

11. COMPENSATION TO THE BOARD OF DIRECTORS AND THE CORPORATE ASSEMBLY

Board of Directors

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

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 and Deputy Chair of the Board. Deputy board members receive compensation per meeting they

attend (NOK 9,200). Employee-elected members of the board receive the same compensation as shareholder-elected members. Board members living outside Norway, receive a separate travel allowance for each physical meeting they attend (NOK 30,000). Relevant expenses are reimbursed at costs, and mobile and broadband subscription for the Chair is covered by the company. There were no changes to compensation fees in 2020, except for the travel allowance.

	Board of Directors	Risk & Audit Committee	People & Governance Committee	Sustainability & Compliance Committee	Transformation & Innovation Committee
	Annual fee	Annual fee		Fee per meeting	
Chair	691	206	123	9	15.0
Deputy	392				
Member	346	133	92	9	14.4

Compensation to the Board of Directors is not linked to the company's performance. Shareholder-elected board members are neither entitled to compensation in the event of termination, nor other types of compensation such as pension plans, incentives, profit sharing or options. The board members receive compensation by cash-based payments, neither shares nor other instruments.

Shareholder-elected members of the board and/or companies they are associated with do not ordinarily take on specific assignments for Telenor in addition to fulfilling their responsibilities as board members. Any additional assignments will be disclosed to the Board, and the Board will approve any compensation for such additional assignments. In 2020, 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 2020 was NOK 5.2 million, compared to NOK 5.5 million in 2019. See separate table for compensation to the respective board members, including the number of shares owned by board members and deputy board members (for employee-elected board members) as of 31 December 2020. 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	2020	2019
Board of Directors (fixed fee and allowances)	3 727	4 160
Risk and Audit Committee	605	578
People and Governance Committee	399	381
Sustainability and Compliance Committee	140	173
Technology and Innovation Committee	305	230
Total fees for board services to Telenor ASA during the year	5 176	5 522

COMPENSATION TO MEMBERS OF THE BOARD

NOK in thousands	Total compensation 2020	Board compensation 2020	Committee compensation 2020	Share ownership 31.12.2020
Gunn Wærsted - Chair of BoD*	892	691	201	18 650
Jørgen Kildahl - Deputy Chair of BoD	582	392	190	2 000
Jacob Aqraou	511	346	165	10 000
Jon Erik Reinhardsen	644	346	298	1 500
Sally Davis	498	346	152	0
Pieter Cornelis Knook (from 11 May 2020)	302	192	110	0
Astrid Simonsen Joos (from 11 May 2020)	235	192	43	0
Anita Steine (employee elected)	513	346	167	736
Jan Otto Eriksen (employee elected)	418	346	72	6 125
Esben Smistad (employee elected)	438	346	92	0
Grethe Viksaas (until 11 May 2020)	144	115	29	0

*Taxable benefit related to electronic communication (NOK 4,392) is excluded from table

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 723,677 in 2020 compared to NOK 744,550 in 2019. 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. The employee-elected members receive the same compensation as the shareholder-elected members¹.

The table below shows the share ownership for members of the Corporate Assembly.

¹Effective 11 May 2020, the annual fees for the chair, deputy chair and members of the Corporate Assembly are NOK 106,000, NOK 47,200 and NOK 36,800 respectively. The fee for deputy members was NOK 7,600 per meeting. There were no changes to compensation fees in 2020.

	Share ownership ¹⁾ 31.12.2020
As of 31 December	
Members elected by employees	
Hege Ottesen	878
May-Iren Arnøy	22
Magnhild Øvsthus Hanssen	3 338
Tom Westby	1 937
Rune Aamodt	434
Observers elected by employees	
Laila Fjelde Olsen	1 131
Tord Overå	314
Deputy members elected by employees	
Hege Sletten	657
Jonny Brodalen	272
Pål Ligaard	249
Daniel Eidesund	150
Olga Marie Lerflaten	210
Sune Jakobsson	3 932
Espen Egeberg Christiansen	1 473
Camilla Skarsjø Grimnes	101
Håkon Lønsethagen	7 674

¹⁾ Shareholdings not included for representatives who are no longer members as of 31 December 2020.

Deviations from the Code of Practice Section 11: None.

12. COMPENSATION TO THE GROUP EXECUTIVE MANAGEMENT

Introduction from the Chair of the Board

Executive compensation is an important tool to attract and retain executives who are motivated and enabled to deliver on the business strategy and contribute to the long-term interests and sustainability of Telenor Group.

