



MILlicom
THE DIGITAL LIFESTYLE

Governance

For the year ended 31 December 2016.

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Chairman's Report

The Governance section of Millicom's 2016 Annual Report sets out Millicom's commitment to good corporate governance and describes what has been achieved during the year. I was appointed as Chairman in May 2016, together with three other new Board members, and I strongly believe that we have the right mix of skills and experience in place.

In addition, Millicom's executive management team, led by Mauricio Ramos, is now complete following the appointment of new members to the Executive Management team.

Millicom's Board of Directors "the Board" and its committees have dealt with a number of significant matters during the year, including the setting up of the Compliance and Business Conduct Committee and a strengthening of our compliance program. Governance and compliance remain at the forefront of decision making and strategic direction. During the year, the activities of the former Government Relations and Corporate Responsibility Committee were assumed by the full Board. This area now benefits from a more diverse experience that can be brought to bear on the broad range of topics and geographical spread of these issues.

Role of the Board

The Board is responsible for deciding Millicom's strategy, financial objectives and operating plans. The Board also plans for CEO succession and reviews and approves plans for other senior management positions.

Board changes

During 2016, we welcomed four new Board members, all of whom joined us in May 2016. Ms. Janet Davidson brings to the Board significant experience in the telecommunications and IT sectors in a variety of strategy, operations and compliance areas. Ms. Davidson is a member of the Compliance and Business Conduct Committee.

Mr. Simon Duffy also brings us extensive knowledge in telecommunications and media businesses and in emerging markets, and his experience from many board roles. Mr. Duffy is a member of the Audit Committee.

Mr. José Miguel García Ferrández joins us having previously been the CEO of Jazztel in Spain and formerly various positions within Cable & Wireless. Mr. García brings to the group his broad experience in leading transformational telecommunications businesses in international markets. Mr. García is Deputy Chairman of the Board and serves as a member of the Audit Committee and the Compensation Committee.

In addition, I joined the Board as Chairman. I am also the Chairman of Kinnevik AB, Millicom's largest shareholder and have various other non-executive director roles across a range of industries.

I would like to thank Ms. Cristina Stenbeck, Mr. Anders Borg, Dame Amelia Fawcett and Mr. Paul Donovan, the departing members of the Board, for their service to the Board and its committees.

Strength through diversity

Building strong governance functions and acting with integrity remain at the forefront of our commitment to good corporate governance, a commitment that will continue in the decisions we make.

Millicom's strength is partly attributable to the diversity of people in our operating countries, regional offices and headquarters. We value different perspectives and encourage sharing of viewpoints, benefiting from the wide range of experience and backgrounds across the Group. These are important elements that we will continue to foster as part of Millicom's corporate culture.

Compliance

During 2016, we continued a thorough review of our compliance programs, supported by the Executive Management and our Compliance and Business Ethics team, to further strengthen the practices we already have in place. Executive Management fully dedicated itself to this process through several initiatives and enhancements this year, as discussed herein. In its first full year of operation the Compliance and Business Conduct Committee led this transformational process.

On behalf of the Board, I would like to confirm our commitment to strong corporate governance. We are committed to contributing to build a first class Millicom culture of compliance and we reassert our belief that Millicom can be a force for good through our dedication to ethics and compliance in all of our markets. We look forward to engaging with you and thank you for being part of our journey.

Tom Boardman

Chairman of the Board of Directors

Directors' Financial and Operating Report¹

Group performance

In 2016, we made substantial progress towards our strategic goal of a two-fold reconfiguration of our business, rapidly growing mobile data and building cable while pushing ahead with major initiatives to enhance our operational efficiency.

The scope changes that occurred on 31 December 2015 (see "scope changes" section on page 28) make the performance and results of the Group not directly comparable between 2015 and 2016 – results for the year ended 31 December 2015 included Guatemala and Honduras fully consolidated while those for 2016 do not.

In 2016, total revenue for the Group was US\$4,374 million. In Colombia, our largest market, we saw competitive pressures throughout 2016, although easing somewhat at the end of the year.

Gross profit was US\$3,096 million, or a margin of 70.8%.

Operating expenses represented only 40.7% of revenue. Operational efficiencies achieved during the first year of our Project HEAT initiatives underpinned our margins and cash flow, delivering a lower operating cost run rate as well as Capex and working capital savings during 2016.

Our operating profit amounted to US\$482 million, an 11% margin.

Net financial expenses were US\$372 million, including one-off costs in respect of our tender offers in December 2016 for US\$300 million of outstanding bonds, and for the early redemption of our Swedish Krona bond due in 2017.

Profit before taxes at US\$71 million included the effects of the increase in interest expenses described above as well as the impairment of the value of our interest in LIH, an equity investment.

The Group net tax charge in 2016 was US\$180 million leaving a net loss for the year from continuing operations at US\$(109) million. The profit of US\$19 million from discontinued operations reflected the profit on the sale of our business in DRC. As a result, the net loss for the year was US\$(90) million. The share of losses of non-controlling interests was US\$58 million.

The net loss for the year attributable to Millicom owners was US\$(32) million. Earnings per share was (0.32) cents.

Share Capital

At 31 December 2016, Millicom had 101.7 million issued and paid up common shares of par value US\$1.50 each, of which 1.4 million were held by the Company as treasury shares (2015: 1.6 million). During the year the Company acquired approximately 37,000 shares and issued around 208,000 shares to management and employees under the LTIP remuneration plans and approximately 8,000 shares to Directors as part of their annual remuneration.

Distribution to shareholders and proposed distributions

On 17 May 2016, at the Annual General Meeting of shareholders, a dividend distribution of US\$2.64 per share was approved, and subsequently paid to shareholders.

This year's proposed dividend is consistent with distributions in 2015 and 2016.

¹ Alternative performance measures presented in this report are non-GAAP measures that are presented to provide readers with additional financial information that is regularly reviewed by management and used to make decisions about operating matters. It should not be viewed in isolation or as an alternative to the equivalent GAAP measure. See "Additional information" on pages 197 to 200 for definitions and reconciliations to the closest respective equivalent IFRS measure.

Directors' Financial and Operating Report – continued

Risks and uncertainty factors

The Group operates in an industry and in markets which are characterized by rapid change and subject to macro-economic, competitive and political uncertainty. This change creates opportunities and at the same time a degree of risk. Many of the inherent underlying risks in these markets, including regulatory change (including tariff controls and taxation), currency fluctuations and underlying macro-economic conditions, impact on customers' disposable income and demand for our products and services.

The telecommunications, cable and content industries continue to evolve at an unprecedented pace, with access to the internet and streaming services gathering pace and spreading to all parts of the world. Staying competitive in this increasingly diverse business requires constant innovation, a strong focus on customer experience, offer of relevant products and services, strategic partnerships, quality of content, service and speed of delivery.

Access to, and investing capital in the right place at the right time, directly impacts on competitive advantage, and decision making in this regard remains key to ensuring a balance of risk and return in the Group.

Further information on these and other key risks faced by the Group are set out in section Risk Management from pages 31 to 44.

Financial risk management objectives and policies

Millicom's financial risk management policies and objectives, together with a description of the various risks and hedging activities undertaken by the Group, are set out in Section D. Financial Risk Management of the Consolidated Financial Statements.

Controls and risk management in preparation of the consolidated financial statements

Internal controls and additional information on the preparation of the Consolidated Financial Statements are set out in section Risk Management from pages 31 to 44.

Non-financial information

Non-financial information such as environmental, social, human rights and fight against corruption are set out in section Corporate Responsibility Performance Review from pages 60 to 87 of this Annual Report.

Management and employees

Over recent years, the Group has developed many key functions and improved support to local operations, including in the areas of procurement, network development, marketing, IT, governance, compliance and finance. During 2016 the remaining Executive Management team positions of Chief Human Resources Officer, Chief Strategy Officer and Chief Compliance Officer were filled.

At 31 December 2016, the Group's headcount reached approximately 18,000 up from almost 16,000 at 31 December 2015.

Outlook for the Group

Based on constant currency, at a constant perimeter with Guatemala and Honduras fully consolidated, and on our current assessment of the macroeconomic outlook, we currently expect for 2017 organic service revenue growth to be in the low single-digit range, and ahead of the growth we achieved in 2016. Whilst we expect robust competition in Colombia to continue, and voice and SMS revenues across LatAm to decline further through 2017, the lower weighting of these within our overall mix, combined with further strong growth in our mobile data, home and B2B revenues, allows us to be more confident about our revenue growth outlook in 2017.

We expect to make further progress in configuring our cost base in 2017, driven by both operational leverage and our Project Heat initiatives. We therefore expect to deliver organic growth in EBITDA in the mid-to-high single-digit range, and again higher than the growth seen in 2016.

By growing EBITDA and targeting our investment program on our areas of core revenue growth – fiber and 4G network roll-out with converged IT infrastructure – we expect to deliver operating cash flow growth in 2017 of around 10%.

Subsequent events

Dividend

On 7 February 2017, Millicom's Board decided to propose to the Annual General Meeting of the shareholders a dividend distribution of US\$2.64 per share to be paid out of Millicom retained profits subject to the shareholders' approval of the 2016 Consolidated Financial Statements of the Group.

TV Cable Parana

On 6 January 2017, after obtaining the necessary regulatory approvals, Tigo Paraguay completed the acquisition of TV Cable Parana for a total consideration of approximately US\$19 million.

Tigo Senegal and HTA

We have agreed to sell our business in Senegal to Wari Group, subject to regulatory approvals. The transaction represents an enterprise value for Tigo Senegal of US\$129 million. We have also initiated a process to sell our 22% stake in Helios Towers Africa.

Tom Boardman

Chairman of the Board of Directors

Shareholder and Board governance

Corporate Governance Framework

Background

Millicom International Cellular S.A. (“Millicom” or the “Company”) is a public liability company (société anonyme) governed by the Luxembourg law of 10 August 1915 on Commercial Companies (as amended), incorporated on 16 June 1992, and registered with the Luxembourg Trade and Companies’ Register (Registre du Commerce et des Sociétés de Luxembourg) under number B 40 630. The Millicom Group comprises Millicom and its subsidiaries, joint ventures and associates.

Millicom’s shares are listed on Nasdaq Stockholm in the form of Swedish Depository Receipts.

Millicom’s Corporate Governance Framework is primarily based on the following legislation, principles and regulations:

Within these frameworks, the Board has developed and continuously evaluates internal guidelines and procedures, as further described below, to ensure quality and transparency of corporate governance practices within Millicom.

Swedish Corporate Governance Code

The Swedish Corporate Governance Code (the “Swedish Code”) promotes positive development of corporate governance. The Code complements laws and regulations and sets its good practice level above regulatory requirements. The Swedish Corporate Governance Board states that self-regulation is often preferable to mandatory legislation and therefore allows companies to deviate from its rules, following a “comply or explain” philosophy.

Compliance with applicable stock exchange rules

There has been no infringement of applicable stock exchange rules and no breach of good practice on the securities market reported by the stock exchange’s disciplinary committee or the Swedish Securities Council in 2016.

Publication	Authority	Philosophy
Swedish Code of Corporate Governance	Guiding Principles	Comply or Explain
Luxembourg Law	Legislation	Comply
EU Directives and Regulations	Legislation	Comply
Nasdaq Stockholm Issuer Rule Book	Regulation	Comply
Good Stock Market Practice	Principles	Corporate Citizenship

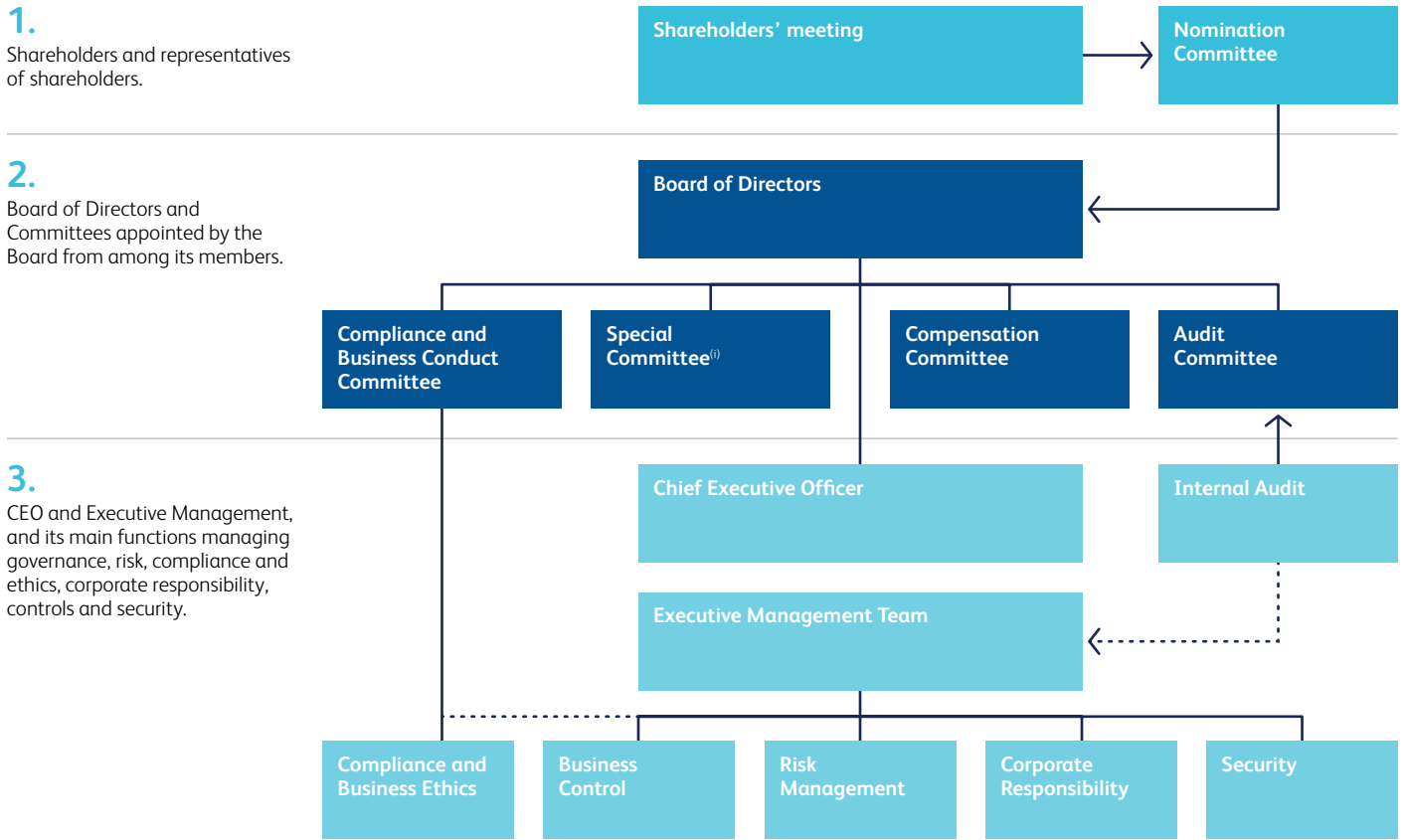
Millicom governance deviated in 2016 in relation to the Swedish Code in the following areas:

Code requirement	Millicom practice	Explanation
1.5 – A shareholder, or a proxy representative of a shareholder, who is neither a member of the board nor an employee of the company is to be appointed to verify and sign the minutes of the shareholders’ meeting.	Minutes are signed by the chairman of the shareholders’ meeting (who is not a member of the Board or the Company), the meeting Secretary and an appointed Scrutineer.	While this represents a deviation from the Swedish Code, Millicom follows Luxembourg Law in connection with procedures and rules for its shareholders’ meetings.
9.7 – Vesting of share-related incentive programs to be no less than three years.	Deferred share incentive plans contain vesting of 16.5% of granted shares after one year, 16.5% after two years, and 67% after three years.	The Company believes that this vesting schedule ensures alignment between the interests of the Company’s shareholders and its employees.

