Step by step shaping a sustainable TeliaSonera

Sustainability Report 2013

TeliaSonera

Content

CEO statement

Prior to joining TeliaSonera, I had long discussions about sustainability and reputation with the new Board of Directors. The company was just experiencing a very turbulent period and was exposed to heavy criticism for claimingly failing to conduct ethical business. Our discussions boiled down to three simple yet very important questions: Can we change this? Are we serious about changing this? And do we have the right prerequisites, tools and mindset to create the change?

I would not be leading TeliaSonera today if I was not convinced that the answer to these questions are and must be 'yes'; I truly believe that we can change, and turn past events into something positive. But this change will not come easy. After a few months with TeliaSonera, I can see that we have a long road ahead of us in some sustainability areas while we have made more progress in others.

In order for us to make change happen, we need a good foundation for our sustainability work going forward, with firm governance and compliance in place. In April last year, a new Board Sustainability and Ethics Committee was formed with the task to review the group's internal and external sustainability work. Also, a new Ethics and Compliance function was established to enforce compliance with ethical and legal requirements.

We also need to ensure that the sustainability strategy is embedded into our business strategy, operations and daily agenda, with clear and measurable key performance indicators. This is a key priority for us to develop in 2014 also giving our key stakeholders the possibility to influence the outcome.

During 2013, we put much focus on freedom of expression and privacy and adopted a new group policy to respect our customers' rights. Moving from policy to practice will be a challenge but we are committed to and will continue to put focus and resources to see this through.

Our Privacy Policy was adopted already in early 2011, setting high and consistent group standards to protect our customers' privacy. However, progress on policy implementation has so far been fairly slow. I regret to see that, since customer privacy is part of our DNA. This requires a different mindset in all parts of the organization, including the very design of services and networks and we need to work hard to make this happen.

Another area where we can and must do more is to fight corruption and bribery. Therefore, we have now put further emphasis and resources on this highly important task. An anti-corruption policy was established in March 2013 and this fall a global Anti-corruption program was initiated as part of TeliaSonera's Ethics and Compliance framework at the same time as we are reviewing and improving the existing policy with the leanings we are getting.

We have started to implement the group environmental targets in all business units, identifying ways to increase energy efficiency and to reduce CO_2 emissions. We now have more than 500 base stations solar powered in Eurasia and 43 percent of our total purchased electricity is green electricity, to give a few examples. But despite these actions we have failed to show positive progress against our environmental targets. The reason for this is that we have actually improved our energy and emission data collection so the data quality and accuracy has improved from all business units. It's evident that I am not happy with this progress but it's all part of building a good foundation for our sustainability work going forward.

Occupational health and safety was missing from our list of sustainability focus areas. Today, we are not granular enough on group level how many accidents occur to our contractors while working for us. We need to know, in order to know what to improve. All with one clear purpose - to ensure a safe working environment for our employees and partners. Some of our business units have done good work in this field but we need a common approach and action plan. That's the reason why we have started to formulate a group policy, targets and measurements.

I highly value the United Nations Global Compact (UNGC) and will assure that TeliaSonera continues to be committed to follow the UNGC 10 principles. In this report we show the progress we have made in implementing the principles.

One investor that left us because we were too slow in our sustainability actions told me that our business is important for societies to develop and that we should turn past experiences into a catalyst for change. The investor also hoped to return when we get our act together. I was really encouraged by this. It stands to show that our purpose is not only to deliver services to our customers but that we bring something more to society. But we need to do it the right way. All the way. That's what our road to change is all about.

Johan Dennelind
President and CEO

UN Global Compact Principles

United Nations Global Compact Principles

TeliaSonera's progress in relation to the principles of the UN Global Compact is outlined in the table below. Our statement of continuing support for the Global Compact is incorporated in the CEO Statement on page 3. Additional information on governance issues related to the topics covered by the principles can be found in GRI disclosures 4.1-4.10. Four of our business units – Omnitel and TEO in Lithuania, Moldcell in Moldova and Kcell in Kazakhstan – are themselves also signatories to the Global Compact. This sustainability report also represents the Communication On Progress for these business units.

Principle	Human Rights	Actions taken to implement	Outcomes
1	Support and respect the protection of internationally proclaimed human rights	See Freedom of expression page 15; Customer privacy page 19; Disclosure on Management Approach (DMA): Human Rights; HR4	See Freedom of expression page 15 Anti-corruption work page 20 HR1; HR2; HR3; HR4
2	Make sure that we are not complicit in human rights abuses	See Freedom of expression page 15; Customer privacy page 19 DMA: Human Rights; HR4	See Freedom of expression page 15 Anti-corruption work page 20 HR1; HR2; HR3; HR4
	Labor		
3	Uphold the freedom of association and the effective recognition of the right to collective bargaining	DMA: Human Rights, Labor practices and decent work	LA4; HR5
4	Uphold the elimination of all forms of forced and compulsory labor	See Sustainability in the supply chain page 22 DMA: Human Rights; Labor practices and decent work	HR7
5	Uphold the effective abolition of child labor	See Sustainability in the supply chain page 22 DMA: Human Rights	HR6
6	Uphold the elimination of discrimination in respect of employment and occupation	DMA: Human Rights, Labor practices and decent work; EC7; HR4	HR4
	Environment		
7	Support a precautionary approach to environmental challenges	See Environmental responsibility page 24 GRI disclosure 4.11 DMA: Economic, Environment; EN18; EN26	EC2; EN18
8	Undertake initiatives to promote greater environmental responsibility	See Environmental responsibility page 24 DMA: Environment; EN6; EN18; EN26	EN3; EN4; EN5; EN16; EN17; EN18; EN22; EN23; EN28; PR4
9	Encourage the development and diffusion of environmentally friendly technologies	See Environmental responsibility page 24 DMA: Environment; EN6; EN18; EN26	EN5; EN18
	Anti-corruption		
10	Work against corruption in all its forms, including extortion and bribery	See Anti-corruption work page 20 DMA: Society	SO2; SO3; SO4; SO6

Summary

TeliaSonera's sustainability work encompasses all our efforts to realize our economic, environmental and social responsibilities and opportunities through responsible business practices. We are committed to the United Nations' Universal Declaration of Human Rights and the core conventions of the International Labour Organization. We have also committed ourselves to the OECD Guidelines for Multinational Enterprises and are a signatory to the United Nations Global Compact.

The main sustainability focus areas in 2013 were:
· Freedom of expression and privacy
· Customer privacy
· Anti-corruption
· Sustainability along our supply chain
· Environmental responsibility

Occupational Health and Safety (OHS) was added as a new priority area in the fall 2013. The results of a materiality review confirmed that these priorities remain the most material sustainability issues for our stakeholders today.

We improved our sustainability governance in April 2013 by establishing a new Board-level Sustainability and Ethics Committee. To ensure future compliance with ethical and legal requirements our new Group Ethics and Compliance office, established in September, has been assigned to design and implement a comprehensive Ethics and Compliance framework covering many of our key sustainability priority areas. Progress on our ethics and compliance programs will in future be reported to newly established executive-level Governance, Risk, Ethics and Compliance (GREC) meetings.

In July we launched a project to increase our employees' awareness and observance of our Code of Ethics and Conduct and our other sustainability policies, instructions and guidelines. The project involved an e-learning scheme targeting all TeliaSonera employees. By the end of the year more than 95 percent of employees invited to participate had completed this e-learning scheme.

According to the survey responses our annual Employee Commitment Score for 2013 rose slightly to 75 (74) out of a maximum possible 100. The survey response rate of 87 percent was the same as in 2012. This high level of participation enables us to utilize the survey's findings as a basis for improvements. This year we added sustainability related questions to get a better picture of how our employees perceive our sustainability work and how it is communicated.

Issues related to freedom of expression represent a high risk to our industry. We are working to demonstrate our respect for this fundamental human right. In March 2013 we signed up to the Industry Dialogue's guiding principles on telecommunications and freedom of expression and privacy. This sustainability report reflects our alignment with these principles. To support the implementation of the principles the new TeliaSonera Policy on Freedom of Expression in Telecommunications and a related internal instruction were approved by the Board in December.

Our Privacy Policy sets high and consistent standards to protect our customers' privacy. Although we have made this issue a high priority across the Group, progress so far has been slow.

We realize that we need to do more work to fight corruption and bribery in all the markets where we operate. In fall 2013 we initiated an anti-corruption program as part of our Ethics and Compliance framework. As part of the program country specific risk assessments were launched, and during 2014 we aim to replace our current internal whistle-blowing mechanism with an externally administered and accessible "speak-up channel" which will also enable external parties such as suppliers to file reports.

During 2013 we started to use EcoVadis as an evaluation tool to asses our suppliers' sustainability practices. This will help us to identify high-risk suppliers, and help our suppliers to understand our sustainability requirements.

In January 2013 new Group-level environmental targets were approved. Our goals for 2020, with regard to the baseline year 2012, are to:
· Reduce our carbon dioxide (CO_2) emissions by 20 percent per subscription equivalent
· Increase our energy efficiency by 20 percent per subscription equivalent.

In 2013 we were not able to make progress towards these targets. Our total emissions (scope 1 and 2) increased by 18 percent to 384,558 (325,990) metric tons and our energy efficiency decreased by 3 percent. These trends were largely due to our efforts to improve the quality of the data we compile from all of our business units. In spite of these negative trends we are working towards our targets by identifying energy efficiency hotspots and ways to reduce our CO_2 emissions. We will continue striving to utilize more renewable energy, such as the solar energy we currently use in our Eurasia region at more than 500 base stations. We have also continued to purchase green electricity, which accounts for 43 percent of our total purchased electricity.

This report complies with the Global Reporting Initiative's G3.1 Guidelines and telecommunications sector supplement. TeliaSonera has self-declared the report at the application level B+. This application level has been checked by a third party, PwC, who also conducted assurance for this report.

Our approach

Sustainability at TeliaSonera

Our sustainability work encompasses all our efforts to realize our economic, environmental and social responsibilities and opportunities through responsible business practices.

This involves ensuring environmental and social sustainability along the supply chain, respecting human rights, complying with ethical business practices in all markets, improving the protection of customers' privacy, taking care of the well-being of our employees, reducing our own carbon footprint and those of our customers, protecting children online, and supporting research related to exposure to electromagnetic fields.

   Ultimately we recognize that it is our duty to have a positive effect on society, the environment, our employees and our own value chain, and to minimize and mitigate any negative impacts our operations might have.

Our sustainability vision is for TeliaSonera to:
- be seen as the preferred partner in the value chain, bringing development, fostering ethical business practices, and preventing the unethical use of our products and services;

- bring value to our customers by helping them to reduce their environmental footprint through the products and services we provide, and through our own actions; and

- pro-actively provide accessible, reliable, balanced and transparent information on our sustainability performance to our shareholders, investors, analysts and other interested stakeholders.

Telecommunication is one of the cornerstones of a modern society and TeliaSonera is a key player in the industry. Our core business is to meet one of the most profound and basic human needs – to communicate. By investing in vital infrastructure and providing affordable communication services, we contribute to people's daily lives and to the development of the societies in which we operate.

   We expect to be criticized by stakeholders on our sustainability performance if we do not meet their expectations. Managing our business in a sustainable way is crucial to our current and future success. We are an international company with a common vision, strategy and brand reflected throughout our local businesses. How we act in any one market will clearly affect the whole TeliaSonera Group. It is important to our customers, employees, business partners and owners, that we are seen as a responsible company.

At TeliaSonera we are committed to achieve this by:
- ensuring that we act in accordance with our shared values, operate by the letter and the spirit of the law and follow international norms for ethical business practices;

- ensuring that everyone along our whole value chain respects the same level of standards; and

- integrating good governance practices and sustainability into our daily operations.

Sustainability priorities and future focus areas

The focus of our sustainability work in 2013 has been:
- Freedom of expression and privacy - see page 15
- Customer privacy - see page 19
- Anti-corruption - see page 20
- Sustainability along our supply chain - see page 22
- Environmental responsibility - see page 24

In our sustainability performance reporting we have been following the progress of the these priorities via key targets (page 14). We recognize that we are lacking a group sustainability strategy with key performance indicators. In 2014 our focus is to develop the strategy and embed it as part of our business strategy.

   In 2014 we will also continue the work to establish ethics and compliance programs and to include occupational health and safety as a priority area.

Our commitments

Sustainability is high on the agendas of our Group Management Team and Board. In April 2013 a new Board Sustainability and Ethics Committee was established to review the group's internal and external reporting, policies, action plans and risk management systems related to sustainability and ethical issues.

   In September a new Ethics and Compliance function was also established. We have made commitments to several prominent international ethical norms. It is of the utmost importance that we ensure that all TeliaSonera employees are aware of these commitments, what they mean, and how we aim to integrate them into our day to day business. These ethical norms will also

Our approach

be used to shape our ambitions when we establish an ethics and compliance framework covering most of our key sustainability priorities.

TeliaSonera is committed to the United Nations' Universal Declaration of Human Rights and the core conventions of the International Labour Organization. We have also made commitment to observe the OECD Guidelines for Multinational Enterprises and are signatory to the United Nations Global Compact. Four Telia-Sonera subsidiaires - TEO and Omnitel in Lithuania, Kcell in Kazakhstan and Moldcell in Moldova - are also signatories of their national Global Compact Networks. Our associated company Turkcell in Turkey has also signed the UN Global Compact.

All these commitments are incorporated into our Code of Ethics and Conduct. This policy document covers all the companies in which we have management control.

According to our self-assessment TeliaSonera's sustainability management is in line with the ISO 26000 Guidance on Social Responsibility.

Sustainability risk management

TeliaSonera has chosen to work in a number of complex markets. In order to safeguard our business it is crucial that we are aware of any risks that might harm our operations, our customers or our brand. We must also be able to prioritize and effectively manage these risks.

The framework for our group-level risk management, the processes we apply in this work and the main risks, including ethics and sustainability risks, are described in the Annual Report, Corporate Governance Statement, section Enterprise Risk Management and Annual Report, Consolidated Financial Statements, note C34. Risks and Uncertainties.

Human rights issues and corruption represent high risks to us, due to the geographical regions where we work and the nature of our industry.

The main risks include:

- Complicity in human rights violations due to failure to uphold customer privacy and network integrity

- Excessive governmental requests or demands to the detriment of freedom of expression and privacy

- The risk that telecom services could be used in the sexual exploitation of children

- Risks related to illegitimate financial transactions or inappropriate political contributions to government parties or the authorities in connection with license negotiations

- Labor rights in certain regions

- Sustainability risks arising from our suppliers' operations

- The ethical conduct of associated companies and joint ventures

- Environmental protection

- Occupational health and safety issues

In February 2014 we finalized the new group M&A guidelines and included sustainability risk evaluation as integral part of the M&A process.

This report, the Annual Report, Consolidated Financial Statements, note C34. Risks and Uncertainties, and www.teliasonera.com/sustainability/impacts/managing-sustainability-risks/ explain how we work to manage these risks.

Our approach

Policy framework

TeliaSonera's policies, instructions and guidelines all articulate our corporate culture and constitute statements of intent establishing our rules of conduct and outlining responsibilities within our organization. They have been designed to guide decisions and achieve favorable outcomes.

Our Code of Ethics and Conduct (www.teliasonera. com/about-us/corporate-governance/code-of-ethics-and-conduct/) forms the foundation for our sustainability work and the basis for the following sustainability-related policies, instructions, principles and guidelines:

- Group Privacy Policy
- Group Anti-Corruption Policy, and Guiding Principles
- Group Procurement Policy and Group Supplier Code of Conduct
- Group Freedom of Expression Policy, and Group Instruction
- Group Policy on Sponsoring and Donations, and Group Instruction
- Group Insider Trading Policy
- Group Policy on Electromagnetic Fields (EMF) with regard to mobile telephony
- Position paper on Conflict Minerals: TeliaSonera's standpoint on Tantalum and Coltan

All policies above can be found at www.teliasonera. com/about-us/public-policies/. We also align with the Telecommunications Industry Dialogue on Freedom of Expression and Privacy Guiding Principles (www.telecomindustrydialogue.org/).

Our Code of Ethics and Conduct and Group policies apply to companies in which we have management control. In our associated and minority-owned companies we promote ethical business practices, respect for human rights, and good governance via our board representation and active ownership practices.

Raising awareness of our Code of Ethics and Conduct

In July 2013 the group launched a project designed to increase our employees' awareness of our Code of Ethics and Conduct. The project involves an e-learning scheme targeting all TeliaSonera employees. We also train our employees to understand all the commitments TeliaSonera has made on international ethical standards, and to be aware of and fully observe our sustainability-related policies, instructions, principles and guidelines. Our business unit management teams also held their own workshops on this issue, aiming to identify areas for improvement.

This project is due to be run in all of the countries where we operate by the first quarter of 2014, with a target of 90 percent completion rate of invited employees for the e-learning scheme. 20 December, 2013, 95.4 percent of the invited employees (81 percent of the total number of employees) had already conducted the e-learning.

The awareness raising program was rolled out in four phases between July 2013 and March 2014: Phase 1. Azerbaijan, Finland, Kazakhstan and Uzbekistan; Phase 2. Nepal, Tajikistan and Sweden; Phase 3. Estonia, Lithuania, Moldova and Latvia; Phase 4. Denmark, Norway, Spain, Turkey, Georgia and TeliaSonera International Carrier's remaining smaller markets.

Percentages of employees who received the survey and completed the e-learning, as of 14 February 2014:

Country	Completion rate %
Azerbaijan	95.8
Denmark	66.2
Estonia	98.5
Finland	96.1
Georgia	73.2
Kazakhstan	95.2
Latvia	100
Lithuania	97.6
Moldova	98.0
Nepal	99.4
Norway	66.4
Spain	83.2
Sweden	89.4
Tajikistan	97.2
Turkey	50.0
Uzbekistan	98.1
TSIC countries	72.8
Other	100
Total	**91.5**

Our approach

Ethics and Compliance Office

To enforce compliance with ethical and legal require-ments TeliaSonera's new Group Ethics and Compliance Office was established in September 2013. The Chief Ethics and Compliance Officer reports to the CEO. The Ethics and Compliance Office will consist of a core team, complemented by a cross functional network to achieve presence in all countries. The core team and network, in all high risk countries (see risk map at www.teliasonera.com/sustainability/impacts/manag-ing-sustainability-risks/), will be in place during the first quarter of 2014.

The Ethics and Compliance Office is responsible for ensuring a systematic and consistent approach towards managing ethical and legal requirements, risks and opportunities. The TeliaSonera's Ethics and Compliance Framework consists of eight com-pliance dimensions (see below): risk assessment, organization, policies and procedures, training and communication, due care, internal reporting/hotline,

investigations and disciplinary/corrective actions and continuous improvement.

