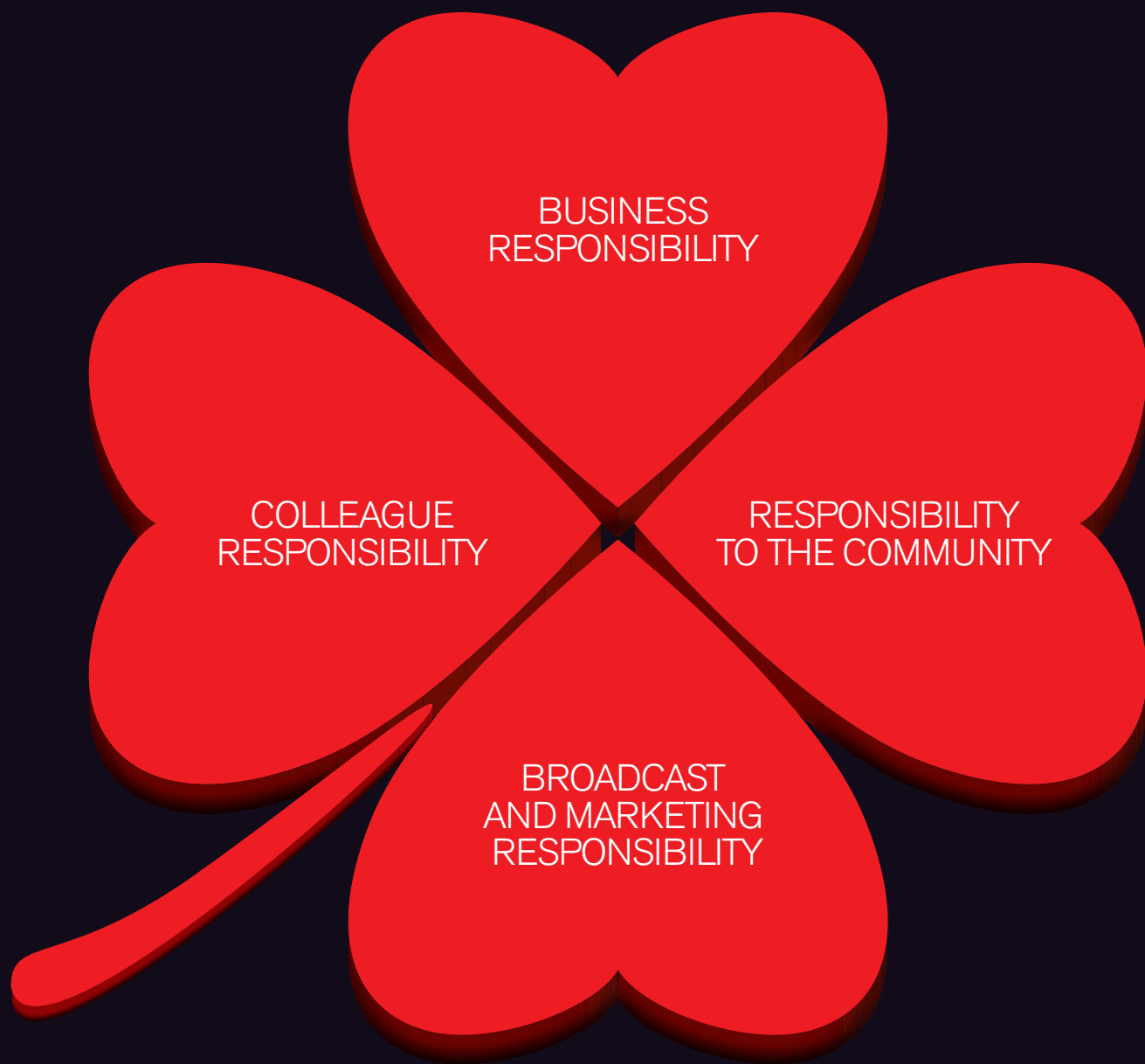




**MTG**  
MODERN TIMES GROUP



# MODERN RESPONSIBILITY REPORT 2009

## CEO Message

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The last year has seen a fundamental stress test of all businesses, as the world has been gripped by a far reaching financial crisis and a wider economic recession with the most dramatic advertising market declines in living memory.

We are emerging from this perfect storm in good shape with higher viewing and market shares in virtually all of our markets.

This sits within the context of our Modern Responsibility framework, which defines our corporate personality and how we do business and interact with our stakeholders. We first introduced



*President & CEO  
Hans-Holger Albrecht*

Modern Responsibility in 2004 as our Corporate Responsibility programme, and we have worked on making it a fully integrated part of our business ever since. This has embraced multiple local, regional and central initiatives, as well as enhanced transparency levels and more and more efficient reporting.

Modern Responsibility not only defines who and what we are, but also what we have the potential to become. We produced our first Modern Responsibility Report for 2008. This is our second report and we hope you will get a better understanding of what we do to conduct our business responsibly, to broadcast and market responsibly, to act responsibly towards our colleagues and to act responsibly towards the community.

Over the past year, we have established Modern Responsibility tasked committees in each of our countries of operation. We have made our Code of Conduct, our Environmental Policy, our Whistleblowers Policy and our Supplier Principles publicly available through the improved Modern Responsibility section on [www.mtg.se](http://www.mtg.se).

We have also joined Swedish BLICC (Business Leaders Initiative on Climate Change). We share the belief that active climate work creates new business efficient opportunities and reduced costs, more customers and happy employees. But if you don't measure your environmental impact, you can't change and improve the way you operate your business. In 2008, we initiated an audit of the carbon footprint of our operations in Scandinavia and in the United Kingdom, where the head office for the broadcasting operations is located. In 2009 we made an audit in all countries where we have offices, the Nordics, Central and Eastern Europe and Ghana. For the extensive audit of our carbon footprint we appointed Tricorona Climate Partner as partners.

We are one of the companies behind the *Playing for Change* incubator, which is challenging and supporting social entrepreneurs to create businesses that stimulate and promote children's and young peoples' right to play as a key aspect of personal development.

We are aiming to continue to enhance our Modern Responsibility reporting in the years to come, we are fully aware that we have a lot more to do. Still we are proud of the progress we are making.

Media is a people business – run by people for people, so thank you to MTG's owners, customers, employees, business partners and suppliers for your contribution to the ongoing development and success of the Group.

Hans-Holger Albrecht  
President & CEO  
Modern Times Group

### Highlights

- Radio ISO 14001 certificate completed
- Carbon footprint measured for all countries where we have offices
- Enhanced partnership with WWF
- Improved the Modern Responsibility section on our website
- Published our key policies online
- Partnership with BLICC in Sweden
- Playing for Change – challenging and supporting social entrepreneurs

### About this report

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We presented our first ever Modern Responsibility Report for 2008. It was a lot more comprehensive than anything we previously presented regarding our sustainability. The Modern Responsibility Report 2009 is enhanced and has more details on how we do our business in a responsible way, Our Modern Responsibility.

The annual Modern Responsibility report summarises our corporate responsibility progresses and developments on a calendar year basis. Included in the reporting scope are our pay-TV, free-TV, radio, internet retailing and TV production companies in the following countries: Sweden, Norway, Denmark, Finland, Estonia, Latvia, Lithuania, Russia, Hungary, the Czech Republic, Bulgaria, Slovenia, Ukraine, Poland, Slovakia and Ghana.

However, we have decided to exclude the countries where we only operate third-party pay-TV channels, because we do not have any physical presence in them. These

countries are the following: Macedonia, Romania, Belarus, Moldova, Georgia, Kazakhstan, Armenia, Kyrgyzstan, Uzbekistan, Azerbaijan, Serbia, Croatia, Montenegro, Bosnia and Herzegovina and the USA.

A significant improvement in the 2009 report in comparison to the previous year is the expansion of the climate impact reporting. We started the reporting in the Nordic countries and the UK in 2008 and have now expanded it to 19 countries in 2009.

Would you like to know more?

You can follow our Modern Responsibility progress and current activities directly on [www.mtg.se](http://www.mtg.se). Here you can find information about our policies such as our Code of Conduct, Environmental Policy, and Supplier Principles as well as the Public Disclosure ("Whistleblowers") Policy. Most interestingly you can follow the progress of our initiatives and activities, such as Playing for Change and our co-operation with WWF.

We welcome your input. Please feel free to send your feedback about this report or any other topic to MTG: [responsibility@mtg.se](mailto:responsibility@mtg.se)

## This is MTG

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Modern Times Group is a leading international entertainment broadcasting group with the largest geographical broadcast footprint in Europe.

MTG's Viasat Broadcasting is the leading free-TV and pay-TV operator in Scandinavia and the Baltics, and has broadcasting operations in Bulgaria, Czech Republic, Hungary, Slovenia, Russia, Ukraine and Ghana. Viasat's free-TV and pay-TV channels and pay-TV platforms attract a total of 125 million viewers in 31 countries. MTG is also the major shareholder in Russia's largest independent television broadcaster (CTC Media – Nasdaq: CTCM), and the number one commercial radio operator and internet retailer of entertainment products in the Nordic region. MTG's headquarters is located in Stockholm, Sweden.

Modern Times Group MTG AB class A and B shares are listed on Nasdaq OMX Stockholm's Large Cap market ('MTGA' and 'MTGB').

MTG has eight business segments:

- Viasat Broadcasting is the largest business area within the Group and comprises five of the segments; the Free-TV Scandinavia, Pay-TV Nordic, Free-TV Emerging Markets and Pay-TV Emerging Markets businesses and the Group's equity participation in CTC Media. Viasat broadcasts more than 50 own-branded channels in 31 countries and has 125 million viewers.

Viasat Broadcasting operates broadcast playouts in nine countries, including a new pan-Baltic Broadcast Centre in Latvia and the main Broadcast Centre in the United Kingdom that broadcasts 32 of our channels. We outsource our broadcast playouts only in Russia (GTSS) and Norway.

