



**MTG MODERN
RESPONSIBILITY**

MTG Modern Responsibility
Report 2008



MTG
MODERN TIMES GROUP

MTG Modern Responsibility Report 2008

A word from the President

Modern Responsibility is about maximising the power of entertainment for the benefit of society and the communities in the countries in which we operate. This can be achieved by setting a good example ourselves, by raising awareness of important social and environmental issues, and by encouraging the public to take action. In this way, the media channels can be used to spread information and effect change.

Modern Responsibility reflects what we believe in and is at the very core of our business. For us, sustainable and responsible business *is* successful business. By recognising our responsibility and acting accordingly, we not only support the surrounding communities but also improve and develop MTG.

The Modern Responsibility programme was introduced in 2004 and we have reported on its development in each of our Annual Reports since. But this more comprehensive 2008 Modern Responsibility Report is the first of its kind that we have produced. You can also find a section about Modern Responsibility on our corporate web site at www.mtg.se. It is our intention to increase the level of reporting and information about the programme in the years to come.

There is a lot going on – from small initiatives to larger scale projects, all of which share the aim to move beyond obligations and invest in our human resources, good business practices, the environment and the relationships with all of our stakeholders.

We have taken a number of important steps over the past year to enhance our environmental work – we have installed video conferencing equipment that has enabled us to further reduce business travel, we have started measuring and acting to reduce our carbon footprint, and our radio platform is the first anywhere in the world to apply for environmental management certification. We have also continued to support causes such as mental health and hospitalised children by donating TV and radio airtime.

We are continuously increasing our footprint and attracting new viewers, listeners and customers. This brings many opportunities for new social and environmental initiatives and also increases the level of responsibility to maximise entertainment's power for good.



President & Chief Executive
Hans-Holger Albrecht



VIASAT
SPORT HD



Who we are

MTG is a leading international entertainment broadcasting group and is present in more countries than any other European broadcaster. MTG's TV channels are broadcast in 30 countries and attract 125 million viewers.

MTG's Viasat Broadcasting is the largest free-TV and satellite premium pay-TV operator in Scandinavia and the Baltics, and also operates free-TV channels in Bulgaria, the Czech Republic, Ghana, Hungary, Macedonia and Slovenia, as well as pay-TV channels throughout Central & Eastern Europe and in the United States and a satellite pay-TV platform in Ukraine. MTG is also the number one commercial radio operator in the Nordic and Baltic regions, as well as the largest shareholder in Russia's leading independent television broadcaster – CTC Media (Nasdaq: CTCM). Modern Times Group MTG AB class A and B shares are listed on the Nasdaq OMX Stockholm exchange under the symbols 'MTGA' and 'MTGB'.

MTG's mission is to 'Maximise the Power of Entertainment'

MTG has four business areas:

- Viasat Broadcasting is the largest business area within the Group and comprises 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 30 countries.
- MTG Radio is the largest commercial radio operator in the Nordic region and the Baltics. MTG's radio stations reach over three million listeners every day.
- The Online business area comprises leading Nordic internet retailing brands CDON.COM, Gymgrossisten.com and Nelly.com, as well as the BET24 online betting company and social networking company Playahead.
- The Modern Studios production companies include Strix Television, which creates innovative and contemporary TV formats for the Nordic and international TV markets.

Countries of operation



Nordics: Sweden, Norway, Denmark, Finland

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

Africa: Ghana

North America: USA



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Key financial figures

MTG's 15 largest shareholders as at 31 December 2008:

Name	Total	Class A shares	Class B Shares	Capital	Votes
Investment AB Kinnevik	9,935,011	9,605,257	329,754	15.1%	47.8%
Swedbank Robur Funds	4,319,186	0	4,319,186	6.6%	2.1%
Emesco AB	3,568,845	3,328,845	240,000	5.4%	16.6%
Handelsbanken	3,087,109	230	3,086,879	4.7%	1.5%
AMF Pension	2,944,041	0	2,944,041	4.5%	1.5%
Nordea Funds	2,916,781	0	2,916,781	4.4%	1.4%
SEB Funds	2,909,662	300	2,909,362	4.4%	1.4%
State Street Bank	2,090,993	0	2,090,993	3.2%	1.0%
JP Morgan	1,541,048	0	1,541,048	2.3%	0.8%
Stenbeck, Jan Hugo (estate)	1,526,000	1,526,000	0	2.3%	7.6%
Second AP Fund	1,445,549	0	1,445,549	2.2%	0.7%
DNB Nor	1,174,729	0	1,174,729	1.8%	0.6%
Credit Suisse	1,123,502	0	1,123,502	1.7%	0.6%
Skandia Liv AB	841,316	107530	733786	1.3%	0.9%
Others	26,466,603	523,264	25,943,339	40.2%	15.5%
Total outstanding shares*	65,890,375	15,091,426	50,798,949	100%	100%

*Does not include 480,000 class C shares held by MTG as treasury shares.

Key figures from the past five years:

	2004	2005	2006	2007	2008
Net sales (MSEK)	6,805	8,012	10,136	11,351	13,166
Operating income (MSEK)	762	1,213	1,777	2,027	2,598
Basic earnings per share (SEK)	11.23	17.78	21.57	20.35	43.25

Corporate Responsibility at MTG

MTG's Corporate Responsibility programme Modern Responsibility was first introduced in 2004 and has therefore been an integral part of our business for over four years. Acting responsibly towards our stakeholders has always been important to us but Modern Responsibility has structured and extended our understanding of this commitment, and actually made it easier to implement initiatives across the Group. Modern Responsibility enables the Group to deliver a consistently high level of performance and provides the platform for future development. This is encapsulated in our mission to "Maximise the Power of Entertainment".

Modern Responsibility has only increased in importance and relevance in the current global economic downturn. It is more crucial than ever in the current economic climate for us to focus on our core values and conduct our business in an ethical and responsible manner. Our ongoing and even tighter



focus on cost control forces us to be even more creative about the ways in which we support local communities, train and develop our employees, negotiate with suppliers and handle our customers.

The Modern Responsibility programme is directed and overseen by the Group's senior management and coordinated by a central Modern Responsibility Coordinator, with local ambassadors in each country. We established a Group-wide Modern Responsibility Committee at the beginning of 2009, in order to further structure and develop our corporate responsibility programme by reviewing existing and potential new initiatives and making adjustments where necessary to ensure the efficient and effective delivery of the programme's objectives.

We have seven broad stakeholder groups, to whom we are responsible:

- Customers
- Shareholders
- Employees
- Regulators
- Society
- NGOs
- Suppliers

We engage with our stakeholders on a daily basis as part of our everyday business, which helps us understand what is expected from us and how we can improve. We have primarily used our stakeholder engagement channels to develop our products and services to best meet our customers' needs, but we are also increasingly engaging our stakeholders on a much broader basis.

Modern Responsibility is divided into five key areas. Each area addresses our responsibilities towards a number of stakeholder groups, and each area is measurable. The five areas are

- Responsibility to the Community
- Responsibility to the Environment
- Responsibility to Colleagues
- Responsibility as a Broadcaster
- Marketing Responsibility

These key areas are explored and explained in the 'Modern Responsibility in Practice' section of this report, along with key performance indicators and case studies.

About this Report

This is our first Corporate Responsibility Report. We have been working on a wide range of community and environmental initiatives for several years, and have always focused on the development of our relationships with our employees, customers, shareholders and suppliers. Corporate Responsibility has been central to our business from the very beginning but we have now put in place the necessary structures to centrally manage and measure our initiatives, and to gather the information so that we can report on our various activities to our stakeholders. We are committed to expanding and extending our programmes moving forward and to enhancing our reporting each year. We will also publish regular updates on our website at <http://www.mtg.se/en/Modern-Responsibility/>

This report is for the full year 2008. In some cases the figures presented in this report are for all MTG operations while, in some cases, the figures are only for the operations in Scandinavia and the UK or



for Scandinavia alone. The reason for this is that we are still putting systems in place to gather the information for all countries and business areas. We are gradually setting up such systems in every country where MTG is present. Geographical and segmental references are therefore included wherever the presented information does not refer to the whole group.