An effective ethics and compliance framework is the primary means for TeliaSonera to ensure awareness and management of the critical ethical and legal risks. The most significant risks are managed according to our eth-ics and compliance framework through thematic ethics and compliance programs. The top five risks identified and managed through the ethics and compliance frame-work are: anti-corruption, freedom of expression and privacy, customer privacy, anti-trust and occupational health and safety. Other emerging ethical and legal risks will be included in the framework as deemed necessary.

Progress on our ethics and compliance programs is reported to executive level Governance, Risk, Ethics and Compliance (GREC) meetings. The role of GREC is to enforce executive level ownership of these issues and to ensure they receive appropriate management attention and procedures throughout the line organi-zation. The programs will be subject to continuous improvement with the help of audits and monitoring.

Ethics and compliance framework
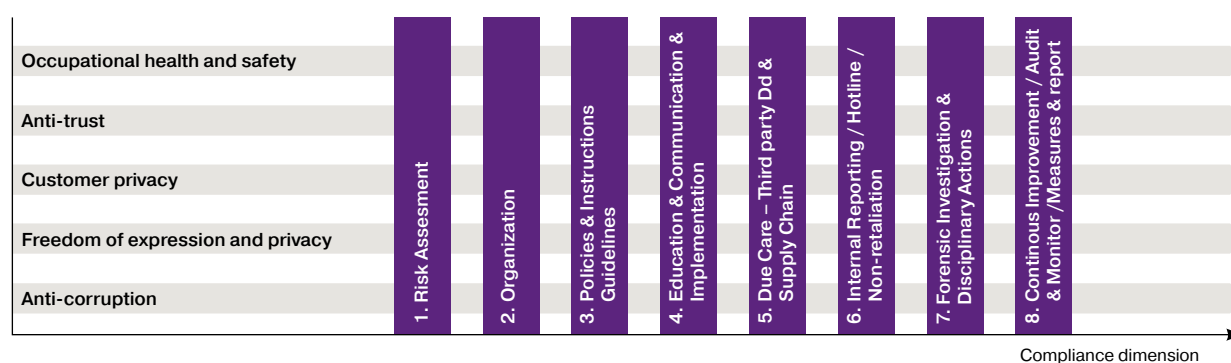
TeliaSonera's Ethics and Compliance Framework consists of eight compliance dimensions and is built on the model described as "effective compliance" and "adequate procedures" set by e.g. the Society of Corporate Compliance and Ethics, the U.S. Sentencing Guidelines, the UK Bribery Act and Anti-Trust Offices throughout Europe.

Our approach

Stakeholder engagement

Stakeholder engagement forms a fundamental part of any company's sustainability management. The main objective is to help companies make more sustainable decisions, understand their key environmental and social impacts, and identify risks. Stakeholder engagement also provides an important channel to increase stakeholders' awareness of complex issues.

In 2012 and 2013 TeliaSonera was criticized in Swedish media and elsewhere for indirectly violating human rights related to freedom of expression and privacy. We were also criticized for corruption and money laundering in relation to our investments in licenses and frequencies in Uzbekistan in 2007 and 2010. Many of TeliaSonera's key stakeholders consequently want to be kept up to date on our sustainability work at regular basis.

Our key stakeholders are our customers, owners and investors, employees, suppliers and business partners, as well as the authorities, civil society and media. For information about how we engage our key stakeholders see www.teliasonera.com/sustainability/impacts/key-stakeholders/.

Materiality review

As a large company with a major impact on the communities where we operate, it is crucial that we align our sustainability priorities with, and work to meet the expectations of, our stakeholders.

In 2013 we conducted a materiality review to ensure that our sustainability work focuses on the issues that are most material to our stakeholders. Through a sur-

Dialogue with our major owners

Photo: Maria Huber/Regeringskansliet

In November 2013 we invited our major owners for a bi-annual dialogue on the progress of our sustainability work. This time we did not only want to have a dialogue on our progress but also bring in external critical views on difficult sustainability subjects.

TeliaSonera has been criticized on freedom of expression and corruption issues related to our operations in Uzbekistan. To openly discuss these issues we had invited exiled Uzbek opposition politician Pulat Ahunov to present his views. Mr. Ahunov has lived in Sweden since 1995 and has featured in the

Swedish public service television's investigatory program 'Uppdrag Granskning', which has covered and criticized TeliaSonera's operations in Uzbekistan. Mr. Ahunov expressed that many challenges remain in the country and in the region. Freedom of expression and privacy are at risk and although progress is being made it can be slow. Foreign companies are always at a risk of missteps. Despite this, he remarked that companies such as TeliaSonera and any other major European companies' presence in Uzbekistan is overall positive for the country's political climate and

economic development. As TeliaSonera CEO Johan Dennelind put it: "We now openly acknowledge the moral dilemmas we face and show our criticism. It is only by staying in a market that we can try to advocate change in the country. If we don't feel comfortable with the local laws governing surveillance we have a responsibility to say so."

The event was highly appreciated by those attending, and described as a major step forward with regard to the need for open and transparent communication on the challenges facing TeliaSonera in the field of sustainability.

Our approach

vey conducted among around 100 selected stakeholders, including employees, owners, investors, business customers and non-governmental organizations, we gained a picture of the areas where our key stakeholder groups believe we should focus our sustainability efforts.

Based on the stakeholder survey the most important sustainability issues in the order of importance are:
- Anti-corruption
- Freedom of expression and privacy
- Customer privacy
- Respecting labor laws – own and suppliers' operations
- Good occupational health & safety practices – own and suppliers' operations
- Sustainability as part of performance management
- Protecting children online (from sexual abuse)
- Fair marketing practices
- Transparent tax reporting
- Energy and energy efficiency

Based on the criticism and contacts with key stakeholders during 2013 we didn't feel that it was necessary to organize a separate dialogue session with stakeholders to further discuss the results. As seen above the results of the survey confirmed that our key sustainability focus areas are the ones also considered most material by our stakehoders.

Dialogue with stakeholders

During 2013, TeliaSonera has maintained sustainability-related dialogues with external stakeholders including corporate customers, owners and investors, socially responsible investment (SRI) rating agencies, our peers in the ICT and telecom industry, NGOs, and many authorities and regulatory bodies.

The newsroom on the TeliaSonera website provides regular information for all of our stakeholders on how we are progressing with our sustainability work. The newsroom also highlights international developments related to human rights, and provides information, when possible, on major shutdowns of local networks and content wherever possible within the limitations of confidentiality regulations (www.teliasonera.com/newsroom/).

We have conducted employee commitment surveys annually since 2004 to support our business by indicating where we have made progress, and where we can still improve our performance at all levels of our organization.

The survey results have improved year by year since 2007. This year we once again reached a stable score of 75 (74) out of 100 on group level. The response rate was 87 percent and this high level of participation enables us to utilize the survey results as a basis for improvements.

Our Business area (BA) Mobility Service scored 73 (72), BA Eurasia achieved 86 (84), BA Broadband

EMPLOYEE COMMITMENT SCORE – ECS

— TeliaSonera Total — LinC — BinC
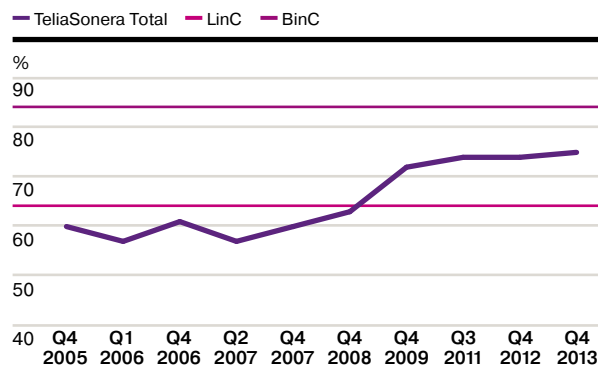
Benchmark High (BinC) 84%: Achieved by 20% of analyzed workgroups.
Benchmark Low (LinC) 64%: Achieved by 45% of analyzed workgroups
Source: TNS Sifo, IT-Telecom studies 2010–2012.

Services scored 73 (73), Business Services rose to 76 (72), Finland scored 71 (71), and Group Functions 70 (69). Each business area has subsequently decided what kinds of actions need to be taken in response to their respective findings.

This year sustainability questions were added for the first time to the survey. Employees were asked how they perceive our sustainability work and if they think they get enough information on the subject. The overall score on this issue across the group was 59, reflecting the high and critical stakeholder attention to the subject during the past year. This scoring reveals that we need to improve our internal communications with regard to our ongoing work in sustainability.

Other stakeholder contacts

Other important contacts with stakeholders during 2013 included:
- Participation in the EU CEO Coalition's initiative to make the internet a better place for children, and the parallel scheme Safer Use of Connected Devices and Online Services by Children and Young People in the EU (see page 44).
- Active participation in the Industry Dialogue on freedom of expression and privacy (see page 15).
- Participation in dialogues covering issues of interest regarding internet freedoms, including:
  - The Stockholm Internet Forum's Internet Freedom for Global Development in May 2013.
  - Joint planning and arranging of, and participation in, a multi-stakeholder Learning Forum in Brussels, Belgium, in November 2013, jointly arranged by the Global Network Initiative (GNI) and the Telecommunications Industry Dialogue on Freedom of Expression and Privacy.
- We are also active members of a number of organizations that aim to influence public policy on sustainability issues, including the Group Speciale de Mobile Association (GSMA) and the European Telecommunications Network Operator's Association (ETNO).

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- In January 2014 we joined the Global e-Sustainability Initiative, GeSI, where together with major ICT companies and organizations we will work to provide information, resources and best practices for achieving integrated social and environmental sustainability through ICT.

For more information on our collaboration within the ICT sector see www.teliasonera.com/sustainability/impacts/key-stakeholders/.

Criticism from stakeholders

During 2012 and 2013 we received criticism concerning certain business practices and business risks related to corruption, freedom of expression and privacy. Much of this criticism has since abated, since we have been able to demonstrate that we are working seriously to ensure that these risks are identified and resolved; but some criticism is continuing, mainly regarding freedom of expression and privacy and anti-corruption in our Eurasia region. Such criticism can be expected to continue as long as we operate in challenging markets.

- In May, June and July 2013 the Swedish public service television channel SVT continued to criticize TeliaSonera for co-operating with governments in the countries of the former Soviet Union by giving national intelligence agencies access to our networks and to subscribers' private data, such as their geographical location and the content of their communications. SVT also accused TeliaSonera of involvement in bribery and money laundering, and of paying bribes in exchange for protection from government agencies in Uzbekistan.
- In October a Swedish public radio channel reported on how government surveillance in Georgia is regulated, based on Thomas Hammarberg's (The Council of Europe's former Commissioner for Human Rights) report "Georgia in transition". We concurred with this criticism and described how we have been working actively to influence a change in the local legislation. We also debated this issue in a studio discussion with an investor. To find out more about our work in Georgia see page 18.

The international political and legal framework for human rights issues is complex. Freedom of expression and privacy are essential rights that have a particular bearing on telecom operators' business. It is increasingly important for TeliaSonera and other operators to be able to respect these rights in situations where national authorities impose demands regarding surveillance of telecommunications and internet traffic in order to safeguard national security and combat crime. For more details see Freedom of expression page 15.

In September 2013 the Swedish Prosecutor's Office started a pre-trial investigation into bribery and money laundering as a result of the allegations presented in media. The pre-trial investigation is expected to be concluded in the fall of 2014 at the earliest. TeliaSonera would like to see the pre-trial investigation finished as soon as possible. The company has a good dialogue with the prosecutor.

TeliaSonera's previous Board commissioned an independent investigation conducted by the Swedish law firm Mannheimer Swartling. The resulting report, published on 1 February 2013, found no evidence that TeliaSonera had committed bribery or participated in money laundering. However, the report criticized how TeliaSonera had conducted its investments in Uzbekistan and concluded that the due diligence assessment of the local counterpart in the investment had been insufficient. The report also concluded that the company had not fully complied with its own Code of Ethics and Conduct. The CEO of TeliaSonera decided to leave as a consequence of the report.

Our new Board of Directors announced in April 2013 that it would commission a thorough review of transactions and agreements made in the past few years, and of the company's partners in Eurasia. The responsibility for conducting this review was given to the international law firm Norton Rose Fulbright LLP. The aim of the review was to give TeliaSonera's new Board of Directors a clear picture of the company's transactions in Eurasia, and to perform a risk assessment from a business ethical perspective. TeliaSonera's present processes and routines will also be analyzed in order to assess whether they are suitable and sufficient for managing the identified risks.

In September 2013 TeliaSonera decided to sell back its indirect ownership in Nepal Satellite, a regional operator in Nepal, to Zhodar Investment. This was due to the increased uncertainty regarding the regulatory and legal environment for consolidation and the granting of licenses in Nepal. Norton Rose Fulbright, K&L Gates and UBS were used as advisors in this transaction.

In November 2013 four senior employees had to leave the company based on findings from the Norton Rose Fulbright review of transactions and agreements in Eurasia. On the basis of the information and conclusions available in November it was evident to TeliaSonera's Board and CEO that the procedures followed in certain transactions had not been in line with sound business practices. This lead to a loss of trust with regard to the four individuals, who had to leave the company.

- In October 2013 we were criticized in the Swedish media after our subsidiary Ucell in Uzbekistan had sponsored a viola concert at a music festival organized by the Fund Forum, an organization managed by

Our approach

the daughter of the President of Uzbekistan, Gulnara Karimova. The criticism focused on whether the charity's foreign currency proceeds has been used for their intended purposes. International human rights organizations also called on various players to boycott this event due to human rights violations in Uzbekistan.

Even though TeliaSonera allows grants to be made to selected stakeholder events and activities, the sponsorship in question would not have happened had the decision been made at a higher level in the company. Our new policy and instruction on sponsoring and donations establishes a stricter decision-making process for all sponsorships and donations.

Swedish and Finnish state ownership

At the end of 2013, TeliaSonera had 529,394 shareholders, primarily in Sweden and Finland. Shareholdings outside these two countries amounted to 25.6 percent, compared to 22.4 percent in 2012. With their respective shareholdings of 37.3 percent and 10.1 percent, the States of Sweden and Finland are the largest shareholders. Other influential shareholders include a number of major institutional investors and funds.

The Swedish and Finnish states prioritize sustainability issues, and strive to increasingly exercise their ownership influence in such contexts.

The Swedish government requires state-owned enterprises to define and adopt sustainability targets and develop long-term sustainable business plans where sustainability is integrated into business strategies and day-to-day management. As of 2014, these sustainability objectives will be followed up through dialogues in the same way that financial objectives are already monitored.

Solidium, a holding company belonging to the State of Finland and owning the shares, believes that a high-quality sustainability policy is one of the prerequisites for running successful business operations and generating long-term financial value. Good management of sustainability issues provides efficient risk management.

Both the Swedish and Finnish governments expect companies in which they have ownership to report on their sustainability work using the Global Reporting Initiative (GRI) guidelines.

TeliaSonera has an active dialogue with both state owners. We meet their representatives several times a year to discuss the risks and opportunities associated with sustainable business.

Indexes and recognitions

Sustainability indexes are important tools that enable investors, analysts and companies themselves to benchmark their sustainability management and performance. Such indexes can give us valuable information on areas where we need to make improvements, while also identifying best practices. Inclusion in sustainability indexes can also promote interest in the company among responsible investors and business customers.

In 2013 TeliaSonera continued to be included in the following indexes:

- FTSE4Good (www.ftse.com): TeliaSonera has been included in this index since 2009. FTSE4Good analyzes sustainability practices related to human rights, labor rights and corruption.
- The Carbon Disclosure Project (www.cdproject.net): The CDP initiative evaluates companies' environmental performance and assesses how well they address risks and opportunities related to climate change. TeliaSonera has participated in this global investor initiative since 2004. In the CDP's Global 500 for 2013 TeliaSonera's greenhouse gas disclosure score and emissions management performance both improved. We increased our disclosure score from to 69 in 2012 to 83 out of 100, and our performance band from D to B. These improvements can be explained by the external assurance of the TeliaSonera 2012 Sustainability Report and the adoption of Group-wide environmental targets in early 2013.
- The Folksam Index for Corporate Responsibility 2013 (www.folksam.se/testergodarad/skotersigforetagen/ansvarsfulltforetagande/): This index is compiled every other year. Folksam, one of Sweden's largest insurance companies, assesses 250 Swedish companies' work on human rights and environmental issues. TeliaSonera ranked 23rd in the ratings' environmental section and 20th on human rights.
- OMX GES Sustainability Sweden, Sustainability Sweden Ethical, and Sustainability Nordic (www.ges-invest.com): The OMX GES indexes are based on research conducted by GES Investment Services. They focus on companies' environmental, social and/or governance management performance. In 2013 the TeliaSonera share qualified for inclusion in all three of these indexes.

In January 2014 Teliasonera was included in the Ethibel EXCELLENCE Investment Register. This selection by Forum ETHIBEL (www.forumethibel.org) indicates that the company performs better than average in its sector in terms of Corporate Social Responsibility.

Our priorities

Key targets

Area	Key achievements in 2013	Actions for 2014	Long-term ambition
Freedom of Expression	Implementation of the industry guiding principles related to freedom of expression and privacy started by 1) Shared learning in the context of the 'Industry Dialogue' and GNI collaborations 2) Adoption of the TeliaSonera Group Policy on Freedom of Expression in Telecommunications and Group Instruction.	Implement the TeliaSonera Group Policy on Freedom of expression and Group Instruction. Define Group guidance, processes, training, compliance, monitoring and review. Continued shared learning within the 'Industry Dialogue' and GNI collaborations. Intensified stakeholder dialogue.	TeliaSonera should have a full understanding of the freedom of expression impacts of our operations, respect freedom of expression, provide remedy and pro-actively work to reduce negative impacts along the value chain.
Customer privacy	Governance process defined. Process tool for continuous measurement of compliance developed.	Implementation work to continue, including training and a Group Instruction. Privacy issues to be taken into consideration in all developments and changes within TeliaSonera.	TeliaSonera should have a robust process in place to protect privacy, taking technological and business developments into account, as well as users' expectations.
Anti-corruption	Code of Ethics and Conduct e-learning tool roll out started. Anti-corruption policy and Guiding Principles issued. Anti-corruption program initiated as part of the Ethics and Compliance Framework. Country and company specific risk assessments initiated. Continued dialogue with Transparency International.	Continue the roll-out of the anti-corruption program. Completion of country- and company-specific risk assessments. Targeted and face-to-face training sessions.	TeliaSonera should have a robust process in place to prevent, detect and deter corruption and bribery throughout the Group's operations.
Sustainability in the supply chain	Supplier portal in place. Supplier audit and assessment framework in place. Gift registry tool and instructions implemented for the employees in Group Procurement. Training in responsible supply chain carried out for all procurement employees including Eurasia.	Continue to implement the sustainability roadmap for the supply chain.	All main suppliers should respect and observe TeliaSonera's Supplier Code. A comprehensive monitoring system should be in place to enable suppliers' performance to be followed effectively.
Environmental responsibility	Business areas further concretized operational plans focusing on energy efficiency target. Review of 2012 baseline environmental data for the targets. Training of all business units on energy and environmental reporting.	Continue to develop implementation plans for the environmental targets. Develop a group e-waste plan.	Group-wide environmental targets should be achieved by 2020 with annual review of performance and ambition levels.
New: Occupational Health and Safety (OHS)	A new group function has been created to oversee OHS practices throughout the group. Assessments of OHS practices have been launched in all business units.	Complete business unit OHS assessments. Group OHS policy to be approved, objectives and implementation plan in place.	The OHS culture should be part of all employees' everyday working life. Our OHS work should be recognized as a good benchmarking example.