- MTG Radio is the largest commercial radio operator in the Nordic region and the Baltic countries. MTG's radio stations reach over three million listeners every day.
- The Online business segment comprises the leading Nordic internet retailing brands CDON.COM, Gymgrossisten.com, Bodystore.com, Nelly.com, LinusLotta.com, BookPlus.fi, Lekmer.se as well as the BET24 online betting company.
- Modern Studios incorporates companies which produce a wide range of media content. Strix Television is one of them, creating innovative and contemporary TV formats for the Nordic and international TV markets.

### Major changes during 2009

MTG completed the reorganisation of the ownership of its broadcasting assets in Bulgaria by merging all of its Bulgarian holdings into Nova Televizia in the first half of 2009. An agreement was signed with Apace Media plc in March 2009 to transfer all of the assets within the jointly owned Balkan Media Group Limited ('BMGL') into the MTG subsidiary Nova Televizia. MTG now owns 95 per cent of the enlarged Nova Televizia group, whilst Apace Media plc now holds a 5 per cent minority interest in the combined entity.

Three new channels were launched during 2009: TV3 PULS launched in Denmark in March, as a broad appeal general entertainment channel targeting an audience of 15-49 year old men and women; free-TV channel Prima COOL was launched in the Czech Republic on 1 April, complementing MTG's existing TV Prima channel; and Viasat Hockey, a pay-TV channel dedicated solely to ice hockey, launched in Sweden, Finland, Estonia, Latvia and Lithuania.

### Our footprint

**Nordics:** Sweden, Norway, Denmark, Finland

**Emerging Markets:** Estonia, Latvia, Lithuania, Russia, Hungary, the Czech Republic, Bulgaria, Slovenia, Macedonia, Poland, Romania, Belarus, Moldova, Georgia, Ukraine, Kazakhstan, Armenia, Kyrgyzstan, Uzbekistan, Azerbaijan, Slovakia, Serbia, Croatia, Montenegro, Bosnia and Herzegovina

**Africa:** Ghana

**North America:** USA

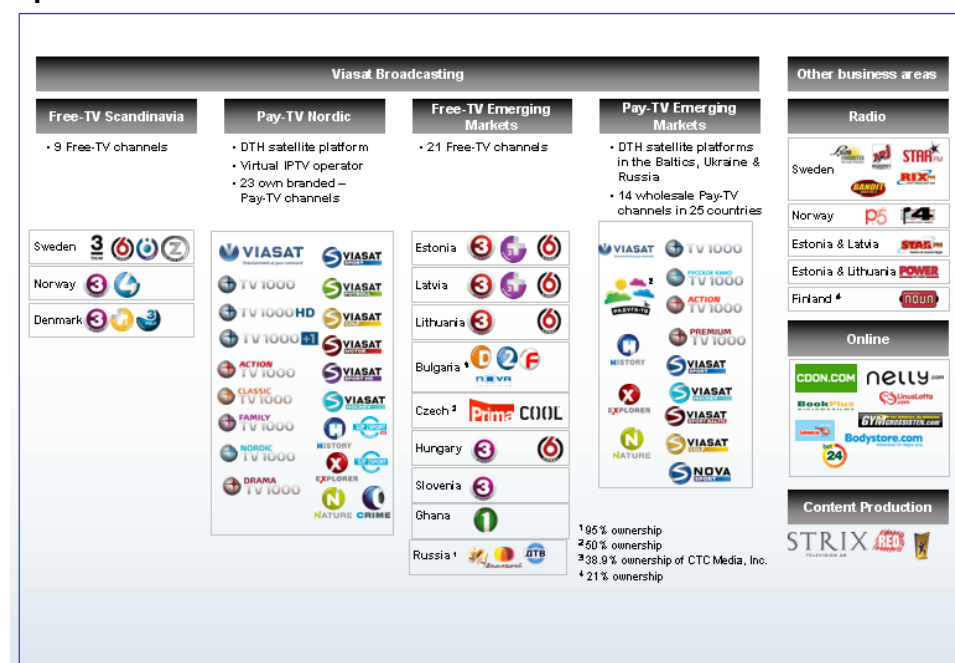


## Operations by region

		Pay-TV	Free-TV	Radio	Online	Modern Studios
Nordics	Sweden	x	x	x	x	x
	Norway	x	x	x	x	x
	Denmark	x	x		x	x
	Finland	x		x	x	
Emerging Markets	Estonia	x	x	x		
	Latvia	x	x	x		
	Lithuania	x	x	x		
	Russia	x	x			
	Hungary	x	x			
	Czech	x	x			
	Bulgaria	x	x			
	Slovenia	x	x			
	Ukraine	x				
Africa	Ghana		x			

In Macedonia, Poland, Romania, Belarus, Moldova, Georgia, Kazakhstan, Armenia, Kyrgyzstan, Uzbekistan, Azerbaijan, Slovakia, Serbia, Croatia, Montenegro, Bosnia and Herzegovina and USA we operate pay-TV channels on third-party platforms only.

## Operational structure



### MTG's 15 largest shareholder as of 31 December 2009

Name	Capital	Votes	Total	Class A shares	Class B shares
Investment AB Kinnevik	20.2%	48.0%	13,503,856	5,820,491	7,683,365
Capital Group Funds	5.0%	2.4%	3,361,500	0	3,361,500
Swedbank Robur Funds	4.7%	2.3%	3,110,790	0	3,110,790
AMF Pension Funds	3.9%	1.9%	2,610,751	0	2,610,751
SHB Funds	2.8%	1.3%	1,841,419	0	1,841,419
Nordea Funds	2.6%	1.3%	1,766,124	0	1,766,124
SEB Funds	2.6%	1.3%	1,720,229	0	1,720,229
Lannebo Funds	2.3%	1.1%	1,503,350	0	1,503,350
Fidelity Funds	1.6%	0.8%	1,043,853	0	1,043,853
Second AP Fund	1.5%	0.7%	1,022,475	0	1,022,475
Anima Regni LP	1.5%	7.4%	1,012,882	1,012,882	0
Government of Norway	1.5%	0.7%	977,685	0	977,685
Fourth AP Fund	1.3%	0.6%	859,046	0	859,046
Skandia Liv	1.2%	1.3%	771,754	109,471	662,283
Länsförsäkringar Funds	0.8%	0.4%	518,570	0	518,570
Others	46.5%	28.5%	30,272,531	987,857	29,284,674
Total outstanding shares*	100.0%	100.0%	65,896,815	7,930,701	57,966,114

\*Does not include 850,000 C shares held by MTG as treasury shares.

### Key figures from the past five years

	2005	2006	2007	2008	2009
Net sales (MSEK)	8,012	10,136	11,351	13,166	14,173
Operating income (MSEK)	1,213	1,777	2,027	3,671	-1,428
Basic earnings per share (SEK)	17.78	21.57	20.35	43.25	-30.86
Average number of employees	1,614	2,008	2,341	2,644	2,906
Financial position	2005	2006	2007	2008	2009
Shareholder's equity	5,306	5,105	5,875	8,980	5,680
Long-term liabilities	249	304	429	5,263	4,175
Short-term liabilities	4,241	3,796	4,654	4,989	4,796
Total shareholders' equity and liabilities	9,796	9,205	10,958	19,232	14,651

## This is Modern Responsibility

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MTG's corporate responsibility (CR) is called Modern Responsibility. It is the platform for our development and sustainable business, and it aims to maximise MTG's social and business potential as well as enable the Group to deliver a consistently high level of long-term performance and achieve our mission – maximising the power of entertainment.

We have dedicated our business to offer a wide range of entertainment to all age groups and to make sure our customers are never left without good entertainment. We consider this the core of our business, and thus also the core of our responsibility. In our everyday work we live by our three lead words – sales, showmanship and cost control – to provide top entertainment, keep our costs down and to minimise the impact on the environment.

We acknowledge the recommendations of the UN Global Compact's ten principles and strive to protect human rights especially in growth countries where protection often can be inadequate. We also consider the OECD Guidelines for Multinational Enterprises to ensure we conduct business in an ethical manner.

Our mission statement:

- **We conduct business responsibly** – We encourage a culture of openness and accountability within the organisation and conduct business honestly and with integrity at all times.
- **We broadcast and market responsibly** – We offer a diversity of entertainment to all age groups and protect young people from unsuitable material. We sell and market responsibly and ensure high levels of customer service.
- **We act responsibly towards our colleagues** – We guarantee equal opportunity employment, invest in employee development and ensure MTG is a great and safe place to work.
- **We act responsibly towards the community** – We promote chosen social causes to make a positive difference in the local communities around us. We tackle climate change and encourage positive environmental behaviour among our employees, the broader public and society at large.

We first introduced Modern Responsibility in 2004 as a Corporate Responsibility programme, and we have worked on making it a fully integrated part of our business ever since. This has embraced multiple local, regional and central initiatives, as well as enhanced transparency levels and efficient reporting.

It is important not only to initiate projects and actions, but to follow them up to be able to measure their success. Projects will always be followed-up by different internal committees depending on the issue and magnitude. If projects were coordinated with external organisations or parties, evaluation meetings will be held with them as well. We also collect and verify data of media time donated to projects as well as tracking the amounts of money which are raised through our campaigns.

When and where needed the Internal Audit Department will be called in to review and report within areas such as Business Responsibility. Additionally we work together with consultants like Tricorona who help us with our carbon footprint calculations. We also



measure our progress with selected KPIs (Key Performance Indicators) which help us to analyse and evaluate progress within our CR work.

