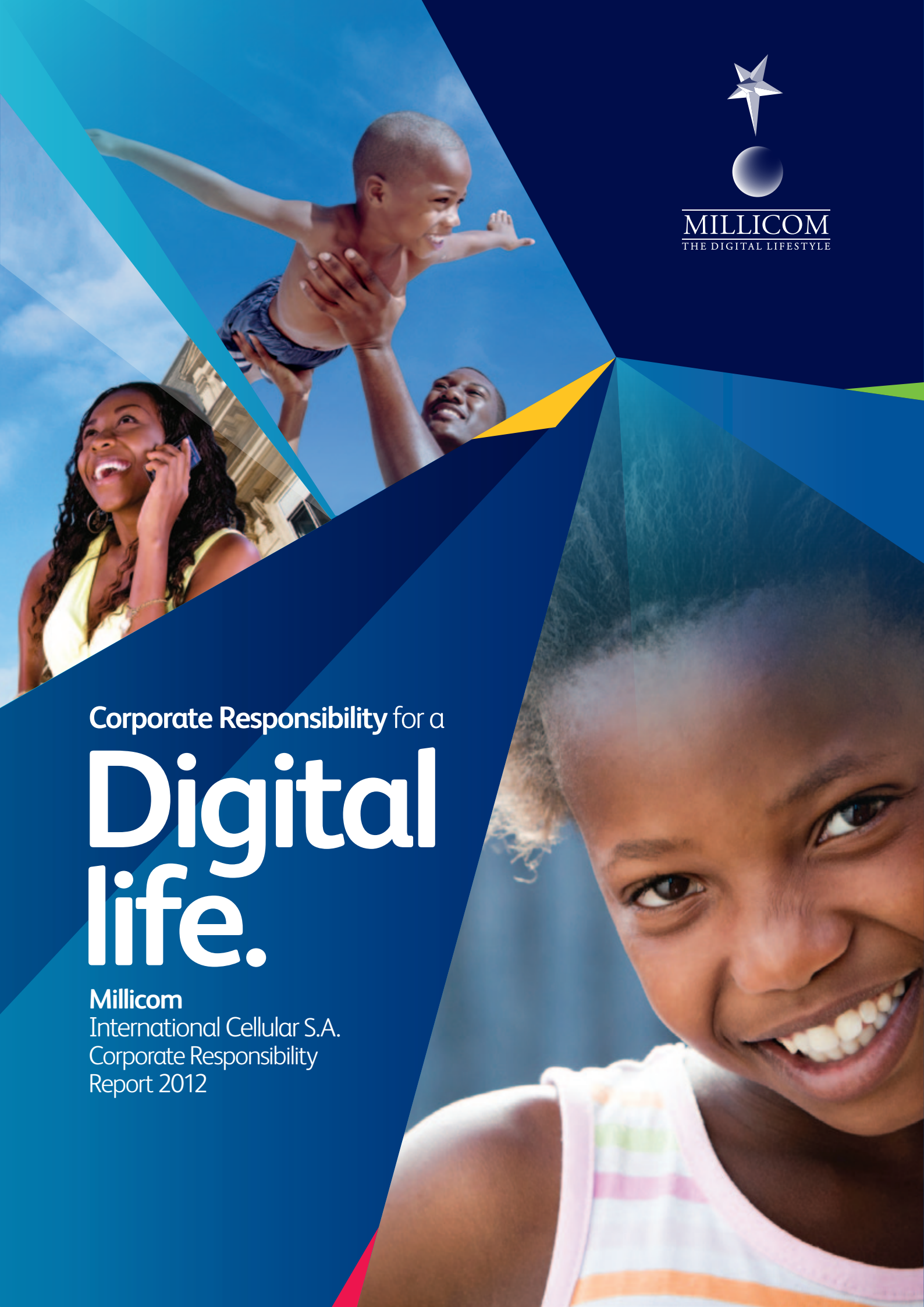MILLICOM
THE DIGITAL LIFESTYLE

Corporate Responsibility for a

Digital life.

Millicom
International Cellular S.A.
Corporate Responsibility
Report 2012

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Millicom is a leading **telecoms operator** dedicated to **emerging markets**

We offer digital lifestyle products and services in Central America, South America and Africa, mainly under our Tigo brand, derived from the Spanish word 'contigo' meaning 'with you'. We help tens of millions of people stay connected on the go through their mobile devices and from home through cable.

Our ethos is to continually demand more.
We set the pace when it comes to providing digital lifestyle services to many of the world's emerging markets.

It is a pace driven by our vision to see opportunities that others do not; a determination to get there first, and an appreciation that only constant innovation and consolidation will keep you on top.

Our corporate responsibility strategy sits with our business strategy to help us demand more of ourselves. It exists because responsible businesses are more successful in the long term, and because stakeholders are demanding more of us – more societal benefit through products and services, more responsiveness to a changing world, and more transparency about how we work.

Demanding more maintains our relentless pace. It helps us to constantly challenge the norm, turn heads and confound expectations. It helps us reach for the stars. It keeps us grounded. It makes us Millicom.

Telecommunications and media are changing and so is Millicom.
We are transforming Tigo from a telecommunications operator to a digital lifestyle brand by becoming an integral part of our customers' everyday lives.

We will continue to see opportunities where others do not and realize potential through determination and continuous innovation. We are and will remain an entrepreneurial company with an agile culture focusing on our customers' needs.

Digital life

It is during exciting times and in a phase of great progress and development that I have been given the opportunity to take on the role of President and CEO of Millicom. Having been on the Board for some time already, I have admired its development and relish the chance to give its customers even more and contribute to the wider society in which we operate.

Our markets are changing rapidly as are our customers' needs and interests. We are transforming from a telecommunications operator to a digital lifestyle brand by becoming an integral part of our customers' everyday lives. There is a global trend in our sector for companies to offer more to the societies in which they operate. This is especially through the demand for connectivity in rural areas, the need for health and educational content for our customers and the need to support respect for human rights. This global transformation calls for a renewed focus on corporate responsibility, a shift we have made by anchoring corporate responsibility into our innovation and business strategy and in The Millicom Foundation.

In 2012, Millicom was recognized by the G20 for its inclusive business model, which is able to address the needs of our customers with limited or irregular incomes. We are pleased to see that our social, health and educational content are in greater demand confirming that we are on the right track towards building strong and sound communities with our customers and partners. It is through seizing these opportunities and encouraging our continuous drive for innovation that we are developing our new corporate responsibility strategy.

To address the many needs and interests from the global community and the countries in which we operate, in 2012 we decided to create The Millicom Foundation. It is our vehicle for partnerships, innovation and social change. The Foundation holds the vision to empower women and children with digital solutions, in the areas of Entrepreneurship, ICT in rural areas, Health and Education and Training.

Hans-Holger Albrecht
President and Chief Executive Officer

Our main challenges in 2013 and the years to come will be to maintain our strong commitment to corporate responsibility and manage its implementation in fast-moving markets. We reached the majority of our targets but recognize that an increased effort must be made to consolidate and support data collection in the emerging markets as evidence of real impact.

We are among the largest multinational companies in our markets. This entails responsibility but also great opportunities. We honor our commitment to this by addressing all areas of the UN Global Compact's four pillars and ten principles in our operations. Most significantly, our focus is on the change we can drive through a wide range of activities from connecting people who have never had access to any type of communication before, offering thousands of micro businesses access to their first electronic money experience to encouraging the birth registration of children.