As the transformation of the telecommunications industry and Telenor Group continues, the importance of access to executives with international experience who are incentivized to achieve strategic objectives and deliver shareholder returns is critical. Telenor Group operates in different markets internationally hence it is important that the executive compensation is competitive both in terms of level and structure in a local market context.

The Board of Directors aims to present the Telenor Group compensation policy and its implementation in a clear, easily understandable, and comprehensive way. The Board of Directors' policy and report on executive compensation as presented below is in accordance with the Norwegian Public Limited Liability Companies Act, Section 6-16 and the Norwegian Corporate Governance Board (NCCGB) Code of Practice. It is the Board of Director's view that the compensation structure and its implementation support the strategic direction and interests of stakeholders, that it meets the prevailing governmental guidelines for executive compensation and that the overall compensation is competitive but not market leading.



Gunn Wærsted

Chair of the Board, Telenor Group



COMPENSATION POLICY

The Board of Directors proposes the following compensation policy for Telenor's executives for approval at the 2021 Annual General Meeting. Compensation to members of the Board of Directors and the Corporate Assembly is covered in chapter 11. The policy is subject to approval by the Annual General Meeting when there is a material change and at least every fourth year in accordance with the Norwegian Public Limited Liability Companies Act, section 6-16 a and supplementing regulations.

Executive compensation supports business strategy, long-term interests, and sustainability of the company

Telenor Group's executive compensation is designed to support the business strategy, long-term interests and sustainability of the company by attracting, engaging and retaining the right people to create long-term value for Telenor Group and its stakeholders.

The compensation policy and structure contribute to achievement of short-term results, as well as longer-term strategic priorities for all business units and Telenor Group overall. Performance measures for incentive plans are defined for a broad set of financial and operational strategic priorities with targets to drive desired results and secure a clear link between executive compensation, business strategy and company performance. See Strategy Deep Dive and Performance Review section.

Furthermore, the compensation policy contributes to long-term interests and sustainability of the company by securing that compensation levels and structure reflect local market conditions and company performance over time, as well as includes compensation elements designed specifically to create alignment of interest between executives and other stakeholders. Also, the Telenor Behaviours i.e. key behaviours that create a set of expectations of employee conduct and ways of working across all markets in Telenor are reflected in the compensation policy and key compensation elements.

Telenor Group – Key Reward Principles

Rewarding performance:

Compensation shall be based on a combination of company performance and individual impact as evaluated against objective and transparent criteria. Telenor puts significant emphasis on company results to foster collaboration and joint ownership of strategic priorities.

Supporting holistic & sustainable results:

Compensation shall reflect financial results and operational performance, including Telenor Group's strong commitment to Responsible Business Conduct. At an individual level, this implies that both "what" is being delivered and "how" results are delivered shall be considered when making compensation decisions in line with Telenor Behaviours.

Offering competitive total compensation:

Compensation shall be attractive and competitive, but not market-leading in comparison with relevant local markets.

Compensation structure

The compensation structure consists of fixed and variable compensation elements that together shall provide a competitive compensation to executives which contributes to achievement of the business strategy, long-term interests, and sustainability of the Telenor Group. The incentive plans have been built so that in combination they target short-term and long-term performance through a selection of financial and

operational KPIs, and where the total expected outcome of the plans over time harmonize with a competitive total compensation. This implies that all targets relating to the STI plan are set with clear stretch, whereas for the LTI plan the performance criteria are set as minimum thresholds to be achievable in most years. In accordance with the prevailing Norwegian state guidelines, the overall structure is built with an emphasis on base salary and at the maximum earnings potential the relative size of base salary is 56%, short-term incentive 28% and long-term incentive 16%.

In addition, benefits such as pension, insurance and allowances are all important elements ensuring total compensation is aligned with local market practice, regulations and employment conditions, while also providing a foundation for the financial security and well-being of employees. As such, a holistic view considering total compensation and employment conditions is used when establishing the compensation policy.

The table below summarises the key compensation elements for the President and CEO and the Group Executive Management.

