



Corporate Governance Report 2012

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TELE2

Corporate Governance Report 2012

Tele2 in brief

Tele2 AB ("the company") has 38 million customers in 11 countries and offers mobile services, fixed broadband and telephony, data network services, cable TV and content services. In 2012, the company had net sales of SEK 43,7 (41,0) billion and reported an operating profit (EBITDA) of SEK 11 (11) billion. Tele2 AB (publ.) is a Swedish limited liability company with shares listed on the NASDAQ OMX Stockholm Large Cap list and thus applies the Swedish Corporate Governance Code ("the Code").

This Corporate Governance Report is prepared in accordance with the Swedish Annual Accounts Act and the provisions of the Code. Previous years' corporate governance reports and other corporate governance documents are available on the corporate website, www.tele2.com.

The Code is based on the principle of comply or explain, which means that companies can deviate from single rules in the Code, provided that they offer an explanation for the deviation. This report contains information regarding the following deviations from the Code:

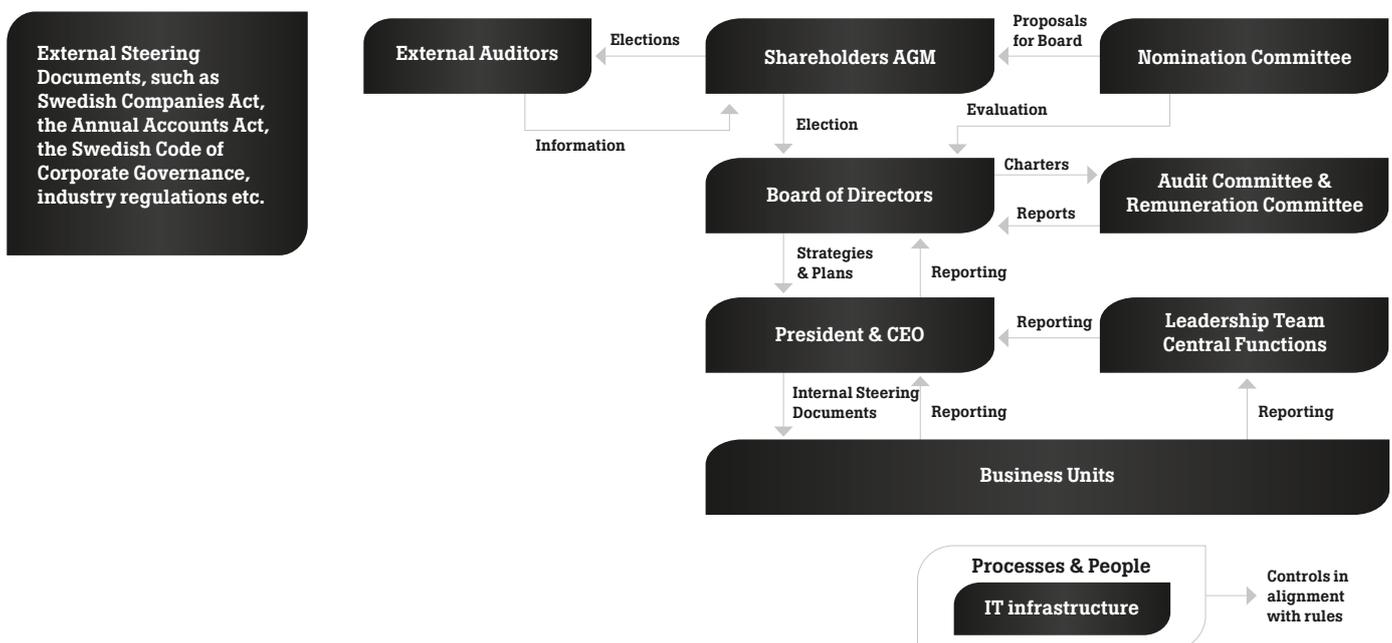
Reference from the Code	Deviation and Explanation
2.4 A member of the Board shall not chair the Nomination Committee	Cristina Stenbeck, who is the Chairman of the Nomination Committee, is also a member of the company's Board. The other members of the Nomination Committee have explained their decision regarding the election of the Chairman of the Nomination Committee as being in the company's and shareholders' best interest – and a natural consequence of Cristina Stenbeck leading the Nomination Committee's work in recent years as well as her representing the company's largest shareholder.
9.2 The members of the Remuneration Committee, apart from the Chairman, must be independent of the company and the corporate executives.	During the first part of 2012 Mia Brunell Livfors, member of the Remuneration Committee, was not considered independent with respect to the company and its management due to her being on the Board of Transcom. The Board, however, considers that her experience benefit the company and make her a suitable committee member. The Code notwithstanding, the Board believes that she is as free of conflict as if she were independent. Furthermore, in May 2012 Mia Brunell Livfors stepped down from her position on Transcom's Board.
9.9 Fixed salary during a period of notice and severance pay are together not to exceed an amount equivalent to the individual's fixed salary for two years.	Pursuant to the employment contract established during 2013 with the new CEO of Tele2 Russia, Jere Calmes, Jere is under certain circumstances entitled to severance payment in case of termination of his employment with an amount equal to a maximum of three fixed yearly salaries. The company's assessment is that it was necessary to offer such termination terms as a part of a competitive package for a senior executive in the Russian market and that the terms therefore are reasonable and in the best interest of the company.