Shareholder and Board governance – continued

Corporate Governance structure

Millicom’s Corporate Governance structure comprises the following three levels:



(i) The special committee was established in 2015 to manage the Board’s response to the potential improper payments on behalf of its Guatemala joint venture.

Shareholder and Board governance – continued

1. Shareholders and shareholders' meeting

The shareholders' meeting is the highest decision-making body of Millicom and a forum for shareholders to exercise influence. Each shareholder has the right to participate in the shareholders' meeting and to vote according to the number of shares owned. Shareholders who are not able to attend in person may exercise their rights by proxy.

Millicom's Articles of Association (as amended on 17 May 2016) set the Annual General Meeting of Shareholders (AGM) to be held on the first Thursday of May at 10am CET each year. If such day is a public holiday, the meeting will be held during the following business day. Millicom's Articles of Association are available in the "Our Governance" section of Millicom's website. Unless otherwise required under Luxembourg law, an extraordinary general meeting must be convened to amend any provisions of the Articles of Association.

The 2016 AGM was held on 17 May 2016, within six months of the end of the financial year (as required by the Swedish Code). At the 2016 AGM, the following key items were decided:

- Approval of the 2015 Consolidated Financial Statements and distribution of a dividend of \$2.64 per share;
- Election and re-election of the Directors until the date of the 2017 AGM;
- Reappointment of Ernst & Young ("EY") as the external auditor;
- Approval of remuneration to the Board and auditor and procedures for the Nomination Committee;
- Approval of guidelines for the remuneration of senior management;
- Approval of a Share Repurchase Plan; and
- On the same date an Extraordinary General Meeting was held during which several amendments were made to the Articles of Association of the Company, including amendment of the date in which the AGM will be held in 2017.

Nomination Committee

Nomination Committee	On behalf of:	Position
Ms. Cristina Stenbeck	Kinnevik AB	Chairman
Mr. Tom Boardman	Kinnevik AB	Member
Mr. John Hernander	Nordea Investment Funds	Member
Mr. Ossian Ekdahl	Första AP-fonden	Member

The Nomination Committee is appointed by the major shareholders of Millicom. It is not a committee of the Millicom Board. The Nomination Committee's role is to propose decisions to the shareholders' meeting in a manner which promotes the common interests of all shareholders. The Nomination Committee has a term of office commencing at the time of the announcement of the interim report for the period January to September each year and ending when a new Nomination Committee is formed. Decisions proposed at the AGM are as follows:

- Election and remuneration of Directors of the Board, Chairman of the Board;
- Appointment and remuneration of the external auditor; and
- Proposal of the Chairman of the AGM.

Under the terms of a Nomination Committee charter, the Nomination Committee consists of at least three members, with a majority representing the larger shareholders of the Company.

The current Nomination Committee was formed during October 2016, in consultation with larger shareholders of the Company at 31 August 2016 and in accordance with the resolution of the 2016 AGM.

The table below sets out beneficial ownership of Millicom common shares, par value \$1.50 each, by each person who beneficially owns more than 5% of Millicom common stock at 31 January 2017.

Shareholder	Number of shares	% Shareholding
Kinnevik AB	38,559,080	37.9
Dodge & Cox	11,133,236	10.9
Nordea Investment Management AB	5,979,886	5.9

Except as otherwise indicated, the holders listed above ("holders") have sole voting and investment power with respect to all shares beneficially owned by them. The holders have the same voting rights as all other holders of Millicom common stock. For purposes of this table, a person or group of persons is deemed to have "beneficial ownership" of any shares as of a given date which such person or group of persons has the right to acquire within 60 days after such date. For purposes of computing the percentage of outstanding shares held by the holders on a given date, any security which such holder has the right to acquire within 60 days after such date (including shares which may be acquired upon exercise of vested portions of share options) is deemed to be outstanding, but is not deemed to be outstanding for the purpose of computing the percentage ownership of any other person.

Promoting Board diversity

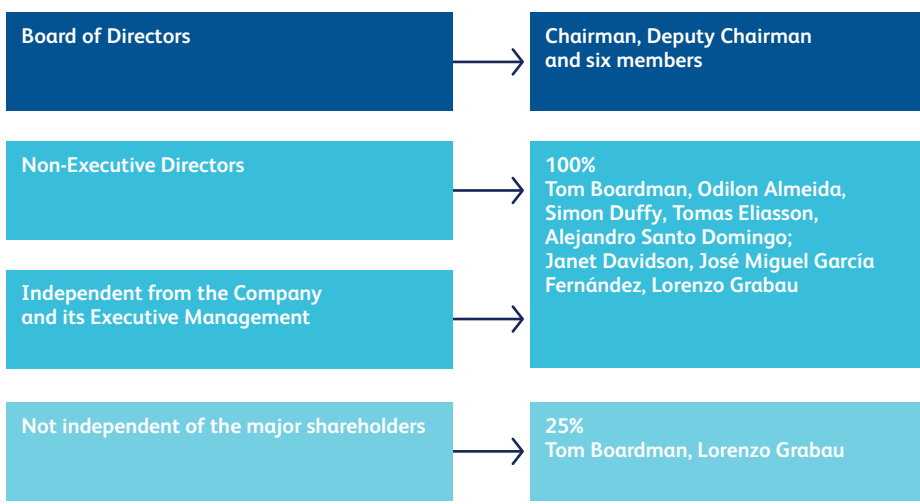
Millicom's Nomination Committee recognizes the importance of diversity in its Board of Directors for promoting strong corporate governance, competitive advantage and effective decision-making.

The Nomination Committee is responsible for periodically determining the appropriate skills, perspectives, experiences and characteristics required of Board candidates, taking into account the Company's needs and current Board composition.

This determination will include knowledge, experience and skills in areas that are critical to understanding the Company and its business; richness of views brought by different personal attributes such as gender, race, age and nationality; and other personal characteristics, such as integrity and judgment; and candidates' commitment to the boards of other publicly-held companies. The ambition to further improve gender diversity on the Board has been added to the Nomination Committee charter.

Shareholder and Board governance – continued

Independence of the Board:



In the event that any Director or officer of the Company may have any personal interest in any transaction of the Company, the Director shall make known to the Board such personal interest and shall not consider or vote on any such transaction, and such transaction and such Director's or officer's interest therein shall be reported to the next general meeting of shareholders.

Share ownership requirements – the Directors are not required to be shareholders of the Company. Share ownership of Directors is included in the Director biographies set out on the following pages.

Chairman of the Board

The Chairman convenes the Board and leads its work. The Chairman is accountable to the Board and acts as a direct liaison between the Board and the management of the Company, through the CEO. Meeting agendas are set together with the CEO, and the Chairman acts as the communicator for Board decisions where appropriate.

The Chairman is elected by the AGM. If the Chairman relinquishes the position during the mandate period, the Board is to elect a Chairman from among its members to serve until the end of the next AGM.

Deputy Chairman of the Board

The Deputy Chairman of the Board acts as a sounding board and provides support for the Chairman. The Deputy Chairman convenes Board meetings and leads its work in the event the Chairman is unavailable or excused from Board meetings. The Deputy Chairman may act as an intermediary for other Directors if there are conflicts among Board members or between the Chairman and the CEO, as and when necessary.

The Deputy Chairman is elected by the Board, if appropriate. The position of Deputy Chairman is not mandatory and varies according to the particular circumstances.

2. Board of Directors and Board committees

Role of the Board

Millicom's Board of Directors (the "Board") is responsible for deciding Millicom's strategy, financial objectives and operating plans. The Board also plans for management succession of the CEO and reviews and approves plans for other senior management positions.

As set forth in the Company's Articles of Association, the Board must comprise at least six members. The 2016 AGM set the number of Directors at eight, comprising a Chairman, a Deputy Chairman and six members (all of whom are Non-Executive Directors).

The Board selects the CEO, who is charged with the daily management of the Company and its business. The CEO is responsible for recruiting, and the Chairman of the Board is responsible for approving, the senior management of the company. The Board reviews and approves plans for key senior management positions, and the Board supervises, supports and empowers the senior management team, and monitors their performance. In accordance with the Swedish Code, the division of work between the Board and the CEO are set out in "The Rules of Procedure, Instruction to the CEO, and Reporting Instruction".

Further details on the roles and activities of the various committees, their responsibilities and activities are set out later in this section.

Powers and limitations of the Board

Borrowing powers – The Board has unrestricted borrowing powers on behalf of and for the benefit of Millicom.

Time and age limit – no age limit exists for being a Director of Millicom. Directors can be elected for a maximum period of six years before either re-election, or ending service. Directors are generally elected annually. There are no restrictions on the maximum continuous period that a Director can serve. Directors hold office until their successors are elected.

Restrictions on voting – no contract or other transaction between the Company and any other person shall be affected or invalidated by the fact that any Director, officer or employee of the Company has a personal interest in, or is a director, officer or employee of such other person, except that:

- i) such contract or transaction shall be negotiated on an arm's-length basis on terms no less favorable to the Company than could have been obtained from an unrelated third party and, in the case of a Director, the Director shall abstain from voting on any matters that pertain to such contract or transaction at any meeting of the Board of the Company, and
- ii) any such personal interest shall be fully disclosed to the Company by the relevant Director, officer or employee.

Shareholder and Board governance – continued

Corporate Secretary

The Corporate Secretary is appointed by the Board. The role of the Corporate Secretary is to ensure that Board members have the proper advice and resources for performing their duties to shareholders under the relevant legal frameworks. The Corporate Secretary is also responsible for organization and coordination of Board and Committee meetings, and ensuring that the records, or minutes those meetings, reflect the proper exercise of those duties.

The Corporate Secretary is also a confidante and resource to the Board and senior management, providing advice and counsel on Board responsibilities and logistics, and plays a leading role in the Company’s corporate governance.

Chief Executive Officer

The CEO is responsible for leading the development and execution of the Company’s strategy with a view to creating shareholder value, together with the management team. The CEO is responsible for day-to-day activities of the Company and management decisions, both operating and financial. The CEO acts as a direct liaison between the Board and management of the Company and communicates to the Board on behalf of management.

The CEO also leads communication on behalf of the Company to shareholders, employees, Government authorities, other stakeholders and the public.

Board membership, balance and independence

The Board periodically reviews the size and balance of the Board to determine whether any changes are appropriate.

At the AGM, held in May each year, shareholders may vote for or against the Directors proposed by the Nomination Committee or may elect different Directors.

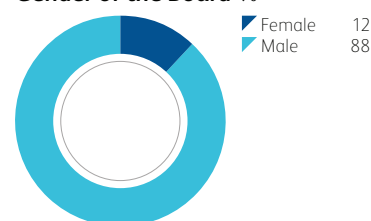
The Board has adopted the qualification guidelines of an “independent director” as defined by the Swedish Code. A director’s independence is determined by a general assessment of all factors that may give cause to question the individual’s independence of the Company or its Executive Management. Factors that are considered include whether the individual:

- is the chief executive officer or has been the chief executive officer of the Company or a closely related company within the last five years,
- is employed or has been employed by the Company or a closely related company within the last three years,
- receives a not insignificant remuneration for advice or other services beyond the remit of the Board position from the Company, a closely related company or a person in the executive management of the Company;
- has or has within the last year had a significant business relationship or other significant financial dealings with the Company or a closely related company as a client, supplier or partner, either individually or as a member of the Executive Management, a member of the Board or a major shareholder in a company with such a business relationship with the Company,
- is or has within the last three years been a partner at, or has as an employee participated in an audit of the Company conducted by, the Company’s or a closely related company’s current or then auditor,
- is a member of the executive management of another company if a member of the board of that company is a member of the Executive Management of the Company, or
- has a close family relationship with a person in the executive management or with another person named in the points above if that person’s direct or indirect business with the Company is of such magnitude or significance as to justify the opinion that the Board member is not to be regarded as independent.

