MILLICOM
THE DIGITAL LIFESTYLE

Performance

This section provides a multifaceted overview of our performance in 2016, including a report from our Chief Financial Officer, our risk profile and how it impacts our strategy, an operational review of our regions and a performance review of our corporate responsibility.

Chief Financial Officer's review

In 2016, we made progress in growing our margins, improving our cash flow and strengthening our capital structure. The business proved resilient to a more difficult operating environment aided by our focus on costs and targeted investment.

Chief Financial Officer's review – continued

Key financial highlights of the year[1 2]

US$m	2016	2015	% change
Revenue	**6,249**	6,572	(4.9)
Organic growth (%)	**(0.4)**	7.3	
Service revenue	**5,855**	6,056	(3.3)
Organic growth (%)	**1.2**	5.8	
Reported EBITDA	**2,172**	2,188	(0.8)
Adjusted EBITDA	**2,225**	2,227	(0.1)
Organic growth (%)	**4.3**	9.0	
Adjusted EBITDA margin (%)	**35.6**	33.9	
Capex	**1,031**	1,258	(18.1)
Operating cash flow ("OCF")	**1,141**	930	22.7
Return on Invested Capital ("ROIC")[3]	**16.0%**	15.5%	NM
Net debt	**4,181**	4,295	(2.6)

1 Guatemala and Honduras businesses fully consolidated. See "Additional information" on pages 197 to 200 for reconciliation with IFRS numbers. The comparative 2015 financial information has been re-presented as a result of the classification of our operations in DRC as discontinued operations (in accordance with IFRS 5).
2 Alternative performance measures 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 measures.
3 Before corporate costs

Revenue
Full year revenue was US$6,249 million, down 4.9% on a reported basis but a decrease of only 0.4% in local currency. Service revenue in the full year was US$5,855 million, 1.2% higher than in 2015 on an organic basis. The difference between total revenue and service revenue represents handset and equipment sales, which declined by 25% on a reported basis mainly due to the fewer handsets being sold directly in several Latin American markets, as well as the lower price mix of handsets sold.

Gross margin
Gross profit was US$4,594 million, 3.9% lower than 2015, but the gross margin improved to 73.5% from 72.7% last year, reflecting the lower proportion of handset sales in the revenue mix.

Earnings before interest and tax
Operating expenses in the full year were US$2,422 million, 6.5% lower than in 2015 and representing 38.8% of total revenue, compared to 39.4% in the prior year. The main drivers of the reduction in operating expenses included lower corporate costs, operational efficiencies generated by Project HEAT in Latin America, and tighter cost control in Africa. Corporate costs in the full year fell by US$44 million to US$165 million, and accounted for 2.6% of total revenue, compared to 3.2% in 2015.

Adjusted EBITDA for the full year was US$2,225 million, representing organic growth of 4.3% year-on-year. The US$53 million full-year adjustment principally included charges in respect of restructuring in Colombia, provisions for one-off contractual claims, tax charges and disputes, and charges for de-recognition of the surveillance contract in Guatemala.

Operating profit
Depreciation and amortization of US$1,368 million was 6.8% higher year-on-year and includes the fair value adjustment relating to the deconsolidation of Guatemala and Honduras.

Other operating expenses in the full year of US$43 million were US$21 million lower than in 2015, with around half of this charge due to the impairment of assets related to the Guatemala surveillance contract.

Operating profit was US$761 million, down 9.8% year-on-year, mainly due to lower gross profit and higher depreciation and amortization more than offsetting the reduction in operating costs.

Profit (loss) before tax
Net financial expenses were US$472 million, US$69 million higher than in 2015. Higher levels of local currency debt in Colombia meant that we incurred significantly higher interest charges on our debt held there, and we also incurred one-off costs of US$25 million in respect of our tender offer in December 2016 for US$300 million of outstanding bonds, and for the early redemption of our Swedish Krona bond due in 2017. Finance lease charges accounted for US$66 million of net financial expenses, compared to US$80 million in 2015.

The loss of US$1 million in respect of other non-operating income for the full year reflected the impact of more stable currencies across our markets, compared to 2015 when we incurred foreign exchange losses over US$300 million. 2015 also included a non-cash loss recognized on the deconsolidation of Guatemala and Honduras, partially offset by the non-cash adjustment to the fair value of the put options.

Losses from associates of US$49 million included the impairment of the value of our interest in LIH (in 2015 a profit from associates was recorded, mainly due to the revaluation of our stake in HTA following a funding round).

Profit before tax was US$239 million compared to a loss of US$84 million in 2015, due to the other non-operating items described above.

Reconciliation from operating profit to adjusted EBITDA

US$m	2016	2015
Operating profit	**482**	843
Depreciation and amortization	**1,368**	1,281
Loss (gain) on disposal/write down of assets, net	**43**	64
EBITDA	**2,172**	2,188
EBITDA as a % of revenue	**34.8**	33.3
Restructuring, integration costs and other one-offs	**53**	39
Adjusted EBITDA	**2,225**	2,227
Adjusted EBITDA as a % of revenue	**35.6**	33.9

Chief Financial Officer's review – continued

Performance

US$m	2016	2015	% change
Revenue	**6,249**	6,572	(4.9)
Cost of sales	**(1,655)**	(1,793)	(7.7)
Gross profit	**4,594**	4,778	(3.9)
Operating expenses	**(2,422)**	(2,590)	(6.5)
EBITDA	**2,172**	2,188	(0.8)
Depreciation and amortization	**(1,368)**	(1,281)	6.8
Other operating income (expenses), net	**(43)**	(64)	(32.3)
Operating profit	**761**	843	(9.8)
Net financial expenses	**(472)**	(403)	17.1
Other non-operating income (expenses), net	**(1)**	(624)	(99.8)
Gains (losses) from associates, net	**(49)**	100	NM
Profit (loss) before tax	**239**	(84)	NM
Net tax credit (charge)	**(251)**	(278)	(9.6)
Profit (loss) for the period from continuing operations	**(13)**	(361)	(96.5)
Non-controlling interests	**(38)**	(115)	(66.7)
Profit (loss) from discontinued operations	**19**	(83)	NM
Net profit (loss) for the period	**(32)**	(559)	(94.3)
Adjusted net profit (loss) for the period	**73**	87	(16.6)
Adjusted earnings per share	**0.73**	0.87	(16.6)

Tax
The Group net tax charge in 2016 of US$251 million was almost 10% lower than 2015, mainly due to profit mix changes and lower withholding tax on cash repatriation

Net profit
The share of profits of non-controlling interests reduced by US$77 million, to US$38million, again reflecting the restructuring charges in Colombia and fair value adjustments in Guatemala and Honduras mentioned above. The profit of US$19 million from discontinued operations reflected the profit on the sale of our business in DRC, for which a loss of US$83 million was recorded in 2015.

The net loss for the period was US$32 million, compared to a net loss of US$559 million in 2015. Adjusted net profit was US$73 million (US$87 million in 2015). Adjusted earnings per share was 0.73 cents (2015: 0.87 cents). The Group's ROIC was 13.1% after corporate costs, compared to 11.7% in 2015. The ROIC on operations was 16.0% compared to 15.5% in 2015.

LatAm
Total revenue in Latin America declined by 1.8% in 2016 on an organic basis, to US$5,352 million. Service revenue declined by 0.2% year-on-year, to US$4,966 million. The significantly steeper fall in total revenue was due to lower direct handset sales, mainly in Colombia and Paraguay.

Voice and SMS service revenue fell by 15.2% to US$1,727 million, while mobile data revenue grew organically by 22.7% to US$1,221 million. Total cable service revenue grew by 7.4% year-on-year, with fixed B2B revenue increasing by 2.7% and residential cable revenue growing by 9.7% organically in the year.

EBITDA in LatAm declined by 2.2% in the year, with the EBITDA margin of 38.5% slightly higher than in 2015.

Capital expenditure reduced by 17% in the full year to US$867 million, compared to US$1,045 million in 2015, again mainly reflecting the tighter focus of the investment program on core growth areas of HFC and 4G and convergence-focused IT capabilities. Around 47% of our capital expenditure was invested in the fixed network and 39% in the mobile network.

Investment in spectrum and licenses was US$94 million, of which US$39 million was cash payments.

Operating cash flow in LatAm in the full year grew by 3.3% year-on-year to US$1,197 million, representing an OCF margin of 22.4%.

Scope changes

During 2016, Millicom disposed of its businesses in the Democratic Republic of Congo (DRC) to Orange S.A. The sale of these operations generated a cash inflow of US$147 million, net of US$33 million of cash disposed.

On 31 December 2015, the existing call options with local partners lapsed and under IFRS 10 and 11, Millicom deconsolidated its investments in Comcel (Guatemala) and Celtel (Honduras). This has resulted in a non-cash negative value adjustment of US$391 million.

From 31 December 2015 onwards, Millicom accounts for its investments in Comcel and Celtel under the equity method and thus reports its share of the net income of each of these businesses in the income statement starting 1 January 2016. For the purpose of comparison and to provide users of this financial review a full understanding of the financial condition of the Group, the financial information presented in this section is on a pro forma basis as if the Honduran and Guatemalan businesses continue to be fully consolidated.

Further information on the accounting implications of the deconsolidation are provided in the notes to the consolidated financial statements.

Chief Financial Officer's review – continued

Africa
For the full year 2016, revenue in Africa is up 9.6% organically, mainly coming from mobile service revenue which grew by 10.5%. Our subscriber base increased by 2.9% or 725,000 net adds in the year while the mobile data subscriber base grew by 26.3% or 1.4 million users, with smartphone penetration increasing to 22%, from around 15% at the start of the year.

B2B revenue almost doubled, with growth in both public and private sector contracts, driven by our network and data center investments, local partnerships and expanded distribution channels. MFS subscribers are up 18.3% or 1.3 million new users in the mobile wallet ecosystem.

EBITDA reached US$258 million, up 39.2%, while EBITDA margin improved from 22.1% to 28.7%. Capex for the year was US$160 million, down US$58 million compared to 2015. There were no new investments in spectrum or licenses in Africa during 2016. As a result of both focus on profitable growth, discipline on cost and expenses and a careful investment program OCF improved from an outflow of US$34 million in 2015 to positive US$97 million in 2016, a swing of almost US$132 million.

Free Cash Flow

US$m	2016	2015
Adjusted EBITDA	**2,225**	2,227
Restructuring, integration costs and other one-offs	**(53)**	(39)
EBITDA	**2,172**	2,188
Net cash Capex (excluding spectrum and licenses)	**(1,051)**	(1,123)
Change in working capital and other non-cash items	**(1)**	79
Operating cash flow	**1,121**	1,144
Taxes paid	**(259)**	(252)
Operating Free Cash Flow	**861**	892
Interest paid, net	**(427)**	(349)
Free Cash Flow	**434**	543
Advances for and dividends to non-controlling interests	**(165)**	(269)
Equity Free Cash Flow	**269**	274

Equity Free Cash Flow in 2016 was US$269 million, more than covering the proposed Millicom Group dividend payment of US$265 million. This excludes cash payments in respect of spectrum and licenses of US$39 million, including US$30 million for 4G spectrum in Paraguay.

Equity Free Cash Flow was broadly flat compared to 2015, but this reflected a combination of slightly higher Adjusted EBITDA, lower cash Capex, and a lower level of advances for dividends to non-controlling interests, offset by working capital, which was flat in the year compared to US$79 million inflow in 2015, and higher net interest payments, these being mainly due to higher levels of local currency debt, particularly in Columbia, and the one-off costs of the bond tender offers and early redemptions. Cash tax was broadly flat year-on-year.

Chief Financial Officer's review – continued

Assets, liabilities and equity

US$m	2016	2015[1]	Change
Intangible assets, net	**4,618**	4,851	(233)
Tangible assets, net	**4,205**	4,228	(23)
Investments in joint ventures and associates	**331**	373	(42)
Cash and cash equivalents and restricted cash	**1,103**	1,083	20
Other (non-)current assets	**1,627**	1,902	(275)
Total assets	**11,884**	12,437	(553)
Equity attributable to owners	**2,976**	3,285	(309)
Non-controlling interests	**1,095**	1,165	(70)
Debt and financing	**5,290**	5,385	(95)
Other (non-)current liabilities	**2,523**	2,602	(79)
Total equity and liabilities	**11,884**	12,437	(553)

1 Comparative information has been restated after finalization of Zantel's purchase accounting

Intangible assets
Intangible assets decreased during the year as an effect of the amortization charge of US$345 million, partly offset by the gross additions for the year and currency gains.

Tangible assets
Tangible assets slightly decreased during the year mainly as an effect of the depreciation charge of US$1,029 million, impairment charge of US$26 million (Guatemala mainly), partly offset by the gross additions for the year of US$905 million and currency gains.

Investment in joint ventures and associates
Investment in joint ventures and associates decreased by US$42 million, mainly due to the losses from our investments in AIH and LIH (e-commerce ventures) including an impairment on LIH for US$40 million.

Equity and non-controlling interests
Equity attributable to the owners of the Group has decreased by US$309 million mainly because of the loss for the year of US$32 million and US$265 million of dividend declared in 2016.

Non-controlling interests have decreased by US$70 million mainly due to the effects of dividends declared in 2016 of US$224 million, partly offset by the profit for the year of US$38 million and currency gains of US$117 million.

Debt and key financing activities
At 31 December 2016, the Group gross debt decreased by US$95 million, mainly due to the effects of the to the repurchase of US$300 million of 2020 and 2012 Senior Notes undertaken through a tender offer in December 2016, as well the repayment of around US$50 million of debt in Colombia, and the early full redemption of US$40 million of SEK bonds maturing in 2017. This was partly offset by the issuance of several new financings.

At 31 December 2016, 71% of group debt was at fixed interest rates and 35% was in local currency, compared to 30% at the end of 2015, and in line with our aim of increasing the proportion of total Group debt held in local currency, to mitigate the risks of currency volatility. The average maturity of our debt stood at 5.4 years and our average cost of debt excluding finance leases remained flat at 6.5%.

Group net debt, including Guatemala and Honduras on a fully consolidated basis, was US$4,181 million at the end of December 2016, US$114 million lower than at the end of 2015, reflecting stronger cash flows. Net debt/EBITDA, based on the last 12 months EBITDA, was 1.93x at 31 December 2016, compared to 1.97x at the same time last year.

Risk management

In 2016, Millicom further refined its strategy to lead digital, monetize data, deliver value and act responsibly.

Risks including the macro-economic environment, competitive dynamics and political and regulatory environments remained at the forefront of management decision making.

From an operational perspective, Millicom successfully obtained and renewed licenses in a number of our markets, and accelerated investment in cable and mobile data in response to further weakening in demand for Voice and SMS services. Our business models and expansion continues to focus on reducing our exposure to these traditional mobile operator services.

The impact of macro-economic headwinds was less notable than in 2015, although currency volatility remains a key risk in some of our markets (including Colombia, Paraguay and Tanzania).

Risk landscape and appetite

Millicom operates its businesses and generates substantially all of its income in emerging markets in Central America, South America and Africa. As Millicom does not operate in any developed market economies, it is exposed to a higher inherent degree of risk, and potentially different risks than telecommunications businesses operating in larger, more established and mature economies. The geographical diversification of Millicom's businesses mitigates, to a certain extent, country specific events or situations that impact risks the Group faces as a whole. However, our businesses remain collectively exposed to the impact of regional and global macro-economic conditions, as well as industry developments.

Millicom operates in the rapidly evolving telecommunications business. The pace of technological change can have a significant impact on the demand for services, and the ability of telecom operators to generate sufficient returns on investment. This pace of change is expected to continue as consumers seek to improve their lifestyles with new and higher quality products and services wherever they may be.

Millicom's speed of execution, innovation and flexibility have contributed to its success. Millicom is smaller than some of its main competitors, and operates within the constraints and limitations attributable to its smaller size. These include access to, and cost of capital, financial resources and in investing in innovation and growth.

Certain inherent risks are prevalent in many of these markets, over which Millicom has no or limited control. The risks described below are not the only risks to which Millicom and the Group are exposed. Additional risks that are not currently known to Millicom, or that Millicom currently considers to be immaterial, could have a material adverse effect on Millicom's and the Group's business. The order in which the risks are presented is not intended to provide an indication of the likelihood of their occurrence or of their relative significance.

As a consequence, Millicom's risk appetite is higher than many of its peers in the telecommunications industry, and its risk profile wider than many international businesses.

Risk management framework and approach

Millicom's enterprise risk management (ERM) framework is illustrated in the pyramid shown on the following page. Governance is provided by the Board and oversight by the Audit Committee, in conjunction with the risk function. Risk processes are embedded operationally both geographically (by country) and functionally (by business area). Risk and control culture activities are led by the CEO and Executive team, and supported by the Business Controls, Compliance, Risk, Corporate Responsibility and Internal Audit functions.

Millicom recognizes that risks in operating its businesses are influenced by both internal and external factors, some of which are outside our control, and some of which cannot be insured against. Risks are inherent in business and Millicom accepts these risks to the extent that opportunities for sufficient returns exist and that systems and controls are in place and are operating effectively to manage risks to an acceptable level (the "residual risk").

Millicom's approach to risk management is utilized by our operating countries, business units and corporate functions. Key strategic and operating risks are assessed from an overall Group perspective, as well as by individual country and business unit. 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 country executives and key decision makers.

A network of risk officers is in place at headquarters and each significant operating country level.

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, reviews the effectiveness of risk function activities on a regular basis.

Risk identification

Millicom reviews its principal risks on an ongoing basis and in a quarterly reassessment. Risks are identified and analyzed in terms of inherent risk and residual risk (after consideration of controls and mitigating factors), as well as risk trend.

Financial, operational, reputational and compliance aspects, of each risk principal are considered.

Risk assessment and measurement

Millicom's risk assessment and measurement is performed from both top-down and bottom-up perspectives, and risks are identified and managed from the level of strategy and strategic direction through to specific transactional processes.

Risk management – continued

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

In May 2016, Millicom received notification from the Swedish Public Prosecutor that its preliminary investigation had been discontinued on jurisdictional grounds.

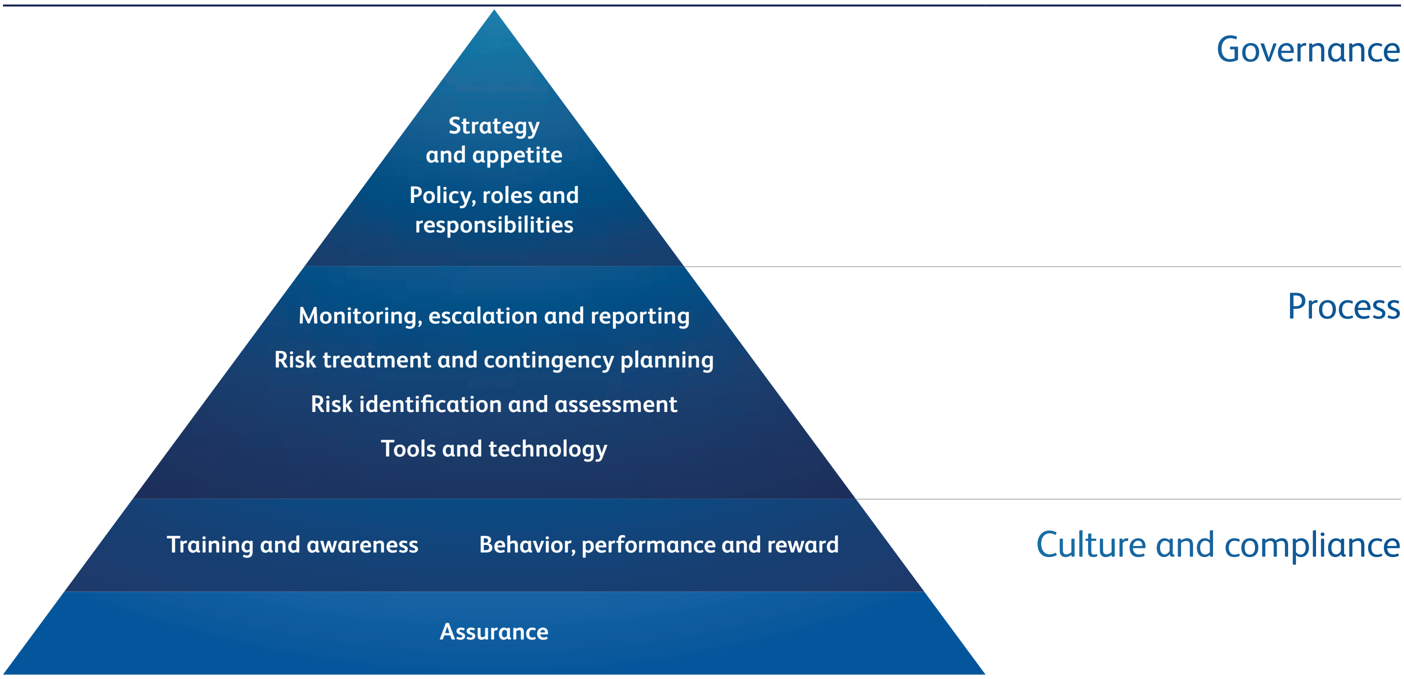
As the investigation and its discussions with law enforcement authorities are ongoing, we cannot predict the ultimate outcome of the matter, whether any remedial actions will be implemented or the impact on the Group's business, financial condition or results of operations.

