

Corporate Governance Report 2012 Millicom International Cellular SA

1. Implementation and Reporting on Corporate Governance

Millicom International Cellular SA ("Millicom" or the "Company") is a Luxembourg public limited company (Societe Anonyme) listed on the NASDAQ OMX Stockholm. The Company reports its result in US dollars and uses the English language as reporting language.

Corporate Governance in Millicom is based on Luxembourg legislation, the listing requirements of NASDAQ OMX Stockholm and the Swedish Code of Corporate Governance (the "Code"). The Company has applied the Code from 30 May 2011, when the Company moved its primary listing to the NASDAQ OMX Stockholm and delisted from the NASDAQ Stock Market in the US. Before 30 May 2011, Millicom applied the corporate governance rules of the NASDAQ Stock Market in the US. Although the Company has been delisted from the NASDAQ Stock Market in the US, the Company will continue to comply with its SEC reporting obligations until such obligations may be terminated by the deregistration of the Company.

Corporate Policy Manual.

The Board has adopted a Corporate Policy Manual, which is Millicom's central reference for all matters relating to its corporate governance policy and other policies in the areas of ethics, accounting, human resources, etc. Regional policies that are more stringent or detailed than those set out in the Millicom Corporate Policy Manual are adopted as necessary. The Code of Ethics is a part of the Millicom Corporate Policy Manual. The Company's directors, senior executives and Group employees receive the Code of Ethics upon joining Millicom and must acknowledge that they have read, understood and will comply with the Code of Ethics.

Compliance with the Swedish Corporate Governance Code

The Code has been applied by Millicom since May 30, 2011. Millicom is committed to comply with best-practice corporate governance on a global level wherever practically possible. Millicom applies home state rules or deviate in relation to the Code in the following areas: Shareholder meetings are held in Luxembourg in accordance with Luxembourg law and the Company's Articles of Association. Shareholder meetings are held in the English language and meeting material is available in English only. The Company's investor base is international and the Company considers English to be the best language in which to communicate with its shareholders. Shareholder meeting minutes are signed by the meeting Chairman, Secretary and Scrutineer in accordance with Luxembourg law. Luxembourg law and the Company's Articles of Association do not specify the language used at shareholders meetings. Shareholders decide on guidelines for remuneration to senior management but have not decided on all share related incentive schemes. Furthermore, vesting of incentive awards under a deferred share plan is over a period of 3 years; 16.5% year 1, 16.5% year 2 and 67% year 3. Shares granted under the performance share plan vest at the end of a 3 year period.

General Meetings

Annual General Meeting.

General meetings of shareholders are convened by convening notice published in the Luxembourg Official Gazette and in a Luxembourg newspaper. According to article 18 of the articles of association of Millicom, the board of directors determines in the convening notice the formalities to be observed by each shareholder for admission to the AGM. For holders of Swedish Depository Receipts, details on the requirements to attend are also set out in the convening notice. An AGM must be convened every year on the date provided for in the articles of association, which is the last Tuesday in May each year. The 2012 AGM will take place in Luxembourg on May 29 at 10:00 (Central European Time). The Chairman of the annual general meeting shall be elected by the shareholders attending the meeting. Matters considered at the AGM include e.g. dividends, approval of the income statement and balance sheet, discharge from liability of the Board of Directors, the election of Board members, the procedure for the Nomination Committee and, where applicable, auditors, and the remuneration for the Board and auditors. Decisions at the AGM are normally taken by simple majority. However, on certain matters, the Luxembourg legal requirements [or Millicom's articles of association] prescribe that proposals should be supported by a higher proportion of the shares represented or votes cast at the meeting.

Other General Meetings.

Other meetings can be convened as necessary. Such meetings must be convened by the board of directors of the Company or if shareholders representing at least ten percent (10%) of the Company's issued share capital so require. An EGM will be held on May 29, 2012 in connection with the AGM. The EGM will validly deliberate on the resolutions on its agenda only if at least 50% of the issued share capital is present or represented (the "Quorum") at the first meeting and will validly be adopted only if approved by at least 2/3 of the votes cast at the EGM. If the Quorum is not reached at the first meeting, the Board of Directors will convene a second EGM at which no quorum will be required. Each share is entitled to one vote.

