MILLICOM
THE DIGITAL LIFESTYLE

Corporate Responsibility Report 2013

Trusted.
To transform.

Trusted.
To transform.

We are transforming Millicom from a leading telecommunications operator to a provider of digital lifestyle products and services to emerging markets. Acting responsibly and being trusted by our stakeholders are central to achieving this business goal.

We hope this report makes a contribution to building that sense of trust. Our aim is to show you how we address different corporate responsibility (CR) aspects relevant to our business and how we plan to bring to life the social benefits of digital technology – for example through our Millicom Foundation.

The report is aligned with the Global Reporting Initiative (GRI) G4 guidelines, the leading international framework for sustainability reporting.

Corporate responsibility at Millicom

Corporate responsibility activity at Millicom is based on two pillars: promoting good corporate behaviour and making a positive social impact in our communities. With this approach we help the business deliver sustainable growth for shareholders, provide an attractive workplace for our employees and create a strong brand to appeal to consumers.

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www.millicom.com
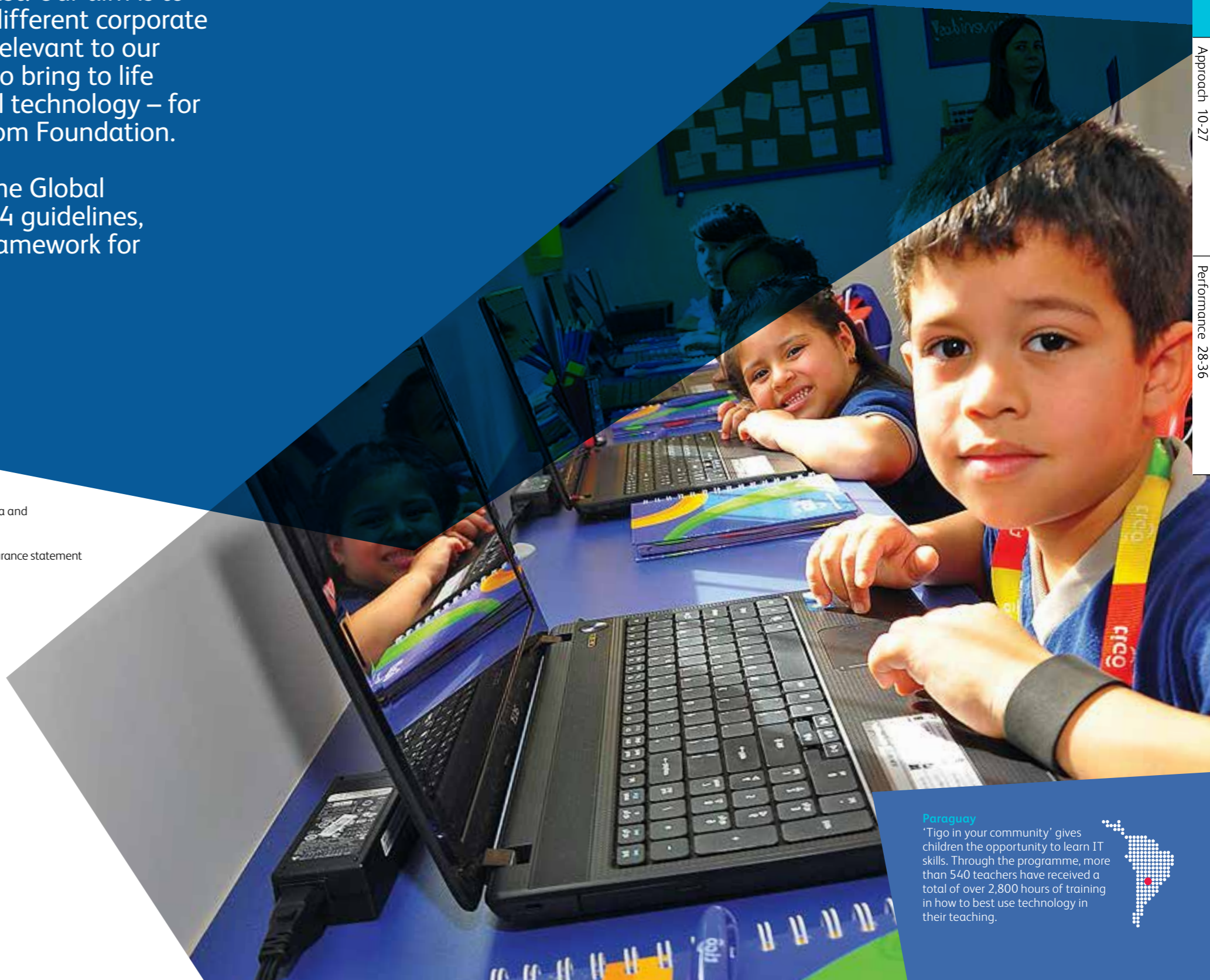
Paraguay
'Tigo in your community' gives children the opportunity to learn IT skills. Through the programme, more than 540 teachers have received a total of over 2,800 hours of training in how to best use technology in their teaching.

About Millicom

Millicom is a leading international telecommunications and media company dedicated to emerging markets in Latin America and Africa. We set the pace by offering a range of digital lifestyle services which connect people to their world. Operating in 15 countries, with e-commerce partnerships currently in 22, Millicom offers innovative and customer-centric products. Millicom employs over 11,500 people and provides mobile, cable, broadband, TV and mobile financial services to over 50 million customers.

Our products and services

Mobile
We provide mobile communications and Value Added Services to over 50 million customers in Bolivia, Colombia, Paraguay, El Salvador, Guatemala, Honduras, Chad, DRC, Ghana, Mauritius, Senegal, Rwanda and Tanzania essentially under the brand name Tigo. In addition to mobile voice and SMS, we offer mobile data and locally relevant content through Value Added Services.

Cable & Digital Media
We offer fixed voice, broadband services and Pay-TV, including premium content, in cable and broadcast businesses in Bolivia, Paraguay, Costa Rica, El Salvador, Guatemala, Honduras and Nicaragua.

Mobile Financial Services
We have 6 million mobile financial services customers across our markets, including money transfer, bill payments, merchant payments and other services.

E-commerce and online services
We offer customers in 22 emerging markets online shopping, marketplace, classifieds, and other online services.

Our chosen markets[1]

Region	Central America	South America	Africa
Population (m)	28	63	186
Mobile customers (m)	15.8	13.8	21.0
Revenue ($m)	1,884	2,192	1,000
EBITDA ($m)	858	805	279
Employees	4,030	4,410	2,915

Our global offices and where we operate

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Delivering the digital lifestyle

President and Chief Executive Officer's statement

Transforming the lives of our customers

Millicom never settles, always seeks new opportunities and looks to have real and lasting impact with its products and services. Our digital lifestyle vision is to transform the lives of our customers. Whilst executing our vision we are changing the way societies do business and connect with each other.

We could not achieve this without the trust of our stakeholders. Trust creates a strong brand that is fundamental to our future growth, especially as we expand into the new strategic business areas of cable, financial services and online services. We have to be trusted in order to transform.

At Millicom, we bring Corporate Responsibility to life through two pillars: one acting as a catalyst for exemplary corporate behaviour and compliance and another as an expression of our values through The Millicom Foundation's work in wider society.

We are building long-term value for our shareholders on these pillars. But it is not only they who benefit. A robust Corporate Responsibility strategy creates value for our customers, the countries where we operate and our employees too.

Corporate Responsibility is integral to our core business: providing accessible and affordable digital access to transform lives is fundamental to our business purpose. Connecting the "bottom of the pyramid" to a digital lifestyle is our everyday reality.

By integrating Corporate Responsibility into our existing processes we can remain agile in our execution, whilst living up to our commitments. At the same time, we need to be rigorous and demand more by setting meaningful and incremental targets in all core areas, from supply chain to environmental standards. That will ensure we always aim higher and respond to our stakeholders' concerns and needs.

For many of our central and local operations, it may mean some significant changes in behaviour and practice, but I am convinced we have to do it.

I am very proud of some of the initiatives already underway. For example, in Tanzania, we harnessed the power of our technology to transform the number of birth registrations in the Mbeya province, and the programme is now being extended. In Rwanda, where we have done so much good work offering an HIV/AIDS programme in the workplace, I am delighted that we are launching a digital innovation centre as an example of how we can contribute to the development of local entrepreneurship and skills.

I am also excited about the potential of The Millicom Foundation, which will be committed to empowering societies with digital tools. In its proposed Digital Changemaker Programme it follows a three step approach:

– Identifying the best digital ideas and tools that can help to improve a social challenge
– Supporting innovators to make these ideas become reality
– Rolling out tools with a proven successful concept and bringing them to scale across the countries in which we work

Besides its focus on mobile and digital technology, The Millicom Foundation's efforts will be targeted towards four thematic areas: supporting women & children, improving healthcare, providing education & training and fostering entrepreneurship.

In 2013 we outlined our new Corporate Responsibility strategy with the aim of integrating responsible business practice deep in our way of doing business. We engaged our stakeholders in a process to understand their concerns to help us determine the focus of such activities. 2014 and beyond will be about execution.

So there is much to be proud of and also much still to do. I am committed to continue listening to our customers, our employees, our investors and other stakeholders to ensure we are tackling the right issues at the right time. With our commitment, drive and our "Demand More" attitude, I know we will be increasingly trusted to transform people's lives and the societies where we operate.

Hans-Holger Albrecht
President and CEO, Millicom

By integrating Corporate Responsibility into our existing processes we can remain agile in our execution, whilst living up to our commitments.

In this report

Customers: Making digital lifestyles a reality
We have a long and proud heritage of opening digital doors for our customers by offering them affordable and accessible products. We contribute to the economic development of our markets far beyond just business, through supporting employment and developing new infrastructure.

People: A good place to work
Our people are the bedrock of our success. We cannot achieve anything without their commitment and we strive to attract and retain the best talent we can find. We also actively promote local talent.

Business responsibility: Trusted to act responsibly
We must act responsibly in our core business, with high standards of governance and anti-corruption measures in place. It is vital that we are strict on compliance and that we respect the local laws and customs in our markets.

Material issues and stakeholder engagement

Focusing on what matters

The purpose of producing a CR report is to provide stakeholders with an accurate overview of the company's non-financial performance and to lay out Millicom's approach for how we will address our most material issues in future. To ensure the report addresses the issues that are most significant for our business and our stakeholders we conducted a materiality analysis together with an independent third party, a process aimed at identifying the relative significance of different CR issues to the company. These pages describe the materiality analysis as well as how we have engaged with key stakeholder groups during the year.

CR is a broad concept encompassing many different issues. It is important to understand which issues are the most significant as they affect both our long-term business success and also the decisions our stakeholders make in relation to Millicom.
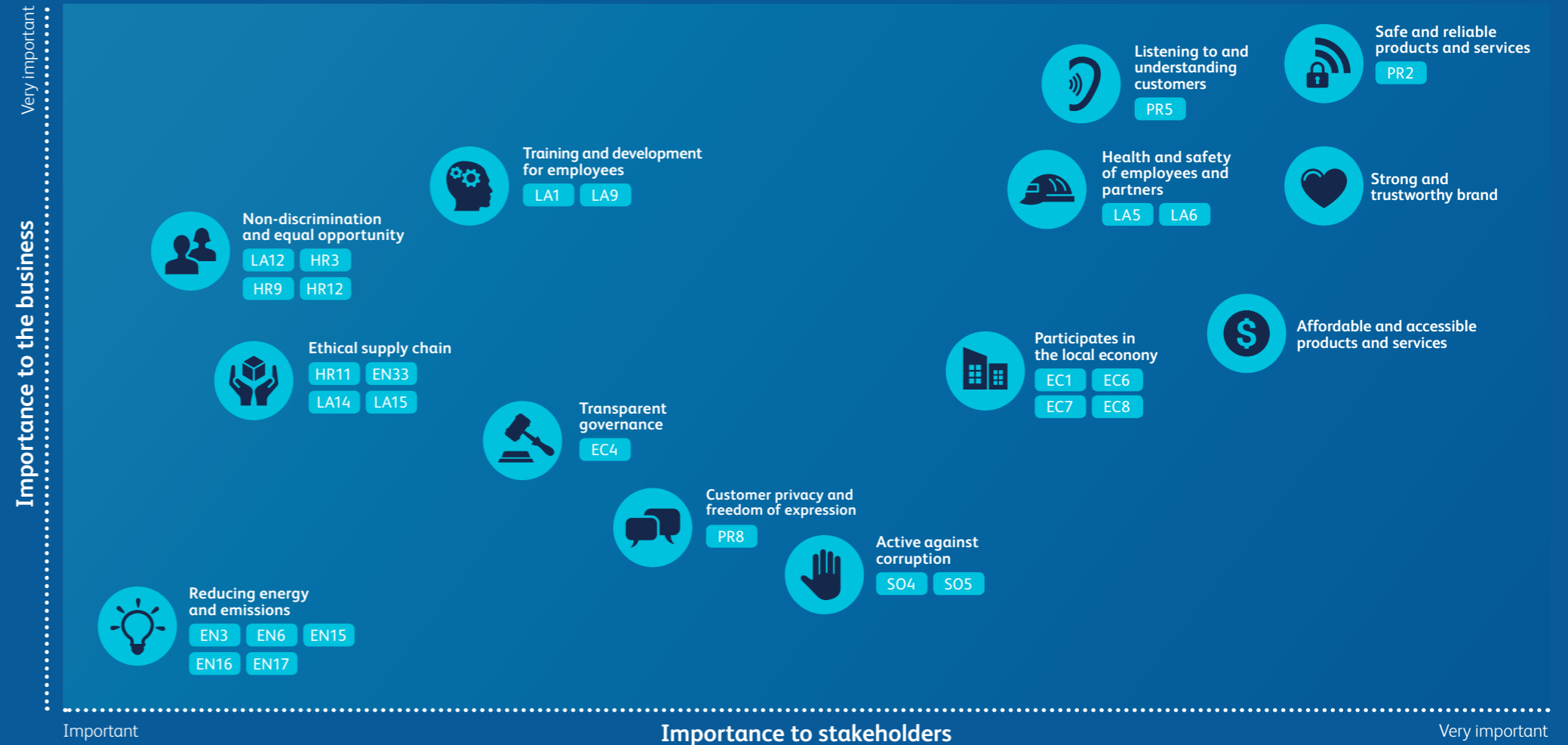
By conducting a materiality analysis we have been able to prioritise what we cover in this report, based on the feedback from both internal and external stakeholders. It is also a fundamental requirement of producing a report in accordance with the Global Reporting Initiative guidelines.