Compensation element	Key objective	Level/ annual earnings potential	Performance evaluation
Base salary	To serve as the foundation for competitive, but not market-leading, total compensation	Main compensation element reflecting scope of role and the executive's experience and business impact	Reviewed annually and adjusted as needed to reflect the executive's relative pay and business impact
Short-term incentive (STI)	To provide direction and motivation to deliver high performance in line with strategic ambitions and Telenor behaviours	Maximum 50% of annual base salary	Achievement of set annual performance measures, using a balanced scorecard focusing on group-wide priorities related to Finance, Customers, People and Responsible Business. See separate section for P&CEO STI
Long-term incentive (LTI)	To align executives and shareholder interests, contribute to long-term value creation and retain key leaders and experts	Maximum 30% of annual base salary	Achievement of defined performance thresholds based on generation of free cash flow for Telenor Group and relative Total Shareholder Return (Telenor ASA) compared to the STOXX 600 Telecommunications index
Employee share purchase plan (ESP)	To encourage alignment of employee and shareholder interests, foster loyalty and offer an opportunity to take part in long-term value creation	Employees can invest up to maximum 4% of their base salary with potential to achieve up to triple matching dependent on company performance	Performance of the Telenor ASA share vs the STOXX 600 Telecommunications index, measured over a two-year period, results in matching of purchased shares ("ESP bonus")
Pension and insurance	To provide security and support in different life situations	See separate section	Not applicable
Other compensation and benefits	To ensure competitive compensation and meet the specific demands of a given temporary or permanent situation	See separate section	Not applicable

Base salary

Base salary is the main element of compensation to all executives in Telenor Group, and so competitive base salary levels are critical for attracting and retaining executives who are skilled and motivated to deliver results and long-term value creation for Telenor Group and its stakeholders.

Base salaries are set and adjusted based on the local market and business context, the scope of the role and responsibilities, and the individual’s experience and competence level relevant to the role. On a regular basis, Telenor participates in salary surveys and conducts compensation benchmarking to ensure that executive salary levels are competitive and in line with local market practice. To secure moderation in its pay setting practices, Telenor targets the median level when benchmarking compensation and setting salary levels. Salaries are normally reviewed on an annual basis, taking the following key considerations into account:

- Business performance
- Salary level relative to the local market
- The individual’s impact on the business: “what” and “how” in line with Telenor Behaviours

Short-term incentive

The short-term incentive (STI) is designed to motivate executives to drive annual results across key areas of the business in accordance with Telenor Behaviours and the longer-term direction of the company. In particular, the STI plan aims to drive key strategic priorities and foster collaboration by having common Key Performance Indicators (KPI) and rewarding executives for achieving results together. As such, members of the Group Executive Management (GEM) are as a key principle measured on and rewarded for group-wide performance and GEM members with Business Unit CEO responsibility are measured on a combination of Group and Business Unit results to reflect their scope of role.

The STI is a cash-based plan where the maximum annual earning is 50% of annual base salary for the President and CEO and the Group Executive Management, in accordance with the guidelines for companies with Norwegian state ownership.

The STI is based on performance as measured against a balanced scorecard with key performance indicators (KPI), where as a principle the financial KPIs account for a minimum of 50%. The financial parameters typically measure revenue, profit and cash flow while the operational KPIs are tied to areas such as customer, people and responsible business – aiming to improve customer experience and satisfaction, operational efficiency and employee engagement and safeguarding responsible business conduct. The KPIs are updated each year as part of the group-wide strategy process where KPIs are identified and targets set to deliver against the strategy for the coming year. The target levels for each KPI are set as a stretch and challenging to achieve with on-target pay-out at 35% of base salary. STI achievement is determined by assessing results achieved for each KPI against the set target range for the year. Except for the President and CEOs key priorities, there are no individual KPIs in the STI plan. However, a discretionary assessment can be made by the Board of Directors and the President and CEO to ensure that final achievement represents overall business performance. The assessment could result in a positive or negative adjustment to the achieved results. The 2021 STI scorecard for Telenor Group is described below. The target ranges will be reported as part of the compensation report next year together with the results achieved.

The Board of Directors will update the scorecard with relevant KPIs and targets every year in line with the described process.

2021 STI Telenor Group scorecard



	KPIs	Descriptions	Weights
Financial	Organic S&T Revenue Growth	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.
	Organic EBITDA Growth		EBITDA reflects progress on our modernisation and efficiency agenda and measures how profitable our revenue growth is.
	Underlying Free Cash Flow		Free cash flow generation through EBITDA growth and prudent capital allocation, supporting shareholder remuneration.
Operational	Brand Preference	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 %
	Engagement & Enablement	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 and Enablement Index measures two 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 %
	Security	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 %

STI plan for the President and CEO

In addition to the Telenor Group scorecard, which the President and CEO shares with the Group Executive Management, the STI plan for this role also includes additional key priorities set by the Board of Directors reflecting group-wide strategic priorities and/ or specific focus areas for the President and CEO within areas of leadership, culture and business growth. For 2021 the priorities are growth, strategy alignment, customer centricity and succession planning.