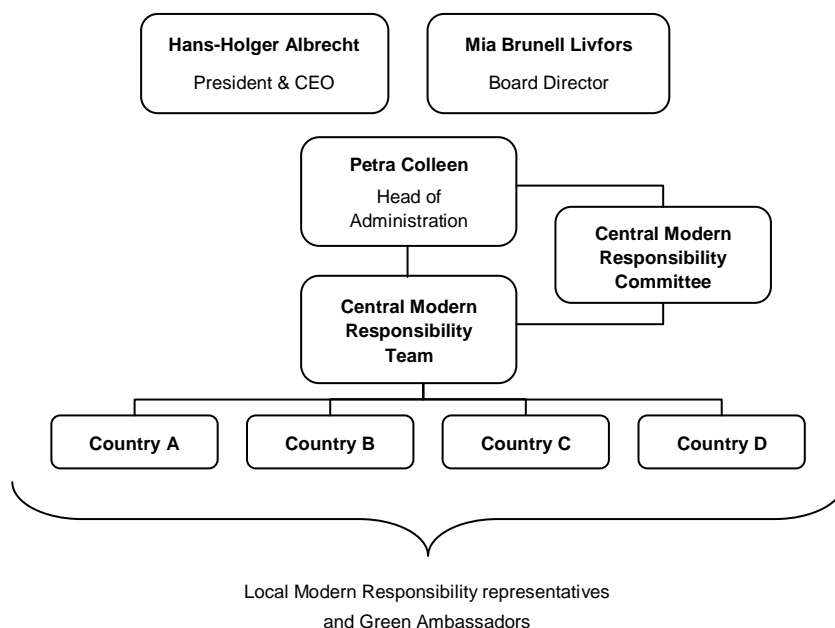
Internally we communicate our actions via the different committees and selected Modern Responsibility Representatives and Green Ambassadors. Additionally we use newsletters, presentations and local company events to communicate information and developments. To communicate our progress and initiatives to external stakeholders we strongly rely on our media channels such as radio, free-TV, pay-TV, our different homepages and of course our Annual Report.

In 2010 we aim to further improve our work with Modern Responsibility. We have set the following goals:

- Increase the measurability of Modern Responsibility and integrate it to a larger extent into our daily business.
- Define, measure, set targets and report on Key Performance Indicators for all key areas.
- Decrease our carbon footprint.
- Enhance communication around Modern Responsibility both internally and externally.

The Modern Responsibility section of our corporate website at [www.mtg.se](http://www.mtg.se) is updated continuously to provide information about the activities in which we are engaged. We also published our first Modern Responsibility Report for 2008 in 2009, and both the 2008 and 2009 Reports are available at [www.mtg.se](http://www.mtg.se) under Modern Responsibility Reports.

### How Modern Responsibility is governed





*Hans-Holger Albrecht*



*Mia Brunell Livfors*



*Petra Colleen*

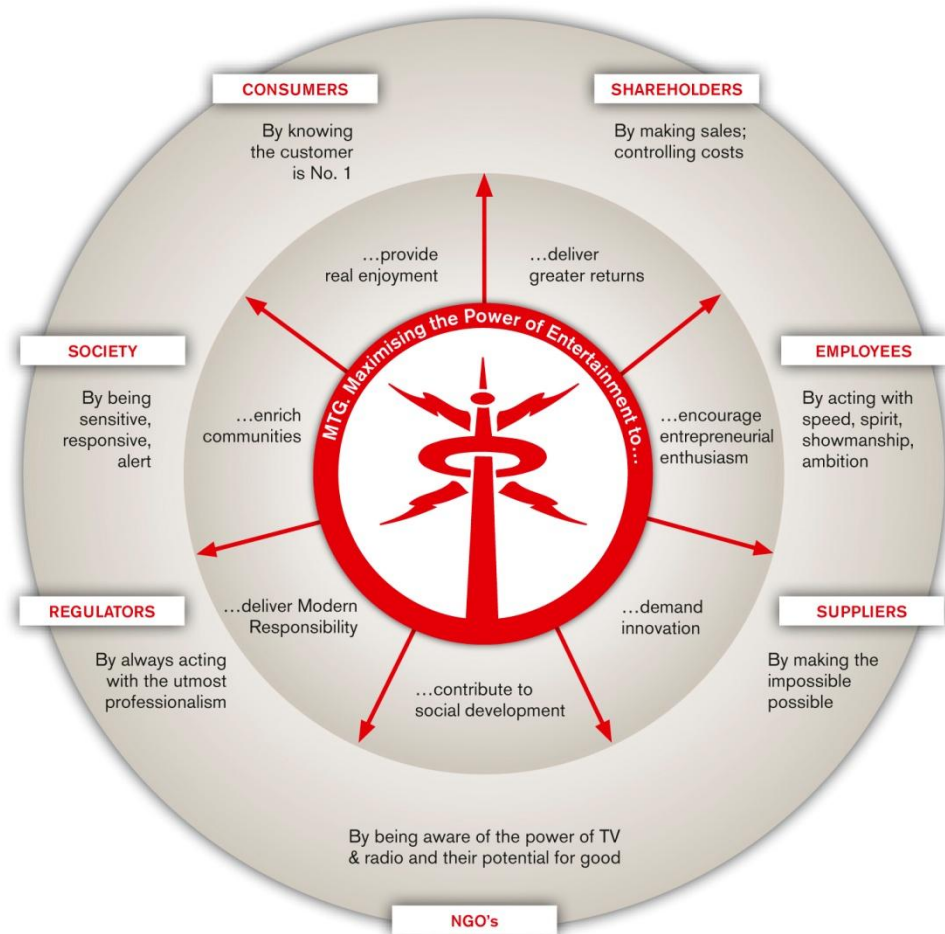
Non-executive Board Director Mia Brunell Livfors, who is also the CEO of our largest shareholder, Investment AB Kinnevik and Hans-Holger Albrecht, our CEO, have overall responsibility for the Group's sustainability and corporate responsibility strategy, agenda and practices. Petra Colleen, who is a member of the Group's executive management team, is tasked with the management and development of Modern Responsibility. The central Modern Responsibility committee that we established in 2009 and includes representatives from the Group's various business areas. This central committee oversees our work in all of our countries of operation. Our central Modern Responsibility team, working full-time with our corporate responsibility agenda, is responsible for monitoring and reporting progress within Modern Responsibility and communicating our efforts both internally and externally. Each Group company also has an appointed Modern Responsibility representative and a Green Ambassador, who are together responsible for each respective business' efforts to create sustainable long term value.

### **Stakeholders**

Acting responsibly towards our stakeholders has always been of the utmost importance to us, but the Modern Responsibility framework has enabled our actions to become not only more tangible and comprehensive, but also to reach into the DNA of our organisational culture. There are seven stakeholder groups around which our business revolves, and towards which we always strive to act responsibly:

- Customers – The people we dedicate our business to.
- Shareholders – Our valuable investors.
- Employees – The people that make us what we are today.
- Suppliers – The companies whose products and services we buy.
- NGOs – The non-governmental organisations we work with.
- Regulators – Ofcom and other authorities that set the rules for what we do.
- Society – The surroundings we do our business in.

### MTG's stakeholder wheel



We engage with our stakeholders as part of our everyday business, which helps us understand what is expected from us and how we can improve. We use our stakeholder engagement channels to develop our products and services to best meet our customers' needs.

We have reviewed our stakeholders on the basis of an analysis of all groups, meaning people or organisations that may be affected by our business.

### How do we engage our stakeholders?

**Customers** – We have several different business areas which each require different approaches to our customers. The regular dialogs we have with our customers are divided into different aspects, some of them are, for example, to find out what the customer wants, to assist in any problems they might have with any of our services, or to inform them of news, products or changes.

For the free-TV business we look at the programmes that we purchase, produce and air and to better determine which ones to broadcast we conduct focus groups and attitude research distributed by email both for individual programmes and branding of the different channels. The customers chosen to participate in these activities are our loyal viewers and can be selected on different criteria. Channels that the customer can reach us through are, by phone and email. We have websites for all channels and communicate also through different social media. Viewers can easily access individual employees and/or decision makers to answer questions or just express their opinion. For the programmes that we produce ourselves we always include the producer in the end credit, we also include this for our play services online. This gives the viewer the opportunity to contact the producer directly. For extraordinary situations we produce crawlers that can air simultaneously with regular programming.

For the pay-TV business we have our Viasat customer support centre, where we handle our customers' questions and needs through email and phone. We also communicate, for example in Sweden, with our customers through Twitter, Facebook, YouTube and other social media. To supply our customers with up to date information of any sudden changes or issues with our live sports events we publish information directly on these media above. We have a Viasat OnDemand blog in Sweden where we inform our customers about news on the website and engage in dialogue with visitors, and we have a chat section at [viasat.se](http://viasat.se) where members of our management group talk to our customers on a regular basis

For the radio business – the contact between radio and its listeners is more direct than in any other medium. Listeners are in constant contact with our programmes and hosts through listener hotlines, competitions, websites and blogs. Most shows broadcast telephone numbers on air and on the web where listeners can reach the current show to participate and interact with the hosts. Social media is used frequently in our radio business, both as a marketing channel and as a contact channel when it comes to questions and opinions.

**Shareholders** – We keep an active dialogue with our current and potential shareholders on a regular basis between the Annual General Meetings and as an extension to the information provided through the Annual Report, quarterly reports and press releases. Most of the interaction is through road shows in major global financial centers and participation in international and local conferences in conjunction with our quarterly reports. Our capital markets days present our business to the market in more detail. In addition to these larger events we also have individual meetings and conference calls continuously throughout the year to ensure that we maintain an open dialogue with our shareholders.

**Employees** – Having a regular dialogue with our employees, working with motivation, and measuring performance and attitude is important, as the employees are the foundation of our success. Every year we conduct internal surveys which have been put in place to measure the extent to which employees embrace the policies, their view of management and the Company, and how well the policies are and could be implemented. The surveys are filled in anonymously and evaluated by an external company to guarantee objective results. The results are communicated to all employees and managers, and action is taken where necessary. Managers have regular one to one REC (result, effort, competence) talks with their employees.

MTG employees are kept updated on any important matters through the intranet, internal newsletters, meetings, emails, presentations and local company events on a regular basis.

**Suppliers** – In our free-TV businesses, we work primarily with three categories of suppliers: media agencies, creative agencies and production companies. Generally the number of suppliers at any given time is low, so regular dialogue is a natural step in the co-operation. This ensures that we have a good overview of all current collaborations and can get better deals, closer relationships and have a more long term perspective.