The diagram opposite indicates the issues of the highest importance to both our internal and external stakeholders, with issues towards the top right corner being the most material. We reviewed the impact of the top aspects along the length of our value chain, from research and development all the way to customer service. This helped us establish where issues are important to stakeholders outside our business. We consider all top issues to be material within the organisation. If they are important to our stakeholders, then they are key to our continued success.

We have aligned the issues prioritised through the assessment with what the GRI calls material aspects and their related specific standard disclosures. We have focused our report on our management approach and performance indicators for these issues.

On reviewing the issues prioritised through the process, we have grouped them under Customers, People and Responsible business. We have used this grouping to structure the following sections in this report.

These issues reflect the top 12 prioritised issues in our analysis as well as "energy and emissions". While the assessment suggests that as a business we face more important issues than reducing energy and emissions, it is today expected that businesses are aware of their environmental impact and footprint. Including it in our reporting acknowledges the importance we attach to addressing climate change, and to meeting concerns of key stakeholder groups.

Importance to the business

Very important

Important — **Importance to stakeholders** — Very important

Listening to and understanding customers — PR5

Safe and reliable products and services — PR2

Training and development for employees — LA1   LA9

Health and safety of employees and partners — LA5   LA6

Strong and trustworthy brand

Non-discrimination and equal opportunity — LA12   HR3   HR9   HR12

Participates in the local econony — EC1   EC6   EC7   EC8

Affordable and accessible products and services — $

Ethical supply chain — HR11   EN33   LA14   LA15

Transparent governance — EC4

Customer privacy and freedom of expression — PR8

Active against corruption — SO4   SO5

Reducing energy and emissions — EN3   EN6   EN15   EN16   EN17

XX00 This symbol represents the GRI G4 key performance indicator (KPI) that we have chosen to report on our material issues. GRI, the Global Reporting Initiative, is the leading international standard for non-financial reporting and provides standardised KPIs for reporting CR performance. For more information on the KPIs and where to find them in this report, please see the GRI index on pages 32 to 34.

Two of the issues identified as material for us do not relate to the KPIs provided by GRI, hence why no GRI symbol is indicated for them. Instead, we report on our performance for these issues using internally developed KPIs.

Customers

- Safe and reliable products and services
- Strong and trustworthy brand
- Listening to and understanding customers
- Affordable and accessible products and services
- Participates in the local econony

People

- Health and safety of employees and partners
- Training and development of employees
- Non-discrimination and equal opportunity

Responsible business

- Active against corruption
- Customer privacy and freedom of expression
- Transparent governance
- Ethical supply chain
- Reducing energy and emissions

Material issues and stakeholder engagement continued

Method

We began the materiality analysis process by identifying key stakeholder groups to include in the assessment: Millicom (internal), investors, NGOs, suppliers and customers (all external).

We collected data through online surveys, interviews and research. Stakeholders were asked to score a list containing eighteen issues according to their importance for Millicom to focus on. The list of issues was developed using a range of sources: our previous CR reports, peer benchmarking and a media review. The issues were grouped into three categories: economic; health, safety and environment; and social.

We plotted the average score from our external stakeholders against our internal assessment of the issue's significance to arrive at a materiality matrix (see previous page).

We shared the results of the materiality analysis with both internal and external stakeholders to gather their feedback. They were interested to see the results and content with the conclusions we reached about which issues to focus on in our reporting.

We recognise that we have not involved all our stakeholder groups in this materiality assessment. This was due to the complexities of doing so and we intend to address this in the future. In particular we intend to strengthen the process we follow by including our key stakeholder group of employees.

Regional variations in the findings

The analysis showed that some issues are equally important across all our regions, such as listening to and understanding our customers. However there are also differences between countries and regions.

For example, in certain African countries fundamental safety measures such as road safety and working at heights were very important whereas in Latin America there was greater concern about anti-corruption measures. In French-speaking Africa, where there is a strong trade union tradition, freedom of association was a particular concern. In Latin America people emphasised the importance of safe and reliable products.

These insights help us with our local strategies and are an additional benefit of conducting the materiality process.

Engaging stakeholders makes us a better business

A business has to take account of the views of its stakeholders. It ensures we meet needs, can be responsive to concerns and manage potential risks to our business success. We define our stakeholders as those groups Millicom comes into contact with naturally during the course of our day-to-day activities, and who influence or are influenced by Millicom.

The following table indicates how we engaged each of our stakeholder groups during 2013, the issues we heard they feel strongly about, and what we are doing about them.

Stakeholder group	Engagement in 2013	Important for stakeholder	Resulting actions
Customers	– Brand surveys – Consumer insight studies – Regular customer satisfaction surveys of all most important customer service channels – Face to face engagement in shops, events, mobile customer service vans, through all points of sales – Results of customer feedback surveys were included in the materiality assessment	– Affordable and accessible products and services – Strong trustworthy brand – Safe and reliable products and services	– Training to sales staff on customer service and new products and services – New channels for customer service and education of new services, particularly via social media and in local languages – Focus on improving coverage and capacity of networks, and quality of service – Initiatives to increase transparency of offers, costs and opt-out possibilities
Employees	– Management meetings to introduce new strategy with global heads of functions visiting operations – Management were interviewed for the materiality assessment – Training – Breakfast meetings with local management – Performance appraisal process – Employee volunteering opportunities	– Our use of internal communication channels – Employee concerns are being heard – Non-retaliation for whistle-blowers	– New helpline launched by an external vendor with expanded options for anonymous and local language reporting – Health and safety committees formed in most operations – Launch of communications tool Yammer in all operations – Collective agreement signed in DRC and Chad. Negotiations ongoing in Senegal

Stakeholder group	Engagement in 2013	Important for stakeholder	Resulting actions
Governments	– Meetings with relevant local ministries (Telecom, Finance) and regulators, central banks, consumer protection agencies, municipal governments, local law enforcement – Participation at "Internet Freedom for Global Development" conference by Swedish government	– Licences, telecommunications and other regulation – Quality of service – ICT and development – Internet governance, cyber-security and lawful interception – Child protection, e-waste, competition and anti-trust laws – Taxation	– Industry engagement on the positive benefits of the ICT industry for development – Implementation of new regulation on, for example, transparency, quality of service and customer registration
Investors	– Over 250 meetings with investors, face to face and over the phone – Four roadshows specifically targeted to Socially Responsible Investment (SRI) investors in Stockholm, Paris and London – Two SRI specific investor visits to our operations in Africa – Investors provided input for the materiality assessment through an online survey	– Transparent governance – Safe and reliable products and services – Tax transparency – Inclusive business models	– Ongoing engagement in the Telecom Industry Dialogue on Freedom of Expression and Privacy, particularly on the work around new tools – Anti-corruption risk assessments, training and prevention – Implementation of HSE management system – Meetings specifically to explain our approach to privacy and tax
NGOs and international organisations	– UNICEF global workshop on children's rights and business – Responding to requests for information on issues such as tax payments – Participation in multi-stakeholder forums, such as the Global Network Initiative and Telecom Industry Dialogue learning forum in Brussels – NGOs provided input for the materiality assessment through an online survey – Partnerships with local NGOs in community projects	– Transparent governance – Safe and reliable products and services – Tax transparency – Child online safety – Licence application for Myanmar	– Publishing our first CR report in 2013 – Provided comments to UNICEF Child Online Protection Guidelines draft – Provided comments to Ranking Digital Rights project aiming to create methodology to rank ICT companies on respect for free expression and privacy – Responded and engaged with Human Rights Watch regarding Myanmar licence – Responded to two NGO questionnaires regarding tax policies
Industry	– GSM Association – Telecommunications Industry Dialogue on Freedom of Expression and Privacy	– ICT and development – Human rights and business	– Several projects with the GSMA Foundation relating to Mobile Money, mFarmer, mWomen and mIdentity – Active participation in the Industry Dialogue
Suppliers	– Face to face meetings with suppliers – Friendly visits to suppliers – Suppliers provided input for the materiality assessment through an online survey	– Health and safety of employees and partners, child labour – Listening to and understanding our customers	– Implementation of global HSE management system – Reassessment of suppliers based on reviewed risk profile – Global management of customer understanding and customer operations – Renegotiation of supplier contracts towards longer-term relationships

Customers

Making the digital lifestyle a reality

Highlights

Safe and reliable products and services:
In Paraguay, our Tigo Digital Citizen programme has educated 11,000 students, parents and other community members on responsible and safe ways to use information technology

Listening to and understanding customers:
This was a key focus area for us in 2013. In Africa we aligned our satisfaction metrics, and in Paraguay, for example, call centre satisfaction rose from 59% to 72% and in-store satisfaction rose from 68% to 80% during 2013

Affordable and accessible products:
93% of our customers are pre-paid, and 40% of them spend less than one dollar a month with us

Participating in the local economy:
Almost all our customers live in cash economies but one in six of our customers now use our mobile networks to send and receive money
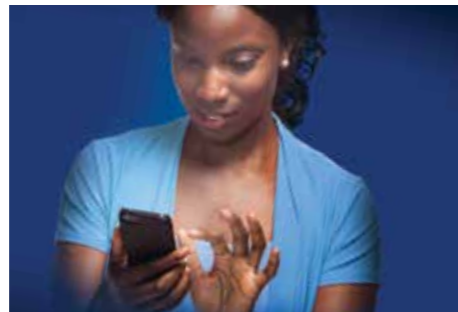
Strong and trustworthy brand:
Tigo is the number one or two brand in 85% of our mobile markets

A business is only sustainable if it looks after its customers and makes a positive contribution to their lives. As Millicom is transforming into a diversified digital player, we know more than ever that we have to earn the trust of our customers and wider stakeholders in our markets. We need to be responsive to our customers, giving them access to a digital lifestyle at a price they can afford, with a service that is safe and reliable. Operating in emerging economies presents opportunities for us to contribute to their growth and development. As one of the largest companies in our markets, this will help us become a strong, trustworthy brand and secure our own future as a successful business.

Safe and reliable products and services

Our customers rely on us to deliver safe and reliable digital lifestyle products that let them stay connected.

As we introduce the latest innovation through our ever-expanding product and service offering, we make sure our sales team works with customers to teach them how to get the most from the new information and communication technologies at their disposal.

In all of our markets in 2013, we made significant investments in training sales staff, improving our sales offices and introducing new ways to reach our customers to demonstrate the benefits of Internet access and mobile financial services. This is both to lower the threshold of adopting these services, but also to make sure customers feel in control of new services and can make them best fit their needs and resources.

When we launched our 3G service in Senegal in December we provided, as the first operator to do so, guidance to help our customers understand how to control their data use and send them notifications on their data usage to avoid "bill shock".