Any determination by law enforcement authorities that the Group's operations or activities are not, or were not, in compliance with applicable laws could result in the imposition of fines, interruptions of business, loss of relationships and other legal or equitable sanctions, which could disrupt the Group's business and result in a material adverse effect on the Group's reputation, business, results of operations or financial condition.

Other internal or government investigations or legal or regulatory proceedings, including lawsuits brought by private litigants, including Millicom's shareholders, may also follow as a consequence.

Evolution of Millicom's Principal Risks, related opportunities and Millicom's approach to balancing risk with return are set out on the following pages.

Our risk management framework



Risk management – continued

Strategy and strategic direction

The mobile telephony industry has evolved significantly in the past few years, and many choices emerged in terms of strategic direction. Failure to effectively position or reposition strategic direction could have a significant impact on shareholder value and long-term viability.

Risk evolution	Key opportunities	Balancing risk with return
Demand and willingness to pay for traditional Voice and SMS services is rapidly declining.	The wider availability of customer access points, faster and more reliable technology, and rapid growth in data content related products and services available through mobile and fixed channels create unprecedented opportunities for companies that control access points to provide more services, more often to customers.	Strategic decisions taken include the expansion into a wider range of data-centric products and services including strategic partnerships with content providers, and in Mobile Financial Services.
Consumers are increasingly able to choose the access channel to the products and services they want.	High growth in demand for products and services is resulting in more consumer income being allocated to purchase products and services through telco and cable operator channels.	Quality and quantity of customer access points are considered on an ongoing basis. Millicom uses a variety of tools including customer engagement, local and regional trends, and consumption patterns to identify and improve access channels.
Competition continues to intensify and most markets are now saturated in terms of mobile operators.	An excess of operators in markets creates demand for merger and acquisition activity. This enables operators to assess their operational portfolios and provides opportunities to reallocate capital and resources. For example, following a long-term strategic assessment, and through an understanding of local market dynamics, Millicom divested its business in DRC.	Millicom reviews its presence and offerings in each market in which it operates on an ongoing basis, against its strategy and operational targets. Opportunities to acquire, merge or divest businesses are carefully considered in light of market dynamics, portfolio balance and long-term value creation.

Risk management – continued

Competition and new business models

Millicom has now evolved from an operator of traditional mobile businesses to a provider of a comprehensive range of services through fixed line, mobile, satellite and Mobile Financial Service platforms. Failure to setup business structures and models that facilitate efficient and effective operation could negatively impact competitive positions, and business value.

Risk evolution	Key opportunities	Balancing risk with return
Demand for new and a wider range of products and services has created opportunity, but added complexity.	Due to its close relationships with its customers, Millicom is ideally positioned to provide new products and services.	Choice of product and service and development and delivery choices (internal, strategic partnerships, acquisitions) are carefully considered with respect to fit with core business and business objectives, size of opportunity, expected payback, and ability to deliver.
Development and supply of new and more services increases complexity.	Speed, value of products, and quality of service will improve customers' lifestyles and lead to increased consumption.	Focus on efficiency and effectiveness of product quality and customer management processes including quality of service metrics.
Alternate technologies are changing the way in which customers consume communication, information and entertainment services. A rapid increase in data consumption by customers coupled with demand for increased speed and cheaper smartphones is characterizing the industry.	We see significant potential in synergies from combinations of cable, TV, and broadband services with our mobile operations in many of our markets (particularly LatAm and in Colombia). Further opportunities exist to partner with over-the-top (OTT) content and service providers and use these opportunities to strengthen our mobile customer base and increase ARPU.	We take a customer centric approach to developing our portfolio of products. We actively seek partnerships with providers of content and services to further enable our customers' digital lifestyles. This allows rapid launch of new features, minimizes investment, and also sharing of risk with our business partners.
Need for a broader range of skillsets of employees.	Increasing efficiency by matching skillsets with business needs, to improve quality of products and services and customer experiences.	Millicom is putting effort into increasing diversity among its employees and putting in place inclusive practices to remain responsive to a diverse customer base.

Business practice management

Failure to implement strong standards of business practice management that incorporate the needs of all stakeholders, may result in incidents which have a significant and long-lasting negative impact on Millicom's business, relationships with key stakeholders, and shareholder value.

Risk evolution	Key opportunities	Balancing risk with return
Investment community demands for appropriate business behavior and strong compliance and corporate responsibility programs continues to increase.	In most of its countries, Millicom is one of the largest foreign investors in the market with a high degree of brand visibility. This position creates both the expectation and opportunity to differentiate with strong corporate citizenship and corporate responsibility practices. These have a direct impact on brand recognition and affinity.	Millicom's compliance and corporate responsibility programs drive aligned responsible business practices across our footprint. We carry out regular controls of policies, and review brand perception with customer and employee surveys.
Shareholders are increasingly demanding greater transparency and disclosure on corporate governance, business practices and corporate responsibility.	Transparency in business practices builds stakeholder trust and confidence. This widens the potential base of Millicom investors as organizations continue to seek investments that provide their beneficiaries with the right balance between risk and return within a framework of acceptable and transparent business practices.	Millicom publishes an annual Corporate Responsibility Report and Law Enforcement Disclosure Report. We regularly engage with shareholders and other key stakeholders to understand their key areas of concern and focus. This engagement defines also Millicom's external reporting and transparency efforts.

Risk management – continued

Political and regulatory risk

Millicom's markets experience political and regulatory volatility, with policy making and implementation and enforcement of rules and law often lacking in transparency and predictability. Avenues for recourse may be limited or ineffective. Millicom's ability to achieve its business objectives may be negatively impacted by political, regulatory, judicial or civil factors in which Millicom has limited or no control over.

Risk evolution	Key opportunities	Balancing risk with return
Political instability. In 2016, our markets remained relatively stable from a political perspective, although risk levels remained unchanged.	Positive political change can provide platforms to improve the lives of our customers and stimulate economic growth that supports development of the telecommunications industry.	Millicom has a politically neutral approach with no political affiliations in any of the countries in which it operates. This policy increases independence and reduces risks related to change in political regimes.
Government access to customer data and restrictions to network access. There is continued increasing pressure on governments to protect their citizens' safety and security.	Restrictions to network access or to prevent services on our networks lead to financial losses and prevent us from providing our customers the service they want. We work with governments to promote clear laws and regulations that adopt necessary and proportionate access to customer information and which protect freedom of expression and privacy.	Millicom has internal processes and policies to balance the need to respect local laws and governments' legitimate duty to protect its citizens with our responsibility to protect the privacy of our customers' information and access to communications. We are members of Telecom Industry Dialogue and Global Network Initiative.
Indirect taxation and regulatory pressure through tariffs, taxes and service penalties continued to increase in 2016. In Tanzania legislation was enacted requiring us to list 25% of the shares of our operation on the Dar es Salaam stock exchange.	Advance planning enables us to predict and plan for potential changes in tariffs and regulations. Dynamic pricing enables us to adjust rapidly to the impact of rate changes. In addition, the experience we gain in more regulated and taxed markets enables us to transfer knowledge and best practice to less developed markets and thereby react quickly to changes.	We constantly monitor and review potential changes in regulations. Efficiency programs are sought in all aspects of our business to offset the impact of newly introduced or expected changes in taxes and regulations.
Anti-corruption compliance. All of our countries of operation continue to rank as high risk on the Transparency International Corruption Perceptions Index (CPI).	Ethical and responsible business practice builds stakeholder trust. A compliance based culture adds reputational value, adds value and confidence to stakeholders, and can be a competitive advantage in many of our markets. Strong compliance programs reduce vulnerability and risk of bribery and corruption related issues.	We have a zero tolerance stand against bribery and corruption in all of our business dealings. Through clear policies, risk awareness training and monitoring activities, we ensure that all of our employees are aware of the risk to them as individuals and to the Company and know how to act if faced with the risk. Our Global Compliance and Business Ethics team works closely to follow up on all concerns raised. We also work with our suppliers and other third parties to ensure they have clarity on our principles and policies in this area.

Risk management – continued

Macro-economic conditions

Unfavorable macro-economic conditions (including local currency devaluation against the US dollar, inflation and other factors impacting consumer spending power) may reduce customer ARPU and Millicom's dollar-based results and cash flows.

Risk evolution	Key opportunities	Balancing risk with return
Currency volatility against our US dollar reporting currency continued in many of our countries during 2016.	We continue to seek opportunities to match the currencies of our cost base with our revenue generating currencies, as well as availability and cost of hedging instruments. As the economies in our countries develop, the availability of local financing at commercially acceptable rates is increasing. Colombia has a relatively mature financial market with various financing and hedging instruments available that could be used to manage currency fluctuations in the income statement and cash flow, as our balance sheet is already fully hedged.	Our cash flow planning process involves careful analysis of the timing and amounts of cash flows required to service Group level debt while balancing cash flow needs of each of our operations. The diverse geographical spread of the countries and economies and currencies in which we generate revenues and cash flows reduces our exposure to fluctuations in individual countries or currencies. We repatriate cash as early as possible.
Macro-economic risks. Fluctuating energy prices (in particular oil), currency volatility and political uncertainty continued to add to economic uncertainty. In 2016, deteriorating security environments in some of our Central American markets continued to impact GDP and economic growth in many of our countries, all factors contributing to cautious consumer spending. Political change in the US has increased uncertainty potentially impacting remittance levels from the US to our Central American countries.	Demand for the increasingly diversified range of our services from higher value and target customers continues to increase, in particular data and Mobile Financial Services. Many of the economies in our markets continue to outgrow more developed economies, leading to increased disposable income and consumer demand for our products and services.	Operational efficiency management programs in place seek to reduce cost and deploy Capex in business areas offering higher return on investments. Our business model is focused on gaining customer access points (particularly in homes) as well as cross-selling and upselling more services to higher value customers. This model provides us with greater resilience to economic conditions than on average in the telecom and cable industries. We continue to develop opportunities in our B2B sector reducing dependence on individual consumers.

Risk management – continued

Brand and reputation risk

Failure to have appropriate and effective protective and/or reactive measures to prevent, or limit exposure to brand and reputation damage could have a significant negative and long-lasting impact on Millicom's business, relationships with key stakeholders, and shareholder value. Failure to leverage Millicom's brands to capitalize on new opportunities, to develop consumer trust, and operate as a multi-service cross industry and continent provider may restrict growth of brand value.

Risk evolution	Key opportunities	Balancing risk with return
Brand equity. As Millicom expands the range of products and services it delivers under the Tigo brand family, the severity of impact of reputational and brand damage increases.	Opportunities exist to leverage from local to regional and/or global in many areas including cross and intercontinental cooperation with content partners, social media partners, suppliers and business partners (including international money transfer companies), as well as upsell new services.	We directly associate brand equity with our public profile and see management of our image with investors, customers, regulators and non-governmental organizations in our markets as being closely correlated.
Reputation as a responsible company. As a Swedish listed company, expectations are high on our ethical standards and doing business the right way. At the same time Millicom operates in markets where legislation on social and environmental issues may be lagging and strong self-regulatory approaches are needed.	As business leaders in our markets, we differentiate with our responsible business approach. We also have an opportunity to attract socially responsible investors with positive performance in corporate responsibility.	We operate a developed corporate responsibility management system, with priorities defined based on local needs and stakeholder concerns. Our approach is to be transparent about our corporate responsibility performance and proactively engage with external stakeholders.
Promoting child rights and child online protection. The populations in our markets are young, making it important for us to understand how our business affects child rights. Inherent risk of child labor at both ends of our value chain is high. The internet can open huge opportunities for children.	In many of our markets legal frameworks to protect children in the digital world are under-developed. This gives us a significant opportunity to ignite dialogue and collaboration with governments, our strategic partner UNICEF, and other key stakeholders. We want to lead our industry to better understand and manage its impacts on the rights of children.	We continue to conduct child rights impact assessments across our operations using the tool we jointly developed with UNICEF. Our recruitment processes and supplier Code of Conduct set requirements for minimum age of employment. We conduct industry-leading child online protection workshops with our partners, governments and peers.

Risk management – continued

Robustness, reach and reliability of networks and IT systems

Disruption in operation or quality, whether through technical issue, forced shutdown, interference (intentional or unintentional) or any other reason, directly impacts Millicom's ability to provide service and generate revenue from its customers.

Risk evolution	Key opportunities	Balancing risk with return
Network quality and availability. Network availability and quality, now more than ever, are key factors in many customers' choice of mobile operator. Many of the countries in which we operate lack infrastructure or have infrastructure in relatively poor condition. Reliability of energy supply is a challenge as some countries of operation lack any reliable electricity grid. This also increases our CO_2 emissions as we rely on diesel generators.	To develop and maintain quality networks that help to obtain and retain customers, and to build reputational strength in terms of reliability and consistency within the markets in which we operate. We invest in alternative energies, such as solar power and hybrid battery solutions. These solutions provide a strong opportunity to reduce our environmental impact and have access to reliable power for our sites in remote "off-grid" areas.	Our network investment strategy is balanced between capacity increase, geographical coverage, technology advancement and security and stability. We also deploy technologies such as single-RAN and alternative energy solutions to reduce our energy consumption and carbon emissions. We have rigorous processes and controls around capital allocation that include assessment of relative paybacks of specific investments across the Group.
Data and information security. Information security and data protection are increasingly placing a burden of compliance and responsibility on companies such as Millicom who retain, handle and process sensitive customer data.	Competitive advantage can be obtained and maintained through robust information, security processes and transparent communication to customers on our privacy policies and how we collect, retain and use their information to provide our services.	Millicom's network and IT system development processes include regular assessments of threats and vulnerabilities to security breaches, and deployment of resources to mitigate those risks.
Protecting infrastructure and service continuity is a significant risk area. Similar to protecting the life of our people, our operations are subject to many varying events including natural, environmental, theft and fraud, fire and terrorism, as well as cybercrime.	Ensuring that we have contingency and business continuity plans in place will assist us in rapid response and remediation in the event any risk materialize. Our customers and other stakeholders are depending on our services, particularly in times of need.	Millicom has established robust business continuity and crisis management processes and plans according to international (ISO) standards. Every market has a professionally trained and certified Business Continuity Management (BCM) officer.
Dependence on third party infrastructure providers. Millicom is increasingly dependent on third parties in the operation of its businesses such as outsourced providers of network (tower companies) and infrastructure management (managed service providers).	The extent and scale of Millicom's operations continues to increase through organic and acquisition growth. This provides Millicom with further opportunities to partner with selected suppliers on a regional or global level, increase purchasing power and leveraging efficiency in the roll-out of common systems, platforms, products and services across its footprint.	Millicom's dependence on third party providers is carefully managed from assessment, selection and renewal, including due diligence, contract length and renewals, service level agreements, as well as end of term provisions, and ongoing monitoring of events and transactions that may impact business continuity.
Climate change risk and natural disasters. Extreme weather situations are becoming more common with climate change and do affect some of our operations. Some countries are located in areas prone to earthquakes, extreme weather, drought or floods. These all may affect our ability to provide our services.	Our services are essential in connecting our customers to emergency services and each other at times of natural disasters. Therefore, our ability to continue providing our services can support communities in quickly responding to emergency situations.	As part of our BCM strategy, we have conduct risk mapping, impact analysis and crisis response assessments, and each operation has a disaster recovery plan. Climate change resilience is one of the risks in our risk map, and is fully integrated in our crisis response and BCM approach.

Risk management – continued

Licenses to operate and spectrum

Rights to use spectrum and licenses to operate are increasingly expensive and scarce.

Risk evolution	Key opportunities	Balancing risk with return
Scarcity of spectrum and licenses. Operating concessions are relatively easy to renew, albeit at a price, although spectrum required for operations are limited resources, and becoming increasingly costly to acquire and renew. Moreover, obligations on operators attached to spectrum and licenses are increasing, with social, educational, economic and other political requirements being attached to operators.	Millicom is actively engaged in the financial future of the countries and livelihoods of customers in its markets. Its voluntary contributions and value creation for individuals and organizations alike create natural partnerships and governmental organizations with non-profit objectives.	Millicom's license and spectrum planning are critical components of its mobile businesses. Renewal/retention is often negotiated in initial allocation contracts and opportunities to acquire new spectrum are carefully considered in terms of spectrum quality, fit with network needs, and driven by customer demand. Millicom's corporate responsibility objectives are compared on a regular basis to those of the individual countries in which we operate, and obligations attached to licenses and spectrums are carefully reviewed for compatibility with Millicom practices.

Risk management – continued

Executing/delivering on the strategy

Failure or inability to formulate and implement the right business models, at the right time, and the right speed, with the right strategic partners and suppliers, and the right internal resources could significant impact Millicom's ability to meet its strategic goals.

Risk evolution	Key opportunities	Balancing risk with return
The pace of roll-out of cable and 4G networks continues to be a critical part of the speed in which Millicom can reconfigure its revenue model.	First mover advantage applies in terms of demands of customers for faster mobile data speeds. Increasingly the cable footprint and modernising the networks in place provide significant opportunities for customer adds and increases in ARPU, as well as related economies of scale.	Millicom's allocation of capital resources is based on detailed strategy and business cases for each business area, country and specific geogrpahies within countries. Roll-out and launch actions are supported with sales and marketing relating activities to drive customer penatration and take-=up of services. Progress on roll-out and customer acquisitions are carefully monitored with significant senior management involvement.
Formulation of strong relationships with key suppliers and business partners continues to be a focus in the goal of enabling implementation of the strategy to provide high quality innovative service and digital content, to improve the experience of our customers.	Partnering with suppliers with proven business models and rapid growth in services such as Netflix and Deezer strengthens Millicom's ability to maintain and enhance customer relationships. Strong relationships with key infrastructure and service providers increases efficiency and the business activities of those partners to be aligned to Millicom's way of doing business.	Selection of key business partners is performed following comprehensive business case analysis and procurement processes, including risk and compliance related assessments. Concentration risk is assessed regularly as well as contractural terms, which include provisions for required service levels and business continuity.
Internal resources are critical enablers in execution of the strategy. This risk has decreased in 2016 with the full configuration of the Executive Management team , but remains significant in day to day operational execution activities.	Millicom's businesses in its key markets are consistently rated as top 10 places to work. This enhances the brand and reputation of Millicom not only as a service provider by an employer of choice.	Millicom's internal resources are regularly assessed in terms of quantity, skill-sets and experience internal resources, with adjustments carefully configured to match the strategy and future needs of the business. Key positions require senior management approval and Executive Team appointments are made together with the Board of Directors.