This key target table has been revised from the Sustainability Report 2012. During 2013 we added a new sustainability priority area, Occupational Health and Safety (OHS). This reflects our responsibility to ensure that our employees and suppliers are offered a safe and healthy work environment. As most of our construction and maintenance work is outsourced, we acknowledge that the biggest OHS risks are found in our supply chain. Our long-term ambition is to make sure that our suppliers also understand and are trained in OHS issues, as well as our own employees.

We have also continued our work concerning the protection of children. During 2013 we reported on our participation in the EU CEO Coalition – 'Better Internet for Kids' (ec.europa.eu/digital-agenda/en/creating-better-internet-kids/). The coalition has defined actions within five areas: the takedown of child sexual abuse material, reporting mechanisms, content classification, parental controls and age-appropriate privacy settings. Read more in GRI SO10 page 44.

Our priorities

Freedom of expression

The internal Human Rights Impact Assessment (HRIA) conducted by the support and review of the Danish Institute for Human Rights was concluded in February 2013. The assessment covered all of our majority-owned companies, with the exception of TeliaSonera International Carrier (TSIC) where the HRIA covered six countries. The HRIA did not reveal any major new or previously unknown, sustainability risks. Its findings indicate that the main areas which need continued focus are freedom of expression, privacy and anti-corruption. We will therefore continue to focus on and strengthen our activities in these areas.

Issues related to freedom of expression pose a high risk to the telecom industry, including TeliaSonera. Freedom of expression hot spots include mass surveillance, network shutdowns, localization of mobile phones, the blocking or restriction of access and obligations to transmit mandatory communications issued by the government authorities.

We work to demonstrate our respect for freedom of expression both collaboratively in the context of the Telecommunications Industry Dialogue on Freedom of Expression and Privacy (www.telecomindustrydialogue. org/), as well as internally within TeliaSonera through our implementation of the guiding principles agreed through the Industry Dialogue.

States, through legislation and decisions by authorities, define the scope of surveillance of communications. TeliaSonera is putting tools in place to fulfill our responsibility and commitment to respect freedom of expression. But we are yet to show how our point-of-challenge makes a difference on the ground, for our customers.

The Industry Dialogue

The Industry Dialogue is the initiative of a group of international telecommunication operators and vendors who joined forces in 2011, aiming to define guiding principles on telecommunications and freedom of expression and privacy in the context of the UN Guiding Principles on Business and Human Rights. The participating companies have a global footprint, providing services and equipment to consumers, businesses, and governments worldwide. The initiative is also open to other telecommunications companies committed to advancing freedom of expression and privacy in the sector.

In March 2013, together with our fellow founding members of the Industry Dialogue, TeliaSonera published signed guiding principles on telecommunication and freedom of expression and privacy. These principles were the result of two years of dialogue including stakeholder outreach. The Industry Dialogue has also formally established its own governance and signed a contract initiating a two-year collaboration with the multi-stakeholder Global Network Initiative (GNI). By working together, these two initiatives aim to advance freedom of expression and privacy rights in the Information and Communication Technology (ICT) sector more effectively. The collaboration also provides a common platform for exchanging best practices, learning, and tools. A review process will assess progress over the two years from launch March 2013 and assess whether and how the two initiatives could continue to work together.

The Industry Dialogue's Guiding Principles are available on our website in Arabic, Chinese, English, French, Russian, Spanish and Turkish (www.teliasonera.com/about-us/public-policies/ and www.telecomindustrydialogue.org/).

In November 2013 the Industry Dialogue and the GNI held their first joint Learning Forum in Brussels, Belgium, enabling civil society organizations, academics, investors, government officials, international organizations and ICT companies to share their perspectives on current challenges relating to freedom of expression and privacy. Issues that had emerged due to revelations about large-scale communications surveillance by governments were addressed. At the event we shared TeliaSonera's view advocating clear and transparent legal provisions on proportionality and necessity for all government surveillance of communications. We argued that all government surveillance of communications should be conducted under the supervision of a court or some other independent judicial body. We also encourage governments to be transparent about the scope of their surveillance of communications and how they use the information they compile.

In relations between TeliaSonera and authorities which require surveillance, the right to privacy is widely understood as an essential requirement for the realization of the right to freedom of expression. At TeliaSonera we also have direct obligations towards our customers in this respect. Customer data privacy issues are addressed in more detail on page 19.

Our priorities

TeliaSonera's implementation of the Industry Dialogue's guiding principles

Telecommunications Industry Dialogue (ID) on Freedom of Expression and Privacy - Guiding Principles

Telecommunications companies should, to the fullest extent that does not place them in violation of domestic laws and regulations, including license requirements and legal restrictions on disclosure:

TeliaSonera's alignment

1. **Create and/or maintain relevant policies, with Board oversight or equivalent, outlining commitment to prevent, assess, and mitigate to the best of their ability the risks to freedom of expression and privacy associated with designing, selling, and operating telecommunications technology and telecommunications services;**

A TeliaSonera Group Policy on Freedom of Expression in Telecommunications has been adopted, based on the ID Principles. This Policy, which covers both traditional telecommunications and Internet-related issues, also addresses Industry Dialogue Principle 4 below. The Policy is available on www.teliasonera.com/about-us/public-policies/. It addresses TeliaSonera's commitments in relation to requests or demands with potentially serious impacts on freedom of expression in telecommunications, i.e. targeted surveillance in exceptional cases; mass surveillance, where the authorities demand unrestricted real-time network access; shutdown of all or parts of a network; blocking or restricting access to specific services, Internet websites or content; blocking or restricting individual customers' access to services or networks; obligations to transmit mandatory communications issued by the government authorities; and proposals for new laws or significant imposed operational changes. TeliaSonera has also adopted an internal Group Instruction for implementation of the TeliaSonera Group Policy on Freedom of Expression in Telecommunications. During 2014 TeliaSonera will provide further detailed guidance for relevant personnel concerning how the aforementioned Policy and Instruction are to be implemented.

2. **Conduct regular human rights impact assessments and use due diligence processes, as appropriate to the company, to identify, mitigate and manage risks to freedom of expression and privacy – whether in relation to particular technologies, products, services, or countries – in accordance with the Guiding Principles for the Implementation of the UN 'Protect, Respect and Remedy' framework;**

During 2012 TeliaSonera worked with the Danish Institute for Human Rights to support and review an internal analysis within our majority-owned operations of negative impacts that could lead to involvement in human rights violations. Freedom of expression and privacy were included as focus areas. This human rights impact assessment, which was concluded in February 2013, did not raise any major new or previously unknown sustainability risks. The results indicated that freedom of expression and privacy are areas which need continued focus. In April 2013, the new TeliaSonera Board Ethics and Sustainability Committee was established. In September 2013 TeliaSonera established a new Ethics and Compliance function.

3. **Create operational processes and routines to evaluate and handle government requests that may have an impact on freedom of expression and privacy to: a) Ensure that government demands are reviewed by appropriately qualified and experienced personnel in order to assess their compliance with legal and due process. For demands for continuous access, such review will take place at the time of the initial request: b) Establish in advance guidance to relevant personnel on how to interpret government demands as specifically as possible;**

Uncontroversial and daily routine requests for lawful targeted surveillance from police or other authorities, including requests for TeliaSonera to provide details of specific individual customers' communications (usually historic communications metadata, traffic data and location data, and/or content), form part of many investigations made by law enforcement authorities in criminal cases. During 2013 TeliaSonera established a Security Incident Management Center to harmonize best practices for implementation throughout the TeliaSonera group. Requests or demands with potentially serious impacts on freedom of expression, such as those listed above in relation to ID Principle 1, including targeted surveillance in exceptional cases, will be the subject of enhanced decision-making in line with the TeliaSonera Freedom of Expression Policy and Instruction.

4. **Adopt, where feasible, strategies to anticipate, respond and minimize the potential impact on freedom of expression and privacy in the event that a government demand or request is received that is unlawful or where governments are believed to be misusing products or technology for illegitimate purposes which may include, if appropriate: i. Reviewing the demand with the relevant authority in order to seek clarification or modification; ii. Seeking judicial review (court-procedure), where available; iii. Appealing to other relevant branches of the administration, such as regulators or governmental departments; iv. Seeking alternative measures that would minimize or mitigate the practical impact on freedom of expression and privacy; v. Engaging UN- or other supranational bodies and/or other government/institutions for diplomatic support; and vi. Engaging other stakeholders, such as media/NGOs, as appropriate, in support of freedom of expression and privacy;**

See TeliaSonera's alignment to ID Principle 1 above. The Group Instruction sets out the practical steps that should be taken whenever a company/business unit receives a request or demand with potentially serious impacts on freedom of expression in telecommunications. These steps include assessments that may need to be conducted, as well as an escalation procedure to be used if needed. During 2014 more detailed practical guidance related to the Policy and Instruction will be issued.

Our priorities

5.

Always seek to ensure the safety and liberty of company personnel who may be placed at risk;

The Group Instruction for implementation of the TeliaSonera Group Policy on Freedom of Expression in Telecommunications includes that an assessment of any risks to the safety and liberty of company personnel should be conducted when relevant.

6.

Raise awareness and train relevant employees in related policies and processes;

TeliaSonera's Code of Ethics and Conduct awareness project covers issues regarding freedom of expression and privacy (see Raising awareness of our Code of Ethics and Conduct page 8). Additional training and awareness-raising will be needed for relevant personnel, based on our Freedom of Expression Policy and the related Instruction. Implementation of this policy will be structured according to TeliaSonera's ethics and compliance program (see Ethics and Compliance Office page 9). The importance of our commitments in relation to freedom of expression were highlighted in a statement issued by our CEO in December 2013 (see www.teliasonera.com/sustainability/human-rights/ceo-statement-freedom-of-expression-policy/).

7.

Share knowledge and insights, where relevant, with all relevant and interested stakeholders to improve understanding of the applicable legal framework and the effectiveness of these principles in practice, and to provide support for the implementation and further development of the principles;

TeliaSonera actively participates in the Industry Dialogue, notably in its collaboration with the GNI, and in interactions with different groups of interested stakeholders. TeliaSonera holds regular meetings with the investor community.

8.

Report externally on an annual basis, and whenever circumstances make it relevant, on their progress in implementing the principles, and as appropriate on major events occurring in this regard;

TeliaSonera's approach and activities on these issues are reported in this section of our Sustainability Report. TeliaSonera aims to enhance transparency by reporting on requests and demands with potentially serious impacts on freedom of expression in telecommunications. See www.teliasonera.com/newsroom/news/2013/government-requests-in-eurasia/. At TeliaSonera we believe that national laws and regulations should determine the scope and mechanisms for transparency reporting relating to the total number of requests for access to customer data. We encourage governments to be transparent about the scope of their surveillance of communications and how they use the information compiled. Nonetheless, TeliaSonera has responded to a request by an NGO in Finland to publish the total number of such requests. See www.teliasonera.com/newsroom/news/2013/feature/.

9.

Help to inform the development of policy and regulations to support freedom of expression and privacy including, alone or in cooperation with other entities, seeking to mitigate potential negative impacts from policies or regulations;

Active participation in the Stockholm Internet Forum and in the ID and GNI Learning Forum in Brussels. See "Lobbying for better legislation" – an example of best practice on page 18. Chairing the Industry Dialogue during its first term, March to September 2013.

10.

Examine, as a group, options for implementing relevant grievance mechanisms, as outlined in Principle 31 of the UN Guiding Principles for Business and Human Rights;

This issue will continue to be explored through the Industry Dialogue in the future.

→

The principles will apply to participating companies where they have operational control. Where they do not have operational control, participating companies will seek to use their influence to promote the principles.

Within TeliaSonera we have used our influence to promote the ID Principles at MegaFon, and are also planning to do so at Turkcell.

→

The participating companies aim, together as a group, to compile and make available guidance and information on the main laws, regulations and standards telecommunications companies operate under, to be used for informational purposes.

Work through the Industry Dialogue remains ongoing. In November 2012 TeliaSonera published information on 'Human rights within the international legal framework for telecom operators' which can be found at www.teliasonera.com/en/about-us/public-policies/.

Our priorities

Lobbying for better legislation

During 2013, as a part of its human rights work, Geocell carried out an assessment of the risks which could potentially lead to conflict with human rights. Geocell consequently contributed to an initiative by the government of Georgia to elaborate a new draft law on surveillance, emphasizing the need to guarantee freedom of expression and privacy not only on paper, but in reality.

Issues of concern include amendments to Georgian legislation allowing law enforcement authorities to have real time access to telecom networks. These issues need to be examined in detail with regard to human rights principles as well as the perspectives of national security and crime combating.

Geocell has entered into a dialogue with government representatives to discuss sensitive issues.

Geocell has also started to cooperate with Transparency International in Georgia, who have published a report on Internet Freedoms. Geocell participated in a public conference on secret surveillance and personal data protection organized by Georgian Civil Society National Platform and media representatives, supported by Open Society Georgia Foundation. In the conference, representatives of both the public and business sector participated, together with Transparency International, the Georgian Young Lawyers' Association and the Innovations and Reforms Center. The conference provided an overview of the current situation and made an assessment of Georgia's legislation as compared to international standards established by the European Court of Human Rights. Specific recom-

mendations to improve the legal framework for surveillance were consequently issued.

The conference was followed by separate meetings between Georgian government representatives and the EU Commissioner for Enlargement and European Neighborhood Policy, with Transparency International Georgia, EU's former Commissioner for human rights and with the Swedish and Finnish ambassadors to Georgia.

The Georgian government has initiated the elaboration of a new draft law on the surveillance of communications. Geocell will continue to be engaged in this process with the goal of developing clear and transparent legal norms and principles that will guarantee freedom of expression and privacy.

Photo: Wikipedia/Vladimer Shioshvili

Facts about:
Surveillance of communications

Governments and the authorities conduct various types of surveillance of communications, by imposing obligations on telecommunications companies in connection with criminal investigations and national security issues. Government surveillance of communications can be classified into general categories, such as:

1. Lawful interception (based on requests from law enforcement authorities):
   - Real-time access to the con-

tent of communications and access to historical content
   - Real-time access to traffic data
   - Access to historical traffic data which the provider has stored for commercial purposes
   - Access to subscription data which the provider has stored for commercial purposes
   - Access to historical traffic data and to subscription data stored in response to mandatory requirements for such storage (EU-regulation)

   - Access to location information, i.e. access to information on the location of mobile terminals/phones
2. Signals intelligence, i.e. intelligence-gathering through analysis and processing of communication signals
3. Real-time access without requests, technical systems for more extensive monitoring of telecommunications
4. Shut-down, blocking or restriction of access

Our priorities

Customer privacy

Data traffic and storage is growing rapidly which poses challenges to all kinds of players in the field of ICT, including TeliaSonera. TeliaSonera strives to operate highly secure communication networks and takes actions to prevent unauthorized access to our customers' personal data. We are committed to protect and safeguard our customers' privacy, as is clearly stated in our Code of Ethics and Conduct.

Our Group Privacy Policy further defines Telia-Sonera's on-going work in respect of customer privacy. This policy covers: user-consent; the collection, processing and retention of data; data accuracy; risk assessments; requirements imposed on suppliers; technical and organisational measures; integrity breach reporting and confidentiality.

We are executing the policy by establishing robust processes designed to ensure that the entire TeliaSonera group also complies with national laws and meets end-users' expectations. Our governance process defines roles and responsibilities along our line organization. Implementation activities are based on on-going prioritizations. Priorities and local measures to address these issues vary, reflecting the different stages of development in different markets. A risk-based approach is taken when we work to close gaps with regard to our Group Privacy Policy. Every upgrading of network infrastructure brings an additional opportunity to review and implement compliance. Privacy issues are to be taken into consideration during all significant developments ('privacy by design'). We are also providing relevant employees with further specific training on privacy issues.

One particularly challenging area is the purging of data. Procedures for the purging of systems have been initiated and we are planning to further develop a process for automatic purging, which is already realized in some countries.

Proof of concept procedures for a new compliance tool have been completed and evaluated.

Our Privacy Policy was decided in early 2011, setting high and consistent group standards to protect customer privacy. Despite defined as a high group priority, progress so far has been slow. Privacy officers, with clear responsibilities, have not yet been appointed in all parts of the organization. Such privacy officers are needed for maintenance and governance. Overall, the mind-shift to build privacy by design into our services and networks has not yet happened.

During the year we acknowledged 14 substantiated customer privacy complaints, including 7 from outside parties and 7 from regulatory bodies. The most serious cases related to customers in Sweden and Estonia whose invoices and call details were visible to other people for a short time. In all cases we cooperated with the national data protection authorities by duly reporting the cases and making sure that the underlying technical problems were corrected.

A further 7 leaks, thefts and losses of customer data were identified in our Nordic operations between May 2013 and year-end, although these incidents did not result in formal complaints. They involved errors such as the exposure of customer's e-mail addresses, the loss of a USB stick with customer data, and invoices sent to the wrong customers.

Our priorities

Anti-corruption work

It is our duty to prevent and fight corruption and bribery in any form. Corruption disturbs competitive markets and leads to the misallocation of resources. It undermines the law, violates ethical and responsible business practices and disturbs public trust. TeliaSonera does not accept any form of bribery or other corrupt business practices. To enforce this statement we issued a specific Anti-corruption Policy in March 2013 and Guiding Principles in January 2014.

We recognize that we have not done enough to fight corruption and bribery and have now put further emphasis and resources on this important topic. During the fourth quarter of 2013 we initiated a global Anti-Corruption Program as part of TeliaSonera's Ethics and Compliance Framework. This program consists of eight compliance dimensions built on a model described as an "effective compliance program" and "adequate procedures" by organizations and legislation including the Society of Corporate Compliance and Ethics, the US Foreign Corruption Practices Act, US Sentencing Guidelines, the UK Bribery Act, and anti-trust offices throughout Europe. Furthermore, remediation activities are included in the program.