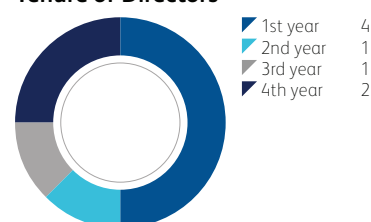
In accordance with the Swedish Code:

- the majority of Millicom’s Board must be independent from the Company and its Executive Management (all Millicom Directors meet this criteria), and
- at least two of those independent Directors must also be independent from the Company’s major shareholders (six of Millicom’s Directors meet this criteria); and
- not more than one member of the Board may be part of the executive management team of the Company or any of its subsidiaries (no members of the executive team sit on the Board).

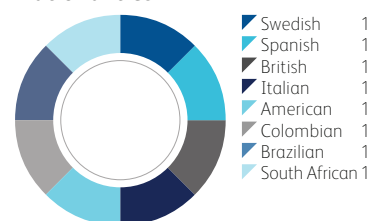
Gender of the Board %



Tenure of Directors



Nationalities



Shareholder and Board governance – continued

Board profile – skills and experience



Mr. Tom Boardman (South African)
Chairman, Non-Executive Director
(First appointed: May 2016)

Mr. Tom Boardman was elected as a new Director and Chairman of the Board of Millicom in May 2016. He is a member of the Compensation Committee, the Audit Committee, and the Compliance and Business Conduct Committee.

Mr. Boardman (1949) is Chairman of the Board of Kinnevik AB (“Kinnevik”), a leading Swedish entrepreneurial investment group with investments across mobile telecommunications, e-commerce, entertainment and financial services.

He was elected to the Kinnevik Board in 2011 and elected Chairman in May 2016.

Mr. Boardman is also a Non-Executive Director of Nedbank Group, Woolworths Holdings and African Rainbow Minerals, and was a Non-Executive Director of Vodacom Group between 2009 and 2011.

Mr. Boardman held various managerial positions within the South African mining and retailing industries during 1973 to 1986 and was founder and Managing Director of the Boardmans chain of retail houseware stores in South Africa. Between 1986 and 2002 he held managerial positions within the BoE Bank and during 2003 to 2010 he was Chief Executive of Nedbank Group.

Mr. Boardman holds a Bachelor of Commerce degree and CTA from the University of Witwatersrand in South Africa and is a chartered accountant having served his articles with Deloitte.

Mr. Boardman brings to the Millicom Board in-depth experience in corporate governance and oversight of both technology driven entrepreneurial businesses as well as financial groups and retail businesses.

Independent from the Company and its Executive Management but **Non-Independent** due to his significant affiliation to the major shareholder Kinnevik AB.

Millicom shareholding at 31 January 2017: 3,000 shares.



Mr. José Miguel García Fernández (Spanish)
Deputy Chairman, Non-Executive Director
(First appointed: May 2016)

Mr. García was elected a new member and Deputy Chairman of the Board of Millicom in May 2016. He is a member of the Audit Committee and the Compensation Committee.

Mr. García (1962) was previously Co-Chief Executive Officer of Orange España. Between 2006 and 2015 he was CEO of the Spanish telecommunications operator Jazztel, and he held various managerial positions within Cable & Wireless from 2000 to 2006, including Managing Director of UK & Ireland as well as CEO of Panama.

Mr. García holds a BSc in Electrical & Electronic Engineering and Postgraduate in Digital Telecommunications from Monash University in Australia.

Mr. García contributes to Millicom’s Board his relevant experience as an entrepreneurial Chief Executive Officer within the telecommunications and cable sectors.

His international background will also further broaden the Board’s global perspective and understanding of the dynamics of the markets in which Millicom operates.

Independent from the Company, its Executive Management, and its major shareholders.

Millicom shareholding at 31 January 2017: 6,553 shares.

Shareholder and Board governance – continued



Mr. Odilon Almeida (Brazilian)
Non-Executive Director
(First appointed: May 2015)

Mr. Odilon Almeida was elected as a member of the Board of Millicom in May 2015 and re-elected in May 2016. He is Chairman of the Compliance and Business Conduct Committee.

Mr. Almeida (1961) is the President for the Americas and European Union Region at the Western Union Corporation. With a 14-year tenure, Mr. Almeida is spearheading the digital transformation and growth of the company. He leads 98 countries across North America, Latin America, the Caribbean and Europe.

With a 30-year career in global financial, telecom and fast moving consumer goods sectors, Mr. Almeida brings a leadership style anchored in growth acceleration and business turnarounds involving digital transformation, organic growth and successful M&A.

His board experience, along with business leadership at Western Union, Millicom, BankBoston (now Bank of America), The Coca-Cola Company and Colgate-Palmolive, has given him deep knowledge of corporate governance, general management,

technology platforms, regulatory and compliance, as well as consumer insights of developed and emerging nations.

Mr. Almeida has a bachelor's degree in Civil Engineering from Maua Engineering School in São Paulo, Brazil, and in Business Administration from the University of São Paulo, and also holds an MBA with specialization in Marketing from the Getulio Vargas Foundation, São Paulo. He advanced his education at IMD Lausanne, The Wharton School, and Harvard Business School.

Mr. Almeida strengthens the Millicom Board with decades of experience from the financial services and Fintech sectors.

Independent from the Company, its Executive Management, and its major shareholders.

Millicom shareholding at 31 January 2017: 1,553 shares.



Ms. Janet Davidson (American)
Non-Executive Director
(First appointed: May 2016)

Ms. Janet Davidson was elected as a new member of the Board of Millicom in May 2016. She is a member of the Compliance and Business Conduct Committee.

Ms. Davidson (1958) is currently a Supervisory Board member of STMicroelectronics.

Ms. Davidson held various managerial positions in Alcatel Lucent from 1979 to 2011 including the role as Chief Strategy Officer, Chief Compliance Officer and Executive Vice President, Quality & Customer Care.

She has been a Member of Supervisory Board of STMicroelectronics since June, 2013. She serves as a Member of the Advisory Board. She has also been recognized by Working Woman Foundation with one of its first Women Enabling Science and Technology awards in 2001.

In 1999, she was inducted into the Academy of Women Achievers of the YWCA of the City of New York, which honors women of high achievement.

She brings to Millicom's Board her long experience in the telecommunications and IT sectors.

Ms. Davidson received a Bachelor of Arts degree in physics from Lehigh University, a Master of Science degree in Electrical Engineering from Georgia Tech, and a Master of Science in Computer Science through Bell Laboratories.

Independent from the Company, its Executive Management, and its major shareholders.

Millicom shareholding at 31 January 2017: 895 shares.

Shareholder and Board governance – continued



Mr. Simon Duffy (British)
Non-Executive Director
(First appointed: May 2016)

Mr. Simon Duffy was elected as a new member of the Board of Millicom in May 2016. He is a member of the Audit Committee.

Mr. Duffy (1949) is Non-Executive Chairman of YouView TV and a Non-Executive director of Modern Times Group, Oger Telecom and Wizz Air.

Mr. Duffy was Executive Chairman of Tradus until the company's sale in March 2008. He was also Executive Vice Chairman of ntl:Telewest until 2007, having joined ntl in 2003 as CEO. He has also served as CFO of Orange, CEO of wireless data specialist End2End, CEO and Deputy Chairman of WorldOnline International, and held senior positions at EMI Group and Guinness.

Mr. Duffy holds a BA from Oxford University and an MBA from Harvard University.

He brings to Millicom's Board his extensive experience in telecommunications and media businesses as well as emerging markets.

Independent from the Company, its Executive Management, and its major shareholders.

Millicom shareholding at 31 January 2017: 895 shares.



Mr. Tomas Eliasson (Swedish)
Non-Executive Director
(First appointed: May 2014)

Mr. Tomas Eliasson was elected as a member of the Board of Millicom in May 2014 and has been re-elected each year since. He chairs the Audit Committee.

Mr. Eliasson (1962) is Executive Vice President, Chief Financial Officer of Sandvik.

Previously Mr. Eliasson was the Chief Financial Officer and Senior Vice-President of Electrolux, the Swedish household and professional appliances manufacturer.

Mr. Eliasson has also held various management positions in Sweden and abroad, at the leading power and automation technologies company ABB Group, from 1987 to 2002.

Mr. Eliasson was Chief Financial Officer of the tools manufacturer Seco Tools AB from 2002 to 2006 and Chief Financial Officer of the intelligent lock and security solutions company Assa Abloy AB from 2006 to 2012.

Mr. Eliasson holds a Bachelor of Science Degree in Business Administration and Economics from the University of Uppsala.

Mr. Eliasson brings to the Millicom Board his significant experience as a CFO for multinational and global Swedish companies, roles in which he has driven a number of important and effective processes and procedures within global finance functions.

Independent from the Company, its Executive Management, and its major shareholders.

Millicom shareholding at 31 January 2017: 2,140 shares.

Shareholder and Board governance – continued



Mr. Lorenzo Grabau (Italian)
Non-Executive Director
(First appointed: May 2013)

Mr. Lorenzo Grabau was elected to the Board of Millicom in May 2013 and has been re-elected each year since. He is the Chairman of the Compensation Committee.

Mr. Grabau (1965) is the former Chief Executive Officer of Kinnevik.

Mr. Grabau began his career as an analyst for the investment bank Merrill Lynch, in the mergers and acquisitions department, before joining Goldman Sachs International, where he later became Partner and Managing Director (1999).

Mr. Grabau is a member of the Board of Directors of the leading European fashion e-commerce company Zalando SE, of the telecommunications operator Tele 2 AB, and of the Nordic e-commerce and financial services provider Qliro Group AB.

Mr. Grabau holds a degree in Economics and Business from La Sapienza University, Italy.

Mr. Grabau brings to the Millicom Board his experience from leadership positions within the Consumer/Retail and Media/Online industry practices of Goldman Sachs, and his experience on Boards of entertainment and technology companies, as well as his former role as CEO of Kinnevik.

Independent from the Company, its Executive Management, but **Non-Independent** due to his former role as CEO of the major shareholder Kinnevik AB.

Millicom shareholding at 31 January 2017: 5,140 shares.



Mr. Alejandro Santo Domingo (Colombian)
Non-Executive Director
(First appointed: May 2013)

Mr. Alejandro Santo Domingo was first elected to the Board of Millicom in May 2013 and has been reappointed each year since. He is a member of the Compliance and Business Conduct Committee.

Mr. Santo Domingo (1977) is a Senior Managing Director at Quadrant Capital Advisors, Inc. in New York City.

He is a member of the Board of Directors of Anheuser-Busch Inbev (ABI) having previously been a board member at SABMiller Plc and Vice-Chairman of SABMiller Plc for Latin America.

Mr. Santo Domingo is Chairman of the Board of Bavaria S.A. in Colombia, and Chairman of Backus & Johnston, in Peru. He is Chairman of the Board of Valorem, a company which manages a diverse portfolio industrial & media assets in Latin America.

Mr. Santo Domingo is also a director of JDE (Jacobs Douwe Egberts) Keurig Green Mountain; Florida Crystals, the world's largest sugar refiner; Caracol TV, Colombia's leading broadcaster; El Espectador, a leading Colombian Daily; and Cine Colombia, Colombia's leading film distribution and movie theater company.

In the non-profit sector, he is Vice Chairman of the Wildlife Conservation Society, a Member of the Board of Trustees of the Metropolitan Museum of Art, and the Educational Broadcasting Corporation (WNET Channel Thirteen).

Mr. Santo Domingo is a Member of the Board and Treasurer of Aid for AIDS, a foundation dedicated to helping HIV and AIDS patients; and Chairman of Alas, a foundation focused on early childhood development which was founded by artists such as Shakira & Alejandro Sanz.

Mr. Santo Domingo is a Member of the Board of DKMS Americas; a foundation dedicated to finding donors for leukemia patients. He is a Member of the Board of Endeavor Colombia and Fundacion Pies Descalzos.

Mr. Santo Domingo holds a Bachelor of Arts Degree from Harvard University.

Independent from the Company, its Executive Management, and its major shareholders.

Millicom shareholding at 31 January 2017: 7,140 shares.

Shareholder and Board governance – continued

Board program

The Board's annual program includes

- Company strategy and strategic direction
- Operating and financial performance review
- Governance and compliance matters
- Corporate Responsibility
- Government relations
- Corporate culture
- External financial reporting
- Risk management
- Dividend policy
- Evaluation of CEO and self-evaluation
- Human Resource matters including compensation, health, safety and well-being

Summary of Board activities in 2016

The Board of Directors has an annual program which consists of specific areas of focus that the Board has a role to oversee and advise the Company on.

There will be specific projects and topics that will arise in the normal course of business which will be added to the program of the Board.

Some of these topics are dealt with in the specific Board committees.