As a general principle the Telenor Group scorecard accounts for 70% and the President and CEO key priorities accounts for 30% of the overall STI plan. The complete STI plan is reviewed and approved on an annual basis by the Board of Directors.

Long-term incentive

The long-term incentive (LTI) is designed to align the interests of executives and shareholders, contribute to long-term value creation, and retain leaders across the Telenor Group. Dependent on Telenor Group performance, the President and Chief Executive Officer and Group Executive Management can, on an annual basis, receive a maximum LTI grant of 30% of their annual base salary. Telenor will, on behalf of the participants, invest the after-tax grant amount in Telenor ASA shares.

LTI grants are contingent upon Telenor Group's financial performance measured over a two-year period prior to the grant year. Telenor Group will apply financial measures that drive long-term business results and value creation for Telenor Group and shareholders. Telenor aims to maintain performance measures and target levels over time, provided these are supporting the long-term business objectives and sustainability of the company. As opposed to the STI targets that are set with significant stretch, performance criteria relating to the LTI are set as minimum thresholds with the intention of issuing grants in most years to fulfil the purpose of aligning interests between executives and shareholders, retention and contribute to an overall competitive total compensation.

The following performance measures are in place for the LTI plan, these are binary measures with 50:50 weighting:

- Underlying Free Cash Flow, threshold NOK 5 billion (yearly average over the performance period)
- Total Shareholder Return relative to the European telecommunications market (STOXX 600 Telecommunications Index, SXKGR) with threshold -5% of index

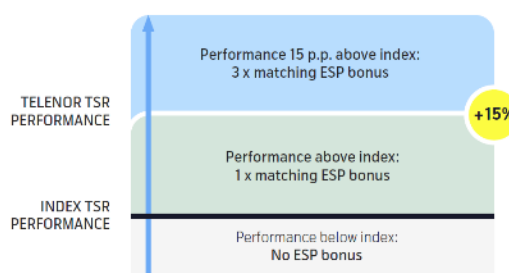
In addition to the two-year performance period, the shares will be subject to three years lock-in from the

year of grant, hence, the LTI plan spans over a period of five years in total. Granted shares are released for disposal provided the executive is still employed by Telenor Group at the end of the lock-in period. Should the executive resign from Telenor before the end of the lock-in period, the shares are forfeited and returned to Telenor. However, in cases where employment is terminated due to retirement or disability, the employee may be granted rights to retain locked LTI shares.

Employee share purchase plan

The Employee Share Purchase Plan (ESP) is a group-wide plan offered to all employees in the Telenor Group to encourage alignment of employee and shareholder interests and to give employees an opportunity to take part in the value creation. The plan enables employees to invest up to 4% of their annual base salary in Telenor ASA shares or phantom shares in countries where local laws and regulations restrict foreign shareholdings. The plan runs over two fiscal years where employees purchase shares the first year, while the performance period and shareholding requirement cover the two-year period.

To encourage participation there is a discount of 25% on the share purchase (up to a maximum of NOK 2,000) and an opportunity to receive bonus shares depending on company performance; If the Telenor ASA Total Shareholder Return (TSR) outperforms the STOXX Europe 600 Telecommunications Index (SXKGR) over the plan period, participants will receive an ESP bonus based on their initial investment:



To be eligible for any ESP bonus, participants must be employed in Telenor Group and hold the ESP shares for the entire plan period.

Telenor Group does not offer share option plans.

Pension

Pension terms vary for the Group Executive Management, as the executives are employed in different markets on both local and expatriate terms. Additionally, certain historically agreed individual pension terms can be honoured as per Telenor Group policy. The table with individual terms provides an overview of pension entitlements that are not part of the general collective pension plans.