We value and appreciate your feedback so please do send us your comments and suggestions to responsibility@mtg.se.

Modern Responsibility in Practice

In this chapter we briefly explain what lies within each of the five key responsibility areas. We will give you an overview of what we are doing in each area and provide examples of our work during 2008.



Responsibility to the Community

Broadcast media is a powerful force in modern society. 125 million viewers in 30 countries means that we have a high level of responsibility to a broad constituency. Therefore we are committed to maximising entertainment's power for good, as well as minimising the negative impact that media can have on society.

MTG has a long history of working with local charities including mental health organisations [PsykiatriFonden](#) in Denmark and [Ozara](#) in Slovenia, the Swedish cancer society [Cancerfonden](#) and [WWF](#) (World Wide Fund for Nature) in several countries. We have focused our community initiatives on increasing awareness about a number of specific areas such as mental health, the environment, cancer research and children in need. This concentration creates strong, sustainable and successful relationships that make a real difference in the communities around us, and enable us to understand and contribute more and more to the programmes in which we are involved. We dedicated airtime worth more than 77 million Swedish krona to these programmes in 2008 and helped raise 56 million Swedish krona for various organisations.

Case study – PsykiatriFonden

The Danish organisation [PsykiatriFonden](#) works in all areas of mental health. Its focus is to create awareness about the issues that people with mental health challenges face today.

[TV3 Denmark](#) has worked with PsykiatriFonden since 2006. The co-operation focuses on increasing awareness about the challenges that young people with mental health conditions confront. This topic was chosen as it is in line with TV3's target group, and thus reaches the right people and has a greater effect. TV3 Denmark and PsykiatriFonden therefore

launched the project "Talk Taboos to Death", which presents three taboos present among youngsters – eating disorders, self-harm and social phobia. Famous Danish director, Per Fly, directed TV commercials for the on-air campaign, with five well-know Danish actors appearing in them.



The campaign was launched on air in December 2007 and ran again in December 2008 and January 2009. The organisation's hotline received more calls in December 2008 and January 2009 than in the rest of 2008 combined.

Charitable Donations & Funds Raised

We support selected social and environmental causes by donating airtime on our TV and radio platforms and helping organisations to raise money using on-air promotion and dedicated programming, as well as through our channel websites.

Donated airtime	78	MSEK
Raised funds	56	MSEK



Responsibility to the Environment

As an industry, broadcast media has a limited impact on the environment but tackling climate change is everyone's responsibility. Our central environmental policy has been implemented in all MTG offices. This policy comprises management and office level initiatives for creating environmentally friendly work places by measures such as minimising paper usage and maximising recycling. The Group has also adopted a strict travel policy – we only travel to meetings if video conferencing is not an option; we operate a minimal number of company cars; and all of our pool cars are chosen from environmentally friendly models.

[MTG Radio in Sweden](#) has pioneered our environmental work and is currently aiming for ISO 14001 certification. The other MTG operations are planning to implement the best practices established by MTG Radio's experience. We are already reducing 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% less than the levels required by Sweden's National Board of Housing.

Furthermore, the Group's 2008 Annual Report was produced as an online publication, with a limited number of printed copies. The Report has been made available on www.mtg.se, in order to avoid the unnecessary use of paper and printing machinery, as well as to avoid the environmental impact of distribution and eventual waste management.

Case study – The Green Button

MTG Radio in Sweden broadcasts five well-known radio stations: [RIX FM](#), [NRJ](#), [Lugna Favoriter](#), [Bandit Rock](#) and [STAR FM](#). These stations reach a combined average audience of 4.3 million listeners each week.

