and from our travelling in business. We also affect the environment with the visual intrusion from masts and antennas and the emission of electromagnetic fields from base stations and antennas.

Contributing to a sustainable development not only saves the environment, but also creates better business opportunities in the long run and contribute to lowering costs. We have identified four areas where we are confident we can lessen our impact on the environment. These areas are:

- Energy consumption
- Greenhouse gas emissions
- Waste management and recycling
- Visual intrusion from masts and antennas

Tele2 has just started measuring and reporting energy consumption and CO2 emissions. It is our aim for the coming years to widen the measurement scope and set targets for future consumption and emissions.

## Energy consumption

Tele2 strives to reduce our energy consumption. Gradually all cars within Tele2's Swedish operation are being replaced by cars with increased fuel efficiency and lower CO2 emissions. By the end of 2011, our car fleet will exclusively contain cars that classify as environmentally friendly, as defined in the Swedish statute SFS 2005:1228.1

Other measures aiming at reducing energy consumption within Tele2 include reduced travelling, the recycling of office materials, the use of energy-efficient technical equipment, and the promotion of work with electronic documentation.

In the properties, Tele2 rent includes heat, cooling and electricity. For 2008, the different types of energy in total energy consumption represent about 29.2 MWh. However, it is not possible to distinguish between the different types of energy and therefore not clear whether all of this energy was in the form of electricity, or whether it also contained energy in the form of heat. Tele2 chose to report the full energy as if it were electricity for 2008, but aims to identify and report the sources of energy consumption for 2009.

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<sup>1</sup> The head of Human Resources can authorize exemptions from this policy when necessary with regard to the business operation.

Energy consumption	2007	2008
Electricity consumption in owned buildings and network operations (GWh)	n/a	46,5
Electricity consumption in tenancy agreement (GWh)	n/a	29,2
Energy consumption own sites 2(GWh)	n/a	0,3
Distance driven with petrol car (km) <sup>3</sup>	5 191 950	6 131 923
Distance driven with diesel car (km) <sup>4</sup>	2 133 920	2 066 208
Flight distance (km)	5 901 568	6 480 692

## Energy sources

Tele2 purchases electricity from Telge Kraft, which in turn purchases electricity from the power exchange Nord Pool Spot. 53 percent of the electricity on the North Pool Spot derives from renewable energy sources (hydro power, wind power, renewable waste); 44 percent derive from nuclear power; and 3 percent originate from fossil energy (peat, natural gas, oil and coal). Of those three energy sources, only fossils energy emits greenhouse gas.

## Greenhouse gas emissions

Tele2 reports environmental data in compliance with the Greenhouse Gas Protocol. The data reported covers energy use and greenhouse gas emissions made directly by Tele2.

The energy consumption of Tele2 produces greenhouse gas emissions. For 2008, Tele2 had greenhouse gas emissions totalling to 10 067 tonnes CO<sub>2</sub>. Our aim is to continue searching for ways to improve our operations and relatively lessen our impact on the environment.

GHG-emissions (tonnes CO <sub>2</sub> )	
GHG - Electricity consumption in buildings and network operations	4213
GHG - Electricity consumption in tenancy agreement	2646
GHG - Energy consumption from own sites	36
GHG - Distance driven with petrol car	1148
GHG - Distance driven with diesel car	410
GHG - Flight distance	1614
Total GHG-emissions	10 067

Total GHG-emissions by source (tonnes CO <sub>2</sub> )	
Electricity	6859
Heating oil	0
Gas	36
Diesel	410
Petrol	1148
Aviation fuel (travels with commercial airlines)	1614
Total GHG-emissions	10 067

CO<sub>2</sub> emissions are calculated in accordance with guidelines from Jernkontoret and Travellink/Tricorona Climate Partner (flights).

<sup>4</sup> Office in Malmö, Sweden and server sites in Norrköping, Sweden.

<sup>3</sup> Complete data for 2008 is not available. The figure for 2008 refers to distances driven with private cars in duty 2008 plus distances driven with company cars 2007.