In our pay-TV business where our major suppliers are within distribution and box hardware, the dialogue is frequent and the development of new technology which has long term sustainability is a priority for all parties.

In other business areas than free- and pay-TV, we work with many different types of suppliers with whom we have a varied dialogue.

**NGOs** – We work closely with local cancer foundations and children's organisations regarding several projects and we have also established a stronger co-operation with WWF International to increase awareness of the environment in all our territories. We have a regular dialog with these organisations about what we can do to improve our relation with them in order to increase the public's awareness about the issues in their areas, as well as work internally with our staff to spread the word of these important issues.

**Regulators** – We have regular contact with our regulators both internationally and locally where needed.

**Society** – By being a responsible broadcaster and media company we create awareness and engage with all the above stakeholders, which is a larger part of our society.

### **Our four key areas**

Our four areas of responsibility illustrate that we are aware of the fact that we have both an internal and external responsibility, and that this division contains several stakeholders which we act towards. We continuously develop in each of our key areas and work with them actively on a daily basis, be it through the implementation of a policy or the follow-up of an initiative or project. It is our aspiration to always draw on our experiences, expertise and strengths within our fields to improve our Modern Responsibility work.

MTG is a growth company, both in financial and operational terms, and our presence in an increasing number of markets in the Nordic region, Central & Eastern Europe and Africa has made it necessary to develop and evaluate Modern Responsibility on an ever broadening basis. Each area below reflects our responsibilities towards a number of stakeholder groups and this structure makes the overall programme more understandable, manageable, accountable and measurable. This structure also reflects our holistic approach towards the Group's important non-financial impacts.

- Business responsibility
- Broadcast and Marketing responsibility
- Colleague responsibility
- Responsibility to the community

## Business responsibility

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### Our aim with Business Responsibility

In an organisation which is present in multiple countries on several continents it is essential to always encourage a culture of openness and accountability. Our aim is to always conduct business with honesty and integrity.

### What Business Responsibility means to us

Business responsibility is the responsibility we take to protect the interests of MTG and its stakeholders. We ensure this through robust central and internal policies as well as control systems and transparency. In each of the countries where we operate we follow local laws and regulations in addition to local business standards. However, Business Responsibility to us also includes our positioning in reference to moral and ethical questions. We acknowledge the ten principles in the UN Global Compact and consider the OECD Guidelines for Multinational Enterprises, following the ones relevant to our operations.

In Business Responsibility we work with all aspects of ethics, the main areas we have defined are:

### Global Code of Conduct

MTG's Code of Conduct lays out certain basic standards that are expected of all employees at all times. The Code contains rules to protect the interests of MTG and its stakeholders, to ensure compliance with the law and to establish MTG's position on moral or ethical questions. It exists to ensure that we are individually accountable for conducting our business in accordance with the MTG values. See our full Code of Conduct at the end of the report.

### Anti-Corruption

We believe that business decisions should be made purely for business reasons, in the interests of MTG, and not based on any favours offered by a third party. We have a policy not to offer, pay or accept bribes or substantial favours. We do not accept that employees offer or accept any gifts or benefits, directly or indirectly, from a third party unless it can be considered being within the boundaries of accepted business practices, and would not constitute a violation of laws. It is also our policy not to participate in party politics or make any political contributions.

Internal reviews are conducted by local and senior management to ensure adherence to our anti-corruption policies and guidelines, and to supplement these reviews our internal audit function carries out independent audits. These reviews include areas highlighted of high fraud risk or investigations of specific incidents of potential fraud. For each internal audit review, recommendations are made and implemented to address the concerns highlighted and to reduce the risk of re-occurrence. The findings noted in these internal audit assignments are reported to the MTG Board of Directors and its Audit Committee on a regular basis.

### Fair Competition

MTG and its employees are strongly committed to fair and open competition. We comply with all competition and anti-trust laws wherever we conduct business. Vigorous competition and the assault on and breaking up of monopolies have been some of the key elements in building the success of our companies over the years. We continue to believe

that it is vital for us to keep up this competitive spirit and to do it with both openness and honesty.

### **Whistleblower Policy**

MTG seeks to conduct its business honestly and with integrity at all times. However, we acknowledge that all organisations face the risk of their activities going wrong from time to time, or of unknowingly harbouring malpractice. We believe we have a duty to take appropriate measures to identify such situations and attempt to remedy them. By encouraging a culture of openness and accountability within the organisation, we believe that we can help prevent such situations occurring. We expect all staff to maintain high standards in accordance with our Code of Conduct themselves but also to report any malpractice that falls short of these fundamental principles. The aim of this policy is to ensure that our workers are confident that they can raise any matters of genuine concern without fear of negative reaction, in the knowledge that they will be taken seriously and that the matters will be investigated appropriately on a confidential basis.

### **Corporate Governance**

Modern Times Group MTG AB is a Swedish public limited liability company. The Company's governance is based on the Articles of Association, the Swedish Companies Act, the listing rules of Nasdaq OMX Stockholm, the Swedish Code of Corporate Governance, and other relevant Swedish and international laws and regulations. The Swedish Code of Corporate Governance sets requirements regarding the distribution of information and control of units within the company.

The governance of MTG and its subsidiaries is exercised through a number of corporate bodies. At the Annual General Meeting, the shareholders exercise their voting rights with regard to the composition of the Board of Directors of MTG and election of external auditors. Shareholders wishing to have matters considered at the Annual General Meeting should submit their proposals in writing at least seven weeks before the Annual General Meeting in order to guarantee that their proposals may be included in the notice to the Meeting.

The duties of the Board are partly exercised through its Audit Committee and Remuneration Committee and the Chief Executive Officer of MTG ('CEO'). The Chairman of the Board is independent of the company and management as well as independent of major shareholders. The eight-member Board consists of seven Non-Executive Directors of which five are independent.

The Remuneration Committee's responsibilities include issues related to salaries, pension plans, bonus programmes and the employment terms for the Chief Executive Officer and Executive Management within MTG. The Committee also advises the Board on long-term incentive schemes.

The Audit Committee focuses on ensuring quality and accuracy in financial reporting, changes in accounting policies when applicable, the internal controls, risk assessment, the qualification and independence of the auditors, adherence to prevailing rules and regulations and, where applicable, transactions with related parties.

The CEO is in charge of the day-to-day management of the Group in accordance with guidelines and instructions from the Board.



### **Associated companies**

MTG has only limited control over its associated companies and the success of investments is affected also by the actions of MTG's co-owners. MTG conducts some of its business through associated companies in which the Group does not have a decisive controlling stake, such as CTC Media in Russia.

CTC Media states that it is committed to the highest standards of Corporate Governance. Its Corporate Governance practices are designed to meet regulatory requirements and to provide effective control over the management of the company.

CTC Media's policy is to comply with all laws in all countries in which it operates, and to adhere to the highest standards in the conduct of its business. On their company's web site [www.ctcmedia.ru](http://www.ctcmedia.ru) it publishes a number of its policies, including their Code of Business Ethics and Conduct.

CTC Media's Risk Management and Internal Control includes a commitment to the identification, monitoring and management of risks affecting its business activities and achievement of objectives. CTC Media aims to effectively manage its risks and maintain a robust internal control system.

CTC Media's Corporate Responsibility mission is also available on [www.ctcmedia.ru](http://www.ctcmedia.ru) and includes:

"CTC Media recognises its obligation to grow responsibly while engaging with its stakeholders. The company strives to align itself with the standards of good corporate citizenship. This involves following best practice in communicating with its customers and wider communities, providing opportunities for employees, engaging with governments and regulatory agencies, and complying with health and safety standards."

Being one of the key players in the Russian TV market, CTC Media implements the concept of Corporate Social Responsibility by helping to resolve critical social issues. Over the past few years the Company's networks – CTC, Domashny and DTV – supported a number of social advertising campaigns.

Among the recent campaigns supported by CTC Media are: STOP AIDS, Traffic without Danger, Our Kids (orphan adoption support campaign within the Year of Family in the Russian Federation), Government Programme for Promotion of Voluntary Donorship, Antialcohol-2009 (under the patronage of Moscow Patriarchate and support of the President's Office), etc.

All of the Company's networks are involved in Russia's cultural and social life through information sponsorship of major events.

## Broadcast and Marketing Responsibility

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### Our aim with Broadcast and Marketing Responsibility

As MTG reaches out to over 125 million viewers in 31 countries and over three million radio listeners in Scandinavia and the Baltics it is evident that we must acknowledge the impact that TV and radio have on society and hence use this power with care. The aim of our Broadcast and Marketing Responsibility is to continuously improve our products and services keeping in mind the different needs of different customer groups.

### What Broadcast and Marketing Responsibility means to us

With Broadcast and Marketing Responsibility we strive to offer a broad variety of entertainment to all customer groups, be they adults, elderly, parents, children or adolescents. It is always our aim to provide a high level of customer service as well as offer an array of tools like the pin lock to parents to protect their children from unsuitable material. With the Viasat OnDemand service we allow our customers to view their programmes whenever they want. In addition to this, we also strive to sell and market responsibly.

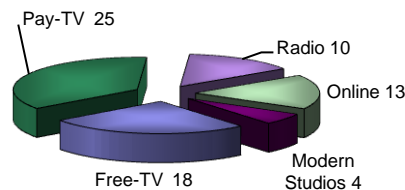
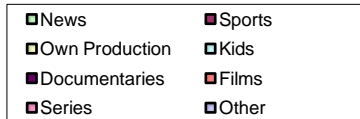
### Compliance with regulations

Our core business, broadcasting entertainment, is regulated by the Audiovisual Media Services EU-directive and the relevant national broadcast regulations, with the majority of our channels licensed by Ofcom in the UK. We follow the strictest of local laws and consistently seek to exceed them by being pro-active and self-critical in our compliance. We have meticulous internal policies regarding the scheduling and airing of programmes, which are overseen by our legal and compliance departments.