During the summer of 2006, Richard Marston, then CEO of MTG Radio, was faced with the challenge to figure out how a radio organisation with millions of listeners could increase its social responsibility, and help make people aware of what they can do on an individual basis to improve the environment.



All five green websites



The result was the “Green Button”. Each of MTG’s radio stations now has a Green Button on its website. The Green Button takes users to that station’s ‘green’ website, which contains information regarding the environmental work done by MTG Radio. The focus of the green websites is on thinking globally but acting locally, and what each individual can do to help.

The green websites contain information on everything ranging from environmental facts and statistics, to entertaining, ‘green’, video clips and ‘green’ competitions. On top of this, the radio hosts blog on the sites and continuously produce new and unique material that deals with environmental and climate change issues.

Given the extensive audience of MTG Radio, engaging as few as 10% of its listeners would imply that as many as 430,000 people now are engaged in working towards a better environment.

CO2 Emissions in Scandinavia and the UK

In 2008 MTG calculated its emissions for Finland, Denmark, Norway, Sweden and the United Kingdom. Our plan is to increase the amount of included countries during 2009.

Scope 2 – office energy consumption	Usage (kWh)	CO2 Emissions (tonnes)	Emissions per employee
	5,700,441	1,128	0.80
Scope 3 – business air travel	Number of flights	CO2 Emissions (tonnes)	Emissions per employee
	11,359	3,095	2.20
Total	-	4,223	3.00

The Group’s emission calculations are based on the Greenhouse Gas Protocol accounting framework. For more information, please go to <http://www.ghgprotocol.org/>

Emissions per employee have been calculated using the number of permanent full-time equivalent employees.

We have not yet measured our Scope 1 (direct energy usage) emissions. As a broadcast media group, our direct emissions are relatively small and the major part of our emissions come from indirect sources. However, we are currently engaged in finding the optimal way to gather Scope 1 emission data.

For scope 2 (indirect energy usage), we have included emissions from office electricity and gas usage.

For scope 3 (other indirect emissions), business air travel emissions have been included in the calculations. These have been calculated by the company Tricorona Climate Partner, based on data supplied by Travellink, the travel agency used by MTG. Full details of the calculation methodology of business air travel are presented at:

<http://www.tricoronagreen.com/tricorona/page.php?p=howwecalculate>



Responsibility to Colleagues

MTG’s code of conduct contains 12 key rules and three lead words, along with established guidelines on how we do business and what is expected from our employees. These principles are communicated to our staff in order to clearly convey the Group’s moral and ethical standards, and to ensure compliance with law. The Code of Conduct is publicly available on MTG’s website

(www.mtg.se). MTG employees are kept updated on any important matters through the Intranet, internal newsletters, meetings and emails on a regular basis.

MTG is strongly committed to being an equal opportunities employer, irrespective of race, nationality, ethnical background, gender, mental or physical handicaps, marital status or sexual preference. We continuously strive towards providing our employees with a healthy, safe and positive work environment, free from any kind of discrimination. 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 situation.

MTG relies on its highly skilled staff and we therefore view our investments in employee development as something essential to our success. Our internal training department, called MTG Academy, offers full training programmes for management and sales staff, as well as individual courses which MTG employees can attend. In total, the Academy offered 461 training days in 2008.

We also have several annual awards to reward our employees and to celebrate their achievements. The purpose of these awards is to motivate our staff and give credit to the "Best of the Best". We have also established an internal innovation competition, where the best employee innovation gets rewarded and commercialised each quarter.

Case study – Rewarding Innovation

The third quarter Innovation Award for 2008 went to Johan Chan at Viasat Norway. Johan's idea – to "Use SMS reminders to customers who have forgotten to pay their bills", was appreciated by the judges.

When 27-year-old Johan submitted his first idea on the internal MTG Innovation website, he had been a Viasat employee for only nine months. Johan had noticed that the traditional way of collecting late payments, done by sending a reminder invoice by mail, was both slow and relatively costly, both for the company and the customer. Johan therefore wanted to use SMS technology to make this process more efficient.