Overview of corporate governance at Tele2

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

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

Tele2's Governance Structure



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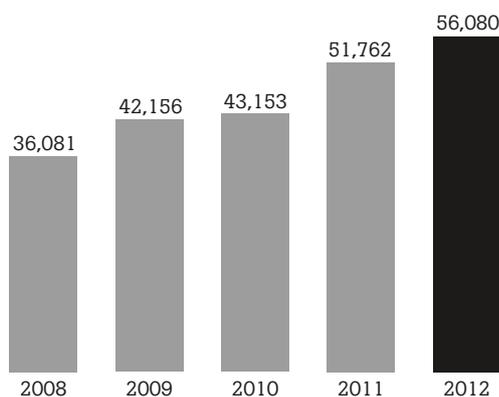
Shareholder Information

Tele2's Class A and B shares were first listed on the O-List of the Stockholm Stock Exchange in May 1996. Tele2 has been listed on the NASDAQ OMX Stockholm Large Cap list since October 2006. Per 31 December 2012, Tele2 had 56,080 shareholders and the market value of the company was SEK 52 billion. In addition to shareholder meetings, Tele2 continuously provides information to shareholders by publishing financial reports (interim reports, full year reports and annual reports) and press releases. The company also arranges regular analyst meetings.

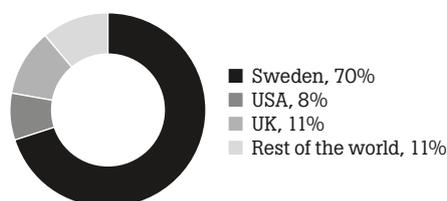
The Tele2 share (31 December 2012)

	Par value	Total issued shares	% of total count	Votes per share	% of total votes
A-Share	1.25	20,987,981	5	10	33
B-Share	1.25	423,746,358	94	1	66
C-Share	1.25	4,049,000	1	1	1

Number of shareholders



Share capital distribution, by nationality

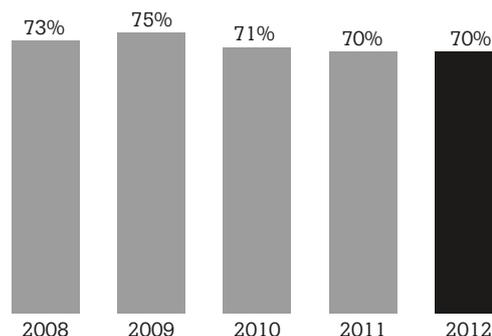


For further shareholder information, including information on share capital, voting rights, and the current share price see our corporate website, www.tele2.com.

Annual General Meeting

The 2012 Annual General Meeting ("AGM") was held on May 7, 2012. At the meeting, 784 shareholders were in attendance, personally or by proxy, representing 69.7 percent of the votes. Wilhelm Lünig was elected Chairman of the meeting. All Board members elected by the AGM were present.

Attendance, % of votes



The following significant resolutions were adopted by the AGM:

- It was resolved to adopt the income statements and balance sheets for the company and the Group in respect of 2011.
- In accordance with the proposal of the Board of Directors, an ordinary dividend of SEK 6.50 per share and SEK 6.50 per share as extraordinary dividend (in total: SEK 5,774 million) were approved.
- The Board of Directors and the CEO were discharged from liability for the 2011 financial year.
- The Board of Directors and the Chairman of the Board were elected. The AGM re-elected Lars Berg, Mia Brunell Livfors, Jere Calmes, John Hepburn, Erik Mitteregger, Mike Parton, John Shakeshaft, and Cristina Stenbeck as directors of the Board for the period until the close of the next AGM. Furthermore, Mike Parton was elected as Chairman of the Board.
- The remuneration of the Board of Directors and its Committees was set for the period until the close of the next AGM. Furthermore, it was determined that remuneration to the auditor shall be paid in accordance with approved invoices.
- The registered accounting firm of Deloitte AB was re-elected as auditor for a term of four years. Deloitte appointed Thomas Strömberg as Auditor-in-Charge for Tele2.
- The proposed remuneration guidelines for senior executives were adopted.
- In accordance with the Board's proposal, a share-based incentive programme for senior executives and other key employees in the Tele2 Group was adopted. Within the framework of this programme and including certain conditions, the Board was authorised to decide on the issues of Class C shares, the repurchase of own Class B shares and the transfer of own Class B shares.
- The Board of Directors was authorised to pass resolutions, under certain conditions, during the forthcoming period until the 2013 AGM, to purchase or transfer Class A and/or Class B shares. The purpose of the authorisation is to give the Board of Directors flexibility to continuously decide on changes to the company's capital structure during the year and thereby contribute to increased shareholder value. However, the basic requirement implies that the company's holding does not at any time exceed 10 percent of the total number of shares in the company.

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- A resolution was adopted to reduce the restricted reserve, which amounted to SEK 17 billions as per 31 December 2011, by SEK 12 billions to be transferred to an unrestricted reserve with the provision that the Swedish Companies Registration Office, or, in case of a dispute, the general courts, permits the reduction.

The minutes of the AGM are available on Tele2's corporate website.

Nomination Committee for the 2013 AGM

In line with the resolution passed at the 2012 AGM, Cristina Stenbeck convened a Nomination Committee comprising representatives of the largest shareholders of Tele2 as per 30 September, 2012. The members of the Nomination Committee are shown in the table below.

Nomination Committee for the 2013 AGM

Name	Representing	Share of votes as on December 31, 2012
Cristina Stenbeck	Investment AB Kinnevik	47.4 %
Åsa Nisell	Swedbank Robur Fonder	2.9 %
Thomas Ehlin	Nordea Investment Funds	2.2 %
Hans Ek	SEB Investment Management AB	1.3 %

The Board member Cristina Stenbeck was appointed Chairman of the Nomination Committee. The other members of the Nomination Committee motivated their decision as being in the company's and shareholders' best interest and a natural consequence of Cristina Stenbeck leading the Nomination Committee's work in recent years, as well as her representing the company's largest shareholder.

The Nomination Committee for the 2012 AGM

Ahead of the 2012 AGM, the Nomination Committee evaluated the Board's work and composition to ascertain the degree to which the Board met the requirements that will be applicable as a consequence of the company's situation and future direction. The Committee submitted proposals to the 2012 AGM for the election of a Chairman of the AGM, the Board Chairman and other members of the Board, the fees to the Board members, remuneration for committee work and auditor.

The Nomination Committee for the 2013 AGM

The Nomination Committee will present the following proposals for approval by the 2013 Annual General Meeting:

- Proposing the Board of Directors and its Chairman

- Proposing the remuneration to members of the Board and its Committees, as well as auditor remuneration
- Nominating a Chairman to lead the AGM, and
- Proposing a procedure for appointing members of the Nomination Committee in advance of the 2014 AGM.

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

The Nomination Committee for the 2013 AGM has held 6 meetings as of March 14, 2013, with additional contact between the meetings.

The Board

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

At the 2012 AGM, Tele2's shareholders re-elected Lars Berg, Mia Brunell Livfors, Jere Calmes, John Hepburn, Erik Mitteregger, Mike Parton, John Shakeshaft and Cristina Stenbeck as Directors of the Board for the period until the close of the next AGM. Furthermore, Mike Parton was elected as Chairman of the Board.

On February 5, 2013, Tele2 announced that Jere Calmes was appointed new CEO of Tele2 Russia and stepped down as non-executive Tele2 Board member.

The company's President & CEO, CFO and Company Secretary also attend the Board meetings except for when their own work is being evaluated. Other employees participate in the Board meetings to discuss specific matters, or as required by the Board.

Independence of the Board

The Board's assessment, regarding each member's position of independence in relation to the company, its shareholders and the management is presented in the table "Composition of the Board December 31, 2012". None of the Board members are part of the senior management of the company (Jere Calmes stepped down as Tele2 Board member following his appointment as CEO of Tele2 Russia in February 2013), nor are they union representatives. 25 percent of the Board's members are women. Tele2 meets the Code's requirement that the majority of the members are independent in relation to the company and its executive management. Tele2 also meets the Code's requirement that a minimum of two of the directors are independent of the company, its executive management and, additionally, its major shareholders.