Commitment at top management level

The strong commitment of our management at all levels, based on the "walk the talk" principle, is crucial to foster a culture throughout our organization recognizing that bribery and other corrupt business practices are never acceptable.

Our Anti-Corruption Program is continuously monitored in line with a yearly plan drawn up by the Chief Ethics and Compliance Officer. This plan is approved by the CEO, and also communicated to the Governance, Risk, Ethics and Compliance (GREC) meeting of the Group Management Team and the Board's Sustainability and Ethics Committee.

The Group Management Team and all of TeliaSonera's other management teams are responsible for understanding and cascading our Anti-Corruption Policy and Guiding Principles. They are also expected to act as strong role models.

Remediation

During 2012 and 2013 a case of suspected corruption became apparent within TeliaSonera, leading to several corrective actions.

A new Board was elected in April 2013 which established a specific new committee operating under the Board: the Sustainability and Ethics Committee. A new

CEO came in to office in September 2013, and a new Ethics and Compliance function was established at the same time, headed by a newly hired Group Ethics and Compliance Officer.

The Group Management Team resolved to hold a Governance, Risk, Ethics and Compliance (GREC) meeting on a quarterly basis starting in November 2013.

Our new Board appointed the law firm Norton Rose Fulbright to conduct a review of the transactions and agreements made in the past few years, and of the company's partners in TeliSonera's business area Eurasia. We will also initiate compliance investigations if red flags are raised during the Norton Rose Fulbright investigation, internal audits or the risk assessment procedures described below. Read more on Norton Rose Fulbright's findings in Criticism from stakeholders page 12.

Risk assessments

Our sustainability risk map at www.teliasonera.com/sustainability/impacts/managing-sustainability-risks/ summarizes the main human rights and business practice risks in countries where TeliaSonera operates. Some of these countries are ranked as having high levels of corruption according to Transparency International's corruption perception index.

During the fourth quarter of 2013 country-specific risk assessments regarding corruption and bribery risks were initiated in our seven high risk markets. Three assessments were completed during 2013 and four will be completed by the first quarter of 2014. These assessments will continue in 2014 with all other TeliaSonera's markets. Thereafter our Ethics and Compliance function will conduct yearly follow-ups on these risk assessments in selected markets and business units.

The risk assessments also include an action plan to remediate any issues noted. The risk assessments and action plans are then followed-up as part of our Anti-corruption program.

Training and communications work

A mandatory web-based training program on the TeliaSonera Code of Ethcis and Conduct was introduced during 2013, covering topics such as human rights, freedom of expression and anti-corruption. The training course ends with a signature process that enables all employees to confirm that they participated in the training. Read more in Policy framework page 8.

As part of our Anti-corruption Program, face-to-face

Our priorities

and classroom training sessions are to be initiated during the first quarter of 2014. These sessions will initially focus on high risk markets, functions and roles, before being cascaded throughout the entire organization during 2014. Our Ethics and Compliance function will continue to conduct awareness campaigns and communications through various channels such as our intranet, e-mail, management meetings and our ethics and compliance network.

Compliance and whistle-blowing

All TeliaSonera employees have a responsibility to report any violations of laws or our own Code of Ethics and Conduct. It is vital that everyone should be able to speak up and bring their concerns into the open so that problems can be resolved quickly before serious harm may occur. Employees should first seek to address the issue with their manager or a local human resources representative. If employees are for some reason uncomfortable with this procedure, they may also contact our Legal function, other managers within Human Resources, our Internal Audit, our Security Department or our Ethics and Compliance function.

An internal whistle-blower function has been established as an alternative way for employees to report violations of laws or our Code of Ethics and Conduct in cases where they do not feel conformable reporting through the normal channels. This current whistle-blower function cannot yet be used by external stakeholders.

Towards the end of 2013 a process aiming to replace the current internal whistle-blowing function was initiated. The aim is to source a solution known as a "speak up channel" that will be made accessible through all TeliaSonera intranets and our supplier portal enabling employees and external stakeholders to report matters of concern anonymously. This speak up channel will be administered externally and managed by our Ethics and Compliance function.

Cases will be consolidated in to a case management system, with consolidated reports submitted to the GREC meeting of the Group Management Team for decisions on relevant disciplinary action. Reports will also be sent to the Board Audit Committee and Sustainability and Ethics Committee.

Cases during 2013

During 2013 we received 14 whistle-blowing reports. These reports were related to areas such as human resources, procurement processes and corruption allegations. Based on each report an investigation was initiated. Nine of the investigations were closed after due examination. Five of the investigations remain ongoing. One of the investigations resulted in a change in management.

In our normal course of business during 2013 TeliaSonera has been involved in a limited number of legal

actions related to anti-competitive behavior. On 12 April 2013 the Swedish Market Court fined TeliaSonera AB the sum of SEK 35 million for abusing the company's dominant market position by way of a margin squeeze in the ADSL market during the period April 2000–January 2003. In 2013 TeliaSonera was not subject to any other significant fines or sanctions related to non-compliance with laws and regulations. As a consequence of allegations made in the media, in 2012 the Swedish Prosecutor's Office started a pre-trial investigation into bribery and money laundering related to TeliaSonera's investments in Uzbekistan. See Criticism from stakeholders page 12.

Relations with governments and authorities

Operator licenses, frequencies and other prerequisites for our operations are controlled by governments and other authorities. Technical aspects of our infrastructure, such as deployment of fiber and masts, and the minimum working conditions of our employees, are also governed by national legislation. Engaging with governments and relevant authorities is therefore a natural part of our business. As in all of our operations, in such contexts TeliaSonera observes fair business practices and acts in accordance with the relevant standards in order to uphold fair competition and avoid taking any inappropriate advantages.

TeliaSonera does not engage in the politics of the countries in which we operate, nor do we make political donations. We do not comment on politics or make political statements when representing our company.

TeliaSonera does engage in dialogues regarding regulatory policies that affect our business and the human rights of our customers. In these dialogues we aim to promote a regulatory environment that encourages investment and innovation, and promotes equal opportunity. We regularly engage transparently with regulators throughout our markets, in order to share our experiences and opinions.

TeliaSonera's public policy engagements are in line with our sustainability related policies. During 2013 this work focused on the following areas;
- Openness/net neutrality: Our position is defined in a document available at www.teliasonera.com/about-us/public-policies/.
- Radio spectrum: Our position is defined in a document available at www.teliasonera.com/about-us/public-policies/.
- Copyright and access to content: TeliaSonera fully supports the positions of the European Telecommunications Network Operators' Association (ETNO), available at www.etno.eu/
- Protection of children online: For details on our position see page 44.
- The UN Guiding Principles on Business and Human Rights, focusing on freedom of expression and privacy. For information on our position see Freedom of expression page 15.

Our priorities

Sustainability in the supply chain

TeliaSonera's annual purchasing volume amounts to SEK 59 billion. The majority of these purchases in terms of volume and capital involve infrastructure equipment and services related to the building, development and maintenance of our fixed and mobile networks and IT infrastructure. In addition we purchase mobile handsets, other consumer electronic devices, and electricity.

In order to work proactively to mitigate risks and ensure compliance in our supply chain, we have to address our key challenges:
· A large number of suppliers makes it difficult to effectively assess where to focus review and follow-up
· Purchases are made without reference to contracts or not from approved suppliers
· Many of our suppliers, especially in Eurasia, are not used to customer requirements and reviews related to sustainability
· Accurate documentation and other bases for sustainability reporting are often insufficient or completely lacking.

TeliaSonera's Group Procurement function is responsible for procurements in the Nordic and Baltic countries, and also significant infrastructure procurements in our majority-owned operations in Eurasia. In 2014 the Group Procurement will also be responsible for all procurements in Eurasia.

In our most significant locations – Sweden, Finland, the Baltic countries and our Eurasia region – our procurements are split between local and global suppliers. This contributes considerably to the wider economic development of the countries where we operate.

We emphasize the importance of managing sustainability issues along our supply chain to ensure that we can meet our own sustainability commitments. Focus areas during 2013 have included risk awareness, risk management and monitoring processes. At the end of 2013, our Supplier Code of Conduct was incorporated into 90 percent of significant and approved supplier contracts.

The diagram below illustrates how our requirements and supplier due care procedures form an integral part of our sourcing and purchasing processes.
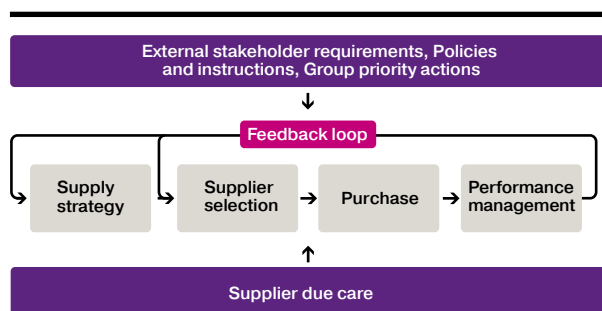
During 2013 TeliaSonera's Group Procurement policy and Group Instructions have been updated to reflect the importance of sustainability across our supplier base. Sustainability issues form an integral part of our supplier evaluation criteria. In order to respond to our policy requirements, TeliaSonera's Chief Procurement Officer has approved a new Sustainability roadmap for our supply chain. This roadmap aims to ensure compliance in ways that are efficient and effective both for TeliaSonera and our suppliers. Responsibility for ensuring sustainability in the supply chain is held by the Chief Procurement Officer, and driven from a Group Procurement perspective as part of TeliaSonera's value chain.

Until the first half of 2013 we used our own supplier sustainability assessments for all types of suppliers. This assessment method contributed to our suppliers' questionnaire fatigue, needed regular updates, and made it difficult to provide feedback on improvement areas for individual suppliers. It was also difficult to identify risks through this procedure. For these reasons we have now developed a new suppler screening program with the following elements:
· Risk assessment and mapping of the supply chain for each product/service category
· Between the fourth quarter of 2013 and the fourth quarter of 2014, high risk suppliers* and preferred suppliers will be evaluated by EcoVadis to determine supply chain sustainability risks
· Suppliers will be evaluated and the results will be used in tendering and as part of supplier monitoring and supplier selection.

EcoVadis is a company that specializes in collaborative sustainability performance assessment. Suppliers are able to share their consequent performance results and actions with their other customers, thereby reducing supplier questionnaire fatigue. The methodology applied by EcoVadis is based on internationally recognized standards such as Global Reporting Initiative, ISO 26000 and the UN Global Compact. The EcoVadis evaluation system focuses on suppliers' environmental, social and ethical practices, including their management of their own supply chains, based on 150 product/service categories.

The assessment process involves a comprehensive set of questions tailored according to suppliers' size, product/service categories and location risks. Document reviews are carried out to verify suppliers' responses. This means that TeliaSonera is now shifting

External stakeholder requirements, Policies and instructions, Group priority actions

Feedback loop

Supply strategy → Supplier selection → Purchase → Performance management

Supplier due care

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* High risk suppliers are defined on the basis of the country where they produce or deliver their goods and services, the types of goods of services they produce or deliver, and whether they are considered as business critical suppliers.

Our priorities

away from low value supplier assessments to assessments that are verified and based on international standards.

During 2013 a sustainability assessment of suppliers using EcoVadis was carried out by our sourcing managers. The EcoVadis evaluation has helped suppliers to better understand the requirements of TeliaSonera Supplier Code and to develop a compliance roadmap.

Under a process launched in 2013 the provision of basic sustainability training for personnel involved in sourcing will become a permanent activity. This training aims to enable personnel to understand the importance of their role, and most importantly how to maintain a professional relationship with suppliers. This training has been completed in our Nordic operations and in Eurasia, where personnel involved in sourcing have

been duly trained.

Supplier audits may be initiated by Group Procurement as well as within local operations. Clear criteria are defined for when a supplier should be audited. In our Nordic and Baltic countries the field services purchasing category was in focus during 2013. This involved audits of selected suppliers. These audits were carried out as part of Joint Audit Cooperation (JAC). Founded in 2010, JAC is an association of telecom operators having a shared approach to sustainability supply chain auditing. In 2013 JAC conducted 38 supplier audits of which five were conducted by TeliaSonera. JAC has now since the formation conducted in total 112 supplier audits. Read more about JAC at www.teliasonera.com/sustainability/impacts/supply-chain/joint-audit-cooperation/.

Training suppliers in sustainability

In October 2013, Moldcell organized the first sustainability workshop for its suppliers, providing 14 major suppliers with detailed information about TeliaSonera's sustainability work and priorities. In order to guide suppliers through the process of sustainability reporting to Moldcell, a presentation was made to show the links between sustainability and revenue, all suppliers were offered a set of relevant documents, and received guidance on how to succeed with the reporting process.

Moldcell subsequently received positive feedback on the workshop from participants. To build on this workshop, an internal meeting was set up within the Moldcell's sustain-ability reporting group. An action plan for upcoming activities will subsequently be submitted to the CEO and shareholders.

In November Azercell conducted its first sustainability awareness session for suppliers. The participating suppliers were informed about sustainability processes within TeliaSonera and Azercell, related achievements and plans, and TeliaSonera's Supplier Code of Conduct. Additional emphasis was put on anti-corruption and health and safety issues, which were also the topics on which participants asked the most questions.

Similar training was carried out in Ucell with all major suppliers. After the training it was noted in Ucell that the quality of the sustainability data from the suppliers improved.

We believe that these workshops were the first of their kind held in these countries. While the main purpose of the workshops was to train suppliers in our review and reporting requirements, and to thereby improve the quality of the resluting information, they also serve as capacity building tools for suppliers seeking to become more competitive by adopting sustainable business practices and promoting sustainability along the wider value chain.

Our priorities

Environmental responsibility

Our Code of Ethics and Conduct commits us to work actively to improve our positive environmental impacts and reduce our negative impacts.

Our positive indirect environmental impacts relate to the services that we provide which can reduce our customers' own energy consumption and greenhouse gas emissions. Tele- and videoconferencing services offered mainly in the Nordic and Baltic countries reduce customers' need to travel, and various 'machine to machine' (M2M) services can be used to increase efficiency in areas such as logistics planning.

The SMARTer report by GeSI (www.gesi.org/SMARTer2020) points out that while the ICT industry's share of global greenhouse gas emissions is relatively small (1.9 percent in 2011, and forecast to be an estimated 2.3 percent in 2020), the industry's potential to help other sectors to reduce their emissions is up to seven times higher than its own emissions. This means that in all phases of our service delivery, from product development to marketing, sourcing and technical roll-out, we need to understand and incorporate effective ways to leverage this potential.

The biggest part of our negative environmental footprint relates to the energy needed to keep our networks and services accessible 24/7. The greenhouse gas (GHG) emissions, mainly carbon dioxide (CO_2), from this energy production make up the largest part of our carbon footprint, so this is where we are focusing our efforts.

Waste management is an important issue for TeliaSonera and our whole industry. Our own operations generate various kinds of waste, ranging from regular office waste such as paper and household waste, to construction waste such as asphalt and cables. Some of it is considered hazardous, such as electronic waste (e-waste) and dismantled telephone poles from our fixed line operations in Sweden and Finland. We do not yet have a full picture of our waste footprint in all markets, as in many of the markets where we operate waste management infrastructure is poorly developed. In 2014 the target is to develop a group e-waste plan.

Indirect negative environmental impacts along our value chain relate mainly to outsourced logistics, construction and maintenance operations, and the manufacturing of the equipment we purchase. We are developing ways to standardize data collection from our suppliers to improve our understanding. During 2013 we have collected information from our biggest suppliers on the greenhouse gas emissions they have generated while working for us.

Environmental management systems and schemes can be valuable tools for making sure that we consider environmental aspects in our daily operations, and work to make continuous improvements. Quality and environmental management systems cover TeliaSonera's operations in Sweden, where 54 percent of employees (15 percent of the Group headcount) are covered by an ISO 9001 and 14001 certification. Since 2012 TeliaSonera Finland's head office in Helsinki has had a 'LEED Gold' certification.

Our environmental targets

Our most important priority is to continuously seek out ways of working and technical solutions that help us increase energy efficiency in our own operations. This also relates closely to our financial performance, as electricity and fuels account for a significant part of our operational expenses. Increasing energy efficiency also has the positive effect of reducing greenhouse gas emissions. In many of our markets, such as Nepal and Tajikistan where access to grid electricity is limited or unavailable, we need to run generators 24/7 to power certain base stations.

In 2013 group-level environmental targets were approved aiming to increase our energy efficiency and reduce our greenhouse gas emissions in all parts of our operations. Our business areas are responsible for developing and executing their own related action plans.

Progress towards these targets is reported annually to the Group Management Team, and targets will be revised as we develop our data collection. In 2013 a steering group was formed, consisting of members of our group sustainability function and business area representatives, to work towards integrating these targets into business plans, to share best practices, and to coordinate efforts to get the most out of investments.

Based on the 2012 baseline, our goals for 2020 are to:
- Reduce our CO_2 emissions by 20 percent per subscription equivalent*
- Increase our energy efficiency by 20 percent per subscription equivalent*

In 2013 on group level we were unable to deliver positive progress on our environmental targets, as energy efficiency decreased 3 percent and emissions increased 15 percent per subscription equivalent, despite an increase in the amount of subscriptions. Some business units showed positive progress against the

* Subscription equivalent is used to differentiate between the different bandwidth and energy requirements for different subscriptions – our products vary from very low consumption M2M subscriptions up to high consumption 4G mobile or IPTV subscriptions. The targets are based on our electricity consumption and Scope 1 and 2 emissions.

Our priorities

environmental targets. The negative trend measured on group level is mostly caused by our efforts to improve the data quality in energy reporting from all business units. During the year all business units received targeted training in sustainability and energy reporting. The 2013 figures, together with a major revision and recalculation of 2012 energy and emissions figures, now provide a more accurate picture of our actual energy consumption and carbon footprint. The extensive 4G rollout, where the new equipments installed in base stations require more energy, is also contributing to the increase in our energy consumption. For more details on our energy and emissions performance, see GRI indicators EN3, EN4, EN16 and EN17 on pages 35-37.

Despite of the overall negative development on environmental targets, a number of important initiatives were taken as part of the action plans:

- Business area Broadband Services continued to reduce the number of data centers and technical sites in Sweden and Finland. Concentrating equipment in fewer sites increases energy efficiency as the total cooling need is reduced.
- Renewable energy certificates (REC) purchased in Sweden and Finland allowed us to abate our GHG emissions by 54,813 tons (12 percent of Group emissions). In Sweden we purchase 'Bra Miljöval' ('Good Environmental Choice') hydroelectricity approved by the Swedish Society for Nature Conservation.
- Continued roll-out of solar power capacity in Nepal, Tajikistan and Uzbekistan, with further installations planned for 2014. Especially in Nepal and Tajikistan where access to grid electricity is limited, this is a necessary solution to maintain network coverage uptime that also helps to drastically reduce GHG emissions. We now have over 500 solar powered base stations in operation in these countries.
- Using energy efficient free cooling for base stations mainly in the Nordic countries where the temperature is favorable.
- The completion of further data centers built according to the Green Room Concept.