Summary of areas of focus in 2016

Activity/issues covered	Board actions
Reports of committees	<ul style="list-style-type: none"> • The Board regularly reviewed reports from its Audit, Compliance and Business Conduct, Special, and Compensation Committees on recent activities. • Discussion of Nomination Committee Director appointment proposals.
Incorporation of committee activities	<ul style="list-style-type: none"> • Incorporation of the activities previously delegated to the Government Relations and Corporate Responsibility Committee into the agenda of the full Board.
Operational Review	<ul style="list-style-type: none"> • Priorities and challenges for each of the Latin American and African businesses were regularly presented and discussed by the Board, including development of cable and mobile data businesses, efficiency measures and capital expenditure allocation.
Strategic Review	<ul style="list-style-type: none"> • The Board discussed with the Executive Team industry and geographic trends and the operational and financial strategy for each region of the Group, including the portfolio strategy.
Organizational structure	<ul style="list-style-type: none"> • The Board approved new hires into the Executive Team and management organizational and reporting structures.
Budget	<ul style="list-style-type: none"> • The Board discussed and approved the 2017 budget.
Review and approval of capital structure and dividend	<ul style="list-style-type: none"> • Refinancing of the Swedish Krona bond. • Amendment of existing terms and conditions of certain bonds. • Additional financing in several markets. • Recommendation of a dividend of \$2.64 per share to the 2016 AGM.
Review and approval of corporate governance matters	<ul style="list-style-type: none"> • Revisions to the Corporate Policy Manual (including Board and Committee charters). • Updates to the Authority matrix. • Election of Committee members.
Mergers, acquisitions and disposals	<ul style="list-style-type: none"> • The Board discussed acquisition and disposal developments across the Group, including approval of transactions such as the sale of the Group's business in the Democratic Republic of Congo.
Review and approval of financial reports	<ul style="list-style-type: none"> • 2015 Annual Report including the 2015 Consolidated Financial Statements of the Group, and interim consolidated financial statements. • Standalone financial statements of the parent company.
The external affairs organization	<ul style="list-style-type: none"> • Review of the the finalized external affairs strategic framework and functions for suitability for the organization's need.
Political environment	<ul style="list-style-type: none"> • Periodical reviews of the political situation per market with a specific focus on election periods and advice on risk management required in relation thereto.
Government relations, engagement and regulatory affairs	<ul style="list-style-type: none"> • Review of the state of government relations in markets and internationally. • Review of regulatory and engagement challenges with advice from the Board on best practice engagement strategy.
Millicom's non-financial performance	<ul style="list-style-type: none"> • Review of main non-financial performance and trends. • Recommendation for continued focus in line with existing non-financial focus areas.
Update on privacy and freedom of expression issue	<ul style="list-style-type: none"> • Updates provided to the Board on continued proactive approach being taken by Millicom in relation to these issues, including specific country cases. The Board recognizes the significant importance of these topics and is supportive of continued efforts to improve engagement and in-house expertise in this area.
Child Protection	<ul style="list-style-type: none"> • Briefing of the Board of Millicom's efforts in child protection and risk areas relating to the same.
Gender diversity program	<ul style="list-style-type: none"> • Update to the Board on transfer of ownership of internal gender diversity program to the HR function.

Shareholder and Board governance – continued

Induction and training

Incoming Board members are provided with information on their roles and responsibilities, operating procedures and information on Millicom's business and industry. Access to governance documents, policies and procedures, as well as meeting materials and Company information is provided through a secure online tool, in meetings set with the Executive Management team, and in ongoing dissemination of information.

Training programs covering key topics such as anti-bribery and corruption, ethics, independence and insider trading are provided. On an ongoing basis the Board receives detailed reports on specific areas that support their understanding of Millicom's business and operating environment.

Millicom Directors also attend an annual visit to one of Millicom's operations, during which time they are informed of the specific characteristics of the local market, conduct field trips to see aspects of the business in operation, and interact with local management.

Board effectiveness

The Board conducts an annual performance review process, wherein each Board member's personal performance is also reviewed. The review process involves an assessment of the Board's and its committees' actions and activities during the year against the Board's mandate as determined in the Board Charter (and those of its various committees).

The evaluation of the Board's performance during 2016 was conducted by the Chairman of the Board by way of a formal questionnaire covering areas such as the Board's performance against its key duties, the Board's composition and processes, as well as the performance of individual Board members. The results of the evaluation were presented to the Nomination Committee by the Chairman of the Board, and were also reported in full to the Nomination Committee in writing.

Board meetings/attendance at scheduled meetings of the Board in the 2016 financial year

Director	Meeting	Attendance %
Mr. Tom Boardman (Chairman)	4/4	100
Mr. José Miguel García Fernández (Deputy Chairman)	4/4	100
Mr. Odilon Almeida	6/6	100
Ms. Janet Davidson	4/4	100
Mr. Simon Duffy	4/4	100
Mr. Tomas Eliasson	5/6	83
Mr. Lorenzo Grabau	6/6	100
Mr. Alejandro Santo Domingo	3/6	50
Attendance of current Directors	36/40	90
Former Directors (until May 2016):		
Ms. Cristina Stenbeck	2/2	100
Mr. Paul Donovan	2/2	100
Mr. Anders Borg	2/2	100
Dame Amelia Fawcett	2/2	100
Overall attendance	44/48	92

Shareholder and Board governance – continued

Board committees

The Board and each of its Committees have written approved charters which set out the objectives, limits of authority, organization and roles and responsibilities of the Board and its Committees. The Board and Committee charters can be found on our website www.millicom.com/governance. Details of the roles and responsibilities, activities in 2016 and Directors' emoluments are set out on the following pages.

In 2015, the Board established two new committees. A Special Committee was set up to oversee the investigation into potential improper payments on behalf of the Guatemalan joint venture. The work of this committee continued in 2016.

In Q4 2015, the Board also established a new permanent Compliance and Business Conduct Committee to cover compliance related activities. In 2016 this Committee assumed oversight of non-financial compliance related matters from the Audit Committee.

In 2016, the Board incorporated activities previously delegated to the Government Relations and Responsibility Committee into the full Board agenda. The Board believed that the overarching reach of these activities across the various geographical and functional areas, warranted the breadth of experience and knowledge of the full Board.

Audit Committee

2016 was a very active year for the Audit Committee, with specific focus and attention on control activities of the Group, as well as oversight over regular reporting and internal audit activities. The Committee convened six scheduled meetings during the year and covered internal audit and internal control activities during all meetings.

The Committee also reviewed and discussed actions and activities around the important regulatory updates and upcoming changes in financial reporting, treasury, risk, revenue assurance and compliance. Further work remains to be done as the Group continues to standardize and implement best practices both in controls and assurance.

I would like to thank my fellow Committee members for their dedication and commitment to the activities of the Audit Committee and look forward to continuing our mandate through to the 2017 AGM.



From Mr. Tomas Eliasson
Chairman of the Audit Committee

Shareholder and Board governance – continued

Audit Committee membership and attendance in 2016

Audit Committee	Position	First appointment	Meetings/ Attendance %	
Mr. Tomas Eliasson	Chairman*	May 2014	6/6	100
Mr. Tom Boardman	Member	May 2016	3/4	75
Mr. Simon Duffy	Member	May 2016	4/4	100
Mr. José Miguel García Fernández	Member	May 2016	4/4	100
Mr. Lorenzo Grabau	Former member	May 2014	1/2	50
Mr. Odilon Almeida	Former member	May 2015	2/2	100
Overall attendance			20/22	91

*Designated as having specific accounting competence per EU Directive.

Appointment and role of the Audit Committee

The Audit Committee is comprised solely of non-executive Directors, the majority of whom are independent Directors. Members are appointed to ensure there is a mixture of relevant experience of both finance and broader commercial matters. The Board is confident that the collective experience of the members enables them to act as an effective Audit Committee. The Committee is also satisfied that it has the expertise and resource available to it to fulfill its responsibilities.

The Board has delegated to the Audit Committee the responsibilities for oversight of the financial reporting process, the integrity of the annual and quarterly financial reports and the involvement of external auditors in that process to ensure the balance, transparency and integrity of published financial information. The Audit Committee focuses particularly on compliance with financial requirements, accounting standards and judgments, appointment and independence of the external auditors, transactions with related parties (including major shareholders), the effectiveness of the internal audit function, the Group's approach to risk management and ensuring that an efficient and effective system of internal controls is in place.

Ultimate responsibility for reviewing and approving Millicom's Annual Report and Accounts remains with the Board.

The Chief Executive Officer, Chief Financial Officer, Group Financial Controller, Head of Internal Audit, Head of Business Controls, Group Risk Officer and representatives from Ernst & Young ("EY"), the Company's external auditor, are invited to attend Committee meetings.

The agenda for meetings is prepared by the Audit Committee Chairman in conjunction with the Chief Financial Officer. Each meeting includes a private session, attended only by Audit Committee members and the external auditor, to provide an opportunity for open dialogue without management presence. At each meeting, the Audit Committee receives reports from the Chief Financial Officer, the external auditor, the Head of Internal Audit, the Head of Business Controls, together with reports from other officers of the Company as required.

Shareholder and Board governance – continued

2016 meetings

During 2016, the Audit Committee met six times, coinciding with key dates in Millicom's external reporting:

Activity/issues covered	How the Audit Committee addressed the issues
Governance	<ul style="list-style-type: none"> • Reviewed and amended Audit Committee Charter. • Reviewed and discussed activities around the implementation of the law of 23 July 2016 in relation to the audit profession and implementing EU regulation 537/2014, as well as its implication for the Audit Committee.
Financial reporting	<ul style="list-style-type: none"> • Key accounting and reporting issues were reviewed at each meeting. • Reviewed and approved each quarter's earnings release, the 2015 annual earnings release and summary financial statements, and the 2016 half year earnings release and interim financial statements. • Reviewed and discussed activities around the implementation of IFRS 15 ("Revenue from Contracts with Customers") and IFRS 16 ("Leases"), as well as other changes in the financial reporting landscape and accounting policy changes/updates.
External auditor	<ul style="list-style-type: none"> • Received reports from the external auditor at each meeting covering important financial reporting, accounting and audit issues. • Approved the 2016 external audit strategy. • Considered the results of control testing performed by the external auditor. • Considered the performance of the external auditor and independence, including monitoring of the nature and value of non-audit services, as well as approving these fees.
Internal audit activities	<ul style="list-style-type: none"> • Appointed a new VP, internal audit. • Approved the 2016 internal audit plan. • Reviewed internal audit findings arising from the delivery of the 2016 audit plan.
Financing, treasury and tax	<ul style="list-style-type: none"> • The Group's Tax Director presented the Group's tax strategy. • Treasury and financing risks were discussed and the Committee approved the updated Group treasury and related policies, including a new policy on financial risk management. • Review and preparation of the implications of Base Erosion Profit Schemes (BEPS) driven disclosures.
Risk management	<ul style="list-style-type: none"> • Provided guidance and oversight over risk management processes. • Reviewed alignment of top risks with strategy. • Reviewed regular risk reports and IT remediation plan.
Internal controls	<ul style="list-style-type: none"> • Reviewed the remit and proposed activities of the Business Controls team. • Received the summary findings of internal control self-assessments performed in the year against the 2016 internal targets. • Approved 2017 targets for internal control maturity. • Requested and received a report on the Group's approach to information security.
Fraud management	<ul style="list-style-type: none"> • Reviewed fraud policies and quarterly fraud reports, as well as proposed actions to remediate identified cases.
Revenue assurance	<ul style="list-style-type: none"> • The Group head of revenue assurance presented on revenue assurance trends and actions taken to minimize loss.
Related party transactions	<ul style="list-style-type: none"> • A review of related party transactions was performed at each meeting.

Shareholder and Board governance – continued

Main activities of the Audit Committee during the year

Financial reporting

The Audit Committee reviewed earnings releases for each quarter and financial statements, having received reports from management and the external auditor. Attention was focused on:

- Significant accounting issues where judgment has been applied;
- The appropriateness of and application of the Group's accounting policies and practices;
- Compliance with financial reporting standards and other financial reporting requirements;
- The application of new accounting standards, in particular the future adoption of the new revenue recognition and lease standards, IFRS 15 and IFRS 16, respectively;
- The completeness and compliance of all structural disclosures made in the IAS 34;
- The financial reporting implication of BEPS legislation for future reporting.

A summary of all related party transactions was presented quarterly. The significant issues considered by the Audit Committee in relation to the financial statements for the year ended 31 December 2016 were:

1) Disposal of the Group's operations in DRC – also refer to note A.1.4. of the consolidated financial statements

During 2016, Millicom completed the disposal of its businesses in the Democratic Republic of Congo (DRC). The transaction included certain indemnity and warranty clauses which required management's judgment. The effect of disposal and assessment of provisions for indemnity and warranty clauses have been presented and discussed with the Committee.

2) Acquisition accounting in respect of Zantel Telecom Limited – also refer to note A.1.2. of the consolidated financial statements

During the year, the Group completed the purchase accounting of Zantel. Management's assessment of the acquisition final fair values based on external valuation advice were presented to the Committee for discussion.

3) Measurement of the Group's interests in Guatemala and Honduras – also refer to note A.2.3 of the consolidated financial statements

As required by IFRS, the Group has completed the measurement at fair value of the assets and liabilities for Guatemala and Honduras operations as of 31 December 2015, date of recognition of the Group's investment in both operations as joint ventures. For the purchase accounting, Millicom determined the fair values of these operations based on a discounted cash flow model. Similarly to Zantel, final fair values based on external valuation advice were presented to the Committee for discussion.

4) Guatemala security contracts – also refer to notes F.1. of the consolidated financial statements

In 2014, our joint venture in Guatemala (55% shareholding) entered into a contract with the Guatemala Government to provide video surveillance to the Civil National Police. Since inception, no payment had been received under this contract. Management has closely monitored the situation and assessed that the amounts owed under these contracts since inception were not collectable. Additionally, Management considered that, since 1 July 2016, the accounting criteria regarding probability of cash flowing to the Group were no longer met. Finally, as a result of the above, Management performed an impairment test on the fixed assets acquired for the purpose of rendering these services and concluded that an impairment should be recorded.

The above accounting treatments and decisions required Management judgment and estimates which were extensively discussed with the Committee.

5) Millicom investments in African Internet Holding GmbH (AIH) and Helios Towers Africa (HTA) – also refer to note A.3.2. of the consolidated financial statements
Millicom's shareholding in AIH and HTA diluted during 2016 as a result of previous committed cash calls and new investors' funding. As a result, Millicom's shareholding in both companies reduced to 10% and 23%, respectively. This has triggered the recognition of a total net dilution gain of US\$59 million in the Group income statement.

The accounting treatment of the latter was presented and discussed with the Committee.

6) Impairment testing – also refer to note E.1.6. of the consolidated financial statements

Under accounting standards, the Group is required to test goodwill and indefinite life intangible assets annually and, where there are indicators of potential impairment, also test the carrying value of other non-current assets. Assessment of the recoverable amount, be it under the "value in use" or the "fair value less cost of disposal" model, is subjective and requires significant judgment. In addition, the Group also tests its investments in joint ventures and associates in case of an impairment indicator. The Audit Committee received analysis from Management as to their assessment of the recoverable amounts of the Group's non-current assets, as well as the results of the sensitivity analysis. The Audit Committee also received analysis from the external auditor, including their view of significant assumptions such as discount rates.