Innovations winner Johan Chan

Viasat Norway fully implemented the new idea in October 2008, with very satisfying results. The cost of reminding customers to pay has been significantly reduced, and late payments are settled sooner than compared to traditional billing reminders via mail. Customers simply receive an SMS message, which contains all the information needed to pay the overdue bill.

Viasat Norway now sends out SMS messages before sending out payment reminders, before signal shutdown and before referring the customer to debt collection. The result is a win-win situation – Viasat Norway is content as a company and the customers are happy that they are being looked after.

Johan's innovative thinking has resulted in increased levels of customer satisfaction, and he was awarded a US\$ 1,000 cash prize (which he used during his time off, travelling in Hong-Kong and Thailand).

Employee figures

Average number of employees	2,810
Permanent	2,292
Temporary	282
Consultant	236
Managers*	17%
Female	35%
Male	65%
Gender	
Men	55%
Women	45%
Average age	33.8
Employee turnover	22%
Internal recruitment	31%

Sick leave

Average number of sick days per employee	4.9
Men	3.5
Women	6.4

Employee training

Number of training days	461
Employees trained*	1,045 / 46%
Managers trained	291 / 75%

* Out of the average number of permanent employees in 2008.



Responsibility as a Broadcaster

Our core entertainment broadcasting business is regulated by the EU directive on Audiovisual Media Services, together with relevant national broadcast regulations. We follow strict local laws and consistently aim to exceed requirements by being pro-active and self critical in our compliance. We have strict internal policies regarding scheduling and airing of programmes, and the process is overseen by our Legal and Compliance departments.

We constantly strive to develop our content and the quality of our services. We are committed to meeting our customers' needs by implementing new and improved services, as well as launching new channels. Since January 2008, 16 new own branded channels have been added to our portfolio.

The responsible provision of content is central to our programming and broadcasting policies. Customers on our digital satellite TV platform have the option to restrict access to films that contain material unsuitable for children. We also offer extensive on- and off-screen information about our TV



shows in order to manage viewer expectations in terms of content. We aim to air programmes that present social and environmental issues constructively, such as our Swedish own production programme [Efterlyst](#) (“Wanted”) that is focused on solving crime with the help of the public audience, and [Du är vad du äter](#) (You are what you eat), where viewers are encouraged to adopt healthier eating habits and given information on healthy nutrition.

Case study – Social programming

One of our most popular genres in free-TV in Sweden is the so-called ‘lifestyle makeover’ genre. We use specialists to assist people in overcoming different kinds of problems and issues, while also offering advice and inspiration to the general public. Here’s a selection of our social programming in Sweden in 2008:



Lyxfällan (“Luxury Trap”)

In [Lyxfällan](#) we look into something very private in Sweden – finances. The programme’s focus is on helping

people who turn a blind eye to reality and continue to live above their means, while incurring high amounts of debt. Lyxfällan’s professional advisers examine the family’s finances and help them rebuild their spending, which allows them to have a better life.

Du är vad du äter (You Are What You Eat)

In [Du är vad du äter](#), diet adviser Anna Skipper helps unhealthy people change eating habits and improve their quality of life during an eight week period.

SOS Familj (“SOS Family”)

[SOS familj](#)’s goal is to help and coach exhausted families. Our host helps weary parents regain control over restive toddlers and unruly teenagers. The programme focuses on helping families in crisis and often brings about successful change in the lives of both children and parents.

Efterlyst (“Wanted”)

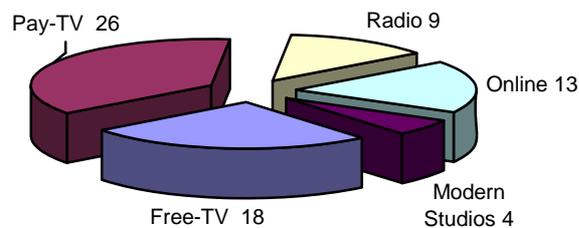
[Efterlyst](#) is based on a unique collaboration between us and the Swedish police. When dealing with difficult cases, the police use the programme to appeal to witnesses; and the show has been instrumental in helping to solve a high amount of cases. The close cooperation with the police allows Efterlyst to have access to information that other media can not, and the more data that can be disclosed to the public, the greater are the chances of getting good tips from viewers. The investigators always have the opportunity to inspect and approve the information that is scheduled to be broadcast before it goes on air.