The main authority regulating TV advertising on our channels is the Advertising Standards Authority in the UK. In any advertising, we always see the protection of young viewers and not misleading our viewers as a top priority. Our compliance team makes sure that only socially responsible advertising is broadcast.

Employees working in acquisitions and programming, scheduling, sales, creative services and compliance are involved in the company's broadcasting compliance procedures, and we therefore make sure that they receive regular compliance training in order to help them fulfil their responsibilities. The sales departments work with our advertisers who are also briefed on responsible and compliant sponsorship and advertising practices. During 2009 the compliance department made an extra effort to make sure all relevant employees are up to date with their compliance tasks, and our central compliance department almost tripled the number of employees that were trained in the past year.

Compliance training	2008	2009
Hours of compliance training	42	97
Number of employees trained	94	273



### Entertainment for everyone

We are primarily an entertainment company and we offer a wide range of content through our many pay- and free-TV channels; sports, documentaries, films and family entertainment. Each channel has its own profile, offering something for everyone. We constantly strive to develop the content and quality of our services. We are committed to meeting our customers' needs by implementing new and improved products and services, as well as launching new channels. Since January 2008, 16 new own branded channels have been added to our portfolio, increasing the number of MTG brands to around 70.

Our priority has always been to offer a wide variety of entertainment to our customers. The chart to the left shows the different programme categories we offer on free-TV channels across our territories.

We are also committed to having an extensive channel and brand portfolio in order to respond to our customers' needs. The second chart to the left indicates how our brands are distributed across the different business areas.

Our pay-TV platform lives by the mantra "Entertainment at your command" – giving the power to the customers by offering entertainment when, where and how they want. Viasat OnDemand in the Nordic region gives access to an extensive catch up service where TV programmes are available anytime, either for our subscribers through the recordable digital box, or, for all viewers online. Among the most popular products on Viasat OnDemand online are the pay-per-view live sports events, offering top sports from UEFA Champions League to Formula One and NHL. The OnDemand services also bring hundreds of films to our customers, some on a pay-per-day basis but many of them free to our movie channel subscribers. This way we make sure our valued customers are never left without good entertainment.

### Protecting minors

Responsible provision of content is central to our programming and broadcasting policies. Since we provide a large variety of content across our channels, it is important that we recognise our responsibility to protect children from programmes that are not suitable for them. Two particular areas of importance when protecting those aged under 18 are the following:

- **Violence** – To ensure that any violence we broadcast does not have a negative impact on viewers, particularly children, we ensure that viewers are made aware of the type of content and that programmes which could have a negative effect on children are scheduled at an appropriate time. Programmes where violence might seriously impair the physical, mental or moral development of people aged under 18 are not shown at all.
- **Adult Material** – We believe adult entertainment has its place in TV, as we strive to meet the interests of all our customers. However, this material is 2.4 per cent of our programming content, and we have very strict guidelines to make sure minors don't see this material, including options for parents to opt out of adult material and the late night watershed (i.e. 23:00). We always make sure that violent behaviour in relation to adult material is not screened.

On our digital satellite TV platform we offer our customers the option to passcode protect access to films that contain material unsuitable for children. In this way parents have the

power to restrict access to films which are likely to include the most violent or adult content. Parental control has been available for our satellite TV subscribers since 2005, and we introduced parental control functionality to our Viasat OnDemand online service in 2009. We also acknowledge our responsibility to protect minors within the framework of our online business. CDON, our largest online store, demands that customers are over 18 to make purchases, and the same strict age limit applies to our online betting site, Bet24.com.

### **Customer care**

We believe in clear communication with our customers, and seek regular feedback from them. The pricing of our pay-TV and online retailing products and services is clear, transparent and easily available online. We carry out regular customer satisfaction surveys, conduct customer focus group research and offer customer service facilities for feedback. We do this to maintain an active dialogue with our customers, and are fully committed to responding to their needs.

Our customer service teams offer support in local languages and are continuously trained on our products and services to ensure professional customer care. Locally recruited staff also ensures sensitivity to national and cultural values in all communication, as well as the necessary local knowledge to effectively respond to customer enquiries. We value the integrity of our customers and work in line with data protection regulations in all countries of operation to make sure our customers' details are handled responsibly.

### **Awards 2009**

In 2009 several of our TV and Radio broadcasting assets, as well as our online retailer Gymgrossisten and publishing company Redaktörerna were rewarded for their excellent performance and showmanship:

- Viasat Broadcasting received six nominations and one Silver award in the Promax Europe Awards in March.
- Viasat Broadcasting received six nominations and six awards in the Promax World Awards in June, in the categories Best Entertainment Programme Spot, Best Branding Spot, Best On Screen Services Promotion, Best Adult Promotion, Best Programme Promotional Spot and Funniest Promos.
- Gymgrossisten received the Gold Distributor Award at a major international trade show for fitness in March.
- Redaktörerna received two prizes – Best Newsletter in the digital and paper categories – at the Guldbladet awards in May, making them the most rewarded custom publisher in Sweden.
- MTG Bulgaria won a Bronze Effie Bulgaria award for advertisement effectiveness in the Social, Media & Political category in May.
- Christin Hjorth from MTG TV Sweden won Traffic/Planner of the Year at the Mindshare annual Purple People Awards in June.
- MTG Bulgaria got the Crossing Culture Award for Outstanding Corporate Development in the Region at the Mediamixx International Festival in June, and the Bulgarian channels Nova Television and Diema won four additional awards.
- MTG Radio got four prizes at The Swedish Radio Academy awards in September in the categories Best Morning Show, Best Channel Profile, Male Host of the Year, and a Jury Special Award was given to Radio's environmental "Green Button" campaign.

- Our pay-TV joint venture Viasat Ukraine won a silver prize in the Effie Ukraine awards ceremony for its TV campaign “1 UAH a Day” in December. The campaign was created by media agency Grey Group Ukraine.



### **MTG Bulgaria enjoys success at Mediamixx International Festival**

MTG Bulgaria picked up the Crossing Culture Award for Outstanding Corporate Development in the Region at the Mediamixx International Festival, which took place in Albena, Bulgaria, between 3-7 June. On top of this, Nova Television and Diema won a further four prizes.

The other awards that went to our colleagues in Bulgaria were:

- Golden Umbrella: first prize in the TV games, entertainment show, reality category went to *VIP Brother* (Nova Television)
- Golden Umbrella: first prize in the self promo category went to Diema 2 Idents (Nova Television)
- Platinum Umbrella for Best Cross Media Format: first prize in the best TV programme using one other media channel for content distribution category went to *VIP Brother 3* (Nova Television)
- Platinum Umbrella for Best Cross Media Format: first prize in the best interactive TV programme category went to *Deal or No Deal* (Nova Television)

The Mediamixx International Festival, which has been running for 15 years, is the most prominent advertising and media festival in the Central and Eastern European region. It is the only event of its kind in the area for distribution, presentation, co-production, selling, buying and financing ideas, services and content in the sphere of mass media and advertisement.

And that isn't the only success MTG Bulgaria has enjoyed recently. The company also won a Bronze Effie Bulgaria 2009 award for Advertisement Effectiveness in the Social, Media & Political category for its advertising campaign for the Nova Television series *Forbidden Love*. The Effie Bulgaria 2009 awards were presented to advertising campaigns deemed to have the most effective marketing strategies.

## Colleague Responsibility

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### Our aim with Colleague Responsibility

The backbone and key to any successful business are its employees and therefore the aim of Colleague Responsibility is to prove that we value our employees highly and therefore are committed to taking care of them and giving them development opportunities. Our aim is to provide our employees with the skills, tools and knowledge they need to excel in their work.

### What Colleague Responsibility means to us

We always try to ensure that MTG is a good and equal opportunity employer, and a good place to work. Therefore Colleague Responsibility is practised through the communication of the company policies, ensuring adherence to guidelines and incentives, amongst others.

### Communicating the MTG way

MTG's Code of Conduct, 12 key rules and three lead words – sales, showmanship and cost control – are established guidelines on how we do business and what is expected from our employees. These principles are communicated to our staff to indicate the Group's moral and ethical standards and to ensure compliance with law. MTG employees are kept updated on any important matters through the intranet, internal newsletters, meetings and emails on a regular basis.

Internal surveys have been put in place to measure the extent to which employees embrace the policies, their view of management and the Company, and how well the policies are and could be implemented. The surveys are filled in anonymously and evaluated by an external company to guarantee objective results. The results are communicated to all employees and managers, and action is taken where necessary.

86 per cent of our staff completed the annual employee performance survey in 2009. Out of all performance survey respondents, 88 per cent look forward to coming to work and 90 per cent feel they can apply our three lead words – sales, showmanship and cost control – in their everyday work.

### Equal opportunities

MTG is strongly committed to being an equal opportunities employer, offering equal treatment to its employees irrespective of race, ethnical background, religion, nationality, gender, mental or physical handicaps, marital status, age, sexual orientation, or any other status unrelated to the individual's ability to perform his/her job. We believe that an employee should only be judged by his/her performance and attitude, since these are the factors that can create an effective organisation.

To make equal opportunity possible, MTG's goal is to have a work place culture where employees have the opportunity to balance their professional and personal lives, independent of their marital status or home conditions. Our idea is to support everyone, in particular women with children, to have a balance between a good private life and at the same time all the opportunities to make a career. We always do our very best to provide our employees with a safe and positive work environment free from any kind of discrimination.

As a testament to MTG's commitment to equality, our senior management has chosen to mark International Women's Day on 8 March each year. In 2009, all the women in the company received a red photo album, a single red rose and a note from President and CEO, Hans-Holger Albrecht. We believe that "strong women make a strong MTG".

Gender dispersion (Male/Female) as per 31 December	2008 %	2009 %
Board of Directors	75/25	75/25
Executive management	70/30	70/30
Managers	65/35	63/37
All staff	53/47	52/48

Our staff consists almost equally of men and women, the small remaining gap having evened out even further last year. The number of female managers increased in the past year as well, bringing the number of female managers closer to that of male managers. The gender dispersion in the executive management and Board of Directors remained the same as the previous year – three out of ten executive managers and two out of ten Board members were women.