We have overall increased the transparency of our terms of service by working with suppliers of products and services to clearly indicate costs, make sign-up to any service an opt-in process, and make opting-out easier to do.

In several of our markets, we have also started to work on customised digital education programmes to make sure that local customers understand how to use new technologies responsibly.

Connecting with customers
There are many different ways in which we connect with our customers. In addition to face to face meetings at our stores and roadshows, we connect through other channels such as call centres, websites and social media networks.

Examples of such programmes include:
– In Honduras, our Responsible Use of ICT programme teaches children and young adults about the potential dangers of the Internet and how to use information and communication technologies safely and responsibly.
– In Paraguay, in a similar project, the Tigo Digital Citizen programme has educated 11,000 students, parents and other community members on responsible and safe ways to use information technology and to avoid risks.
– In Tanzania, we are educating customers about the importance of protecting themselves against phishing schemes by keeping their mobile financial services related PIN numbers confidential.

Quality of service   EC7

In 2013 we invested significantly in our networks to improve both their capacity and geographical coverage. These investments will give more people access to mobile communications, improve the quality and reliability of the service we provide and ensure that our networks are prepared for the increased capacity requirements that come with mobile data services.

Still in 2013, for example in Bolivia and Guatemala, we increased the reach of the networks to previously completely unconnected areas. Investment in building mast towers helps us to reach out to more customers but also has a beneficial impact on the community more broadly through increased connectivity. In Bolivia we put up 112 new towers in rural areas in 2013 to bring access to mobile telecommunications and to expand our network coverage.

In Tanzania our significant investment in improving network coverage and capacity saw Tigo win in the "Best Network Improvement" category at the AfricaCom Awards, Africa's largest communications conference and exhibition. Thanks to the upgraded equipment customers in Tanzania experienced a 70% reduction in network outage time, a 63% reduction in call drops and a 300% increase in data throughput.

Listening to our customers   PR5

At Millicom, our commitment to our customers moves in two directions. We strive to provide our customers with the best possible products and services, and we eagerly seek out their thoughts and reactions so we can continue improving and innovating to meet their needs. We listen to our customers' feedback and concerns in our stores, as well as through roadshows, call centres, websites, social media networks and other channels.

In early 2013, we created our Customer Understanding team to follow customer trends at a global level. The team conducts three global surveys each year, tracking and generating both quantitative and qualitative data. The team also carries out local customer satisfaction surveys on a country level, as well as more specific surveys to understand why certain types of behaviour occur in certain markets. We share this knowledge with our Innovations team to bring customer needs into in the development process of new products and services, and to our Sales team to improve the ways we reach and serve our customers.

As a result of such insights, we are able to create new products that address our customers' everyday needs and aspirations. Popular products in Africa include "Lend me" products directed at customers with irregular incomes, as well as audio entertainment services with religious information, jokes and daily news, which are accessible also to illiterate customers.

On a regional level, we have various initiatives to address customer feedback. For example, our "Voice of the customer" team in Latin America assesses and analyses the top issues raised by customers, and assigns representatives to address them. The team is comprised of representatives from across the whole company, including operations, quality, customer care, marketing and manufacturing. The top three issues customers contacted our call centres about in 2013 were cancelling subscriptions, navigation issues and handset configuration. To address these, we made it easier to unsubscribe, we introduced an alert when customers are close to using all their data allowance and we developed an interactive voice response system to simplify setting up handsets.
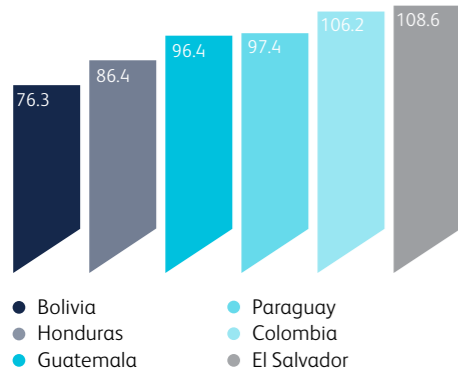
Percentage of mobile customers who are pre-paid

93%

40%

of them spend less than a $1/month with us

Capex in 2013   EC7

Total

$1.2bn

Latin America

$871m

Africa

$333m

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Customers continued

We also have a significant number of users who spend nothing with us: they use their phones only to receive calls or money transfers. We recognise they play a vital role in creating a connected economy.

To achieve the highest level of customer satisfaction, we have recently begun implementing an "effortless experience" philosophy. To achieve the goal of making our customers' experience effortless, we are changing from a cost-centric KPI model to a customer-centric model to support what customers expect from us. Namely, providing options and solutions to our customers as well as investing in training to ensure that our consultants are knowledgeable and can resolve the customer's issue the first time they contact us. As a result of this initiative, we are already seeing improvements in several markets in call-centre satisfaction and first-call resolution. In Paraguay, for example, call-centre satisfaction rose from 59% to 72% and in-store satisfaction rose from 68% to 80% during 2013.
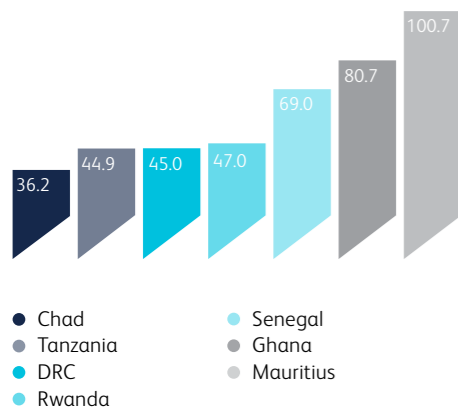
In 2014, we will continue to improve on our customer service practices, providing training on change management for frontline consultants and stores for all our operations. We will be starting this in our Latin American operations, where we will be rolling out a world-class customer relationship management (CRM) platform as well as a new billing system.

How we communicate with our customers depends on the technology available where we work. In Chad, for example, where there is no call centre yet, we have launched an interactive voice response (IVR) interface as a key communication tool. In 2013, customers, whether they can read or write, are able to receive help in six new languages, including local tribal languages. In eight of our twelve Tigo markets the Tigo Facebook page is the most "liked" company page on Facebook, and has in many countries become one of the primary channels for communicating with our customers. This is also the case in Chad, where 3G has not yet been launched and customers access Facebook via SMS or USSD interface.

Mobile penetration in our Latin American operations

76.3 Bolivia
86.4 Honduras
96.4 Guatemala
97.4 Paraguay
106.2 Colombia
108.6 El Salvador

● Bolivia　　● Paraguay
● Honduras　　● Colombia
● Guatemala　　● El Salvador

Mobile penetration in our African operations

36.2 Chad
44.9 Tanzania
45.0 DRC
47.0 Rwanda
69.0 Senegal
80.7 Ghana
100.7 Mauritius

● Chad　　● Senegal
● Tanzania　　● Ghana
● DRC　　● Mauritius
● Rwanda

Affordable and accessible products and services

Millicom is dedicated to making mobile and digital technology affordable and accessible in Latin America and Africa. Ensuring that every person, regardless of their resources, can access communications and information services doesn't only make good business sense for a company like ours – it's also how we can have our greatest positive social impact.

Our key strategy of "affordability, accessibility and availability" is meant to increase access to communications and information services across the board. Most of our 50.6 million mobile customers are part of the world's largest but poorest socio-economic group, sometimes referred to as "the bottom of the pyramid". 90% of reloads for airtime by our customers are for $2 or less. Nearly two-thirds of our customers bring in an average monthly revenue per user (ARPU) of less than $5, and 40% have an ARPU of less than a dollar.

We also have a significant number of users who spend nothing with us: they use their phones only to receive calls or money transfers. We recognise they play a vital role in creating a connected economy.

In order to make our products and services more affordable and to respond to the reality that many of our customers have very irregular incomes, we offer a range of solutions. Often our customers need to just make one call, or have money for just one SMS. Our pricing is structured per second, not per minute as in developed markets, to allow for these situations where "every second counts". We allow top-ups at the lowest local denomination to make sure that people can top up their accounts even for one call if needed. Our "Lend me balance" service even allows customers who have sporadic income to borrow for an urgent call or a text message if they do not currently have the money for it. Millicom then charges a small fee the next time they refill their account. Our lending products were used by 40% of customers in 2013 and by nearly 60% in Rwanda.

In these ways and more, we are doing our part to bridge the digital divide, ensuring that the digital lifestyle is not only attainable for those with higher income.

Tigo is the most "liked" company on Facebook in

8 markets

Millicom and Facebook for affordable internet

From December 2013 Tigo customers in Paraguay have been able to access Facebook through their handsets without incurring any data charges, in a six month long promotion. In partnering with internet.org, launched by Facebook founder Mark Zuckerberg, Millicom is leading the digital way in Latin America, joining the movement to making internet access available to the estimated two-thirds of the world's population who are not connected.

Connected with its partnership with Tigo, Facebook also launched in Guaraní for the first time, the official native language of Paraguay. Guaraní remains one of the most widely spoken indigenous languages in South America, with an estimated 4.8 million speakers spread throughout Argentina, Brazil, Bolivia and Paraguay. More people in Paraguay speak Guaraní than Spanish, and it is considered the only indigenous language in the Americas whose speakers include a large proportion of non-indigenous people.

With our Facebook pages being one of our key channels for communicating with customers, making sure that as many people as possible can access Facebook has a direct link to improving communication with our customers.

Senegal
In Senegal, we apply a daily cap to online browsing costs. Once a customer has spent $2 on data in a day he or she can browse for free for the rest of that day.

Customers continued

Number of outlets (points-of-sale) per region:

Central America

144,000

South America

187,000

Africa

385,000

Participating in the local economy `EC8`

By making mobile and digital technology affordable and accessible in developing countries around the world, bridging the digital divide, we are making a positive difference to local economies every day. Millicom contributes to local economic development in the countries where we operate also beyond the products and services we provide. We bring job opportunities to local talent, stimulating the local economy through our presence, contributing to infrastructure development, building knowledge capacity and adding to the tax base. We also contribute to the communities where we operate through The Millicom Foundation.

We provide employment and opportunities for additional income and experience to many members of our local communities, beyond our 11,500 plus employees. In addition to our permanent staff are the people who sell our products and services, ranging from sale of SIM cards and prepaid scratch cards to mobile financial services through Tigo Cash. There were 716,000 outlets at the end of 2013, where our products and services were sold across Latin America, Central America and Africa, often adding to the income of small shop owners. At the end of 2013, we worked with over 40,000 freelancers to sell our mobile products and services across our markets. We provide an eight-week sales and business training programme for our freelancers called Tigo Sales School which helps them grow their income and gain a profession for life (see more in the "People" section).

Local recruitment
At every level of the organisation, we focus on hiring and developing local talent. Doing so helps us understand our local markets better, and also gives us another way to contribute to the local economy. 99% of our employees are recruited locally.

Fairly significant differences on local recruitment, particularly in senior management, existed between Latin America and Africa, partly due to the maturity of the organisations in general. To promote local talent in Africa, in 2013, we launched a LinkedIn campaign to attract new people to our organisation. We have also recently hired or promoted local talent to the new position of "Deputy General Manager" in several operating countries. The London office, which opened in 2013, has helped attract people with roots in our markets and now houses our Africa regional team.

Investing in a digital future
In the west, we now take access to mobile data for granted. We expect there will be 3G – or 4G – access almost wherever we go. In 2013 we invested close to $1,000 million out of a total capital expenditure (Capex) of $1,226 million on increasing network capacity in the countries where we operate to respond to the growing demand for mobile data. Of the total Capex, we paid local regulators $201 million on new spectrum and licences, including 4G licences in Colombia and Honduras. New spectrum allows us to increase the capacity of our network and further improve the quality of our services.

In Africa we have previously focused our network coverage in high density areas, such as big cities. For two years now we have been working to expand our coverage. We try to benefit from existing networks and share towers with competitors already present in these areas – both to expand more rapidly and cost effectively, but also to reduce our environmental impact.

To promote digital development and entrepreneurship, we established in March 2014 a business incubator in Rwanda for scalable, exportable start-ups in the ICT arena. Participants will receive startup financing as well as free access to office space, a structured training and coaching programme, access to Tigo technical resources for product testing and trials, and support from Millicom in accessing outside investors and customers.

Economic value generated and distributed ($m) `EC1`

	2013
Direct economic value generated	
Revenues	5,159
Economic value distributed	
Operating costs	(2,050)
Wages and benefits	(474)
Payments to providers of capital	(500)
Payments to government (income tax only)	(322)
Direct community investments	(7)
Economic value retained	**1,805**

Increasing the reach of mobile money
Another important feature of the markets where we operate is that they are almost entirely cash economies. With the exception of Colombia, almost all flows of money are based on cash. By developing mobile financial services we are creating electronic payment systems which have far-reaching benefits.