TeliaSonera's Green Room Concept

Patented by TeliaSonera, and already implemented and ready for large-scale production, the TeliaSonera Green Room Concept is a cutting-edge cooling solution for data centers. Conceptualized and developed by TeliaSonera employees, the Green Room Concept enables power usage effectiveness (PUE) figures as low as 1.06 – a huge difference from the current global average of 1.8-2.0. This difference means that, on average, a data room built using the Green Room Concept's cooling layout and equipment would use almost 40 percent less energy – representing major savings potential for any ICT company. The Green Room Concept is usable more or less everywhere except in tropical regions. It has been estimated that if the concept could be applied in every data center around the world, the total energy savings would amount to about 1 percent of global electricity consumption.

By putting the Green Room Concept into practice in cooperation with the commercial real estate developer Akademiska Hus, we are taking data center energy efficiency to the next level. At the Fredhäll site in central Stockholm, Sweden, the excess heat generated from the data center is utilized to heat several thousand square meters of classrooms located nearby, using connecting heat exchangers. By generating annual savings for Akademiska Hus in the range of one million SEK, this project clearly generates a good return on investment, while also demonstrating the potential for TeliaSonera to improve energy efficiency by considering outside the box solutions. As a major infrastructure developer and owner in many regions, TeliaSonera hopes to find similar opportunities elsewhere in our operations – and also to inspire others.

Our priorities

Our goal is to expand on all these initiatives in 2014 to create positive development towards our environmental targets.

Other environmental initiatives

A number of local e-waste initiatives continued or were initiated during 2013. Despite the fact that there is no e-waste management infrastructure in Georgia, Geocell launched an initiative to collect hazardous mobile phone components such as batteries in the company's stores for suitable treatment abroad. Other business units such as Omnitel in Lithuania have been doing this for years, facilitating the resale of used phones.

In Sweden and Finland where the amounts of waste that we generate are the largest, we measure closely and follow up our performance. Our business leasing operations make sure that all phones and devices are taken back and refurbished for further use or properly dismantled and recycled.

We continue to seek replacements for the chemically impregnated wooden poles used in fixed line networks, which are classified as hazardous waste. During 2013 a total of 16,700 metric tons of such poles were dismantled. We are meanwhile pioneering the testing of new materials such as glass-fiber in these poles to find a suitable, more environmentally friendly alternative.

Many of our business units run energy efficiency and waste-related office programs. Examples include the Green Office initiative at Kcell in Kazakhstan, and similar initiatives at head offices of EMT in Estonia and TEO in Lithuania. These programs have helped to reduce the environmental footprints of these offices while also increasing awareness of how all of us can make environmental improvements in our daily work. We estimate that such programs realized in TeliaSonera's business units during 2013 saved a total of 2.5 GWh of electricity.

During 2013 TeliaSonera, the Royal Institute of Technology in Stockholm and Ericsson have jointly conducted groundbreaking research related to life-cycle assessments for ICT systems and products. The research findings have partly been presented at conferences and in articles during 2013, and comprehensive findings will be fully published in a peer-reviewed scientific article during spring 2014. This research will help to improve understanding of the environmental impacts of ICT products and services; knowledge which can be applied globally to help the entire ICT industry reduce its environmental impact.

Our performance

GRI Report 2013

◼◼◼ = Fully reported
◼◼◼ = Partially reported
◼◼◼ = Not reported

TeliaSonera has self-declared this report as prepared in accordance with GRI G3.1 Application Level B+. The Application Level has been checked by a third party, PwC.

1. Strategy and Analysis

1.1	**CEO Statement** ◼◼◼
	See CEO statement page 3.
1.2	**Description of key impacts, risks and opportunities** ◼◼◼
	See Sustainability at TeliaSonera page 6.

2. Profile

2.1	**Name of the organization** ◼◼◼
	TeliaSonera AB
2.2	**Primary brands, products, and/or services** ◼◼◼
	See Annual report, Markets and brands.
2.3	**Operational structure of the organization, including main divisions, operating companies, subsidiaries, and joint ventures** ◼◼◼
	See Annual report, Markets and brands.
2.4	**Location of organization's headquarters** ◼◼◼
	Stockholm, Sweden
2.5	**Number of countries where the organization operates, and names of countries with either major operations or operations that are specifically relevant to the sustainability issues covered in the report** ◼◼◼
	See Annual report, Markets and brands.
2.6	**Nature of ownership and legal form** ◼◼◼
	See Annual Report, Corporate Governance Statement, section Parent Company.
2.7	**Markets served (including geographic breakdown, sectors served, and types of customers/beneficiaries)** ◼◼◼
	See Annual report, Markets and brands.
2.8	**Scale of the reporting organization** ◼◼◼
	See www.teliasonera.com/about-us/teliasonera-in-brief/.
2.9	**Significant changes during the reporting period regarding size, structure, or ownership** ◼◼◼
	See Annual Report, Board of Directors' Report, sections Group Development in 2013 and Acquisitions and Divestitures.
2.10	**Awards received in the reporting period** ◼◼◼
	See Indexes and recognitions page 13.

3. Reporting parameters

3.1	**Reporting period for information provided** ◼◼◼
	Calendar year 2013
3.2	**Date of most recent previous report** ◼◼◼
	March 2013
3.3	**Reporting cycle** ◼◼◼
	Annual
3.4	**Contact point for questions** ◼◼◼
	See Contacts and feedback page 49.
3.5	**Process for defining report content** ◼◼◼
	See Stakeholder engagement page 10.
3.6	**Boundary of the report** ◼◼◼
	The scope of our consolidated sustainability data generally follows established principles of financial reporting. Data includes companies under TeliaSonera's control, i.e. wholly-owned or majority-owned companies where direct or indirect ownership gives TeliaSonera 50 percent of the voting rights. Companies with less than two employees have been excluded from reporting unless stated otherwise. Performance data from associated companies is not consolidated.
3.7	**State any specific limitations on the scope or boundary of the report** ◼◼◼
	No specific limitations.
3.8	**Basis for reporting on joint ventures, subsidiaries, leased facilities, outsourced operations, and other entities that can significantly affect comparability from period to period and/or between organizations** ◼◼◼
	We consolidate and report data from our wholly- and majority-owned companies. Data from our joint ventures Svenska UMTS-Nät AB (Sweden) and TT-Netværket A/S (Denmark) was consolidated and reported partially for EN and LA indicators, and fully for IO8. As our sustainability reporting processes are still under development, the degree of data completeness varies which might affect comparability between years. Limitations are reported with the respective indicators.
3.9	**Data measurement techniques and the bases of calculations, including assumptions and techniques underlying estimations applied to the compilation of the indicators and other information in the report** ◼◼◼

Our performance

GRI G3.1 Guidelines and telecommunications sector supplement have been applied in the compilation of data and calculations. Some of the reported data may have been estimated. WRI, IEA and Defra emission factors have been used as a basis for calculating greenhouse gas (GHG) emissions. Leased assets such as vehicles and shops are generally considered part of Scope 2.

3.10 Explanation of the effect of any re-statements of information provided in earlier reports, and the reasons for such re-statement

Data in energy and greenhouse gas emissions indicators (EN3, EN4, EN16, EN17) for 2012 has been revised and recalculated. Now 2012 data better reflects actual performance. The new 2012 figures are significantly higher than those reported last year. LA4 has been recalculated.

3.11 Significant changes from previous reporting periods in the scope, boundary, or measurement methods applied in the report

This year we are fully reporting data from LMT in Latvia and Tcell in Tajikistan. We changed the process for data collection from suppliers which resulted in better Scope 3 emissions coverage.

3.12 Table identifying the location of the Standard Disclosures in the report

See GRI report pages 27-30.

3.13 Policy and current practice with regard to seeking external assurance for the report

See Auditor's Review page 49.

4. Governance, commitments and stakeholder engagement

4.1 Governance structure of the organization, including committees under the highest governance body responsible for specific tasks, such as setting strategy or organizational oversight

See LA13 and Annual Report, Corporate Governance Statement, sections Governing Bodies, Board of Directors and CEO and Group Management.

4.2 Indicate whether the Chair of the highest governance body is also an executive officer

See Annual Report, Corporate Governance Statement, section Board of Directors.

4.3 For organizations that have a unitary board structure, state the number and gender of members of the highest governance body that are independent and/or non-executive members

See Annual Report, Corporate Governance Statement, section Board of Directors.

4.4 Mechanisms for shareholders and employees to provide recommendations or direction to the highest governance body

See Annual Report, Corporate Governance Statement, sections Shareholders.

4.5 Linkage between compensation for members of the highest governance body, senior managers, and executives

See Annual Report, Corporate Governance Statement, section Remuneration to Executive Management.

4.6 Processes in place for the highest governance body to ensure conflicts of interest are avoided

See Annual Report, Corporate Governance Statement, section Board of Directors.

4.7 Process for determining the composition, qualifications and expertise of the members of the highest governance body and its committees, including any consideration of gender and other indicators of diversity

See Annual Report, Corporate Governance Statement, section Nomination Committee.

4.8 Internally developed statements of mission or values, codes of conduct, and principles relevant to economic, environmental, and social performance and the status of their implementation

See Annual Report, Corporate Governance Statement, section Group-wide Governance Framework.

4.9 Procedures of the highest governance body for overseeing the organization's identification and management of economic, environmental, and social performance, including relevant risks and opportunities, and adherence or compliance with internationally agreed standards, codes of conduct, and principles

See Annual Report, Corporate Governance Statement, sections Group-wide Governance Framework and Enterprise Risk Management.

4.10 Processes for evaluating the highest governance body's own performance, particularly with respect to economic, environmental, and social performance

See Annual Report, Corporate Governance Statement, section Board of Directors.

4.11 Explanation of whether and how the precautionary approach or principle is addressed by the organization

For TeliaSonera the precautionary principle relates mainly to exposure to electro-magnetic fields (EMF) which is a public concern due to the increased number of mobile terminals, base stations and mobile handsets. Teliasonera's approach to EMF is explained in SO10. Our overall precautionary approach to service and product development is addressed through our Code of Ethics and Conduct, Supplier Code, policies and risk management framework.

4.12 Externally developed economic, environmental, and social charters, principles, or other initiatives to which the organization subscribes or endorses

See Our commitments page 6.

Our performance

4.13 Memberships in associations (such as industry associations) and/or national/international advocacy organizations
See Stakeholder engagement page 11 and www.teliasonera.com/sustainability/impacts/key-stakeholders/.

4.14 List of stakeholder groups engaged by the organization
See Stakeholder engagement page 10 and www.teliasonera.com/en/sustainability/impacts/key-stakeholders/.

4.15 Basis for identification and selection of stakeholders with whom to engage
See Stakeholder engagement page 10.

4.16 Approaches to stakeholder engagement, including frequency of engagement by type and by stakeholder group
See Stakeholder engagement page 10 and www.teliasonera.com/sustainability/impacts/key-stakeholders/.

4.17 Key topics and concerns that have been raised through stakeholder engagement, and how the organization has responded to those key topics and concerns, including through its reporting
See Criticism from stakeholders page 12.

5. Disclosure on management approach

Economic

Description of management approach	
Material aspects: Economic performance; Market presence; Indirect economic impacts	Our approach to economic performance is guided by our Group-wide Governance Framework, see Annual Report, Corporate Government statement, section Group-Wide Governance Framework.
Goals, performance & contextual information	See Annual Report, Board of Directors' Report, sections Business Area Development in 2013 and Outlook for 2014.
Policies	See Annual Report, Corporate Government statement, section Group-Wide Governance Framework; Code of Ethics and Conduct at www.teliasonera.com/about-us/corporate-governance/code-of-ethics-and-conduct/.

Environment

Description of management approach	
Material aspects: Materials, Energy; Water; Emissions, effluents and waste; Products and services; Compliance	See Environmental responsibility page 24; Environment at www.teliasonera.com/sustainability/environment; Annual Report, Board of Directors' Report, section Environment.
Goals, performance and contextual information	See Sustainability at TeliaSonera, Our approach page 6 and Key targets page 14.
Organizational responsibility	Overall responsibility for environmental issues lies with the Group Head of Sustainability, who reports to the Group Head of Communications. See also Sustainability governance at www.teliasonera.com/sustainability/impacts/governance/.
Monitoring and follow-up	Sustainability reporting; Sustainability data management system; Reporting to Carbon Disclosure Project; Regular internal reporting and follow-up on progress towards environmental targets.
Policies	See Code of Ethics and Conduct and Supplier Code at www.teliasonera.com/sustainability/impacts/supply-chain/ and additional environmental requirements for suppliers at www.teliasonera.com/sustainability/supplier-portal/; OECD Guidelines for Multinational Enterprises; UN Global Compact; Local environmental policies for example where operations are certified according to ISO 14001 or LEED.

Social: Labor practices and decent work

Description of management approach	
Material aspects: Employment; Labor/management relations; Occupational health and safety; Training and education; Diversity and equal opportunity	We comply with national labor laws wherever we operate. Our approach to labor practices is guided by our Code of Ethics and Conduct which is in turn based on the UN Declaration on Human Rights and the core conventions of the International Labor Organization. Group Human Resources (HR) and HR Country Services are trained in and follow the UN and ILO conventions as well as our own Code of Ethics and Conduct, using them in designing contracts. We aim to provide and constantly improve a safe and healthy workplace, both for our own employees and for contracted labor. This is governed by local health and safety committees. Through TeliaSonera's European Works Council (EWC) we maintain an active relationship with the employee representatives of our subsidiaries and affiliated companies in the member states of the European Union. Regular performance and career development reviews are in place in most of the countries where we operate and are conducted according to local standards and agreements.
Goals, performance and contextual information	See Sustainability at TeliaSonera, Our approach page 6 and Key targets page 14.

Our performance

Organizational responsibility	The most senior HR position is Senior Vice President, Head of Group HR, who is a part of the Group Management. Each business area has its own designated HR Vice President, who plays a strategic and operational role in supporting the integration of employee issues into business planning.
Monitoring and follow-up	See Anti-corruption work, Compliance and whistle-blowing page 21; HR data management systems; Employee Commitment Score survey.
Policies	See Code of Ethics and Conduct, Group Privacy Policy at www.teliasonera.com/about-us/public-policies/; Global Recruitment policy; Local occupational health and safety policies.

Social: Human rights

Description of management approach

Material aspects: Investment and procurement practices; Non-discrimination; Freedom of association and collective bargaining; Child labor; Forced and compulsory labor; Assessment; Remediation	See Freedom of expression page 15 ; Sustainability in the supply chain page 22; Freedom of expression and privacy at www.teliasonera.com/sustainability/human-rights/.
Goals, performance and contextual information	See Sustainability at TeliaSonera, Our approach page 6 and Key targets page 14.
Organizational responsibility	See Sustainability governance at www.teliasonera.com/sustainability/impacts/governance/.
Monitoring and follow-up	See Anti-corruption work, Compliance and whistle-blowing page 21, Sustainability in the supply chain page 22; Managing sustainability risks at www.teliasonera.com/sustainability/impacts/managing-sustainability-risks/.
Policies	See Code of Ethics and Conduct; Group Privacy Policy; Group Freedom of expression policy and Supplier Code of Conduct at www.teliasonera.com/about-us/public-policies/.

Social: Society

Description of management approach

Material aspects: Local communities; Corruption; Public policy; Anti-competitive behavior; Compliance	Our approach is driven by the TeliaSonera Code of Ethics and Conduct ; See Anti-Corruption work page 20, Sustainability in the supply chain page 22; EC1 and SO10.
Goals, performance and contextual information	See Sustainability at TeliaSonera, Our approach page 6 and Key targets page 14.
Organizational responsibility	See Sustainability governance at www.teliasonera.com/sustainability/impacts/governance/.
Monitoring and follow-up	See Anti-corruption work, Compliance and whistle-blowing page 21; Managing sustainability risks at www.teliasonera.com/sustainability/impacts/managing-sustainability-risks/.
Policies	See Code of Ethics and Conduct; Group Privacy Policy; Group Sponsoring and Donations Policy; Supplier Code of Conduct at www.teliasonera.com/about-us/public-policies/.

Social: Product responsibility

Description of management approach

Material aspects: Customer health and safety; Product and service labeling; Marketing communications; Customer privacy; Compliance	Customer health and safety is ensured by compliance with national laws and international regulations. Concerns related to the protection of children and electro-magnetic fields (EMF) are addressed in SO10. TeliaSonera strives to operate secure communication networks and take actions to prevent unauthorized access to personal data. We are committed to protect and safeguard our customers' privacy, as is clearly stated in our Privacy Policy and Code of Ethics and Conduct. In marketing communications we strive to provide clear pricing schemes, balanced product information and sound marketing practices related to content, especially when addressing minors. Our local marketing departments work closely with our legal departments to ensure compliance with national marketing regulations.
Goals, performance and contextual information	See Sustainability at TeliaSonera, Our approach page 6 and Key targets page 14.
Organizational responsibility	See Sustainability governance at www.teliasonera.com/sustainability/impacts/governance/; Freedom of expression and privacy at www.teliasonera.com/sustainability/human-rights/.
Monitoring and follow-up	NPS customer satisfaction program; Contract terms communicated to sales representatives; Customer service guidelines for handling and escalation of complaints; Mechanisms in place in case of disputes.
Policies	See Group Privacy Policy and Group Sponsoring and Donations Policy at www.teliasonera.com/about-us/public-policies/.

Our performance

6. Performance data

6.1 Economic

Economic performance

*EC1. Direct economic value generated and
distributed*

TeliaSonera provides network access and telecommunications services to our customers; we buy infrastructural equipment related to the building, development and maintenance of our fixed and mobile networks and IT systems and services; and we purchase mobile handsets and other consumer electronic devices from our contractors and suppliers. We pay salaries, dividends and taxes that benefit our employees, local communities and national economies. These actions all generate direct monetary flows affecting TeliaSonera's stakeholders.

We create value for our stakeholders in many different ways. The table below shows how the value that we add to our products is distributed among stakeholders.

Customers
In 2013 TeliaSonera's net sales amounted to SEK 101,700 million (104,898). Our main markets were Sweden (35.0 percent), Finland (21.1 percent) and Eurasia (19.5 percent).

Suppliers
In 2013 TeliaSonera purchased materials and services with a total value of SEK 70,575 million (72,638). We play an important role in the businesses of many of our suppliers and contractors.

TeliaSonera is particularly a significant industrial investor in our Eurasia region, contributing to the development of local economies through employment and the construction and maintenance of mobile infrastructure. Capital expenditure investments made since 2003 in TeliaSonera's mobile operations in Azerbaijan, Georgia, Kazakhstan, Moldova, Nepal,

Tajikistan and Uzbekistan amount to approximately SEK 41 billion. Most of TeliaSonera's infrastructural investments in Eurasia involve procurements from global suppliers, but the fact that many of our suppliers are local contributes considerably to the wider economic development of the countries where we operate.

