

Telenor Group  
Executive  
Compensation  
Report

**2021**

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## Introduction

The Board of Directors' guidelines for compensation of Group Executive Management ("compensation policy") was presented to the Annual General Meeting (AGM) on 27 May 2021 and the implementation including any deviations are explained below. The Board's guidelines for compensation of Group Executive Management was included as a separate [Appendix 2](#) to the AGM in accordance with the NCGB Code of Practice.

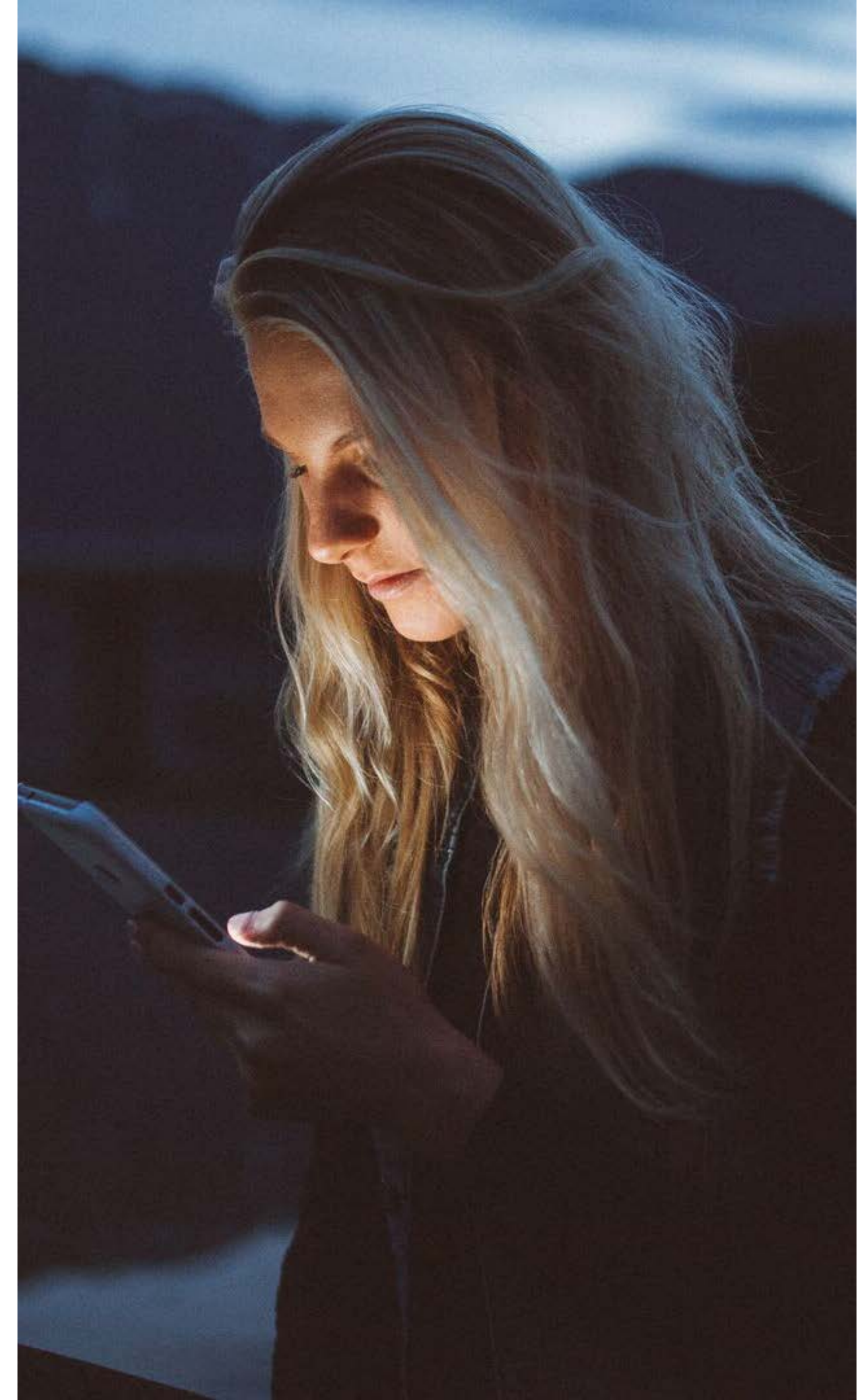
The Annual General Meeting approved the Board's guidelines for compensation of Group Executive Management and approved the guidelines for share-related incentives without comments. For minutes of the AGM in 2021, please see [telenor.com](https://www.telenor.com)

### Highlights

As Telenor is majority-owned by the Norwegian state, the company follows the Norwegian Government's guidelines for executive compensation. New state guidelines were issued 30 April 2021, with expected implementation for the compensation policy to be presented to the Annual General Meeting in 2022. The updated guidelines implied several changes, however the most notable was the inclusion of employee share purchase plans into the limitation of variable pay at maximum 80% of base salary. As Telenor's short-term incentive (STI) and long-term incentive (LTI) plans have a combined maximum earnings opportunity of 80% of base salary, the Telenor Board of Directors is implementing a change for 2022 where the Group Executive Management are no longer eligible for the Employee Share Plan (ESP) bonus should they want to participate in the group-wide share purchase plan. In accordance with agreed compensation terms for 2020 and 2021, Group Executive Management are eligible for ESP bonus should the ESP 2020 and ESP 2021 result in bonus shares. The ESP 2020 bonus result was concluded in January 2022, falling short of the threshold at -4.56% below the European Telecoms index (SXKGR) and as such there no ESP bonus was awarded. Any bonus related to the ESP 2021 will be concluded in January 2023.

The composition of the Group Executive Management has been stable during 2021, with one addition when Rita Skjærvik was promoted to Executive Vice President (EVP) Group Strategy & External Relations, with effect from 1 December 2021. Also, Jukka Leinonen, EVP Head of Nordics transferred the responsibility as CEO of DNA to Jussi Tolvanen, with effect from 11 October 2021.

The compensation policy for 2021 and its implementation has no major changes as compared to the compensation policy and implementation in 2020. In 2021, three deviations from the policy have been implemented, relating to the buy-out of a legacy short-term incentive plan for EVP Head of Nordics Jukka Leinonen and an extraordinary compensation for employees on international assignment for EVP Head of Asia Jørgen Rostrup and EVP Chief Technology Officer Ruza Sabanovic.