Risk management – continued

Legislation, litigation and legal environments

Millicom has limited control over or ability to affect the legislative, and judicial environments in the countries in which it operates. Penalties, fines, damages, restrictions, disqualifications or other legislative changes may be imposed impacting Millicom's business (including anti-trust, information privacy, and financial regulation).

Risk evolution	Key opportunities	Balancing risk with return
Legislation and regulation in Millicom's operating countries continues to increase in applicability and complexity and is expected to increase further in areas such as information privacy, anti-trust, mobile financial services, environmental protection, taxation and other financial regulations.	Legislation and regulation can increase certainty in operating models and provide opportunities to improve relationships with customers and other stakeholders. It can also create opportunities in improving competition in converging services such as Mobile Financial Services.	Millicom's legal teams are constantly monitoring and reviewing potential changes in laws, and actively engaging with regulators and legislators. Programs programs are in place to reduce the risk of non-compliance.
Judicial process and avenues for recourse in many of our countries remain limited. Transparency in judicial proceedings and tax administration continue to lag behind developed market economies.	Proactive and early engagement with appropriate governmental organizations can result in positive contributions and improvements in judicial and tax process, reducing opacity and making for improved business conditions that promote access to digital communications.	Our legal and external affairs teams regularly assess the availability and strength of recourse measures both in-country and through international methods as and when issues arise. Our tax strategy includes management of risks and uncertainties, particularly where legislation is either underdeveloped or lacking in clarity.
Threat of litigation remains high in some of our key markets (notably Colombia) as the size and visibility of our businesses can be seen as a target for claims, even if those claims are spurious and lacking in merit.	High visibility is critical to the success of our businesses. Clearly communicated and enforced standards of business practice and careful selection and due diligence on third parties reduces opportunist type claims.	Business partner relationships are carefully monitored. Litigation threats assessed on a regular basis and managed on the merits of each case.

Risk management – continued

Risk management, internal control and assurance

Millicom conducts its business in multiple countries with many employees, suppliers and other stakeholders undertaking many different activities and roles. Deficiency or lack of effectively functioning risk management, internal control and assurance processes and procedures leading to inefficient, weak, or inadequate processes and procedures, resulting in value reduction or loss of opportunity.

Risk evolution	Key opportunities	Balancing risk with return
Business complexity, reconfiguration of business models and the emergence of alternate technologies and business models are all increasing risk for operators. Expansion and broadening of business activities has increased the need for comprehensive and robust processes and procedures, with relevant control and verification activities. This trend is likely to continue.	A comprehensive and strong risk based control environment is an essential element of developing the business, protecting and enhancing value. Well positioned key controls can reduce cost, inefficiency and waste, as well as maximize revenue and cash generation opportunities. Opportunities exist in Millicom to further develop and enhance processes and implement increasingly sophisticated and standardized controls. Assurance activities can identify opportunities to reduce risk and increase value through efficiency and sharing of best practice.	Millicom follows a risk based approach toward developing and implementing processes and control activities. Developing high risk businesses or parts of the business are subject to a higher level of skill support, and validation. Millicom uses a Group-wide maturity scale to benchmark and target control improvements, and the allocation of resources. This approach is supported with a tone-at-the-top culture focused on responsible and profitable growth. Internal audit activites are determined using a risk-based approach and designed to ensure a diverse spread of operational and geograhical coverage. Risk, control and assurance activities are overseen by the Audit Committee on behalf of the Board of Directors.

Compliance with rules, regulations, policies and procedures

The legal and regulatory environment, expanded complexity and scope of Millicom's businesses, as well as the needs and demands of stakeholders are driving the need for comprehensive, effective and efficient compliance programs and procedures.

Risk evolution	Key opportunities	Balancing risk with return
Rules and regulations and related compliance risk is inherently increasing over time as rules and regulations on Millicom businesses evolve and and processes of enforcement by governments and regulators develop.	Rules and regulations can assist businesses with strong ethical and compliance cultures to facilitate fair and open competition on level playing fields.	Millicom's legal and compliance functions work closely together to monitor changes in relevant rules and regulations, and take action to develop and strengthen internal controls to manage compliance related risk.
Millicom's governance and oversight over compliance activities has been significantly strengthened in 2016 with the activities of the Compliance and Business Conduct Committee and hiring of the Chief Ethics and Compliance Officer.	Millicom's approach and communication on doing business in the right way reach into the communities in which we operate and have the ability to transform the way in which our business partners work with us. These benefits directly flow to our reputation and positively impact our brand.	Key compliance related risks are monitored on a regular basis both at country and central level. The central compliance function is supported by a network of in-country complaicne officers.
Compliance risk assesments and action programs performed in 2016 have enhanced the compliance culture of the Group and reduced the risk of non-compliance.	A strong compliance based culture reduces risk of penalties, fines or operational issues related to non-compliance.	Key risks identified are raised to senior management and at Board level for discussion and decision making regarding allocation of resources to mitigate and manage compliance risks. A zero-tolerance appraoch has been taken toward compliance related matters.

Risk management – continued

Attracting, developing and retaining the right people

Lack of required skills and experience, lack of engagement leading to underperformance and high turnover, lack of or misaligned incentives that encourage unwanted behavior.

Risk evolution	Key opportunities	Balancing risk with return
Stability of senior management. In recent years, Millicom has experienced a high rate of turnover of senior management in both central functions and in its countries. This risk has declined over 2016 with the appointment of additional key positions in Strategy, Operations and Compliance. In addition, a reset of many of the key human resource related initiatives around development, training and performance management are currently being deployed.	Significant opportunities exist to stabilize senior level turnover through a combination of improved talent management programs, including compensation clearly aligned to strategic objectives, training, and succession planning.	Millicom uses a variety of internal and external measures to align Group, operating business and personal performance and achievement of objectives in its reward-based compensation strategy. Millicom's Board and its Committees take an active role in the recruitment of Executive Management, and oversee the performance of the CEO.
Compensation transparency and alignment with shareholder returns. Remuneration of global senior managers is an increasing focus of shareholders across a wide variety of industries. Personal bonuses and discretionary compensation in businesses which are experiencing compliance issues or shareholder value decline, are driving a change in compensation plans increasingly linked to future performance and shareholder returns.	The transparent setting of executive remuneration (including variable compensation) against a balanced longer term achievement of strategic objectives more closely aligns company performance and value creation to shareholder returns.	Millicom uses a mix of individual and performance-based criteria linked to individual locations against clearly measurable financial targets, and against a peer group. Achievement hurdle levels for variable remuneration are set levels that incentivize above a high-level of achievement against objectives.
Acquiring and retaining diverse talent. Millicom's history and geographic locations have resulted in a strongly diversified workforce, a key contributor to its success and its future objectives.	Diverse organizations have better financial returns, innovation potential, and high-performance culture. We must be able to attract diverse people and talent. As millennials increasingly want to work for a responsible company, Millicom is strongly positioned to attract talent from this Group.	While gender diversity among senior managers is increasing, this year our activities have focused on diversity and inclusion trainings for executives. A training program targeting all managers started in November in Guatemala and will be rolled out elsewhere in 2017.

Risk management – continued

Safety of our people

The vast majority of Millicom employees live and work in emerging market economies. Many of these countries have security issues, including civil unrest, armed and organized criminal activity and, to a lesser extent, threat of terrorism. As a result, Millicom employees, in carrying out their daily jobs, are exposed to situations which may threaten their personal security.

Risk evolution	Key opportunities	Balancing risk with return
Personal security remains on ongoing concern in many of our markets. Millicom's markets are often subject to issues of personal security, including social and civil unrest, threats from terrorism or organized crime. In addition, as a result of sometimes poor infrastructure or undeveloped health and safety regulations and regimes, personal security can often be a significant issue for our people and those of the third parties that support our activities. Rising levels of organized crime created significant instability in some of our markets in 2016, such as El Salvador and Chad.	The health, safety and security of our people is a foremost concern in the strategies adopted and our implementation methods. Opportunities exist to partner with governments and local organizations to protect the safety of all people in the communities in which we operate. For example, in Guatemala we cooperate with local municipalities in providing security monitoring systems, and in Colombia we supply equipment and connectivity to law enforcement officials.	Millicom manages the security, health, safety and wellbeing of staff based on international (OHSAS) standards, industry best practice, as well as advice and support from local authorities. With a central security and safety team, we have empowered and trained operational teams to deliver compliance with the Group standards. Every market has a professionally trained and certified physical security and health and safety officer. All our third party partners are bound by contract to abide by Millicom Group security and safety standards.

Latin America performance review

Latin America performance review

Regional overview

In 2016, Latin America contributed 86% of Millicom's Group revenue. We are a market leading Telecom provider in Colombia, El Salvador, Honduras, Guatemala, Nicaragua, Costa Rica, Bolivia and Paraguay.

Unlocking digital Latin America

In 2016, we had more than 32 million mobile customers of which 11.8 million are smartphone data users – 2.2 million more than at the end of 2015. We have now launched 4G in all our Latin American markets and our high-ARPU 4G customer base grew four-fold during the year, to more than 3.4 million. Our fiber-optic cables pass more than 8 million homes. Some 3.7 million people subscribe to our MFS services, and with 20 million smartphone subscribers, our smartphone penetration now sits at 62.5%.

Growth of mobile data revenue in LatAm was driven by the increase in the number of smartphone data users, and in particular by the rapid growth of our 4G customer base.

We saw continuing erosion of our Voice and SMS revenues in the region, reflecting the changing patterns of customer usage seen in mobile markets globally. This constrained growth of our total service revenue in LatAm in the year.

Total revenue in LatAm declined by -1.8% in 2016 on an organic basis, to US$5,352 million. Service revenue declined by -0.2% year-on-year, to US$4,966 million. The steeper fall in total revenue was due to lower handset sales revenue, mainly reflecting the proportion of lower value handsets in the mix, and fewer direct handset sales.

Delivering on our strategy, mobile data revenue grew organically by 22.7% to US$1,221 million. Voice and SMS service revenue fell by 15.2% to US$1,727 million.

We have increased investment in 4G and cable roll-outs and a focused IT transformation. Total cable service revenue grew by 7.4% year-on-year, with fixed B2B revenue increasing by 3.6% and cable home revenue growing by 9.7% organically in the year.

EBITDA in Latin America declined by -2.2% in the year, with the EBITDA margin of 38.5% slightly higher than in 2015.

Capital expenditure decreased by 17% in the full year to US$867 million, compared to US$1,045 million in 2015, again mainly reflecting the tighter focus of the investment program on core growth areas of HFC and 4G. Around 47% of this capital expenditure was invested in the fixed network and 39% in the mobile network.

Operating cash flow in Latin America in the full year grew by 3.3% year-on-year to US$1,197 million.

Over the past year, market conditions have remained challenging in several mobile markets, particularly in Colombia, where macro-economic headwinds and continuing competitive pressures accelerated a decline in revenues. This significantly constrained our growth in the year, but we are holding to our principles of differentiation and customer experience to maintain a competitive position while maintaining price discipline, driving operational and Capex efficiency gains, and improving cash generation.

As a business, we are leaner and more efficient than ever. In the past year we have forged new strategic partnerships with major Digital Lifestyle players, such as Netflix, Deezer and Microsoft to give our customers an even better service across multiple platforms.

We believe Latin America is on the cusp of a digital explosion, which will give us tremendous new opportunities, and to maximize these opportunities, we focus on four key objectives: we invest in our network; we innovate digital services for our customers; we champion digital inclusion and responsibility; and we transform our business and the communities where we operate.

"Our operations are leaner and more efficient than ever."

Latin America performance review – continued

Investment
We are building the digital infrastructure, home passes, network and data centers across all our countries. In our mobile markets, we now reach 40% 4G population coverage. At the same time we are also focused on operational leverage, reconfiguring our cost base to make our operations more efficient.

Innovation
Driving digital adoption requires an innovative approach. In El Salvador, for example, we have launched the **"All you can App"**. This is a totally new way of allowing mobile data consumption in a prepaid environment. We know that our customers don't really "buy" or "value" megabytes or "bits", so we have simply given them unlimited use of the App or Apps of their choice, for a limited time and a fixed price. This is both an innovative approach and innovative pricing.

Innovation helps drive digital demand by enhancing our consumers' access to digital destinations.

Digital inclusion and responsibility
It is not just about digital highways and vehicles and innovative pricing and payment methods. It is also about digitally educating consumers about the benefits of the internet, as well as supporting knowledge building.

For instance, we have installed Telecentros or digital training centers in Paraguay targeted at future internet users. The project saw the deployment of 170 shipping containers, fully equipped with IT services and internet, to rural schools across the country. This has reached thousands of teachers and pupils, who will form a new generation of digitally-savvy users.

As an industry, we need to do more of this. And do more to ensure responsible digital behavior through child online protection efforts. And do more on transparency in data information – so that consumers increasingly trust our industry as the highway towards a digital economy.

Transformation
This immense transformation to a digital future in our societies also demands a transformation of us, the players, who are here to provide the infrastructure upon which digital societies and economies will be built.

There is no digital society or digital future without us operators. For all this, we must not forget that unlocking The Digital Lifestyle™ in Latin America requires a consolidated effort from all sectors; from the government and regulatory bodies to the private sector, digital industry and society itself.

Latin America in figures

KPI ('000)	FY 2016	FY 2015	YOY change %[1]
Mobile customers	**32,004**	32,585	(1.8)
Of which mobile data customers	**13,719**	12,038	14.0
Of which 4G customers	**3,432**	856	300.9
Total homes passed	**8,119**	7,632	6.4
HFC homes passed	**7,152**	6,375	12.2
Cable – HFC RGU	**3,694**	3,244	13.9

Financial	FY 2016	FY 2015	YOY change %[1]
Mobile ARPU (US$)	**8.3**	9.2	(6.0)
Mobile data ARPU (US$)	**8.2**	7.9	8.8
Residential cable ARPU (US$)	**26.9**	27.2	6.7
Total revenue (US$m)	**5,352**	5,740	(1.8)
Service revenue (US$m)	**4,966**	5,237	(0.2)
Of which Mobile data service revenue (US$m)	**1,221**	1,035	22.7
Of which cable service revenue (US$m)	**1,572**	1,578	7.4
EBITDA (US$m)	**2,063**	2,204	(2.2)
EBITDA margin (%)	**38.5**	38.4	0.2pt
OCF[2] (US$m)	**1,197**	1,158	3.3

1 YOY change % represents organic growth. See Alternative Performance Measures ("APMs") page 197.
2 Capex excludes spectrum and license costs.

Latin America performance review – continued

Colombia

Cable revenue increased as we maintained the roll-out of our network."

In our largest market, Colombia, the economy has been sluggish in 2016, whilst competition has intensified in the mobile market. Despite this, TigoUne has made solid progress.

We continued with our strong competitive position and strengthened our operational efficiencies despite these more difficult market conditions. Our mobile data leadership allowed us to partially offset the drop in mobile legacy service revenues and the aggressive price competition in the pre-paid mobile market.

More than one-third of our customers in Colombia are now mobile data users thanks to growing smartphone penetration, combined with innovative and effective mobile data offers. We have also seen strong growth in our 4G customers and our network now covers more than half the entire population (47 million).

Cable revenue also increased, as we continued the roll-out of our network. Customer connections included a substantial number of existing copper customers migrating to HFC as their homes were passed, as well as gaining new customers.

The growth in the number of double and triple-play customers continued, a momentum fuelled by our partnership with Netflix, offering content to customers on triple-play plans.

Our B2B services support many of the multinationals that use Colombia as their hub for the region.

As a significant employer in the country, we work with the Colombian government on a range of digital and corporate responsibility initiatives, including digital inclusion and smart city projects.

	FY 2016	FY 2015	YOY change %[1]
Mobile customers ('000)	**7,764**	8,926	(13.0)
Total revenue (US$m)	**1,717**	1,982	(3.2)
Service revenue (US$m)	**1,580**	1,776	(0.5)
EBITDA (US$m)	**461**	545	(5.2)
EBITDA margin (%)	**26.9**	27.5	(0.6pt)

1 YOY change % represents organic growth. See Alternative Performance Measures ("APMs") page 197.

Supplier capacity building

To promote responsible business practice more widely and to protect our reputation, we demand that our suppliers apply the same high ethical standards in their operations as we do. Following initial assessments of responsible business management of strategic suppliers in Colombia with EcoVadis, TigoUne engaged in 2016 with two suppliers to develop detailed improvement plans to address some concerns raised in the assessment. Both suppliers were able to address these and increase their EcoVadis sustainability performance ratings.

Read more about our responsible supply chain management approach and EcoVadis assessments on **page 78**

Latin America performance review – continued

Guatemala

Mobile data growth remained solid, with new 4G services launched during the year."

Overall, the business delivered solid results in 2016, with mobile data growth and strong coverage expansion in 4G services.

Our operation in Guatemala is leading the way with mobile data usage, reaching revenue growth in this category of 35% ahead of the previous year. The Home business grew by over 37% ahead of the previous year which, importantly, also contributed to EBITDA growth. We continue to invest in cable and today we have the largest HFC network in the country. In 2016, the launch of Tigo Play and the introduction of our Netflix-based promotion helped to support the multi-screen habits of our customers. The number of homes passed increased by 12.6% in 2016. Incoming international traffic has continued to decline, following a common trend across all the markets and, as a result, service revenues showed a shortfall of -1.7%.

Tigo Guatemala has focused on enhancing customer experience through initiatives such as launching digital self-service channels, on Capex investments to achieve and maintain the best data network and providing easy and effective ways for customers to connect with our brand, such as new express support centers and Tigo stores.

Our MFS services grew 43.1% focused mainly on payment services and reaching more than 500,000 monthly users. Our B2B team continued to create new services for clients, including enhanced cloud and ICT solutions. The team held its third annual Tigo Business Forum in September 2016 with lively, informed debates regarding m-Commerce development.

Overall, the Company has been able to maintain good profitability and cash generation, with rigorous capital management. It continues to be focused on developing and retaining its talent, also winning a Great Places to Work award.

	FY 2016	FY 2015	YOY change %[1]
Mobile customers ('000)	**9,468**	8,798	7.6
Total revenue (US$m)	**1,284**	1,306	(2.2)
Service revenue (US$m)	**1,143**	1,156	(1.7)
EBITDA (US$m)	**631**	651	(3.7)
EBITDA margin (%)	**49.2**	49.9	(0.7pt)

1 YOY change % represents organic growth. See Alternative Performance Measures ("APMs") page 197.

Mobile monitoring system for schools

TIGO Guatemala through FUNDACION TIGO, in partnership with the Ministry of Education, has created an online platform to monitor absentee rates of children in specific schools or regions. Teachers are given mobile phones through which they record daily attendance of students. Information is sent to a centralized database that allows for analysis of the data.

The analysis can be accessed by principals, heads of school districts and the Ministry of Education. Through this tool the ministry can follow absenteeism, and can gain a better understanding of why the children are not in class. This helps more effective action to reach the Ministry's school attendance goals. For 2017, the aim is to have 273 schools included in the program, monitoring around 41,000 children's attendance.

Read more about our child online protection and digital inclusion programs **see pages 64, 80-83**

GSMA children's use of mobile devices

Research into how children use mobile devices and internet is rare in emerging markets. In 2016, Tigo published results of research conducted with GSMA, the international mobile trade association, on the use of mobile phones by children in Honduras. Results echo findings in Europe and feedback from children confirms some of the concerns of their parents.

- 90% of children obtain their first smartphone between the ages of 8 and 15
- 65% of parents said that keeping in contact with their children and possible emergencies are the main reason they provide their children with phones
- 37% of parents have not discussed with their children rules of usage of their phones, and though parental controls are considered important, they are not widely used (57% do not use parental controls)
- 67% of children make friends on social media with people they do not know in real life, and 43% have public profiles on social media

Read more about our work in child online protection **see pages 64-66** and here

Latin America performance review – continued

Paraguay

Growth and foreign exchange have been volatile due to the country's dependence on soya bean exports and strong commercial ties with its neighboring country Brazil.