By the end of 2013 one in six of our customers was using mobile financial services. In Tanzania, the figure rises to 45% and across Africa in the countries where the service is launched, 23% of our customers use their mobile phones for financial transactions.

Transforming cash into electronic money makes it easier and safer for people to transfer money, whether that is to send remittances, pay bills, buy goods and services or receive their salary. Doing transactions electronically is also hugely more convenient, instead of having to travel long distances to the bank or relying on local bus drivers to bring money across the country. In many countries, consumers pre-pay for utilities such as electricity and water. If credit runs out, it is much more convenient to resume the service by paying a bill instantly with a mobile phone.

Electronic transactions bring more people into the formal economy, allowing them to create a history of financial transactions for the first time, which in turn can give them access to credit finance, and brings potential new customers to banks.

Mobile money has also helped revolutionise the way people in need get financial help. In Chad, we work together with the World Food Programme and Action Contre la Faim to distribute aid using our Tigo mobile money service. In December 2013, we also teamed up with Oxfam to reach hard-hit families in Guatemala with financial aid using mobile technology.

Mobile money also helps fight corruption and increases transparency. With mobile financial services, people and businesses can deal directly with each other, cutting out middlemen. It also improves the government's visibility on money flows, which helps increase the potential tax base.

Importantly for us, mobile money can act as a payment method for future online services. In short, mobile money helps financial services in the developing countries where we operate to mature and grow.

Paying our taxes
Millicom has a global tax policy which is developed by the head of tax and approved by the group CFO, the executive team and acknowledged by the Board of Directors. The policy is reviewed at least yearly, or as needed, and implemented by local tax teams in operating subsidiaries under the supervision of the global team. Compliance with the company tax policy and local tax laws is monitored by financial reporting and controlling, internal audit and control, external tax audits, and in some countries with monitoring systems installed in telecommunications networks.

We would describe our tax position as "prudent and fair". Millicom does not negotiate specific tax concessions with local authorities. However on some occasions, together with the industry, we do challenge new tax initiatives that we see as harmful for the sector's development or that would result in price increases that would affect certain populations' access to communications services.

In our holding company structure all of our profits are taxed in our operating companies, but some potential double-taxation is avoided in the absence of bi-lateral tax-treaties with Luxembourg. In 2013, as in 2012, we paid taxes in all countries where we have operating companies. Transfer pricing is used in line with the OECD guidelines to charge subsidiaries for the support provided by our global centres of excellence located in Europe and the US. We use intercompany loans in line with the "arms length" principle to finance operations in specific countries where the political risk profile is measured as "high".

We report taxes paid by region, in line with our overall financial reporting (see table for taxes paid). In addition our operations pay a number of other taxes which are not based on earnings including telecom tax, indirect tax, VAT and excise duties, withholding tax, payroll tax, asset tax and wealth tax.

Taxes paid in 2012/13[2]

	Central America	South America	Africa	Unallocated items	Total continuing operations
2012 ($m)	(131)	(76)	(32)	(45)	(284)
2013 ($m)	**(156)**	**(85)**	**(21)**	**(60)**	**(322)**

Digital 'Susu'
Mobile Financial Services are incredibly popular due to their convenience and safety. In Ghana we have worked with women who offer 'Susu' (a savings service) in local markets to transfer savings into mobile wallets for added security and easy access to their money. This project was nominated for a GSMA 2014 Award, and we expect 50,000 users of the service by mid 2014.

Customers continued

The Millicom Foundation making a difference

Using Tigo's mobile money service, Oxfam has distributed

$282,000

to 1,700 hard-hit families in Guatemala's Chiquimula province, an area badly affected by child malnutrition, the San Marcos earthquake in 2012 and drought

Participating in the local community is not just about developing infrastructure and increasing the reach of our services. It is also about using the power of our networks and technology to overcome social challenges in the societies we are working in.

Millicom spent over $7 million on direct investment into charitable and community projects. When also taking into account the monetary value of employee volunteering, in-kind donations and management overheads related to these projects the figure exceeds $12 million. To maximise the impact generated from this expenditure we invest in strategic, sustainable projects that fit with our digital business. The implementation is often undertaken in co-operation with established partners such as UNICEF, Oxfam or Action Contre la Faim.

In the future all of our social impact activities will be bundled and driven by The Millicom Foundation. The mission of the foundation is to "empower societies with digital tools".

Three programmes will further systemise our approach and build on the successful activities that we are already involved in:

– Innovation programme: We are screening the best digital ideas and products that help overcome a social challenge
– Implementation programme: Realising the most promising tools in one market
– Scaling programme: Preparing projects with measurable social impact for replication in other countries

Social impact investments in 2013

	US$ ('000)
Social impact spending/ philanthropic cash contributions	$7,368
Monetary value of employee volunteering[3]	$127
In-kind giving (at cost)	$3,733
Related management overhead costs	$1,263
Total monetary value of corporate citizenship/ philanthropic contributions	**$12,491**

The mission of The Millicom Foundation is to empower societies with digital tools

Empowering societies with digital tools

Innovation Programme > Implementation Programme > Scaling Programme
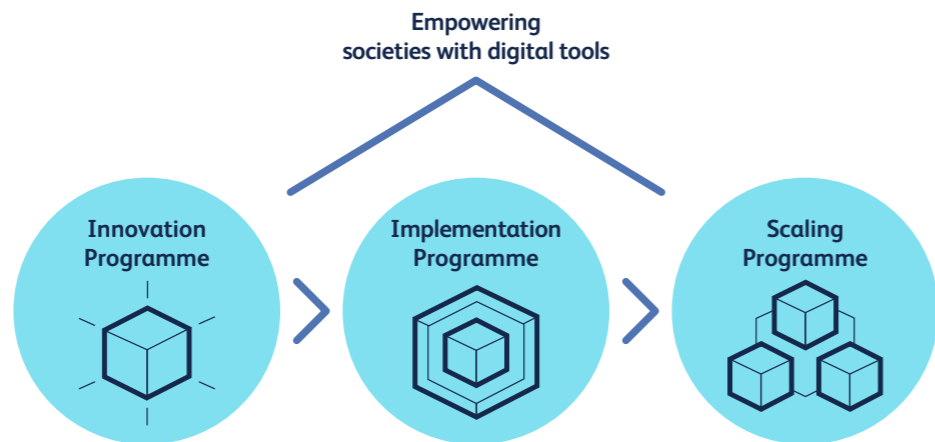
Mobile birth registration

In six months Tigo Tanzania together with UNICEF has registered over 100,000 children in a pilot birth registration project.

In the West we don't even reflect upon the consequences we would face if our parents would not have registered our name and date of birth. Having a name and an identity is a right enshrined in the UN Convention on the Rights of a Child. As simple as it appears, the vast majority of children in Sub-Sahara have never been registered. In Tanzania, a combination of a lack of local registration offices in rural communities, and a tradition to delay naming a new child for several weeks after birth, led to a situation where less than 20% of children under 5 were registered, and less than 9% have a birth certificate.

For the child, a certificate is a proof of age, protecting the child from early recruitment into armed forces, early marriage and child labour and allowing them access to healthcare, schooling, food and eventually a job. For the country, it means that the Tanzanian government can properly and efficiently plan its education and healthcare systems.

As the Tanzanian government de-centralised its birth registration system, Tigo partnered with the Tanzanian national registry, RITA and UNICEF to develop a mobile SMS-based application that could work on even the most basic mobile phones. Information about the child is sent via SMS to a central server and after receiving an automatic response, the registration worker is able to instantly issue a birth certificate.

A pilot project was set up in the Mbeya region in June, 2013. Six months later in December 2013, the rate of birth registrations of under 5-year-olds in the region has increased from 9% to 36%. In 2014 the project will be rolled out to other priority areas – giving Tanzanian children a better future through the power of SMS texting.

Many other areas of community engagement are featured on the Millicom website.

Senegal
In Senegal we provided the mobile communication platform for the national census.

Overview 01-09

Approach 10-27

Performance 28-36

People

A good place to work

Highlights

Training and development of employees:
Average hours of training

53

Percentage of employees who have received anti-corruption training

64%

Non-discrimination and equal opportunity:
Number of nationalities among employees

76

Health and safety of employees & partners:
Our health and safety incident reporting tool and accompanying training module was successfully tested during 2013

More detailed KPIs in the performance data section
Page 28

Whether they work in our head office, a storefront in Paraguay, or on top of a telephone pole in Ghana, our people are the backbone of our business. Our highest priority is to ensure our employees' wellbeing while on the job. We aim to deliver this through our integrated health and safety management system and regular communication with staff. We are also committed to our employees' professional development which we review through the annual performance appraisal process. We listen to our employees' feedback through our biannual Employee Engagement surveys, and through our enterprise social network, Yammer.

Employees by region (total)

	2013	2012
South America	**39%**	39%
	(4,413)	(3,902)
Central America	**35%**	37%
	(3,986)	(3,683)
Africa	**22%**	22%
	(2,547)	(2,186)

A safe and healthy work environment `LA5`

Millicom is dedicated to providing a safe and healthy work environment for our employees, contractors and business partners. Not all of our operating countries have ratified relevant health and safety conventions, which can mean more investment is required from us to ensure best practice is implemented and also kept up. Following a successful pilot in 2012, we maintain a health, safety and environmental (HSE) management system, as well as a number of related procedures to recognise various health and safety codes, regulations, acts and standards. Our system is aligned with relevant international standards, ISO9001 (quality), ISO14001 (environment) and OHSAS18001 (occupational health and safety).

One of the first outputs from our fully integrated HSE management system is our incident reporting tool and accompanying training module, which was successfully tested during 2013. We will use this tool in 2014 to collect our first complete year of data on incidents and accidents, and intend to begin reporting on relevant key HSE performance indicators in our 2014 CR Report.

We expect the number of reported accidents and incidents to increase as people learn how to use the new system. After reporting starts to normalise, we intend to set targets.

As part of our commitment to health and safety, we are working to establish Health and safety committees in all our operations. These will have employee representation on them, which we believe is vital as it improves the flow of information to and from employees where it is needed and also because it improves management/employee communications. So far we have established H&S committees in 62% of our operations, some of which will be fully operational in 2014.

Since 2012 we have participated in the ILO international occupational health and safety day. Millicom extends and coordinates this into a full week. In 2014 we anticipate the whole of the operations to participate with coordinated efforts including the four corporate office locations.

Training to be safe is vital
Employees complete a wide variety of safety programmes to ensure that they have the appropriate knowledge to safely complete their tasks. For those working in our offices, for example, this includes ensuring fire safety through proper equipment, fire drills, clear exit ways, assigning fire marshals, as well as workstation setup and ergonomics, etc. We are initiating a training programme for our engineers (called the Telecoms Safety Passport Scheme to Telecoms Industry), accredited through the leading industry safety body worldwide International Occupational Safety & Health (IOSH). We believe that this training represents current best practice in Africa.

We own and operate a fairly substantial fleet of vehicles, which are used mainly by base station site maintenance staff as well as to transport our indirect sales staff to points of sale. Of all health and safety risks, the management of road risk is a priority as there is a high risk of serious incidents due to the general poor condition of roads and lower awareness of safety considerations in general. This is why, over the course of the last year, we have made more investments in vehicle tracking devices and training to reduce road risk. In Tanzania, largely as a result of this project, we saw zero fatalities during 2013 compared to six only the year before.

Tailoring our programmes to meet local needs
In 2013 we embarked to complete a security review for all of our countries as part of the new corporate security strategy. In operating countries where personal safety and security are a concern, we track security levels and provide continuously updated safety guidelines for our employees with aid of Travel Tracker. All employees have access to International SOS (ISOS) Services & Emergency support through online and telephone assistance or on the move via the ISOS App, which allows them to have access to updated medical and security information and local emergency numbers wherever they are and to confirm their whereabouts and contact details at all times.

In some of the African countries where we operate, the occurrence of blood borne viruses such as HIV and AIDS is an ongoing concern among the population. To help curtail the spread of this epidemic and address discrimination that often surrounds it, we held an AIDS awareness programme in Rwanda during 2012 partnering with the NGO Swedish Workplace HIV/AIDS Programme, which was attended by close to 200 staff members. Subsequently we also launched an HIV/AIDS and non-communicable diseases policy
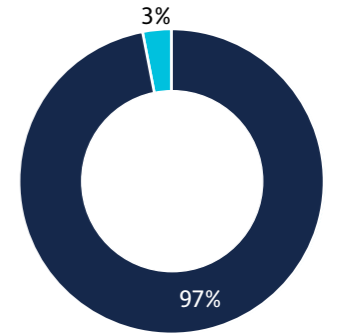
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in Tanzania and DRC in 2013, with plans to implement awareness activities and screening in 2014.