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## How we performed in 2021

### Revenues

Revenues in 2021 were NOK 110.2 billion, 5 per cent below the reported revenues of NOK 115.8 billion previous year, driven by FX as currency adjusted revenues increased by 1%. For the full year 2021, organic subscription and traffic revenues were stable. Legacy revenues as well as positive development in Finland, Denmark, Bangladesh and Pakistan almost offset the decline in Thailand, Malaysia, Sweden and fixed legacy revenues in Norway.

### Operating expenses

In 2021, operating expenses (opex) decreased by NOK 2.6 billion to NOK 31.9 billion. Opex decreased by NOK 0.6 billion or 2%, on a currency adjusted basis. Significant effects from our structural efficiency agenda and modernisation efforts resulted in lower operating expenses within most cost categories compared to last year.

### EBITDA before other income and other expenses

Reported EBITDA before other income and other expenses decreased by NOK 3.2 billion to NOK 49.2 billion, primarily driven by negative currency effects. For the full year 2021, EBITDA remained stable on an organic basis. With stable organic subscription and traffic revenues, the negative effect from higher energy prices was fully offset by solid opex reductions within other areas.

### EBITDA

EBITDA decreased by NOK 6.9 billion to NOK 47.4 billion due to gains realised on disposals last year and NCA fine in Norway this year of NOK 0.8 billion.

### Net income

The net income to equity holders of Telenor ASA in 2021 was NOK 1.5 billion, or NOK 1.09 per share, a decrease of NOK 15.8 billion. The decrease is primarily a result of a full write down of the operation in Myanmar of in total NOK 7.5 billion and gain on disposals last year of NOK 4.4 billion.

### Capital expenses

Total investments in 2021 amounted to NOK 22.3 billion. Reported capex excluding leases, licences and spectrum increased by NOK 2.1 billion to NOK 17.9 billion. Capex was driven by network modernisation in several of our markets, including fibre and 5G roll-out in Norway, 5G roll-out in Finland and network capacity and coverage expansion in Thailand. Capex for spectrum and licences amounted to NOK 4.4 billion in 2021 and was primarily related to Pakistan and Bangladesh. Capex as a proportion of revenues, excluding licences and spectrum, was 16 per cent, compared to 14 per cent in 2020.

### Free cash flow

Free cash flow before mergers and acquisitions (M&A) in 2021 was NOK 11.0 billion, which is a decrease of NOK 1.5 billion compared to 2020. The reduction was primarily a result of lower reported EBITDA because of FX.

Total free cash flow for 2021 was NOK 12.7 billion, a decrease of NOK 8.2 billion compared to 2020. This was primarily because of proceeds from disposal of assets in 2020, and lower reported EBITDA in 2021.

Net cash inflow from operating activities during 2021 was NOK 42.3 billion, a decrease of NOK 1.5 billion compared to 2020.

Net cash outflow to investment activities during 2021 was NOK 17.2 billion. Net cash outflow from financing activities during 2021 was NOK 27.9 billion. This was mainly a consequence of net outflow to repayment of borrowings of NOK 3.0 billion, repayments of lease obligations of NOK 8.8 billion. Total Telenor ASA shareholder remuneration was NOK 12.6 billion and dividend paid to non-controlling interests was NOK 3.6 billion. Cash and cash equivalents in continuing operations decreased by NOK 5.0 billion during the year to NOK 15.1 billion as of 31 December 2021.

### Financial position

Total assets decreased by NOK 30.8 billion to NOK 225.7 billion in 2021. Net debt decreased by NOK 9.7 billion to NOK 100.8 billion. Interest-bearing liabilities excluding licence obligations decreased by NOK 8.8 billion, while cash and cash equivalents decreased by NOK 5.0 billion. Total equity decreased by NOK 12.4 billion to NOK 31.5 billion.

# Compensation to the Corporate Assembly and the Board of Directors

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## Corporate Assembly

Compensation to the Corporate Assembly is determined by the General Assembly, based on recommendation by the Nomination Committee. The total compensation to the members of the Corporate Assembly was NOK 696 310 in 2021 compared to NOK 723 677 in 2020.

The members of the Corporate Assembly receive an annual fixed compensation, except for deputies who receive compensation per meeting attended. Separate compensation levels are set for the Chair, Deputy Chair, and members respectively. Effective 27 May 2021, the annual fees for the chair, deputy chair and members of the Corporate Assembly are NOK 109 300, NOK 48 700, and NOK 38 000 respectively. The fee for deputy members was NOK 7 800 per meeting. The 2021 fees have been lifted by 3.0%, in line with the salary development in Norway. The employee-elected members receive the same compensation as the shareholder-elected members. The table below shows the share ownership for employee-elected members of the Corporate Assembly as of 31 December 2021.

	Share ownership <sup>1</sup> 31.12.2021		Share ownership <sup>1</sup> 31.12.2021
<b>Members elected by employees:</b>		<b>Deputy members elected by employees:</b>	
May-Iren Arnøy	22	Laila Olsen Fjelde	1 287
Hege Ottesen	649	Daniel Eidsund	318
Magnhild Øvsthus Hanssen	3 514	Hege Sletten	318
Tom Westby	2 236	Pål Espen Bondestad	343
Håkon Berdal	7 703	Sune Jakobsson	4 353
		Knut Johannesen	1 584
<b>Observers elected by employees:</b>		Vithya Ganeshan	952
Camilla Skarsjø Grimnes	155	Sten Tore Fagerhaug	266

1) Shareholdings not included for representatives who have not held shares or who are no longer members as of 31 December 2021.

## Board of Directors

The Corporate Assembly determines the compensation to the Board of Directors, based on recommendation from the Nomination Committee.

Compensation to the Board of Directors is not linked to the company's performance. The members of the board receive an annual fixed compensation and additional compensation for participation in any of the board committees. Separate compensation levels are set for the Chair of the Board, the Deputy Chair of the Board, and the other board members. Employee-elected members of the board receive the same compensation as shareholder-elected members. Deputy board members receive compensation per meeting they attend (NOK 9 500).