2. Nomination Committee

Nomination Committee.

On May 31, 2011, for the purpose of being compliant with the Code, the Shareholders decided on a new procedure to appoint the members of the Nomination Committee, in substance as follows:

A Nomination Committee of major shareholders in Millicom was formed during October 2011 in consultation with the larger shareholders of the Company as per September 30, 2011 and in accordance with the resolution of the 2011 Annual General Meeting. The Nomination Committee should consist of at least three members, with a majority representing the larger shareholders of the Company. The Nomination Committee is comprised of Cristina Stenbeck (Chairman of the Nomination Committee), on behalf of Investment AB Kinnevik, Kerstin Stenberg on behalf of Swedbank Robur funds and Allen Sangines-Krause in his capacity as Chairman of the Board of Directors in Millicom. (Mr. Allen Sangines Krause is also a member of the Board of Investment AB Kinnevik.)

The Nomination Committee is responsible for preparing proposals for the election of Directors of the Board, Chairman of the Board and auditor, in the case that an auditor should be elected, and their remuneration as well as a proposal on the Chairman of the Annual General Meeting.

3. Board of Directors: Composition and Independence

The Company is administered by a board of directors composed of at least 6 (six) members. Members of the board of directors need not be shareholders of the Company.

The directors and the chairman of the board of directors will be elected by the shareholders' meeting, which will determine their number, for a period not exceeding 6 (six) years and they will hold office until their successors are elected.

No contract or other transaction between the Company and any other person shall be affected or invalidated by the fact that any director, officer or employee of the Company has a personal interest in, or is a director, officer or employee of such other person, except that (x) such contract or transaction shall be negotiated on an arms' length basis on terms no less favorable to the Company than could have been obtained from an unrelated third party and, in the case of a director, the director shall abstain from voting on any matters that pertain to such contract or transaction at any meeting of the board of directors of the Company, and (y) any such personal interest shall be fully disclosed to the Company by the relevant director, officer or employee.

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

DIRECTORS AND SENIOR MANAGEMENT

Board of Directors

Directors

Millicom's directors are as follows:

Name	Position	Independent in relation to the Company and executive management	Independent in relation to the major shareholder	Year first Elected	Date of Expiration of Term
Mr. Allen Sangines-Krause(i) (iv)	Chairman	Yes	No	2008	May 2012
Mr. Hans Holger Albrecht.....	Member	Yes	Yes	2010	May 2012

Ms. Mia Brunell Livfors(iv).....					May
	Member	Yes	No	2007	2012
Ms. Donna Cordner.....					May
	Member	Yes	Yes	2004	2012
Mr. Paul Donovan.....					May
	Member	Yes	Yes	2009	2012
Mr. Omari Issa.....					May
	Member	Yes	Yes	2010	2012
Mr. Kim Ignatius(iii).....					May
	Member	Yes	Yes	2011	2012

(i) Appointed as Chairman on May 25, 2010.

(ii) Up to May 31, 2011

(iii) From May 31, 2011

(iv) Not independent from major shareholders (Kinnevik Investment AB)

Mr. Allen Sangines-Krause (born 1959)—Chairman, Non-executive Director, Chairman of the Compensation Committee and Member of the Nominations Committee. Mr. Sangines-Krause was elected to the Board of Millicom in May 2008 and appointed as Chairman in May 2010. He worked for Goldman Sachs between 1993 and 2007, working in a variety of senior positions from Chief Operating Officer for Latin America based in Mexico City and New York and most recently as Managing Director out of London. Prior to joining Goldman Sachs, Mr. Sangines-Krause was with Casa de Bolsa Inverlat, in Mexico, and before that he was a Founding Partner of Fidem, S.C., a Mexican investment bank, which was acquired by Casa de Bolsa Inverlat in 1991. Mr. Sangines-Krause currently sits on the Board of Investment AB Kinnevik and is Chairman of Rasaland, a real estate investment fund. He is a member of the Council of the Graduate School of Arts and Sciences of Harvard University.