I am pleased that we reached our aim to publish Millicom's first Corporate Responsibility Report according to the GRI 3.1 guidelines covering 2012. This is an important step to increase transparency.

I look forward to discussing with all our stakeholders our progress in corporate responsibility. It is a key element of what Millicom stands for. It is an activity for which we should become better known and, more importantly, even more impactful locally.

Millicom provides **voice, data, cable TV** and value-added services to **47 million customers** in our chosen markets of Latin America and Africa

Millicom operates its mobile businesses in El Salvador, Guatemala and Honduras in Central America; in Bolivia, Colombia and Paraguay in South America; in Chad, the Democratic Republic of Congo (DRC), Ghana, Mauritius, Rwanda, Senegal and Tanzania in Africa. In addition Millicom operates cable businesses in El Salvador, Guatemala, Honduras, Costa Rica, and Nicaragua in Central America and in Paraguay in South America, and online/e-commerce businesses in Brazil, South Africa, Nigeria, Morocco, Egypt and Colombia.

At December 31, 2012, the 13 countries where we had mobile operations had a combined population of approximately 273 million. We had over 47 million total mobile customers at December 31, 2012.
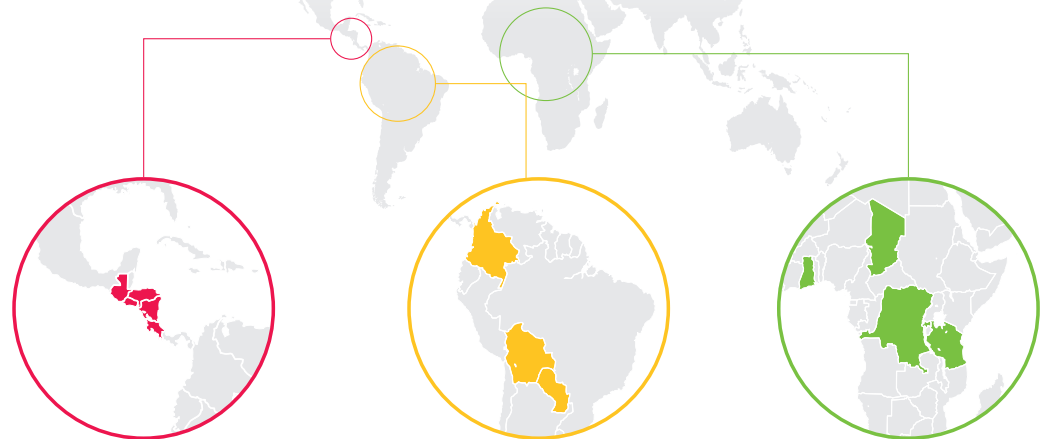
Central America

Population under license	28m (2011: 28m)
Customers	15.6m (2011: 14.6m)
Revenue $m[1]	1,901m (2011: 1,842m)
EBITDA $[2]	959m (2011: 958m)
Cell sites '000	6.6 (2011: 5.6)
Outlets '000	132 (2011: 133)
Employees	3,680

South America

Population under license	62m (2011: 61m)
Customers	12.7m (2011: 11.2m)
Revenue $m[1]	1,926m (2011: 1,706m)
EBITDA $[2]	757m (2011: 726m)
Cell sites '000	5.9 (2011: 5.1)
Outlets '000	184 (2011: 177)
Employees	3,900

Africa

Population under license	183m (2011: 176m)
Customers	18.9m (2011: 17.3m)
Revenue $m[1]	974m (2011: 981m)
EBITDA $[2]	359m (2011: 404m)
Cell sites '000	4.4 (2011: 4.3)
Outlets '000	331 (2011: 371)
Employees	2,190

1 Online global revenue $13m in 2012.
2 Online global result $-9m in 2012.

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Our organization is focused on **four core areas** of innovation and growth

Mobile

Millicom offers mobile services in 13 markets in Central America, South America and Africa under the Tigo brand.

Cable

Millicom is one of the leading fixed broadband and pay TV service providers in its Latin American markets.

Mobile Financial Services

By the end of 2012 Millicom offered Mobile Financial Services (MFS) in most of its mobile markets in Latin America and Africa, where the vast majority of the populations have no other access to banking services.

Commerce and Services

In 2012, Millicom invested in two subsidiaries of Rocket Internet (a German private company specializing in online services) – Latin America Internet Holdings (LIH) and Africa Internet Holdings (AIH).

Financial and Operational highlights 2012

Revenue US$m

US$4,814m

2012	4,814
2011	4,530
2010	3,920
2009	3,373
2008	3,151
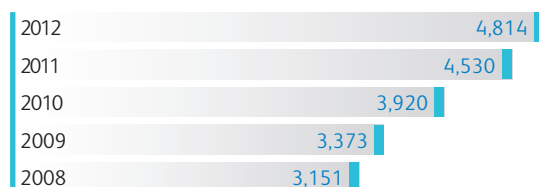
Revenue growth %

+6.3 % growth

US$bn

+29.7 %	+7.1 %	+16.2 %	+15.5 %	+6.3 %
2008	2009	2010	2011	2012

EBITDA US$m

US$2,065m

2012	2,065
2011	2,087
2010	1,841
2009	1,545
2008	1,366

42.9 % EBITDA margin

2012	42.9 %
2011	46.1 %
2010	47.0 %
2009	45.8 %
2008	43.4 %
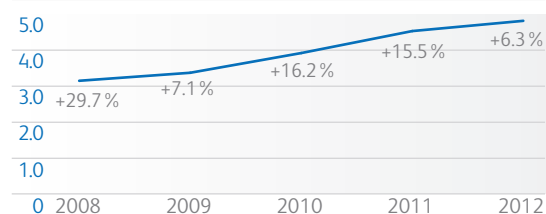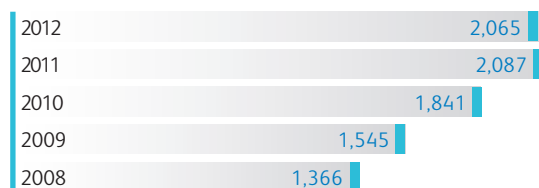
Capex US$m

US$1,120m

2012	1,120
2011	848
2010	731
2009	737
2008	1,277
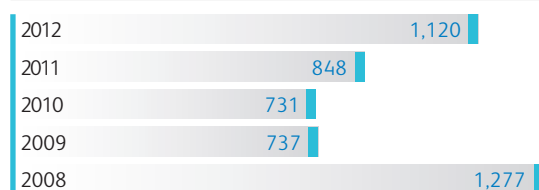
23.3 % Capex to revenues ratio
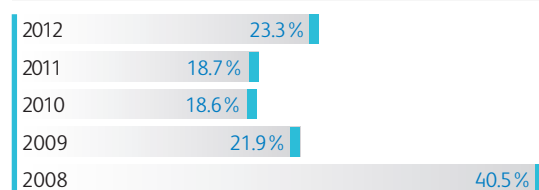
2012	23.3 %
2011	18.7 %
2010	18.6 %
2009	21.9 %
2008	40.5 %

Financial and Operational highlights 2012 continued

Local currency **revenue growth of 8.0% to $4,814 million**
(8.7% excluding regulatory impact)