Following consideration, the Audit Committee agreed with Management's proposal that an impairment loss of US\$40 million had to be recognized on our investment in MKC Brilliant Holding GmbH ('LiH').

Except for the above, the results of the annual impairment testing showed that sufficient headroom exists for the Group's other operations.

7) Tax provisions and contingencies – also refer to note G.3.2. of the consolidated financial statements

The Group operates in many countries where the tax and legal system is less mature and may be less predictable. There are a number of matters therefore relating to tax contingencies which require judgment as to the likely probability of cash outflow or the potential amount of any outflow. The Audit Committee therefore received regular reports from the Group Tax Director as to the status of each of these matters, the likely outcome, the provision required, if any, and proposed disclosure in the financial statements. Analysis of judgmental tax matters was also presented by the external auditor.

Shareholder and Board governance – continued

8) Deferred tax assets on unused carried forward tax losses – also refer to note B.6.3. of the consolidated financial statements

During 2016, deferred tax assets on unused carried forward tax losses have been discussed in relation to our UNE operation in Colombia. The recognition of such deferred tax assets is judgmental and based on significant assumptions such as the expected timing and level of future taxable profits together with future tax planning strategies.

Management has presented its assessment and judgment to the Audit Committee. Considering the evidence available as of today, and based on historical losses, it was decided not to recognize a deferred tax asset on the carried forward tax losses of UNE in accordance with IAS 12.

9) Revenue recognition – also refer to note B.1. of the consolidated financial statements

Judgment is required in assessing the application of revenue recognition principles. This includes the application of revenue between multiple deliverables, such as the sale of a set top box with service in a bundled package or managed services contracts that have complex contractual agreements. The Group has developed revenue recognition rules compliant with IFRS, tailored to the services and products sold. In addition, Management is currently implementing the new revenue standard, IFRS 15. The Audit Committee received reports and presentations from both Management and the external auditor covering matters relating to revenue recognition in general and to the implementation project.

10) Potential improper payments on behalf of the Guatemala joint venture and Tanzania share ownership issue – also refer to note G.3.1. of the consolidated financial statements

On 21 October 2015, Millicom reported to law enforcement authorities in the United States and Sweden potential improper payments made on behalf of the Company's joint venture in Guatemala.

In June 2016, Millicom was served by a third party seeking monetary damages and seeking to exert rights as a shareholder of Millicom Tanzania Ltd.

The Audit Committee has been updated at least quarterly on the progress of these cases.

Disclosure Committee

To assist with all matters relating to earnings releases and financial statement disclosures, the Group has a Disclosure Committee comprised of senior management from finance, legal, communications, investor relations and other functions as and when required. The Disclosure Committee identifies and considers disclosure matters in market releases which contain material financial and other price sensitive information.

Risk management

The Audit Committee received regular reports on the Group's risk management framework and process, changes to significant risks at an operational and a Group level and how these are managed. Further information is set out in the risk management section of this Annual Report.

In addition, the Audit Committee reviewed financial risk, tax risk and strategy, treasury policy and risks, and Group insurance cover.

Internal control

The Audit Committee reviewed the Company's internal control framework. The Audit Committee was focused on the need to promote the continued improvement of internal controls, including controls around IT given the Group is strongly dependent on its information technology infrastructure for the continuity of the business processes. In 2015, a new Business Controls function was created at a Group level in order to increase the level of resource and priority given to this issue. The Group function complements and supports control teams in each of the Group's operating companies. Targets for internal control improvement in 2016 were established and the Audit Committee reviewed the Business Controls strategy and received progress reports from the Head of Business Controls at each meeting. At the December meeting, the Audit Committee evaluated progress on a country and process level against the targets established and discussed the strategy for internal control development for 2017.

Internal Audit

The execution of the 2016 Internal Audit Plan provided Executive Management and the Audit Committee visibility on the effectiveness of Millicom's risk management, internal control and governance processes. It was developed to ensure alignment with the strategic risks of the Millicom Group, along with consideration of the overall Group strategy, input from senior management across multiple geographies and functions, external audit findings and Internal Audit's knowledge of the business.

In January 2016, the Audit Committee ratified the Internal Audit Plan for the year, which included reviews focusing on revenue assurance and billing, information security, IT and network resilience, financial control, regulatory compliance, supplier contract governance – particularly over large infrastructure support contracts – and the successful implementation of large IT change programs. Follow-up audits were also built into the plan, to provide independent assurance that management actions from previous audits had been addressed effectively.

The plan was primarily executed by the in-house Internal Audit team based in London, Luxembourg and Miami, with specialist support provided by one of the "Big 4" accounting firms. At each meeting, the Audit Committee received an update on Internal Audit activities, progress against the plan and results of the audits completed in the period, including associated recommendations and management action plans where issues had been identified.

In December 2016, a new Group Head of Internal Audit was appointed, having performed the role on an interim basis for the previous 18 months.

Shareholder and Board governance – continued

Fraud risk and whistleblowing

The Audit Committee received and reviewed quarterly fraud reports in accordance with the Group's Fraud policy. Individual events greater than defined quantitative and qualitative thresholds were discussed and remediation activities assessed.

The Group provides an ethics helpline which is administered by an independent third party and is available to all employees and contractors.

External Audit

Audit effectiveness

The quality and effectiveness of the external audit is of great importance to the Audit Committee. A detailed audit plan is prepared and discussed with the Audit Committee at the start of each annual audit cycle, outlining the key risks and proposed geographic coverage.

Audit quality is assessed by reference to the standard of the reports received by the Audit Committee, the caliber of senior members of the audit team and the level of challenge provided to Management. Also, feedback is received by the Audit Committee from Management.

In addition, on a regular basis the performance of the external auditors is reviewed by Management both centrally and in each of Millicom's operating countries against a set of 17 criteria ranging from knowledge of the business, to timeliness of communication and quality of reporting.

This feedback allows the Audit Committee to monitor and assess the performance of the external auditor in making a recommendation to the Board regarding the reappointment of Ernst & Young.

Auditor independence

The Audit Committee has established policies to maintain the independence of the external auditor and to govern the provision of audit and non-audit services. Permitted and prohibited services are clearly identified along with the processes to be followed for the approval of non-audit and audit services, in accordance with the latest EU and local regulations. All engagements require Audit Committee approval and additionally all engagements with an expected fee in excess of US\$100,000 require the prior approval of the Audit Committee Chairman. A schedule of all non-audit engagements with the external auditor is reviewed at each meeting.

For the year ended 31 December 2016, the Audit Committee approved fees for audit services of US\$4.6 million, together with fees for non-audit work of US\$2.0 million.

Under European rules, the current audit partner will have to rotate off for the audit of the consolidated financial statements as of 31 December 2019.

Audit tendering

EY was first appointed auditor of the Company for the year ended 31 December 2012 following a competitive tender.

Based on the new EU audit regulations and applicable Luxembourg law, EY would have to rotate off by 2032 (20 years) at the latest, with mandatory tender in 2022 (after ten years).

Shareholder and Board governance – continued

Compliance and Business Conduct Committee

The focus of the Compliance and Business Conduct Committee during 2016 was aimed at enhancing the Compliance function through the onboarding of a Chief Ethics & Compliance Officer. The Committee also spent dedicated time reviewing and discussing external regulatory requirements and internal control environment for anti-money laundering activities. Continued attention was given to the results of the external risk assessment exercise performed by Covington & Burling.

Other key areas of focus were to support the recommended simplification of the compliance framework through the adoption of a three-pillar approach – Prevent, Detect

and Respond. Specific support was given to strengthening the resources of the Compliance function. In parallel, the Committee reviewed the ongoing monitoring of the maturity of the compliance framework in each of its meetings and will continue to do so over next year as the function and framework continues to evolve.

I want to thank the Board and Management Team members of the Committee for their continued support and dedication to the work performed in 2016 and look forward to working together in the new year.



From Mr. Odilon Almeida
Chairman of the Compliance and Business Conduct Committee

Compliance and Business Conduct Committee membership and attendance 2016

Committee	Position	First appointment	Meetings/ attendance %	
Mr. Odilon Almeida	Chairman	November 2015	7/7	100
Mr. Alejandro Santo Domingo	Member	November 2015	5/7	71
Ms. Janet Davidson	Member	May 2016	4/5	80
Mr. Tom Boardman	Member	May 2016	5/5	100
Dame Amelia Fawcett	Former member	November 2015	2/2	100
Overall attendance			23/26	88

Appointment and role of the Compliance and Business Conduct Committee

Millicom's Compliance and Business Conduct Committee oversees and makes recommendations to the Board regarding the Group's compliance programs and standards of business conduct. More specifically, the Compliance and Business Conduct Committee:

- Monitors the Group's Compliance program, including the activities performed by the Compliance Team and its interaction with the rest of the organization;

- Monitors the results of investigations resulting from cases brought through the Group's ethics line or otherwise;
- Oversees allocation of resources and personnel to the Compliance area;
- Assesses the Group's performance in the Compliance area; and
- Ensures that the Group maintains proper standards of business conduct.

Management representatives invited to attend the Compliance and Business Conduct Committee include the Group CEO, the Chief Compliance Officer, General Counsel and CFO.

Shareholder and Board governance – continued

Summary of Committee activities in 2016

The Committee convened, as planned, seven times during the year. In terms of structure of each meeting, the Chairman prepares the agenda in conjunction with the Chief Ethics and Compliance Officer. The Chief Ethics and Compliance Officer, as directed by the Chairman, reports on the status of the

Compliance Program and any compliance related issues including anti-money laundering. The CEO plays an active role in the meetings. The CEO and Executive Team have demonstrated their full commitment to enhancing the Compliance function and culture at Millicom as shown by their active involvement with the Committee.

Summary of areas of focus in 2016

Activity/issues covered	How the Compliance and Business Conduct Committee addressed the issues
Initiation of Committee	<ul style="list-style-type: none"> The Compliance and Business Conduct Committee commenced its activities in January 2016 with the election of Mr. Odilon Almeida as Chairman of the Committee.
Recruited Chief Ethics and Compliance Officer	<ul style="list-style-type: none"> A Chief Ethics and Compliance Officer was recruited. He reports to the Board with a dotted line to the Millicom CEO.
Anti-corruption risk assessment	<ul style="list-style-type: none"> Received a report on the independent Risk Assessment performed by Covington & Burling LLP, assisted by Kirkland & Ellis and by KPMG. The review has been concluded and it has not identified any matters requiring further investigation. The review has identified potential ways in which to proactively strengthen the Compliance Program going forward.
Program enhancements	<ul style="list-style-type: none"> Simplified compliance framework implemented with emphasis on Prevent, Detect and Respond. Restructuring the Compliance function to better align with other assurance functions. Training on Code of Conduct and Anti-Bribery & Anti-Corruption. Additional emphasis on third party management and anti-money laundering. Corporate and Local Compliance Committees in place.

Shareholder and Board governance – continued

Compensation Committee: Remuneration Report

In 2016, the Compensation Committee has continued to focus on the review of Millicom’s reward strategy to ensure that senior management compensation reflects more closely company performance. The Committee has also reviewed Millicom’s renewed approach to benchmarking compensation and talent, which has led to important work in recalibrating job grades and roles.

We are confident that these steps will ensure that the Group Management is incentivized to take a longer term view on positive business performance in alignment with company and shareholder interests.

I would like to thank my fellow Compensation Committee members for their dedication and commitment to the activities of the Compensation Committee and look forward to continuing our expanded mandate through to the 2017 AGM.



From Lorenzo Grabau
Chairman of the Compensation Committee

Compensation Committee membership and attendance 2016

Committee	Position	First appointment	Meetings/ attendance %	
Mr. Lorenzo Grabau	Chairman	May 2015	5/5	100
Mr. Tom Boardman	Member	May 2016	2/2	100
Mr. José Miguel García Fernández	Member	May 2016	2/2	100
Dame Amelia Fawcett	Former Chairman	May 2014	3/3	100
Mr. Paul Donovan	Former member	May 2014	2/3	67
Overall attendance			14/15	93

Appointment and role of the Compensation Committee

The Compensation Committee reviews and makes recommendations to the Board of Directors regarding the compensation of the CEO and the other senior managers as well as management succession planning.

The Board, based on guidelines by the Compensation Committee, propose the remuneration of senior management. The objective of the guidelines is to ensure that Millicom can attract, motivate and retain executives, within the context of Millicom’s international talent pool, which primarily consists of telecom, media and FMCG

companies. Remuneration of the CEO and the long-term incentive plans are then approved by the shareholders at the AGM.

The evaluation of the CEO is conducted by the Compensation Committee. The evaluation criteria and the results of the evaluation are then discussed by the Chairman with the entire Board. The Board considered that the CEO provided strong leadership for the Company during 2016. The results of the review and evaluation were communicated to the CEO by the Chairman. The Compensation Committee comprises three members.

Shareholder and Board governance – continued

Main activities of the Committee during 2016

The Compensation Committee met five times in 2016.

Activity/issues covered	How the Compensation Committee addressed the issues
Bonus and performance reports	<ul style="list-style-type: none"> Reviewed and approved the variable compensation targets to further align remuneration with company performance. Received and reviewed senior executive performance reports and rewards for exceptional performance.
Separation arrangements at Executive level	<ul style="list-style-type: none"> Discussed, modified and subsequently approved separation arrangements with former members of the Executive Team.
Share-based incentive plans	<ul style="list-style-type: none"> Reviewed the terms and conditions of the 2016 share-based incentive plans, in particular changes recommended that improve alignment to shareholder returns for the future performance plans. Discussed feedback from the changes to the 2016 share-based incentive plan design.
Global reward strategy and executive remuneration review	<ul style="list-style-type: none"> Review of the timeline and planned activities for the reward strategy update. Gave input to a holistic review of reward principles, emphasizing importance of a performance-based incentive opportunity culture. Reviewed the performance of individual members of the Executive Team and compensation packages.
Recruitment	<ul style="list-style-type: none"> Reviewed progress and potential candidates for the positions of Chief Compliance Officer, Chief Human Resources Officer, and Chief Strategy Officer.
Compensation review	<ul style="list-style-type: none"> Reviewed guidelines and methodology for setting 2017 compensation.