<sup>4</sup> Complete data for 2008 is not available. The figure for 2008 refers to distances driven with private cars in duty 2008 plus distances driven with company cars 2007.

Greenhouse gas emissions according to the GHG Protocol  
 Tele2 has decided to follow the Greenhouse Gas Protocol (GHG) when reporting its environmental performance. The GHG is an international standard established by the World Resources Initiatives (WRI) and World Business Council for Sustainable Development (WBCSD). It is based on ten years of collaborative effort between corporations, governments and environmental organisations. Tele2 rests assured that GHG is a reliable and thorough standard that provides a realistic view on the direct and indirect emissions of Tele2.

**The GHG divides emissions into three scopes in order to better highlight the sources.**

<b>Scope 1: Direct GHG emissions (CO<sub>2</sub> - tonnes)</b>	
This scope focuses on emissions from sources owned or directly controlled by Tele2.	
Tele2's emissions are caused by:	Values 2008 (CO <sub>2</sub> - tonnes):
Own and employees car fleet in duty	1 558
Own electricity production with gas or diesel?	0
<b>Sum:</b>	<b>1 558</b>
<b>Scope 2: Electricity indirect GHG emissions (CO<sub>2</sub> - tonnes)</b>	
This scope focuses on emissions from energy procurement.	
Tele2's emissions are caused by:	Values 2008 (CO <sub>2</sub> - tonnes):
Generation of purchased electricity	6 859
Generation of district heating and cooling	36
<b>Sum:</b>	<b>6 895</b>
<b>Scope 3: Other indirect GHG emissions (CO<sub>2</sub> - tonnes)</b>	
This scope focuses on indirect emissions related to the activities of Tele2, but not controlled by Tele2. So far we have only included business flights, however our aim is to include more variables in the years to come, for example cargo operators.	
Tele2's emissions are caused by:	Values 2008 (CO <sub>2</sub> - tonnes):
Flights	1 614
<b>Sum:</b>	<b>1 614</b>
<b>Sum of all three GHG Scopes:</b>	
	<b>10 067</b>

- Input data on energy consumption and CO<sub>2</sub>-emissions is calculated in the following manner:
- Electricity consumption is derived from billing information from the electricity supplier Telge Kraft CO<sub>2</sub>-emissions are calculated in accordance with guidelines from Jernkontoret and based on the assumption that the electricity purchased is produced in line with what is called "Nordic mix".
  - Figures corresponding to distances caused by air transportation are provided by the general travel agent of Tele2, Travellink. Calculations of the CO<sub>2</sub>-emissions caused by air transportation have been made by Tricorona Climate Partner (flights).
  - Figures of distances travelled by car are derived from internal book keeping of purchased fuels. Figures of total cost for petrol and diesel have been divided by the respective average price per litre to establish perched volumes for 2008 The fuel consumption for all cars is assumed to be 10 litres of petrol or diesel per 100 km. CO<sub>2</sub> emissions are estimated to be 2,3 kilos per litre petrol and 1,85 kilos per litre diesel. These are the estimates used by the Swedish Consumer Agency (Konsumentverket).
  - Complete data for 2008 is not available. The figures for 2008 refer to distances driven with private cars in duty in 2008 plus distances driven with company cars in 2007.
  - Taxi and public transport is not included.

## **Waste management and recycling**

### **Paper**

Tele2 contributes to lessening the impact on the environment by encouraging customers to use digital e-invoices and reduce their use of paper.

### **Waste and recycling**

According to the Tele2 Way, our company strives to re-use all equipment and materials as much as possible. If re-using the material is not an option, Tele2 recycles the product. Contractors are responsible for and obliged to handle and dispose of electric and electronic equipment provided by them. This includes electric and electronic equipment which Tele2 no longer wishes to use and which therefore is replaced by the contractor. The Frame Supply Agreement states that disposals must be made in accordance with applicable laws within the area, including the EU directive 2002/96/EC.

### **Visual Intrusion from masts and antennas**

Base stations can be placed in a variety of locations. Some are purpose-built, some use masts shared with other operators, and some are placed on existing structures such as rooftops or lamp posts. Tele2 uses a range of base station designs, to ensure that they can blend in at different locations.