$4,814m
(2011: $4,350m)

EBITDA of **$2,065 million** and EBITDA **margin of 42.9%**
(43.2% excluding Online)

$2,065m
(2011: $2,087m)

Capex of $1,120 million
(23.3% of revenue, 19.1% excluding spectrum and licenses)

$1,120m
(2011: $848m)

Operating Free Cash Flow of $1,127 million
(23.4% of revenue) excluding spectrum and licenses

$1,127m
(2011: $1,218m)

Mobile Data penetration **reached over 17%**
in Latin America and over 13% for the Group

17%

Mobile Financial Services active subscribers' **exceeded 4 million**
in the last quarter of the year

4m

First investment in Online
through partnership with Rocket Internet

€85m

Share price performance

MSCI Emerging Markets —   Millicom —   MSCI Europe Telecom Services —

Our approach

About Corporate Responsibility reporting in Millicom

Millicom includes corporate responsibility (CR) information aligned to the Global Reporting Initiative (GRI) in its 2012 Corporate Responsibility Report for the first time. Last year's CR report can be found in the Millicom Annual report 2011. A full GRI table is available on our website. In Millicom, CR reporting is aligned to financial reporting in terms of reporting cycle, and to a large extent the same boundaries and consolidation of information[1]. Methodologies used in defining KPIs and collecting related data were created or refined in 2012 based on key reporting guidelines: GRI 3.1, Saratoga for HR information (PwC Standard) and Greenhouse Gas Protocol Initiative, adjusted where required to Millicom's organization and reporting capability.

In 2012, there were minor changes in the shape of our business as a result of our investment in two subsidiaries on Rocket Internet. JVs, subsidiaries, leased facilities or outsourced operations are not included in the report scope. There are no significant restatements in this report.

Millicom operations have reached different levels of maturity relating to the collection of different CR related information. The biggest challenge to the quality of data has been lack of or inconsistent reporting tools and often manual and fragmented data collection process. In 2013 Millicom will implement a specific to CR reporting tool to improve data collection and consolidation processes.

Any questions about this report can be sent to corporate.responsibility@millicom.com

1 The CR data does not include information from Mauritius or Rocket Internet and consolidates fully information from Guatemala.

Materiality

Stakeholder engagement, risk and impact assessments and internal materiality analysis have informed the definition of the relevant and most material key performance indicators for Millicom's corporate responsibility performance and reporting. They have also been used to prioritize the work of the Integrity and CR teams and related stakeholder engagement.

An internal materiality assessment was carried out across several functions in eight markets in April 2012. The assessment was guided by the Global eSustainability Initiative's materiality assessment tool to evaluate the most material issues to Millicom's key stakeholders and the most material issues to Millicom's business success.

Business ethics and anti-corruption together with potential issues that could affect Millicom's reputation, were considered the most material. These were closely aligned to the main issues raised by our stakeholders: anti-corruption, freedom of expression and privacy, child labor, ethical supply chain management, e-waste and how the economic value that Millicom generates is distributed in its markets.

Strategy

The CR strategy, which is integrated into our core strategy, aims to move Millicom beyond compliance and industry standards. The strategy is aligned with the principles of the United Nations Global Compact.

The Millicom Foundation and CR supports the Corporate Strategy through our Core Business and Community Engagement.

	Value creation for Millicom stakeholders
Addressed by Millicom Corporations	**Responsibility in the core businesses**
Addressed by The Millicom Foundation	**Responsibility in the community** ICT in remote areas Health Entrepreneurship Education & Training
Addressed by aid agencies, relief organisations and private donors	**Basic needs**

Overall, the CR strategy has four objectives:

1. Gaining competitive advantage as a responsible employer with a strategic approach to ethical business.

2. Enhancing our reputational capital and increasing the transparency of our communications.

3. Creating value as a sustainable business and supporting capacity building in local communities.

4. Identifying opportunities while managing risks to combine cost benefit and social return.

Assessing Millicom's key risks and impacts across different areas of CR, has been the focus in 2012. Results have driven prioritization as well as measurement.

The Millicom Foundation
empowering women
and children

At the end of 2012, in line with our new strategy to bring more focus on corporate responsibility, enhance our employer brand and strengthen communities Millicom took the decision to create The Millicom Foundation. The strategy of The Millicom Foundation is to support the communities in which we operate through promoting and seizing business opportunities while using technology to mobilize societies and low-income families. The aim is to empower women and children through providing ICT in remote areas by enabling mobile healthcare, supporting entrepreneurship and facilitating education and training.

The Millicom Foundation is our tool as digital lifestyle leaders to be present and committed to promoting societies and our customers' social and economic growth.

"Global transformation calls for a **renewed focus on corporate responsibility,** a shift we have made by anchoring CR into our business strategy and in The Millicom Foundation."

– Hans-Holger Albrecht, President and Chief Executive Officer

Governance

Millicom restructured its Integrity and CR organization in Q4 2012. In the new set up, CR is separated from Compliance functions. This change aims to ensure focus on both sustainable opportunities that exist in our markets while at the same time ensuring proper compliance and risk management.

The CR Committee of the Board of Directors oversees management of all CR issues and implementation of the CR strategy. The CR Committee comprises Board members Mia Brunell Livfors and Donna Cordner. Our Group President and CEO, Hans-Holger Albrecht, participates in CR Committee meetings.

The Director of CR holds the operational responsibility for implementation of the CR strategy and reports directly to the CEO and the Chairman of the CR Committee.

1 January 2013, Millicom's first CR Director, Åse Bergstedt was appointed to implement the new CR strategy and head The Millicom Foundation.

Åse Bergstedt
Director, Corporate Responsibility

Memberships

In 2012, Millicom applied for Group level membership of the GSM Association. Millicom has had active cooperation with the GSMA Foundation, with projects with the mFarmer program in Tanzania, and mWomen program in Colombia and Tanzania. Millicom also hosted GSMA's environment program's meeting in Ghana at the end of 2012.

On a local level, Millicom is a member of several local business, trade and CSR associations.

Awards

In June 2012 Millicom received an important recognition of the positive social impact it is making in its operating markets being selected a winner of the G20 Challenge on Inclusive Business innovation http://www.g20challenge.com. The Challenge recognizes businesses with an innovative, scalable and commercially viable way of working with individuals at the base of the pyramid, i.e. those living on less than $2.5 per day.

Millicom received a Socially Responsible Company Seal in Honduras from FUNDAHRSE, a Honduran CSR Foundation http://fundahrse.org.

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Our approach continued

Stakeholder engagement

In 2012 Millicom considerably increased its stakeholder engagement activities to key stakeholder groups beyond customers and employees. The main stakeholder groups are those that Millicom naturally interacts with on a day-to-day basis and who influence or are influenced by the company.

Stakeholder engagement continued

Engagement was tracked and stakeholder feedback collected in a more systematic manner. The results from these dialogues are presented in the table below.