The compensation fees were increased by an average 3.2% effective 27 May 2021, in line with the salary development in Norway.

	Board of Directors	Risk & Audit Committee	People & Governance Committee	Sustainability & Compliance Committee	Transformation & Innovation Committee
	Annual Fee			Fee per meeting	
Chair	712 400	212 500	127 000	9 500	15 500
Deputy	404 000				
Member	357 000	137 000	94 900	8 900	14 900

Board members living outside Norway, are entitled to a travel allowance for each physical meeting they attend (NOK 30 900). In addition, relevant travel expenses are reimbursed at cost for all board members. The company covers mobile and broadband subscriptions for the Chair of the Board, not for other board members.

Shareholder-elected board members are neither entitled to pension plans, incentives, profit sharing or options, nor compensation in the event of termination. The board members receive compensation by cash-based payments only, neither shares nor other instruments. Further, shareholder-elected members of the board and/or companies they are associated with do not ordinarily take on specific assignments for Telenor in addition

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to fulfilling their responsibilities as board members. Such assignments will be disclosed to the Board, and the Board will approve any related compensation. In 2021, none of the board members received compensation from any other Telenor Group companies, apart from the employee-elected board members, nor did they have any loans from the company.

The total compensation to the Board of Directors in 2021 was NOK 5.5 million, compared to NOK 5.2 million in 2020. Compensation related to board and committee meetings that took place during 2021 is outlined in the below table, also detailing the number of shares owned by board members and deputy board members (for employee-elected board members) as of 31 December 2021. Shareholdings include shares owned by their related parties. Regular salaries and other compensation to employee-elected members of the board are not included.

### Board and Committee total compensation

NOK in thousands	2021	2020
Board of Directors (fixed fee and allowances)	4 014	3 727
Risk and Audit Committee	602	605
People and Governance Committee	388	399
Sustainability and Compliance Committee	177	140
Technology and Innovation Committee	338	305
Total fees for board services to Telenor ASA during the year	5 519	5 176

### Compensation to members of the Board in 2021

NOK in thousands	Total compensation	Board compensation	Committee compensation	Share ownership 31.12.2021
Gunn Wærsted – Chair of BoD <sup>1</sup>	916	704	212	18 650
Jørgen Kildahl – Deputy Chair of BoD <sup>2</sup>	610	399	180	2 000
Jacob Aqraou <sup>2</sup>	459	353	76	10 000
Sally Davis (until 27.05.2021)	204	139	65	0
Jon Erik Reinhardsen	656	353	303	1 500
Pieter Cornelis Knook <sup>2</sup>	592	353	208	0
Astrid Simonsen Joos <sup>2</sup>	492	353	109	0
Elisabetta Ripa <sup>2</sup> (elected 27.05.2021)	273	213	30	0
Jan Otto Eriksen (employee-elected) <sup>3</sup>	464	353	112	6 433
Esben Smistad (employee-elected until 27.05.2021) <sup>3</sup>	177	139	37	0
Anita Steine (employee-elected until 27.05.2021) <sup>3</sup>	219	139	79	878
Roger Rønning (employee-elected 27.05.2021) <sup>3</sup>	260	213	48	4 403
Irene Vold (employee-elected 27.05.2021) <sup>3</sup>	187	139	48	4 720
Harald Stavn (deputy member employee-elected 27.05.2021) <sup>3</sup>	10	10	0	7 766

<sup>1</sup> Taxable benefit related to electronic communication (NOK 4 392) is excluded from table

<sup>2</sup> Board compensation is inclusive of international travel allowance where applicable

<sup>3</sup> The compensation for employee elected board members and deputies, includes board compensation only, compensation earned under regular employment with Telenor Group companies are not included

# Compensation to Group Executive Management

The following table provides an overview of the Group Executive Management team during 2021 and any individual terms or other relevant information pertaining to the reporting year.

Executive	Position (period served where parts of year)	Individual terms & other information
Sigve Brekke	President and Chief Executive Officer (P&CEO)	Individual pension plan: Defined benefit with 60% of pensionable earnings until the age of 75, thereafter 58%. Pensionable earnings capped at NOK 5.725 million (subject to annual index regulation) and entitlement to retire at age 65. The pension agreement is dated 1 Dec 2011.
Tone Hegland Bachke	EVP Chief Financial Officer (CFO)	
Cecilie Blydt Heuch	EVP Chief People & Sustainability Officer (CPSO)	
Ruza Sabanovic	EVP Chief Technology Officer (CTO)	
Rita Skjærvik	EVP Strategy & External Relations (from 1 Dec 2021)	
Jørgen C. Arentz Rostrup	EVP Head of Asia	
Petter-Børre Furberg	EVP CEO of Telenor Norway	Member of legacy pension plans in accordance with company policy: Defined benefit with 66% of pensionable earnings up to 12G, and defined contribution at 15% of pensionable earnings above 12G. The pension agreement is dated 2 Nov 2010.
Jukka Leinonen	EVP Head of Nordics (also CEO of DNA until 10 Oct 2021)	Individual pension plan: Defined contribution at 20% of pensionable earnings and entitlement to retire at age 60. The pension agreement is dated 25 Nov 2013.

## Compensation to the Group Executive Management 2021

In 2021, the aggregate compensation to the Group Executive Management was NOK 66.1 million, compared to NOK 71.8 million in 2020. In 2021, none of the members of Group Executive Management received compensation from other Telenor Group companies than their primary employer, nor did they have any loans from the company.

In accordance with the Norwegian Public Limited Liability Companies Act, the Accounting Act, and the Norwegian Government's guidelines for executive compensation, and in line with the Norwegian Code of Practice, all aspects of compensation to the President and CEO and the Group Executive Management are presented below.

The numbers provided in the compensation table are based on the respective periods served in the Group Executive Management. The figures are in NOK, using average currency exchange rates for 2021 and 2020 where applicable.