We encourage internal promotions, and strive to fill new positions from the bottom up, rewarding existing employees with good performance to develop in the company. Last year we increased our internal recruitment by nine per cent compared to previous year.

As part of our ongoing equal opportunity work, we initiated regular reporting to follow up the number of nationalities working for us last year, and we have 38 different nationalities in the company. We have offices in 19 countries and operate in 31 countries.

We decided to report sick leave as a percentage of total time worked for 2009. The reason for this is that the number of working days varies in our countries and this will give a more correct view of the sick leave.

Employee figures	2008	2009
Average number of employees	2,644	2,906
Average age	34	35
Employee turnover	22%	20%
Internal recruitment	31%	40%
Work related accidents	n/a	4

### **Investing in employee development**

At MTG we rely on having skilled staff and therefore view investing in employee development as essential. MTG has an internal training department known as MTG Academy, whose mission is to develop, supply and satisfy the needs for employee training. It is also there to improve results and strengthen the culture within MTG. MTG Academy offers full training programmes for management and sales staff, as well as

individual courses for other employees in MTG to attend. The training programmes are continuously developed to meet our and the market's needs.

Employee training by MTG Academy	2008	2009
Total number of participant training days	3,513	3,361
Sales training	1,107	1,122
Management training	884	1,094
Other training	1,523	1,145
Total number of individual employees trained	2,097	1,992
Number of salespeople trained	741	701
Number of managers trained	459	648
Number of other employees trained	1,002	925

In total, MTG Academy trained 1,992 individual members of staff in 2009, which equals to 81 per cent of MTG's permanent staff. Every training participant received an average of 1.7 days of training during the year. In the past year we have particularly focused on management training, which can be seen in the increased number of management training days and individual managers trained in 2009. We believe that good and effective management has a huge impact on the company's performance, staff morale, and productivity and see it as crucial to invest in ensuring all our managers have the necessary skills and knowledge to contribute to the company's success.

MTG Academy's Sales Programme offers broad training and development for the company's salespeople. The focus is to develop our salespeople's knowledge, attitude and abilities needed to succeed. MTG Academy Leadership Programme offers comprehensive training for everyone with direct reports. The Leadership Program trains managers on company culture and policies, people management and labour legislations among other things. Both training programmes are a mix of theory, discussions and practical exercises together with an individual training programme. 'Other training' consists of individual courses, such as presentation skills, communication and project management, and these courses are available for all staff.

### **Rewarding performance**

At MTG we think hard work should not only be fun and developing, but should also be rewarded. That's the reason we arrange festive annual awards to reward our employees and to celebrate their achievements. The purpose of these awards is to motivate our staff, encourage entrepreneurship and celebrate the "Best of the Best". We give recognition in a number of categories; best sales representative, best sales team, finance, leadership and employee of the year – just to name a few.





MTG Awards 2009

Being in the fast paced media business loyal employees are important to us and we acknowledge 20, 15 and ten year anniversaries within the company. In 2009 we had 86 people rewarded for long service, meaning that these employees had been with the company for at least ten years.

We also have an internal innovation competition where the best employee innovation gets rewarded and even possibly commercialised each quarter. Enterprenuerial thinking around new revenue streams, cost control or improved effeciencies is the basis for some of the many ideas we get in each quarter. Innovations is MTG's idea portal where we give our most valued asset, our employees, the chance to shape the future of the company. Since the entrepreneurial spirit is at the heart of everything MTG stands for we encourage these suggestions to improve or expand and develop our company. We still continued to receive a high number of entries in our innovation competition, and as the 2008 figures reveal – often not only the winning idea from each quarter gets implemented, but as the quality of the entries is very high, we often decide to realise several of them.

The quarterly innovations winners and 73 other members of staff were nominated for outstanding performance for the 2009 MTG Awards last year.

Rewarding performance	2008	2009
Number of employees rewarded for long service	66	86
Number of received innovations	98	99
Number of implemented innovations	11	2*
Number of nominees in MTG Awards	91	77

\* 40 innovations are under consideration

Diversity in the UK office



*UK employees in the annual midsummer celebration in Hyde Park.*

At MTG we value both equality and diversity. Whilst equality surrounds the ideals of ensuring that everyone is treated fairly and given fair chances, diversity is about valuing individual differences. One may argue that these two areas at first sight are interdependent, but for MTG they define for how the company looks, acts, feels and performs.

For a company like MTG cultural diversity in the workplace is essential since we are a Group that acts in 31 different countries, hence why we are proud to state that In our London office alone, we have employees from 28 different countries.

Having a diverse workforce enables Viasat Broadcasting UK to create a culture and practices which respect, recognise and value differences. Diversity is about seizing the potential to create a productive environment in which the equally diverse needs of the wider population can be met in a creative environment, meaning that we can much better understand the diverse needs of our customers if we are diverse ourselves.

In such a multicultural work environment equality is an important issue, but its scope is much broader. For instance gender equality is an area where we are continuously trying to improve. In 2009 the MTG gender split was 48 per cent female and 52 per cent male, however the male dominance increases slightly in the more senior positions.

However the same principle applies for both gender equality and national diversity, we need to take advantage of each other's strengths to stay ahead of the competition and to understand the needs of our customers.

## Responsibility to the Community

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### Our aim with Responsibility to the Community

Broadcast media is very powerful in modern society and MTG having 125 million viewers in 31 countries and over three million radio listeners in Scandinavia and the Baltics comes with a great deal of responsibility to the surrounding communities. However, it is our aim to use this power of entertainment to increase the awareness of important social and environmental issues.

### What Responsibility to the Community means to us

Responsibility to the community means that as a company we realise that we have both an internal and external responsibility. Meaning that we as a company have to reduce our environmental impact, be more sustainable, as well as looking after our staff. Externally we take our responsibility through working together with NGOs and charities to promote the causes we support.

### Environmental Policies

Despite broadcast media's relatively small impact on the environment, we believe tackling climate change is everyone's responsibility and take it seriously. Our central environmental policy has been implemented in all of MTG's offices. This policy outlines the two main ways in which we work to prevent environmental exploitation: by minimising the environmental impact of our own operations through implementing best practice in environmental management and by promoting positive environmental behaviour among our employees and customers. The policy also comprises concrete management and office level initiatives for a greener work environment, such as recycling, using energy saving light bulbs and switching off hardware devices when not in use.

Also the Group's travel policy is very strict and promotes the environment; we only travel to meetings if video conferencing is not an option. We installed new, improved video conferencing equipment in the beginning of 2009 to further enhance and increase the use of this environmentally friendly alternative. When travelling can't be avoided, we prompt our employees to use public transport instead of taxis or private cars to get to the airport. Furthermore, we operate only a minimal number of company cars, and our pool cars are chosen from environmentally friendly models.

### Working with the environment

MTG Radio in Sweden is our pioneer in green work, as they have newly received the ISO 14001 certificate for their environmental management. The rest of MTG is going to implement best practice from Radio's experiences. We have already reduced our environmental footprint in Stockholm by building a new energy efficient head office for our Swedish businesses, according to the guidelines laid out by the European Union's GreenBuilding Project. The new building's energy consumption is 28 per cent less than the levels required by Sweden's National Board of Housing. Additionally there has been a focus on creating a more energy efficient ventilation system as well as recycling and redistribution of heat produced in the building. For example heat produced in the TV studios is redistributed in the rest of the building. Furthermore the building has been clad in a tight and well isolated so called climate shell which ensures energy efficiency. Important to also point out, is that the building was constructed using environmentally friendly building materials and has excellent waste handling facilities.

Furthermore, we have appointed a Green Ambassador in each office, whose role is to train their local colleagues in green thinking and acting. The aim of the training is to make everyone at MTG aware of important environmental issues such as climate change, and to have everyone participate in creating a green action plan for their local office. Our Green Ambassadors will also be reporting centrally on environmental initiatives and their local office's progress on the green path.

MTG has recently become a member of BLICC, Business Leaders Initiative on Climate Change. BLICC members measure and report their climate impact, inspire the business community to take its climate responsibility and spread the message that fighting climate change and earning money is not a contradiction. On the contrary, BLICC members believe that an active climate work creates new business, efficient opportunities and reduced costs, more customers and happy employees.

#### Measuring our footprint

Last year we took the first steps to define the carbon emissions arising from our operations. Even though we don't operate in a carbon intensive sector, it is still important that we understand how and to what extent our companies affect the environment. This information is crucial because we cannot strive to reduce something we don't measure.

In 2008 we started by calculating the carbon emissions from office electricity usage and business air travel in the Nordic countries (Denmark, Finland, Norway and Sweden) and the UK. In 2010 we have extended the scope of our carbon calculations by including all countries where we have an office i.e. the Nordic Region, Central and Eastern Europe and Ghana. This time we have also included more emission sources – we've accounted for all business travel, including all air, rail, road and sea travel plus hotel stays, energy use in offices and other facilities, and consumption of office supplies. We will analyse the results to see how we can improve our environmental performance and reduce emissions. We will be reporting our 2009 emissions to the Carbon Disclosure Project during the first half of 2010.

#### MTG's Carbon Footprint

The climate impact from Modern Times Group AB during 2009 totalled approximately 13,000 tons of CO<sub>2</sub>e. This figure represents the total climate impact during 2009 from MTG's operations in 19 countries, covering the following emissions sources:

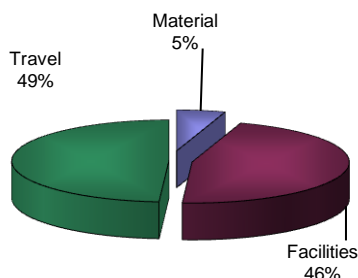
- Travel: business travel, including all air, rail, road and sea travel plus hotel stays
- Facilities: energy use in offices and other facilities, including broadcasting when performed directly by MTG
- Material: consumption of office supplies

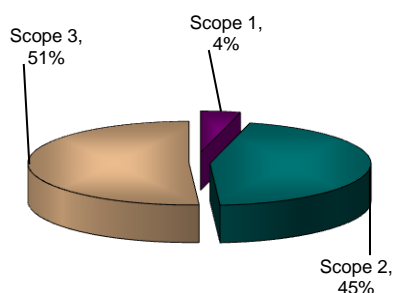
This climate impact calculation has not taken account of employee commuting or broadcasting by third parties of MTG content e.g. in terrestrial networks.