We continued to improve our business performance, with 4.6% organic service revenue growth. Continuing 4G momentum, following its launch in April this year, drove strong growth in data usage, more than offsetting the decline in voice and SMS revenues.

The decrease in the total customer base mainly reflected the loss of very low ARPU pre-pay customers acquired during previous promotions, and had no impact on revenue growth.

The cable network build-out continued on track, with network penetration and higher RGU delivering strong cable revenue growth.

EBITDA in Paraguay increased by 3.6% on an organic basis and the EBITDA margin expanded, reflecting a strong focus on execution, both above and below the line. In July, we launched a downloadable App for smartphones to give our customers comprehensive access to our hugely popular Latin American, 24/7 sports channel.

Users of Tigo's Mobile Money wallet have grown 8.7% since last year and subscribers to our app grew at more than 5% per month.

Tigo Business Paraguay's first UPTIME Tier 3 certified data center was awarded "Best Modular Implementation" by Data Center Dynamics (DCD), a specialist data center magazine with a global reach.

As part of our global commitment to empowering women, we signed the GSMA's Connected Women Commitment Initiative in September – the first operator in Latin America to do so. Our goal is to increase the proportion of women using mobile internet and our Tigo Money savings products.

"With its new data center, Tigo Business Paraguay will expand into business services such as co-location and cloud solutions to support its business clients"

Investing in success

Millicom is deploying and modernizing both fixed and mobile networks to fulfill the growing demand from Paraguayans to connect to the internet.

In 2016, Tigo Paraguay launched its first 4G services in the country, a new state of the art data center and acquired TV Cable Paraná , a cable platform in Ciudad del Este, Paraguay's second largest city. These inv estments further extend our cable footprint and grow our customer base across both consumer and business segments.

	FY 2016	FY 2015	YOY change %[1]
MFS revenue growth (decline) (%)	**(2.2)**		
Mobile customers ('000)	**3,635**	3,936	(7.6)
Total revenue (US$m)	**623**	673	1.3
Service revenue (US$m)	**583**	610	4.6
EBITDA (US$m)	**289**	305	3.6
EBITDA margin (%)	**46.4**	45.3	1.0pt

1 YOY change % represents organic growth. See Alternative Performance Measures ("APMs") page 197..

Program for high potential women

To improve gender diversity among senior management in Paraguay, the country management team created a dedicated leadership program for high potential women in the organization to help build the internal talent pool and empower more women to move to senior roles.

Since 2015, 51 women have participated in the program, which seeks to develop and promote leadership skills. In this program candidates have attended workshops on different topics, such as challenging stereotypes, increasing self-awareness, harnessing leadership skills, and work-life balance.

Read more about our approach to promoting gender diversity across our Group **on pages 74-75**

Honduras

We will continue to invest, grow and collaborate to develop the sector, bring new technology and enhance digital opportunities for our customers and the community."

Honduras continues to be a market full of opportunities. Tigo is the number one mobile operator and the second largest cable and TV broadband provider in the country. This year Tigo Honduras celebrated its 20th anniversary.

Tigo Star had a 25.6% growth in revenues along with an increase of approximately 15% in its Home Passes. The Smartphone Data User base went up 33.6% and 4G Smartphone Users reached a 784% increase versus last year.

The market is seeing a strong shift in user habits as more consumers migrate to online and on demand content.

The B2B Market has had moderate activity. Some key segments such as Government projects have been impacted by reduced funding or cancellations, despite a positive outlook in macro-economic figures.

Great progress was made in rolling out the fixed network, reaching more new cities and home passes.

Honduras has an active MFS market which has continued to grow revenues as well as wallet and app users. MFS will also support a new agreement with the World Food Program to more efficiently deliver economic aid for more than 116,000 families within the country.

Tigo has been particularly active in important social activities such as child online protection. In October, we hosted First Lady of Honduras Ana Garcia de Hernandez, Plan International, the Lady Lee Foundation, the GSMA, ICMEC and other leading organizations to jointly promote child online protection in a summit that was widely reported on national TV.

Also in October, Tigo volunteers completed their second term of school visits across the country to promote awareness of cyberbullying amongst young students, under the campaign hashtag **#NoAlCyberbullying**.

	FY 2016	FY 2015	YOY change %[1]
Mobile customers ('000)	**4,848**	4,846	0.0
Total revenue (US$m)	**609**	649	(2.5)
Service revenue (US$m)	**585**	617	(1.3)
EBITDA (US$m)	**256**	274	(2.6)
EBITDA margin (%)	**42.1**	42.2	(0.1pt)

1 YOY change % represents organic growth. See Alternative Performance Measures ("APMs") page 197.

La Fábrica Smart

Tigo launched "La Fábrica Smart", an innovation contest and the first of its kind in Honduras, where university students compete in the development of new technology solutions and services. In its first edition, in 2014, participants were challenged to develop mobile apps related to education, environment, and health.

The winning mobile apps were made available in Google Play and iOS stores.

Now in its third year, contestants in 2016 were challenged to construct drones with the aim of promoting the development of robotics and automation in the country.

Latin America performance review – continued

El Salvador

El Salvador has delivered solid results. The operation has been challenged by weak economic conditions and a regulatory and political landscape that included mandatory signal blocking since April 2016 around prisons and some urban areas.

Alongside the introduction of a number of additional security taxes, we have seen encouraging growth in the number of smartphones and mobile data users, delivering 12.6% on data revenues.

We now have 3.2 million mobile subscribers in the country, 8.6% up compared to 2015.

In our Home business, we have connected 9.3% more homes than we did in 2015. Cable & Digital revenue is up 6.7% compared to 2015. Home revenue is up 7.7% compared to 2015.

We also continue to improve operating efficiency alongside investing in improving the network infrastructure and we announced that 4G will be rolled out to customers in El Salvador during 2017.

	FY 2016	FY 2015	YOY change %[1]
Mobile data growth (%)	**12.6**		
Home revenue growth (%)	**7.7**		
Mobile customers ('000)	**3,213**	2,958	8.6
Total revenue (US$m)	**426**	450	(5.3)
Service revenue (US$m)	**400**	420	(4.7)
EBITDA (US$m)	**148**	169	(12.3)
EBITDA margin (%)	**34.7**	37.5	(2.8pt)

1 YOY change % represents organic growth. See Alternative Performance Measures ("APMs") page 197.

El Salvador's 4G roll out

Tigo El Salvador has begun the roll out of 4G LTE technology around the country.

The new infrastructure investment underlines Tigo's commitment to meet growing demand in El Salvador for mobile data, new Apps and online services.

Read more here

Building a better future for home and at school

Tigo El Salvador has taken a lead in developing two ground-breaking employee volunteering programs.

Our "Adopt a School" project consists of rebuilding or refurbishing a school, with Tigo employees undertaking volunteering activities to make the schools operational.

We also signed a new memorandum of understanding with TECHO and SolucionES to benefit the Tiguapa Norte community, by building eight houses and the refurbishing of a digital center. The digital center will serve children and offer them ICT programs and courses. Tigo will contribute to the project both financially and with volunteering activities.

Karla Rivas, Tigo El Salvador Corporate Responsibility Director, says: "The volunteering program has improved the workplace environment, with better integrated, more motivated and happier employees".

Throughout the three months that we ran the program in 2016, 2,075 volunteering hours have been recorded, seven schools were helped and four houses built.

"El Salvador has the opportunity to be a strong digital force in Latin America and we want to progress connectivity and enable greater access to the internet."

Latin America performance review – continued

Bolivia

Our operation delivered a strong 2016, with overall service revenues 3% ahead of the previous year.

Mobile Data revenue increased 32.9% on the previous year, driven mainly by the roll-out of our 4G network, with around 43% of smartphone data users already using our 4G services. Mobile Data ARPU increased 19%.

The Home business maintains double digit growth of 31% and has positioned itself as the main cable provider in Bolivia. The B2B Fixed business tripled its customer base, reaching more than 900 customers, delivering revenue growth of 25.6%. Cable & Digital revenue growth was 29%. Tigo Money is proving a huge success and this year we have opened the ecosystem to enable customers to use the service across providers.

EBITDA increased by 9% on an organic basis, reflecting a significant reduction in operating costs as well as strong service revenue growth in our key revenue streams: Data, Fixed and MFS.

Mobile money and banks in partnership

Bolivia has launched new online banking services enabling customers to transfer and receive money from a wider banking community via Tigo Money, simplifying their transactions and saving time.

Read more here

"The roll-out of 4G in Bolivia is generating significantly increasing data traffic."

	FY 2016	FY 2015	YOY change %[1]
Mobile customers ('000)	**3,076**	3,121	(1.4)
Total revenue (US$m)	**542**	531	2.1
Service revenue (US$m)	**525**	511	2.7
EBITDA (US$m)	**214**	197	9.0
EBITDA margin (%)	**39.5**	37.0	2.5pt

1 YOY change % represents organic growth. See Alternative Performance Measures ("APMs") page 197.

Digital classrooms to enable children with disabilities to communicate

In Bolivia, as part of our wider program to work with people with disabilities, we have developed a "Digital Classrooms" project. We have opened 20 classrooms specifically designed for children with disabilities to communicate and learn through digital tools.

The room will allow them to accelerate their social integration by having equal access to and benefits of digital technology. Today we have over 2,000 beneficiaries of the Digital Classroom program.

Tigo Bolivia is also leading the way in building inclusive operations, with its customer service employees undertaking training in sign language.

Latin America performance review – continued

Costa Rica

> Helping our customers interact easily with the brand and driving efficiencies were key goals in 2016."

Tigo maintains a solid position as Costa Rica's leading PayTV operator where our DTH product grew by 40% to more than 50,000 subscribers.

Revenue in the business segment grew by 5.4% with EBITDA margins remaining strong at 43%.

We connected 250,000 homes, with 610,000 passed.

This year the focus has been on accelerating digital TV and DTH and continuing to grow broadband penetration, with more customers buying home bundles.

Helping our customers interact easily with the brand and driving efficiencies were key goals in 2016 and new services such as a self-service app and paperless sales processes are continuing to orientate the business in this direction.

Tigo Costa Rica is pioneering an internal poverty assistance program which identifies employees with socio-economic vulnerabilities and creates strategies to assist them. To date 175 people were engaged, and 37 were supported in gaining a formal high school qualification.

	FY 2016	FY 2015	YOY change %[1]
Mobile customers ('000)	**N/A**	N/A	
Total revenue (US$m)	**153**	151	3.1
Service revenue (US$m)	**151**	150	2.8
EBITDA (US$m)	**58**	58	1.5
EBITDA margin (%)	**37.7**	38.3	(0.6pt)

1 YOY change % represents organic growth. See Alternative Performance Measures ("APMs") page 197.

Promoting diversity

In 2016, Tigo Costa Rica joined a number of leading companies in the country to sign the Declaration of San Jose, in which we commit to ensuring that we have a workspace free of discrimination towards the LBGTI community.

Our human resources department was given a training session by the NGO AED with support from the Canadian Embassy on best practices. A toolkit to help the recruitment process of LGBTI individuals has also been produced and is in use.

Read more about our work on diversity **see pages 74-75**

Creador del Cambio Digital

In Costa Rica, Tigo launched the program "Creador del Cambio Digital" (Tigo Digital Changemaker). A program developed jointly with a local financial institution (Coopeservidores) that invites people to present ideas on how digital tools can solve social and environmental challenges.

The winning entrepreneurs have support from the University of Costa Rica to implement their projects.

Read more about our work on social investment **see pages 80-83**

Africa performance review

Regional overview

In Africa, we operate in five countries where we capture almost 14% of Millicom's annual revenue. Following the disposal of our Democratic Republic of Congo market in early 2016, these countries are Tanzania, Chad, Ghana, Rwanda and Senegal. We see our role as delivering connectivity and access. Mobile operators are even more important here than in other parts of the world because fixed line penetration is very low.

We serve some 25.4 million customers and our core strategy revolves around the principles of accelerating and growing mobile data, B2B and fintech.

During the course of 2016, Africa has delivered on its strategy to accelerate growth. We remain focused on improving the all-round performance of our African operations, growing service revenue, expanding EBITDA margins, controlling capital expenditure and delivering positive operating cash flow (EBITDA less capital expenditure). African EBITDA of US$258 million increased by 47%, on revenue of US$896 million, up 14%.

Africa in figures

KPI ('000)	FY 2016	FY 2015	YOY change %[1]
Mobile customers	**25,407**	30,002	(15.3)
Of which: Chad	**3,132**	2,981	5.1
DRC	**–-**	5,321	(100.0)
Ghana	**3,933**	4,086	(3.8)
Rwanda	**2,966**	2,775	6.9
Senegal	**3,646**	3,039	20.0
Tanzania	**10,743**	10,430	3.0
Zantel (Tanzania)	**988**	1,371	(28.0)
MFS customers	**8,078**	7,560	6.9

Financial	FY 2016	FY 2015	YOY change %[1]
Mobile ARPU (US$)	**2.5**	2.7	(0.5)
MFS ARPU (US$)	**1.1**	1.2	3.4
Total revenue (US$m)	**896**	829	14.3
Service revenue (US$m)	**889**	816	15.2
EBITDA (US$m)	**258**	184	47.2
EBITDA margin (%)	**28.7**	22.1	6.6pt
Capex[2] (US$m)	**160**	218	(27.2)

1 YOY change % represents organic growth. See Alternative Performance Measures ("APMs") page 197.
2 Capex excludes spectrum and license costs.

This strong performance was fueled by an increase in mobile data revenues and usage. We added 1.4m mobile data users in the year, bringing the total to 6.9m.

Our burgeoning B2B service, has also driven growth. We have signed some significant contracts with clients including large corporations, embassies and governments seeking to digitize their services. We have reinvigorated our dedicated B2B routes to market, and expanded our channel capacity in account management and sales agents to talk to B2B customers. We have seen excellent results and a 40% growth year on year. During the year we have also invested in data centers in Senegal and Chad to service Tigo's internal needs and those of external business clients seeking secure robust data services.

MFS was also a major contributor to growth, with the number of subscribers at eight million – up 18.4% on last year.

During the first half of 2016, we focused on transforming the cost base of all the African operations, ensuring that we have an efficient, sustainable operational platform with the right people, the right products and the right channels working effectively to drive revenue.

In previous years, we have made significant investments in the network to grow coverage and improve quality and speed, with a clear focus on the data business. This year, we aimed to capitalize on our investments and focus on maximizing utilization of the network and growing our customer base. Therefore our capital investment was lower in 2016 than in previous years.

Our work empowering people and promoting social and financial inclusion is particularly relevant in Africa. For example, all of Millicom's operations in Africa led the way in committing to the GSMA's Connected Women Commitment Initiative. As part of the commitment, the Africa operations are working to increase the proportion of their female customers using services such as Mobile Money. Tigo Chad has also committed to increase the proportion of female customers using mobile internet.

Africa performance review – continued

Child birth registration: Tigo Ghana featured at UN General Assembly

UNICEF estimate that more than 50 million children are born into invisibility each year and that 230 million children under the age of five have not been officially registered. This is despite numerous international treaties calling for the rights of such children to be recognized.

In addition to establishing a child's identity, birth registration acts as an enabler for a multitude of development outcomes including access to healthcare, education and social protection. Mobile technology has an increasingly important role to play in speeding up progress with birth registration and the provision of unique identities to the most underserved, especially in sub-Saharan Africa.

In Tanzania only 13% of children under five years own a birth certificate. That is why in Tanzania, Tigo partnered with The Registration Insolvency and Trusteeship Agency (RITA) and UNICEF to create and develop a mobile birth registration system which aims to scale up birth registration for young children. The application that Tigo developed and deployed is designed to work with even the most basic feature phones.

Since the first launch in the Mbeya region, the program has been extended to four other regions, designed further new android App functionality and has issued birth certificates to over 780,000 children under five years. Plans are underway to reach ten regions in Tanzania.

Following this success, the program has been replicated in other countries and this year Tigo, UNICEF, Ghana and the Births and Deaths Registry were recognized at the United Nations General Assembly. The app was featured in a video and presentation to the audience, which included Ghana's former president, John Dramani Mahama.

Read more about our work on child protection **on pages 64-66**

Watch our work on child birth registration here

Africa performance review – continued

Tanzania

Tanzania is our biggest market where Tigo is the market leader in terms of subscribers. Millicom-owned Zantel is also the leading brand in Zanzibar. Our main focus this year has been to improve the data experience for our customers and to enhance our network, providing faster and better ways of connecting and accessing mobile data.

Tigo has a total of 11.7 million customers. Tigo now has a 4G network in every region of the country, the first operator to do so, giving customers greater speed and online access.

Tigo continued to encourage smartphone penetration, offering attractive promotions for data users such as WhatsApp and YouTube bundles.

Tigo Tanzania is a leader in MFS and in 2016 became the first operator in the world to offer interoperability with all other major operators. Indeed, a recent report by the World Bank named Tanzania as a world leader in Mobile Financial Services and Tigo Tanzania's mobile transfer service was accredited for being a large part of this accomplishment.

Following the acquisition of an 85% stake in Zantel in 2015, our market share has grown strongly in Zanzibar. Our customers have benefited from the roll-out of high-speed 4G services and brand strength has improved along with greater cost efficiencies. It has also delivered a new income stream from wholesale data delivery.

Tigo now has a 4G network in every region of Tanzania."

Connecting education

As part of our commitment to digital inclusion and enabling a more connected world, Tigo Tanzania donated computers to secondary schools in Masasi, Tandahimba and Sino. These computers will provide students with online access, enabling them to learn more about search tools, technology, and online security.

In addition we supplied vital laboratory equipment to Chato Secondary School in Geita region.

In support of the government's effort to offset the existing countrywide shortage of desks in primary schools, we also donated 1,250 desks countrywide.

Read more about our social investment projects **on pages 80-83**

Chad

Chad had a good performance this year. Revenue grew by 10.1% year on year. The subscriber base increased slightly on last year by 5% to reach over 3 million subscribers and mobile data continued to experience strong momentum through the extension of 4G to the whole of N'Djamena. EBITDA also grew by 71%.

In 2016, we delivered on our objective of tapping into opportunities in the B2B sector and launched new B2B services. We also opened Chad's first state-of-the-art data center, part of our strategy of continued investment and expansion of infrastructure in the region. To ensure a high quality, safe environment for our people we also moved to a new HQ building in N'Djamena.

This year we also continued to ensure a quality, robust network for all our customers.

in 2016, we opened Chad's first state-of-the-art data center."

MFS boosts digital trade

In Chad, most people contribute to at least one "Paare" or savings group. To meet the needs of savings groups across the country and especially those living in rural areas, we have designed Tigo Paare.

Tigo Paare helps groups send cash to family members, purchase products and trade digitally. It has quickly become a useful platform for connecting large groups with distant or roaming members.

Tigo Paare has been highly successful and is now supporting over 53,000 groups including farmers, such as Chad's cotton cooperatives, and healthcare mutual funds.

In particular, the solution is supporting women entrepreneurs such as the Women's Association of Fish Sellers through secure membership payment to the association. More than 600 members have benefited from advice and financial training.

Africa performance review – continued

Other markets

Revenue grew 12% in our other markets, Ghana, Rwanda and Senegal, where we continued to focus on growing our customer base, especially data customers to ensure we fully utilize our networks.

We registered more than 645,000 new mobile customers in these markets. We have focused on attracting higher value customers with dedicated services and this has delivered good growth in mobile data users, up 24%.

In Rwanda, we are democratizing access to data and services by cutting data fees to allow roaming for internet users and introducing the option to pay for smartphones in installments.

In Ghana, we pioneered the industry's first product and services in international Buy-Airtime.

Across all the markets our strategy to tap into the high potential B2B market is also delivering good results. In Ghana, for example, we launched roadshows to assist small and medium-sized businesses with their development.