The composition of the Board, December 31, 2012

Name	Born	Position	Elected	Remuneration Committee	Audit Committee	Independent	Shareholding as on December 31, 2011
Mike Parton	1954	Chairman	2007	Member	–	Yes	12,395 B-shares
Lars Berg	1947	Member	2010	–	Member	Yes	2,000 B-shares
Mia Brunell Livfors	1965	Member	2006	Member	–	No*	1,000 B-shares
Jere Calmes	1969	Member	2008	Member	Member	Yes****	4,000 B-shares
John Hepburn	1949	Member	2005	Chairman	–	Yes	406,395 B-shares
John Shakeshaft	1954	Member	2003	–	Chairman	Yes	3,820 B-shares
Cristina Stenbeck	1977	Member	2003	–	–	No**	1,400 B-shares***
Erik Mitteregger	1960	Member	2010	–	Member	No**	10,000 B-shares

* Not independent in relation to the company and the company's management, nor in relation to the company's major shareholders, due to her being on the Board of Transcom during the first five months of 2012.

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

*** In addition to her own directly held shares, Cristina is via Verdere S.à r.l. indirectly owner of a considerable shareholding in Tele2's major shareholder, Investment AB Kinnevik.

**** In addition to his board assignment which ended December 31, 2012, Jere Calmes was engaged as an advisor to Tele2 Russia as a member of an informal advisory board consisting of individuals with expert experience of relevance for Tele2 Russia. The members meet three–four times per year and have also additional contacts with Tele2 Russia in between and are remunerated with 25,000 USD for their work. The Nomination Committee does not deem that this engagement effected Jere Calmes' independence in relation to the company and its management.

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Mike Parton, *British*

Chairman of the Board

Trained as Chartered Management Accountant.

Mike Parton is presently CEO and Chairman of Damovo Group Ltd, an international IT company, and member of the Chartered Institute of Management Accountants. Furthermore, he is a member of the Advisory Board of a UK charity called Youth at Risk. He was CEO and Executive member of Marconi plc between 2001 and 2006.

Lars Berg, *Swedish*

Graduated from Gothenburg School of Economics.

Lars Berg was a member of the executive Board of Mannesmann AG as head of its telecommunications business from 1999 until the Vodafone takeover of Mannesmann in 2000. From 1994 until 1999, he was Chief Executive Officer of the TELIA Group and President of TELIA AB. Between 1970 and 1994 he held various executive positions in the Ericsson Group and was a member of the Ericsson Corporate Executive Committee for ten years, as well as President of the subsidiaries Ericsson Cables AB and Ericsson Business Networks AB.

Lars Berg has been the European venture partner of Constellation Growth Capital since 2006. He has been non-executive Chairman of Net Insight AB since 2001 and a Board member since 2000, a non-executive Board member of Ratos AB since 2000, a non-executive board member of KPN/OnePhone since 2009 and a non-executive supervisory Board member of NORMA Group AG, Frankfurt since 2011.

Mia Brunell Livfors, *Swedish*

Studies in economics and business administration, Stockholm University.

Mia Brunell Livfors has been President and CEO of Investment AB Kinnevik since August 2006. She held several managerial positions within the Modern Times Group MTG AB from 1992 to 2001, and served as Chief Financial Officer between 2001 and 2006. She is the Chairman of the Board in Metro International S.A and member of the Board of BillerudKorsnäs AB, Millicom International Cellular S.A., Modern Times Group MTG AB, CDON Group AB and Hennes & Mauritz AB.

Jere Calmes, *American*

Bachelor of Arts and International Relations, Bates College, Maine, USA. Completed the Executive Development Program at Wharton School of Business.

Jere Calmes is an advisor at Adva Capital. Between May and November 2012 Jere was Managing Director of Fast Lane Ventures, both based in Moscow, Russia. From 2007 to 2009 he was President of Pharmacy Chain 36.6 and CEO of its management company. During 2006, he was COO at Wind Telecomunicazioni S.p.A, Italy. Prior to that, he was Executive Vice President and General Manager at Vimtelcom, a Russian telecom operator.

Between 1995 and 2001, he held various senior positions within Motorola Inc, in London, Cairo and St Petersburg. He was a member of the Board of Directors from 2007 to 2009 for Loyalty Partners Vostok, the leading coalition loyalty programme in Russia.

John Hepburn, *Canadian*

MBA, Harvard Business School and B.Sc. in Engineering Princeton University.

John Hepburn has held a number of senior positions at Morgan Stanley since 1976, including Managing Director, Morgan Stanley & Co. and Vice Chairman of Morgan Stanley Europe Limited. He is senior advisor to Morgan Stanley, Chairman of the Board of Sportfact Ltd., Vice Chairman of the Board of UKRD Ltd., Trustee of the Learning School Trust in England and member of the Board of Grand Hotel Holdings AB and Mölnlycke Health Care.