Stakeholder group	Engagement in 2012	Important for stakeholder	Resulting actions
Customers	Customer satisfaction surveys Focus groups User understanding Points of sale and call centers	Charitable activities within the communities Quality of service Affordability and transparency of services	More strategic approach to charitable activities, The Millicom Foundation Investment on network capacity and quality and affordable VAS More transparency on conditions of services and promotions
Employees	Employee engagement survey 'Meet the GM' meetings Integrity Line (whistle-blower) Performance Appraisal Process	Internal communications Non-retaliation for whistle-blowers	Improved tools for communication (Yammer) Improved whistle-blower process
Governments	Meetings on human rights issues Meetings on public/ private partnerships Stockholm Internet Forum 2012 'ICT in a changing world' by Swedish International Development Agency	ICT and development Internet freedom, freedom of expression	Ongoing discussions on public/private partnerships and support regarding freedom of expression issues.
Investors	Over 200 meetings with investors including SRI investors Participation in surveys and questionnaires A number of industry conferences were attended as well	Transparency and communication Risk management Reporting Governance	Quarterly reporting on progress of the CR and compliance, as part of quarterly reports GRI reporting from 2012 onwards
NGOs and international organizations	UN Forum on Electronic Waste UN Summit on Business and Human Rights Child and Youth Finance Summit Several one on one meetings	Labor rights, particularly child labor Freedom of expression and privacy	Unicef Children's Rights and Business Principles tool pilot Assessments on labor conditions and children's rights Industry Dialogue principles and stakeholder review
Industry	GSMA Telecommunications Industry Dialogue on Freedom of Expression (FoE) and Privacy	ICT and development Human rights and business	Studies and pilots with GSMA Foundation Principles for the telecommunications sector on FoE and privacy
Suppliers	Self-assessments and surveys Meetings	Compliance to the Supplier Code of Conduct Investments required for SME suppliers to improve performance	Review of supplier requirements Adjustment to supplier requirements to SMEs and future capacity building

Our performance

Human rights

As a provider of communications services, freedom of expression and privacy are key material human rights issues relating directly to our business.

To understand our impact and risks in this area, Millicom initiated a cross-functional team to address issues relating to privacy and data protection. The team carried out internal reviews of the legal and regulatory landscape, technical implementations and internal processes relating to data protection, privacy, freedom of expression and government requests.

While risks relating to freedom of expression and privacy are overall not very high in the markets where we operate, varied maturity of legal and regulatory requirements poses challenges. As a result, global guidance was created for receiving and processing law enforcement assistance requests. The guidance intends to ensure all steps are taken to verify the authenticity of requests and that customer information is protected throughout the process. Local operations will implement the guidance in 2013 with adjustments to align with local legislation. An aligned approach across all markets is also an important step towards reporting on requests received. Requests outside of those relating to basic customer call data and/or legal interception are rare.

Millicom is a founding member of the Telecommunications Industry Dialogue on Freedom of Expression and Privacy (ID) initiated in mid-2011 to help implement the UN Ruggie framework as it relates to freedom of expression and privacy in the telecom sector. In 2012 the ID members jointly developed and made available for comment broadly accepted principles for the sector. In late 2012, the Industry Dialogue opened discussions with the Global Network Initiative (GNI) to serve as a host organization for the initiative. An agreement was finalized in March 2013. Millicom formally signed up to the Industry Dialogue guiding principles in March 2013.

Target: Implement global guidance for **receiving and processing law enforcement** assistance requests by end of 2013.

Children's rights

To better understand our risks regarding child labor, Millicom commissioned a detailed risk report and country assessment from TwoTomorrows[1]. The scope for the assessment became the "Children's Rights and Business Principles" jointly developed by UNICEF, UN Global Compact and Save the Children. Millicom piloted the Children's Rights Checklist, a tool developed by UNICEF and provided feedback on the tool back to UNICEF. Millicom will continue to collaborate towards developing a telecommunications sector self-assessment tool on children's rights.

The assessment, including a country assessment in the DRC, found no evidence of child labor in Millicom's direct employee base or distribution network. Several recommendations were made however, for Millicom to clarify policy positions, strengthen controls and set remediation plans. This work will be carried out in 2013.

"UNICEF welcomes Millicom's efforts to understand its impact on children's rights as part of their country assessment. The assessment is the first to consider the Children's Rights and Business Principles which call on companies to respect and support the rights of children in the workplace, marketplace and community. **The assessment sets an important precedent for companies that are interested in integrating children's rights into company policies and practices. UNICEF looks forward to working with Millicom as it builds on the assessment findings."**

– Bo Viktor Nylund, Senior Advisor, Corporate Social Responsibility, UNICEF

Target: High level policy commitment to **children's rights** in 2013.

Target: Children's rights self-assessment tool created and piloted in at least three markets in 2013.

1 In light of transparency and clarity, the assessments were decided on and prepared before TwoTomorrows was contracted to provide assurance for Millicom.

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Performance continued

Anti-corruption

A priority in 2012 has been on actions preventing and detecting any wrong-doing and working towards a robust global anti-bribery and corruption (ABC) program aligned with international best practice; Transparency International Business Principles and the UK Bribery Act. The program builds on existing strong policies by introducing more detailed guidance and global alignment of processes.

All of Millicom's markets have a high risk of corruption (Transparency International CPI, Maplecroft). Operating in a highly regulated and license driven business, we interact closely with national and local governments. Millicom is also amongst the biggest international investors in our markets and an important partner for many local and international suppliers. As a result, the highest risk areas relating to bribery and corruption have been identified as third party relationships and potential conflict of interest.

After an initial risk assessment, Millicom launched a conflict of interest declaration tool, where all employees must fill a form declaring any conflicts of interest they may have. In case of a conflict, the issue is escalated to the line manager and eventually to executive level for decision making. The tool was launched in June and by the end of the year 54% of employees had completed the form. As key building blocks for the ABC program, Millicom introduced a policy on Third Parties, began collecting a register on external consultants and increased group level visibility on selection of third parties. Further policies on Gifts and Entertainment and Donations and Sponsorships are expected in 2013.

Face to face 'Integrity Awareness' trainings were carried out in all operations to raise awareness of the Company's policies regarding ethical business conduct. By the end of 2012, 49% of employees had been trained in these sessions, with nine countries well above this average. A specific anti-bribery training was conducted to all local CFOs and financial controllers in June. Human Resources also requires all employees to declare they have read and understood the Millicom Code of Ethics. 94%[2] of employees had signed a declaration by the end of 2012.

2 HQ figure is situation at the end of Nov 2012. For Costa Rica figures amount exclude employees under special situations (e.g. Leave of absence) who have not been able to sign the Code of Ethics. In Paraguay employees have received training in the Code of Ethics but have not signed an acknowledgement of the actual document – these employees are excluded.

Anti-corruption continued

Millicom clarified its whistle-blower policy, harmonized whistle-blower channels into one global 'whistle-blower system' in 2011 and created an investigation protocol for the reports. In 2012, 77 investigations (see breakdown of the cases below) were carried out, as a result which 21 disciplinary or corrective actions were taken.

Bribery and corruption	5
Discrimination and harassment	10
Human Rights and Labor	14
Conflict of interest	14
Fraud	17
Other	17
Total	**77**

Cases reported into the whistle-blower per category.