In Senegal, we are supporting the government in its plan to transform the country into a hub of information and communication technologies with another state-of-the-art data center.

Payment solution for agriculture to improve tea farmers' lives

Tigo Rwanda launched the "Tigo payment solution for agriculture" platform increasing the financial and digital inclusion of over 10,000 tea farmers in two tea plantations located in Mulindin and Rusizi district.

The platform simplifies and improves the communication and banking arrangements of the local farmers. Tigo is also supporting the farmers to discover further benefits of internet-enabled devices.

Watch more on the project here

Tigo digital literacy bus

Tigo Senegal organized a "digital bus" which traveled through the country to give people the opportunity to learn how to use the internet. Access to the bus is free and a qualified team advises visitors on how to use the internet and discover the opportunities of the digital world.

A fruit trader in Mbour in the east of the country said: "I thank Tigo for allowing me to open my first Facebook account. The Tigo agent showed me how it worked and helped me to post my first picture. I have used this opportunity to buy a smartphone." More than 25,000 people visited the bus and got connected for free to the internet via Tigo network.

Corporate responsibility performance review

This section sets out our performance against our 2016 targets, key initiatives of 2016 in greater detail and long-term objectives for our most important eight corporate responsibility topics.

Growing responsibly and with purpose

Our mission at Millicom is not just to lead the adoption of The Digital Lifestyle™ in our markets. It is also essential that we grow responsibly and with purpose. Our corporate responsibility (CR) strategy and work are central to delivering our vision of empowering our customers and employees to advance in life and find joy.

Five year objectives	What we did in 2016	Read more
Measure the success and health of our company beyond financials	• Published our first integrated report to further clarify how CR strategy is embedded in our daily decision making • Expanded the scope of our data collection in environmental management and diversity and across our subsidiaries in Colombia and Zantel in Tanzania	See key performance indicators as outlined under each topic, from page 62 onwards.
Promote, protect and strengthen our reputation	• Finalized materiality assessments with local country stakeholders, and published country fact sheets in each market • Continued engagement with our investors, partners, governments and other key stakeholders on specific topics; including becoming observers of the Global Network Initiative and ESG visit in Colombia	Find out more about our materiality process on how we manage our CR on page 12. Our progress explained throughout this section
Demonstrate thought leadership in areas that link to business success	• Leadership in child online protection, with multi-stakeholder workshops, awareness and training programs to children, parents and teachers • Collaborated with UNICEF to create "mobile operators child rights impact assessment tool" to be used across the industry • First operator in Africa and LatAm to set targets to increase women in our customer base within the GSMA's Connected Women initiative	See child rights and online protection section on page 64 . See the diversity section on page 74.

Our eight most important CR topics

1. Privacy and freedom of expression

2. Child rights and online protection

3. Acting responsibly: anti-corruption compliance

4. Reducing our environmental footprint

5. Diversity

6. Taking care of our people: health and safety

7. Responsible supply chain management

8. Social investment

Growing responsibly and with purpose – continued

1. Privacy and freedom of expression

Progress in 2016

This year our focus has been on:

- Improving stakeholder engagement, especially supporting the merger of Telecommunications Industry Dialogue on Freedom of Expression and Privacy (TID) and Global Network Initiative (GNI) and building relationships with local human rights organizations
- Continuing to improve internal processes relating to law enforcement assistance and 'major events' escalation

As our customer base and services we provide to them increase, so does the focus on and reputational risk associated with requests from law enforcement to communications companies for surveillance and customer data. Our priority is to ensure we achieve the right balance between our obligation to respect local laws and supporting governments in the legitimate aims to protect their citizens, and our responsibility to respect the privacy of our customers.

Millicom is committed to being transparent about how we deal with requests from governments and law enforcement agencies.

In 2016, we continued to advocate for clear and transparent legal frameworks around surveillance, aligned to the principles of proportionality and necessity. We contributed to furthering the understanding around the issues telecommunication companies face and the context in which decisions are made through our first Law Enforcement Disclosure report, published in April 2016. We also made further improvements to our internal operating procedures and controls relating to law enforcement assistance, and ensuring that any 'major events' were escalated to regional and global management for attention and support.

Ongoing industry dialogue

Millicom is one of the founding members of Telecommunications Industry Dialogue (TID), an industry group jointly addressing issues of privacy and freedom of expression as they relate to the telecommunication sector. In 2016, TID met face-to-face once a quarter as well as weekly by phone. Our detailed progress in implementing the Principles of the TID can be found in our Law Enforcement Disclosure report 2016.

In March, we became observers of the Global Network Initiative (GNI), a multi-stakeholder initiative focusing on internet freedom, with the aim of joining as full members in March 2017. The drivers of our membership of GNI were to build joint leverage with companies across the ICT ecosystem, shared learning and best practices, strengthened policy advocacy and benefit from a multi-stakeholder approach – and to put our processes to test through the GNI independent assessment. Membership will allow us to fully participate in what we consider to be a critical debate with more than 50 organizations, human rights experts, investors, academics and internet companies.

The first year of our three-year donations agreement with international human rights organization Civil Rights Defenders focused on sharing information of developments in our two regions and connecting with local human rights organizations in some of our key markets, such as Tanzania and Colombia.

Improving our internal processes

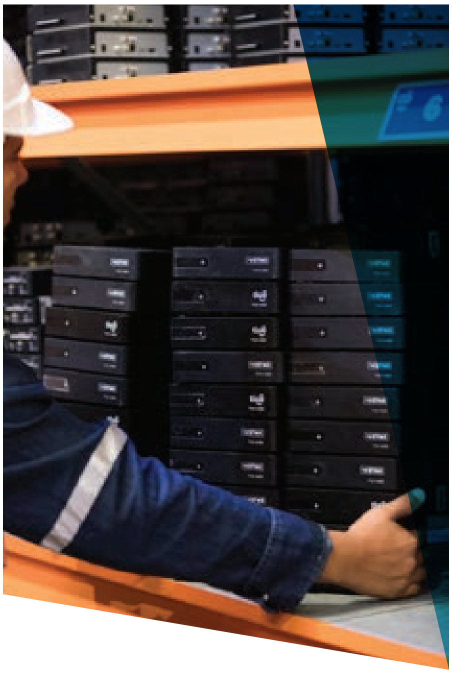
All of our operations conducted self-assessments on their alignment with the Group Law Enforcement Assistance Guidelines and controls, as outlined in our internal control manual. We commissioned reports on the legal frameworks and government powers on surveillance from all our markets not covered by previous reports by TID or its members. These reports will be published under the Creative Commons license in 2017.

In 2016, we also established an internal working group on data privacy and protection, with the aim to create one comprehensive data privacy framework for the Group and to set global policies and training for data privacy.

A global policy aligned to international best practice will mean going beyond the requirement of the law in a great majority of our operating markets.

Our aim is to be able to significantly increase transparency in 2017 on our policies and approach to data privacy and protection and on what data we collect and why.

Read more about our progress in implementing the Principles of the TID and our work on privacy and freedom of expression in our Law Enforcement Disclosure report 2016 here



Growing responsibly and with purpose – continued

1. Privacy and freedom of expression

Key
✔ Completed/achieved
➖ In progress

Our performance

Five-year plan objectives (by 2018):
- Complete an external assessment of Millicom's policies and processes relating to privacy and freedom of expression

Topic	2016 target	Status	Our progress in 2016	KPIs	2014	2015	2016	2017 target
Policy implemen-tation	**Continue to support specific operations to implement Group guidelines to manage law enforcement requests**	In progress	We supported all operations in clarifying requirements of the Group guidelines, and implementing these; resulting in all assessed operations rising to a mature level of controls.	% of operations with controls systematically applied in line with the Group guideline[1]	N/A	45%	**92%**	All operations to have controls assessed and systematically applied in line with the Group guideline
Law enforcement requests	**Publish Law Enforcement Disclosure (LED) report**	Completed/achieved	Our first stand-alone LED report was published in April 2016.	Total number of law enforcement requests (Group)	N/A	39,418	**47,632**	Conduct human rights impact assessment focused on privacy and freedom of expression in all our LatAm operations
				Number of major events[3]	2	20	**18**[2]	

1 2015 data disclosed this year based on 11 operations who completed the self-assessment, excluding Tigo DRC which was sold at the beginning of 2016, and Colombia and Zantel as integration continued in 2015. 2016 data is based on 12 operations, excluding Zantel, as integration continued in 2016.
2 This number does not include requests to block access to child sexual abuse content (applicable only to Colombia in 2016).

Number of law enforcement requests

Region	Interception	Customer metadata	MFS	Content takedown
LatAm	927	39,279	267	0
Africa	5	6,827	326	1

Overview of major events[3] by type

Type of event	Occurrences in 2016
Shutdown of services	8
Proposals for significant changes in local laws	5
Proposals for significant changes in technical or operational procedures	2
Disproportionate interception or customer data requests	1
Politically motivated messages	1
Other	1

3 Data reported for financial year, including 2016 data. This also applies to the "Overview of major events by type" table data below. "Major events" can include requests for shutdown of specific base station sites, geographical areas or entire network, service denial or restriction (SMS, mobile/fixed internet, social media channels), interception requests outside of due process, targeted take-down or blocking of specific content, denial of access for specific individuals, significant changes relating to surveillance techniques or operational processes (direct access or how local surveillance laws are implemented in practice), significant changes to local laws relating to government powers of surveillance or data retention, or requests to send politically motivated messages to customers on behalf of the government.

2. Child rights and online protection

Progress in 2016

This year our focus has been on:

- Finalizing the child rights tools for our sector with UNICEF, and conducting further assessments in LatAm
- Creating a holistic approach to child online protection (COP) in LatAm

Our work over the past years has positioned us as a strong leader on child protection within our industry, re-affirmed in our materiality assessment with our key stakeholders in 2015. Building on our understanding of how our daily work may impact children's lives, our initiatives focus on managing operational risks around child rights and actions to build safer environments online for children.

Promoting child rights

In 2014 we partnered with UNICEF to gain and promote greater awareness of the issue of child rights for our business. So far this collaboration has focused on jointly identifying key child rights issues in the digital sector and on creating tools for companies to identify and address their gaps and opportunities in managing their child rights impacts.

The Mobile Operator Child Rights Impact Assessment (MO CRIA) tool UNICEF and Millicom jointly developed, was launched in July 2016 and is available from UNICEF website for all telecom companies to use. To date, we conducted have five assessments using this tool, two in Africa and three in LatAm; Colombia, El Salvador and Bolivia.

Following the success of our mBirth project in Tanzania, mobile birth registration is now live in a number of our markets, including Ghana and Bolivia. See page 57 for our case study.

Strengthening child online protection

We want children to be able to harness the great benefits online access can bring them in education, social interaction, inclusion and self-expression while at the same time ensuring their interaction is safe.

We work with UNICEF and other expert partners to empower children to navigate the digital world more safely. To date, our workshops in seven countries in LatAm and Africa have brought together key decision-makers and influencers to promote consistent legal frameworks to protect children online – in particular to be able to jointly fight cyber-bullying and child sexual abuse content and its distribution. Some of our workshops have acted as catalysts to form multi-stakeholder national committees and have brought together all major telecommunication and internet service providers to promote collaboration for safe online experiences and fight child exploitation on the internet.

These workshops form a strong basis for our integrated approach to child online protection (COP).

To further raise awareness on this issue, we provide training and support materials to our customers, to children and teachers at schools and train our sales and customer service staff to be able to address any customer concerns.

We have also taken steps internally to make a bigger impact in the fight against child sexual abuse content online, explained in the following page.

- 1,826 child online protection (COP) training sessions conducted, reaching 122,000 children, 14,800 teachers and 13,000 parents
- Over 1,230 digital literacy training sessions for children and over 1,570 for adults
- 1,061 schools, universities and public institutions connected to the internet as part of our digital connectivity program
- Equipment of in-kind value around US$474,000 donated to enable digital connectivity
- Over 1,870 pieces of equipment such as tablets, smartphones and computers donated to 226 schools
- Over 900 members of our sales force have been trained on COP to date

Growing responsibly and with purpose – continued

2. Child rights and online protection

Supporting multi-stakeholder collaboration
We ignite dialog and collaboration on COP to ensure key stakeholders who are needed to protect children online – legislators, law enforcement, child rights experts and the tech industry – all understand the different issues of COP and their role in solving them. Two years ago, Tigo Paraguay hosted Latin America's first ever COP workshop and since then we have held similar events in Colombia, Bolivia, El Salvador and Costa Rica, as well as the first ever African-based workshop in Rwanda.

Building on the success of our previous workshops, in October 2016, we hosted 306 participants, including the First Lady of Honduras, the Lady Lee Foundation, the Minister of Education, CONATEL – the telecommunication regulator, UNICEF, GSMA, International Centre for Missing and Exploited Children, INHOPE, Plan International and industry peers for a COP summit in Honduras. A working group was created to discuss the Legal Framework for the planned Law on Cybercrime with the full support of the National Congress and the National Directorate on Children, Adolescence and Family.

These workshops are followed up with a number of different work streams. For example, in Rwanda and Costa Rica, national committees on COP were established by the government, which continue to meet regularly. In El Salvador – through our Digital Ambassador's program – we have trained more than 10,000 people, including parents and teachers, on how to use the internet responsibly. We also delivered this training to our employees and their children. In Bolivia, Tigo took part in a nationwide campaign on COP, through which we reached thousands of customers to highlight the importance of responsible use of technology by children.

Fighting child sexual abuse content
As part of Millicom's commitment to fighting online child sexual abuse content (CSAC), we are taking action to prevent access to this content in our networks.

In 2016, we signed an agreement with Interpol to begin blocking access on our network to child sexual abuse content included on their "Worst Of" list. These CSAC sites are the only content we proactively block access to in our services.

We expect our LatAm operations to have blocking in place by the end of 2017.

Customer communication and training
Together with our partners, we provide training on COP to parents, teachers and to children as part of our volunteering activities across our operations in LatAm. These training workshops, supported by a wealth of materials tailored to the local context, emphasize the great potential the internet has for children's development when used responsibly and aware of related risks.

All 12 operations[1]
assessed against minimum age of hiring controls requirements of our internal control manual reported highest level of maturity for this control.

Through our partnership with UNICEF, we launched our "Safe Internet Manual" in several of our countries in LatAm. The materials contain important information on online safety and where to receive assistance for children or adults in risk situations. In El Salvador and Paraguay, we have distributed over 30,000 brochures to customers and, beginning next year, we will distribute another 30,000 printed and digital versions between Honduras and Bolivia to our clients who have children in their homes.

In partnership with the Costa Rican NGO Paniamor, we are providing a dedicated web portal on Tigo websites in operations, allowing our customers to learn how to be more content-aware parents, as their children access today's digital world. The portal will go live in 2017.

Training for our customer service and sales staff
Continuing our effort to reach out to our customers, we are training our sales force on the COP. We want our sales force to be aware of the importance of this to our customers and their children, and to be able to guide our customers to the best and safest ways to use our products and services.

1 All operations excluding Zantel. As we continue to align internal processes and systems for Zantel following our acquisition in late 2015, self-assessment campaigns start in 2017.

Growing responsibly and with purpose – continued

2. Child rights and online protection

Key
✓ Completed/achieved
– In progress

Our performance

Five-year plan objectives (by 2018):

- The mobile operator child rights impact assessment (MO CRIA) tool we jointly developed with UNICEF is used across the mobile operator community.
- Conduct the MO CRIA in all operations in Africa and 50% of operations in Latin America
- Integrate promotion of parental controls and distribution of safe internet into mobile, fixed and cable TV customer processes in Latin America
- Publish child online protection (COP) policy and accompanying guidelines, and roll out across all operations

Topic	2016 target	Status	Our progress	KPIs	2014	2015	2016	2017 target
Child labor policy compliance[1]	**All operations to have controls in place and systematically applied in line with the minimum age policy**	✓	All 12 operations assessed report reached highest level of maturity against the controls.	% of operations with controls systematically applied in line with the minimum age policy	N/A	58%	**100%**[2]	All operations to continue to maintain systematic controls in line with the minimum age policy
Child rights impact assessments	**Conduct MO CRIA in three additional operations, including one in Colombia**	✓	In addition to Colombia, we conducted assessments in El Salvador and Bolivia in 2016.	% of operations with child risk impact assessments conducted to date	0	17%	**38%**[3]	Action plans in place in all operations where MO CRIA has been completed
Child online protection	**Organize COP workshops with stakeholders in three operations**	–	We hosted one workshop in Honduras. Two planned workshops were postponed to 2017.	% of operations that have hosted a multi-stakeholder COP workshop to date	15%	46%	**54%**[4]	Organize COP workshops in Guatemala and Ghana
	Roll out customer materials and training on COP across Latin America	–	COP portal has been designed and will be rolled out to Tigo websites in 2017.	% of operations with a child online protection portal	New KPI for 2016		**0%**	All operations in LatAm to integrate a COP portal on Tigo websites
		–	We rolled out customer leaflets jointly developed with UNICEF in El Salvador and Paraguay.	% of operations in LatAm with customer leaflets on COP	New KPI for 2016		**29%**	At least three additional operations in LatAm to roll out customer leaflets
		–	We have conducted COP trainings across LatAm and in Ghana.	Number of children reached by COP training ('000)	New KPI for 2016		**122**	Increase number of children trained by 20%
	Block child sexual abuse content (CSAC)	–	We signed an agreement with Interpol and defined legal and technical approach for each operation.	% of operations in LatAm blocking child sexual abuse content	N/A	14%[5]	**14%**	Implement CSAC blocking in at least 50% of our operations across LatAm

1 When we published our minimum age policy in 2015, we reported two KPIs against targets around child labor policy compliance: number of operations completing self-assessment against controls in place, and those who report systematic controls as being in place. From 2016 onwards, the controls are self-assessed for each operation on annual basis and we will continue to report the maturity level only.
2 All operations excluding Zantel. As we continue to align internal processes and systems for Zantel following our acquisition in late 2015, self-assessment campaigns start in 2017.
3 Including assessments conducted in Tanzania and Rwanda in 2015; and Colombia, El Salvador and Bolivia in 2016.
4 Including the workshops hosted in Paraguay and Colombia in 2014; Bolivia, El Salvador, Costa Rica and Rwanda in 2015; and Honduras in 2016.
5 We restate 2015 number as our operations in Colombia already had CSAC blocking in place, in line with the country's legislative requirements.

Growing responsibly and with purpose – continued

3. Acting responsibly: anti-corruption compliance

Progress in 2016

This year our focus has been on:

- Appointing a new, dedicated Chief Ethics and Compliance Officer role
- Simplifying our compliance framework by adopting a three pillar approach: prevent, detect and respond
- Rolling out standardized compliance training across all operations

Millicom has a zero-tolerance policy towards any and all forms of bribery, corruption, extortion and fraud. We are committed to doing business the right way in every environment in which we operate.

We continued to further strengthen our compliance framework, including getting better understanding of compliance risks and increased engagement within the business.

We rolled out Group-wide, standardized training on our Code of Conduct ("the Code"), anti-bribery and anti-corruption (ABAC), and anti-money laundering (AML). We also strengthened our capabilities and internal controls around AML, with standardized training framework launched for all our Mobile Financial Services (MFS) staff.

Our new Chief Ethics and Compliance Officer, reports directly to our Board, with a dotted line to our CEO. Our governance structure can be found in the Governance section of this report, on pages 124-125.

Embedding a robust Code of Conduct
Our communication campaigns for current staff, as well as new starters, aim to have all employees acknowledge the Code formally and declare any potential conflicts of interest.

The mandatory Code training launched across all our operations with an easy-to-access online learning course and face-to-face sessions. By the end of 2016, 92%[1] of our employees completed the training on our Code, its application and how to raise any concerns around unethical behavior.

Building on the ABAC training delivered to senior management and high risk groups in 2015, we are further rolling out the ABAC training to staff at all levels.