## Base salary development

Following a year of salary freeze due to COVID-19 in 2020, the base salary development for Group Executive Management in 2021 was in line with the salary development of regular employees in the relevant markets. The 2021 salary review budget for employees in Telenor ASA and Telenor Norway was 3.2%. The salary increases for the Group Executive Management were effective on 1 July 2021, except Furberg's market adjustment which was effective 1 April 2021. Bachke and Furberg's salaries were lifted beyond the salary increase budget in 2021. Bachke's scope has been increased, in addition the salary set at time of promotion to GEM was set on the lower end in line with Telenor's practice and based on performance it was lifted to market level. Furberg's salary was benchmarked below the market level and has been adjusted to the market median, this was a delayed adjustment due to the salary freeze in 2020 which also reflected the increased scope and importance of this position in recent years, representing the home market.

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## Total Compensation to Group Executive Management

EVP, <sup>1)</sup> position	Year	Contractual base salary 31 Dec (salary adjustment)	Base salary	Benefits	Short-term incentive (STI)	Long-term incentive (LTI) & ESP bonus	Extra-ordinary items	Pension	Total Compensation	Fixed / variable compensation (as % of total)
Sigve Brekke, President and Chief Executive Officer	2021	6 634 3.2%	7 019	265	1 989	2 205	-	3 620	<b>15 098</b>	72/28
	2020	6 428 0%	6 923	246	2 137	2 111	-	3 606	<b>15 024</b>	72/28
Tone H. Bachke, EVP Chief Financial Officer	2021	3 996 8.0%	4 105	191	1 215	620	-	134	<b>6 266</b>	71/29
	2020	3 700 n/a	2 744	107	820	167	-	85	<b>3 924</b>	75/25
Cecilie B. Heuch, EVP Chief People & Sustainability Officer	2021	3 077 3.2%	3 223	180	936	1 023	-	135	<b>5 496</b>	64/36
	2020	2 982 0%	3 176	179	992	823	-	128	<b>5 298</b>	66/34
Ruza Sabanovic, EVP Chief Technology Officer <sup>2)3)</sup>	2021	2 336 0%	4 471	928	1 359	768	397	135	<b>8 057</b>	69/31
	2020	2 336 0%	4 421	976	1 470	737	-	128	<b>7 731</b>	71/29
Rita Skjærvik, EVP Strategy & External Relations (from 1 Dec 2021)	2021	2 800 n/a	254	14	71	30	-	11	<b>380</b>	73/27
	2020									
Jørgen C. A. Rostrup, EVP and Head of Asia <sup>2)3)</sup>	2021	4 947 2.0%	6 165	2 748	1 898	1 240	516	172	<b>12 738</b>	71/29
	2020	4 850 0%	5 383	2 467	1 734	1 301	24	146	<b>11 055</b>	72/28
Petter-Børre Furberg, EVP and CEO of Telenor Norway	2021	3 900 17.9%	3 974	162	1 174	1 083	-	644	<b>7 036</b>	68/32
	2020	3 309 n/a	3 537	161	1 201	919	-	556	<b>6 374</b>	67/33
Jukka Leinonen, EVP and Head of Nordics (also CEO of DNA until 10 Nov 2021)	2021	592 2.0%	6 088	28	1 911	1 768	-	1 190	<b>10 985</b>	67/33
	2020	580 n/a	6 217	64	3 228	654	-	1 386	<b>11 549</b>	66/34

1) Individuals who are no longer part of Group Executive Management as of 31 Dec 2020 are not included.

2) Individuals on international assignments have a net entitlement to base salary, short-term incentive, pension, or allowance in lieu of pension and benefits. Benefits includes compensation not separately mentioned and benefits provided according to the international assignment policy, such as insurance, company car benefit or car allowance, accommodation, children's education, home travel, social security costs if the employee is maintained in the home country social security scheme, tax benefits etc. Base salary, short-term incentive, benefits and/or any taxable element in the 2021 table are reported as gross amounts based on estimated tax figures provided by an external service provider. Reconciliation of the tax calculation will occur when the tax return is settled, which will be during 2022 for most countries. Consequently, the actual tax amounts for 2021 will be reported as part of adjusted gross figures in next year's annual report. Figures pertaining to 2020 have been updated accordingly to reflect the same approach, where applicable.

3) Rostrup's assignment to Singapore has been impacted by travel restrictions. As a result, larger portions of Rostrup's compensation for the duration of the assignment are subject to taxation both in Norway and Singapore (double taxation). Norwegian taxes paid for 2020 of NOK 2.0 million and estimated Norwegian taxes for 2021 of NOK 6.2 million, before taking any exemptions into account, are not included in the above table.

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## Compensation table definitions

**Contractual base salary** is displayed as of year-end together with any salary adjustment provided in the reporting year. All amounts are in NOK thousands, except Leinonen's contractual base salary which is listed in EUR thousands to reflect the contractual currency. Sabanovic's and Rostrup's contractual base salaries are listed as net salaries in line with the terms of their expatriate assignments.

**Base salary** displays the earned base salary for the relevant year and includes earned holiday pay, if applicable.

**Benefits** contains any type of cash or benefit in kind provided, such as car allowance or car benefit, insurances, mobile phone and broadband subscriptions, expatriate benefits such as accommodation, children schooling, etc.

**STI** reflects the annual bonus earned in the respective year. Any applicable holiday pay is reported under base salary.

**LTI & ESP bonus** are multi-year incentive plans and covers any LTI grants and ESP Bonus. The LTI is reported on an expensed basis, i.e., the cost of all active plans in 2021 and 2020 are reported in the table. With effect from 2020, the lock-in period was reduced from 4 to 3 years, and as such the annual expensed proportion increases from 25% to 33% of the grant. During the transition period (2020 to 2022), the reported value may exceed the annual grant value, however the maximum grant remains 30% of base salary for GEM members. From 2023, all plans reported will have transitioned to 3-year lock-in and the expensed value will again be aligned with the grants. The ESP Bonus is reported the year the award is issued, i.e., following the 2-year purchase and shareholding period. There was no ESP bonus in 2021. With effect from 2022, Group Executive Management will no longer be eligible for the ESP bonus, however any bonus related to the ESP 2021 may be payable in January 2023.

**Extraordinary items** may include one-time compensation such as sign-on or retention bonus, relocation costs, termination, and severance related payments. In 2021, Telenor issued a one-time compensation to recognize the hardship the extensive restrictions related to travel and freedom of movement had on their expatriate population and their families. The compensation was equivalent to one-month base salary and Sabanovic and Rostrup were also beneficiaries of this allowance.