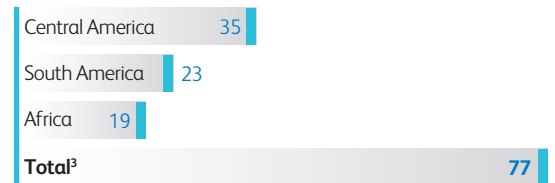**KPI**
Employees trained in face to face Integrity workshops

Central America	52%
South America	49%
Africa	50%
Total[4]	**49%**

KPI
Employees who have completed the conflict of interest form

Central America	58%
South America	43%
Africa	70%
Total[4]	**54%**
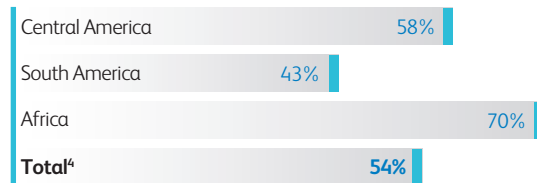
KPI
Whistle-blower investigations

Central America	35
South America	23
Africa	19
Total[3]	**77**

Summary of Millicom Integrity KPIs. The Conflict of Interest declaration form had not been launched in Guatemala yet, bringing down the % in Central America.

Target: 70% of employees have completed the conflict of interest declaration form by end of 2013.

Target: Online training on the Code of Ethics created, with over **50% of employees** completing by end of 2013.

Working with suppliers

Millicom has several thousand suppliers across its operating markets. They vary from large mobile network vendors and manpower agencies to small and medium enterprises providing services from office supplies to catering. Millicom has had a Supplier Code of Conduct in place for several years, with fairly minimal enforcement, with the top 20 suppliers by country required to sign.

The challenge for 2012 was to create a risk-based screening and control process that would also have practical use with our diverse supplier base. As a first step a supplier questionnaire was created based on the current Supplier Code of Conduct with some specific additional requirements and piloted with all types of vendors across five markets. Based on this pilot program, supplier managers revised their 'Top 20' group of suppliers based on both risk and spend.

Going forward, a revised supplier questionnaire will be part of the selection process of new suppliers. To improve Millicom's ability to control compliance, obligations under the Supplier Code of Conduct will be legally binding within supplier contract. Suppliers will need to submit self-assessments, and be available for audits. Small and medium local suppliers remain a challenge. Many might not have required policies or certifications in place but can have processes in alignment with best practice. In order for SME suppliers to improve, a review is underway on how e.g. the length of contractual commitments could support investment into improvements and what Millicom can do to directly support the capacity building of this core supplier group.

Target: Top 20 suppliers in each country to complete a self-assessment against Supplier Code of Conduct.

3   Total figures also include data from Millicom's global operational sites; Luxembourg, Miami and Dubai.
4   These figures cover permanent employees only.

Employees

At the end of 2012, Millicom had 10,070 employees, up from 7,260 in 2011[4]. Millicom recruited new competencies in new growth areas, acquired cable companies in Latin America, and in-sourced a significant number of direct sales staff in Bolivia. In total over 3,500 new employees joined Millicom in 2012. An upward trend in employee numbers is likely to continue in 2013. Overall turnover rate in 2012 was 11%, including staff in customer operations (shops and call centers) where turnover is traditionally higher. The turnover rate was also affected by aggressive competition for local talent in many of our African operations and events, such as the acquisition new cable assets and the resulting attrition. In total 1,110 employees left Millicom in 2012, 2/3 of them voluntarily.

Millicom is a significant provider of employment for local populations in our markets. 98% of our workforce is locally recruited, versus 76% of senior managers[5]. There is a difference in the percentage of locally recruited senior managers in our regions, and an on-going plan is in place in Africa to improve the balance. The difference shows the challenge of finding and retaining local talent in Africa. To address this situation, Millicom launched a high visibility recruitment campaign in Africa in partnership with LinkedIn. In addition to a high number of employees of local nationalities, Millicom's global head quarter in Luxembourg has a diverse workforce, with 36 nationalities among our 104 employees at the end of 2012. Of total employees 31% are women, including 21% of senior managers. Of our highest governance body, Millicom Board of Directors, 25% are women.

98%
of our workforce is locally recruited, versus 76% of senior managers

36 nationalities
at our global headquarters in Luxembourg

4   These figures cover permanent employees only.

5   Senior managers represent approximately top 400 employees. Expat is defined as an employee with an expat contract, not necessarily a foreigner in that country. We believe this is a representative way to calculate local recruitment as the number of employees who are of local nationality with an expat contract or foreigners with a local contract are so small as not material.

Employees continued

Key HR KPIs by region

KPI: Headcount
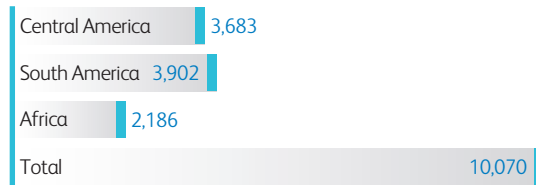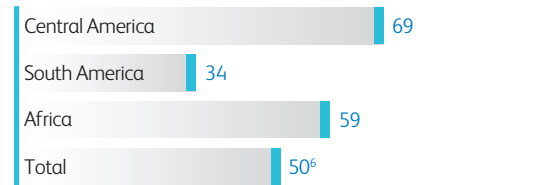
Central America — 3,683
South America — 3,902
Africa — 2,186
Total — 10,070

Total figures also include data from Millicom's global operational sites; Luxembourg, Miami and Dubai

KPI: Average hours of training per employee

Central America — 69
South America — 34
Africa — 59
Total — 50[6]

KPI: Locally recruited employees; all employees vs senior managers

Central America — 100% / 92%
South America — 100% / 90%
Africa — 95% / 43%
Total — 98% / 76%

- Employees
- Senior managers
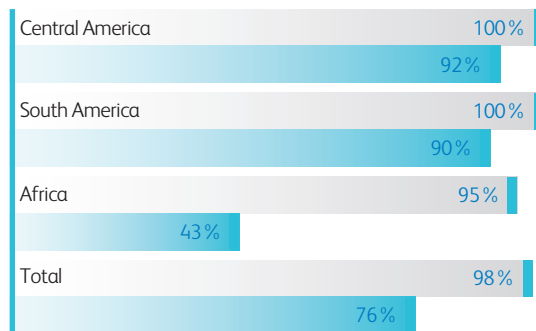
KPI: % of women among total employees vs senior managers

Central America — 30% / 28%
South America — 36% / 29%
Africa — 23% / 9%
Total — 31% / 21%

- Women employees
- Women senior managers
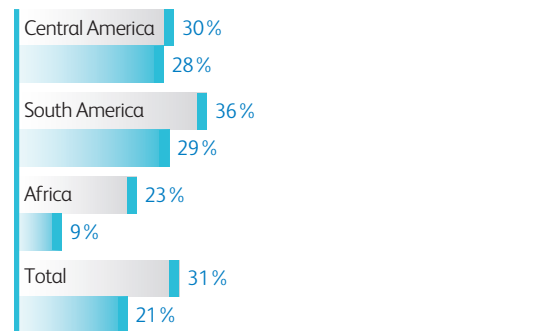
Millicom has signed a collective bargaining agreement in Chad with all employees and in Paraguay with the employees who joined the company in the Cablevision acquisition, representing 5% of total employees in Paraguay. In the DRC, Millicom is in negotiation for a collective agreement, with the aim to complete discussions in H1 2013. There are several other ways in which employee concerns and suggestions are collected: local health and safety committees, employee representative forums, breakfast meetings between local CEOs and staff, the global whistle-blower line as well as an annual global Employee Engagement Survey (EES). The most recent EES was carried out in November and December 2012 with a 70% participation rate, showing a highly motivated employee base. The results compared to the previous survey in 2010 had improved and outperformed global telecommunication norms in all indicator categories.