Since 2006, new Group Executive Management members employed in Norway and hired externally have been enrolled in the collective defined contribution scheme for employees in Norway. In this plan, pensionable earnings are capped at 12 G, where G is the basic amount of the Norwegian National Insurance Scheme (NOK 101,351 in 2020). The pension contribution is 5% of pensionable earnings between 0 G and 7.1 G and 18% between 7.1 G and 12 G. Pension agreements predating 2006 have been honoured for some Group Executive Management members. With effect from 2017, individually agreed terms for pensionable salary above 12 G are discontinued for internal hires upon appointment to the Group Executive Management.

The retirement age for all employees in Norway, including executives, is 70. Some members of the Group Executive Management are entitled to retire at the age of 60 or 65, according to individual agreements. Please see separate table.

The pension plans for Group Executive Management members employed outside of Norway are in accordance with legislation and practice in the respective markets. Employees on international assignments will normally remain in their home country pension plan. Alternatively, they will be enrolled in a host country plan or an allowance will be provided in lieu.

Other benefits

The President and CEO and the Group Executive Management are entitled to benefits, as per local policies and country specific practices. These benefits can be permanent or temporary in nature. Normally, such benefits are not included in pensionable earnings or the annual salary review. Please refer to the compensation table for details.

Shareholding requirement

The President and CEO and the Group Executive Management should as a minimum hold shares in Telenor ASA equivalent to the value of one annual base salary. The executives are required to invest up to 20% of their net short-term incentive payment in Telenor ASA shares over time until this requirement is met.

Employment conditions

Employment contracts for the Group Executive Management are permanent employment contracts, normally with a six-month notice period. Telenor Group actively rotates leaders to drive business performance and foster a strong culture across markets, as well as to develop the leadership skills required now and in the future.

Severance

The President and CEO and Group Executive Management are entitled to severance pay equal to six months of their annual base salary from the expiry of the notice period. Any severance pay entitlement is conditional upon the executive waiving their employee protection rights under local law and applied in situations where the resignation is requested by the company. In extraordinary situations it may also be applied to facilitate an agreement to discontinue the employment, where the executive gives notice pursuant to a written agreement with the company. The company will reduce severance payments corresponding to other income earned during the severance period. Further, the executive may be paid the short-term incentive earned prior to the notice period, and company shares held as part of active long-term incentive plans may be released.

The executive's own resignation will not trigger severance payment, and the severance payment is also forfeited in cases of summary dismissal from the company.

Relocation

In cases where executives are hired from a different country and required to relocate for the employment with Telenor, the company can cover reasonable costs related to the relocation of the executive and family to ease the transition and settling into a new country. Normally costs will be covered for items such as housing and school for a period of up to one year.

External hiring of executives and appointments resulting from M&A

When executives are recruited externally or transferred due to a merger or acquisition, the company may offer compensation at a reasonable level for forfeited incentive opportunities and/ or other material compensation changes as a result of recruitment to Telenor. This will typically only be applied in special situations with the aim to attract critical competence and achieve sustainable total compensation levels.

Deviation from the policy

The Board of Directors may decide to temporarily deviate from the compensation policy in exceptional circumstances where the deviation is required to serve the long-term interests and sustainability of the Telenor Group. In such a case, the Board of Directors will report to the General Assembly by disclosing and explaining the deviation in the compensation report.

The decision-making process

In accordance with the Norwegian Public Limited Liability Companies Act, the Board of Directors reviews and approves the total compensation to the President and CEO and the Telenor Group executive compensation policy and plans. To assist the Board in its work, the Board has appointed a designated committee as a preparatory body: The People and Governance Committee (see Chapter 9). At every material change and at least every fourth year, the Board of Directors prepares the proposed compensation policy and submits it for approval to the Annual General Meeting. The policy remains in force until new guidelines have been approved by the Annual General Meeting. The committee does not have independent decision-making authority; hence, the work of the committee does not alter the responsibilities of the Board of Directors or of the individual Board members.

IMPLEMENTATION OF THE COMPENSATION POLICY AND PLANS IN 2020

The compensation policy and plans implemented in 2020 were in accordance with the statement of the Board of Directors to the Annual General Meeting (AGM) on 11 May 2020 and any deviations are explained below. The statement regarding the determination of salary and other compensation to the executive management was included as a separate appendix ([Appendix 2](#)) to the AGM in accordance with the NCCG Code of Practice.

The Annual General Meeting approved the Board's statement on the determination of salary and other compensation elements and approved the guidelines for share-related incentives. For minutes of the AGM in 2020, please see [Telenor.com](https://www.telenor.com).