Moving forward, the mandatory training will have to be completed by all employees annually. In 2017, we will be expanding our 90% completion target for Code training to ABAC training as well.

We also continued to promote our independently-run Millicom Ethics Line, which allows employees and third parties to raise concerns anonymously. As per our Code, we reiterate the protection of whistleblowers and our non-retaliation policy for all good faith reports of wrongdoing.

1 Excluding Comcel. Compliance is working closely with local management to roll out a tailored solution.

Strengthening our AML and anti-fraud capabilities
With the growth of our MFS business regulations are increasing in our markets around the monitoring and registration of MFS providers. We have further strengthened our internal capabilities and provided extensive support to our operations as part of our registration process and we are reinforcing our AML controls. We hired centralized resources for both of our regions to act as regional AML program managers.

We have a three-staged approach in ensuring we have a robust AML framework: our AML team continues to work closely with our internal control functions in conducting self-assessment campaigns against AML-related controls. Our regional AML program managers then conduct regular reviews of AML measures. Finally, our internal audit team conduct audits into the AML practices currently in place.

In 2016, we conducted internal audits in three of our largest MFS markets; El Salvador, Paraguay and Tanzania. Remediation plans were put in place and executed following the audits.

We also revised our AML training program, and delivered a standardized training program to all our local AML officers. In 2017, we will roll out this training program to all our MFS staff.

We have renewed our corporate membership of the Association of Certified Fraud Examiners with a higher tier, which means we have more ACFE members across our operations compared to our previous membership year.

We have a number of colleagues currently progressing towards the certified fraud examiner qualification and will increase this further in 2017 as we continue to professionalize our network.

In 2016, we achieved greater visibility on fraud through quarterly trend analyses. These fraud reports are then submitted to the Audit Committee of the Board.

> "81% of our employees acknowledged our Code of Conduct."

Growing responsibly and with purpose – continued

3. Acting responsibly: anti-corruption compliance

Key
✓ Completed/achieved
– In progress

Our performance

Five-year plan objectives (by 2018):
- Continue external and internal monitoring of the anti-bribery and anti-corruption (ABAC) program enhancements with a view to measure the maturity level of the compliance framework over time
- Embed compliance risk management into business risk management at global, regional and local level
- Third party due diligence for end-to-end process, from landowners to suppliers, IT software providers etc. based on risk level

Topic	2016 target	Status	Our progress in 2016	KPIs	2014	2015	2016	2017 target
Code of Conduct	**All employees have acknowledged the Code**	In progress	Through the global Code training and awareness campaigns, the number of employees who acknowledged the Code more than doubled. Despite this significant increase, we are still in the process of achieving 100% completion.	% of employees who acknowledged the Code	70%	52%	**81%**[1]	All employees to acknowledge the Code
Training	**85% employees to complete the Code training**[2]	Completed/achieved	The Code training has been rolled out to all employees, where we exceed the completion target.	% of employees who have completed the Code training	New KPI for 2016		**92%**[3]	90% of employees to complete the Code and ABAC training
	ABAC training completed by all senior staff and high risk groups	In progress	ABAC training was rolled out beyond senior staff and high risk groups, with 45% of all our employees completing the training this year.	% of procurement staff trained on ABAC	N/A	32%	**44%**	Incorporate elements of the Code and ABAC training into onboarding training
				% of senior managers trained on ABAC	N/A	63%	**65%**	
Conflict of interest declaration	**All employees have filled and signed the conflict of interest declaration form**	In progress	In all operations, we ran a communication campaign on disclosure requirements around any perceived, actual and potential conflicts of interest. All cases reported were reviewed and closed.	% of employees who filled and signed the conflict of interest declaration form	67%	57%	**74%**[1]	All employees to complete and sign the conflict of interest declaration form

1 As the signings data is in line with CR performance data reporting period of Q4 2015 to Q3 2016, percentage is calculated based on headcount as of end of Q3 2016.
2 To ensure all our employees can access the training, we launched the Code training in both elearning and face-to-face formats, and therefore have slightly reworded this KPI for the 2016 report to reflect all training delivered. Employees will be required to complete a training session on both Code of Conduct and anti-bribery and anti-corruption at least once a year.
3 Excluding Comcel. Compliance is working closely with local management to roll out a tailored solution.

Growing responsibly and with purpose – continued

3. Acting responsibly: anti-corruption compliance

Key
✓ Completed/achieved
– In progress

Topic	2016 target	Status	Our progress in 2016	KPIs	2014	2015	2016	2017 target
Whistle-blowing	**Continue to align management of cases reported to joint tools and guidelines; promote our Millicom Ethics Line and encourage employees to raise potential concerns**	✓	We established a Group-level committee with compliance, HR, fraud management and corporate security functions to streamline the investigations process.	Number of cases of unethical behavior reported and investigated	110	156	**97**	Continue strengthening the global investigations process
				Investigations resulting in written warning	8	16	**6**	Run a communication campaign around Millicom Ethics Line
			We promoted the Millicom Ethics Line as part of the CoC and ABAC training sessions, with posters and communication campaigns.	Investigations resulting in termination of employee contract	54	6	**18**	90% completion rate on CoC and ABAC trainings, which feature guidelines on how to raise concerns and non-retaliation policies for all good-faith reports of wrong-doing
Anti-money laundering	**Strengthen internal AML controls and conduct AML audits**	✓	Each operation conducted a self-assessment against AML-related controls.	% of operations offering MFS with AML controls systematically applied	New KPI for 2017			All operations offering MFS to have AML controls systematically applied
			We conducted audits in three of our largest Mobile Financial Services (MFS) markets.	% revenue from MFS represented by operations audited for AML controls	New KPI for 2016		**83%**	Conduct audits in each market in a three year cycle
Third-party risk management and anti-corruption measures	**Map our land rights management process with a pilot operation to understand environmental and social impacts (including corruption risk)**	–	We conducted audits on our compliance framework, including transactions for network deployment and land permits practices and ABAC-related risks.	% of operations we conducted a compliance risk assessment or audit	New KPI for 2017			Include land rights management and related transactional elements in the quarterly compliance monitor plan.
	Monitor turnover of procurement staff as a high risk employee group[1]	–	We continue monitoring turnover rate.	Turnover of procurement staff	N/A	14%	**14%**	Monitor turnover of procurement staff as a high risk employee group

1 Low turnover could indicate heightened ABAC or fraud-related risks.

Overview of cases reported to Millicom Ethics Line[2]

Topic	Number of cases reported and investigated	Cases ending in written warning	Cases resulting in termination
Bribery and corruption	8	0	1
Discrimination and harassment	12	0	0
Human rights and labor	17	0	0
Conflict of interest	14	2	1
Fraud	15	1	5
Other	19	0	2
Total	**85**	**3**	**9**

2 This table covers only cases reported to Millicom Ethics Line and excludes cases reported to TigoUne's Línea Ética, as we further align case category descriptions. Total cases reported in the KPIs table prior to this table include cases reported to both Millicom Ethics Line and TigoUne Línea Ética.

Growing responsibly and with purpose – continued

4. Reducing our environmental footprint

Progress in 2016

This year our focus has been on:

- Aligning our environmental efforts with our corporate efficiency program, HEAT, to deliver cost and carbon savings by reducing network energy consumption and integrating fleet and facilities management
- Modernizing and improving the energy efficiency of data centers
- Rolling out of our responsible electronic waste (e-waste) management program in more countries
- Achieving ISO 14001 certifications

We have updated our Group Environment Policy, which now establishes clear governance structure to manage our environmental impacts and outline the roles and responsibilities of each function in protecting the environment.

We continue to focus our efforts on activities that have the highest environmental impact, in particular, reducing energy consumption and rolling out our global e-waste management program.

Progress has been good in implementing our global responsible e-waste recycling program across all operations by 2018, with eight operations running the program by the end of the year.

As we reached our long-term goals to reduce our energy consumption by 50% by 2020 compared to 2008 baseline, we are now exploring opportunities to further align our environmental work with business priorities. This year there is an 8% year-on-year absolute reduction in our CO_2e emissions.

We are pleased to have achieved certification against the world's leading environmental management standard ISO 14001 for our corporate offices and data centers and critical sites in Honduras, the second operation after Colombia to achieve this certification. Our aim is to certify all other operations in 2017.

Energy efficiency

Last year electricity and fuel costs accounted for one quarter of our site management and maintenance costs. This, combined with our commitment to better environmental stewardship, makes reducing our energy consumption a priority.

As we continue to upgrade our network, we will roll out single-RAN technology across our sites – this technology allows mobile operators to reduce energy consumption by an estimated 30% by hosting different nodes such as 2G and 3G in one box. We are including environmental impact and energy reduction measurements to the Group-wide operational efficiency program HEAT to help us quantify savings.

Over US$678,800

raised from sale of e-waste through responsible recycling program in 2016[1]

To reduce our energy consumption of our networks sites, we continued to modernize our network with more energy-efficient equipment, increased network sharing and reduced the use of cooling solutions. We also invested in alternative energies, such as solar power and hybrid battery solutions, for powering sites in remote "off-grid" areas.

With The Digital Lifestyle™ strategy, larger data centers are needed. We have taken a proactive approach to energy management when building new state-of-the-art facilities and modernizing those already operating. The new and improved data centers we have introduced in 2016 offer increased safety and security and have significantly improved power usage effectiveness (PUE).

Following a US$20m initial investment in data centers in Chad, Tanzania, Ghana and Paraguay, we are now investing a further US$27m in those in Colombia, Senegal, Bolivia and Guatemala in 2017. Work for modernized data centers in Senegal and Bolivia, and a new Tier 3 center in Colombia are well advanced.

1 Excluding the monetary value of the e-waste sales from our operations in Senegal in 2016, as we finalize the clear out.

We are also working towards achieving a Silver certification for "Certified Energy Efficient Datacenter Award (CEEDA)" for Tigo Paraguay and Tigo Tanzania data centers. We expect to deliver this in early 2017 for our first site.

Electronic waste management

Electronic waste (e-waste) continues to be a key focus of our environmental management work due to potentially high environmental and reputational risks – and the need to take a proactive approach in markets where infrastructure for responsible e-waste treatment may be missing.

In 2016, we performed a thorough review of the implementation, gaps and impact of our e-waste management practices in all our operations. This has helped us create roadmaps for countries who do not yet apply the program. This year we were also able to map for the first time the savings the program is delivering in warehouse costs due to reducing storage needs. Out of 13 operations, eight are now running on the Group program.

Growing responsibly and with purpose – continued

4. Reducing our environmental footprint

E-waste recycled through our responsible waste management program

Country	Quantity of e-waste recycled (t)
Chad	Country set up on the program, recycling in progress
Colombia	206
Costa Rica	89
El Salvador	101
Paraguay	267
Rwanda	Country set up on the program, recycling in progress
Senegal	84
Tanzania	75

Energy use

Sources of energy by asset type

	Fuel (L '000)	Energy from fuel (MWh)	Electricity (MWh)[3]
Base station and fixed network sites	16,474	164,469	464,483
Our fleet	9,713	93,202	N/A
Data centers and offices[1, 2]	4,218	42,084	50,235
Shops	268	2,678	17,254

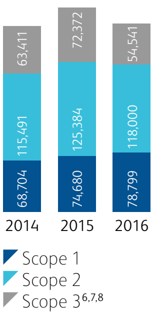
Sources of energy for our assets, excluding fleet

	Total energy consumption (MWh)	Energy from diesel (%)*	Energy from electricity (%)*
Latin America	562,346	15	85
Africa	178,163	69	31

* As a percentage of total energy consumption.

1 As the majority of our data centers are co-located with our offices, they often do not have separate meters to enable us report on data center consumption separately. With our data center program roll-out, we will be able to measure data center energy consumption individually.
2 For two of our operations, we account for some data center electricity consumption under network sites. As we further roll out our data center improvement program, we aim to be able to report data center consumption separately
3 Including 377 Mwh electricity generated from solar panels at our sites. Electricity consumption from solar panels have been estimated based on average consumption per site or solar panel, and differences in solar radiation in our geographies. We are working towards improving the accuracy of our renewable energy consumption.
4 Emissions from fuel are calculated using Defra's 2016 Greenhouse Gas Reporting Conversion Factors.
5 Emissions from electricity are calculated using World Resources Institute (2015) GHG Protocol tool for stationary combustion, version 4.7.
6 Scope 3 emissions account for emissions from our base station sites power managed by a supplier (accounting for 93% of total scope 3 emissions, same as 2015) and air travel (7%).
7 Carbon emissions from sites power managed by a third party in one operation are estimated based on 2015 figures, taking into account the change in total number of sites managed by the third party.
8 Air travel data for Bolivia is extrapolated for the 12 month period based on the data available for nine months.

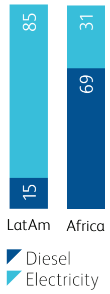
Our carbon footprint[4,5] tonnes CO_2e



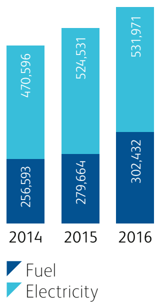
"3.5 times as much e-waste recycled through responsible e-waste management program in 2016"

Total weight of e-waste recycled through our responsible e-waste management program (tonnes)

Sources of energy for our assets



Total energy consumption MWh



"All countries ISO 14001 certified by end of 2017"

Growing responsibly and with purpose – continued

4. Reducing our environmental footprint

Promoting circular economy

Building on our focus on e-waste, our operations in LatAm have worked on innovative solutions promoting circular economy with other types of waste our operations generate. Our team in Bolivia has developed an upcycling project where 45 students, from underprivileged backgrounds within Bolivia's three main cities, participate in building furniture made from warehouse pallets that would otherwise have been disposed of. The finished furniture is being used in our Tigocitos (crèches) and shelters. As the project evolves, we aim to create a business model to sell the furniture. We completed the first phase of this upcycling project and expect to apply the project nationwide during next year.

In El Salvador, we work with a supplier who makes bags and backpacks from old banners and promotional material. We distribute these, equipped with other school material, to children as part of our educational program.

Environmental impact project continues in Paraguay

In the second year of its environmental impact assessment project, Tigo Paraguay launched a waste management campaign to reduce, reuse and recycle waste. The Green Committee oversees the program to promote recycling habits and establish a comprehensive waste management system that colleagues will use. Once we have measured the amount of basic waste disposed of from our main offices, the plan is to expand this campaign to all offices in Asuncion and progressively to the whole country. Our focus is on achieving a cost-benefit model through programs of recycling paper for our offices, generating jobs for local recyclers and selling reusable products, thus promoting a culture of reduction, reuse and recycling and environmental awareness.

Using mobile technology to reduce our employees' commuting footprint

TigoUne signed a commercial agreement with Wheels, a company providing sustainable mobility solutions. The app is a social network allowing employees to share their private car or taxi with other employees. It is now used in seven locations between Bogota and Medellin and more than 460 employees have subscribed to it. With traffic congestion regulations limiting use of cars, this initiative also helps our employees to commute more easily.

Our new built, energy efficient data center in Paraguay

Tigo Costa Rica goes carbon neutral

With the Costa Rican government's ambitious target for the country to be carbon neutral by 2021, Tigo Costa Rica is leading the way with its own carbon emissions mapping project. Since 2015, we have been following the international ISO 14064 standard and built a GHG emissions inventory for our facilities in San José and our entire fleet. This year we delivered training on carbon neutrality for all our fleet, facilities and CR teams; and are implementing an energy reduction plan. We aim to achieve carbon neutrality certification over the next year.

Growing responsibly and with purpose – continued

4. Reducing our environmental footprint

Key
✓ Completed/achieved
– In progress

Our performance

Five-year plan objectives (by 2018):
- Establish a cross-functional steering committee and global energy reduction and green energy strategy
- Global e-waste process implemented in all operations to manage e-waste through responsible vendors
- Extend environmental reporting to consider emissions relating to logistics and supply chain

Topic	2016 target	Status	Our progress in 2016	KPIs	2014	2015	2016	2017 target
E-waste	**Identify high-risk operations where e-waste is not managed in line with Millicom's global policy, and set up programs at these operations as priority**	–	We conducted a review of all operations to identify current e-waste management approach, and alignment with Group e-waste policy. We are developing roadmaps for operations that are not set on the Group program.	% of operations set up on our global responsible e-waste recycling program	15%	38%	**62%**	Roll out the program in at least 10 operations, accounting for over 75%
	Update Millicom's environment and e-waste management policies	✓	Millicom's revised Group environment policy was updated and signed off by senior management.	% of operations with controls systematically applied in line with the environment policy	New KPI for 2017			Develop and roll out an implementation manual for the environment policy and update the internal control manual accordingly
Energy consumption and carbon emissions	**Reduce energy consumption**	✓	While we have several energy saving initiatives across our operations and our normalized energy consumption is decreasing, we are still working on gaining better visibility on quantifying energy reductions achieved via individual initiatives. There is an 8% year-on-year absolute reduction in CO_2e emissions. This year we are changing the way we normalize our CO_2e to report "tonnes of CO_2e emissions per US$1,000 revenue". This is more representative of our business activities and covers emissions from both mobile and cable services.	Tonnes of CO_2e emissions per US$1,000 revenue	0.039	0.043	**0.040**	Quantify emissions savings achieved through key HEAT initiatives, including network energy consumption and logistics Set new long-term carbon reduction targets
				% of base stations using green power or site sharing	Expanded KPI scope for 2016		**25%**	
				% of base stations on single RAN technology	N/A	58%	**55%**	
				Energy consumption by technical and administrative sites and fleet	See 2014 CR report page 43.	See 2015 CR report page 28.	See page 71 for break-down.	
Target setting	**Review environmental target setting process and approach to science-based targets for carbon reduction and set new long-term targets**	–	We have not yet replaced our 2020 target which we achieved in 2015.		As we achieved our 2020 "CO_2e per base station" target last year, we now monitor tonnes of CO_2e emissions per US$1,000 revenue and subsequent reductions.			Carry out environmental impact assessments to identify areas of highest impact and control over the reduction of the impact

Growing responsibly and with purpose – continued

5. Diversity

Progress in 2016

This year our focus has been on:

- Delivering diversity and inclusion training and awareness for executives
- Supporting female entrepreneurship and building our female customer base

New business models, innovation, better creativity and ability to respond to more fragmented customer segments make diversity a crucial business issue. In our markets, female customers in particular represent an enormous opportunity. There is a clear gender gap in adoption of the services we sell and women have felt underserved by the digital industry. Improved diversity will enable us to tap into this market by providing relevant and useful content and services.

This year we continued to highlight the business case of diversity by demonstrating its power to help us grow. We have also promoted inclusion and trained management on unconscious bias in the workplace.

A diverse workplace

We are proud that our workforce is culturally diverse with 82 nationalities. When we first started our diversity program in 2014, the gender balance at senior management level was very low compared to the gender balance across our overall employee base.

We continue to work to increase the number of women in senior management. The trends have been positive in our two regions, with the number of women in senior positions rising from 7% in 2013 to 26% in Africa, and from 27% in 2015 to 31% in LatAm in 2016. In our corporate offices 20% of senior roles are held by women.

In 2016 the proportion of women in our employee base is 39%. With the percentage of women in top 680 management roles increasing from 25% in 2015 to 29% in 2016. We are committed to continuing this steady progress.

In our 2015 report, we outlined our ambition to establish a Company-wide diversity steering group comprising members of the Executive Committee and senior management. We are preparing to start diversity and inclusion committees for our corporate offices and operations. The goal of the committees will be to promote the creation of an inclusive workplace, where our employees' different strengths are celebrated, valued and utilized.

"Steady progress increasing women in senior roles"

We did not meet our 2016 target to conduct an equal pay audit. The audit was postponed pending further alignment of job grading and responsibilities, a prerequisite for a successful audit.