To retain and develop local staff, Millicom invests significantly in training and development programs. All employees in Millicom go through a Performance Appraisal process, which is used for performance evaluation but also importantly career development. In 2012, Millicom spent nearly $289[7] million on employee remuneration.

In 2012, Millicom commissioned telecommunications sector specific labor risk reports for 13 of its biggest markets. The reports analyzed risks in our markets in eight areas: working hours, compensation, health and safety, freedom of association, contracts, discrimination, forced and involuntary labor and child labor. Based on these reports, all our markets shared a high to extreme risk for child labor, making this a priority area in 2012.

6   This figure includes wages, social security payments and share based compensation.
7   Costa Rica figure only contains information from July onwards, Tanzania from May onwards as records were not kept systematically prior. "Global" figures are also excluded from the total as there is no tracking of training taking place.

Health, Safety and Environment

2012, saw a significant step-up in management of Health, Safety & Environment (HSE) within Millicom as we started the implementation of an integrated management system based on the OHSAS 18001, ISO 14001 & 9001 standards. A six month pilot implementation program was established and carried out in Bolivia and Tanzania in 2H 2012, with the target of having key frameworks in place in all operations by the end of 2013. The management system includes putting in place a policy and process framework, training (including engineers obtaining the Telecommunications Safety Passport), action plans and follow up systems. In Rwanda we continued the HIV/AIDS awareness program, which was started in 2011, with 77% of staff participating in the sessions. We plan to roll out the program to more of our African markets in 2013.

77%
of staff in Rwanda
participated in our HIV/AIDS
awareness programme

Management and tracking of accidents and incidents relating to all aspects of HSE began in 2012. Based on the limited reporting in 2012, major accidents and incidents related to road safety, construction and maintenance activities and fire, with minor accidents and incidents within the office environment. An incident reporting tool will be rolled out in 2013. As the incidents already reported highlight, key risk areas with regard to HSE in all markets relate to construction and specifically to working at heights and to road safety.

Target: Key frameworks of **HSE management system in place** in all operations by the end of 2013.

e-waste

The management of electronic waste, with the particular challenges of lack of relevant infrastructure in many of our markets, was identified as a key risk area in Millicom's operating environment. In e-waste, we include obsolete network and office equipment as well as customer handsets. The Supply Chain Management & Procurement department started a project in 2012 to map all waste materials, quantity, location, local legislation and infrastructure as well as estimate the residual value for reinvestment back into the company. It is estimated the project will completed and all identified electronic waste will disposed of through appropriate channels by H2 2013.

Target: E-waste processed through **certified e-waste vendor(s)** in all regions by end of 2013.

Energy efficiency

Environmental reporting is a priority in properly accounting for reductions in emissions going forward. While Millicom has been reporting in the Carbon Disclosure Project for three years, changes in organization and responsibilities have meant that no meaningful comparative data exists. In 2012, it was decided to focus environmental reporting on the bare minimum information to be able to properly account for the data and cross-check its validity against financial records. In 2013, the plan is to bring more sophistication into the data as well as utilize new reporting tools to further improve quality. This in essence would mean that 2013 would become the base year for Millicom's environmental data.

Consumption electrical energy from grid ('000)	361,800 kWh
Consumption of fuel ('000)	20,400 liters
Consumption of renewable energy[8] ('000)	34,000 kWh

Direct energy consumption by primary energy source. Consumption relates to powering owned cell sites, switches, data centers and administrative offices and in case of fuel also to fleet operated for business purposes.

"The plan is very comprehensive and **one of the best we have seen** in the mobile space."

— GSMA

We use Greenhouse Gas protocol to sort our emissions by scope.

Scope 1	**Scope 2**	**Scope 3**
Direct — emissions are **direct emissions**, including direct fuel combustion and owned transport	Indirect — emissions relate to **indirect energy**, and include consumption of purchased electricity, heat and cooling	Indirect — emissions include any **other indirect emissions**, which includes business travel and waste disposal

Scope 1[9] – CO_2e (tonnes)	Emissions are direct emissions, including direct fuel combustion and owned transport.	54,759
Scope 2[10] – CO_2e (tonnes)	Emissions relate to indirect energy, and include consumption of purchased electricity, heat and cooling.	102,363
Scope 3[11] – CO_2e (tonnes)	Emissions include any other indirect emissions, which includes business travel and waste disposal.	52,304
Total – CO_2e (tonnes)		209,426

Greenhouse gas emissions by weight. The calculation is done according to and with the Greenhouse Gas Protocol Initiative's calculation tools.

Target: E-waste processed through **certified e-waste vendor(s)** in all regions by end of 2013.

Given the geographical spread of our operating markets and challenges for implementing virtual working tools, business travel is a material part of our carbon footprint. In 2012, our employees traveled over 50 million kilometers by air[12], resulting in CO_2 emissions of approximately 5,150 tonnes.

8   Renewable energy is hydropower in Paraguay.
9   Based on fuel consumption by generators and fleet, all fuel is calculated as diesel as detailed breakdown in fuel type is not available. Total would be lower if breakdown would be possible.
10 Electricity in African countries has very different factors, i.e. some countries like DRC are not listed in GHG. This gives a wide spread in CO_2 numbers.
11 Includes electricity and fuel consumed in the cell sites outsourced to Helios Towers in the DRC, Ghana and Tanzania. Does not include business travel due to inconsistency in the available data, does not include logistics as this data is unavailable.
12 This figure excludes information from travel by personnel at our Miami office and Rwanda operations, it includes some holiday travel by staff in Senegal and excludes some travel from Paraguay. We are unable to report more detailed figure for travel due to varied booking and reservation systems in each country.

Energy efficiency continued

In 2012, a cross-functional team presented a long-term strategy on energy efficiency and CO_2 reduction across all operations spanning until the year 2020, representing good opportunities for Opex reduction. Initial actions in 2012 were to address basics such as establish planned regular maintenance, improve security of sites to prevent fuel theft, more energy efficient lighting solutions for sites, and optimizing the network through equipment and software upgrades. Millicom's energy efficiency plan was independently reviewed and commented upon by the GSMA;

With reliable energy supply a challenge in many of our markets, Millicom actively explores different alternative energy sources to not only power our networks but also help our customers stay connected. In 2012, 832[12] cell sites owned by Millicom were running on hybrid solutions including the use of Deep Cycle Batteries that significantly reduce fuel consumption. Additionally, 108[13] sites were running on solar energy, up from 71 in 2011. In 2012, we piloted innovative solar charging solutions in our points of sale in Tanzania, where for a nominal fee up to ten mobile phones could be charged with one small solar panel. Information about tower sharing and equipment upgrades can be found in the Operational review section of the Annual report.

Target: Improve environmental data collection to make 2013 a base year for new targets.

13 These figures are not directly comparable to last year, as in 2012 we have only included cell sites that are owned and operated by Millicom.

Charitable activities

Millicom spent over $6 million in 2012 on different charitable or community projects, in line with the previous year. Millicom undertook a series of efforts to navigate our sizeable charitable donations towards bigger, more strategic programs with clear and measurable goals and impact. Millicom introduced project guidelines, evaluation tools and global planning template for all new CR or charity projects. The evaluation tool scored proposals green, yellow or red based on four key areas: Vision, Strategy, Impact and Feasibility. Teams were incentivized based the percentage of projects scoring 'green'.