Remuneration guidelines

The Board proposes to the AGM guidelines for remuneration and other employment terms for the senior management. The annual base salary and other benefits of the CEO and the Executive Vice Presidents (the "Executive Team") is proposed by the Compensation Committee and approved by the Board.

Remuneration policy

Remuneration packages for members of the Executive Team at Millicom comprises an annual base salary, an annual bonus, share-based compensation, social security contributions, pension contributions and other benefits. Bonus and share-based compensation plans (see note B.4.1 to the Consolidated Financial Statements) are based on actual performance. Share-based compensation is granted once a year by the Compensation Committee of the Board.

Base salary – The Executives' base salary shall be competitive and based on the individual Executive's responsibilities and performance.

Variable cash remuneration – The Executives may receive variable remuneration in addition to base salary. The maximum target variable remuneration in any Executive's contract is 100% of the base salary and in case of exceptional business and personal performance the actual amount can reach 200%. The variable amounts or percentages are considered to be competitive within market standards at total compensation levels. The variable remuneration shall be based on the performance of the Executives in relation to established goals and targets along with Millicom's financial performance.

Shareholder and Board governance – continued

Use and relative weighting of performance target measures under the variable compensation rules are equal to all employees regardless of seniority.

Bonus measurements	Rationale	Weighting
Service Revenue ⁽ⁱ⁾	Recurring revenue is a key growth measure used by the Group as it seeks to monetize opportunities in all countries and all business units.	23.33%
EBITDA	EBITDA is used as a measurement of ongoing earning power/value creation in the Group and is used as a measure of how well management controls the operational cost of growing revenue.	23.33%
Operating Free Cash Flow	Operating Free Cash Flow is a measure aligned to return on invested capital and is used to measure how efficiently management are generating cash flow.	23.33%
Personal performance	The individual goals and objectives of Millicom management and employees are critical in achieving its financial objectives and in long-term value creation.	30%
Total		100%

(i) The use of Service Revenue as a performance measure replaced use of Total Revenue from January 2016.

Long-term share based incentive plans (LTIPs) – The aim of the LTIPs is to complement and support Millicom's long-term business view and strategy. The plans and the amounts need to be competitive in order to attract and retain key executives.

Other benefits – Other benefits can include, for example, a car allowance, medical coverage and in some cases, housing allowance, school fees, home leave and other travel expenses.

Pension – The Executives are entitled to participate in a global pension plan, in accordance with European standards. The global pension plan is secured through premiums paid to reputable insurance companies.

Deviations from the guidelines – In special circumstances, the Board may deviate from the above guidelines, for example additional variable remuneration in the case of exceptional performance. In such a case the Board of Directors will explain the reason for the deviation at the following AGM.

Payment for loss of office

If the employment of a Millicom Executive is terminated, a notice period of up to 12 months potentially applies.

Shareholder and Board governance – continued

Executive Team remuneration 2016

Compensation of the Executive Team (US\$ '000)	CEO	CFO	Other Executives (9 members)
2016			
Base salary	1,000	599	3,797
Bonus (for 2016 performance)	660	450	1,411
Pension	150	82	513
Other benefits	48	18	720
Termination benefits	—	—	—
Total salary and benefits	1,858	1,149	6,441
Performance share plan ⁽ⁱ⁾	—	—	13,024
Deferred share plan ⁽ⁱⁱ⁾ (for 2016 performance)	15,017	10,250	32,122
CEO Dividend Share Award	2,358	—	—
Total shares (number)	17,375	10,250	45,146
Value of shares⁽ⁱⁱⁱ⁾ (US\$ '000)	743	450	2,385

(i) Amounts relating to the 2014 performance share plan based on the actual performance over the three year period to 31 December 2016. The value of shares is based on the closing market value of Millicom shares in US\$ at 31 December 2016 of US\$42.76. These shares vested on 1 January 2017.

(ii) Amounts relating to the 2016 deferred share plan (awarded in 2017). The value of shares is based on the closing market value of Millicom shares in US\$ at 31 December 2016 of US\$42.76. These shares will vest over three years from the award date, dependent on continued service of the employee.

(iii) The value is calculated on the basis described above which differs from the value calculated for the IFRS financial statements.

Compensation of the Executive Team (US\$ '000)	CEO*	Former CEO	CFO**	Other Executives (9 members) ^(iv)
2015				
Base salary	750	304	989	3,721
Bonus (for 2015 performance)	1,006	—	1,206	1,870
Pension	113	—	95	671
Other benefits	11	—	14	1,085
Termination benefits	—	2,854	—	682
Total salary and benefits	1,880	3,158	2,304	8,029

Compensation shares

Performance share plan ⁽ⁱ⁾	—	—	—	11,300
Deferred share plan ⁽ⁱⁱ⁾	—	—	4,394	14,916
Sign-on grant ⁽ⁱⁱⁱ⁾	77,344	—	—	—
Total shares (number)	77,344	—	4,394	26,216
Value of shares^(v) (US\$ '000)	4,457	—	253	1,511

* The CEO started in April 2015.

** Includes compensation for the interim CEO role to 31 March 2015.

(i) Amounts relating to the 2013 performance share plan based on the actual performance over the three year period to 31 December 2015. The value of shares is based on the closing market value of Millicom shares in US\$ at 31 December 2015 of US\$57.63. These shares vested on 1 January 2016.

(ii) Amounts relating to the 2015 deferred share plan. The value of shares is based on the closing market value of Millicom shares in US\$ at 31 December 2015 of US\$57.63. These shares will vest over three years from the award date, dependent on continued service of the employee.

(iii) Amounts relating to the CEO sign on bonus share grant. The value of shares is based on the closing market value of Millicom shares in US\$ at 31 December 2015 of US\$57.63. One-third of the total share amount vests on each of 1 January 2016, 1 January 2017 and 1 January 2018.

(iv) Includes former Executives who left Millicom during 2015.

(v) The value is calculated on the basis described above which differs from the value calculated for the IFRS financial statements.

Shareholder and Board governance – continued

Share based incentive plans

The share-based incentive plans currently consist of a Deferred Share Plan (DSP) and a Performance Share Plan (PSP). Shares granted under the DSP are based on personal and corporate performance of the previous year and the awards vest over three years, 16.5% after one year, 16.5% after two years and 67% after three years. Shares granted under the PSP vest at the end of a three-year period, whereby vesting is subject to certain company performance conditions.

The modification to the Performance Share Plan for the CEO and CFO as applied in 2015 (the Executive Share Plan) has not been repeated in 2016. Both the CEO and CFO are instead participating in the Group's PSP, with target opportunities as per the table below.

In 2016, long-term share based incentive plans were offered to Executives, other senior management, as well as to high potential employees and employees in key roles (by nomination exception) under the plans set out in the following table. In addition, the rules of the plans set out certain criteria and conditions in which new employees can be awarded sign-on awards.

LTIP Plans	Eligibility	Participants	Maximum shares awarded in 2016	Basis for calculating award	Comment
Deferred Share Plan (DSP)	CEO, CFO, other Executives and other (global) senior management*	330	287,316	20–50% on base salary as per 31.12.15	
Performance Share Plan (PSP)	CEO, CFO, other Executives and other (global) senior management	52	200,617	200% 160% 35%–160% on base salary as per 01.01.16	

*A limited number of High-Potential employees and employees in key roles can be nominated by exception.

Specific rules of each plan are set out below. Vesting under all plans is conditional on the participant remaining employed by the Group at each vesting date. Additional vesting criteria are noted under each plan.

LTIP Plans	Additional vesting criteria (terms and conditions)	Vesting period		
		1 year	2 years	3 years
Deferred Share Plan	–	16.5%	16.5%	67%
Future Performance Plan	Achievement of absolute and relative total shareholder return target measures plus a Free Cash Flow target measure over the three year vesting period.	—	—	100%

CEO compensation

At the AGM on 15 May 2015, the Board of Directors proposed and the meeting approved a sign-on share grant to the CEO of 77,344 Millicom shares, as part of the CEO remuneration.

One-third of the total share amount vests (and is deliverable to the CEO along with accrued dividends) on each of 1 January 2016, 1 January 2017 and 1 January 2018. The vesting of shares is conditional upon the CEO not being dismissed for cause.

The share grant was proposed by the Board following review by the Compensation Committee of the entire compensation package for the CEO. The 2016 components of this package are:

- an annual base salary of US\$1 million;
- variable remuneration with a target of 100% of base salary;
- participation in Millicom's share-based compensation plans;
- the continued vesting of the Sign-on Share Grant; and
- other standard benefits, as described under the senior management remuneration principles earlier in this report.

Shareholder and Board governance – continued

CEO earnings opportunity from 2016 award levels

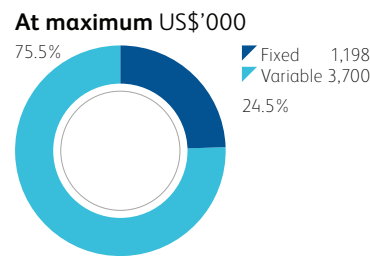
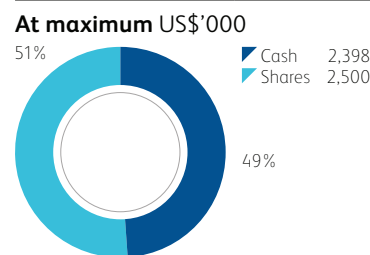
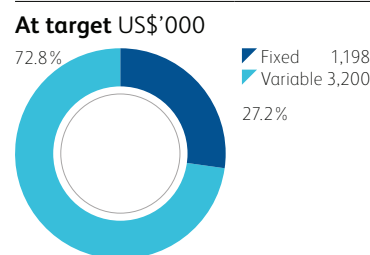
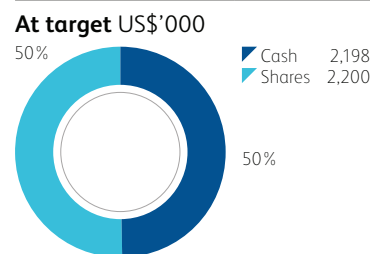
The tables below provide estimates of the potential future remuneration for the Chief Executive Officer based on the remuneration opportunity granted in the 2016 financial year. Potential outcomes are based on different performance scenarios.

Assumptions underlying each scenario are described below.

Fixed	Fixed income consists of base salary, employment benefits and company pension contributions. Base salary is at 31 December 2016. Benefits are valued using the figures in the total remuneration for the 2016 financial year table detailed above. Pension contributions are made at 15% of base salary as at December of the preceding year.				
		Base (US\$'000)	Benefits (US\$'000)	Pension (US\$'000)	Total Fixed (US\$'000)
	Mauricio Ramos	1,000	48	150	1,198
Variables on target	Values are based on what the Chief Executive Officer Mr. Ramos would receive if performance was in line with Incentive Performance Targets. The target award opportunity for the annual cash bonus is 100% of base salary. The target award opportunity for the Deferred Share Plan (DSP) is 50% of base salary for the Chief Executive Officer. The target award opportunity for the Performance Share Plan (PSP) is 200% of base salary for the Chief Executive Officer, assuming TSR performance being positive and at peer group median.				
	Variables at maximum	Maximum award opportunity under the annual cash bonus is 120%. The maximum award for performance under the DSP is 75% of base salary. The maximum award for performance under the PSP is 200% of base salary, where total shareholder return ('TSR') outperforms the peer group by at least 5 percentage points.			

Details of share purchase and sale activity

During 2016 Millicom's CEO, Mauricio Ramos acquired 12,000 Millicom shares.



Shareholder and Board governance – continued

Shareholding requirements

Millicom's share ownership policy sets out the Compensation Committee's requirements on Global Senior Managers to retain and hold a personal holding of common shares in the Company in order to align their interests with those of our shareholders.

All Share Plan participants in the Global Senior Management Team (including all Executives) are required to own Millicom shares to a value of a percentage of their respective base salary as of January of the calendar year. Unless this requirement is filled each year no vested Millicom shares can be sold by the individual.

Global Senior Management Level	2016	2017	2018 onwards
	Transition requirements %	Full requirement %	Full requirement %
CEO	400	400	400
CFO	200	200	200
EVPs	20–50	50–100	100
General managers and VPs	10	25	50

Shares and unvested share awards beneficially owned

Shares and unvested share awards beneficially owned by the Executive Team (number of shares)

	CEO	Executive Team	Total
31 December 2016			
Shares	27,020	34,472	61,492
Share awards not vested	114,729	173,340	288,069
31 December 2015			
Shares	—	11,714	11,714
Share awards not vested	104,008	83,823	186,831

2016 Remuneration for the Chairman, Deputy Chairman and Non-Executive Directors

Decisions on annual remuneration of Directors ("tantièmes") are reserved by the Articles of Association to the general meeting of shareholders. Directors are therefore prevented from voting on their own compensation. However, Directors may vote on the number of shares they may be allotted under any share-based compensation scheme. The Nomination Committee reviews and recommends the Directors' fees which are approved by the shareholders at the AGM. Fees are set based on the role (Chairman, Deputy Chairman), and for participation in and roles of Chairman of the Audit Committee, the Compliance and Business Conduct Committee, and Compensation Committee.