Mr. Hans-Holger Albrecht (born 1963)—Non-executive Director and Member of the Compensation Committee. Mr. Albrecht was elected to the Board of Millicom in May 2010 and is President and CEO of Modern Times Group MTG AB, a position he has held since 2000. During this period, MTG's broadcasting operations have expanded strongly from its core Nordic and Baltic regions to become one of the leading commercial broadcasters in Europe. Before joining MTG in 1997, Mr Albrecht worked for Daimler-Benz and for the Luxembourg-based media group CLT, where he was responsible for all television activities and for business development in Germany and Eastern Europe. Mr. Albrecht is co-Chairman of CTC Media Inc, the largest commercial television broadcaster in Russia, in which MTG has a 38.9% stake, and a member of the Board of the International Emmy Association in New York. He was born in Brussels, Belgium and studied at the University of Freiburg in Germany, at Yale University in the USA, and at the University of Bochum, Germany, where he received a Master of Law degree.

Ms. Mia Brunell Livfors (born 1965)—Non-executive Director and Member of the Compensation Committee and Chairman of the CSR Committee. Ms. Brunell Livfors was elected to the Board of Millicom in May 2007. From August 2006, Ms. Brunell Livfors has been Chief Executive Officer of Investment AB Kinnevik ("Kinnevik"), a Swedish public company managing a portfolio of long-term investments in a number of public companies such as Millicom. Ms. Brunell Livfors joined Kinnevik owned company

Modern Times Group MTG AB in 1992, and was appointed Chief Financial Officer in 2001. As Chief Financial Officer, Ms. Brunell played a central role in MTG's development. Currently, Ms. Brunell Livfors is a member of the Board of Directors of Korsnäs AB, Tele2 AB, CDON AB, Metro International S.A., Transcom WorldWide S.A., Modern Times Group (MTG) and Hennes & Mauritz AB (H&M).

Ms. Donna Cordner (born 1956)—Non-executive Director and Member of the Audit Committee and CSR Committee. Ms. Cordner was elected to the Board of Millicom in May 2004. She was formerly a Managing Director and Global Head of Telecommunications and Media Structured Finance at Citigroup. She has also held senior management positions at Société Générale and ABN Amro Bank N.V. in the U.S. and Europe, including as Director of ABN's Latin American Telecommunications Project Finance and Advisory Group. Until July 2005, Ms. Cordner was the Chief Executive Officer of HOFKAM Limited, which is the largest rural microfinance company in Uganda, and continues to advise HOFKAM as a consultant. She was named Executive Vice President of Corporate Finance and Treasury for Tele2AB effective March 2007 and was Market Area Director and Chief Executive Officer for Russia between March 2008 and July 2009. Ms. Cordner is currently a member of the Supervisory Board of Carlsberg Group.

Mr. Paul Donovan (born 1958)—Non-executive Director, Member of the Audit Committee. Mr. Donovan was elected to the Board of Millicom in May 2009. He was appointed director and Chief Executive Officer of Eircom on 1 July 2009 and before that, Mr. Donovan was Chief Executive, EMAPA Region for the Vodafone Group until 2008. Mr. Donovan's background includes a decade in fast moving consumer goods before he moved into the technology sector, principally with BT and Vodafone. His career with Vodafone started 11 years ago and for the last six years, he has overseen Vodafone's operations in subsidiaries in Eastern Europe, Middle East and Asia Pacific. Africa, the US, India and China were added to his remit in 2006. As part of his role, he sat on the boards of numerous subsidiaries and joint ventures during this period. He holds a BA (with Honors) from University College, London and an MBA from the Bradford University Management Centre with a specialization in Finance and Business Policy. Mr. Donovan is an Executive Director of Eircom Group Limited, Eircom Ltd, and Valentia Communications.

Mr. Omari Issa (born 1947)—Non-executive Director and Member of the Audit Committee. Mr. Issa was elected to the Board of Millicom in May 2010 and is the CEO of Investment Climate Facility for Africa. He is a Tanzanian citizen who is responsible for managing the ICF's seven year program to improve Africa's investment climate and remove barriers to growth. Mr. Issa has extensive business experience in the public and private sectors, having worked in both Africa and abroad. He has firsthand experience of the realities of doing business in Africa, having previously worked as Executive Director and Chief Operating Officer of Celtel International, where he played an instrumental role in managing the company's growth and expansion across the continent. Prior to working at Celtel, Mr Issa spent fourteen years with the IFC and six years with the World Bank. He has a Bachelor of Science (Honours) from The Polytechnic of Central London, and an MBA from Columbia University, New York.