To follow Millicom's target to introduce larger, more strategic projects going forward, in Q3 Millicom launched large scale collaboration with Reach for Change Foundation to seek and support innovative local social entrepreneurs in all of its African markets. The collaboration targets to support over 300,000 children by the end of 2013 in a sustainable manner through financial and business support to social entrepreneurs. Other flagship projects are featured on the Millicom website.

Tigo and Reach for Change
event for children in Ghana

GRI index

Below we list the GRI indicators and Standard Profile Disclosures that we are fully or partially reporting on in this report. The Corporate Responsibility Report 2012 of Millicom is self-declared, and externally verified to GRI Application Level C+. The indicators marked with a ✓ have been externally assured as part of the independent assurance (see full Assurance report at the end of this document).

Standard Profile Disclosures

Profile disclosure category		Reporting level	Reference
	Strategy and analysis		
1.1	Statement from the most senior decision maker of the organization.	🟩	Page 2-3
	Organizational profile		
2.1	Name of the organization.	🟩	Page 29
2.2	Primary brands, products, and/or services.	🟩	Page 1,4 and 5
2.3	Operational structure of the organization, including main divisions, operating companies, subsidiaries, and joint ventures.	🟩	Page 4,5 and 8
2.4	Location of organization's headquarters.	🟩	Page 29
2.5	Number of countries where the organization operates.	🟩	Page 4
2.6	Nature of ownership and legal form.	🟩	Page 11 and 29
2.7	Markets served.	🟩	Page 4 and 5
2.8	Scale of the reporting organization.	🟩	Page 4, 5, 6 and 7
2.9	Significant changes during the reporting period regarding size, structure, or ownership including.	🟩	Page 8
2.10	Awards received in the reporting period.	🟩	Page 11
	Report parameters		
3.1	Reporting period for information provided.	🟩	Page 8
3.2	Date of most recent previous report.	🟩	Page 8
3.3	Reporting cycle.	🟩	Page 8
3.4	Contact point for questions regarding the report or its contents.	🟩	Page 29
3.5	Process for defining report content.	🟩	Page 9
3.6	Boundary of the report (e.g., countries, divisions, subsidiaries, leased facilities, joint ventures, suppliers.	🟩	Page 8
3.7	State any specific limitations on the scope or boundary of the report.	🟩	Page 8
3.8	Basis for reporting on joint ventures, subsidiaries, leased facilities, outsourced operations and other entities.	🟩	Page 8
3.10	Explanation of the effect of any re-statements of information.	🟩	Page 8
3.11	Significant changes from previous reporting periods.	🟩	Page 8
3.12	Table identifying the location of the standard disclosures and indicators in the report.	🟩	Page 24-25
3.13	Policy and current practice with regard to seeking external assurance for the report.	🟩	Page 27-28
	Governance, commitments and engagement		
4.1	Governance structure of the organization.	🟩	Page 9
4.2	Indicate whether the Chair of the highest governance body is also an executive officer.	🟩	N/A
4.3	For organizations that have a unitary board structure, state the number and gender of members of the highest governance body.	🟩	N/A
4.4	Mechanisms for shareholders and employees to provide recommendations or direction to the highest governance body.	🟩	Page 12 and 13
4.14	List of stakeholder groups engaged by the organization.	🟩	Page 12 and 13
4.15	Basis for identification and selection of stakeholders with whom to engage.	🟩	Page 12 and 13

🟩 Fully
🟨 Partially

GRI indicators

GRI indicator	Indicator category	Reporting level	Reference or comment	Assured
Economic				
EC1	Direct economic value generated and distributed.	🟩	Page 6 and 7 of this report. Revenues, operating costs, retained earnings, payments to capital providers can be found in the Financial section of Millicom Annual report 2012.	✓
EC2	Financial implications and other risks and opportunities for the organization's activities due to climate change.	🟨	Millicom's CDP response 2012.	
EC4	Significant financial assistance received from government.	🟩	Millicom has not received any financial assistance from government in 2012.	
EC7	Proportion of senior management hired from local community at locations of significant operation.	🟩	Page 18-19 of this report.	
EC8	Development and impact of infrastructure investments and services provided primarily for public benefit through commercial, in-kind, or pro bono engagement.	🟨	Page 18, 19 and 23 of this report, Annual report 2012 page 25 and 29.	
Environment				
EN3	Direct energy consumption by primary source (electric, fuel, renewable).	🟩	Page 21 and 22 of this report.	✓
EN4	Indirect energy consumption by primary source.	🟩	Page 21 and 22 of this report.	
EN6	Initiatives to provide energy efficient or renewable energy based products and services.	🟨	Page 21 and 22 of this report.	
EN7	Initiatives to reduce indirect energy consumption and reductions achieved.	🟨	Page 20, 21 and 22 of this report.	
EN16	Total direct and indirect CO_2 emissions.	🟩	Page 21 of this report.	✓
EN17	Other relevant indirect Greenhouse gas emissions by weight.	🟩	Page 21 of this report.	
EN18	Initiatives to reduce Greenhouse gas emissions by weight.	🟨	Page 21 and 22 of this report.	
EN26	Initiatives to mitigate environmental impacts of products and services, and extent of impact mitigation.	🟨	Page 20 of this report.	
Social				
LA1	Total workforce by employment type, employment contract, and region broken down by gender.	🟨	Page 18 and 19 of this report.	
LA2	Total number and rate of new employee hires and employee turnover.	🟨	Page 18 and 19 of this report. Regional turnover is 16% for Central America, 7% for South America and 11% for Africa.	✓
LA4	% of employees covered by collective bargaining agreements.	🟩	Page 19 of this report shows coverage in the two countries where we have collective agreements in place. Against total employee base, this is 5% of employees.	
LA8	Education, training, counseling, prevention, and risk-control programs in place to assist workforce members, their families, or community members regarding serious diseases.	🟨	Page 20 of this report.	
LA10	Average hours of training per employee per year.	🟨	Page 19 of this report.	✓
LA12	Percentage of employees receiving regular performance and career development reviews by gender.	🟩	Page 19 of this report.	
LA13	Composition of governance bodies and breakdown of employees per employee category according to gender.	🟨	Page 19 of this report.	✓

🟩 Fully
🟨 Partially

GRI indicators continued

GRI indicator	Indicator category	Reporting level	Reference or comment	Assured
	Social			
HR4	Number of incidents of discrimination and corrective actions taken.	🟩	Page 17 of this report.	
HR6	Operations identified as having significant risk of child labor, and measures taken.	🟩	Page 15 of this report.	✓
HR10	% of operations that have been subject to human rights reviews and/or impact assessments.	🟩	Page 14 and 15 of this report.	✓
HR11	Number of grievances related to human rights filed, addressed, and resolved through formal grievance mechanisms.	🟨	Page 17 of this report.	
SO3	Number of employees trained in organization's anti-corruption policies and procedures.	🟩	Page 17 of this report	✓
SO4	Actions taken in response to incidents of corruption.	🟨	Page 17 of this report.	
PR5	Practices related to customer satisfaction, including results of surveys measuring customer satisfaction.	🟨	Page 13 of this report.	