Shareholder and Board governance – continued

The remuneration of Directors comprises an annual fee and shares denominated in Swedish Krona (SEK). Director remuneration for the period is as follows:

	Remuneration 2016 SEK 000's	Remuneration 2015 SEK 000's
Board and committees		
Directors:		
Mr. Tom Boardman (Chairman)	2,025	—
Mr. José Miguel García Fernández (Deputy Chairman)	1,300	—
Mr. Odilon Almeida ⁽ⁱ⁾	1,050	1,050
Ms. Janet Davidson	950	—
Mr. Simon Duffy	1,050	—
Mr. Tomas Eliasson ⁽ⁱ⁾	1,250	1,250
Mr. Lorenzo Grabau	950	1,150
Mr. Alejandro Santo Domingo	950	850
Former Directors (until May 2016):		
Ms. Cristina Stenbeck (former Chairman)	—	1,500
Mr. Anders Borg (former Deputy Chairman)	—	1,000
Mr. Paul Donovan ⁽ⁱ⁾	—	950
Dame Amelia Fawcett	—	1,075
Total in SEK 000's	SEK 9,525	SEK 8,825
Total (US\$'000)⁽ⁱⁱ⁾	US\$1,143	US\$1,058

(i) In addition, in 2015: EUR 57,000 was paid to each for their work on the Special Committee.

(ii) Cash compensation converted from SEK to USD at exchange rates on payments dates each year. Share based compensation based on the market value of Millicom shares on the 2016 AGM date (in total 8,002 shares). Net remuneration comprised 50% in shares and 50% in cash (2015: 38% in shares and 62% in cash).

Shareholder and Board governance – continued

3. Millicom CEO and Executive Team

CEO	Position	Role and responsibilities
Mr. Mauricio Ramos	CEO	Leading the development and execution of the Company's strategy. Day-to-day activities and management decisions, both operating and financial. Liaison between the Board and Management of the Company. Leading the Executive Team.

Mr. Mauricio Ramos

Chief Executive Officer

Mauricio Ramos (1968) joined Millicom in April 2015 as Chief Executive Officer (CEO). Before joining Millicom, he was President of Liberty Global's Latin American division, a position he held from 2006 until February 2015.

During his career at Liberty Global, Mauricio held several leadership roles, including positions as Chairman and CEO of VTR in Chile and President of Liberty Puerto Rico. Throughout this period he successfully developed both mobile and broadband businesses in Latin America, delivering solid operational improvement and outstanding financial results.

Mauricio is also Chairman of TEPAL, the Latin American Association of Cable Broadband Operators, Member of the Board of Directors of Charter Communications (US), and a Member of the Board of Directors of the GSMA.

He is a dual Colombian and US citizen who received a degree in Economics, a degree in Law, and a postgraduate degree in Financial Law from Universidad de los Andes in Bogota.

Millicom shareholding at 31 January 2017:
27,020 shares

Millicom's Executive Team supports the CEO in the day-to-day operation and management of the Group, within their specific areas of expertise. Millicom's Executive Team meets on at least a monthly basis and more frequently when required. Millicom's Executive Team is as follows:

Executive Team	Position	Role and responsibilities
Mr. Tim Pennington	Chief Financial Officer	Finance and financial planning. Reporting financial performance, including external financial reporting. Budgeting and forecasting, monitoring expenditures and costs. Implementation and enhancement of related controls. Risk management.
Mr. Esteban Iriarte	Chief Operating Officer – LatAm	Operations and development of the Latin American businesses.
Ms. Cynthia Gordon	CEO Africa Division	Operations and development of the African businesses.
Mr. Xavier Rocoplan	Chief Technology and Information Officer	Networks, technology and information within the Group. Also procurement, corporate security and information security.
Ms. Rachel Samrén	Chief External Affairs Officer	Government relations, regulatory affairs, corporate communications and corporate responsibility.

Shareholder and Board governance – continued

Executive Team	Position	Role and responsibilities
Mr. Salvador Escalón	General Counsel	Legal and corporate governance matters including oversight, identification and management of legal cases and issues of the Group, as well as legal aspects of mergers and acquisitions and other corporate transactions.
Mr. Daniel Loria	Chief Human Resources Officer	Human Resource matters including talent acquisition and management, compensation, diversity and inclusion.
Mr. HL Rogers	Chief Ethics and Compliance Officer	Compliance matters including ethics, anti-bribery, anti-corruption and related compliance programs.
Mr. Rodrigo Diehl	Chief Strategy Officer	Strategy development and direction setting.

The profiles of the CFO and Executive Team members are provided below:

Mr. Tim Pennington

Chief Financial Officer

Tim Pennington joined Millicom in June 2014 as Chief Financial Officer.

Previously, he was the Chief Financial Officer at Cable and Wireless Communications plc, Group Finance Director for Cable and Wireless plc and, prior to that, CFO of Hutchison Telecommunications International Ltd, listed in Hong Kong and New York. Tim was also Finance Director of Hutchison 3G (UK), Hutchison Whampoa's British mobile business.

He also has corporate finance experience, firstly as a Director at Samuel Montagu & Co. Limited, and then as Managing Director of HSBC Investment Bank within its Corporate Finance and Advisory Department.

He is a British national and has a BA (Honours) degree in Economics and Social Studies from the University of Manchester.

Millicom shareholding at 31 January 2017:
9,813 shares

Mr. Esteban Iriarte

Chief Operating Officer, Latin America

Esteban Iriarte was appointed as Chief Operating Officer (COO), Latin America in August 2016.

Previously, Esteban was General Manager of Millicom's Colombian businesses where, in 2014, he led the merger and integration of Tigo and the fixed-line company UNE.

Prior to leading Tigo Colombia, Esteban was head of Millicom's regional Home and B2B divisions.

From 2009 to 2011, he was CEO of Amnet, a leading service provider in Central America for broadband, cable TV, fixed line and data services that was bought by Millicom in 2008.

In 2016 Esteban joined Sura Asset Management board. Sura is one of Latin America's biggest financial groups.

Esteban is from Argentina and received a degree in Business Administration from the Pontificia Universidad Católica Argentina "Santa María de los Buenos Aires", and an MBA from the Universidad Austral in Buenos Aires.

Millicom shareholding at 31 January 2017:
8,634 shares

Ms. Cynthia Gordon

Executive Vice President, CEO Africa Division

Cynthia Gordon joined Millicom in September 2015 as EVP, CEO Africa Division.

Cynthia was previously Chief Commercial Officer at Ooredoo, with oversight for commercial strategies across Ooredoo operations in the Middle East, North Africa and South-East Asia. Cynthia was also a Commissioner on the Board of Indosat-Ooredoo, the largest operation of the Ooredoo Group.

She joined Ooredoo from Orange where she was Vice President of Partnerships and Emerging Markets. Prior to that Cynthia was Group Chief Commercial Officer at MTS in Russia and led the commercial strategy and direction for the company, which at the time had 91 million customers in six countries. Cynthia currently serves as Board member of European telecom operator Tele 2 and BIMA, the leading provider of mobile-delivered insurance in emerging markets.

Cynthia is a British national and has a BA (Honours) in Business Studies.

Millicom shareholding at 31 January 2017:
110 shares

Shareholder and Board governance – continued

Mr. Xavier Rocoplan

Executive Vice President, Chief Technology and Information Officer

Xavier Rocoplan started working with Millicom in 2000 and joined the Executive Committee as Chief Technology and IT Officer in December 2012.

Xavier is currently heading all mobile and fixed network and IT activities across the Group as well as all Procurement & Supply Chain activities.

Xavier first joined Millicom in 2000 as CTO in Vietnam and subsequently for South East Asia. In 2004, he was appointed CEO of Millicom's subsidiary in Pakistan (Paktel), a role he held until mid-2007. During this time, he launched Paktel's GSM operation and led the process that was concluded with the disposal of the business in 2007. Xavier was then appointed as head of Corporate Business Development, where he managed the disposal of various Millicom operations (e.g. Asia), the monetization of Millicom infrastructure assets (towers) as well as numerous spectrum acquisitions and license renewal processes in Africa and in Latin America.

Xavier is a French national and holds Master's degrees in engineering from Ecole Nationale Supérieure des Télécommunications de Paris and in economics from Université Paris IX Dauphine.

Millicom shareholding at 31 January 2017:
11,604 shares

Ms. Rachel Samrén

Executive Vice President, Chief External Affairs Officer

Rachel Samrén joined Millicom in July 2014 and manages the Group's government relations, corporate communications and corporate responsibility functions.

Her focus is on driving Millicom's global engagement with particular responsibility for special situation strategies.

Rachel's background is in the risk management consulting sector, most recently as Head of Business Intelligence at The Risk Advisory Group plc. Previously, she worked for Citigroup as well as non-governmental and governmental organizations.

Rachel currently serves as Chairman of the Board of Directors of Reach for Change and Zantel.

She is a Swedish national and holds a BSc in International Relations from the London School of Economics and a MLitt in International Security Studies from the University of St Andrews.

Millicom shareholding at 31 January 2017:
93 shares

Mr. Salvador Escalón

Executive Vice President, General Counsel

Salvador Escalón was appointed as Millicom's General Counsel in March 2013 and became Executive Vice President in July 2015.

Salvador leads Millicom's legal team and advises the Board of Directors and senior management on legal and governance matters.

He first joined Millicom as Associate General Counsel Latin America in April 2010. In this role he successfully led legal negotiations for the merger of Millicom's Colombian operations with UNE-EPM Telecomunicaciones S.A., as well as the acquisition of Cablevision Paraguay.

From January 2006 to March 2010, Salvador was Senior Counsel at Chevron Corporation, with responsibility for legal matters relating to Chevron's downstream operations in Latin America.

Previously, he was in private practice at the law firms Skadden, Morgan Lewis and Akerman Senterfitt.

Salvador is an American national and has a J.D. from Columbia Law School and a B.B.A. in Finance and International Business from Florida International University.

Millicom shareholding at 31 January 2017:
4,222 shares

Shareholder and Board governance – continued

Mr. Daniel Loria

Executive Vice President, Chief Human Resources Officer

Daniel Loria joined Millicom in April 2016 as Chief Human Resources Officer.

Previous to his current role, Daniel was Head of HR for North America at Syngenta, the global agribusiness company headquartered in Switzerland.

His international experience includes his role as Regional Head of HR for Royal & Sun Alliance Latin America (2007 to 2009); Global Head of HR for Novartis' Vaccines and Diagnostics and HR Head of Novartis Pharmaceuticals in Latin America (2003 to 2007).

Daniel's career has provided him with extensive and diverse international experience in developing the human capital in organizations.

He has a degree in Business Communications from ITESM Queretaro where he graduated with honors, and an MA from California State University where he studied Communications and Public Relations as a Fulbright Scholar. He also has an Advanced Certification in Organizational and Executive Coaching from New York University.

Millicom shareholding at 31 January 2017:
no shares

Mr. HL Rogers

Executive Vice President, Chief Ethics and Compliance Officer

HL Rogers joined Millicom in August 2016 as Chief Ethics and Compliance Officer. As the leader of Millicom's Compliance function he is committed to maintaining a world-class compliance program.

Previously, he was partner in the Washington DC office of international law firm Sidney Austin LLP where he represented individual, corporate and government clients in compliance issues and complex litigation.

Throughout this period, HL Rogers developed a wealth of experience in setting up and managing compliance programs, strengthening compliance policies and procedures, as well as conducting training and development. He has also assisted many large corporations in negotiations with authorities in multiple jurisdictions.

HL clerked for Judge Thomas Griffith of the United States Court of Appeals for the District of Columbia Circuit in 2005. He received his Juris Doctorate from Harvard Law School in 2004 and has published several articles on compliance and ethics matters within the corporate setting.

In 2001, HL received his BA degree in English from Brigham Young University.

Millicom shareholding at 31 January 2017:
no shares

Mr. Rodrigo Diehl

Executive Vice President, Chief Strategy Officer

Rodrigo Diehl was appointed as Millicom's Executive Vice President, Chief Strategy Officer in September 2016.

Previously, Rodrigo was a partner at McKinsey & Co. both in Germany and in Brazil where, from 2003, he advised telecommunications, technology and media leaders throughout Europe, the USA, Middle East and Latin America.

He also previously worked as a Senior Analyst and Planning Manager at Techint Group.

At Millicom, Rodrigo is supporting the company's drive to constantly improve its strategic rigor and maintain its competitive advantage in a rapidly transforming industry.

He graduated with honors from the University of Buenos Aires and holds an MBA from Harvard Business School.

Millicom shareholding at 31 January 2017:
no shares

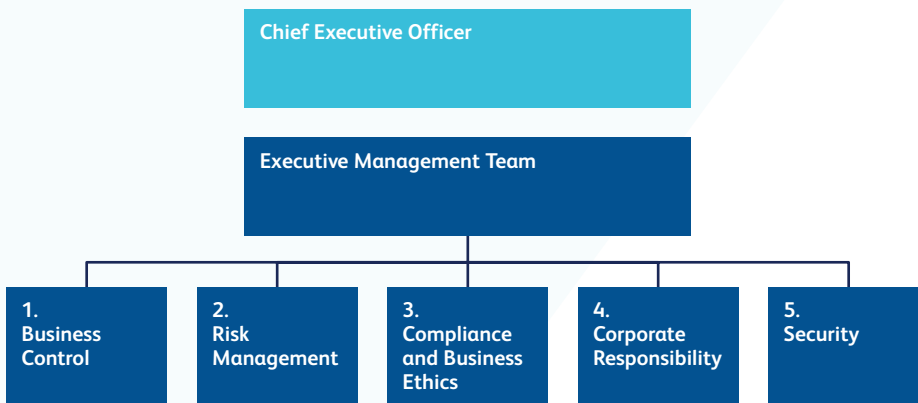
Management governance

The Group seeks to ensure that governance activities are embedded in the daily operations of all businesses and in the Group's corporate functions. The role of the Group's governance functions is to set policies and procedures in accordance with our obligations and international best practice. These functions then ensure these are embedded in our businesses and monitor compliance.

Each function has clear reporting lines through to the Executive Management Team and the CEO. Reporting is also to the Board committees, as previously described, based on the responsibilities of each committee.

For instance, the Chief Ethics and Compliance Officer reports directly to the relevant Board committee with a dotted line report to the CEO.

In addition, the Group has a dedicated Internal Audit function to provide independent assurance over all businesses and corporate functions through a program of risk-based internal audits. Internal Audit reports to the Audit Committee of the Board and to Executive Management. Improvements are identified, management actions assigned and implementation progress is monitored.