#### Breakdown by GHG Scope

The GHG Protocol requires reporting based on the concept of "Scope":

- **Scope 1** covers emissions where the physical source of emissions (e.g. boiler, vehicle) is owned by the reporting company





- **Scope 2** covers suppliers' emissions arising from generation of energy purchased by the reporting company (electricity, heat, cooling)
- **Scope 3** covers all other indirect emissions from the reporting company's activities.

The breakdown of MTG's climate impact by GHG Protocol Scope and by category is as follows.

Figure 1 – Group emissions by category and by GHG Protocol scope (diagram to the left)

Category	Scope 1	Scope 2	Scope 3	Total
Facilities	153	5,867	21	6,041
Material			624	624
Travel	378		6,041	6,420
<b>Total</b>	<b>532 (4%)</b>	<b>5,867 (45%)</b>	<b>6,687 (51%)</b>	<b>13,085</b>

Figure 2 – Group emissions by category and by GHG Protocol Scope (table)

As can be seen from the table above, the vast majority of the emissions arising from the Group's activities take place outside the organisational boundaries of the Group i.e. within Scope 2 or Scope 3.

Roughly two thirds of the Scope 1 emissions arise from fuel use in vehicles owned by the Group (travel) and the remainder arise from use of diesel fuel in heat and power equipment operated by the Group.

Roughly half of MTG's emissions arise from energy use in facilities, with almost all of the remainder arising from business travel. Of emissions from business travel, over half derives from air travel.

Key performance indicators for MTG's emissions in relation to number of employees and turnover are as follows:

Indicator	Base Value	Carbon Intensity Indicator
Total emissions	13,085 ton CO <sub>2</sub> e	
Number of employees	3,122 employees	4.2 ton CO <sub>2</sub> e / employee
Turnover	14,173 MSEK	0.9 ton CO <sub>2</sub> e / MSEK turnover

Table: Carbon Intensity Indicators at Group level

MTG's carbon intensity per employee is, in Tricorona's judgement, at the high end of the range of emissions to be expected from office-based businesses. This is explained by significant emissions from broadcasting operations, particularly in the UK, Denmark and Ghana.

The climate impact presented above has been calculated by Tricorona Climate Partner based on data supplied by MTG to Tricorona, in accordance with standard calculation methodologies, based primarily on the GHG Protocol and supplemented where necessary by additional data and assumptions supplied by Tricorona.



Ghana fights climate change



*Viasat1 employees planting trees in Accra, Ghana.*

The staff at MTG's first African free-TV channel, Viasat1 in Ghana, took part in a tree planting exercise which was one of several activities held to mark World Environment Day on 5 June, 2009.

With the help of local communities and the Eastern Regional Minister, more than 100 trees were planted in Eastern Ghana. Doing this is the only way to secure the future of the forests and meet the needs of future generations.

The project was part of a global conservation programme aimed at fighting climate change through the rehabilitation of degraded forest reserves. It also advocates the creation of community forest reserves.

Over 80 per cent of the forests in Eastern Ghana have been degraded through activities such as illegal or legal commercial logging, according to reports. Other factors include unsustainable agricultural practices, poor environmental laws and bad mining practices.

The tree planting exercise was suggested by the Chief of the Akyem Abuakwa traditional area and was brought to the attention of Viasat1 – which agreed to lend a helping hand to the charity.

### Social and Environmental Programming

We seek to air programmes that present social and environmental issues constructively. One of our most popular genres is the so-called lifestyle makeover genre. We use specialists to assist people with different types of problems while also giving tips and inspiration to the public. Such programmes include our Swedish programmes *Efterlyst* ("Wanted") that fights crime with the public's help, and *Lyxfällan* ("Luxury Trap"), where professional advisers help families in debt to manage their finances.

In Bulgaria, Nova Television has a strong focus on responsibility to the community with its major news broadcast promoting social responsibility by highlighting human interest stories and providing direct information to the public about how to get involved and help individuals or groups of people in need, with subsequent follow-ups to inform the public of how the situation has unfolded. Paired with a joint editorial focus also including a daily morning TV show and current affairs programming on the organisation's leading free-TV station, this allows the Bulgarian media house to fully expose current social issues and make them a talking point throughout Bulgarian society.

One of our pay-TV channels, Viasat Nature, is dedicated to airing nature programmes and documentaries that show the vast diversity and beauty of our planet to encourage positive consumer behaviour.

### Further collaborations with NGOs

We realise that we as a Group have both an internal and external responsibility to our environment. We have to reduce our environmental impact and act in a sustainable long-term manner. Externally we embrace our responsibility through working together with NGOs and charities to promote causes we support, such as *Playing for Change*, a challenge to Sweden's social entrepreneurs to start businesses that promote children's and young people's right to play, *Mustaschkampen* and *Rosa bandet* with Cancerfonden in Sweden, *Moustache Campaign* in Lithuania and *Støt Brysterne* with Kræftens Bekæmpelses in Denmark – campaigns that create awareness around and raise funds for cancer, and WWF's *Earth Hour* that invites people worldwide to make a stand against climate change. By concentrating our support on fewer causes, we believe we can create stronger, meaningful relationships that can make a real difference in the communities around us.

We are collaborating with WWF in a number of countries to support and promote their initiatives for a healthier environment. In 2009 we participated in Earth Hour by switching off our five Swedish radio stations for an hour and organising an acoustic outdoor concert in Stockholm, alongside with broadcasting promotional spots for the initiative in various countries. In the summer of 2009 we supported WWF's Baltic Sea project on our radio and TV platforms in Sweden. We will be focusing on these two causes again in 2010, and aim to have even more countries on board for a greater impact.

Contribution to NGOs	2008	2009
Donated airtime (MSEK)	78	187
Raised funds (MSEK)	56	82

In 2009 we increased our donated commercial airtime to chosen NGOs. We co-operated with almost 100 NGOs across our territories to promote environmental and social causes on our TV and radio channels. We also helped various organisations, such as Cancerfonden in Sweden and Redd Barna in Norway to raise funds for the important work they are engaging in.

*Ystad – Haparanda Charity Walk for Prostate Cancer Awareness*



*Fylking and Aschberg starting their three month challenge.*

On 6 March 2009 Swedish media personalities Robert Aschberg and Gert Fylking started their charity walk for prostate cancer. The couple started the 1,900 kilometre journey across Sweden in Ystad, the country's most southern city, and reached Haparanda, close to the Finnish border, on 6 June.

Aschberg and Fylking agreed to undertake this walk as they felt compelled to raise money and spread awareness of prostate cancer, which is the most common form of cancer among men – with those over the age of 50 being hit the hardest.

This walk is a perfect example of how we at MTG can maximise the reach of a message through acting together for one cause, really maximising the power of entertainment. In this case we experienced one of the largest media co-operations with MTG TV, STRIX, RIX FM and Aftonbladet. Additionally RIX FM had three sponsors: Tele2, Eniro 118 118 and Compeed.

Radio personality Gert called the Rix FM studio four times a day as well as having over 500,000 people on his blog, whilst highlights of the walk were broadcast on TV8 every Sunday evening in a live talk show from around Sweden.



Together they helped raise over SEK eight million for the Swedish Cancer Society and prostate cancer. Overall, the walk was given a great deal of media coverage in Sweden, which comes as no surprise considering the amount of exposure the campaign received.

### The Pink Ribbon Gala



Foto: Melker Dahlstrand

*Hosts and stars of the 2009 Swedish Pink Ribbon Gala.*

The 2009 edition of Sweden's Pink Ribbon Gala raised SEK 47 million for breast cancer research. The gala offered an all star line-up of artists which included best selling singer Leona Lewis. Other memorable moments included comedy sketches and emotional portraits of women living with cancer.

During the one-month long campaign TV3 went pink, supporting the Pink Ribbon on its on-air graphics to ensure maximum viewer impact. This was also reflected online with an entire section about the campaign and the disease.

Wanting to raise further funds, Sweden's leading commercial radio station RIX FM hosted an auction where one of its male presenters made the unusual decision to sell off his own underwear.

TV3 Denmark also held a charity gala to support breast cancer on 31 October. The event attracted 250,000 television viewers and collected over DKK 17 million – twice as much as the previous year despite tough financial times.

### Red Nose Day



*Pop group A1 gave their support to Red Nose Day.*

In November 2009, MTG Norway introduced Red Nose Day to Norway together with Redd Barna (Save the Children). The aim of the campaign was to create awareness about children's rights and help raise money for Save the Children's worldwide work.

Radio station P4 promoted Red Nose day for three weeks, T-shirts were sold on the web shop and even a Red Nose day single was released. TV3 did a two hour live show on 29 November which turned out to be a great success through the help of selected actors, stand-up comedians, famous athletes, pop stars and even the support of Norwegian Royalty.

Find more information about the 2009 campaign on [www.rodnesedagen.no/](http://www.rodnesedagen.no/)

## Appendix – Code of Conduct

### MTG's Code of conduct

As employees you must at all times:

- respect and uphold the good name of MTG;
- act with honesty and integrity;
- obey all relevant laws and regulations in the countries in which you do business;
- abide by this Code;
- report any breach of this Code (or any other regulation or law) and co-operate with any enquiries.

This Code applies to all employees of MTG (whether full or part-time) and to all temporary staff, and should be used alongside other MTG policies, guidance, work rules and contracts.

The Code applies in all countries and will prevail, subject to local law. Failure to comply with any of the requirements of this Code may lead to disciplinary action.