**Pension** includes contributions and premiums paid towards the Group Executive Management member's pension plan and is calculated based on the same actuarial and other assumptions as those used in the pension benefit calculations in note 26 of the annual report. For members of Group Executive Management with individual pension entitlements, further information is shared in the section Individual Terms.

**Total compensation** displays the total earned compensation for each member of Group Executive Management for the reporting year. It is the sum of the columns from base salary to pension expense.

**Fixed/ variable compensation** displays the proportion of fixed to variable compensation as a percentage of total compensation, for the reporting year. The fixed portion includes base salary, benefits, and pension expense, while the variable portion includes STI, LTI and ESP bonus and extraordinary items.



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### Short-term incentive - performance and achievements

In accordance with the policy, a balanced scorecard with a mix of financial and operational KPIs was applied for the 2021 short-term incentive as outlined in the below 2021 STI Telenor Group scorecard. The combined weights of financial and operational KPIs were 55% and 45% respectively, and based on the KPI results as described below, the total achievement for the Telenor Group scorecard was 60.8% for the fiscal year 2021.

Several years of modernisation and digitalisation initiatives enabled Telenor to deliver solid operational results for 2021, despite impact from the ongoing pandemic. During the year, Telenor has focused on safeguarding employees and providing services to customers as the demand for connectivity, digitalisation and data has increased during the year, all while ensuring the robustness of the critical infrastructure we provide. Modernising our operations remain a top priority, and structural initiatives have resulted in NOK 1.2 billion in savings during the year. For the full year we delivered stable organic subscription and traffic revenues and organic EBITDA however below target level, and strong free cash flow before M&A of NOK 11 billion, well above target.

Brand Preference is strategically important for driving future commercial success and reflects customer and non-customer preferences of Telenor's brands above competitor brands. Strong Brands are crucial to counter the increasing commoditization of the Telecommunications category and allow businesses to realize a volume or price premium versus competition, as such to drive growth and market share. Brand Preference results for 2021, shows a mixed picture among the different business units where some failed to deliver on growth ambitions and others delivered impressive performance. The Group target was

set based on the maximum target ambitions for the business units and results were short of the minimum target, resulting in 0% achievement for this KPI.

There is a clear correlation between Engagement and Enablement levels and business outcomes, and this measure provides a balance to the organizational scorecard by measuring employee experience alongside customer and financial measures. Hence, this is one of the key measurements for execution of Telenor's people strategy and action plan. The Engagement & Enablement Index (EEI) is measured through Telenor's annual "Our Voice" employee survey, and in 2021 the EEI landed on 65%. This is a remarkable achievement 9 p.p. above the benchmark of high performing companies and telecom industry, and despite a slight decline of 1 p.p. from 2020, it is still the second highest score ever achieved. As such, the EEI results reached the mid-target which results in 70% achievement for this KPI.

In 2021, Telenor Group continued its security awareness program "We are Security" to promote a security-first culture. The KPI consists of two main parts, with an online training programme that counts for 60% and the four targeted awareness and training initiatives counting for 40%. During 2021, 96% of all Telenor employees completed the online security trainings, and around 250 employees completed a self-led or guided expert journey in Cyber Security. In addition, all business units completed the required four targeted initiatives. The security KPI achieved very strong results, with an average score at 95.7% achievement at a global level, which resulted in 100% achievement on this KPI.

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## 2021 STI Telenor Group scorecard and measured performance



Deliver growth through focused offerings



Be a leader in modernisation



Reinforce our responsible business foundation

KPIs	Descriptions	Weights	Min target 0% award	Max target 100% award	Measured performance Award Outcome	
<b>Organic S&amp;T Revenue Growth</b>	Telenor's overall financial ambition is to create shareholder value through cash flow generation, while maintaining a solid balance sheet and providing attractive shareholder remuneration. The ambition is based on the following key value drivers:	Revenue growth is key for long-term sustainable value creation. Subscription and traffic revenues constitute the major share of revenues in Telenor's core business.	20%	-1.0%	2.0%	<b>- 0.2%</b> <b>37.3%</b>
<b>Organic EBITDA Growth</b>		EBITDA reflects progress on our modernisation and efficiency agenda and measures how profitable our revenue growth is.	20%	-2.5%	2.5%	<b>-0.2%</b> <b>64.4%</b>
<b>Free Cash Flow before M&amp;A</b>		Free cash flow generation through EBITDA growth and prudent capital allocation, supporting shareholder remuneration.	15%	3	7	<b>11 bn NOK</b> <b>100%</b>
<b>Brand Preference</b>	A strong brand is essential for securing a competitive position in all markets, as well as for driving organic growth and profitability. Brand Preference is a leading brand strength indicator which accompanied by a broader set of performance-based metrics functions as a steering cockpit for go-to-market strategies.	15%	7 BUs at min	4 BUs at max*	<b>1 BU at max</b> <b>2 BUs at mid</b> <b>3 BUs at min</b> <b>2 BUs &lt; min</b> <b>0%</b>	
<b>Engagement &amp; Enablement</b>	People are the heart of Telenor, and highly engaged, winning teams are the key to delivering a great customer experience, growth, and long-term value for stakeholders. The Engagement & Enablement index is measured through Telenor's Our Voice annual global employee survey, and measures key dimensions that drive workforce effectiveness and business performance across all teams and markets and serves as a foundation for systematic work on organisational development and improvement.	15%	64%	67%	<b>65%</b> <b>70%</b>	
<b>Security</b>	Telenor Group strives to always protect society and people in their digital life. Cyber security is among our top enterprise risks, and our employees are the first line of defence in protecting customer data, critical infrastructure and business information. Through global programs, Telenor works to continue to increase security awareness and strengthen employees' behaviour and competency within the area.	15%	70%	90%*	<b>95.4%</b> <b>100%</b>	
<b>2021 STI achievement:</b>					<b>60.8%</b>	

\* Pay-out at maximum achievement requires all BUs to reach min. targets

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### EVPs with CEO responsibilities

EVPs with CEO responsibilities are measured on a combination of Group (60% weight) and Business Unit performance (40% weight) to reflect the scope of their role. The results for the combined Group and Business unit achievements were 60.2% for the EVP CEO of Telenor Norway and 64.4% for the EVP Head of Nordics and former CEO of DNA (pro-ration of scorecards apply, the combined full year achievement is 63.6%). Further details are shared in the table additional STI scorecards achievements.