Company performance and incentive achievements in 2020

In accordance with the policy, a balanced scorecard with a mix of financial and operational KPIs was applied for the 2020 short-term incentive as outlined in the below 2020 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 66.5% for the fiscal year 2020.

2020 quickly turned into a different year and amidst the sudden challenges brought by the pandemic, Telenor has shown resilience, ability to pivot, and delivered strong results despite a challenging business context. Telenor accelerated the digitalisation agenda, managed to motivate and safeguard employees and maintained critical connectivity and services to customers across markets. Telenor Group experienced severe Covid-19 effects on the top-line in most Business Units and for the Group overall, resulting in below target performance for Organic Subscription & Traffic revenue growth. To secure financial flexibility and protect cash flow, operational expenditure and capital expenditure frames were adjusted early in the year. As a result of consistently controlling the expenditures throughout the year, Telenor Group over-performed on the operational expenditure reduction plan and achieved positive organic EBITDA growth however below target level, and a solid underlying free cash flow performance well above target.

2020 STI Telenor Group scorecard achievements



Positioning for growth through focused offerings



At the forefront of modernising our core business



Responsible business as an integrated part of our strategy

	KPIs	Descriptions	Weights	Achievement	
Financial	Organic S&T Revenue Growth	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%	0%
	Organic EBITDA Growth		EBITDA reflects progress on our modernisation and efficiency agenda and measures how profitable our revenue growth is.	20%	32.7%
	Underlying Free Cash Flow		Free cash flow generation through EBITDA growth and prudent capital allocation, supporting shareholder remuneration.	15%	100%
Operational	Brand NPS	A strong brand is essential for securing a competitive position in all markets, as well as for driving organic growth and profitability. Brand NPS measures the customer experience in all Telenor markets by asking how strongly the customer feels about Telenor as a company and the services Telenor provides.		15%	100%
	Engagement & Enablement	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 and Enablement Index measures two 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.		10%	100%
	Code of Conduct	Telenor's Code of Conduct is the company's commitment to integrity - a commitment to conducting business in a responsible, ethical and lawful manner. The Code of Conduct is the foundation of Telenor's corporate culture, and everyone at Telenor must follow these standards, complete the annual e-learning and signing of the Code.		10%	100%
	Security	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.		10%	100%
2020 STI achievement				66.5%	

For the operational KPIs, positive development was observed for Brand Net Promoter Score with results well above target, attributed to the clear focus of the local businesses on customer experience through the execution of network rollouts and initiatives to improve touch point experience, simplifying back-end technology to improve the customer journeys. Telenor Group achieved the highest-ever Engagement and Enablement Index (EEI) score, delivering well above target and standing 11 percentage points above the benchmark of high performing companies and telecom industry. Furthermore, the Code of Conduct and Security KPIs also delivered well above targets as result of targetted efforts and attention across the Group.

EVPs with CEO responsibilities are measured on a combination of Group (60% weight) and Business Unit performance (40% weight) to reflect scope of role. The results for the combined Group and Business unit achievement were 72.6% for the EVP and CEO of Telenor Norway and 69.2% for the EVP Head of Nordics and CEO of DNA.

In the performance assessment for the President and CEO for 2020, 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 relating to driving a growth and structural agenda, customer focus, team and leadership development. Following review of the set priorities for the year, the Board of Directors conducted an overall assessment in accordance with the terms and conditions and concluded the final STI achievement at 66.5% for the President and CEO.

The 2020 long-term incentive grant was contingent upon financial performance in 2018 and 2019 as measured by underlying free cash flow and relative TSR. Binary thresholds of NOK 5 billion for underlying free cash flow 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 13 and 14 May 2020 at a share price of NOK 145.19.

The Telenor ASA Total Shareholder Return (TSR) outperformed the STOXX Europe 600 Telecommunications Index (SXKGR) by 1.98 percentage points during the two-year plan period of the 2018 Employee Share Purchase Plan, resulting in ESP bonus shares being issued to eligible employees with 1x matching on 4 February 2020 at a share price of NOK 163.34.

Group Executive Management in 2020

Telenor Group is an international company operating in markets with continuously changing environments and, as such, the composition of the executive management team is regularly reviewed and adapted to ensure Telenor remains competitive as a global

player. The following table provides an overview of the Group Executive Management team during 2020, also detailing any individual terms and relevant information pertaining to the reporting year. All GEM members are permanent employees with 6 months' notice period.