1. Business Control

The Board has overall responsibility for the Group's system of internal control which is designed to manage, rather than eliminate, the risk of failure to achieve business objectives and can only provide reasonable, but not absolute, assurance against material misstatement or loss. The concept of reasonable assurance recognizes that the cost of control procedures should not exceed the expected benefits.

Responsibility for maintaining effective internal controls is delegated to the CEO and the Executive Team with oversight provided by the Audit Committee. Millicom continued to invest significantly during the year to further strengthen its internal control framework.

Within the Millicom control framework, controls are performed by operational and functional management teams. The Group's key controls are documented in the Millicom internal control manual, and covers both financial and non-financial controls across 15 core business processes. The control manual was significantly upgraded at the start of the year. Each country has its own dedicated, local Business Control team responsible for monitoring and development of the local internal control environment.

Management governance – continued

Monitoring systems

A process of internal control self-assessment is operated and requires self-certification of the operation of key controls. Where controls are found not to be operating effectively, action plans are designed with responsibilities and timescales assigned for remediation.

Self-assessment results are reported to the Audit Committee and the Executive Team. The results enable an assessment of the relative maturity of our internal control environment by both business process and by country. In 2016, three self-assessment exercises were performed compared to two in 2015. All in-scope countries and operations met their internal targets for 2016.

Fraud management and reporting

Business Control has responsibility for fraud risk management. A new Group fraud policy and fraud response standard was developed and launched in late 2015. During the year, there has been significant work to roll out requirements to each operation.

A quarterly fraud report is prepared by each operation. A summary of this is presented to the Audit Committee along with the key actions taken. Quantitative and qualitative thresholds have been agreed to govern the reporting of individual fraud incidents to the Group CFO, CEO and the Audit Committee.

Internal controls over financial reporting

The Management of Millicom is responsible for establishing and maintaining adequate internal control over financial reporting. Internal control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external reporting purposes in conformity with International Financial Reporting Standards as adopted by the European Union. Due to its inherent limitations, internal controls over financial reporting may not prevent or detect misstatements.

Management has assessed the effectiveness of internal control over financial reporting as of 31 December 2016 and concluded that its internal control over financial reporting was effective.

2. Risk Management

Millicom has a risk management framework which our business units and corporate functions utilize. Millicom has a network of risk officers at headquarters, regional and each significant operating country level, led by the Chief Risk Officer. The risk function is tasked with identifying, analyzing, monitoring and coordinating Millicom's approach to balancing risk with return and reporting to the Executive Team. The Audit Committee, on behalf of the Board, is responsible for reviewing the effectiveness of risk activities.

Key strategic and operating risks are assessed from an overall Group perspective as well as individual country and business units. Risk action plans that seek to balance risks with returns are developed, implemented and modified over time as the underlying risks evolve. Action steps are implemented both globally and locally by Executives and key decision makers.

The principal risks identified by the Group are set out on in the Risk Management section of this report.

3. Ethics and Compliance

The Millicom Ethics and Compliance Team has overall responsibility for the enterprise-wide Millicom compliance framework and the anti-bribery and anti-corruption program. It also manages the anti-money laundering program and has overall responsibility for investigations and case management.

Management and governance of compliance activities

The Management Team established corporate and local compliance committees during last year. These are managed by the Ethics and Compliance Team and serve as assurance bodies and oversight functions of the compliance framework.

The Corporate Compliance Committee consists of all members of the Millicom Executive Team and the Chief Ethics & Compliance Officer. The local committees are managed by the relevant Ethics & Compliance managers, together with the general managers and their leadership teams in the local operations. The local compliance committees will report into the Corporate Compliance Committee for transparency, assurance and oversight.

The Chief Ethics & Compliance Officer reports monthly to the Executive Team and Corporate Compliance Committee. On a regular basis reports are shared with the Board and the newly established Compliance and Business Conduct Committee of the Board.

Whistleblowing, case management and reporting

The Group operates an ethics helpline, which is managed by the Ethics & Compliance Team and administered by an independent third party. The Millicom Ethics Line allows for anonymous reporting, is available on the Millicom website, and is available to all employees as well as third parties.

A quarterly report on matters raised through the Millicom Ethics Line is provided to the Corporate Compliance Committee, the Executive Team and on an annual basis to the Audit Committee.

Key governance initiatives

The role of Chief Ethics & Compliance Officer (CECO) was created and the role was filled mid-year. The CECO reports directly to the Board, with a dotted line to the CEO. A new Compliance structure with an enhanced level of resource was approved.

The Code of Conduct training completion is now linked to bonus eligibility. The target threshold is 90% of staff completion rate, which was achieved enterprise wide.

Internal Audit initiated frequent reviews of the Compliance framework and risks. These audits will be performed on a rolling basis year on year. A compliance auditor has been approved for Internal Audit and will assist in targeting compliance-related issues.

A cross-functional Investigations Review Committee (IRC) was established to oversee and manage all ethics and compliance concerns raised in one central clearing house with representatives from Compliance, HR, Legal and Internal Control.

Added emphasis was placed on due diligence for third parties, including suppliers, vendors, agents, consultants and M&A targets. Third parties due diligence is being enhanced and third parties will be reviewed according to the risk they present to Millicom and its operations. A due diligence vendor is being identified to assist in this initiative.

Management governance – continued

We frequently engage external auditors to conduct independent reviews of our Compliance Framework and Anti-Bribery & Anti-Corruption (ABAC) Program. With the support of the Chief Ethics & Compliance Officer, and with continued sponsorship by the Board, a review of the compliance framework was performed across a selection of markets. The Washington based law firm Covington & Burling was commissioned to perform the review.

A focus was working with Guatemala to strengthen governance. In 2016, we emphasized the role of the local board utilizing several key executives including CEO, CFO and General Counsel, added audit and compensation committees to the local board, strengthened audit function, and began working on compliance initiatives.

4. Corporate responsibility

This year, for the first time, Millicom integrates corporate responsibility-related performance data and information to our annual financial and operational report to demonstrate how managing key “growing responsibly” topics and subsequent risks

support successful delivery of our business strategy. Millicom’s VP Corporate Responsibility (CR) leads the team that manages the Group’s “growing responsibly” reporting process and publishes CR-related strategy, management and performance information in the annual integrated report. Our integrated report will continue to be a key vehicle in promoting transparency towards investors and other key stakeholders on CR risks and opportunities.

The CR team has active interaction with external stakeholders to ensure that Millicom understands and addresses CR issues that are important and relevant to its stakeholders. This is done in a formal way in a bi-annual materiality analysis, and for the most part via ongoing interaction with our key partners and stakeholders.

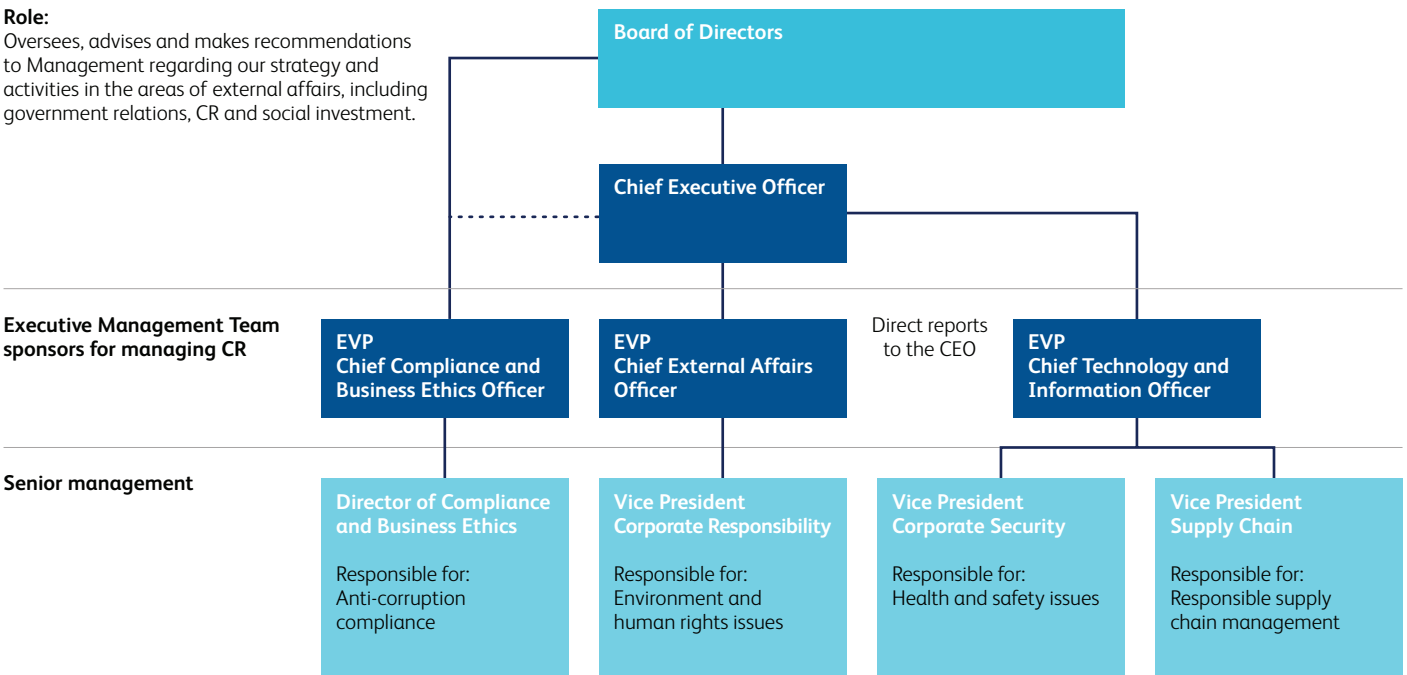
In addition to anticipating and improving preparedness on risks, the CR function also adds value by seeking leadership opportunities for the Group to improve reputation and brand perception, and monitoring cost savings from environmental initiatives.

Governance of CR

In 2016, the Board decided to cease the specialized Government Relations (GR) and CR Committee, and assumed the overall responsibility of overseeing GR, CR and social investment (SI). The driver for this change was the depth and materiality of these topics, the current maturity level of the programs, and that monitoring of subsequent risks was considered by the Board as of importance to its entirety. The change has given CR and SI topics more visibility across the Board, as our Executive Vice President (EVP) Chief External Affairs Officer, a direct report of our CEO, is now directly accountable to the Board for delivering updates on our CR and SI strategy.

VP of Corporate Responsibility reports progress on CR and SI strategy implementation and issues management to the Millicom Executive Committee on a monthly basis through the EVP Chief External Affairs Officer, and in specific cases directly.

How CR is governed



Management governance – continued

5. Security

Millicom has a robust professional security and safety model, managed by the VP Corporate Security, reporting into the EVP and CTIO. The Security team oversees the implementation of policy and Group standards in physical security, health and safety, business continuity and information security, by local operational teams.

The focus of the Corporate Security team is to protect life, protect information, to promote well-being and to build resilience throughout the business, to unexpected events or crises.

Currently, the Corporate Security team is working with the respective operating entities by implementing international standards such as OHSAS 18001, ISO 27001, ISO 22301 and 31000 in order to secure additional services as well as mitigating risk to the business.

Business Continuity and Crisis Management

Our business continuity and crisis management system is designed to address significant disruption that might affect our capabilities to perform critical day-to-day activities related to the delivery of our services. All critical services and business processes are identified by a business impact analysis, and are required to have a disaster recovery and business continuity plan. All critical assets identified in the impact analysis have a risk assessment performed to address all relevant operational threats. All relevant risks are then subjected to a formal risk mitigation plan.

Millicom crisis management defines the proper response to, and management of, an intense, unexpected and unstable situation that disrupts normal operation and has highly undesirable outcomes, which require extraordinary measures to restore normal operations. Crisis management aims to protect the safety of our staff and our reputation, together with continuous and reliable delivery of service to customers, while maintaining contractual, legal and regulatory compliance.

In parallel, Millicom has in place physical security and loss prevention standards which set minimum acceptable levels of critical site protection, as defined by industry best practice.

All activities are subject to a program of monitoring and compliance activities.

Information Security

Millicom's information security management system establishes security requirements, aiming to make our network more resilient to emerging threats, to ultimately support the corporate strategic objectives. The framework allows for a risk driven approach to protect the confidentiality, integrity and availability of Millicom's information and technology assets. It is based on the international code of practice for information security management ISO/IEC 27001.

A risk assessment process is in place to identify new risks, and all relevant risks are then subjected to a formal risk mitigation plan. The Global Information Steering Committee, comprising the CTIO, and the information security and IT senior leadership, meets quarterly to assess and prioritize information security risks across the Group, and to provide status updates to the Millicom Audit Committee.

Particular focus in 2016 was given to three key areas of information risk: logical access control, network segmentation and log management, in response to earlier audit and internal control findings.

Health and Safety Management

Our health and safety management system is designed to tackle the most significant risks at both corporate and country level. The key risks include the following: personal safety and security during travel, working at height, road risk, managed services, fire and health, including blood borne viruses such as malaria, Zika, Dengue fever and Ebola.

During the year, our control measures were reviewed and revised to ensure a robust approach is adopted across all countries.

Management responsibility statement

We, Mauricio Ramos, Chief Executive Officer and Tim Pennington, Chief Financial Officer, confirm, to the best of our knowledge, that these 2016 consolidated financial statements which have been prepared in accordance with the International Financial Reporting Standards as adopted by the European Union, give a true and fair view of the assets, liabilities, financial position and profit or loss of the Millicom Group and the undertakings included in the consolidation taken as a whole, and that the Directors' report includes a fair review of the development and performance of the business and the position of the Millicom Group and the undertakings included in the consolidation taken as a whole, together with a description of the principal risks and uncertainties that they face.

Luxembourg, 7 February 2017

Mauricio Ramos
Chief Executive Officer

Tim Pennington
Chief Financial Officer