Employee training and development
As Millicom transforms itself from a telecommunications company to a digital lifestyle company, we need new skills in our organisation. This can be a challenge in our markets, where the services we are providing are still new. This is one of the reasons why we invest in developing the skills of our existing employees.

While our training philosophy emphasises on-the-job learning, in 2013 we put a lot of effort into improving the online training offering. Most of our training we now conduct under the banner of the "Millicom University".

Leadership and change management training
In 2013, we instituted a "train the trainers" programme. Starting with Costa Rica and Honduras, we held a training workshop in London for 20 key personnel from human resource and business functions. Our target is to have provided this training for all department heads in each country by the end of 2014 to ensure that both the personnel as well as the business side of change is considered as Millicom develops.

This year we ran a pilot programme of 360° evaluations for managers with the aim of proving personal development plans for evaluated managers. To have direct reports, peers as well as line managers comment on a manager's performance, represents a shift in culture for us. We were pleased with the results of the pilot and we will be extending it during 2014.

Online learning platform
We set up an online learning platform in 2013 which allows us to manage both online and face to face learning initiatives with content providers including Harvard, SkillSoft and getAbstract to mention a few. It gives our employees access to different online courses across a variety of business skills (e.g. finance, IT, business management and language). We piloted this platform with the acquisition of 4,000 licences, granting access to approximately 45% of our employees. Our goal for 2014 is to acquire 6,000 additional licences so that the big majority of our employees can access the learning platform.

Key facts

Total employees[4]

11,321

Outsourced workers

5,032

Total workforce[5]

16,353

Employees by employment contract

3%

97%

● Permanent – 10,960
● Fixed term/temporary – 361

Following further investments in vehicle tracking devices and training to reduce road risk as part of our HSE management system, we saw zero fatalities in Tanzania in 2013, compared to six only the year before.

People continued

Tigo Sales School
Providing more training to our sales force is delivering excellent results.

Trained vs untrained

Total revenue per freelancer per month

+60%

Activations per freelancer per month

+79%

Turnover (hired and left in 2013)

80% lower

Total trained as percentage of all freelancers

29%

On the job learning

As part of our 'on the job learning' programme, we provide employees with opportunities of job rotation within our different markets. This is a chance for our employees to travel and see the world, a highly valued opportunity, and at the same time facilitate sharing of best practices within the company. In many functions, such as Human Resources and Finance, local talents come to the headquarters locations for a few months to experience the business from a different perspective and learn specific skills. Some return to London or Luxembourg to take up global roles.

Our employees' performance, development and career progression are supported by our annual employee appraisal process. In the process, employees agree annual performance targets with their line managers, which are reviewed mid-year. The targets align with company strategy and are meant to challenge and motivate employees to improve their own skills and performance. At the year end, performance is reviewed by both employee and line manager. A new performance management tool will be rolled out in 2014 to support this process and help strengthen it with inclusion of specific career development goals.

Compensation and benefit packages for our employees vary between countries and employee grades. Most employees' compensation focuses on base salary and a yearly performance bonus. In local operations, the benefit package often includes in-office medical facilities and health insurance also for families. For the freelancers who work with us, we provide daily breakfast and transportation to the place of work.

Training   LA9

	2013[6]	2012
Average hours of training per employee	53	50

Combining CR and business benefit in Tigo Sales School

We recognise that providing training to and investing in people beyond our direct employees can have a significantly positive effect, not just for our business, but for the local communities where we work as well.

Tigo Sales School is an eight-week sales and business training programme for freelancers, currently running in five African countries (Tanzania, Rwanda, Senegal, Ghana and Democratic Republic of the Congo), reaching more than 7,500 freelancers and almost 40,000 point-of-sale distributors during 2013. We are currently preparing for the launch of this initiative in Latin America, which will start in El Salvador, Paraguay and Bolivia.

The trained freelancers are significantly increasing their commissions and providing themselves with an income level that, in some cases, is over 1,000% higher than the period before they were trained. Many are reinvesting part of this income back into their business and developing further revenue streams. This is facilitated by the specific business skills training provided to them during the sales school, which teaches and encourages them to build and manage a long-term sustainable business for themselves.

Tigo Sales School is not only positively impacting the life of the freelancers and the overall performance of our sales staff, but also families and the communities in which our freelancers live. With this entrepreneurship training, participants can go beyond improving their current income to gain a profession for life as they are equipped with skills to start their own business. Many of our freelancers have only completed basic schooling prior to working for Tigo – making this training part of a critical path towards sustained future income. Millicom also makes a big effort in organising graduation ceremonies with diplomas and senior management presence. These events have turned into big celebrations with families of freelancers present to witness them receiving their first professional diplomas.

As freelancers improve their performance they are given the opportunity to add additional services to their portfolio, which helps them to generate further incremental revenues. For example, after training a number of our direct sales force specifically in Mobile Financial Services (MFS) our sales of MFS in Ghana two months after launch had increased by 31%.

Tigo's trained freelancers have been able to consistently deliver increased returns from their interactions and conversations with our customers. Our trained freelancers are able to retain more of their customers and reach more customers on a consistent basis each month. Their commitment to Tigo is also significantly stronger.

During 2013, we initiated rolling out the Tigo Sales School in Latin America with pilot projects in Bolivia and Colombia. Our target is to roll out the training to cover all our countries during 2014.

Diversity and equal opportunity

Millicom employs over 11,500 people in its markets and headquarters. We believe that diversity among our employees not only helps us to achieve our common goal of meeting the needs of our globally diverse customer base, but importantly is a driver for continued innovation.

We are proud of our very diverse workforce, which at the end of 2013 comprised 76 nationalities which well represents our geographical footprint. Most of our employees

are either local or from neighbouring countries in the region. In 2013, we made considerable efforts to recruit more local talent in Africa and are pleased that local recruitment in senior management grew to 82% from 76% in 2012.

Women represented 38% of new hires, a figure which has helped push total percentage of women in our employees to 33% in 2013 compared to 31% in 2012. The number of women in senior management positions fell to 19% compared to 21% one year ago. We recognise the need for action in this area, and will be implementing specific actions to address this trend in 2014.

We have been focusing on promoting female entrepreneurship within our freelancer base. In Ghana, Rwanda and Tanzania we have done this by providing female MFS agents with business training and microfinancing through loans with subsidised interest rates from microfinance institutions in a partnership programme with The Cherie Blair Foundation. Providing free training to female entrepreneurs is one of the ways we work to reduce gender-based inequalities that exist in the access to education.

Employees by gender (total)

	2013	2012
Female employees	33%	31%
	(3,690)	(3,085)
Male employees	67%	69%
	(7,631)	(6,985)

Respecting labour rights

Given the risk profile of our markets, we need to ensure that we respect international labour standards.

In June 2013 we signed a collective bargaining agreement covering all employees in DRC. In Senegal we faced challenges in labour relations in 2013. A long licence dispute with the local government had meant we had not been able to invest in our services nor our people in a way we would have wanted to for some time. After the dispute was resolved, expectations of our staff were high and culminated in a three-week strike in May 2013. As a result, we are currently in discussions with local counterparts for a collective agreement, which we expect to be concluded in the first half of 2014.

With the increased risk of child labour in the countries we operate we have zero-tolerance for under-aged employment. During 2013, the Global Child Forum, a non-profit foundation, and The Boston Consulting Group made a joint study where they assessed how 1,000 publicly listed companies address and incorporate children's rights in their business strategy and operations. Millicom is proud to be among the 57 companies that received the highest score in the assessment. In 2014, we will continue to develop our management of this important area.

### Developing and supporting our people more

Clear and open communication with our staff is vital, not only to be able to respond to their concerns, but also for them to be able to do their jobs effectively.

We regularly conduct an employee engagement survey, with the last one in 2012 and the next survey planned for early 2015. Global senior management visits operations frequently to support their activities and update them on strategy. Locally, management engages with staff in a number of ways, including breakfast meetings, newsletters and emails.

We use the enterprise social network Yammer so employees can communicate freely with each other. Our CEO is also active on Yammer, using it to post regular videos on our progress and to celebrate our achievements. During 2013, we rolled out Yammer in all our operating countries, reaching 13,000 users globally. We have started doing live events on Yammer where employees, regardless of seniority, can ask questions which executives answer live. We believe we are one of the most active company users of Yammer.

2013 has also been a year of change and transformation in our employee base, as we are bringing new talent into the organisation. In 2013, we welcomed 2,400 new employees. Overall employee turnover was 14% driven up in particular by Central America, where the business environment has been challenging in the year.

Employees hired from the local community[8]   EC6
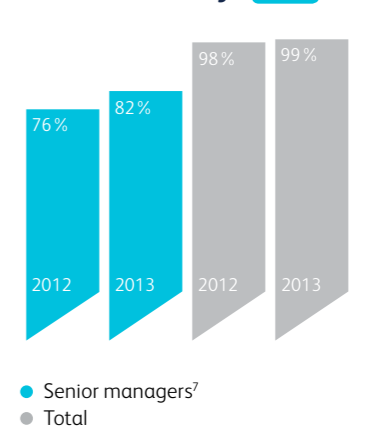
- ● Senior managers[7]
- ● Total

In 2013, we made considerable efforts to recruit more local talent in Africa, and are pleased to say that local recruitment in senior management grew to

82%

from 76% in 2012.

Responsible business continued

Percentage of employees that have completed the Conflict of Interest declaration

67%

We developed and launched our Conflict of Interest Declaration tool in 2012 to reduce the risk of corruption in one of the highest risk areas for us. With this tool, employees complete a form to declare whether they have any potential conflict of interest. When a potential conflict is flagged, the issue is brought to the attention of their line manager and, if necessary, to the executive level for decision-making. At the end of 2013, 67% of our employees had signed such declaration.

Our anonymous helpline is available to any of our employees or partners to report any suspicious behaviour they have identified that does not align with Millicom's values and policies. In 2013, we made our helpline fully independent, confirming our commitment to non-retaliation against whistle-blowers. This independent service, which is available in several languages, ensures that whistle-blowers can remain anonymous throughout the investigation process, even when they are being updated on progress. This anonymity is crucial to encourage reporting. During 2013, a total of 177 cases were reported through either this channel or directly to a line manager. Out of these, 80% led to a formal

investigation and 51% resulted in either a written warning or employee termination.

To ensure that our employees are aware of our policies on ethical business conduct, we conduct in-person integrity awareness trainings with all staff with a total of 6,149 having taken the course by the end of 2013. Of our Board of Directors, five out of eight (63%) received anti-corruption training during 2013.

No public legal corruption cases were brought against Millicom during the reporting period.

Number of cases reported into the Helpline by category `HR3` `HR12`

	2013[9]	2012
Bribery and corruption	1	5
Discrimination and harassment	6	10
Human rights and labour	15	14
Conflict of interest	3	14
Fraud	76	17
Other	76	17
Total	**177**	**77**

`HR3` `HR12`	Number of whistleblower investigations conducted	Investigations resulting in a written warning	Investigations resulting in termination of an employee contract
Bribery and corruption	1	0	0
Discrimination and harassment	5	0	0
Human rights and labour	14	8	1
Conflict of interest	3	0	0
Fraud	76	16	45
Other	43	19	2
Total	**142**	**43**	**48**

Partnership on online services
In December 2013, we welcomed MTN as a strategic partner to accelerate the growth of our online alliance in Africa. Together with MTN, we reach 220 million mobile customers with very limited overlap. This is significant as the synergies are numerous between mobile business and online services through the opportunities to leverage the distribution network, the customer base and the payment infrastructure.

Data privacy
We process a lot of information about our customers and their communications. Keeping this information safe and secure is of utmost importance to keep their trust.

Millicom assures the security of our information systems and databases in a number of ways, including:
– Our Code of Ethics, which defines unauthorised use of customers' data
– Regular internal audits
– External audits
– Simulated hacker attacks

In addition, we are currently implementing an approach where our internal information

security personnel perform regular scans to detect vulnerability spots in network components and applications.

Our information security management system or framework is aligned with the international information security management standard ISO/IEC 27001. Policies and risk assessment processes are constantly being evaluated to better analyse new risks. As customers' data and right to privacy must be protected, risk assessments are periodically conducted to protect products and services against new threat scenarios. Millicom recognises the importance of business continuity planning, and constantly invests in making its network more resilient.

Customer privacy and freedom of expression
As a digital lifestyle company leader Millicom takes the privacy of our customers very seriously. Millicom is a founding member of the Telecommunications Industry Dialogue on Freedom of Expression and Privacy, and signed up to implement its guiding principles in March 2013. Our progress is described in the table below.