John Shakeshaft, *British*

MA Cambridge University, Harkness Fellow, Princeton University and School of Oriental and African Studies, London University.

John Shakeshaft has more than 25 years of experience as a banker. He was Managing Director of Financial Institutions, ABN AMRO, 2004–2006, Managing Director and Partner, Cardona Lloyd, 2002–2004, Lazard, 2000–2002 and Barings Bank, 1995–2000.

He is Chairman of Ludgate Environmental Fund Ltd, Director of Valiance Funds and Investment Director of Corestone AG. He is member of the Board of TT Electronics plc, Xebec Inc. and Deputy Chairman of the Economy Bank NV. He is also Member of Council and Chairman of the Audit Committee, Cambridge University and Trustee, Institute of Historical Research, London University.

Cristina Stenbeck, *American and Swedish*

B.Sc. from Georgetown University in Washington DC.

Cristina Stenbeck has been Chairman of the Board of Directors of Investment AB Kinnevik since 2007. She has served as a Non-Executive Director of Modern Times Group since 2003.

Erik Mitteregger, *Swedish*

BSc in Economics and Business Administration at Stockholm School of Economics.

Erik Mitteregger was founding partner and Fund Manager of Brummer & Partners Kapitalförvaltning AB 1995–2002. In 1989–1995, he was Head of Equity Research and member of the Management Board at Alfred Berg Fondkommission. Erik has been member of the Board of Investment AB Kinnevik since 2004. He has also served as Chairman of the Board of Wise Group AB and member of the Board of Firefly AB and Metro International S.A. since 2009. Previously, he was member of the Board of Invik & Co. AB from 2004–2007.

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The Board's responsibility and work procedures

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

The Board:

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

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

Further to the above, where needed, the Board appoints members to form preparatory working groups on topics of special interest, such as Corporate Responsibility, and on questions regarding dividends and capital structure.

The Board's work in 2012

During the 2012 financial year, the Board convened six times at different locations in Europe. In addition, seven per capsulam meetings and five telephone conference meetings were held.

Below is a summary of the main topics handled by the Board during 2012:

- Review and approval of financial reports.
- Review and follow-up of internal control and corporate governance.
- Treasury matters, including approval of an EMTN programme and a Swedish Commercial Paper programme.
- Human resources matters, including talent management, succession planning and remuneration guidelines.
- Strategy review, including review of growth opportunities, product portfolio, business model challenges and marketing strategies.
- Several matters regarding acquisition and divestment opportunities and participation in licence auctions or tenders.
- Review of budget for 2013.
- Self-evaluation of the Board and evaluation of the CEO and executive management.
- Adoption of a funding policy.
- Auditors' report and corporate sustainability matters.

Evaluation of the Board

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

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

A summary of the evaluation is presented to the Nomination Committee.

Attendance of Board members

Name	Board meetings	Audit Committee	Remuneration Committee
Number of meetings, including telephone and per capsulam meetings	18	4	4
Mike Parton	18	–	4
Lars Berg	17	4	–
Mia Brunell Livfors	18	–	3
Jere Calmes	17	4	4
John Hepburn	18	–	4
John Shakeshaft	16	4	–
Cristina Stenbeck	18	–	–
Erik Mitteregger	18	4	–

The Board members are all compensated for their Board work in accordance with the resolution passed at the AGM. Details of compensation are shown in the table "Remuneration to the Board during 2012." In addition, Board members are reimbursed traveling expenses for Board work, according to submitted receipts. There is no outstanding share or share price-related incentive programme for the Board.

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Remuneration to the Board during 2012

SEK	Fees to the Board		Fees to the Audit Committee		Fees to the Remuneration Committee		Total Fees	
	2012	2011	2012	2011	2012	2011	2012	2011
Mike Parton	1,365,000	1,300,000	–	–	25,000	25,000	1,390,000	1,325,000
Lars Berg	525,000	500,000	100,000	100,000	–	–	625,000	600,000
Mia Brunell Livfors	525,000	500,000	–	–	25,000	25,000	550,000	525,000
Jere Calmes	525,000	500,000	100,000	100,000	25,000	25,000	650,000	625,000
John Hepburn	525,000	500,000	–	–	50,000	50,000	575,000	550,000
John Shakeshaft	525,000	500,000	200,000	200,000	–	–	725,000	700,000
Cristina Stenbeck	525,000	500,000	–	–	–	–	525,000	500,000
Erik Mitteregger	525,000	500,000	100,000	100,000	–	–	625,000	600,000
Total	5,040,000	4,800,000	500,000	500,000	125,000	125,000	5,665,000	5,425,000

Audit Committee

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

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

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

At the statutory Board Meeting following the 2012 AGM, the Board appointed John Shakeshaft as the Chairman of the Audit Committee and Jere Calmes, Lars Berg and Erik Mitteregger as ordinary members. With reference to the table "Composition of the Board as of December 31, 2012" on page 3, Tele2 accordingly meets the independence requirements of the Code vis-à-vis the Audit Committee.