Mr. Kim Ignatius (born 1956)—Non-executive Director and Chairman of the Audit Committee. Mr. Ignatius was elected to the Board of Millicom in May 2011. He is the CFO of Sanoma Corporation, the European media group, which he joined in 2008.

Previously, Mr Ignatius was EVP and CFO of TeliaSonera AB between 2003 and 2008 and EVP and CFO of Sonera Oyj between 2000 and 2002. Before joining Sonera, Mr. Ignatius was Group CFO and a member of the Executive Board of Tamro Oyj, a leading pharmaceutical distributor listed on the Helsinki Stock Exchange, between 1997 and 2000. From 1984 to 1996 he worked for Amer Group in a variety of finance and general management roles in both North America and Europe. He started his career with Oy Hanke-Palsbo Ab and Fruehauf Corporation in a series of finance roles. Mr. Ignatius graduated with a B.Sc Economics from the Aalto University School of Economics in Helsinki. He is currently on the Board of Fortnum Corporation where he serves as Chairman of the Audit and Risk Committee.

4. The work of the Board of Directors

Board meetings

The Board of Directors is constituted in order to review and decide upon the Company's strategic development, as well as to provide support to, and control and supervision over, the activities of the executive management of the Company. The Board has adopted work procedures to divide the work between the Board and the President and Chief Executive Officer ("the CEO"). The Chairman has discussions with each member of the Board regarding the work procedures and the evaluation of the Board work. The other members of the Board evaluate the performance of the Chairman each year. The Board also evaluates yearly the performance of the CEO. The main task of the Board committees (Audit, Compensation and CSR) is to work on behalf of the Board within their respective areas of responsibility. From time to time, the Board delegates authority to an "ad hoc" committee so that it may resolve a specific matter on its own without having to go before the full Board for approval.

In 2011, the Board had 5 meetings in person and 3 by telephone.

Board Meetings - Executive Sessions

The following Board Meetings were held during the 2011 year, with key topics of each meeting noted:

- February 8: 2010 results/Succession planning
- April 18: Delisting from NASDAQ in the US
- May 4: AGM convening notice
- May 31: Corporate governance
- September 6: Strategy confirmation
- October 4: Local and regional sales & marketing
- December 7: Budget/HR & remuneration

All Directors attended all of the meetings.

Board Committees

The work of the Board is divided between the Board and its principal committees:

- the Audit Committee,
- the Compensation Committee, and
- the Corporate Social Responsibility (“CSR”) Committee.

Audit Committee. Millicom’s directors have established an Audit Committee that convenes at least four times a year, comprising four directors, Mr. Ignatius (Chairman and financial expert) from May 31, 2011 (replacing Mr. Michel Massart who was the Chairman and financial expert until May 31, 2011), Mr. Donovan, Mr. Issa and Ms. Cordner. This committee has responsibility for planning and reviewing the financial reporting process together with the preparation of the annual and quarterly financial reports and accounts and the involvement of external auditors in that process. The Audit Committee focuses particularly on compliance with legal requirements (including compliance with Sarbanes Oxley Act), accounting standards, independence of external auditors, audit fees, the internal audit function, the fraud risk assessment, risk management and ensuring that an effective system of internal financial controls exists. The ultimate responsibility for reviewing and approving Millicom’s annual report and accounts remains with the Board. The Audit Committee met 9 times during 2011 and Millicom’s external auditors participated in each such meeting.

Compensation Committee. Millicom’s Compensation Committee is chaired by Mr. Sangines-Krause who replaced Mr. Johannesson on May 31, 2011. The two other members of the committee are Mr. Albrecht and Ms. Brunell Livfors. Ms. Brunell became a member of the Committee after the Annual Meeting of Shareholders on May 29, 2007 and Mr. Albrecht became a member after the Annual Meeting of Shareholders on May 2011 replacing Mr. Donovan. All directors on the Compensation Committee are independent in relation to the Company’s Management.