Employees
TeliaSonera offers direct employment for 26,013 people in 29 countries. In 2013 our personnel expenses totalled SEK 12,226 million (12,438), of which SEK 9,400 million (9,863) was paid in wages and salaries.

The salaries paid by TeliaSonera have a direct effect on our employees' purchasing power, and consequently also the wider economic vitality of local communities.

Shareholders
At the end of 2013 TeliaSonera had 529,394 shareholders registered on the Stockholm and Helsinki stock exchanges. TeliaSonera's shareholders are rewarded through dividends and any increases in share prices.

According to TeliaSonera's dividend policy, ordinary dividend shall be at least 50 percent of net income attributable to owners of the parent company. The total sum paid out in dividend in 2013 amounted to SEK 12,341 million. In 2013 TeliaSonera's share price increased by 21.5 percent on the NASDAQ OMX Stockholm Stock Exchange.

The states of Sweden and Finland are TeliaSonera's largest shareholders, with ownership stakes of 37.3 percent and 10.1 percent, respectively.

Public sector
During 2013 TeliaSonera paid a total of SEK 3,051 million in income taxes to the public sectors of the countries where we operate. The table below shows the sums paid by country.

TeliaSonera received grants amounting to SEK 3 million (9) for research and development purposes from various national governments.

Generation of value added[1]		2013		2012		2011[2]	
		SEK million	% of net sales	SEK million	% of net sales	SEK million	% of net sales
Customers	+ Net sales	101,700		104,898		104,804	
Suppliers	– Operating expenses	54,243	53	56,953	54	55,761	53
	– Capital expenditure	16,332		15,685	15	17,384	17
= Value added		**31,125**	**16**	**32,260**		**31,659**	
Distribution							
Employees	– Personnel expenses	12,226	12	12,438	12	12,636	12
Shareholders	– Dividends paid	12,341	12	12,341	12	12,349	12
	– Share repurchase	-	-	-	-	9,943	10
Creditors	– Interest expenses, net	2,770	3	3,069	3	2,419	2
Public sector	– Income tax expenses	4,601	5	3,314	3	5,753	6
= Distributed to stakeholders		**31,938**		**31,162**		**43,100**	

[1] The items in the table are not all calculated exactly according to the GRI guidelines. We follow our own principles of financial reporting.

[2] Certain restatements have been made, see TeliaSonera Annual Report, Consolidated Financial Statements, Note C1. Basis of Preparation.

Our performance

Income taxes paid MSEK	2013 Actual	2012 Actual	2011 Actual
Sweden	942	1,717	2,461
Finland[1]	0	5	3
Norway	187	357	639
Lithuania	38	29	14
Latvia	22	20	53
Estonia	94	121	180
Kazakhstan	651	729	791
Azerbaijan	370	293	370
Tajikstan	93	87	65
Georgia	40	22	30
Nepal	379	329	223
Russia	105	659	-
Turkey	17	33	7
Other countries[2]	113	192	173
Total	**3,051**	**4,593**	**4,999**

[1] Tax payments reduced by usage of tax-deductible impairment losses and capital losses incurred in 2002 and 2003.

[2] Approximately 15 countries.

Society

In 2013 TeliaSonera spent SEK 107 million (73) on various commercial, philanthropic and community investment activities and projects. The main reason for the big increase in the total reported figure this year was that TeliaSonera sponsored the Eurovision Song Contest in 2013.

Some 57 percent of these activities and projects were realized in the Nordic countries, 28 percent in Eurasia region and 15 percent in the Baltic countries and Spain. Activities related to culture and sports accounted for 67 percent, while activities related to children, young people and education accounted for a total of 17 percent.

■ Eurasia □ Baltic, Spain ■ Nordics

SEK million
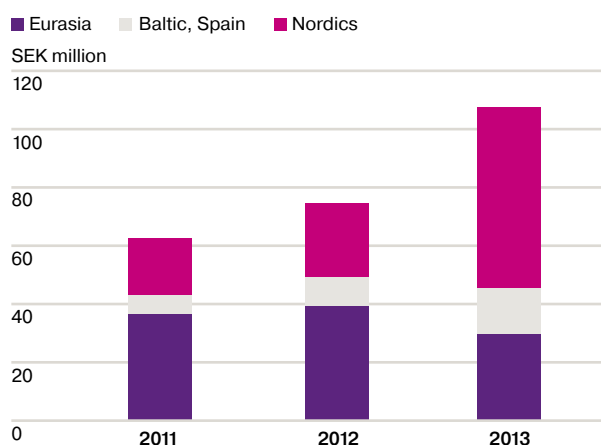
EC2. Financial implications and other risks and opportunities due to climate change

See Annual Report, Consolidated Financial Statements, note C34. Risks and Uncertainties.

EC3. Coverage of the organization's defined benefit plan obligations

See Annual Report, Consolidated Financial Statements, notes C21. Provisions for Pensions and Employment Contracts and C26. Financial Risk Management.

EC4. Significant financial assistance received from government

See EC1 Shareholders and Public sector.

Market presence

EC6. Policy, practices, and proportion of spending on locally based suppliers at significant locations of operation

See Sustainability in the supply chain page 20.

EC7. Procedures for local hiring and proportion of senior management hired from the local community at significant locations

TeliaSonera has a global recruitment policy that covers the whole group. Our recruitment policy is based on equal opportunities and prohibits any kind of discrimination. It therefore grants no preference based on any applicant's location, and employees are hired based on competence. Across all of our operations at least half of management is from the country concerned.

Indirect economic impact

EC8. Development and impact of infrastructure investments and services provided primarily for public benefit

See EC1 Society.

Philanthropic activities and community projects are chosen by TeliaSonera local companies, who have a better understanding of local needs and sustainability issues.

In early 2014 we adopted a new Sponsoring and Donations Policy and Instruction that sets new requirements for assessing and selecting activities and projects. This will in the future improve the follow-up, impact assessment and reporting. Read more about the policy at www.teliasonera.com/about-us/public-policies/.

Our performance

Project	Aim	Extent	Impact
Azercell mobile eye and dental clinics	To provide eye and dental care to children in orphanages.	Azercell in Azerbaijan owns and operates mobile clinics that visit orphanages and provide treatment that would otherwise be unavailable to the children. The mobile dental clinic has been running since 2009, the mobile eye clinic since 2011.	Up to date, the mobile dental clinic has served 3,575 children and the mobile eye clinic has helped 2,010 children.
Azercell agro-marketing project	To use mobile technology to help farmers in Azerbaijan.	The project provides advisory service to farmers on improvement of their productivity, and creates a marketing platform for the farmers to support their sales and get better prices.	During 2013 the trial stage covered 200 farmers. In 2014 Azercell plans to roll out the project in all of Azerbaijan.
Ncell part of Save the Children's Adopt a School program in Nepal	To improve the quality of education in primary and secondary schools in rural areas.	Projects to build or equip infrastructure and facilities related to schools like classrooms, toilets, drinking water access and manual and digital libraries.	More than 24,500 students in 55 schools have benefited from the support so far.
Childhood partnership in Nepal	In 2013 TeliaSonera and Ncell decided to fund Childhood, a three year project in Nepal in the area of child protection. Childhood will choose local organizations whose work they fund and whom they also professionally support.	During the first year Childhood supported Shakti Samuha, a NGO working with trafficked children and women, and Voice of Children, a NGO working with street children.	Childhood will assure that the funds are used accordingly and will also closely follow the impact. During 2014 Childhood will focus on finding more local organizations to possibly support.
Omnitel and Swedbank co-operation in the professional volunteering work project "Who needs it?" in Lithuania	To increase pupils' educational motivation and to help them choose their future profession through practical experience of different environments.	Participation in this project is open and free of charge to all Lithuanian schools and organizations. Students and professionals connect via www.kamtoreikia.lt/ to plan, develop and implement career-focused content in lessons, excursions and mentoring.	By 2015, involvement of 95 percent of schools, and 400 organizations will participate. During the National Career Week in November 2013, more than 7,000 school children from 150 schools participated in over 300 engagements.
mHealth project by Moldcell in Moldova	To support the medical treatment of tuberculosis patients with low income. Carried out together with the Ministry of Health in all regions of Moldova.	Involves sending SMS with medical information to patients suffering from tuberculosis. The mobile phones, SIM-cards and SMS traffic are provided free of charge by Moldcell.	In 2013 over 900 beneficiaries were enrolled in the program; the number is planned to increase to 3,000 in 2014. The mHealth project also consists of a commercial service for pregnant women and young mothers.
TEO in Lithuania supports national child and youth support lines	To reduce suicides and anti-bullying among Lithuania's youth.	Two national support lines provide 24/7 support to youth and children who need to discuss their life situation; many callers are contemplating suicide.	With TEO's and other organizations' support, the child and youth lines answered 300,000 calls and e-mails. In 2014 other similar initiatives will be supported by TEO.

Our performance

EC9. Understanding and describing significant indirect economic impacts, including the extent of impacts

Positive economic impacts	TeliaSonera's role
Changing the productivity of economies	By bridging the digital divide and improving the accessibility of telecom services we increase competitiveness and economic growth, communication, technological development and transition to a knowledge-based economy. Mobile communications account for 3 to 9.5 percent in the GDPs of the Eurasian countries and around 1 percent of national GDP figures in Western Europe.
Economic development in areas of high poverty	We foster economic development by directly and indirectly creating job opportunities, using local suppliers, making investments in infrastructure and financially contributing to societies by paying tax and investing in community development projects. Emerging markets represent a considerable growth opportunity for TeliaSonera, while at the same time we can support these countries' rapid progress in becoming information societies as they make technological leaps directly enabled by the opportunities that mobile networks can offer. Demand for our services in these regions is driven by a growing young population, rising standards of living and the limited availability of fixed telecommunication networks.
Economic recovery of disaster areas	We are prepared to assist in rescue work and provide disaster relief during extreme weather conditions and natural disasters as well as other major emergencies. Most of our companies in Eurasia have ongoing cooperation with national authorities to increase mobile coverage and network redundancy, and have mobile base stations that can be deployed in areas affected by disasters to help coordinate relief work and rebuilding.
Overcoming barriers for access and use of telecommunication products and services	Affordable and easy to use services are important for bridging the digital divide, enabling digital inclusion and enhancing digital equality and literacy for people of all backgrounds. In response to such needs we offer special discount prices mainly for students, families and people in rural areas where people with low incomes depend on telecommunications services. To overcome language barriers, in addition to the national language we always aim to offer our services in regional dialects and minority languages, particularly in Eurasia. Many of our operators offer additional services for the visually and hearing impaired to help them use ICT and mobile technology to improve their quality of life.

Our performance

6.2 Environmental

Materials

TeliaSonera does not produce or manufacture any physical products. While issues related to production are outside of our own reporting scope, we acknowledge that efficient material use and effective recycling possibilities are highly relevant for our suppliers who produce mobile handsets, other consumer electronic devices, and technical equipment related to the building, development and maintenance of our fixed and mobile networks. Therefore we prefer to deal with suppliers who strive to use raw materials efficiently and adopt a life cycle approach to the production, use and dismantling of devices and equipment.

Energy

For conversion to TJ, multiply the corresponding GWh figure with 3.6.

EN3. Direct energy consumption by primary energy source

Direct energy consumption by region, GWh	2013	2012	2011
Nordic	8	9	10
Baltic	25	21	23
Eurasia	211	135	124
Other countries[1]	2	2	3
Direct energy consumption, total	246	167	160

[1] Yoigo in Spain and TSIC countries outside Nordic, Baltic and Eurasia.

In 2013 our direct energy use amounted to 246 GWh. The main reason for the large increase compared to 2012 is the improved reporting quality and scope from all business units. 2012 figures were also revised and now give a better picture of actual energy use. We have also included figures for the energy generated by solar powered base stations in Ncell in Nepal, Tcell in Tajikistan and Ucell in Uzbekistan, 3 GWh in total.

Direct energy consumption includes fuel for generators generally used to provide back-up power to operate networks and provide electricity to office buildings during electricity outages, as well as natural gas and fuel used in the vehicles we own or lease. The large figure for Eurasia reflects the need for using back-up generators in areas where, or periods when, access to grid electricity is limited or unavailable.

EN4. Indirect energy consumption by primary source

Indirect energy consumption by region, GWh	2013	2012[1]	2011
Nordic	852	867	885
Baltic	173	190	131
Eurasia	393	285	152
Other countries[2]	173	160	92
Indirect energy consumption, total	1,591	1,502	1,260

[1] 2012 figure has been revised and now includes energy data from LMT in Latvia and Tcell in Tajikistan which was missing in the 2012 sustainability report.
[2] Yoigo in Spain and TSIC countries outside Nordic, Baltic and Eurasia.

Our total indirect energy consumption increased to 1,591 GWh, an increase of 6 percent. The major part of the reported indirect energy - electricity, heating and cooling - is used for running our base stations and data centers, but also includes energy consumed in offices, stores and co-location sites.

The main increase comes from our Eurasia operations and can be attributed to higher reporting quality as well as ongoing network roll-out. Our Nordic countries which account for 54 percent of the indirect energy consumption managed to decrease their total consumption. Renewable Energy Certificates (REC) purchased for the total electricity consumption in Sweden and Finland accounted for 43 percent of group electricity consumption (46 percent in 2012).

EN5. Energy saved due to conservation and efficiency improvements

Examples of initiatives	Energy saved in 2013 (estimated)
Energy efficiency measures at Sonera's head office in Helsinki	0.7 GWh
Removal of old sites and upgrading of cooling solutions by Elion in Estonia	1.8 GWh including using excess heating from data sites to heat two offices
Technology Shift, SAUNA and Green Room site optimization in Sweden	7.2 GWh
Optimization of ventilation, cooling and solar panel installation at Telia Denmark's head office	0.9 GWh
New and upgraded solar powered sites in place in Ncell in Nepal, Tcell in Tajikistan and Ucell in Uzbekistan	Estimated 3 GWh of solar energy generated in total in Ncell, Tcell and Ucell
Installation of free cooling systems by Ucell in Uzbekistan	2.1 GWh

Over 50 on-going and 30 finalized energy saving initiatives, both small and large, were reported by our business units, mainly relating to energy efficiency improvements in offices and other buildings and the replacement of older technical equipment. In total, energy savings of over 25 GWh were reported. Since we were unable to calculate savings for all of these initiatives the actual savings figure should be higher than this. We will continue to review how we can better report on our energy saving initiatives and calculate actual savings.

Our performance

EN6. Initiatives to provide energy-efficient or renewable energy based products and services, and reductions in energy requirements

See EN5 and EN26.

Service	Effect
Tele- and video-conferencing	- Energy efficiency through coordinated communications - Lower greenhouse gas emissions due to reduced travel
Wireless heating/cooling control systems	- More efficient energy management - Reduced travel need for monitoring
Mobile banking and digital signatures	- Reduced need to travel to bank offices and for signing contracts and official documents
Machine-to-machine (M2M) solutions	- Optimization of logistical flows and vehicle fleet management - Streamlining of industrial processes - Electricity metering and telemetry in remote locations and facilities such as wind turbines

Our services have a great potential for reducing the energy consumption or travel needs of our customers, also enabling them to reduce costs and save time. In addition to developing and providing these services in more and more markets, we are working towards greater energy efficiency in our own operations, which will increase the net positive impact of using these services.

Water

EN8. Total water withdrawal by source

Total water withdrawal by region, m^3

	2013
Nordic [1]	94,496
Baltic [2]	41,299
Eurasia	123,619
Other countries [3]	3,156
Total	**262,570**

[1] No data from NetCom in Norway.
[2] No data from EMT and Elion in Estonia.
[3] Yoigo in Spain.

Compared to other industries TeliaSonera has a very small water footprint, and we have no significant impact on water quality or accessibility anywhere in our operations.

The table above represents water withdrawal for our office buildings and production facilities that use water. In Sweden and Finland we use cold surface water for cooling data centers and other network production facilities. This does not affect the quality of the water, but allows us to save considerable amounts of electricity.

With one exception (Ncell in Nepal accounting for 5 percent of total withdrawal) all water is drawn from municipal water sources.

Emissions, effluents and waste

EN16. Total direct and indirect greenhouse gas emissions by weight

Greenhouse gas emissions by region, metric tons CO_2	2013	2012	2011
Direct emissions			
Nordic	1,956	2,273	2,472
Baltic	5,903	5,469	5,637
Eurasia	53,292	34,857	31,499
Other countries [1]	442	637	689
Direct emissions, total	**61,593**	**43,236**	**40,297**
Indirect emissions			
Nordic	81,637	82,122	84,807
Baltic	93,842	101,797	84,867
Eurasia	141,228	95,152	44,476
Other countries	61,071	58,627	32,514
Indirect emissions, total	**377,778**	**337,698**	**246,934**
+ Emissions abated from Renewable Energy Certificates (REC)	*54,813*	*54,944*	*56,512*
Direct and indirect emissions, total	**384,558**	**325,990**	**230,719**

[1] Yoigo in Spain and TSIC countries outside Nordic, Baltic and Eurasia.

Our total direct (Scope 1) and indirect (Scope 2) CO_2 emissions amounted to 384,558 metric tons, an increase of 18 percent compared to 2012. During the year we conducted a revision and recalculation of our historic emissions and managed to increase energy data quality mainly from our Eurasian business units. These factors are the major reason for the increase. We have revised the 2012 baseline for the group environmental targets according to these new figures.

Our Eurasia region accounted for 87 percent of Scope 1 emissions, mainly because of the extensive use of energy fuels for back-up generators required to run the networks. TeliaSonera International Carrier operations located across the globe account for around 16 percent of total emissions. Purchasing of Renewable Energy Certificates (REC) in Sweden and Finland helped us abate 12 percent of total emissions.

Our performance

EN17. Other relevant indirect greenhouse gas emissions by weight

Greenhouse gas emissions by region, metric tons CO_2	2013	2012	2011
Nordic			
Business travel[1]	5,742	7,464	7,759
Other indirect emissions[2]	20,269	22,082	21,243
Nordic, total	**26,011**	**29,546**	**29,002**
Baltic			
Business travel	500	1,128	526
Other indirect emissions	2,427	1,754	883
Baltic, total	**2,927**	**2,882**	**1,409**
Eurasia			
Business travel	2,700	2,441	602
Other indirect emissions	15,451	1,553	438
Eurasia, total	**18,151**	**3,994**	**1,040**
Other countries[3]			
Business travel	56	406	435
Other indirect emissions	1,766	628	888
Other countries, total	**1,822**	**1,034**	**1,323**
Other relevant indirect emissions, total	**48,911**	**37,456**	**32,774**
- of which business travel	*8,998*	*11,439*	*9,322*
- of which other indirect emissions	*39,913*	*26,017*	*23,452*

[1] Mainly air travel and employees' own cars used in business.