Examples of best practices to reduce the visual impact are:

- Sharing sites with other operators
- Using existing structures to support antennas and house equipment where possible
- Designing masts to look like street lamps or flagpoles
- Constructing equipment cabinets from materials that match the environment, or painting them so they blend in
- Positioning masts so they are shielded from the most obvious viewpoint.

## **Product Safety**

Ensuring product and service safety is important. Tele2 closely monitor research and follows guidelines within areas such as safety measures related to radiation levels in electronic equipment and the safe use of Internet and mobile phones.

We also consider it important to make information available to our customers and to other individuals seeking advice on health issues related to the use of electronic -products. Tele2 refers to public information provided by -authorities such as the Swedish Radiation Safety Authority.

### **Safe use and health issues**

#### **Electro Magnetic Fields**

Tele2 follows both Swedish and international accepted guidelines and norms within the area of electromagnetic fields. Hence the company follows the recommendation of the Swedish Radiation Safety Authority, the EU's recommendation 1999/519/EG with the complementary ICNIRP Guidelines and the recommendations of WHO. Tele2 also measures, on a regular basis, the radio wave emitted in our network to ensure that the accepted guidelines and norms are being fulfilled. On average the radio wave signal is 100 to a 1000 times lower than the limit value.

Electromagnetic fields are a part of everyday life and are constantly present, for example around electric devices such as wireless phones. The stronger the electricity, the stronger the electromagnetic field; as soon as the electrical device is turned off, so is the electromagnetic field. There is currently no scientific evidence that electromagnetic exposure from mobile site antennas is dangerous to our health.

### Mobile phones

Mobile phones transmit radio waves and create electromagnetic fields as they communicate with base stations. The strength of the radio wave depends on the specific mobile phone as well as its distance to the base station.

### Wireless technologies

Wireless technologies is used for both phones and networks. The common denominator to all wireless technologies is that they send a weak signal which decreases with distance, so the exposure is usually much lower than the Swedish Radiation Safety Authority's reference values. The table below displays the normal output of different radio wave sources.

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

The Swedish Radiation Safety Authority estimates that there are no adverse health risks of exposure from base stations for mobile telephony, wireless networking and similar transmitters. They believe, however, that during the long-term use of mobile phones, there might be some effect on health. Pending further knowledge, the Radiation Safety Authority advocates some caution in the use of mobile phones. The Authority also believes that since children and young people will use cell phone longer than today's adults do, this piece of advice is of particular importance to them.

## Customer safety

The Internet and mobile phones bring many benefits to our customers, but can also expose them to inappropriate content and abuse. The boundaries between TV, Internet and mobile phones are also being erased. We work continuously to increase the protection of customers, when they are using the Internet and mobiles, and combat online abuse in a number of ways:

- Parental control
- Filtering and blocking (including blacklisting)
- Noticing and taking down procedures
- Raising awareness

Tele2's Abuse Group works actively with fraud and abuse. Tele2 also has a dialogue with the Swedish Media Council, a governmental committee of inquiry which studies the interaction of children and young people with different media. The aim of the Swedish Media Council is to reduce the risks of harmful effects of the media. The Council covers all moving image media, i.e. the Internet, film, television, computer and video games. For further information please visit [www.medieradet.se](http://www.medieradet.se)

## Consumer integrity

Tele2 manages large amounts of personal data in its operations. Processing and storing personal data presents significant privacy and data protection challenges.

Tele2 complies with data protection laws and takes all reasonable care to prevent unauthorized access to personal data. We closely follow how principles on freedom, expression and privacy in the information and communication technology industry develop, by observing the stance of leading human rights groups, academic institutions (such as the Socially Responsible Investing (SRI) institute), and how other companies act.

# PEOPLE

## Diversity in focus

Tele2's employees are important to our success. The right attitude and enthusiasm and the ability to work according to Tele2's values are often more important than an impressive resume. Tele2 strives to be an attractive employer offering a stimulating workplace and a secure environment.