The Compensation Committee reviews and makes recommendations to the Board regarding the compensation of the Chief Executive Officer, reviews the compensation of the other senior executives and oversees management succession planning. Millicom’s share options program terminated in May 2006 and was replaced by grants of restricted shares to management under Long-Term Incentive Plans. The grants of restricted shares to management under these plans are determined by the Committee and approved by the Board.

CSR Committee. Millicom’s directors have established a Corporate Social Responsibility (CSR) Committee that convenes at least two times a year, comprising two directors, Ms. Brunell Livfors (Chairman) and Ms. Cordner. This committee has responsibility for overseeing and making recommendations to the Board regarding the management of CSR.

5. Remuneration of the Board of Directors

The decision on annual remuneration of directors (“*tantièmes*”) is reserved by the articles of association to the general meeting of shareholders. Directors are therefore prevented from voting on their own compensation. However, directors may vote on the number of shares they may be allotted under any share based compensation scheme.

The remuneration of the members of the Board of Directors of the Company (the “Board”) comprises an annual fee. Between May 2006 and May 2010 Directors’ remuneration also included share based compensation (restricted shares) and until May 2006 Directors were issued share options. Director remuneration is proposed by the Nominations Committee and approved by the shareholders at the Annual General Meeting of Shareholders (the “AGM”).

Director Remuneration

	2011	2010 ⁽¹⁾	2009 ⁽¹⁾
	US\$ '000	US\$ '000	US\$ '000
Mr. Allen Sangines-Krause	203	159	119
Mr. Kim Ignatius	142	—	—
Mr. Hans Holger Albrecht.....	99	96	—
Ms. Mia Brunell Livfors.....	99	105	132
Ms. Donna Cordner	119	115	119
Mr. Paul Donovan	119	124	146
Mr. Omari Issa.....	119	115	—
Mr. Daniel Johannesson (former director).....	—	105	209
Mr. Michel Massart (former director)	—	134	174
Mr. Kent Atkinson (former director)	—	—	159
Total	900	953	1,058

(1) Includes cash and share based compensation. Cash compensation converted from Euros to USD at average exchange rates for each year.

6. Remuneration of the Executive Management

The remuneration of the Officers of the Company (“Officers”) comprises an annual base salary, an annual bonus, share based compensation, social security contributions, pension contributions and other benefits. The bonus and share based compensation plans are based on actual performance (including individual and Group performance). Share based compensation is granted once a year by the Compensation Committee of the Board. Since 2006, the annual base salary and other benefits of the Chief Executive Officer (“CEO”) are proposed by the Compensation Committee and approved by the Board and the annual base salary and other benefits of the Chief Financial Officer (“CFO”) and Chief Operating Officers (“COO’s”) were proposed by the CEO and approved by the Compensation Committee.

The remuneration charge for the Officers for the years ended December 31, 2011, 2010 and 2009 was as follows:

	Current Chief Executive Officer	Former Chief Executive Officer	Chief Financial Officer
	US\$ '000	US\$ '000	US\$ '000
2011			
Base salary.....	1,323	—	676
Bonus.....	1,915	—	798
Pension.....	406	—	105
Other benefits.....	158	—	71
Total	3,802	—	1,650
Share based compensation:(i)			

Shares issued/charge under long term incentive plans(ii).....	2,862	—	1,267
2010			
Base salary.....	1,261	—	614
Bonus.....	1,823	—	624
Pension.....	385	—	112
Other benefits.....	178	—	74
Total	3,647	—	1,424
Share based compensation:(i)			
Shares issued/charge under long term incentive plans(ii).....	2,874	—	1,243
Charge for share options.....	5	—	—
2009			
Base salary.....	1,380	2,349	625
Bonus.....	1,988	1,388	503
Other benefits.....	142	—	—
Total	3,510	3,737	1,128
Share based compensation:(i)			
Shares issued/charge under long term incentive plans(ii).....	1,598	(2,829)(iii)	129
Charge for share options.....	16	10	—

(i) See note 24.

(ii) Share awards of 34,937 and 14,814 were granted in 2011 under the 2011 LTIPs to the CEO and CFO. Share awards of 41,628 and 19,891 were granted in 2010 under the 2010 LTIPs to the CEO and CFO. Share awards of 35,011 and 13,323 were granted under the 2009 LTIPs to the CEO and CFO.