[2] Includes upstream and downstream emissions from construction and maintenance operations, and logistics.

[3] Yoigo in Spain and TSIC countries outside Nordic, Baltic and Eurasia.

In 2013 we revised and extended our process of collecting Scope 3 emissions data from our suppliers in all markets. All business units contacted their major suppliers and requested data regarding their emissions generating activities when working for us. The Scope 3 emissions, 48,911 metric tons CO_2 which is 31 percent higher than last year, can be attributed to this increased reporting from suppliers to our Eurasia region business units. We plan to further expand this supplier reporting in the future to get an even better picture of the emissions from our suppliers' operations as this figure does not represent the full picture, even from our major suppliers.

Our emissions from business travel decreased 21 percent, mainly because of reduced air travel. Emissions from business travel account for 2 percent of total reported group emissions (scope 1-3).

EN18. Initiatives to reduce greenhouse gas emissions and reductions achieved

See Environmental responsibility page 24 and EN26.

Reducing greenhouse gas emissions is a top priority in our environmental work. We can achieve this not only by reducing our energy consumption and further utilizing renewable enrgy such as solar and hydro power, but also through purchasing renewable electricity. This also helps to stimulate renewable energy investments. In 2013 TeliaSonera purchased voluntary Renewable Energy Certificates (REC) in Finland and Sweden to abate emissions amounting to 54,813 metric tons CO_2 (54,944 tons in 2012), 12 percent of group emissions.

Whenever possible we try to purchase or lease environmentally friendly vehicles, either with low emissions or that run on eco-friendly fuels.

EN22. Total weight of waste by type and disposal method

Waste quantities by region, metric tons	2013	2012	2011
Nordic	31,359	30,701	28,325
Baltic	1,868	2,200	707
Eurasia	714	439	331
Other countries[1]	8	9	8
Weight of waste, total	**33,949**	**33,349**	**29,370**
- of which hazardous waste	*23,057*	*21,012*	*19,044*
- of which electronic waste	*839*	*623*	*286*

[1] Yoigo in Spain.

Total reported waste volume increased slightly compared to 2012. The Nordic region accounted for 92 percent of reported waste, of which 53 percent is dismantled telephone poles which are considered hazardous waste because of their impregnation. Thousands of poles in Sweden and Finland were dismantled as part of the technology shift from fixed to mobile networks. Hazardous waste also includes waste categories such as lead batteries, and construction waste.

In all regions we rely on waste contractors and other suppliers to provide us with accurate waste reporting. Only reporting for Sweden and Finland should be considered complete.

Waste reporting in our Eurasian region is particularly difficult, which is represented by the small figure for this region. In many countries waste treatment facilities and systems are lacking and it is difficult or impossible to get reliable information on how much waste has been generated or treated in our operations.

Electronic waste remains another challenge to report. The reported figure increased by 35 percent compared to 2012 which can be attributed to better reporting, but the figure still remains largely incomplete.

Our performance

Products and services

EN26. *Initiatives to mitigate environmental impacts*
of products and services, and extent of impact
mitigation

See EN3, EN5, EN18 and EN22.

The most significant environmental impacts related to delivering our services are greenhouse gas emissions and waste. Our main sources of emissions and waste relate to the running, building and maintenance of our networks; only a small part comes from business travel, offices and shops.

To reduce emissions and energy costs we are enhancing our utilization of solar power for base stations in Nepal, Uzbekistan and Tajikistan. During 2013 installations were made at over 250 sites by Ncell in Nepal, Ucell in Uzbekistan and Tcell in Tajikistan. So far over 500 solar powered sites have been installed by Ncell, Ucell and Tcell. In areas where grid electricity is not always accessible or its quality is poor, using solar power is the best way to ensure network coverage.

Regarding waste, the ongoing technology shift from fixed telephony to mobile networks and the updating of older generation equipment present a considerable challenge in minimizing waste volumes and ensuring proper waste treatment.

Compliance

EN28. *Monetary value of significant fines and total*
number of non-monetary sanctions for non-
compliance with environmental laws and
regulations

No cases of non-compliance.

Our performance

6.3 Labor rights and decent work

Employment

LA1. Total workforce by employment type/contract and region, broken down by gender ■■■

Total workforce by country

Workforce as of 31 Dec.	Permanent employees 2013	Temporary employees 2013	Total 2013	2012	2011
Sweden	8,317	465	8,782	9,236	8,844
Finland	3,298	159	3,457	4,037	4,278
Norway	765	7	772	1,101	1,185
Denmark	1,069	14	1,083	1,147	1,298
Lithuania	3,311	330	3,641	3,908	3,971
Latvia	904	0	904	918	932
Estonia	2,112	27	2,139	2,190	2,155
Spain	104	5	109	110	103
Kazakhstan	1,425	146	1,571	1,612	1,578
Azerbaijan	824	0	824	833	821
Uzbekistan	829	0	829	853	849
Tajikistan	447	0	447	469	439
Georgia	311	0	311	327	330
Moldova	364	0	364	358	356
Nepal	513	0	513	481	532
Russia	39	1	40	39	48
Turkey	36	0	36	31	32
Other countries	186	5	191	188	232
Total	**24,854**	**1,159**	**26,013**	**27,838**	**27,983**

At the end of 2013, TeliaSonera had 26,013 employees in 29 countries. 47 percent were located in Sweden and Finland. 96 percent of these employees had a permanent contract, while 4 percent were temporarily employed.

Total workforce by business area

Workforce as of 31 Dec.	Permanent employees 2013	Temporary employees 2013	Total 2013	2012	2011
Mobility Services	6,060	287	6,347	6,720	7,456
Broadband Services	11,571	692	12,263	13,571	13,071
Eurasia	4,758	146	4,904	4,980	4,994
Other operations and corporate	2,465	34	2,499	2,567	2,462
Total	**24,854**	**1,159**	**26,013**	**27,838**	**27,983**

Broadband Services is the business area with the largest number of employees, accounting for 47 percent of our total workforce. For data by gender see LA13.

LA2. Total number and rate of new employee hires and employee turnover by age group/gender and region ■■■

New employee hires and employee turnover by country

Country	New employees hired 2013	Employee turnover 2013 (%)	New employees hired 2012	Employee turnover 2012 (%)
Sweden	557	5.2	1,154	4.6
Finland	95	1.9	150	2.6
Norway	76	11.0	260	18.6
Denmark	188	13.7	293	19.2
Lithuania	547	15.9	588	17.4
Latvia	116	9.0	182	8.5
Estonia	365	8.2	360	8.2
Spain	3	1.9	8	2.0
Kazakhstan	293	17.1	376	17.4
Azerbaijan	59	8.9	77	8.2
Uzbekistan	87	9.5	112	11.0
Tajikistan	53	13.8	60	7.4
Georgia	21	4.1	29	10.6
Moldova	48	11.9	24	8.8
Nepal	26	5.7	36	17.7
Russia	1	0.0	0	0.0
Turkey	2	0.0	2	14.0
Other countries	15	4.4	16	8.8
Total	**2,552**	**8.3**	**3,727**	**9.2**

New employee hires and employee turnover by age

Age	New employees hired 2013	Employee turnover 2013 (%)	New employees hired 2012	Employee turnover 2012 (%)
< 30 years	1,629	16.5	2,593	19.3
31–50 years	855	5.9	1,064	6.3
> 51 years	68	1.8	70	1.5
Total	**2,552**	**8.3**	**3,727**	**9.2**

New employee hires and employee turnover by gender

Gender	New employees hired 2013	Employee turnover 2013 (%)	New employees hired 2012	Employee turnover 2012 (%)
Female	1,126	8.3	1,548	8.9
Male	1,426	8.3	2,179	9.5
Total	**2,552**	**8.3**	**3,727**	**9.2**

Employee turnover rate measures the percentage of employees that have left the company voluntarily during the year. Turnover rates vary considerably between countries and units.

Our performance

Labor/management relations

LA4. Percentage of employees covered by collective bargaining agreements

By country as of 31 Dec.	2013 (%)	2012 (%)
Sweden[1]	100	100
Finland[1]	96	95
Norway	9	20
Denmark	54	56
Estonia	75	75
Latvia	55	57
Lithuania	52	50
Spain[1]	100	100
Nepal[1]	88	88
Uzbekistan	60	60
Tajikistan	80	80
Other countries[2]	100	100
Reported entities' share of TeliaSonera total workforce (%)	70	70

[1] Excluding top management.

[2] International Carrier France, Russia and Italy 2013 and International Carrier France, Italy and Austria 2012.

The following TeliaSonera countries are not included in the list as their percentage is zero: Kazakhstan, Azerbaijan, Georgia, Moldova, Czech Republic, Germany, Hong Kong, Hungary, Netherlands, Poland, Singapore, UK, United States and Turkey.

As stated in our Code, TeliaSonera employees have the right to choose whether or not to be represented by a trade union for the purpose of collective bargaining. No employee shall be discriminated against for exercising these rights. All employees should be aware of the basic terms and conditions of their employment. TeliaSonera respectfully cooperates with legitimate employee representatives and national labor unions.

LA5. Minimum notice periods regarding significant operational changes, including whether it is specified in collective agreements

Notice periods vary between different countries, and are regulated either by law, collective bargaining agreements or personal contracts.

Statutory notice periods may be as short as two weeks or as long as six months. In most countries the minimum notice period is at least one month. In some countries including Sweden and Finland we have offered longer notice periods or exit packages involving monetary compensation that exceeds the notice period salary defined in legislation or collective bargaining agreements.

Occupational health and safety

LA6. Percentage of total workforce represented in formal joint management worker health and safety committees that help monitor and advise on occupational health and safety programs

In the Nordic countries, Estonia and in TEO in Lithuania, in Russia, Czech Republic and Tajikistan all employees are represented in formal joint management-worker occupational health and safety (OHS) committees. Elsewhere practices vary between countries: some have employee representatives elected for consultation on OHS topics and some companies have other ways to involve employees and get their feedback for monitoring and advice on OHS programs. Employees' feedback is respected and needed in all countries.

LA7. Rates of injury, occupational diseases, lost days, and absenteeism, and total number of work-related fatalities, by region and by gender.

Lost-Time Injury Frequency (LTIF)[1] and Sickness Absence Rate (SAR)[2] by region

	LTIF 2013	SAR 2013 (%)	LTIF 2012	SAR 2012 (%)
Nordic	0.51	3.0	0.71	2.8
Baltic	0.36	1.6	0.68	1.6
Eurasia	0	1.5	0.10	1.4
Other countries	0	0.7	0	1.2
Total[3]	0.37	2.3	0.58	2.2

[1] Total number of lost-time injuries per million possible working hours.

[2] Total hours of sickness absence per possible working hours (full year average).

[3] 2012 figures were reported and recalculated based on the new group definitions approved in 2013.

In 2013 TeliaSonera established group common definitions on Lost-Time Injury Frequency (LTIF) and sickness absence rate (SAR). Collecting information on this was in some cases challenging as these definitions can differ significantly from definitions in national legislation and in the reporting to authorities. Our LTIF and SAR figures are in line with those of the industry where we operate.

There have been no fatal accidents involving TeliaSonera employees during 2011, 2012 and 2013. Among our construction and maintenance contractors whom we asked to report fatal accidents while working for us, two were reported, both from Nepal. Both fatal accidents took place in traffic and were not directly work related. We will continue to ask and work with suppliers to make sure we have the full picture of the number of fatal accidents and how this can be addressed.

TeliaSonera's employees are in most cases working in an office environment, call centers or stores. In many countries our employees are located in modern office premises where OHS issues such as ergonomics are taken into consideration and monitored. This has helped us maintain a low lost-time injury frequency. Compared to 2012 the LTIF in 2013 was lower in all regions. All reported LTIF injuries were minor and very few led to long-term sick leave.

Sickness absence rates in TeliaSonera's companies are also on a reasonable level. In some companies where we have had challenges with sickness absence we have managed to decrease it through successful programs. Good examples come from Telia in Sweden and NetCom in Norway which both have had high sickness absence rates. These companies launched programs where line managers and HR interfered with potential long term sick leaves already in an early stage, and progress was closely monitored. These programs have had significant and permanent positive effects in these business units.

Supported by the upcoming OHS policy, we will continue our work to evaluate and implement long-term OHS action

Our performance

plans to further lower sick leave and reduce the number of injuries within our own and suppliers' operations.

LA9. Health and safety topics covered in formal agreements with trade unions

In the TeliaSonera companies which are following collective bargaining agreements, excluding Norway, Denmark, France, Spain, Tajikistan and Russia, those agreements also cover OHS topics. In all cases where OHS topics are included at least cooperation with employees on OHS matters is agreed upon. Other topics which are included, such as health benefits, risk assessment, OHS organization and action plans, personal protective equipment, training or similar vary from country to country.

Training and education

LA10. Average hours of training per year per employee by gender, and by employee category

	Training hours/ employee 2013
TeliaSonera group	21
Nordic	23
Baltic	21
Eurasia	13
Other companies	48

Time and resources spent on training varies between regions and employee groups where some business units devote major resources to training employees. One example is Yoigo in Spain where all employees are offered company-financed training in English.

We will continue to develop our methods of measuring how much time and resources are spent on training, and how we maximize the benefit of this training to further strengthen the competency of our employees.

LA12. Percentage of employees receiving regular performance and career development reviews, by gender

In 2009 TeliaSonera introduced a group-wide performance management process that until 2013 applied to senior and middle-level managers and specialists across the whole Group.

During 2013 this process was changed and extended to involve additional employee levels. Moldova, Nepal and Tajikistan and a few entities in the Nordic countries started to use the group common process which will be fully implemented in the Nordic countries and in Eurasia. Today there is one process for variable pay for eligible managers and one for all specialists and employees. The process translates TeliaSonera's business objectives into action and is designed to help managers define and cascade strategic business objectives, review and provide constructive feedback on individuals' per-

formance, develop personal skills and reward performance.

Regular performance and career development reviews are in place in most countries. As of 2014 the process is being introduced in all employee levels and most of the fully owned business units, covering 19,000 employees in total. Performance management processes are conducted according to local standards and agreements.

Diversity and equal opportunity

LA13. Composition of governance bodies and break-down of employees per category according to gender, age group, minority group membership and other indicators of diversity

Total workforce by gender, by region

Country	Female	%	Male	%	Total work-force 2013
Nordic	5,783	41	8,311	59	14,094
Baltic	3,203	48	3,481	52	6,684
Eurasia	2,259	46	2,636	54	4,895
Other countries	99	29	241	71	340
Total	**11,344**	**44**	**14,669**	**56**	**26,013**

Managers by gender

Gender	Total workforce 2013	%	Total workforce 2012	%	Total work-force 2011	%
Female	1,125	35	1,166	34	1,137	34
Male	2,120	65	2,262	66	2,208	66
Total	**3,245**	**100**	**3,428**	**100**	**3,345**	**100**

Female employees account for 44 percent of TeliaSonera's total workforce, 36 percent of the board members (4/11), and 20 percent of the Group Management Team (2/10). The gender balance of total workforce has stayed the same during 2011–2013.

Total workforce by age group

Age	Total workforce 2013	%	Total workforce 2012	%	Total work-force 2011	%
< 30 years	7,618	29	8,345	30	8,115	29
31-50 years	13,616	52	14,289	51	14,551	52
> 51 years	4,779	18	5,205	19	5,318	19
Total	**26,013**	**100**	**27,838**	**100**	**27,983**	**100**

In terms of age structure there are considerable differences across the group. Overall, 29 percent of our workforce are under 30 years old, 52 percent are between 31 and 50, and 18 percent are over 51 years old. In the Eurasian countries the figures show a different picture, with 52 percent under 30, 46 percent aged between 31 and 50, and just 2 percent over 51.

From the ten Group Management members 5 were below 51 years old. From the eleven members of the Board of Directors 3 were below 51 years.

Our performance

6.4 Human rights

Investment and procurement practices

HR1. Percentage and total number of significant investment agreements that include human rights clauses or that have undergone human rights screening

TeliaSonera has not had any major acquisitions in a new country since 2008 when the company entered Nepal.

In February 2014 we finalized the new group M&A guidelines and included sustainability risk evaluation as an integral part of the M&A process.

HR2. Percentage of significant suppliers, contractors and other business partners that have undergone human rights screening, and actions taken

See Sustainability in the supply chain page 22.

HR3. Total hours of employee training on policies and procedures concerning aspects of human rights that are relevant to operations, including the percentage of employees trained.

See Raising awareness of our Code of Ethics and Conduct page 8.

As of 20 December 2013 95.4 percent of the invited employees (21,000) had conducted the Code of Ethics and Conduct e-learning program, meaning that approximately 13,300 hours had been used for Code of Ethics and Conduct training.

Non-discrimination

HR4. Total number of incidents of discrimination and actions taken

No reported cases.

Freedom of association and collective bargaining

HR5. Operations identified in which the right to exercise freedom of association and collective bargaining may be at significant risk, and actions taken to support these rights

See Sustainability risk management page 7 and www.teliasonera.com/sustainability/impacts/managing-sustainability-risks/.

Child labor

HR6. Operations identified as having significant risk for incidents of child labor, and measures taken to contribute to the elimination of child labor

See Sustainability risk management page 7 and www.teliasonera.com/sustainability/impacts/managing-sustainability-risks/.

Forced and compulsory labor

HR7. Operations identified as having significant risk for incidents of forced or compulsory labor, and measures taken to the elimination of forced or compulsory labor

See Sustainability risk management page 7 and www.teliasonera.com/sustainability/impacts/managing-sustainability-risks/.

Assessment

HR10. Percentage and total number of operations that have been subject to human rights reviews and/or impact assessment

See Freedom of expression page 15 and Sustainability in the supply chain page 22.

Remediation

HR11. Number of grievances to human rights filed, addressed and resolved through formal grievance mechanisms

See Cases during 2013 page 21.

Our performance

6.5	Society

Local communities

SO9.	Operations with significant potential or actual negative impacts on local communities	

See SO10.