🟩 Fully
🟨 Partially

Independent Assurance Statement

Scope and objectives

DNV Two Tomorrows Limited (DNV Two Tomorrows) has undertaken independent assurance of the Millicom 2012 Corporate Responsibility Report (the Report) for the reporting period ending 31st December 2012.

The assurance process was conducted in accordance with AA1000AS (2008). We were engaged to provide Type 2 moderate level assurance, which covers

- evaluation of adherence to the AA1000APS (2008) principles of inclusivity, materiality and responsiveness (the Principles); and
- the reliability of specified sustainability performance information as per the Global Reporting Initiative (GRI) table on pages 24 to 26.

We also provide a third party opinion of Millicom's self-declared GRI application level.

Any claims relating to financial information contained within the Report are excluded from the scope of this assurance process.

Responsibilities of the directors of Millicom International Cellular S.A. and of the assurance providers

The directors of Millicom International Cellular S.A. (Millicom) have sole responsibility for the preparation of the Report. We were not involved in the preparation of any part of the Report. In 2012, Two Tomorrows conducted a risk assessment of child labour in the Democratic Republic of Congo (DRC) for Millicom.

Our statement represents our independent opinion and is intended to inform all of Millicom stakeholders. We adopt a balanced approach towards all stakeholders.

Our team comprised Dave Knight, Anne Euler, Priti Nigam, Samantha Parsons and Louise Ayling. Further information, including individual competencies relating to the team can be found at: www.twotomorrows.com

Basis of our opinion

A multi-disciplinary team of sustainability and assurance specialists performed work at Headquarters and at selected sites. We undertook the following activities:

- Review of the current Corporate Responsibility issues that could affect Millicom and are of interest to stakeholders; Assessment of Millicom's approach to stakeholder engagement and recent outputs; Review of information provided by Millicom on its reporting and management processes relating to the Principles;
- Interviews with selected directors and senior managers responsible for management of CR issues and review of selected evidence to support issues discussed;
- Site visit to Tigo Paraguay to review process and systems for preparing site level CR data and implementation of the Corporate Responsibility strategy. We were also informed by our previous risk assessment work in the DRC;
- Evaluation of supporting evidence for prioritised claims and data in the report based on the materiality of issues at a consolidated corporate level;
- Check of the processes for gathering and consolidating the specified sustainability performance information and, for a sample, checking the data consolidation; and
- Provision of an independent assessment of Millicom's Reporting against the C+ self-declared Application Level of the GRI G3 Guidelines.

We used the AA1000 Accountability Principles Standard as criteria to evaluate the nature of adherence to the principles of Inclusivity, Materiality and Responsiveness and the Global Reporting Initiative Quality of Information Principles as criteria for evaluating the selected performance information.

Findings and Opinion

We reviewed and provided feedback on drafts of the Report and where necessary changes were made. On the basis of the work undertaken, nothing came to our attention to suggest that the Report does not properly describe Millicom's adherence to the Principles or its performance.

In terms of reliability of the specified performance information, nothing came to our attention to suggest that these data has not been collated from information reported at operational level as described, nor that the assumptions utilised were inappropriate. We are not aware of any errors that would materially affect the Group data.

We validate Millicom's GRI self-declared C+ application level.

Observations

Without affecting our assurance opinion we also provide the following observations.

Much Integrity and CR work to date has been localised and responsive to local compliance and other needs. Significant efforts have been made to formalise and systemise a more consistent approach during 2012. The Report reflects this and we recommend further reporting on the outcomes of this work.

Of particular significance are the implications of this on the ability of the company to deliver consistent performance information and for this data to enable effective management of key impact areas. As indicated in the Report, data processes and systems are being developed by Millicom and we recommend that the context of this information is kept up to date as the company's non-financial performance management approach matures.

Independent Assurance Statement continued

Inclusivity concerns the participation of stakeholders in developing and achieving an accountable and strategic response to sustainability

- Millicom improved the tracking and analysis of the range of engagements it has at a corporate level. We recommend this process is continued, that stakeholder engagement and issue tracking within operating companies is also improved and key outcomes reported

- Freelancers, Contractors and Dealers comprise a large part of Tigo's operations and operate under the Tigo brand. Issues occurring with these groups could impact on the Tigo brand and therefore we recommend that more details of engagement with these groups and issues arising are reported in the future

- Millicom has divested parts of its business while retaining significant ownership and influence, for example through the tower outsourcing program in Africa to the Helios Company. We recommend inclusion of issues relating to part owned businesses where Millicom retains influence

Material issues are those which are necessary for stakeholders to make informed judgments concerning Millicom and its impacts

- Millicom has conducted an initial materiality assessment focused on internal stakeholder views. We recommend this process is enhanced by greater involvement of external stakeholders

- We acknowledge the importance of the work under way to improve management and reporting concerning suppliers and recommend future coverage of the results of this work

- Similarly, significant changes have been introduced regarding integrated management approaches for Health and Safety, Environment and Quality. We recommend reporting on the scale of this roll out and the outcomes from these improvements

- Road traffic accidents, construction work and working from height are areas of Health and Safety performance where we recommend improved coverage

- Data security and customer privacy are material issues which we recommend are covered

- Marketing and sale promotions are key to meeting business objectives. We found limited information on responsible marketing policies or approaches and recommend inclusion of this in future reports

- We recommend that Millicom start collecting and reporting on waste data particularly covering e-waste

- We note that access to services, affordability, health solutions, fair payment of taxes and direct and indirect economic impacts are material issues for Millicom and emerging markets. These are covered in the Annual Report, outside the scope of our assurance. We recommend that these issues are considered for inclusion within the CR report in the future.

Responsiveness concerns the extent to which an organization responds to stakeholder issues

- There was clear evidence that Millicom is developing strategic responses to material issues and this is reflected in the Report. We recommend that this is done in a more systematic way in future reports

- As corporate responsibility, integrity and ethics management are more formally rolled out across the business we recommend increased reporting of training and other capability raising initiatives

Performance Information

- Millicom is improving the scope and nature of its data collection systems and processes and is aware that the maturity of these approaches varies across the company and operating countries. The Report text fairly describes these challenges and the evolution of non-financial performance management within the business

- There is a relatively high proportion of manual collection and collation which increases the risks of human error. We have seen evidence that Millicom is taking steps to reduce these risks and recommend future reporting on the outputs of these process changes

- There is a risk of data omission or incorrect inclusion as data boundaries and calculation methods are not always clear or consistent, for example with business travel data, which reduces the comparability of the data. We recommend developing group level protocols on all KPIs, clarifying data boundaries and providing guidance for operating businesses on how to collect and calculate these new data requirements

- We recommend that future reports describe or reference these protocols and how far they are applied across operations

- Where integrity and CR investments are described, we recommend that guidance is created on the consistent use of exchange rates for converting into USD

- Whilst integrity training has increased considerably, we identified a risk of under-reporting of ethics cases as they can be reported in various ways and business process varies across operations. We also recommend that ethics cases are targeted for closure within a set time frame.

DNV Two Tomorrows Limited
London
26th March 2013

Dave Knight
Sustainability Services Director

DNV Two Tomorrows Limited is part of DNV, a global provider of services for managing risk, helping customers to safely and responsibly improve their business performance. www.twotomorrows.com

AA1000
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000-2

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