Internal Compliance training

Employees working in acquisitions and programming, scheduling, programme logistics 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. Sales departments working with advertisers are also briefed on responsible and compliant sponsorship and advertising practices. This is done in order to make sure that we comply with the broadcast related laws and regulations in all of countries where we are present. A substantial amount of employees in relevant departments were trained in compliance issues during 2008, and we have set targets for even more extensive training in 2009. We will be reporting the results of this in our next Modern Responsibility report.

Number of brands*

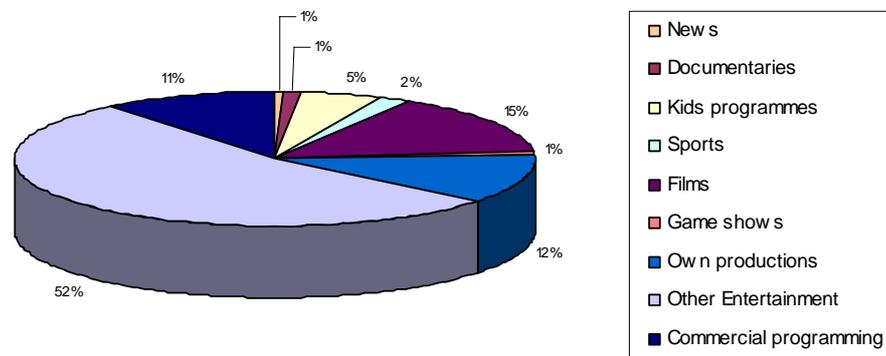
We are committed to having an extensive channel and brand portfolio in order to respond to our customers' needs. The following chart indicates how our brands are distributed across the different business areas.



Total number of brands: 70

Programme variety on free-TV**

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



* As at 12/2008.

** Of total broadcast hours in 2008. Including all MTG free-TV channels in Scandinavia, the Baltics, Bulgaria, Hungary and Slovenia.



Marketing Responsibility

We believe in establishing clear channels of communication with our customers, and regularly reach out to receive their feedback. The pricing of our online retailing and pay-TV products and services is transparent and easily available online. We carry out regular customer satisfaction surveys, conduct customer focus group research and offer customer service facilities for feedback. This is done in order to understand what our customers want, and we are fully committed to responding to their



needs – offering entertainment at their command. Our customer service teams offer support in local languages and are continuously trained on our products and services to ensure professional and effective customer care.

The main authority regulating TV advertising on our channels is the Advertising Standards Authority in the UK. The protection of young viewers is always a top priority for us in our advertising, and our Compliance Team makes sure that only socially responsible product advertising is broadcast during children's programmes.

Case study – Entertainment at your command

People today have busy and active lifestyles, and do not want to be tied down with TV schedules. This is the reason why we constantly strive to increase the flexibility of our services, and expand the portfolio of solutions available to our customers. In 2008 Viasat introduced new Video OnDemand services for its customers in Scandinavia. Viasat's customers with the TV1000 channels in Sweden, Norway, Denmark and Finland can now view TV1000 films online free of charge. A selection of films from the TV1000 channels is available in a free film archive called [TV1000 Play](#). Additionally, the interactive video store Viasat OnDemand was introduced for customers with a ViasatPlusHD recordable digital box, and they can now decide when, where and what programmes and films they want to see.



Films on TV1000 Play can be picked from the TV1000 channels' wide selection at any time. Through Viasat OnDemand, customers can rent both new movies as well as old classics. This is what we call entertainment at your command.

For more information about MTG's Modern Responsibility, please go to www.mtg.se
Contact: responsibility@mtg.se