The Audit Committee usually meets in connection with Board meetings or the publication of external financial reports. During 2012, the Audit Committee held four meetings. All members were present at all meetings. The CFO together with other company personnel and the company's auditors were also present at the meetings, as required.

In 2012, the primary issues for the Audit Committee were approval of financial reports, capital structure, tax, reports from the external auditor, follow-up of internal audits and information regarding significant financial and control projects. The Audit Committee, through its Chairman, also meets with the external auditor independently to exchange views regarding the company's accounting and control environment.

The results of the Audit Committee's work in the form of observations, recommendations and proposed decisions and measures are reported regularly to the Board of Directors.

Remuneration Committee

The Remuneration Committee's main work includes presenting recommendations to the Board regarding remuneration and terms of employment for executive management. These recommendations

and guidelines regarding remuneration for executive management are also submitted to the President & CEO. The recommendations, including recommendations for long-term incentive programmes, are submitted by the Board to the AGM for adoption. Following their adoption at the AGM, the President & CEO applies these remuneration guidelines.

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

The Board appoints the members and the Chairman of the Remuneration Committee. At the statutory Board meeting following the AGM, John Hepburn was appointed Chairman of the Remuneration Committee and Mia Brunell Livfors, Jere Calmes and Mike Parton were appointed members of the Committee.

At the start of the year, Mia Brunell Livfors was a member of the Board of Transcom WorldWide S.A. and, accordingly, is not considered independent in relation to the company and its executive management, which is a deviation from Paragraph 9.2 of the Code. Nevertheless, the Board believes that her experience will benefit the committee and that the exercise of her responsibilities will be as free of conflict as if she were independent. Furthermore, in May 2012, Mia Brunell Livfors stepped down from her position on Transcom's Board.

During 2012, the Remuneration Committee held four meetings. All the members were present at all meetings except for Mia Brunell Livfors who could not participate in one meeting.

Refer to Note 33 in the Annual Report for information regarding remuneration to senior executives in 2012.

Company Management

The Board appointed Mats Granryd as President and CEO of Tele2 AB effective as of 1 September 2010. Mats Granryd, born in 1962, has had a consistent and successful international career in telecommunications with Ericsson. Before joining Ericsson, he was a management consultant in telecom strategies at ARRIGO and Andersen. He holds an MSc from the Royal Institute of Technology in Stockholm. As per 31 December 2012, he held 24,000 Tele2 Class B-shares, 56,000 rights (2010), 56,000 rights (2011) and 56,000 rights (2012). Mats Granryd is also a member of the boards of Reach for Change Foundation, Envac AB and the Swedish Chamber of Commerce UK.

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

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Tele2 Group, December 31, 2012

Group President & CEO				
Market Area:	Nordic	Russia	Central Europe & Eurasia	Western Europe
Group Commercial				
Group Finance				
Central Technology & Information				
Corporate Communications				
Human Resources				
Strategy				

executive management of Tele2's four geographic market areas and six cross-functional professional fields as illustrated above.

During 2012, 11 Leadership Team meetings were held. They focused on the company's strategic and operational development and follow-up on financial performance. Besides, key market developments and internal projects were also evaluated at the Leadership Team meetings. Other personnel and external consultants participated in these meetings, as required.

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

Long-term incentive program

Tele2 has three outstanding incentive programmes. For information concerning the long-term incentive programmes, the LTI programme 2010, the LTI programme 2011 and the LTI programme 2012, see Note 33 in the Annual Report 2012 and the corporate website, www.tele2.com.