Guiding principle	Progress
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	Millicom has signed up to the Principles of the Telecommunications Industry Dialogue. Our Code of Ethics contains our commitment to customer privacy.
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	Risk assessment regarding freedom of expression was carried out in 2012. As a result new guidance for handling government requests was created. During 2013, Millicom has put emphasis on data protection and integrity of our systems. Whenever possible, we want to align our approaches to industry standards or best practice, which is one of the reasons for our engagement with the Industry Dialogue (ID).
3) Create and/or maintain operational processes and routines to evaluate and handle government requests that may have an impact on freedom of expression and privacy	Millicom continues to work on the implementation of an aligned guidance for handling government requests. At the end of 2013, most countries still followed local processes.
4) Adopt, where feasible, strategies to anticipate, respond and minimise 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 mis-using products or technology for illegitimate purposes	Millicom participated within the ID to define events that would require specific escalation and mitigation processes. Millicom is looking to formalise its current approach during 2014.
5) Always seek to ensure the safety and liberty of company personnel who may be placed at risk	Employee safety is of particular concern for us. Our head of security is involved in assessments and decisions relating to any major events.
6) Raise awareness and train relevant employees in related policies and processes	In 2013, awareness raising has focused on employees directly involved in assessing requests, while we have been emphasising overall data security with all personnel.
7) Share knowledge and insights, where relevant and appropriate, 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	Millicom has participated in major multi-stakeholder events and provided comments to reviews, guidance and ranking proposals. Within the ID, we share case studies and challenges from our operating environment, which can be for most part quite different from the debate in the US and Europe around surveillance.
8) Report externally on an annual basis, and whenever circumstances make it relevant, on progress in implementing the principles, and as appropriate on major events occurring in this regard	In 2013, we received requests for transparency reports. This has been the first year we have been collecting information on numbers of law enforcement requests from each operation. Due to lack of agreed industry definition for "a request", we have decided not to publish aggregated numbers this year. We continue to work with the ID on reporting standards as well as internal definitions, and hope to be able to publish trends in reporting going forward. The numbers we have collected show differences between countries, and that in general many more requests are made in our Latin American markets, as would be expected given the overall security environment and that lawful interception is not implemented in all African operations.
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	We do this through direct engagement with governments and law enforcement, particularly in cases when new laws or regulations are being introduced. We also engage with a number of interested stakeholders, NGOs and investors in particular, on specific requests and to explain the situation in our markets and how we manage related risks.
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	Millicom has been working on this together with the ID companies.

Responsible business continued

Ethical supply chain

`EN33` `LA14` `LA15` `HR11`

Millicom works with more than 13,000 suppliers around the world, ranging from large multinational companies to small local vendors. We expect all of our suppliers to demonstrate the same high standards of ethical behaviour as we require internally, which is why supply chain is a key focus area moving forward.

Our Supplier Code of Conduct, which all key suppliers are obliged to sign when entering into contract with us, is based on the principles of the United Nations Global Compact and the ILO core conventions, and covers ethics and integrity, workers' rights, workers' protection, prohibition of child labour and environmental protection. To ensure that the Supplier Code of Conduct is followed, we undertake a risk-based approach and follow up with selected suppliers requiring them to complete a self-assessment questionnaire, as well as conduct site visits to those suppliers with the highest potential risk. 54 suppliers completed the self-assessments during 2013. This includes 14% of the suppliers we consider strategic.[10] The pattern of results was similar across regions and none of the responding suppliers was identified as a significant risk.

Because the maturity level around these issues is low in many of our markets, we have chosen to conduct "friendly" visits ourselves rather than unannounced audits by a third party. In doing so we strive to initiate dialogues and strengthen partnerships between Millicom and our suppliers, helping them work towards meeting our expectations regarding ethical business conduct. During 2013, 102 friendly supplier visits were carried out. The majority of the supplier visits are carried out in Honduras in collaboration with the CR organisation FUNDARHSE.

Millicom has started training suppliers in the Code of Conduct during 2013, a practice that is currently still at a small scale. For example, in Rwanda we held training events for suppliers on the Supplier Code of Conduct to ensure that they understand the commitments made by signing it.

In cases where we identify areas of non-compliance with our Supplier Code of Conduct, our approach is to collaborate with the supplier to solve the issue, generally through creating an action plan and scheduling follow-up visits. We view termination of a contract as a last resort, since Millicom may represent a significant part of a community's income and the impacts of withdrawal on local societies could be severe. Working together to address non-compliance is also a more sustainable solution.

Suppliers that have signed the Supplier Code of Conduct

	2013 %	Total
Suppliers that have signed the Supplier Code of Conduct	14%	1,940

Number of cases of non-compliance with the Supplier Code of Conduct per category

	2013
Human rights	–
Labour	–
Environment	–
Corruption	2
Other	4[11]

Reducing energy and emissions `EN7`

As a global company, Millicom understands the importance of preserving the long-term sustainability of our operating environments, not only because it is the right thing to do but also because it makes good business sense – better energy management leads to greater cost savings.

We have reported our greenhouse gas emissions and other environmental impacts to the CDP for the past four years. Our target is to reduce CO_2 emissions of base stations by no less than 50% by 2020. Given our markets, collecting reliable energy data is a challenge. This year, we are able to report more detailed data compared to last year. However, we acknowledge that there is still a lot of work to be done to improve data reliability and robustness. This is why in 2013 we began developing a new reporting tool, scheduled to launch by mid-2014 with the specific aim to improve the quality of the environmental data we collect. We plan to begin bench-marking our energy efficiency compared to our competitors once this new tool is in place.

Meanwhile, our energy efficiency strategy is moving forward. A number of country-level initiatives are being carried out to reduce the impact from our energy and emissions and to meet our overall goals of energy reduction.

In some of our markets, all electricity from the grid comes from renewable sources. In other parts of our markets access to reliable grids is poor or does not exist and so diesel-fuel generators are used. These generators are responsible for the majority of our emissions and we are looking at alternatives. Efforts to reduce our dependency on fuel include investments in solar power systems, hybrid solutions for our base station sites, GPS monitoring of our vehicle fleet and free cooling for indoor base stations. The number of base stations running on solar power as primary power source was 110 in 2013 (108 in 2012). Introducing solar base stations has been challenging due to local conditions requiring frequent cleaning and maintenance, as well as high import duties in some countries. While solar powered base stations have only increased a little, the number of base stations running on hybrid battery solutions was 1,149 in 2013 up from 832 in 2012, which represents a 38% increase.

To reduce operational costs and carbon footprint, we are upgrading network equipment to new more energy efficient models, such as implementing single radio access network (Single RAN) where several radios use only one antenna, reducing the need for air-conditioning, and increasing site sharing initiatives. As a result, fuel consumption per base station was reduced by 99 litres compared to 2012 and electricity consumption per base station was reduced by 4575 kWh.

Other local environmental initiatives include an office paper recycling campaign in our El Salvador service centres, a take-back programme for old handsets in Colombia and reducing the visual intrusion of antennas in Bolivia by camouflaging sites as palm and pine trees.

Electronic waste

Electronic waste (e-waste) continues to be another key focus area of our environmental activities due to the lack of local resources to treat waste and the number of other challenges such waste can create if not disposed of responsibly. During 2013 we sold part of our waste in some of our operations. In two of our biggest operations, Guatemala and Colombia, the value of sold waste amounted to $337,833.

Previously, Millicom applied local ownership for the management of e-waste. As the infrastructure for treating the e-waste in many of our countries is limited at best, the focus has mainly been to support in the development of infrastructure. In 2013 Millicom decided to increase its ownership of the e-waste issue at the global level and launched a global e-waste management initiative. The e-waste management system has three strands, and the changes to Millicom procedures are as follows:

– First, establish a proactive supply chain process through focusing on better forecasting, purchasing, maintenance and storage of electronic equipment,
– Second, Millicom is now managing e-waste using new guidelines and instructions based on best practice to ensure compliance with international environmental waste legislation,
– Third, from the first quarter of 2014, Millicom will roll-out the global waste management programme, where all e-waste will be treated by international, certified and environmental friendly vendors.

Most countries where we operate have few or even no environmental regulation, making our voluntary efforts even more essential. However, regulations are beginning to emerge and with that, associated costs. For example, we now pay a tax in the DRC for using non-biodegradable scratch cards.

Energy and emission performance `EN3` `EN15` `EN16` `EN17`

	2013	2012
Fuel consumption ('000 litres)[12]	**21,583**	17,887[13]
Fuel consumption (MWh)[14]	**229,377**	196,760
Electricity consumption – non-renewable (MWh)[15]	**184,749**	361,800
Electricity consumption – renewable (MWh)[16]	**90,472**	34,000
Cooling consumption (MWh)	**75,767**	n/a
Solar power generated and used at base stations (MWh)	**706**	n/a
Total energy consumption (MWh)	**581,071**	592,560
Scope 1 – CO₂e (tonnes)[17]	**56,267**	47,992[18]
Scope 2 – CO₂e (tonnes)[19]	**92,130**	102,363
CO₂e (tonnes) from base stations owned by a supplier	**53,590**	52,304
Air travels km ('000)[20]	**51,400**	~ 50,000
CO₂ air travels (tonnes)[21]	**4,990**	4,895[22]
Scope 3 – CO₂e (tonnes)	**58,580**	57,199

Number of friendly supplier visits carried out during 2013

102

Strategic suppliers that have signed the Supplier Code of Conduct

82%

Number of supplier contracts terminated as a result of non-compliance with the supplier Code of Conduct

4

Hybrid battery solutions
Hybrid battery solutions combine solar power, deep cycle batteries, turbines and fuel energy sources. By alternating between different power sources, hybrid batteries help us save significant amounts of fuel at off-grid sites.

Increase in the number of base stations running on hybrid battery solutions during 2013

38%

Fuel consumption per base station was reduced by 13% and electricity consumption per base station was reduced by 25%

Hybrid battery solutions and CO₂ emissions

| 832 | 1,149 | 10.1 | 7.6 |

Number of base stations running on hybrid battery solutions 38% increase

CO_2 emissions (tonnes) per base station (full Scope 1 + 2) 25% reduction

● 2012
● 2013
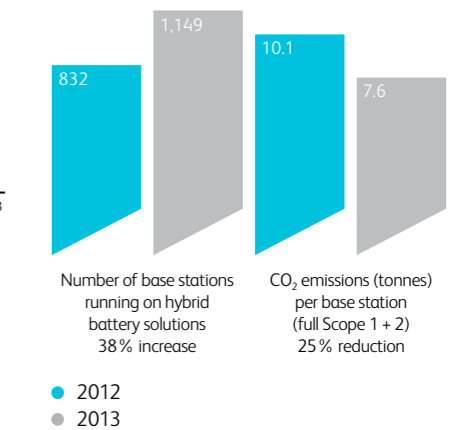
Performance

Our performance and 2014 targets

Percentage of employees by gender and region

	2013 %	Total
South America		
Female	39%	1,708
Male	61%	2,705
Central America		
Female	31%	1,230
Male	69%	2,756
Africa		
Female	26%	666
Male	74%	1,881

Permanent employees by employment type and by gender (excludes temporary/fixed term employees)

	2013
Employment type	
Full time	10,959
Part time	1
Gender	
Female	3,540
Male	7,420

Percentage of employees by employee category and age group   LA12

	2013
Senior managers	
Below 30	3%
30 to 50	92%
Above 50	6%
Employees excluding senior managers	
Below 30	43%
30 to 50	55%
Above 50	2%

Percentage of employees by employee category and gender   LA1

	2013	2012
Senior managers		
Female	19%	21%
Male	81%	79%
Employees excluding senior managers		
Female	33%	31%
Male	67%	69%

Board of Directors by gender and by age group   LA12

	2013	
By gender		
Female	13%	1
Male	88%	7
By age group		
Below 30	0%	0
30 to 50	50%	4
Above 50	50%	4

Workforce by gender and by region

	2013
By gender	
Male	10,507
Female	5,846
By region	
South America	6,684
Central America	5,830
Africa	3,427

Percentage of new employee hires by gender, by region and by age group   LA1

	2013		2012	
Total	21%	2,400	35%	3,519
By gender				
Female	25%	913		
Male	19%	1,487		
By region				
South America	24%	1,067		
Central America	20%	785		
Africa	16%	416		
By age group				
Below 30	31%	1,460		
30 to 50	14%	883		
Above 50	25%	57		