Training and awareness

In 2016, we carried out training on gender diversity, inclusion and unconscious bias to senior executives in two separate workshops. This training – focused on understanding the value of diversity, recognizing unconscious bias, and building an inclusive workplace – has been adapted to be rolled out to our staff across corporate offices and markets. The first of such one-day workshops took place in Guatemala in December 2016.

Closing the digital gap for women

The mobile operator association GSMA estimates that 200 million fewer women own a mobile phone than men in low and middle income countries. Bringing balance could unlock up to US$170 billion globally for the mobile industry before 2020.

Gaining more women customers represents a great business opportunity for Millicom. We are also working to better support women entrepreneurs in the communities in which we work.

Millicom is particularly proud of our involvement with the GSMA's Connected Women Initiative that is helping our industry focus on reducing the gender gap in the adoption of mobile internet and mobile money service.

Supporting employees with children

Turnover of younger women has been high in Millicom. To offer concrete support to employees returning to work after maternity leave, we have promoted a shortened working week for breastfeeding mothers and established dedicated nursing rooms in most of our LatAm operations: Bolivia, El Salvador, Paraguay, Honduras and Guatemala, with our offices in Colombia and Costa Rica to follow shortly.

In Bolivia, we also offer childcare services in the workplace. 190 of our female employees and 80 of our male employees use one of the eight nurseries we have across our operations in the country. We are also encouraging our employees – both men and women – to take their full parental leave.

Growing responsibly and with purpose – continued

5. Diversity

Key
- Completed/achieved
- In progress

In 2016, Millicom became the first operator to commit all of its African operations to the initiative. The first African operator to sign up, Tigo Rwanda, committed to increase the percentage of women accessing its mobile financial platform "Tigo Cash" from 39% of total users to 45% by 2020.

Tigo Paraguay in turn became the first operator in Latin America to sign the Connected Women Commitment.

During National Women's Week in Chad, Tigo Chad hosted a "Women entrepreneurship and ICT" event to highlight the significance of digital tools for women and in particular the benefits of Mobile Financial Services (MFS) solutions. The event showcased Tigo Paaré, an innovative group loan service that has already benefited hundreds of women entrepreneurs in getting crowdfunding to start or expand their own businesses.

Additionally, this program reached out to the Ministry of the Woman, where 13 female employees received a certificate for completing a six-week digital training on Microsoft Office, mobile internet and Mobile Financial Services. Training on digital tools for women are also held in cooperation with Technidev, winner of the 2015 Tigo Digital Changemakers Award and the Association for the Education Action and Advancement of Women (AEPF).

Our performance

Five-year plan objectives (by 2018):
- Increase the number of women among senior managers each year
- Establish a Group-wide maternity and paternity leave policy, to also include a shortened working week for breastfeeding mothers

Topic	2016 target	Status	Our progress in 2016	KPIs	2014	2015	2016	2017 target
Family-friendly policies	**Establish breastfeeding rooms in 50% of operations**	In progress	At the end of 2016, we had nursing rooms in five operations across LatAm, representing 38% of our operations. We also introduced these facilities in Miami and Luxembourg corporate offices.	% of operations with breastfeeding rooms	New KPI for 2016		**38%**	Establish nursing rooms in all remaining LatAm operations and our London corporate office
Female represen-tation in the workforce	**Increase % of women in senior management positions**	In progress	For our work in 2016, see page 74.	% of women in senior management positions	22%	25%[1]	**29%**[1]	Increase % of women in senior management positions to align with % of women across our employee base
				% of women across our employee base	33%	34%	**39%**	
	Reduce turnover rate for women under 30	In progress	For initiatives we delivered, see case study on "supporting employees with children" on page 74.	Turnover rate for women under 30	28%	18%	**21%**	Reduce turnover rate for women under 30

1 In 2016, we clarified and updated the definition of senior management to represent key decision making roles across our business, such as our CEO or General Managers, their direct reports and heads of departments. This represents top 680 senior manager roles, whereas in the previous years, our report was based on a grading structure which was similarly representative at over 600 senior managers.

Growing responsibly and with purpose – continued

6. Taking care of our people: health and safety

Progress in 2016

This year our focus has been on:

- Committing to zero-fatality business
- Introducing a risk-based approach to health and safety by country

We work in countries where health and safety (H&S) practices are evolving and where related regulation may not exist or is not consistently enforced. Some of our countries also experience high rates of violent crime, extreme weather events or threat of terrorism, so we need to be particularly vigilant to mitigate risks to our employees.

Due to the lack of uniform H&S regulation in our countries, it is essential that we remain diligent and ensure compliance with all local legislation, but also go beyond legal compliance by aligning to global standards.

In 2016, our focus was on adopting a risk based approach, carrying out risk assessments in each operation and implementing mitigation plans. We ensure a consistent approach by rolling out an H&S management system aligned to international H&S standard OHSAS 18001.

In our previous reports, we covered a number of topics relating to health, safety, wellbeing, development and career progression of our employees under "Taking care of our people" section. This year, as we integrate our reporting, employment and career-development related topics are now reported under "Our people and partnerships" section, from pages 21-22.

For more information on governance of health and safety, see pages 125-126.

A zero-fatality commitment

Our goal is to have zero avoidable incidents and accidents and we have engendered this culture from the bottom up by empowering local health and safety officers. This has been done through a global policy endorsed personally by our CEO and delivered to all CEOs of our subsidiaries. Our zero fatalities approach applies not only to employees directly employed by us but also to contractors on whom we depend on for many high risk areas, such as network maintenance. In 2016, we had zero fatalities amongst employees and contractor fatalities fell to five from 16 the previous year.

Our Colombia, Honduras, Bolivia and corporate offices are already certified against the international health and safety standard OHSAS 18001 and we are well on track to achieve certification for all operations by the end of 2017.

Risk-based approach

We achieved our target to conduct risk assessments in each of our operations in 2016 to identify highest health and safety risk areas and develop mitigation plans for top five risks. Most common risks identified and subsequent mitigation plans we worked on were:

- Working at heights: we require all engineers working on our towers to wear suitable personal protective equipment (PPE). We conduct random site inspections to ensure all engineers follow this. We also continue to require all engineers to demonstrate their level of safety competency via a Safety Passport.
- Electrical safety: same requirements apply as per working at heights. We also continuously review alternative means of installing cables to minimize the risks of working with overhead cables.
- Management of road risk: with vehicle tracking and speed monitoring equipment installed in our fleet in almost all our operations, we are focusing our efforts on monitoring driver patterns and promoting safe driving.
- Personal safety and security: we continue providing travel safety information, security bulletins and briefings. We are conducting two pilots in Bolivia and Honduras to develop and implement a personal alarm and security app.
- Control of our contractors: we request all suppliers to sign our Supplier Code of Conduct and align with our requirements on incident reporting, health and safety management and use of personal protective requirements. We also conduct unannounced site inspections and request mitigation plans.

We are committed to having a health and safety committee that meets quarterly in each of our markets. The vast majority of our workforce is already represented by an H&S committee, at 76%.

In 2017, we will continue reviewing risk assessments for each country on a quarterly basis. Senior management and the Board receive reports on progress and incidents on a monthly basis.

Growing responsibly and with purpose – continued

6. Taking care of our people: health and safety

Key
✓ Completed/achieved
– In progress

Our performance

Five-year plan objectives (by 2018):

- Continue our zero-fatality commitment
- Review risk assessments for each country on a quarterly basis and update and manage as required
- Continue reporting to senior management and the Board on progress and incidents on a monthly basis

Topic	2016 target	Status	Our progress in 2016	KPIs	2014	2015	2016	2017 target
Alignment with international H&S standards and Millicom's own policies	**Conduct internal audits to assess compliance with the new H&S policy and Millicom Safety Rules**	✓	We audited each operation in 2016 at least once a year; with audit control documents and mitigation plans in line with our internal controls. Additional OHSAS 18001 certification audits in Bolivia, Colombia, Honduras and our corporate offices.	% of operations with controls systematically applied in line with our Group H&S policy	New KPI for 2016		**100%**	Continue conducting internal audits to assess compliance with our H&S policy and internal controls
	Achieve OHSAS 18001 certification for our corporate offices	✓	Our corporate offices and operations in Bolivia and Honduras have achieved OHSAS 18001 certification; with our Colombia operation renewing their certificate.	% of operations in line with OHSAS 18001	14%	100%	**100%**	Achieve OHSAS 18001 certification for all remaining operations
				% of operations certified against OHSAS 18001[1]	N/A	8%	**23%**	
				% of workforce represented in H&S committees	70%	91%	**76%**	All operations to have a H&S committee in place with employee representation, that meets on a regular basis
Incident reporting	**Continue improving our incident reporting and reinforcing zero-fatality commitment**	✓	For our work on identifying and mitigating H&S risks, and reducing incident rates, see "Risk-based approach" on page 76.	Number of employee fatalities[2]	1	1	**0**	Continue zero-fatality commitment for our employees and all contractors
				Number of contractor fatalities[2]	6	16	**5**	Improve incident reporting across all operations
				Number of H&S incidents reported	N/A	305	**155**	All significant events to be reported within 24 hours
				Lost-time injury rate per 1,000 workers[3]	N/A	1.26	**1.47**	
				Absentee rate	0.62%	0.71%	**0.68%**	

1 We introduce this KPI in our 2016 report to align with our target of achieving OHSAS 18001 certification across all operations. In 2015, out of 12 of our operations – excluding Tigo DRC which was sold in early 2016 and Zantel as we worked on integration, our Colombia operation was certified. In 2016, our Bolivia, Colombia and Honduras operations were certified.
2 Numbers of employee and contractor fatalities reported for 2016 are aligned with the financial year, same as 2014 and 2015 numbers reported.
3 Our incident management tool is available for all employees and outsourced workers to report incidents. Although 2015 numbers were calculated based on all incidents reported by both worker categories, they were incorrectly reported as 1,000 employees in the 2015 CR report. In this report, we have reinstated the KPI as per 1,000 workers.

Growing responsibly and with purpose – continued

7. Responsible supply chain management

Progress in 2016

This year our focus has been on:

- Identifying material risks by supplier category
- Delivering training for our procurement teams and suppliers on responsible supply chain management

We rely on thousands of suppliers around the world, from small local vendors to multinational corporations to deliver our services. How they behave and the job they do reflects on our reputation, so it is essential we work in tandem to ensure we share the same expectations and practices in acting responsibly

Following the EcoVadis assessments we conducted in 2015 with strategic suppliers in high risk categories, this year we commissioned Business for Social Responsibility (BSR) to conduct a supply chain risk materiality analysis. The results have helped us understand key risks in each supplier spend category and are used to identify priority areas for corrective actions.

Improving supplier performance and managing risk

With 221 assessments requested from suppliers on EcoVadis since 2015[1], we now have a better view of the main risks our suppliers represent and can mitigate these through corrective action plans.

This year we invited an additional 124 suppliers to complete assessments. The group of suppliers invited for assessments represented the highest risk category identified in the BSR review, such as suppliers of contingent labor, security services, call centers and car fleet providers. Going forward, our focus will be to get all of our high spend suppliers in risk categories to complete EcoVadis assessments, and to engage with low performers for improvement plans, as well as re-invite those suppliers who scored below 35/100 to re-assess their progress. Low scoring suppliers will also be the target of our training efforts in 2017.

The 100 suppliers who responded to one of our three campaigns represent 48%[2] of our supplier spend. Their average score was 43/100, which is slightly above EcoVadis average of 42/100.

From the respondents, 38 fell below our threshold assessment score of 35/100. We created corrective action plans for each of these suppliers. We engage with these suppliers to follow the implementation of these action plans and have already seen improvements to supplier performance, for example with our suppliers in Colombia. See below for more detail.

Supplier training

All of our procurement team members, regardless of the supply categories they manage, were invited to a training on the EcoVadis tool and assessment process in 2015. 79%[4] of all global and local procurement teams have participated in training on responsible supply chain management and how to communicate with suppliers on sustainability since 2015.

In 2016, the same buyers have received further training on the EcoVadis tool, specifically on how to analyze supplier assessment results and create and follow up corrective action plans. Over 50% of all procurement team members participated to these trainings. In addition, CR teams in all markets participated in the same training and received further in-depth training to be able to work with procurement in follow up actions and engagement.

Supplier assessments on EcoVadis[3]	Since launch in 2015, until the end of 2016
Total number of suppliers invited to complete an EcoVadis assessment	221
Total number of suppliers who completed the assessment	100
Total number of suppliers that do not fulfill our requirements	38
Number of suppliers with improved scores following implementing corrective action plans (CAPs)	2

Number of corrective action plans (CAPs) requested by category

	Environmental	Labor rights	Fair business practices	Sustainable procurement
Number of CAPs requested from suppliers by EcoVadis categories	35	108	73	44

1 Suppliers still active on the EcoVadis platform at the end of 2016.
2 Based on 2015 spend. Additionally, three suppliers assessed were part of a tender, so do not account for overall spend data.
3 Since launch in 2015, until the end of 2016.
4 As a percentage of those who were invited to training. In 2016, we focused our training efforts around implementing corrective action plans.

Growing responsibly and with purpose – continued

7. Responsible supply chain management

Key
Completed/achieved
In progress

When our high-risk, high-spend suppliers have scored poorly in EcoVadis assessments, we have accelerated training in CR in selected countries:

- In Colombia we have established a stakeholder engagement strategy to share corporate responsibility information among our suppliers. In April and December 2016, respectively 50 and over 300 suppliers attended training focusing on compliance. Additionally, TigoUne has engaged with specific suppliers and provided hands-on support focusing on key gap areas identified in their EcoVadis assessment.
- In Paraguay, we introduced a capacity building program with eight key SME suppliers, each receiving in-depth training on ethical business conduct, labor conditions, environmental management and customer management.
- In El Salvador we partnered with a local CR organization, FUNDEMAS, on supplier training.

In 2017, we will partner with an organization that specializes in delivering CR-related training, and roll out this training to suppliers across Latin America.

Our performance

Five-year plan objectives (by 2018):
- Full supplier monitoring program in place, including self-assessments and on-site audits
- Support capacity building of local suppliers to manage CR-related risks

Topic	2016 target	Status	Our progress in 2016	KPIs	2014	2015	2016	2017 target
Supplier monitoring	**Ensure all suppliers sign the Supplier Code of Conduct ("Supplier Code")**[1]	In progress	We developed a template for tracking Supplier Code signings, and rolled this out across operations; and shared guidelines on how to manage cases where a supplier refuses to sign the Supplier Code and escalation of such cases to the Group.	% of strategic[2] suppliers who signed the Supplier Code	61%	79%	**79%**	Expand reporting to % of suppliers who refuse to sign the Code and how we manage those cases, in line with our Supplier Code Guidelines
				% of all suppliers who have signed the Supplier Code	9%	27%	**36%**	
	Conduct at least two EcoVadis assessment campaigns, based on materiality assessment	In progress	Although we only conducted one campaign, the number of suppliers invited was significantly higher than the previous campaigns. See "Improving supplier performance and managing risk" section for more KPIs on EcoVadis assessments.	% of spend represented by suppliers who completed assessments on EcoVadis to date[3]	N/A	53%	**48%**	Increase response rate to EcoVadis assessment requests
Training to staff on responsible supply chain management	**Provide training to procurement staff on implementing and following corrective action plans on EcoVadis**	Completed/achieved	We delivered training to procurement and CR teams on EcoVadis and how to implement corrective action plans with suppliers.	% of procurement teams trained on responsible supply chain management[4]	N/A	65%	**79%**	Continue to provide training to procurement staff on implementing and following corrective action plans on EcoVadis
Supplier capacity building	**Provide training to suppliers in responsible business practices**	Completed/achieved	We already provide training to suppliers on our CR strategy and requirements in a number of our operations.	Number of suppliers trained on Millicom's CR strategy and requirements	New KPI for 2017			Identify a training partner that specializes in CR and jointly roll out training to suppliers across LatAm

1 Although we have required our suppliers to sign the Supplier Code of Conduct since 2014, this was not expressed as a formal target in the 2015 CR report.
2 In 2017, we will work towards aligning our reporting definition of "strategic suppliers" with the results of supplier risk materiality analysis and report on percentage of high risk suppliers who signed the supplier Code.
3 Number of suppliers who have been invited to complete self-assessments since beginning of 2015 until end of year 2016.
4 As a percentage of those who were invited to training. In 2016, we focused our training efforts around implementing corrective action plans.

Growing responsibly and with purpose – continued

8. Social investment

Progress in 2016

This year our focus has been on:

- Review of our social investment strategy in Africa to increase digital initiatives
- Multi-country commitments and programs in both Latin America and Africa

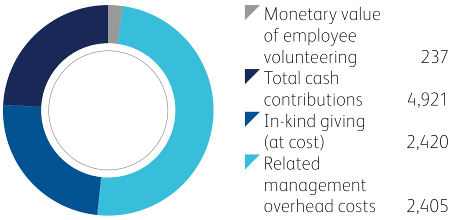
Our priority is to align our social investment activities with our core business mission and expertise. To that end, our activities are focusing on supporting digital and financial inclusion, education and entrepreneurship – as well as aligning to our material corporate responsibility issues, such as child online protection and supporting diversity.

Social investment that draws from our services and expertise

In Africa, we have refined our social investment strategy to have a strong focus on investment themes that will support the growth and success of our business. We also supported our operations in integrating social investment (SI) into external communication and marketing roadmaps, to better connect with our customers and promote the value Tigo brings back to our communities.

In Latin America, we signed a commitment with the Organization of American States and their Americas ICT 2030 Alliance. We pledged to bring internet connection to 2,100 schools and public institutions across our LatAm footprint and implement training programs in child online protection (COP) for parents and teachers by 2030. So far we have connected 1,024 schools and public institutions, giving internet access to 325,000 students in the region. See page 64 on statistics on our COP training programs.

Social impact investments in 2016
US$'000



In 2016, we also introduced our global volunteering policy that gives employees the possibility to volunteer for two working days a year.

Our overall monetary donations have decreased as more social investment resources are linked to our core business, such as reducing the gender gap among our customer base and protecting children online. This means our social investments are focused more on developing digital solutions, and providing connectivity, devices and digital literacy training for underprivileged groups.

Going forward, we look to create more multi-country collaborations to increase the impact of our social investments. In line with this aim, in December we pledged to extend our support to UNICEF by collaborating on violence prevention and child protection in Guatemala, Honduras and El Salvador through a donation and collaboration agreement.

This commitment builds on our ongoing collaboration on child rights and will serve to expand existing UNICEF-supported initiatives to improve helplines that ensure children and young people receive support and advice when they experience violence or abuse. With Millicom's support, the helplines will be able to expand their capacity and will build capability to address online crimes such as sexting, grooming and cyber-bullying. Millicom will also share its expertise by providing guidance and technical assistance in deploying and promoting the child helplines.

Supporting customers with disabilities

Supporting diversity and inclusion has been in focus in many of our activities in 2016.

A visit from 30 students from the Provolo Institute to the Tigo Paraguay offices provided staff with a valuable insight into the lives of those who are hearing-impaired and the daily challenges they face, helping our staff understand diverse requirements of our customers.

Following the visit, we donated a "telecentro" to the institute. These are shipping containers transformed into a classroom fully equipped with IT services and internet. In Paraguay, Tigo has donated around 170 telecentros across the country to date.

Meanwhile, in Tigo Bolivia, we delivered sign language training to 84 customer service staff this year. With 0.5% of the country's population hearing-impaired, this training will help our customer service staff provide support to a wider group of customers. In addition, the program helps raise general awareness on the importance of sign language.