### STI scorecards by EVP

EVPs	Telenor Group Scorecard	Additional scorecard, weight
Sigve Brekke	70%	P&CEO, 30%
Tone H. Bachke	100%	
Cecilie B. Heuch	100%	
Ruza Sabanovic	100%	
Rita Skjærvik	100%	
Jørgen C. A. Rostrup	100%	
Petter-Børre Furberg	60%	Telenor Norway, 40%
Jukka Leinonen		
- from 1 Jan to 10 Oct	60%	DNA Finland, 40%
- from 11 Oct to 31 Dec	100%	

### President & CEO Performance 2021

In the performance assessment for the President and CEO for 2021, the Board of Directors has reviewed results achieved on the Telenor Group KPIs mentioned above, as well as evaluated performance on additional key priorities set for the President and CEO. These priorities reflect key items of importance for longer-term value creation across the Telenor Group. For 2021, the key priorities were related to creating high engagement around Telenor's strategy, driving growth and a structural agenda, customer focus and brand management, leadership development and succession planning. Following the review of the set priorities for the year, the Board of Directors concluded this achievement to 58.0% and in combination with the Telenor Group scorecard achievement of 60.8%, the final STI achievement was 60.0% for the President and CEO for 2021.

### Additional STI scorecard achievements

EVP	Performance Criteria	Weight	Min target 0% award	Max target 100% award	Award outcome
S. Brekke	2021 STI P&CEO Scorecard: Individual scorecard focusing on key priorities within engagement around Telenor's strategy, driving growth and a structural agenda, customer focus and brand management, leadership development and succession planning. Holistic evaluation by BoD.	30%	n/a	n/a	58.0%
P. Furberg	2021 STI Telenor Norway Scorecard: Business Unit scorecard replicating the Group scorecard structure, except for opex reduction replacing cash flow. Discretionary uplift of results applied to reflect financial performance not captured under IFRS16, lifting opex achievement from 73% to 100% achievement.	40%	n/a	n/a	59.3%
J. Leinonen (1 Jan to 10 Oct)	2021 STI DNA Scorecard: Business Unit scorecard replicating the Group scorecard structure, except for opex reduction replacing cash flow.	40%	n/a	n/a	69.8%

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### Additional details for the operational KPIs

**Brand Preference** is measured as a percentage of customers preferring Telenor brands over competition in the respective markets. Approximately 12.000 monthly interviews are conducted by external market research agencies. The following question is asked to a country representative sample of all users of telco services regardless of their current brand usage: "If you were to choose a mobile service provider now and were at liberty to pick any mobile service provider you liked, which brand would that be?" Targets are defined by assessing several relevant factors such as future strategic plan, market dynamics and historical development and forecast for each market individually, and Telenor's main ambition is to grow the brand preference over time.

**Engagement & Enablement** the annual "Our Voice" survey is managed by Korn Ferry on behalf of Telenor. Organisations with above average engagement and enablement levels, have a higher proportion of employees who exceed expectations, lower turnover rates, higher customer satisfaction and higher revenue growth rates. Telenor has delivered solid results on this KPI significantly above the market and Telco norm in recent years. Telenor continues to hold an ambition level that centres on sustaining or growing these results depending on each local market context. Targets are defined by reviewing the scores, the trend of scores compared to the prior year, performance against benchmarks (high performing companies and Telco), the country norm and the business outlook. Telenor is continuously developing and adjusting to changing market conditions and aspires to maintain Engagement and Enablement at par or above benchmarks.

**Security** Employee's completion of mandatory security training is measured through the e-learning platform Telenor Academy. The four local security initiatives are assessed through defined metrics for this KPI: (1) a Cyber Security Crisis Management Exercise has been conducted, (2) Security Day was arranged and consisted of a streamed event from Group in addition to local initiatives, (3) a number of Security Ambassadors have been appointed across the organisation and at least two meetings have been arranged, and (4) several employees have completed an Intermediate Expert Journey Cyber Security customised for their current work role.

### Share-based compensation

The 2021 long-term incentive grant was contingent upon financial performance in 2019 and 2020 as measured by free cash flow before mergers and acquisitions (M&A) and relative Total Shareholder Return (TSR). Binary thresholds of NOK 5 billion for free cash flow before M&A and -5% of index performance for relative TSR was approved by the Board of Directors. The performance thresholds were achieved and, as such, full grants were issued on 16, 17 and 18 August 2021 at a share price of NOK 158.02.

The Telenor ASA TSR landed -0.50% below the STOXX Europe 600 Telecommunications Index (SXKGR) during the two-year plan period of the 2019 Employee Share Purchase Plan, and as such the performance target for ESP bonus awards in 2021 was not achieved.

Performance Criteria	Weight	Minimum thresholds	Measured performance Award outcome
<b>2021 LTI:</b> Free Cash Flow before M&A, 1 Jan 2019 to 31 Dec 2020	50%	NOK 5bn	NOK 8.2bn 100%
<b>2021 LTI:</b> Relative Total Shareholder Return as compared with the STOXX Europe 600 Telecommunications Index (SXKGR), 1 Jan 2019 to 31 Dec 2020	50%	-5% of index	-0.50% 100%
<b>2019 ESP Bonus:</b> Relative Total Shareholder Return as compared with the STOXX Europe 600 Telecommunications Index (SXKGR), 1 Jan 2019 to 31 Dec 2020	100%	Threshold 1x matching (100%): performance above index Threshold 3x matching (300%): performance 15 p.p. above index	-0.50% 0%

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## Active share plans in 2021

Plan name	Performance period	Award date	End of vesting and holding period
LTI 2021	Jan 2019 – Dec 2020	18.08.21	31.12.23
LTI 2020	Jan 2018 – Dec 2019	14.05.20	31.12.22
LTI 2019	Jan 2018 – Dec 2018	10.05.19	31.12.22
LTI 2018	Jan 2017 – Dec 2017	22.03.18	31.12.21