Please note that this Code does not address all likely ethical dilemmas. If you experience an ethical dilemma that is not covered within this Code of conduct – use common sense and please consult your superior.

### Relation with competitors, customers and suppliers

Fair competition

#### ***As a Company...***

- We are committed to free and open competition.
- We will comply with all competition and anti-trust laws wherever we conduct business.
- We will compete vigorously but honestly.

#### ***As employees...***

- You should not engage in restrictive practices or otherwise act in contravention of anti-trust laws.
- You should take particular care to avoid contravening the law if meeting with competitors.
- Competitive intelligence must in all cases be gathered ethically and in compliance with laws and regulations that protect others' proprietary information.

Commercial relationships

#### ***As a Company...***

- We should have sufficient information about competitors, customers and suppliers before we enter commercial relationships.
- MTG has strict procedures for entering into binding commercial relationships to minimise MTG's exposure to risk.
- We avoid unnecessary litigation.

## Appendix – Code of Conduct

### ***As employees...***

- You should ensure that you have carried out research into any potential business partner.
- You should where possible attend meetings with business partners in at least equal numbers to the counterparty.
- You should have a financial approval and an appropriate authorised signatory(ies) before signing a binding agreement.
- You should seek resolution of disputes on favourable terms at an early stage.

### Conflict of interest

#### ***As employees...***

- You must not be involved with an activity for personal gain that is in conflict with MTG's business interests.
- Any personal interests or interests of a member of one's immediate family in relation to MTG's business must be disclosed.
- A conflict of interest could include directorships, significant shareholdings, employment of family members and inter-company relations.

## **Gifts and inducements**

### Business gifts

#### ***As a Company...***

- We believe that business decisions should be made for purely business reasons in the interests of MTG and not based on any favours that a supplier offers.
- The receiving of gifts, which could be construed as inducements to favour a supplier, is therefore strongly discouraged.

#### ***As employees...***

- You may accept minor gifts as tokens of personal or professional esteem and with a value of 25 pounds sterling (and equivalent) or less.
- MTG has a "Notice to suppliers declaration", which should be sent to all suppliers for clarification of our business gift policy.
- You must have prior approval of your Head of Department when giving a gift to a customer.
- In no case, however, may improper or illegal payments be made, directly or indirectly.

### Political donations

#### ***As a Company...***

- We do not participate in party politics or make donations to political party funds or candidates.

#### ***As employees...***

- You must not make, offer, or authorise payments or inducements to political candidates, legislators, political parties, or party officials to secure sales or obtain favourable treatment.

## Appendix – Code of Conduct

### Payments to government officials

#### ***As a Company...***

- We do not allow bribes, influence payments, kickbacks or other unlawful payments to any government or similar agency officials.

#### ***As employees...***

- You must not make, offer or authorise payments or inducements to government officials or employees of a local or national government or any similar agency, to secure sales or obtain favourable treatment.

### Insider dealing

#### ***As employees...***

- You, your family and close acquaintances are subject to potential criminal liability with regard to trading shares and passing on material information that has not been made public and that could affect MTG's or another public company's share price. For further information regarding MTG's insider dealing policy please see a copy of the Insider Rules available from the Company Secretary, or at the Head Office in Stockholm. If you are an employee registered as an insider at the The Swedish Financial Supervisory Authority, you have received and confirmed written information regarding the insider rules in particular.

### Equal opportunities

#### ***As a Company...***

- We provide equal opportunities irrespective of race, ethnical background, religion, nationality, gender, mental or physical handicaps, marital status, age, sexual orientation, or any other status unrelated to the individual's ability to perform his/her job.
- This applies to all employees, applicants for employment or promotion, suppliers, customers and members of the public with whom we come into contact.
- We value diversity. Employees from varied backgrounds enrich MTG's culture and support our commercial success.
- We will not tolerate discrimination or sexual, physical or mental harassment (including bullying) of our employees.

#### ***As employees...***

- You must not discriminate against anyone on the basis of race, ethnical background, religion, nationality, gender, mental or physical handicaps, marital status, age, sexual orientation, or any other status unrelated to the individual's ability to perform his/her job.
- Discrimination includes harassment. Abusive, harassing or offensive conduct is unacceptable, whether verbal, physical or visual.
- You have a personal responsibility to behave in a manner that is not offensive to others, and you must be sensitive to how others could perceive your behaviour.

## Appendix – Code of Conduct

### Health and safety

#### *As a Company...*

- We recognise the importance of health and safety within our business.
- We seek to provide a healthy, safe and clean working environment in line with local laws, regulations and industrial practice.

#### *As employees...*

- You must follow all environment, health and safety policies, procedures, and guidelines that apply to your workplace and exercise maximum care and good judgement.
- You must take appropriate steps to prevent accidents from occurring and eliminate hazards likely to cause accidents.

More information can be found in the internal Health and Safety Policy

### Smoking

#### *As a Company...*

- We recognise that it is an individual's right to smoke but it is also important that the rights of non-smokers are protected.

#### *As employees...*

- You may smoke only in designated smoking areas outside our offices. All our offices are smoke-free.

### Alcohol and drugs

#### *As a Company...*

- We do not condone the sale, purchase, possession, supply or consumption of controlled substances during working hours, whilst on MTG business or when using MTG vehicles.
- However, we recognise that chemical dependency is an illness, and commit to helping any employee should he/she acknowledge a problem.

#### *As employees...*

- You must not during working hours or whilst on MTG business or when using MTG vehicles sell, purchase, possess, supply, consume or use controlled substances.
- If you choose to drink alcohol (such as when you are entertaining customers) you are expected to limit your consumption to a reasonable level, and always to maintain an acceptable standard of behaviour.

More information can be found in the internal Drugs and Alcohol Policy.

## Appendix – Code of Conduct

### Confidentiality

#### *As a Company...*

- We respect and uphold the confidentiality of our employees, customers, clients and suppliers.
- We ensure that appropriate measures are taken to prevent unauthorised access to personal data.

#### *As employees...*

- You must not, except in the proper course of your duties, give anyone any information concerning the business dealings or affairs of MTG, any associate Company or its officers or employees. Confidentiality remains after your employment.
- You shall not either during or after your employment disclose information from customers, clients and suppliers which you know to have been provided to MTG on a confidential basis.
- You must take particular care to ensure that security is maintained when any data is downloaded to personal computers, and in respect of printouts and derived material supplied to other users.

### Use of company resources

#### *As employees...*

- You should to the maximum extent possible restrict use of MTG resources to the carrying out of MTG business – this includes email, internet, telephone and all other MTG resources.

### Internet policy

#### *As a Company...*

- We must protect ourselves against viruses, damage to our reputation and inappropriate use of work time.
- We maintain that all information downloaded from the internet, all messages sent and received are and remain the property of MTG, and we reserve the right to access employee emails and folders if deemed necessary.

#### *As employees...*

- You should not surf the internet or download information except for work purposes, and take particular care when opening email attachments. Downloading of software is not permitted. Don't open unknown attachments from unknown senders.
- You should respect the normal rules for acceptable behaviour in email correspondence.

More information can be found in the internal MTG IT Policy.

## Appendix – Code of Conduct

### External communication

#### *As a Company...*

- We believe that the disclosure of information must be carefully managed to protect and promote MTG. PR and other dealings with the press and other media, is one of our most important tools.

We have a policy that:

- for issues that affect MTG at a wider level, only the President, Chief Financial Officer and MTG's Head of Press, are authorised to make comments to the media and to talk to politicians and other officials and to authorise other employees to do so.
- for country specific issues, only the Country Managers and Information Managers in each office are authorised to make comments to the media and to talk to politicians and other officials and to authorise other employees to do so. All comments are to be cleared by MTG's Head of Press.

#### *As employees...*

- If you are approached by the press, you must refer them to the relevant press officer.
- If you wish to contribute to other media by way of speeches, articles in trade papers and the like where it does not interfere with your obligations towards MTG and/or your work/performance, you must obtain permission from your Head of Department and from MTG's Head of Press, who have the right to refuse such permission at their absolute discretion.

### Acceptable standards of behaviour

#### *As employees...*

- When acting on behalf of MTG, you must behave within generally accepted standards of behaviour.
- Your actions must at all times be consistent with MTG's values.



## Appendix – Code of Conduct

### Disciplinary action

#### Behaviour leading to disciplinary action

In addition to breaches of specific provisions of this Code, the employee's contract and any local MTG rules, the following actions are deviations from acceptable standards of behaviour and will therefore be regarded as reasons for disciplinary action:

- Poor job performance including unacceptable quality of work, excessive errors or carelessness
- Poor time keeping
- Unauthorised absence
- Wasting work time
- Unseemly or disruptive conduct

Examples of conduct which may render an employee liable to summary dismissal include, but are not limited to, the following:

- Assault or attempted assault.
- Theft or attempted theft of either the employer's or other employees' property.
- Falsification of records.
- Insulting, aggressive or abusive behaviour.
- Indecent or immoral behaviour.
- Refusal to carry out a reasonable instruction given by management
- Serious or persistent breach of any terms set out in your contract of employment.

#### Disciplinary procedure

Any breach of this Code, the employee's contract or any local MTG rules may result in disciplinary action. The disciplinary procedure is subject to local laws and regulations, as well as local business standards. For more information, please contact your local HR department.

#### Grievance procedure

The framework for resolving grievances, which you may have concerning any aspect of your employment with MTG, is based on the local regulations and standards in each country we operate in. For more information, please contact your local HR department.

#### Public interest disclosure ("Whistleblowers") policy

MTG has in place a procedure under which individuals who have reasonable grounds to believe that an incident of illegal activity, workplace malpractice or mismanagement, or a contravention of this Code has occurred, is occurring or is likely to occur within MTG, are able to raise their concerns without fear of retribution.

MTG encourages employees to raise their concerns about any incidents of malpractice in the work place at the earliest possible stage. For more information, see separate Public Interest Disclosure Policy section on our website.



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