Percentage of employee turnover by gender, by region and by age group   LA1

	2013		2012	
Total	14%	1,617	11%	1,110
By gender				
Female	14%	521		
Male	14%	1,096		
By region				
South America	12%	535		
Central America	17%	679		
Africa	12%	317		
By age group				
Below 30	16%	735		
30 to 50	13%	849		
Above 50	14%	33		
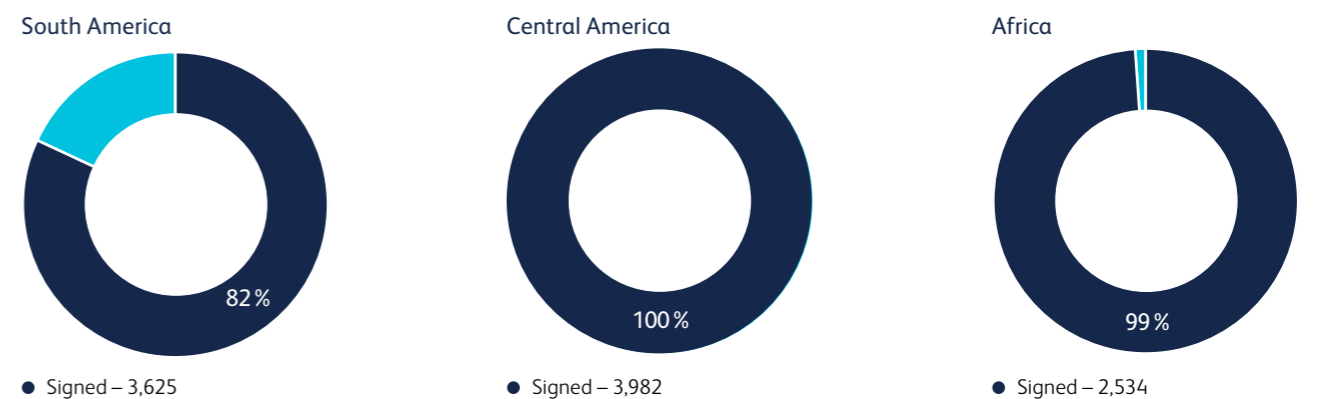
Total workforce by type

31% / 69%
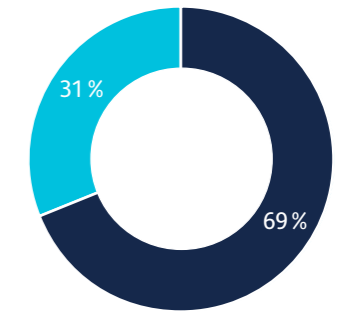
- Employees – 11,321
- Outsourced workers[23] – 5,032
  Total workforce – 16,353

Strategic suppliers that have signed the Supplier Code of Conduct by type   EN33   LA15   HR11

Strategic suppliers

82%

- Signed – 323

Other suppliers

12%

- Signed – 1,617

Strategic suppliers that have signed the Supplier Code of Conduct

South America

82%

- Signed – 3,625

Central America

100%

- Signed – 3,982

Africa

99%

- Signed – 2,534
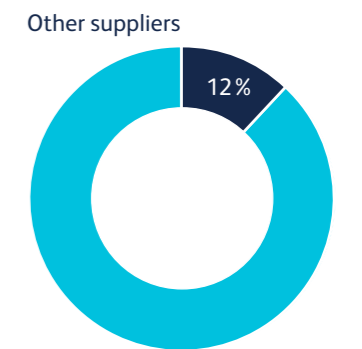
Performance continued

Percentage of total employees covered by bargain agreements[24]

8%

Employees who have signed the Code of Ethics by employee category, 2013

Senior managers

67%
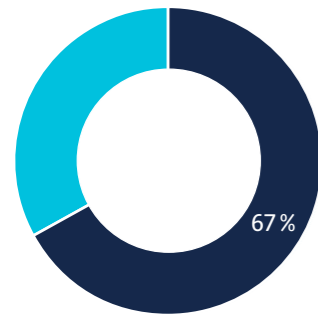
● Signed – 357

Employees excluding senior managers

91%

● Signed – 9,784

Total number of confirmed incidents when contracts with business partners were terminated or not renewed due to violations related to corruption

3

Number of involuntary and voluntary leavers

	2013	2012
Number of involuntary leavers	**631**	426
Number of voluntary leavers	**986**	684

Employee absentee rate[25] LA6

	2013
Total	**0.54%**
By region	
South America	**0.48%**
Central America	**0.67%**
Africa	**0.39%**

Average hours of training by employee category and by gender LA9

	2013
By employee category[26]	
Senior managers	**17**
Employees excluding senior managers	**55**
By gender[27]	
Female	**22**
Male	**22**

Employees who have received anti-corruption training, by region and by employee category[28] SO4

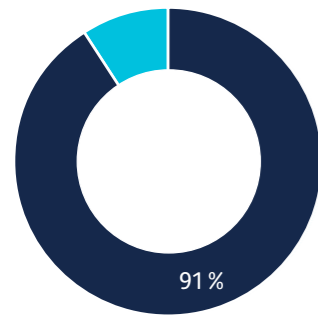|	2013		2012	
Total	**64%**	**6,149**	49%	4,979
By region				
South America	**77%**	**3,386**	49%	1,921
Central America	**45%**	**1,038**	52%	1,915
Africa	**68%**	**1,725**	50%	1,095
By employee category[29]				
Senior managers	**39%**	**183**		
Employees excluding senior managers	**73%**	**5,966**		

Employees that have completed the Conflict of Interest declaration[30]

	2013	2012
Total	**68%**	54%
By region		
South America	**91%**	43%
Central America	**48%**	58%
Africa	**71%**	70%

Customer privacy PR8

	2013
Total number of substantiated complaints received concerning breaches of customer privacy received from regulatory bodies	**4**
Total number of substantiated complaints received concerning breaches of customer privacy received from outside parties and substantiated by the organisation	**–**
Total number of identified leaks, thefts, or losses of customer data[31]	**1,263**

Suppliers that have signed the Supplier Code of Conduct by region EN33 LA15 HR11

	2013	
South America	**8%**	**270**
Central America	**19%**	**657**
Africa	**15%**	**1,013**

Performance against targets

Area	Target	Performance	Comment	New targets
Human rights	– Implement global guidance for receiving and processing law enforcement assistance requests by end of 2013	●	Implementation started and will continue	– Create cross functional group to oversee the company's policies on law enforcement assistance – Review global guidance for receiving and processing law enforcement assistance requests by end of 2014 , for implementation in 2015
Children's rights	– High level policy commitment to children's rights in 2013	●	The Code of Ethics is currently under review	– Code of Ethics revised during 2014, including a policy commitment to children's rights
	– Children's rights self-assessment tool created and piloted in at least three markets in 2013	●	This work was put on hold due to organisational changes	– Create a plan for child online protection in 2014, with implementation in 2015-2016 – Clarify company policies on child labour in 2014
Anti-corruption	– 70% of employees have completed the Conflict of Interest declaration tool by end of 2013	●	67% of employees had completed the Conflict of Interest declaration by end of 2013	
	– Online training on the Code of Ethics created, with over 50% of employees completing by end of 2013	●	This target was not achieved as the Code of Ethics is being reviewed	– The Code of Ethics updated in 2014 – Initiate training in the Code of Ethics in 2014 and continue through to 2015 on a global level
Suppliers	– Top 20 suppliers in each country to complete a self-assessment against the Supplier Code of Conduct	●	54 self-assessments were carried out during 2013	– Top 20 suppliers (based on spend) in each country have signed the Supplier Code of Conduct and completed a self-assessment against the Code by end of 2014
Health, safety & environment	– Key frameworks of HSE management system in place in all operations by the end of 2013	●	Achieved	– HSE management system fully implemented in all operations by the first half of 2014 – Four core sites in line with OSHAS 18001 by end of 2014 – All operations in line with OSHAS 18001 by end of 2015
	– E-waste processed through certified e-waste vendor(s) in all regions by the end of 2013	●	By the end of 2013, we had selected our e-waste partner and a trial was underway including our markets in Senegal, Tanzania, El Salvador and Colombia	– E-waste processed through certified e-waste vendor(s) in all regions by first half of 2014
	– Improve environmental data collection to make 2013 a base year for new targets	●	This year we have collected more sophisticated data in terms of energy classification. Implementation of an online non-financial data collection system ongoing but delayed	– Online non-financial data collection system implemented during first half of 2014 – Carry out an industry benchmark during 2014 to consider new target setting based on 2013 data
	– To reduce CO_2 emissions by base station by 50% by 2020	●	CO_2 emissions were during 2013 reduced by 25% per base station compared to 2012	

● Fully achieve   ● Partially achieved   ● Not achieved

Overview 01-09

Approach 10-27

Performance 28-36

Global Reporting Initiative G4 content index

This report describes our corporate responsibility (CR) approach and performance in the calendar year 2013. It is our second CR report in accordance with GRI, which we are now producing on an annual basis.

This report covers the same scope as our financial reporting except for Mauritius and Rocket Internet (which are excluded as we do not hold operational control), and Nicaragua and our Stockholm corporate office (which are excluded based on immaterial size). All other country operations and global offices are included except where stated. Where regional data is stated it excludes data from our corporate offices. The measurement methods we have used have not changed since our last CR report for 2012, which we published in 2013. Since the last report, we moved our African headquarters from Dubai to London, effectively closing the Dubai office. In 2013, we also announced the signing of an agreement to merge our Colombian operations with those

of UNE, a large publicly owned cable and mobile operator. Regulatory approvals for the merger are expected to complete during 2014.

This report has been written in accordance with the GRI principles for defining report content. We have considered the views of our stakeholders from the following groups: Millicom (internal), investors, NGOs, suppliers and customers. Senior management within Millicom determined the scope of this report based on an assessment of the material issues identified by stakeholders.

Following the assessment, a list of 13 material issues were selected and form the principal content of this report. This report is in accordance with the GRI G4 guidelines under the Core option.

Millicom's generic management approach to CR is described on pages 22 and 23 in this report and covers all aspects identified as material through our materiality process. We also report specific information on our

management approach for aspects where relevant. The page references for disclosures on management approach in the index table below refer to where information on such additional aspect specific management approach is disclosed.

We believe external assurance adds credibility to our reporting and provides us with useful feedback so, once again, we have asked an independent assurance provider, DNV GL, to review this report. Their statement is on page 36.

If you have any questions about the contents of this report or wish to give us your feedback, please contact:

Milka Pietikainen
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L-1249 Luxembourg

CR@millicom.com

General standard disclosures		Page	External assurance
Strategy and analysis			
G4-1	CEO statement	4	Yes (35-36)
Organisational profile			
G4-3	Name of organisation	2	
G4-4	Brands, products and services	2	
G4-5	Location of headquarters	2 (AR 2013)	
G4-6	Countries of operation	2	
G4-7	Ownership and legal form	2 (AR 2013)	
G4-8	Markets served	3	
G4-9	Scale of organisation	3, 19	
G4-10	Employee breakdown	19, 21, 28-29	Yes (35-36)
G4-11	Percentage of empoyees covered by collective bargaining agreements	30	
G4-12	Description of supply chain	26	
G4-13	Significant changes during the reporting period	32	
G4-14	Whether and how the precautionary approach is applied	22	
G4-15	External principles, charters or initiatives to which the organisation subscribes or endorses	9	
G4-16	Memberships	9	
Identified material aspects and boundaries			
G4-17	Entities included in the organisation's consolidated financial statements which are not included in this report	32	
G4-18	Process for defining aspect boundaries and report content	8	
G4-19	List of material aspects identified	7	Yes (35-36)
G4-20	Aspect boundary within the organisation	20	
G4-21	Aspect boundary outside the organisation	8	
G4-22	Restatements from previous reports	36	Yes (35-36)
G4-23	Significant changes from previous reporting periods	32	Yes (35-36)

General standard disclosures		Page	External assurance
Stakeholder engagement			
G4-24	List of stakeholder groups	8-9	Yes (35-36)
G4-25	Basis for identification and selection of stakeholders with whom to engage	8	Yes (35-36)
G4-26	Approach to stakeholder engagement	8-9	Yes (35-36)
G4-27	Key topics and concerns raised through stakeholder engagements	8-9	Yes (35-36)
Report profile			
G4-28	Reporting period	32	Yes (35-36)
G4-29	Date of most recent previous report	32	Yes (35-36)
G4-30	Reporting cycle	32	Yes (35-36)
G4-31	Contact	32	Yes (35-36)
G4-32	"In accordance" option chosen and GRI index	32	Yes (35-36)
G4-33	External assurance	35-36	
Governance			
G4-34	Governance structure	53-54 (AR 2013)	
Ethics and integrity			
G4-56	Corporate values	22	Yes (35-36)