## Share awards by EVP in 2021

EVP	Plan name	Opening Balance 1 Jan	During 2021		Closing balance 31 Dec
			Shares awarded	Shares vested	Unvested shares subject to holding period
Sigve Brekke	LTI2021		5 979		5 979
	LTI2020	6 508			6 508
	LTI2019	5 298			5 298
	LTI2018	5 201		5 201	
Tone H. Bachke	LTI2021		3 793		3 793
	LTI2020	1 616			1 616
Cecilie B. Heuch	LTI2021		2 774		2 774
	LTI2020	3 019			3 019
	LTI2019	2 508			2 508
	LTI2018	2 458		2 458	
Ruza Sabanovic	LTI2021		2 217		2 217
	LTI2020	2 413			2 413
	LTI2019	1 972			1 972
	LTI2018	1 899		1 899	
Rita Skjærvik	n/a				
Jørgen C. A. Rostrup	LTI2021		4 603		4 603
	LTI2020	4 085			4 085
	LTI2019	2 990			2 990
	LTI2018	2 909		2 909	
Petter-Børre Furberg	LTI2021		3 077		3 077
	LTI2020	3 418			3 418
	LTI2019	2 783			2 783
	LTI2018	2 152		2 152	
Jukka Leinonen	LTI2021 <sup>1)</sup>		11 427		11 427
	LTI2020	7 362			7 362

<sup>1)</sup> Leinonen's compensation for reduction in total compensation is included with the 2021 LTI grant with the same standard terms and conditions. The compensation was 25% of base pay, on top of the annual grant of 30% of base pay.

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## Share ownership

EVP <sup>1)</sup>	Shareholding 1 Jan 2021 <sup>2)</sup>	Net additions/ disposals	Shareholding 31 Dec 2021	Unvested shares subject to holding period 31 Dec 2021	Shareholding requirement met
Sigve Brekke	145 099	7 801	152 900	22 987	Yes
Tone H. Bachke	9 067	4 501	13 568	6 724	No
Cecilie B. Heuch	10 370	5 119	15 489	10 759	No
Ruza Sabanovic	17 177	2 217	19 394	8 501	Yes
Rita Skjærvik	8 253	-	8 253	4 063	No
Jørgen C. A. Rostrup	24 533	5 978	30 511	14 588	No
Petter-Børre Furberg	45 404	4 015	49 419	11 430	Yes
Jukka Leinonen	9 107	13 879	22 986	18 789	No

<sup>1)</sup> Executives who have left GEM during the year are not included

<sup>2)</sup> Start date or date of appointment for new members

## Incentive claw back

No claw backs were applied during 2021.

## Deviations from policy

Jukka Leinonen, Head of Nordics and former CEO of DNA, upon appointment to the Group Executive Management on 1 November 2019, was granted rights to continue STI earnings potential at a maximum of nine months of base salary. With effect from 1 January 2021, Leinonen has transitioned to standard STI terms with a maximum potential of 6 months. As compensation for the reduction in total compensation, a one-time share grant of EUR 145 000 was issued in August 2021. The share grant equals the reduction in STI for one year and follows regular LTI terms and conditions including three-year lock-in.

Jørgen C. A. Rostrup, EVP Head of Asia, and Ruza Sabanovic, EVP CTO, received an extraordinary compensation equivalent to one-month base salary for the inconvenience of being on international assignment during 2021. This was in line with Telenor's decision to award a one-time compensation to employees on international assignment, to recognize the hardship caused by extensive restrictions related to travel and freedom of movement due to Covid-19.

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## Development in compensation and company performance

This table holds information on the annual development of compensation for each member of the Group Executive Management, together with the performance of the company and the average full-time compensation of regular employees over the five most recent financial years.

The analysis of Group Executive Management's compensation, company performance, and employee salaries for the 5 most recent years, show correlation between company performance metrics and Group Executive Management compensation, and to a lesser degree, between Group Executive Management and the employee salary development. The degree of correlation between Group Executive Management and employee salary development from year to year, is impacted by the difference in compensation structure where Group Executive Management are eligible for incentive plans, while for the employee base, only some employees are eligible for incentive plans and there is a high emphasis on base pay. As such there is less variation in total compensation for the non-executive population.

The ESP bonus has impacted the year-over-year development for both executives and employees as 3x matching was achieved in 2018 and 2019, followed by 1x matching in 2020. The employee average compensation has also fluctuated during the 5-year period due to reorganisations with considerable variation in the total headcount. For the Group Executive Management, the short-term incentive payments are the largest variable item with an average of 18% of total compensation over the period. As such, there is variation in the overall total compensation of Group Executive Management in line with company performance, but at a lower rate than if the incentives counted for a larger portion of total compensation. The short-term incentive plan had a multiplier in place up until 2019, which resulted in 148.2% bonus achievement in 2017 and 114.6% achievement in 2018 (capped at 100% for members of GEM).

The total compensation for employees covers base pay, holiday pay, STI, ESP bonus, overtime and shift allowances, benefits, and pension to mirror the reported total compensation for Group Executive Management. For relevance of comparison and due to differences in compensation levels across Telenor's markets, it is the Norwegian employee base that has been referenced in the comparison of Group Executive Management to non-executive compensation levels. The average employee compensation represents employees of Telenor Norway and Telenor ASA in Norway.

The average compensation of employees is based on all regular employees as of 31 December 2021, excluding members of the Group Executive Management, and has been annualized for part-time workers and employees who joined during 2021. As 2021 is the first year of reporting, estimates have been applied for the period 2017 to 2020.