Growing responsibly and with purpose – continued

8. Social investment

LatAm

Bolivia

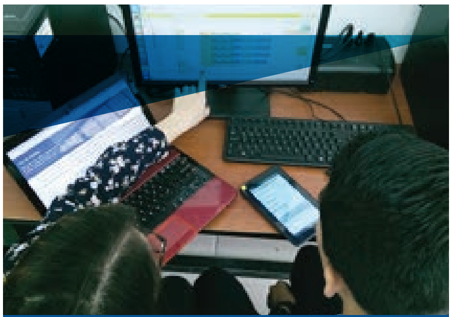
In Bolivia we have played an important role in having 28,280 children registered between January 2014 and September 2016, in partnership with the National Electoral Tribunal (Sereci) and UNICEF. This program allows low-income families and those living in remote areas to access a universal, free of charge and timely birth registration. Beyond supporting economically the implementation of this project, Tigo also provides free internet connection to the Sereci's child registration booths.

Honduras

Tigo Honduras, in alliance with the Ministry of Environment and Amitigra Foundation, will take part in a reforestation program of 300 hectares of pine trees over the next three years in two areas: Parque Nacional la Tigra and San Jose watershed. The project started in September with 10 hectares, approximately 5,000 pine trees, with 400 Tigo volunteers taking part. This project will be used to offset Tigo Honduras carbon emissions.

El Salvador

As part of the Adopt a School project, in cooperation with USAID and FEDAPE, Tigo El Salvador inaugurated five digital centers in 2016. Each digital center will have 30 computers and free internet access for a year. We estimate they will benefit more than 2,260 students, 90 teachers and 1,420 families.



Costa Rica

Tigo Costa Rica in partnership with Fundación Paniamor and Ideas en Acción implemented the "Apps for Good" program that teaches high school children to program apps with social impact. 26 students participating in the pilot learned about responsible and positive uses of technology, social entrepreneurship and programming language, and created six app prototypes.

Paraguay

Tigo Paraguay continues to support the Ministry of Health in connecting medical staff with their patients across the country online. The aim is to facilitate live medical consultations and remote analysis of medical exams for patients, many of whom would not have had access to such services due to geographic distance and/or other demands on their own resources. Within 18 months of launch, more than 135,000 direct users benefited at no cost to the patients.

This year almost 100 hospitals were connected online to the Telemedicina initiative. The Minister of Health, Dr. Antonio Barrios, said that the program "responds to a big need from many citizens in remote areas", a valuable reason for it to be extended to 176 hospitals.

Guatemala

Through our digital inclusivity and volunteering programs, we built three new schools and refurbished 53 schools in Guatemala, constructing and furnishing digital classrooms – equipped them with 1,200 computers and internet enabled phones, donated 15 water eco-filters and school kits, with over 1,000 children and 40 teachers benefiting.

Growing responsibly and with purpose – continued

8. Social investment

Africa

Rwanda

Launched in June 2016, Ruhunda Ekocenter is a partnership between Tigo Rwanda, Coca Cola, Pentair and Ericsson that provides 25,000 local residents with a hub where they can enjoy wi-fi enabled internet access, mobile charging units and access to clean drinking water.

Through this partnership, we also improved the residents' access to high-speed internet, where we upgraded our services from 2G to 3G. Tigo is also providing free wi-fi access to medical staff the neighboring Ruhunda Health Clinic.

Chad

Tigo Chad, in partnership with The Digital Changemakers 2015 winner Technidev – a project that provides online quality educational content – launched an online campaign to teach IT skills to 900 young people. In September, all students participated in a ceremony with the Minister of Education and the Minister of Youth to receive a certificate of successful completion. As part of our commitment to promote diversity at our workplace, we are offering internships to ten young women who participated in the training.

Ghana

The "Literacy 4 Life" reading camps is a project implemented by the 2014 co-winner of Tigo Digital Changemakers Award, Sheila Osei-Boakye. The traveling reading camps are geared towards complementing teachers' efforts by helping to train children to develop the vital literacy skills to become proficient readers. By the end of August 2016, the reading camps had succeeded in visiting all the five rural communities: Afienya, Apollonia, Ashaiman, Otchebleku and Mobole. So far, this project has improved 3,000 children's literacy skills. Literacy 4 Life hopes to eradicate illiteracy among children in Ghana by 2030, and it strives to reach 10,000 children by 2021.

Volunteering program launches in our corporate offices

To mark the launch of our volunteering program, employees in Luxembourg and London organized fundraising activities to support building of a sewing and embroidery training center at the SOS Village d'Enfants in N'Djamena – an orphanage Tigo Chad has been working with since 2010. Overall, both offices raised over US$24,300 and organized a total of 13 activities to raise funds.

Senegal

In partnership with Reach for Change, Tigo Senegal laid the first cornerstone of the Aiwa CyberCase building in Diakhao, Fatick region in April. The CyberCase will provide a multi-functional room of 50 machines, a video-conference room, a cinema club and an internet cafe. Furthermore, it will also enable women to run their own businesses. Finally, the project aims to establish digital platforms in rural areas and remote locations allowing students to have access to powerful IT tools.

Tanzania

Zantel has donated Tshs 10 million to the Association of Seaweed Farmers in Zanzibar. Going forward, Zantel will conduct training for 2,000 women in the year 2016–2017 in entrepreneurship and finance management both online and offline, in collaboration with the University of Zanzibar in areas of management. Seaweed farming is an important economic activity in the communities of the islands of Unguja and Pemba. This type of farming is mostly dominated by women, with 80% of the over 20,000 farmers being women.

Growing responsibly and with purpose – continued

8. Social investment

Key
✓ Completed/achieved
– In progress

Our performance

Long-term objectives

- Connect 2,100 schools and public institutions to the internet by 2030 in Latin America
- Implement a volunteering program with digital education initiatives in all our markets by 2020

Topic	2016 target	Status	Our progress in 2016	KPIs	2014	2015	2016	2017 target
Investing for impact	**Roll out social impact measurement and report first results in 2016 CR Report**	✓	We have defined KPIs for our digital inclusion programs. These align with commitments signed and our COP program.	Schools and public institutions connected to internet	New KPI for 2016		**1,061**	Additional 100 schools connected in LatAm
				Number of students connected ('000)	New KPI for 2016		**375**	Additional 50,000 students connected
				% of in-kind contributions directed at digital inclusion initiatives	New KPI for 2016		**20%**	Increase to 25%
	Continue identifying innovative and digitally driven ideas and solutions	✓	We have continued Tigo Digital Changemakers Award in all Africa countries, and four LatAm countries.	Number of social entrepreneurs supported in operations with Tigo Digital Changemakers Award or similar activities per year	19	17	**322**[1]	Focus on increasing the social impact of entrepreneurs winning the award to date
Volunteering and donations	**Roll out volunteering policy and align documentation of volunteering hours**	✓	We rolled out our volunteering policy across all operations and corporate offices.	Number of volunteering hours	N/A	20,335	**21,915**	Increase volunteering hours by 15%
				Monetary value of employee volunteering (US$'000)	445	247	**237**	
	Continue social investment through cash and in-kind contributions	✓	Social investments have reduced in line with our operational efficiency initiatives and as we focus our resources more on supporting communities with our products and services.	Total cash contributions (US$'000)	7,582	5,814	**4,921**	Continue social investment through cash and in-kind contributions
				Total in-kind contributions (US$'000)	4,160	3,993	**2,420**	
				Total management overhead contributions (US$'000)	1,303	2,357	**2,405**	

1 As of 2016, we will report on the total number of social entrepreneurs who receive either financial or mentorship support.

Awards and performance in 2016

Latin America:

Colombia		Held our top place as the most transparent telecommunication company in Colombia on Transparencia por Colombia's transparency index.
Bolivia		Ranked fourth most sustainable business out of 100 top companies of Bolivia in MERCO's corporate reputation rankings.
		Pablo Guardia, Tigo Bolivia General Manager was recognized as a CSR hero for children by UNICEF Bolivia under "Héroes de la RSE por la niñez".
El Salvador	World Economic Forum	Tigo El Salvador was recognized as one of the 30 most responsible companies in Central America, in a recent publication by the World Economic Forum.
Honduras		For the seventh year in a row, Tigo Honduras was recognized as a socially responsible company by Fundahrse.

Africa:

Ghana		Tigo Ghana, UNICEF and Births and Deaths Registry's Automated Birth Registration: Changing Lives Award – Africacom awards
		Tigo Shelter for Education: CSR initiative of the year – Ghana CSR Excellence Awards
		Outstanding Woman in Technology – Roshi Motman, Tigo Ghana CEO – Ghana Information Technology and Telecom Awards

Inclusion in Ethibel Excellence Investment Register

For the second consecutive year, Millicom International Cellular S.A. has been selected for inclusion in the Ethibel EXCELLENCE Investment Register. This selection by Forum ETHIBEL indicates that the Company performs better than average in its sector in terms of corporate responsibility.

CDP Climate Change Survey

This is the seventh year we have reported our greenhouse gas emissions to the CDP Climate Change Survey. We continue to improve our environmental performance, with our B-level rating is well-above the industry average on CDP's climate change survey.

Shortlisted for Best Sustainability Report

Millicom's 2015 Corporate Responsibility Report was shortlisted for the "Best Sustainability Report" award at EthicalCorp's seventh Annual Responsible Business Awards 2016 – one of the world's leading corporate responsibility and reporting awards.

About the CR performance section

Introductory statement

This is our fifth annual corporate responsibility (CR) report. In line with our mission to lead the adoption of The Digital Lifestyle™ in our markets, and our belief that our corporate reporting should reflect the way we work, this year we have taken a leap forward in integrating our financial and corporate responsibility reporting.

This report has been produced following the Global Reporting Initiative (GRI) G4 Guidelines and its reporting principles.

The report continues to be externally assured. For the scope of external assurance we commissioned and the assurance standards our auditors follow, please see EY's Independent Limited Assurance Report on the next page.

Our materiality process

In 2014, we set a clear CR strategy and roadmap for the next five years. In this report, we demonstrate the strong progress we made in 2016 against our strategy in implementing key initiatives. We outline our focus, highlights from our work, and any challenges we faced in 2016 and our plans to continue improving our performance.

The report covers our eight most material CR topics, which were confirmed through a comprehensive process of interviews and surveys with our key stakeholders during 2015. Our materiality methodology can be found in more detail on page 12 of this report.

Building on the methodology for engaging with our stakeholders and conducting the Group CR materiality assessment, in 2016 we finalized a country-level CR materiality assessment with our most important stakeholders across all operations. The results of these can be found on our country fact sheets, available on our website.

In this report we outline our approach, ambition, performance against key indicators, and our future priorities for each of the material topics.

Geographical scope of the CR performance data

This year, we are aligning our CR management and reporting for our newly merged or acquired businesses in Colombia and Tanzania. In 2015, we had expanded the scope of our reporting to include data from our fixed services business in Colombia, following our merger with UNE in 2014. This year, our reporting expands to all other subsidiaries in Colombia (with the exception of headcount related data from EMTELCO) and Zantel in Tanzania.

The report covers our operations in 12 markets and our corporate offices in Luxembourg, the US and the UK. Our African markets covered are Chad, Ghana, Rwanda, Senegal and Tanzania; while in Latin America we cover our operations in Bolivia, Colombia, Costa Rica, El Salvador, Guatemala, Honduras and Paraguay. As per our previous reports, this report does not include data from our operations in Nicaragua, as our business in that country focuses solely on fixed services for the corporate sector. Comparative data from 2015 covers operations as described above and in addition, operations from the Democratic Republic of Congo which we sold in April 2016.

Time boundaries for the CR performance data

Quantitative data in this report covers our progress and performance from Q4 2015 to Q3 2016, with these exceptions:

- Any headcount related data is reported against the financial year.
- Numbers of employee and contractor fatalities are reported against the financial year.
- In line with our business definitions, supplier Code of Conduct signings related data reflects 18 months of data; from Q2 2015 to Q3 2016.
- Number of whistleblowing cases; Code of Conduct and anti-bribery and anti-corruption (ABAC) training data are reported against financial year.
- Any other data point that may not be in line with the boundaries as described above are footnoted.

Independent limited assurance report

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INDEPENDENT LIMITED ASSURANCE REPORT

To the Management and Directors of Millicom International Cellular S.A.

Scope of work
We have undertaken a limited assurance engagement in relation to the Millicom International Cellular S.A (Millicom) Corporate Responsibility Performance section (the Corporate Responsibility Report) of the Millicom Annual Report 2016.

The scope determined by Millicom for the preparation of this independent limited assurance report is described below:

Report section	Indicator Description	Reporting period
Executing our strategy	Employees and outsourced workforce	Q1 2016 – Q4 2016
	% of Senior managers recruited locally	Q4 2015 – Q3 2016
	Employees by gender	Q1 2016 – Q4 2016
	Turnover rate of all employees	Q1 2016 – Q4 2016
	Average number of hours of training provided	Q1 2016 – Q3 2016
Privacy and freedom of expression	Number of operations with processes in place aligned to Group Guideline to manage law enforcement requests	Q4 2015 – Q3 2016
	Number of law enforcement requests (Group)	
	Number of major events	Q1 2016 – Q4 2016
Acting responsibly: anti-corruption compliance	% of employees who acknowledged the Code of Conduct	Q4 2015 – Q3 2016
	% of employees who have completed the Code training	Q1 2016 –Q4 2016
	% of procurement staff trained on ABAC	
	% of senior managers trained on ABAC	
	% of employees who filled & signed the conflict of interest declaration form	Q4 2015 – Q3 2016
	Number of cases of unethical behaviour reported and investigated	Q1 2016 – Q4 2016
	Investigations resulting in written warning	
	Investigations resulting in termination of employee contract	
	Turnover of procurement staff	Q4 2015 – Q3 2016
Reducing our environmental footprint	Electricity and fuel consumption, and total energy consumption	Q4 2015 – Q3 2016
	Scope 1, 2 and 3 carbon emissions	
Promoting diversity	% of women in senior Management positions	Q1 2016 – Q4 2016
	Turnover rate for women under 30	
Taking care of our people	% of workforce represented in H&S committees	Q1 2016 – Q4 2016
	Number of Employee fatalities	
	Number of contractor fatalities	
	Number of H&S incidents reported	
	% Lost-time injury rate per 1,000 workers	
	Absentee rate	
Responsible supply chain management	% of strategic suppliers who have signed the Supplier Code of Conduct	Q2 2015 - Q3 2016
	% of all suppliers who have signed the Supplier Code	Q2 2015 - Q3 2016
	Number of suppliers invited to complete EcoVadis self-assessments to date, and number of improvement action plans implemented	June 2015 – Q4 2016
	% of procurement teams trained on responsible supply chain management	Q4 2015 – Q3 2016

The Millicom Corporate Responsibility Report was prepared in accordance with AA1000 AccountAbility Principles Standard 2008 (AA1000 APS 2008).

Criteria
Our review was carried out based on:

- AA1000 AccountAbility Assurance Standard 2008, with a moderate level of type 2 assurance.
- Standard ISAE 3000, Assurance Engagements, issued by the International Auditing and Assurance Standard Board (IAASB) of the International Federation of Accountants (IFAC), with a limited scope of assurance.

Management's Responsibility
The management of Millicom is responsible for the preparation and fair presentation of the Corporate Responsibility Report in accordance with the Criteria, and is also responsible for the selection of methods used in the Criteria. Further, Millicoms' management is responsible for establishing and maintaining internal controls relevant to the preparation and presentation of the Corporate Responsibility Report that is free from material misstatement, whether due to fraud or error; selecting and applying appropriate criteria; maintaining adequate records and making estimates that are reasonable in the circumstances.

Assurance Practitioner's Responsibility
Our responsibility is to provide with independent third-party limited assurance of the content of Millicom's Corporate Responsibility Report 2016.
Our procedures were designed to obtain a limited level of assurance on which to base our conclusion, and, as such, do not provide all of the evidence that would be required to provide a reasonable level of assurance. The procedures performed depend on the assurance practitioner's judgement including the risk of material misstatement of the Corporate Responsibility Report, whether due to fraud or error. While we considered the effectiveness of management's internal controls when determining the nature and extent of our procedures, our assurance engagement was not designed to provide assurance on internal controls.
Our procedures did not include testing controls or performing procedures relating to checking aggregation or calculation of data within IT systems, which would have been performed under a reasonable assurance engagement.

Independence
We have performed our work in accordance with the standards of independence required by the Code of Ethics of the International Federation of Accountants (IFAC).

Applied procedures
Our assurance procedures consisted in requesting information from Millicom Corporate Responsibility department and business areas participating in the preparation of the Corporate Responsibility Report and applying certain analytical procedures and sampling tests as described in general terms below:

1. Interviews with senior managers responsible for management of corporate responsibility issues and review of selected evidences to support issues discussed. The list of interviewees included Executives with overall responsibility for Millicom's corporate responsibility strategy and programmes and for specific functions, including supply chain, health and safety security and fraud. The purpose of these interviews was to obtain awareness of the Corporate Responsibility objectives and policies as well as how they are put into practice and integrated into Millicom's strategy
2. Review of Millicom's approach to stakeholder's engagement and outputs.
3. Review of the processes for gathering and consolidating the specified performance data and, for a sample, checking the data consolidation.
4. Checks on a sample basis of the quantitative information included in the Corporate Responsibility Report as well as its adequate compilation from data supplied by information sources. The tests have been defined to provide limited assurance levels in line with the criteria described in this report.
5. Site visits in Millicom's operations in El Salvador and Colombia to review process and systems for preparing site level corporate responsibility data and implementation of corporate responsibility strategy.

Independent limited assurance report – continued

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Conclusions
Based on our limited assurance procedures described above, nothing has come to our attention that causes us to believe that the Corporate Responsibility Report is not presented fairly, in all material respects, in accordance with the Criteria (the principles established in standard AA1000 APS 2008) such as:

1. Inclusiveness
   - Millicom has the mechanisms in place to identify stakeholders, as well as to gain an awareness and understanding of their expectations. Millicom has developed two registers in order to keep track of stakeholder engagement: one of them at a corporate level and the other one which compiles all the information regarding stakeholder engagement related to the top-20 priority stakeholders for each of the country operations. Millicom keeps track of contacts taken with stakeholders.
   - Millicom identifies and understands stakeholders, their capacity to engage, and their views and expectations both at global and local level. During the local visits to Colombia and El Salvador it has been observed that the local Corporate Responsibility representatives concretely engage locally with various stakeholders and organisation on various Corporate Responsibility initiatives.
   - Millicom has in place and has access to the necessary competencies and resources to operate the process of stakeholder participation.

2. Materiality
   - Materiality is analyzed and a survey conducted to select the most significant matters to be included in the Report, as described in its Materiality Matrix.
   - Millicom has in place and has access to the necessary competencies and resources to apply the materiality determination process.
   - Millicom takes into account the changing sustainability context and maturity of issues and concerns with regular meeting with its stakeholders.

3. Responsiveness
   - Millicom responds in a balanced way to material issues and responds in a way that addresses the needs, concerns and expectations of its identified stakeholders.
   - Millicom involves stakeholders and considers the relationship between the maturity of an issue and the appropriateness of a response.

Recommendations
We also presented to Millicom our recommendations regarding areas of improvement related to the application of standard AA1000 APS 2008 as well as to actions taken with main stakeholders. The most significant recommendations are summarised below:

1. Inclusiveness
   - Millicom has identified as required its stakeholders.
   - However our recommendation is to include key stakeholders such as customers and employees in the global stakeholder register and in the materiality reassessment. Moreover we recommend to formalise the process for identifying stakeholders and briefly describe it in the Corporate Responsibility Report.

2. Materiality
   - Millicom performed a materiality study which takes into account the views of its stakeholders to establish the importance of the materiality issues.
   - Going forward, we recommend Millicom to further develop the materiality assessment process at local level with the Corporate Responsibility representatives as already initiated in Colombia.

3. Responsiveness
   - Given its high materiality to Millicom's business we recommend Millicom to increase the resources to be allocated to Health and Safety, in order to ensure that all appropriate analysis, actions and follow-up are performed and communicated to the stakeholders.

Ernst & Young
Société Anonyme
Cabinet de Révision Agréé

Olivier Lemaire
Partner

David Cau
Director

Luxembourg, 7 February 2017

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