Specific standard disclosures		Page	External assurance
Economic			
Economic performance			
G4-DMA	Disclosures on management approach	10	
G4-EC1	Direct economic value generated and distributed	14	
Market presence			
G4-DMA	Disclosures on management approach	14	
G4-EC6	Proportion of senior management hired from the local community	21	
Indirect economic impacts			
G4-DMA	Disclosures on management approach	14	
G4-EC7	Development and impact of infrastructure investments and services supported	11	
G4-EC8	Significant indirect economic impacts, including the extent of impacts	14	
Environmental			
Energy			
G4-DMA	Disclosures on management approach	27	
G4-EN3	Energy consumption within the organisation	27	Yes (35-36)
G4-EN6	Reduction of energy consumption	27	
Emissions			
G4-DMA	Disclosures on management approach	27	
G4-EN15	Direct greenhouse gas (GHG) emissions (Scope 1)	27	Yes (35-36)
G4-EN16	Energy indirect greenhouse gas (GHG) emissions (Scope 2)	27	Yes (35-36)
G4-EN17	Other indirect greenhouse gas (GHG) emissions (Scope 3)	27	Yes (35-36)
Supplier environmental assessment			
G4-DMA	Disclosures on management approach	26	
G4-EN33	Significant actual and potential negative environmental impacts in the supply chain and actions taken	26, 29-30	
Social			
Employment			
G4-DMA	Disclosures on management approach	18	
G4-LA1	Total number and rates of new employee hires and employee turnover by age group, gender and region	29	Yes (35-36)

Specific standard disclosures		Page	External assurance
Occupational health and safety			
G4-DMA	Disclosures on management approach	18-19	
G4-LA5	Percentage of total workforce represented in formal joint management-worker health and safety committees	18	Yes (35-36)
G4-LA6	Type of injury and rates of injury, occupational diseases, lost days, and absenteeism, and total number of work-related fatalities, by region and by gender*	30	
Training and education			
G4-DMA	Disclosures on management approach	19-20	
G4-LA9	Average hours of training per year per employee by gender, and by employee category	20, 30	Yes (35-36)
Diversity and equal opportunity			
G4-DMA	Disclosures on management approach	20-21	
G4-LA12	Composition of governance bodies and breakdown of employees per employee category according to gender, age group, minority group membership, and other indicators of diversity	28-29	Yes (35-36)
Supplier assessment for labour practices			
G4-DMA	Disclosures on management approach	26	
G4-LA14	Percentage of new suppliers that were screened using labour practices criteria	26	
G4-LA15	Significant actual and potential negative impacts for labour practices in the supply chain and actions taken	26, 29-30	
Non-discrimination			
G4-DMA	Disclosures on management approach	20-21	
G4-HR3	Total number of incidents of discrimination and corrective actions taken	24	
Supplier human rights assessment			
G4-DMA	Disclosures on management approach	26	
G4-HR11	Significant actual and potential negative human rights impacts in the supply chain and actions taken	26, 29-30	
Assessments			
G4-DMA	Disclosures on management approach	25	
G4-HR9	Total number and percentage of operations that have been subject to human rights reviews or impact assessments**	34	
Human rights grievance mechanisms			
G4-DMA	Disclosures on management approach	24	
G4-HR12	Number of grievances about human rights impacts filed, addressed, and resolved through formal grievance mechanisms	24	Yes (35-36)
Anti-corruption			
G4-DMA	Disclosures on management approach	23	
G4-SO4	Communication and training on anti-corruption policies and procedures	30	Yes (35-36)
G4-SO5	Confirmed incidents of corruption and actions taken	30	
Customer health and safety			
G4-DMA	Disclosures on management approach	10	
G4-PR2	Total number of incidents of non-compliance with regulations and voluntary codes concerning the health and safety impacts of products and services***	34	
Product and service labelling			
G4-DMA	Disclosures on management approach	11	
G4-PR5	Results of surveys measuring customer satisfaction	11	
Customer privacy			
G4-DMA	Disclosures on management approach	25	
G4-PR8	Total number of substantiated complaints regarding breaches of customer privacy and losses of customer data	30	Yes (35-36)

*   Omissions are made where the information is currently unavailable. We are implementing a H&S management system that will track work-related injuries which will enable more detailed reporting from 2014 on.

** During 2012, all Millicom's operations were subject to Human Rights review. During 2013, operations in Honduras and Rwanda were subject to Human Rights review (15% of country operations). In Honduras, the Foundation for Corporate Social Responsibility in Honduras evaluated us as a socially responsible company. In Rwanda, we took part in ILO's East African Decent Work Programme.

***During 2013, we had no incidents of non-compliance concerning the health and safety impacts of our services.

Independent assurance statement

Scope and objectives
We have undertaken independent assurance of the Millicom 2013 Corporate Responsibility Report (the Report) for the reporting period ending December 31, 2013.

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);
– the reliability of specified sustainability performance information as per the Global Reporting Initiative (GRI) table on pages 32 to 34; and
– 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 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. We have no other contract with Millicom and this is the second year that we have provided assurance.

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

Basis of our opinion
A multi-disciplinary team of sustainability and assurance specialists with knowledge of the sector and the key issue areas 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 prioritising issues through the materiality assessment 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 material CR issues and review of selected evidence to support issues reported.
– Site visit to Tigo Ghana to review the process and systems for preparing site level CR data and implementation of the Corporate Responsibility strategy.

– Evaluation of supporting evidence for prioritised claims and data in the report based on the materiality of issues at a consolidated corporate level.
– Review of the processes for gathering and consolidating the specified sustainability performance information and, for a sample, checking the data consolidation.

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 have 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.

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

The integration of CR efforts across Millicom continued in 2013 and the materiality analysis undertaken assisted in the formal identification of stakeholder priorities for reporting. They also form the basis of further systematisation of CR efforts through the two pillars of promoting good corporate behaviour and making a positive social impact on communities. We look forward to seeing further progress in systems, focus on the weaker material issues and demonstration of commitment through target-setting.

Millicom continues to improve the scope and nature of its data collection systems and processes. Challenges of non-financial performance management within the business remain and the implementation of the online non-financial data collection system has been delayed. However, we noted an improvement in the quality of available data.

Inclusivity concerns the participation of stakeholders in developing and achieving an accountable and strategic response to sustainability
– Last year we recommended increasing reporting of issues related to the large number of freelancers, contractors and dealers that operate under the Tigo brand. This year the report contains the results of the Sales School for Freelancers showing the positive impacts of the business beyond direct employees. Future reports should provide details of other opportunities and challenges arising within these groups.
– Tracking and analysis of the range of engagements at a corporate level remains strong. Millicom should consider further formalising its stakeholder engagement structure, including for example a stakeholder panel, to further integrate stakeholders' views into strategic decision making. We restate our recommendation that key outcomes of stakeholder engagement and issues are also tracked and reported within operating companies.

Material issues are those which are necessary for stakeholders to make informed judgments concerning Millicom and its impacts
– We welcome the revised approach to materiality which has helped increase the confidence that Millicom is addressing all its material issues. Future reports should demonstrate clear links between this analysis and the further development and execution of the new CR strategy.
– Supplier self-assessments, 'friendly' visits and Code of Conduct training for suppliers are now underway. We recommend reporting on the roll out and the outcomes from these initiatives in future reports.
– Last year we recommended coverage of data security and customer privacy and welcome their inclusion this year.

Responsiveness concerns the extent to which an organisation responds to stakeholder issues
– Millicom's reporting on tax is notable for its approach and level of transparency.
– Health and Safety system improvements are underway and the company wide roll-out in 2014 will enable Millicom to report on performance data for the first time and set targets in the future. We restate our recommendation to include information on construction work and working from height, especially for contractors.

Independent assurance statement continued

– Last year we recommended improved coverage of marketing, e-waste and waste. We note that the e-waste initiative is now underway. Marketing and waste remain areas where further disclosure is recommended.
– The employee engagement survey and Yammer demonstrate effective channels for employee feedback. We recommend future reporting describes the results of that feedback and the actions taken by Millicom in response.

Performance information
– We recognise that Millicom's strategy is still evolving, but note the lack of measurable, long-term targets to demonstrate commitment to performance improvement at present. We welcome the CEO's recognition of the importance of targets and recommend a clear set of targets be set for key CR performance metrics.

– The proportion of manual data collection and collation, and therefore the risk of human error, remain high. On the basis of evidence we evaluated, review mechanisms at corporate level were found to be robust.
– Understanding of CR data collection mechanisms for certain KPIs has increased at Business Unit level. However, the maturity of data collection systems and processes still varies across the Company and its operating countries.
– The risk of data omission or incorrect inclusion remains, as data boundaries and calculation methods are not always clear or consistent.
– The implementation of the online non-financial data collection system should reduce the risk of error at operating country and group level. We restate our recommendation to develop Group-level protocols on all KPIs, clarifying data boundaries and providing guidance and training for operating businesses on how to collect and calculate the data.

DNV Two Tomorrows Limited
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April 17, 2014

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Director

DNV Two Tomorrows Limited is part of DNV GL – Business Assurance, a global provider of certification, verification, assessment and training services, helping customers to build sustainable business performance.
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Footnotes to this Corporate Responsibility Report 2013

1   All numbers are excluding the Online business.
2   Taxes paid includes taxes paid for the whole Millicom group.
3   Monetary value of employee volunteering is estimated using the median hourly salary of the country operations. It only includes volunteering done by employees during regular working hours tracked in a systematic manner.
4   All employee data excludes employees in Mauritius and Nicaragua. Including Nicaragua and Mauritius total employees are 11,734.
5   Includes employees and outsourced workers.
6   The approach to record training hours varies across countries. In Guatemala, training hours are only tracked on an aggregate level including all types of workers. Average hours per employee was therefore estimated using the average hours of training for employees, outsourced workers and freelancers.
7   "Senior management" is defined as pay grade 14 and above, representing approximately 500 persons.
8   All employees in our countries of operations excluding employees on expatriate contracts.
9   During 2013 Millicom changed the set-up of the Helpline and as a result, whistle-blower reports were also collected through alternative channels. These are included in the Helpline figures for 2013 but were not included in the figures reported in 2012 when only cases reported through the Helpline were included, thereof the lower total number of cases reported 2012.

10   Strategic suppliers includes those that are seen as key partners for the development and roll out of Millicom's business strategy and operations. They represent almost 3% of our total supplier base.
11   "Other" category includes cases related to fraud.
12   Includes diesel and gasoline consumption.
13   Litres for 2012 have been restated.
14   Where unable to separate diesel & gasoline, the higher conversion factor (diesel) has been applied. This has been done for fuel consumption in Honduras in 2013 and all fuel for 2012. Source conversion factors: Defra.
15   Electricity consumption excludes electricity from London corporate offices.
16   2013 figures includes electricity from Paraguay, DRC, Rwanda and Paraguay. 2012 includes data from Paraguay.
17   Boundary for GHG Scope 1 & Scope 2 inventory is operational control. Source emission factors: 2006 IPCC guidelines.
18   Emissions for 2012 have been restated.
19   London office is excluded based on lack of data access. CO_2 from cooling is calculated using the same emission factor as for non-renewable electricity. Source emission factors: IEA & US EPA.
20   Excludes travel from Paraguay. 2012 data is incomplete.
21   CO_2 emissions are estimated using CO_2 emission factors for short haul travel (seating unknown) in the GHG Protocol calculation tool.
22   Emissions for 2012 have been restated.

23   Outsourced workers are indirect employees who are hired through a third party and receives a monthly salary.
24   This includes all employees in Chad and DRC and some in Senegal where negotiations are ongoing.
25   Absentee data excludes Tanzania, Ghana, Bolivia and corporate operations.
26   Average hours of training per employee category excludes data from Senegal and Bolivia operations as it was not systematically tracked during 2013.
27   Average hours of training by gender excludes data from Costa Rica, Senegal, DRC, Guatemala and Bolivia operations as it was not systematically tracked during 2013.
28   Data on anti-corruption training excludes Guatemala operations.
29   Data excludes Guatemala, Rwanda and Ghana operations. For Chad, El Salvador and Costa Rica, number of employees trained during 2013 was added to 2012 year-end figures.
30   Direct employees that have signed the Conflict of Interest declaration. In Honduras, signing of the conflict of interest form is done on an aggregated level only (including both direct and indirect employees). An estimation of the portion of direct employee having signed the form was made based on a 10% sample of the aggregated total figure.
31   Total number of identified leaks, thefts or losses of customer data mainly represents cases where organised crime have created accounts in other people's names, and therefore do not represent cases of our systems having been compromised.

Keep in touch with Millicom's progress throughout the year on our website and social media.

– Latest news
– Financial results, publications and presentations
– Financial calendar
– Who we are
– What we do
– Where we operate
– Our responsibility