Annual change (YoY%)	2017	2018	2019	2020	2021
<b>Total Compensation by EVP:</b>					
Sigve Brække P&CEO	14 100 -	15 921 12.9%	14 524 -8.8%	15 024 3.4%	15 098t 0.5%
Tone Hegland Bachke CFO				5 886 -	6 266 6.5%
Cecilie Heuch CPSO	3 384 -	5 050 49.2%	5 037 -0.3%	5 298 5.2%	5 496 3.7%
Ruza Sabanovic CTO	7 824 -	8 033 2.7%	7 765 -3.3%	7 731 -0.4%	8 057 4.2%
Rita Skjærvik Strategy & External Relations					4 558 -
Jørgen C. Arentz Rostrup Head of Asia	6 136 -	6 389 4.1%	7 323 14.6%	11 055 51.0%	12 738 15.2%
Petter-Børre Furberg CEO Tn Norway	7 577 -	8 421 11.1%	7 560 -10.2%	6 374 -15.7%	7 036 10.4%
Jukka Leinonen Head of Nordics			10 368 -	11 549 11.4%	10 985 -4.9%
<b>Group Company Performance:</b>					
Organic service revenue growth	2.2%	0.2%	0.4%	-1.9%	-0.2%
Organic EBITDA growth	8.8%	3.2%	-2.6%	1.7%	-0.2%
Total shareholder return	43.6%	2.8%	-1.5%	-1.9%	1.1%
<b>Average total compensation of non-executive employees:</b>					
Employees	978 -	1 038 7.4%	1 065 2.6%	1 062 -0.3%	1 095 3.1%
P&CEO/Employee ratio	14.4	15.3	13.6	14.2	13.8

Footnote: Earnings have been annualized where executives served parts of a year. All amounts are NOK in thousands, using average currency exchange rates for each year where applicable. One-time charges related to the start or ending of an international assignment has been excluded from this overview to normalise the figures for comparison over the five-year period. Organic service revenue growth was reported as 'organic subscription and traffic revenues' up until 2021. Furberg was not a member of GEM in the periods Aug-Oct 16 and Apr-Oct 19.


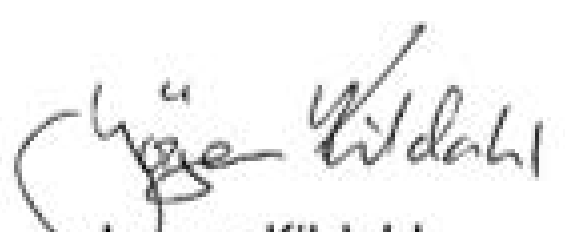





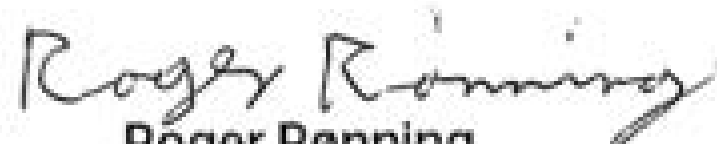

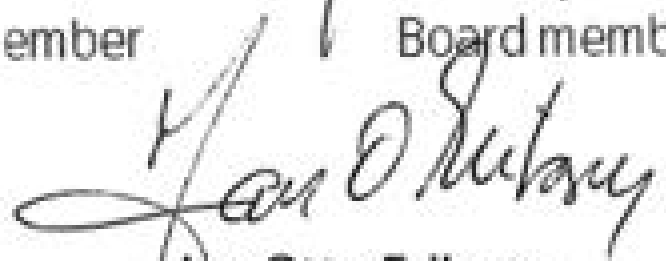
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## The Board of Director's statement on the Compensation Report

The Telenor Board of Directors has today reviewed and adopted the Compensation Report of Telenor ASA for the financial year 2021. The report is prepared in accordance with the Norwegian Public Limited Liability Companies Act, section 6-16a and supplementing regulations. The compensation report will be presented to the Annual General Meeting in May 2022 for an advisory vote.

Fornebu, 21 March 2022

 <b>Gunn Wærsted</b> Chair		 <b>Jørgen Kildahl</b> Vice Chair of the Board		
 <b>Jon Erik Reinhardsen</b> Board member	 <b>Jacob Agraou</b> Board member	 <b>Pieter Knook</b> Board member	 <b>Astrid Simonsen Joos</b> Board member	 <b>Elisabetta Ripa</b> Board member
 <b>Roger Rønning</b> Employee representative	 <b>Irene Vold</b> Employee representative	 <b>Jan Otto Eriksen</b> Employee representative		



# Independent auditor's statement on the Compensation Report

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Medlemmer av Den norske Revisorforening

## INDEPENDENT AUDITOR'S ASSURANCE REPORT ON REMUNERATION REPORT

To the General Meeting of Telenor ASA

### Opinion

We have performed an assurance engagement to obtain reasonable assurance that Telenor ASA's report on salary and other remuneration to directors (the remuneration report) for the financial year ended 31 December 2021 has been prepared in accordance with section 6-16 b of the Norwegian Public Limited Liability Companies Act and the accompanying regulation.

In our opinion, the remuneration report has been prepared, in all material respects, in accordance with section 6-16 b of the Norwegian Public Limited Liability Companies Act and the accompanying regulation.

### Board of directors' responsibilities

The board of directors is responsible for the preparation of the remuneration report and that it contains the information required in section 6-16 b of the Norwegian Public Limited Liability Companies Act and the accompanying regulation and for such internal control as the board of directors determines is necessary for the preparation of a remuneration report that is free from material misstatements, whether due to fraud or error.

### Our independence and quality control

We are independent of the company in accordance with the requirements of the relevant laws and regulations in Norway and the International Ethics Standards Board for Accountants' International Code of Ethics for Professional Accountants (including International Independence Standards) (IESBA Code), and we have fulfilled our other ethical responsibilities in accordance with these requirements. Our firm applies International Standard on Quality Control 1 (ISQC 1) and accordingly maintains a comprehensive system of quality control including documented policies and procedures

regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

### Auditor's responsibilities

Our responsibility is to express an opinion on whether the remuneration report contains the information required in section 6-16 b of the Norwegian Public Limited Liability Companies Act and the accompanying regulation and that the information in the remuneration report is free from material misstatements. We conducted our work in accordance with the International Standard for Assurance Engagements (ISAE) 3000 – "Assurance engagements other than audits or reviews of historical financial information".

We obtained an understanding of the remuneration policy approved by the general meeting. Our procedures included obtaining an understanding of the internal control relevant to the preparation of the remuneration report in order to design procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the company's internal control. Further we performed procedures to ensure completeness and accuracy of the information provided in the remuneration report, including whether it contains the information required by the law and accompanying regulation. We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Oslo, 21 March 2022  
ERNST & YOUNG AS

Anders Gøbel  
State Authorised Public Accountant (Norway)

(This translation from Norwegian has been prepared for information purposes only.)