Our performance

SO10. Prevention and mitigation measures implemented in operations with significant potential or actual negative impacts on local communities

Impact in all markets	Prevention and mitigation
Customer privacy and freedom of expression	Freedom of expression in the context of possible governmental surveillance and customer privacy represents a growing challenge for the whole telecommunications industry. See Freedom of expression page 15 and Customer privacy page 19 for more information.
Electromagnetic fields	There is growing public concern regarding exposure to electromagnetic fields (EMF) due to the increasing numbers of mobile terminals, base stations and mobile handsets in use. TeliaSonera acknowledges these concerns and is committed to work pro-actively and transparently in related initiatives. We cooperate with the authorities, associations and organizations, and support independent research in this area. TeliaSonera acts in accordance with EU recommendations designed to limit the exposure of workers and the general public to electromagnetic fields. All base stations supplied to TeliaSonera comply with the relevant guidelines issued by the International Commission on Non-Ionizing Radiation Protection (ICNIRP) and national authorities. With regard to handsets, the ICNIRP guidelines and the European CENELEC standards are followed allowing a maximum specific absorption rate (SAR) value of 2 Watts per kilogram for mobile phones. We expect our suppliers to adapt their products as necessary if any new scientific findings or standards indicate that exposure levels should be modified. TeliaSonera's mobile services depend on a well-planned network of base stations. Stakeholders are consulted and health concerns and visual implications are duly discussed before the locations of masts or towers are determined. Procedures for engaging with local communities in relation to decisions on the locations of base stations may vary by country, as differences in local planning legislation need to be taken into account. TeliaSonera fulfil permit conditions and other requirements set by the local authorities in all countries. We follow the EMF norms recommended by the World Health Organization and the United Nations set by ICNIRP to ensure human health and safety. We have a public EMF policy and a dedicated steering committee within our Mobility business area responsible for coordinating Group-wide measures and activities. TeliaSonera takes all questions regarding the safety of mobile phones and base stations seriously, and we have set up an independent Scientific Advisory Board to ensure that we are always updated on the latest issues and research. TeliaSonera remains strongly committed to support related scientific research through the GSM Association (www.gsma.com/publicpolicy/mobile-and-health/gsma-research/). All related GSMA projects are being funded by the mobile phone industry together with governments and national health agencies in ways that ensure the scientific independence of the research. For more information see www.teliasonera.com/about-us/public-policies/.
Protection of children	Children are a vulnerable group of users of many of our services. Telecommunication services can also be used as a vehicle for the sexual abuse of children. Protecting of children is a vital issue for TeliaSonera. We have taken an ethical standpoint against child sexual abuse material. We see it as our duty to protect children in collaboration with the authorities and other stakeholders. This is the only area of content on the internet where we take an active stand. We believe that a multi-stakeholder approach, involving politicians, non-governmental organizations and the industry is the only way to identify long-term solutions to tackle this complex issue. Our work is guided by a group-level Instruction on efforts to combat child sexual abuse. TeliaSonera actively co-operates with national police forces to block child sexual abuse material on the DNS level. We are also working with the software provider Netclean who provides a whitebox solution called 'Child SafeGuard' designed to block child sexual abuse material on the IP-level in cooperation with the Internet Watch Foundation. Child SafeGuard is placed in TeliaSonera's IP transit network in Sweden and Spain. We are implementing the Child SafeGuard solution in our Eurasian markets. We are very interested to share our experiences with other players in the industry within the GSMA Mobile Alliance Against Child Sexual Abuse Content (www.gsma.com/publicpolicy/myouth/mobiles-contribution-to-child-protection/mobile-alliance/). We have also installed NetClean software in our internal systems to block access to child sexual abuse images. If anyone using our internal systems types the address of a web page containing child sexual abuse images, the search will be blocked and a warning page will appear on the screen. The purpose of blocking access to child sexual abuse images is twofold. It enables us to protect our customers and employees who might accidentally reach pages containing such images. More importantly, we hinder the recruitment of new abusers of such material, and thereby stem the demand for more sexual abuse of children. In 2014 we will continue to work to enhance transparency regarding takedown procedures in order to maintain public support for blocking for child sexual abuse material and to protect users against the possible use of voluntary blocking in other contexts than combating child sexual abuse material. TeliaSonera's commitments made within the EU and ICT Industry's joint coalition 'Better Internet for Kids' initiative were delivered and published by the EU at the beginning of 2013 (ec.europa.eu/digital-agenda/node/61973/). Our commitments cover the promotion of a mobile app for reporting illegal content, increased visibility and awareness-building of parental controls and continued measures against child sexual abuse material. Together with our industry peers, we are continuing to work on the 'Better Internet for Kids' initiative within the self-regulatory ICT Coalition (the 'ICT Coalition for the Safer Use of Connected Devices and Online Services by Children and Young People in the EU', www.ictcoalition.eu/). In 2013 TeliaSonera and Ncell launched a partnership with Childhood Foundation in Nepal in the area of child protection. Read more in EC8.

Our performance

Corruption

SO2. *Percentage and total number of business units analyzed for risks related to corruption*

See Risk assessments page 20.

SO3. *Percentage of employees trained in organizations' anti-corruption policies and procedures*

See Raising awareness of our Code of Ethics and Conduct page 8.

More specialized face to face training related to anti-corruption has been initiated in January 2014 and will be rolled out in the company during the year.

SO4. *Actions taken in response to incidents of corruption*

See Cases during 2013 page 21.

Public policy

SO5. *Public policy positions and participation in public policy development and lobbying*

See Relations with governments and authorities page 21.

SO6. *Total value of financial and in-kind contributions to political parties, politicians and related institutions by country*

No contributions were given. According to our Anti-corruption Policy we do not give political contributions.

Anti-competitive behavior

SO7. *Total number of actions for anti-competitive behavior, anti-trust, and monopoly practices and their outcomes*

We have been involved in 2 completed legal actions related to anti-competitive behavior, one of which resulted in a significant fine.

In a decision issued by the Swedish Market Court on 12 April 2013, TeliaSonera AB was fined SEK 35 million for abuse of a dominant market position by way of a margin squeeze in the ADSL market during the period April 2000–January 2003.

Compliance

SO8. *Monetary value of significant fines and total number of non-monetary sanctions for non-compliance with laws and regulations*

TeliaSonera was not subject to other significant fines for non-compliance. In September an incident revealed that Omnitel in Lithuania had not been providing location data to the Emergency Call Center automatically for SIM-less calls. The regulator obligated Omnitel to rectify this omission, and a solution was implemented before the end of the year.

6.6   Product responsibility

Customer health and safety

PR1. *Life cycle stages in which health and safety impacts of products and services are assessed for improvement, and percentage of significant products and service categories subject to such procedure*

See SO9 and SO10.

TeliaSonera's most important responsibilities in relation to product life cycles concern the electromagnetic fields (EMF) emitted by mobile phones and base stations.

PR2. *Total number of incidents of non-compliance with regulations and voluntary codes concerning health and safety impacts of products and services, by type of outcomes*

No significant incidents.

Product and service labelling

PR4. *Total number of incidents of non-compliance with regulations and voluntary codes concerning product and service information and labelling, by type of outcomes*

Yoigo in Spain was charged a small fine by a regional consumer agency regarding a clause in a customer agreement. No other regional consumer agency shared this interpretation.

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

During 2013 we discontinued the EPSI survey and implemented a comprehensive Net Promoter improvement program (NPS) which focuses on driving change towards customer centricity by making incremental improvements to customer experience, decreasing customer churn.

The NPS program is implemented across our Nordic and Baltic business units and is currently being rolled out in Eurasia. It is supplemented by other means for tracking customer satisfaction in terms of brand consideration and preference, which gives us useful insights into customer satisfaction trends.

Findings from the NPS program and brand consideration tracking are regularly reported to Group Management in addition to being reviewed and addressed at local operational level.

Our performance

Marketing communications

PR6. Programs for adherence to laws, standards and voluntary codes concerning marketing communications including advertising, promotion and sponsorship

TeliaSonera is committed to the OECD Guidelines for Multinational Enterprises, which calls for responsibility in marketing communications.

Special care is taken in relation to marketing that targets minors, with a strict ban on marketing that directly targets children. For TeliaSonera, responsible marketing includes transparent marketing offerings with understandable communication messages. Our local marketing departments work closely with our legal departments to ensure compliance with national marketing regulations and local customer protection policies.

PR7. Total number of incidents of non-compliance with regulations and voluntary codes concerning marketing communications, including advertising, promotion, and sponsorship by type of outcomes

We had 8 incidents, of which two resulted in a minor fine or penalty. Four of the cases related to EMT in Estonia and comparative marketing practices, where all necessary corrections were made.

Customer privacy

PR8. Total number of substantiated complaints regarding breaches of customer privacy and losses of customer data

See Customer privacy page 19.

Compliance

PR9. Monetary value of significant fines for non-compliance with laws and regulations concerning the provision and use of products and services

No cases reported in 2013.

6.7   Telecommunications Sector Supplement

Investment

IO1. Capital investment in telecommunication network infrastructure broken down by country/region

To improve network coverage, TeliaSonera continuously invests in both mobile and fixed infrastructure. In 2013 we spent SEK 16,332 million (15,685) on such investments, expanding coverage to more places where people live, work, travel and spend their leisure time. The service levels and coverage of our networks are in compliance with provisions defined in local regulations and frequency licenses in all markets.

SEK million

Legend: Mobility Services, Broadband Services, Eurasia, Other operations
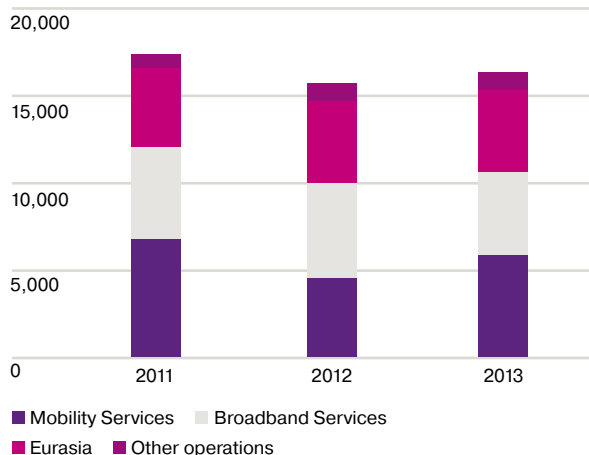
Health and safety

IO3. Practices to ensure health and safety of field personnel involved in the installation, operation and maintenance of masts, base stations, laying cables and other outside plant

See Sustainability in the supply chain page 22, Key targets page 14 and LA7.

Most or our field work is outsourced, but the safety of all field workers and maintenance personnel is a vital issue for us. Our revised Supplier Code puts a greater emphasis on Occupational Health and Safety (OHS) issues. Suppliers operating within TeliaSonera's sphere of responsibility, including those working inside our premises or doing construction or maintenance work for TeliaSonera, are covered by the following requirements:

· Suppliers must assign responsibility for OHS issues within their own organizations
· Suppliers must ensure that written OHS instructions have been communicated to all employees
· Suppliers must document all accidents in their contractors' operations and communicate them to TeliaSonera

Employees involved in field work will receive training in health and safety, and be provided with safety equipment and regular check-ups. Field workers will also receive other support including additional training and any statutory benefits.

In Eurasia, our policies covering health and safety control procedures require management systems designed to ensure that significant risks are identified, assessed and controlled through effective standards. These standards are defined in the regional Code of Health and Safety. Azercell's health and safety management system is in accordance with the ISO9001:2000 standard, while Moldcell and Kcell have been recognized by local authorities as among the best local OHS benchmarking examples.

TeliaSonera Finland, in collaboration with our competitors and contractors, has launched an OHS network whose role is to develop a joint OHS policy and set common OHS practices for field work locations. These practices include instructions for work carried out on masts, roofs, walls, racks and ladders,

Our performance

as well as safety instructions related to electromagnetic fields. Accidents of the most severe types have been avoided thanks to proactive OHS training, the compulsory use of protective equipment, and clear safety instructions.

IO4. *Compliance with ICNIRP standards on exposure to RF emissions from handsets*

See SO10.

TeliaSonera complies with guidelines on handsets issued by the International Commission on Non-Ionizing Radiation Protection (ICNIRP).

IO5. *Compliance with ICNIRP guidelines on exposure to RF emissions from base stations*

See SO10.

All base stations supplied to TeliaSonera comply with the guidelines issued by ICNIRP.

IO6. *Policies and practices with respect to Specific Absorption Rate (SAR) of handsets*

See SO10 and www.teliasonera.com/about-us/public-policies/.

Infrastructure

IO7. *Policies and practices on the siting of masts and transmission sites including stakeholder consultation, site sharing and initiatives to reduce visual impacts*

See SO10.

IO8. *Number and percentage of stand-alone sites, shared sites and sites on existing structures*

Numbers of base stations by type of site	2013	2012	2011
Stand-alone sites	15,627	18,170	11,828
Shared stand-alone sites	12,104	14,205	11,155
Sites on existing structures	27,251	17,681	23,116
Total	**54,982**	**50,056**	**46,059**

* Figures includes sites operated by our joint ventures in Sweden and Denmark

Whenever possible and commercially viable, we share base stations with other mobile network operators to reduce cost and environmental impact by limiting the total number of sites needed. The number of sites increased by 10 percent compared to 2012, representing the continued roll-out on all markets to increase coverage.

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*

See EC9.

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*

See EC9.

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*

We strive to enhance availability and reliability in our mobile networks by constantly investing in improvements. We have a systematic 24/7 approach to disaster recovery, covering back-up power supplies, transmission redundancy and special solutions for recovery. In emergency situations and disasters TeliaSonera is prepared to manage the continuity of services according to the relevant policies on business continuity and crisis management. We strive to develop and maintain durable networks that can withstand disturbances and recover from possible disasters. In many areas we have cooperated with the national authorities on the preparation of crisis management plans and emergency policies.

Especially in Eurasia the operational risks are high, and several factors contribute to the need for robust business continuity planning. Operations in Nepal, Tajikistan and Kazakhstan are at a high risk of earthquakes. Floods or landslides can severely impact operations in Moldova. Instability related to the political situation, regulatory issues or lack of basic infrastructure such as grid electricity needs to be planned for. To ensure business continuity in Eurasia we invest broadly in technical equipment such as better battery and generator solutions, solar panels and earthquake-proof data centers.

PA4. *The level of availability of telecommunications products and services in areas where the organization operates*

See Annual Report, Markets and brands.

PA5. *Number and types of telecommunication products and services provided to and used by low and no income sectors of the population*

See EC9.

Our performance

PA6. Programs to provide and maintain telecommunication products and services in emergency situations and disaster relief

TeliaSonera is ready and willing to assist in rescue work and disaster relief in cases of major emergencies and disasters. Maintaining telecommunications services is vital to facilitate the rescue work and for helping affected people to contact family and friends.

All TeliaSonera business units have contingency plans to handle events such as natural disasters or extreme weather. Crisis management teams are in place in each Eurasian business unit to ensure rapid response whenever and wherever there is an emergency, and there are mobile base stations that can be set up in areas affected by disasters. Ucell in Uzbekistan and Azercell in Azerbaijan have the capacity to send alert text messages about ongoing natural disasters or other risks. Together with the UNDP, Ncell is continuously assessing the Early Warning System (EWS) in Nepal, looking for possibilities to get mobile base stations set up in difficult areas which otherwise would not have network coverage. During the year, Tcell in Tajikistan has been working together with local rescue services to develop plans and a system for coordinating rescue work.

Access to Content

PA7. Policies and practices to manage human rights issues relating to access and use of telecommunications products and services

See Freedom of expression page 15 and SO10.

Customer relations

PA8. Policies and practices to publicly communicate on EMF related issues

See SO10 and our EMF policy at www.teliasonera.com/about-us/public-policies/.

PA9. Total amount invested in programs and activities in electromagnetic field research

TeliaSonera did not finance any related research during 2013.

PA10. Initiatives to ensure clarity of charge and tariffs

See PR6 and our Openness position paper at www.teliasonera.com/about-us/public-policies/.

Resource efficiency

TA1. Examples of the resource efficiency of telecommunication products and services delivered

See Environmental responsibility page 24 and EN6.

TA2. Examples of telecommunications products, services and applications that have the potential to replace physical objects (e.g.. Travel by videoconferencing)

See EN6.

TA5. Description of practices relating to intellectual property rights and open source technologies.

See Annual Report, Board of Directors' Report, section Innovation, Research and Development.

Auditor's review

Auditor's Limited Assurance Report on TeliaSonera's Sustainability Report

To the readers of the TeliaSonera AB (publ) Sustainability Report 2013

Introduction
We have been engaged by the Management of TeliaSonera AB (publ) to undertake a limited assurance engagement of the TeliaSonera Sustainability Report for the year 2013, except page 4.

Responsibility of the Board and Management
The Board of Directors and Executive Management are responsible for the ongoing activities regarding environment, occupational health & safety, social responsibility, and sustainable development, and for the preparation and presentation of the Sustainability Report in accordance with applicable criteria.

Responsibility of the Auditor
Our responsibility is to express a limited assurance conclusion on the Sustainability Report based on the procedures we have performed.

We have conducted our limited assurance engagement in accordance with RevR 6 Assurance of Sustainability Reports issued by FAR. A limited assurance engagement consists of making inquiries, primarily of persons responsible for the preparation of the Sustainability Report, and applying analytical and other limited assurance procedures.

The procedures performed in a limited assurance engagement vary in nature from, and are less in extent than for, a reasonable assurance engagement conducted in accordance with IAASB's Standards on Auditing and Quality Control, and other generally accepted auditing standards in Sweden. The procedures performed consequently do not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express a reasonable assurance opinion.

The criteria on which our procedures are based are the parts of the Sustainability Reporting Guidelines G3.1, published by the Global Reporting Initiative (GRI), which are applicable to the Sustainability Report, as well as the accounting and calculation principles that the company has developed and disclosed. We consider these criteria suitable for the preparation of the Sustainability Report.

We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our opinion below.

Limited Assurance Conclusion
Based on the limited assurance procedures we have performed, nothing has come to our attention that causes us to believe that the TeliaSonera Sustainability Report, is not prepared, in all material respects, in accordance with the above stated criteria.

Stockholm, 6 March 2014
PricewaterhouseCoopers AB

Anders Lundin
Authorised Public Accountant

Fredrik Ljungdahl
Expert Member of FAR

Contacts and feedback

Feedback on this report

Receiving feedback is an important part of our sustainability reporting process. Your feedback can help TeliaSonera to address the environmental and social issues that matter most to our stakeholders.

We welcome feedback, which can be submitted by email to
sustainability-group at teliasonera.com

Contact TeliaSonera

Mailing address:
TeliaSonera AB
SE–106 63 Stockholm
Sweden
Visiting address:
Stureplan 8, Stockholm
Telephone: +46 (0)8 504 550 00
Fax: +46 (0)8 504 550 01

Group Sustainability
Eija Pitkänen
Mailing address:
TeliaSonera AB
SE–106 63 Stockholm
Sweden
Telephone: +358 2040-24100
Fax: +358 2040 63677
Email: sustainability-group at teliasonera.com

TeliaSonera provides network access and telecommunication services that help our customers communicate in an easy, efficient and environmentally friendly way. International strength combined with local excellence is what makes us truly unique – and provides a world class customer experience, all the way from the Nordic countries to Nepal.