Executive (period served where parts of year)	Position	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 5.574 million (subject to annual index regulation) and entitlement to retire at age 65.
Tone Hegland Bachke (from 1 May)	EVP and Chief Financial Officer (CFO)	
Cecilie Blydt Heuch	EVP and Chief People & Sustainability Officer	
Ruza Sabanovic	EVP and Chief Technology Officer	On international assignment on standard expat terms with membership in host country defined contribution pension plan.
Jørgen C. Arentz Rostrup	EVP and Head of Asia (CFO until 30 Apr)	Transferred from local employment, to expatriate terms from 1 May 2020. On international assignment on standard expat terms with membership in home country defined contribution pension plan.
Petter-Børre Furberg	EVP and CEO of Telenor Norway	Member of legacy pension plans: Defined benefit with 66% of pensionable earnings up to 12G, and defined contribution at 15% of pensionable earnings above 12G
Jukka Leinonen	EVP Head of Nordics and CEO of DNA, Finland	Individual pension plan: Defined contribution at 20% of pensionable earnings and entitlement to retire at age 60
Anne Kvam (until 31 May)	EVP and Chief Corporate Affairs Officer	
Lars Thomsen (until 31 May)	Acting EVP & Chief Marketing Officer	
Albern Murty (until 30 Apr)	EVP Developed Asia Cluster and CEO of Digi, Malaysia	
Irfan Wahab Khan (until 30 Apr)	EVP Emerging Asia Cluster and CEO of Telenor Pakistan	On international assignment on standard expat terms with allowance in lieu of pension at 11% of pensionable earnings.

Deviations from policy or guidelines

Jukka Leinonen, Head of Nordics and 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. The rationale for granting this exception was to limit the reduction to overall earnings potential as a result of the integration with Telenor Group, and to seek to maintain competitive compensation. Leinonen is eligible for the Telenor Group LTI plan on standard terms.

Salary development

Due to the uncertainty of the COVID-19 effects, Telenor implemented a salary freeze for executives in 2020, except where executives were appointed to new roles. The 2020 salary review budget for employees in Telenor ASA and Telenor Norway was 2.0%, and the average employee base salary was NOK 796,851 at the end of 2020. Historical base salary development is listed in below table.

Base Salary Adjustments	P&CEO	GEM
2020	0.0 %	0.0 % *
2019	3.4 %	3.0 %
2018	2.9 %	2.9 %
2017	2.4 %	2.5 %
2016	0.0 %	2.0 %

*excludes Rostrup's salary adjustment related to change in responsibilities (not comparable due to expatriate terms)

Incentive claw back

Telenor Group have implemented claw back provisions in the terms and conditions for both incentive plans. No claw backs were applied during 2020.

Compensation to the Group Executive Management 2020

In 2020, the aggregate compensation to the Group Executive Management was NOK 69.7 million, compared to NOK 78.9 million in 2019. In 2020, none of the executives received compensation from any other Telenor Group company, 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 compensation to executive personnel, 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 2020 and 2019 where applicable.

Total Compensation to Group Executive Management in 2020 and 2019

NOK in thousands	Year	Base salary ¹⁾	Base salary increase ²⁾	Short-term incentive (STI) ³⁾	Long-term incentive (LTI) expensed ⁴⁾	Pension benefits ⁵⁾	Other compensation and benefits	Total compensation
Sigve Brekke	2020	6.726	0.0%	2.137	2.005	3.606	353	14.827
	2019	6.606	3.4%	1.928	1.804	3.715	469	14.524
Tone Hegland Bachke (from 1 May 2020)	2020	2.744	0.0%	820	167	85	107	3.924
	2019		n/a					
Cecilie Blydt Heuch	2020	3.176	0.0%	992	724	128	278	5.298
	2019	3.150	3.4%	1.148	426	134	179	5.037
Ruza Sabanovic ⁷⁾	2020	4.193	0.0%	1.394	656	128	1.009	7.382
	2019	4.103	3.0%	1.603	584	133	1.250	7.672
Jørgen C. Arentz Rostrup ⁷⁾ ⁸⁾	2020	5.383	0.0%	1.735	1.181	127	1.137	9.563
	2019	4.164	15.0%	1.586	770	129	675	7.323
Petter-Børre Furberg ⁷⁾ (until 31 Mar 2019 from 1 Nov 2019)	2020	3.537	0.0%	1.201	831	556	249	6.374
	2019	1.545	3.4%	413	313	218	1.996	4.486
Jukka Leinonen (from 1 Nov 2019)	2020	6.217	0.0%	3.228	654	1.386	137	11.623
	2019	952	n/a	567	-	194	15	1.728
Anne Kvam (until 31 May 2020)	2020	1.239	0.0%	387	201	53	74	1.954
	2019	2.949	3.4%	1.075	203	133	179	4.538
Lars Thomsen (from 2 Apr 2019 until 31 May 2020)	2020	1.458	0.0%	279	193	178	78	2.186
	2019	2.428	2.5%	534	260	253	128	3.604
Albern Murty (until 30 Apr 2020)	2020	1.793	0.0%	621	316	269	69	3.067
	2019	4.772	15.0%	1.465	1.017	1.053	615	8.922
Irfan W. Khan ⁷⁾ (from 1 Apr 2019 until 30 Apr 2020)	2020	1.647	0.0%	577	284	181	804	3.493
	2019	3.822	n/a	700	454	421	948	6.344