Auditor

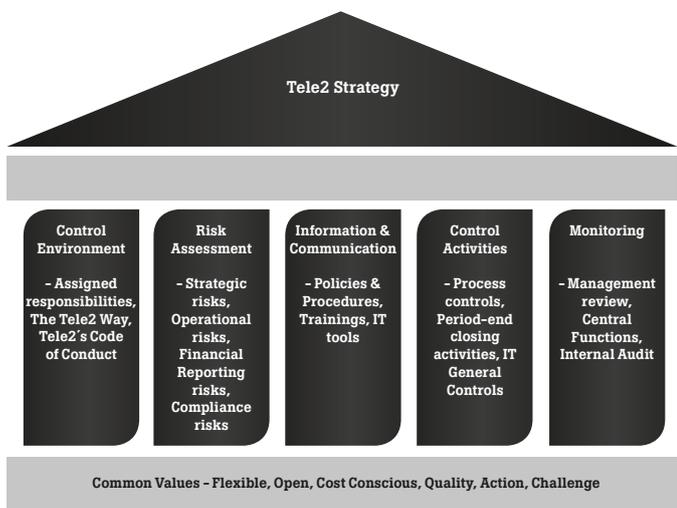
Tele2's Auditor-in-Charge, Thomas Strömberg, is the Managing Partner Audit and a member of the executive management of Deloitte Sweden. In addition to his assignment at Tele2, he is also auditor of, amongst others, Rezidor, Mekonomen and Karolinska Development. In addition, Thomas Strömberg is an exchange auditor for NASDAQ OMX Nordic stock exchange. He has no assignments in businesses that are related to Tele2's major owners or CEO. During 2012, Deloitte performed services for Tele2 besides the ordinary audit assignments, with regard to financial due diligence services and advice in accounting and tax issues. All non-audit services performed by the auditor are approved by the Audit Committee.

Refer to Note 34 in the Annual Report for information regarding remuneration to the auditors in 2012.

The Board's report on Internal Control over Financial Reporting

The internal control of Tele2's financial reporting aims to provide reasonable assurance of the reliability of internal and external financial reporting, and to ensure that external financial reporting is prepared in accordance with legislation, applicable accounting standards and other requirements for listed companies. This section reproduces the key elements of the company's system for internal control and risk management in conjunction with financial reporting. As stated below, this system is not separate from Tele2's general system for internal control which also aims to secure other aspects, including control of operations and risks related to Tele2's business strategy.

Cornerstones of Internal Control



Control environment

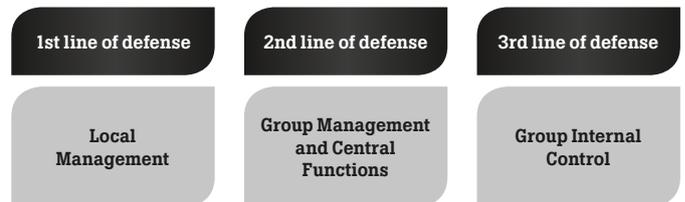
The Board of Directors bears overall responsibility for internal control related to financial reporting. As a result, the Board has established a written work plan, "Work and delegation procedures for the Board of Directors of Tele2 AB", that clarifies its responsibilities and regulates the Board's and its committees' internal distribution of work.

Furthermore, the Board has appointed an Audit Committee with a written charter, the primary task of which is to ensure that established principles for financial reporting and internal control are adhered to and that appropriate relations are maintained with the company's auditors. The responsibility for maintaining an effective control environment and on-going work on internal control has been delegated to the President and CEO and documented in the "Instructions to the Managing Director of Tele2 AB". The President and CEO has, in turn, allocated responsibility for maintaining effective internal control in the market areas and countries to the respective line managers. This responsibility is described in various policies and governance documents, including the Financial Reporting Manual and Tele2's Code of Conduct.

Furthermore, a number of corporate functions are responsible for promoting effective internal control in separately defined areas. Among these, the central finance organisation, including Group Financial Reporting and Group Planning & Business Control, as well as the Corporate Communications department play particularly important roles in ensuring correct and timely financial reporting.

Group Internal Control, which is Tele2's internal audit department, is included as a corporate function. Independently of the area of responsibility, be it geographic or corporate, this department is responsible for evaluating the operations of the company to identify any shortcomings in internal control. Group Internal Control reports directly to the CFO and to the Audit Committee.

Group Internal Control



Another key aspect of the control environment is the joint values and practices that distinguish and pervade the company and go under the umbrella name "The Tele2 Way". These include concepts, such as openness, internal quality and straight and honest communication which serve as maxims.

Risk assessment

The various control instances are themselves responsible for the identification of risks in their respective geographic or corporate areas of responsibility and for the creation of action plans to manage those risks. Group Internal Control is responsible for the coordination of this process and for compiling risks of a strategic nature or otherwise material risks, including the risk of material errors in the financial reporting, and for reporting those to the executive management and Audit Committee. Furthermore, the department assumes responsibility for following up the action plans with the local management groups.