(iii) Reversal for non-vested shares of the former CEO, Marc Beuls.

The number of shares and unvested share awards beneficially owned by the senior management as at December 31, 2011 and 2010 was as follows:

	Chief Executive Officer	Chief Financial Officer	Total
2011			
Shares.....	666,193	7,800	673,993
Share awards not vested.....	105,063	45,228	150,291
2010			
Shares.....	648,647	905	649,552
Share awards not vested.....	99,431	37,720	137,151

Severance Payments

If the employment of Millicom's senior executives is terminated, severance of up to 12 months salary is potentially payable.

ADDITIONAL INFORMATION

Articles of Association

Registration and Object

Millicom International Cellular S.A. is a public liability company (*société anonyme*) governed by the Luxembourg law of August 10, 1915 on Commercial Companies (as amended), incorporated on June 16, 1992, and registered with the Luxembourg Trade and Companies' Register (*Registre du Commerce et des Sociétés de Luxembourg*) under number B 40.630.

The articles of association of Millicom define its purpose as follows: "... to engage in all transactions pertaining directly or indirectly to the acquisition and holding of participating interests, in any form whatsoever, in any Luxembourg or foreign business enterprise, including but not limited to, the administration, management, control and development of any such enterprise".

Directors

Restrictions on voting—If a director has a personal material interest in a proposal, arrangement or contract to be decided by Millicom, the articles of association provide that the validity of the decision of Millicom is not affected by a conflict of interest existing with respect to a director. However, any such personal interest must be disclosed to the board of directors ahead of the vote and the relevant director may not vote on the relevant issue. Such conflict of interest must be reported to the next general meeting of shareholders.

The Nominations Committee makes recommendations for the election of directors to the AGM. At the AGM, shareholders may vote for or against the directors proposed or may elect different directors. The Nominations Committee reviews and recommends the directors' fees which are approved by the shareholders at the AGM.

Borrowing powers—The directors generally have unrestricted borrowing powers on behalf of and for the benefit of Millicom.

Age limit—There is no age limit for being a director of Millicom. Directors could be elected for a maximum period of six years, but Millicom decided to elect them annually.

Share ownership requirements—Directors need not be shareholders in Millicom.

7. Information and Communications

The Company communicates with financial markets based on principles of openness and equal treatment of shareholders. All information distributed to shareholders is published on the Company's website.

The Company promptly submits all material press releases to the stock exchanges to which it has reporting obligations.

8. Risk Management and Internal Control

Millicom is regularly performing risk management assessments and reviews to identify its major risks and to take the necessary steps to mitigate such risks. A risk management committee has been set up by management for that purpose as well as a central risk officer and risk officers in all countries and global functions. Risks are identified, assessed, reviewed, and revised on an ongoing basis and reported to the audit committee at least quarterly. Risk action plans have been developed and implemented within each operation and supported centrally by global support functions. Risks are dynamically mapped based on likelihood and magnitude (impact on the Group).

The management of Millicom International Cellular S.A. is responsible for establishing and maintaining adequate internal control over financial reporting. Internal control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external reporting purposes in conformity with International Financial Reporting Standards as issued by the International Accounting Standards Board and as adopted by the European Union.

Because of its inherent limitations, internal controls over financial reporting may not prevent or detect misstatements.

Management has assessed the effectiveness of Millicom International Cellular S.A. internal control over financial reporting as of December 31, 2011. In making its assessment, management has utilized the criteria set forth by the Committee of Sponsoring Organizations of the Treadway Commission in Internal Control—Integrated Framework. Management concluded that based on its assessment, Millicom International Cellular S.A. internal control over financial reporting was effective as of December 31, 2011.

9. Auditor

The supervision of the operations of the Company is entrusted to one or more auditors who need not be shareholders.

The auditors will be elected by the shareholders' meeting by a simple majority of the votes present or represented at such meeting, which will determine their number, for a period not exceeding (6) six years. They will hold office until their successors are elected. They are re-eligible, but they may be removed at any time, with or without cause, by a resolution adopted by a simple majority of the shareholders present or represented at a meeting of shareholders.