Tele2 is well aware that a homogeneous business concept such as ours requires a heterogeneous culture in order to succeed. Therefore we work continuously to improve diversity management, including diversity of gender, age, ethnic background, and skills. For Tele2, diversity is a business strength.

## Strengthening the Tele2 way

Tele2 puts a lot of effort into communicating our corporate values in the organisation. During 2008, all managers globally participated in a two-day workshop on the subject to become ambassadors of the Tele2 culture throughout the organisation. A web based interactive e-learning application was launched, which describes the company's core values and how those are integrated in the business. It is mandatory for all employees and describes the company's core value and how those are integrated in the business. The application will also be used as an introduction for new employees and strategic partners.

## Employee survey

Tele2 globally performs an annual employee survey to measure the employee satisfaction index, which takes into account factors such as working climate in the work group, training, work challenge and cost-consciousness. For 2008 the employee satisfaction index was 82 percent. The leadership index, which summarizes managers' strengths and weaknesses for an efficient and profitable working climate, scored 65 percent - the same level as the average benchmark. The net promoter score, which mirrors how likely our employees are to recommend Tele2 to a friend as a place to work, scored 23,5 points compared to 18 as an average benchmark.

## Diversity

During 2008, Tele2's Swedish operations consisted of 69 percent male and 31 percent female employees. The average age was 38 years with a spread from 20 to 65.

Tele2's Gender Diversity Plan includes four pillars; recruitment and training, pay and bonuses, health and work training, and balance of family and work lives. We measure gender equality through tracking data and through employee surveys. During 2008, the share of women among employees went from 30 to 31 percent. The proportion of female senior executives decreased from 23 to 14 percent, mainly due to organisational changes in the realignment process of the Tele2 Group. The share of women on the Tele2 AB Board of Directors is 25 percent.

Employees from more than 20 different nationalities presently work in the Swedish organisation. During 2009 Tele2 will initiate a new project to further enhance diversity within the organisation. What originated in an initiative to support women in their careers within the company has now grown to a broader diversity initiative meant to ensure that Tele2 reflects the diversity of our customers; we also think this will strengthen our business. We want to provide equal career opportunities for employees regardless of gender, age, religion, ethnic background and sexual orientation. The core focus of those initiatives is to develop and maintain diversity within the company with activities within the areas of recruitment, employer branding, competence development, compensation and benefits, and work environment.

	2006	2007	2008
Number of employees	1376	1367	1390
Of which women	394	407	431
Employee turnover (%)	9	8	9
Sick leave	2,7	2,8	2,4
Work-related injury (number)*	7	3	6

(\* Tele2 Sweden only)

### **Personal development and continued learning**

Tele2 supports managers and employees who want to enhance their development and learning by providing them with adequate tools. The annual development talk and appraisals are two efficient management tools meant to create a dialogue between managers and employees about goals, performance and their needs for development and support. The annual employee survey gives the managers additional input on how to work with personal development and continued learning among their employees.

### **Well-being, health and safety**

The health, safety and well-being of our employees are crucial to the success of Tele2. These areas are managed at country level and vary depending on local legislation and practices. In Sweden, health and safety performance are measured and monitored by the Work Environment Committee and reported to the management team twice a year.

In spring 2008, Tele2 Sweden initiated a human resources project to introduce health management in the organisation. By increasing the competences of our managers and employees in the field of health management, we aim to keep the sick leave figures at a low level while providing Tele2 staff with a sound work environment and working conditions. The target is to develop preventive measures within health care and work environment, which will enable us to decrease the total cost by 15 percent over a three year period. The project was implemented during spring 2009 and performance will be measured by employee surveys.

### **Compensation and benefits**

Tele2 offers competitive remuneration packages so that we can attract and retain highly skilled and motivated people. The compensation and benefit's policy is revised annually and managers are offered training ahead of the yearly salary review. Tele2 uses benchmark and performance evaluation tools to ensure a thorough and equal assessment. Salaries are subject to a yearly overview through a gender perspective and unwarranted salary differentials between the sexes may be addressed.