The internal control work and audits also take into account the risk of errors in the financial reporting and are intended to ensure compliance with the Financial Reporting Manual, particularly when reviewing the account-closing process. The units to be audited are determined by the Audit Committee and based on a number of different factors including the unit's size and scope, the results of previous audits, the risk of corruption, etc.

Any risks and errors noted by Group Internal Control are communicated to both the Audit Committee and to the relevant corporate functions for the purpose of not only correcting the errors, but also enhancing or clarifying policies and other governance documents, and thereby reducing the risk of future errors.

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

Information and communication

The Board's and its committees' as well as the President and CEO's responsibilities are described in the "Work and delegation procedures for the Board of Directors of Tele2 AB" and in the "Instructions to the Managing Director of Tele2 AB".

General rules and corporate policies are available on the company's intranet or directly through the relevant central function. Manuals and guidelines of significance to financial reporting are regularly updated and continuously communicated to the employees concerned. Feedback is also provided to the reporting subsidiaries regarding their financial reporting processes. The company management reports regularly to the Audit Committee and the Board according to established procedures.

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In addition, Tele2 conducts a number of training courses and holds a separate course on "The Tele2 Way", which is obligatory for all managers. The course enables the participants to discuss and gain greater insight into the company's values and practices. Tele2 also has an internal e-learning platform to communicate and enhance the understanding of its values.

Every employee must sign Tele2's Code of Conduct. When entering into a contractual arrangement with Tele2, suppliers and other business partners also need to give their assurance regarding compliance with Tele2's standards by signing Tele2's Code of Conduct. The Code of Conduct is available on the company's intranet and on Tele2's corporate website.

Control activities

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

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

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

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

Follow-up

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

Follow-up within the line organisation

The country and market area managers follow up controls in their respective areas with the help of their own central functions. The local management of countries of particular strategic importance or with a high level of risk have implemented their own internal control functions which work closely with Tele2's Group Internal Control and also participate in some of the centrally controlled internal audits.

Follow-up assisted by corporate functions

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

Follow-up assisted by Group Internal Control

Independently of line responsibilities and without any limitation by area of responsibility, Group Internal Control follows up compliance with Tele2's rules and control activities through the performance of internal audits and other activities. In addition, Group Internal Control evaluates possible dysfunctions based on their potential impact (risk) on the financial reporting, external laws and regulations, operating activities or business strategy. The internal audit plan, that is, the scope and the areas of operations to be reviewed by Group Internal Control, is established each year by the Board through the Audit Committee. During 2012, slightly more than 300 weeks of internal audits were performed.

The Head of Group Internal Control continuously reports the status of the internal audit plan, any discrepancies noted and a total appraisal of the Group's internal controls to the CFO and the Audit Committee.

Corporate Governance Report 2012

Stockholm, 15 March 2013

Mike Parton
Chairman

Lars Berg

Mia Brunell Livfors

John Hepburn

Erik Mitteregger

John Shakeshaft

Cristina Stenbeck

Mats Granryd
President and CEO

Auditor's report on the corporate governance report

To the Annual General Meeting of the shareholders of Tele2 AB,
corporate registration number 556410-8917

The Board of Directors is responsible for the corporate governance report for the year 2012 and for ensuring that it has been prepared in accordance with the Swedish Annual Accounts Act.

We have read the corporate governance report and based on that reading and our knowledge of the company and the Group we believe that we have a sufficient basis for our opinions. This means that our statutory examination of the corporate governance report is

different and substantially less in scope than an audit conducted in accordance with International Standards on Auditing and generally accepted auditing standards in Sweden.

In our opinion, the corporate governance report has been prepared and its statutory content is consistent with the annual accounts and the consolidated accounts.

Stockholm, 15 March, 2013

Deloitte AB

Thomas Strömberg
Authorized Public Accountant

Contacts

Mats Granryd

President & CEO

Telephone: +46 (0)8 562 000 60

Lars Nilsson

CFO

Telephone: +46 (0)8 562 000 60

Lars Torstensson

Group Director, Corporate Communication

Telephone: +46 (0)8 562 000 42

Tele2 AB

Company registration nr: 556410-8917

Skeppsbron 18

P.O. Box 2094

SE-103 13 Stockholm

Sweden

Tel +46 (0)8 562 000 60

www.tele2.com

Visit our website: www.tele2.com

Tele2 is one of europe's leading telecom operators, always providing the best deal. We have 38 million customers in 11 countries. Tele2 offers 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 NASDAQ OMX Stockholm since 1996. In 2012, we had net sales of SEK 44 billion and reported an operating profit (EBITDA) of SEK 11 billion.

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