¹⁾ Base salary includes earned holiday pay, if applicable.

²⁾ In 2020, a salary freeze was implemented for members of the Group executive management. 2019 salary increases were effective on 1 July 2019.

³⁾ STI reflects the STI earned, any applicable holiday pay is reported under base salary.

⁴⁾ LTI is reported on an expensed basis, i.e. the cost of all active plans in 2020 and 2019 are reported in the table. With effect from 2020, the lock-in period was reduced from 4 to 3 years, as such the annual expensed proportion increases from 25% to 33% of grant. During the transition period (2020 to 2022), the reported value may exceed the annual grant value, the maximum grant remains 30% of base salary for GEM members. From 2023, all plans reported will have transitioned to 3 years lock-in and the expensed value will again be aligned with the grants.

⁵⁾ Pension benefits earned is calculated based on the same actuarial and other assumptions as those used in the pension benefit calculations in note 26.

⁶⁾ Other compensation & benefits includes items such as insurance, company car benefit or car allowance, relocation costs, taxable bonus shares related to employee share purchase plan etc. and payments related to termination (where relevant: notice periods, severance payments, short-term and long-term incentives, benefits).

⁷⁾ Individuals on international assignments have a net entitlement to base salary, short-term incentive, allowance in lieu of pension and other benefits. Other 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, allowance in lieu of pension and other benefits in the 2020 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 2021 for most countries. Consequently, the actual tax amounts for 2020 will be reported as part of adjusted gross figures for base salary, short-term incentive, allowance in lieu of pension and other benefits in next year's annual report. Figures pertaining to 2019 have been updated accordingly to reflect the same approach where applicable.

⁸⁾ Due to COVID-19 travel restrictions, Rostrup was working out of Norway for the assignment in Singapore from 1 May to 25 August 2020. Compensation for this period may therefore be subject to taxation both in Norway and Singapore (double taxation), depending on available exemptions. The estimated Norwegian taxes for this period, before taking any exemptions into account, amounts to NOK 3.8 million, and have not been included in the above table.

Share ownership 2020 and 2019

	Year	Shares held as of 1 January ¹⁾	Granted	Net Additions/ (Disposals)	Shares held as of 31 December ²⁾	Restricted shares held as of 31 December
Sigve Brekke	2020	136.602	6.508	1.989	145.099	23.886
	2019	130.620	5.299	683	136.602	24.622
Tone Hegland Bachke	2020	2.637	1.616	4.814	9.067	2.931
	2019					
Cecilie Blydt Heuch	2020	6.281	3.019	1.070	10.370	7.985
	2019	3.084	2.508	689	6.281	4.966
Ruza Sabanovic	2020	14.618	2.413	146	17.177	8.663
	2019	12.646	1.972	0	14.618	8.682
Jørgen C. Arentz Rostrup	2020	17.028	4.085	3.420	24.533	13.542
	2019	11.684	2.991	2.353	17.028	9.457
Petter-Børre Furberg ³⁾	2020	40.856	3.418	1.130	45.404	10.722
	2019	36.446	2.783	1.627	40.856	9.763
Jukka Leinonen	2020	0	7.362	1.745	9.107	7.362
	2019					

¹⁾ Start date for new members.

²⁾ Shareholdings not included for representatives who are no longer in GEM as of 31 December.

³⁾ Furberg's 2019 grant has been corrected due to an administrative error

Deviations from the NCGB Code of Practice Section 12: None.