

## Appendix 2

# Statement regarding determination of salary and other remuneration to the executive management

### The President and CEO and the Group Executive Management

The overall remuneration policy in Telenor Group is being continued from the previous year. There is however a change to the long-term incentive plan, which is one of the key remuneration elements for the President and CEO and Group Executive Management. This is described in section 3.3.1.

#### 1. Remuneration policy

The remuneration policy shall help Telenor Group attract, engage and retain the right people to deliver sustainable value for shareholders in accordance with the Telenor way. Key principles:

1. Reward performance:  
Remuneration shall be based on the results of an individual's overall performance evaluated against objective and transparent criteria.
2. Support balanced goals:  
Remuneration shall be tied to a balanced combination of goals that align individual's goals with Telenor's business goals and the economic interests of its shareholders.
3. Offer competitive total reward:  
Telenor seeks to offer total remuneration that is attractive and competitive (but not market-leading).

#### 2. Remuneration governance

The Board of Directors approves the remuneration to the President and CEO of Telenor Group.

The Board of Directors has appointed a People and Governance Committee (PGC) to act as an advisor to the Board on people and governance related matters. The Committee is responsible for monitoring, evaluating and recommending remuneration policies and programmes to the Board for approval and has no independent decision-making authority except where granted by the Board.

Key remuneration related responsibilities of PGC:

- Review Telenor Group remuneration policies and programmes including base salary, short-term and long-term incentive plans, employee share purchase programme and other key benefits such as pension and insurance plans.
- Recommend remuneration for the President and CEO and Group Executive Management including all remuneration elements mentioned above.
- Review market trends and insight in order to advice the Board on remuneration decisions.
- Review the declaration regarding the determination of salary and other remuneration to senior executives pursuant to section 6-16a in the Act relating to Public Limited Companies.

The Committee comprises of the Chairman of the Board, two of the shareholder elected Board members and one employee representative. The Group President and CEO and EVP and Chief People Officer normally attend the Committee meetings. Other management representatives attend based on invitation.

#### 3. Key remuneration elements 2018

The total remuneration to executives shall be competitive and help support the development of the Telenor Group. It shall reflect Telenor Group's commitment to be compliant with the at all times prevailing external regulations and responsible business conduct guidelines.

In brief the executive remuneration shall reflect the:

- Market situation and business environment
- Business strategy and key priorities
- Responsible business conduct
- Scope and impact of role

Element	Key purpose
Base salary	Provide the basis for a competitive, but not market leading total remuneration. This is the main element of the total remuneration for all executives.

Short-term incentive	Help drive leadership behaviours and deliver results across different areas of the business to achieve the strategic ambitions.
Long-term incentive	Foster alignment of interests between executives and shareholders, as well as contribute to retention of key people.
Pension and insurances	Offer competitive pension and insurance plans that provide security and support in different life situations.

### 3.1 Base salary

Base salary constitutes the main element of the total remuneration for all executives. It is set to reflect market and business context, role scope and responsibilities, as well as the person's experience and competence level relevant for the role.

The base salaries are normally reviewed on an annual basis, taking into consideration the following key aspects:

- Performance in accordance with business priorities
- Demonstrated leadership in accordance with the Telenor Way
- Current salary level relative to market

### 3.2 Short-term incentive

The short-term incentive (STI) plan is designed to help drive desired leadership behaviours and deliver results in different areas of the business. It is a cash-based plan where the maximum annual earning is 50% of the annual base salary for the President and CEO and Group Executive Management.

The design reflects the key priorities of Telenor Group and contains both financial, operational and responsible business conduct related performance targets:

- Financial KPIs to drive financial results: gross profit uplift, opex control and free cash flow generation.
- Operational KPIs to drive progress on the transformation: customer satisfaction, number of monthly active users of digital channels and services, and organizational effectiveness.
- Responsible Business Conduct to drive sustainable business operations across all markets.

Responsible business conduct continues to be a key priority across the Telenor Group and the supply chain. This is embedded in the short-term incentive plan as a holistic measure for each participant, reflecting the executives' role and responsibilities in this area. Key aspects being measured are signing of Telenor Group Code of Conduct, completion of relevant training, as well as implementation of relevant policies and processes.

The results on responsible business conduct can have both a negative and positive impact on the overall achievement. It should also be noted that should a participant fail to comply with Telenor Group standards of business conduct and/ or local laws and regulations the short-term incentive may be forfeited altogether.

#### Calculation of outcome

The short-term incentive outcome is calculated based on the results for the respective KPIs as described above. In addition, a Total Shareholder Return (TSR) multiplier can increase the final outcome for each participant up to two times the KPI achievement, provided certain conditions are met.

Requirements for the TSR multiplier to be applied:

- The Telenor ASA share must have an absolute positive TSR over the two-year period from December 2016 to December 2018.
- The Telenor ASA share must perform better than the STOXX® Europe 600 Telecommunications index (SXKGR) over the two-year period from December 2016 to December 2018.

This means that if the gross return on the Telenor ASA share develops better than SXKGR over the two year period, the multiplier will range from 1 to 2 corresponding to Telenor ASA share's performance of 0 to 15 percentage points above the index. The multiplier increases linearly between 0 and 15 percentage points.

Vacation pay, pensionable earnings and tax related to this plan are subject to local laws and regulations.

The President and CEO and Group Executive Management should as a minimum keep shareholdings in Telenor ASA corresponding to the value of one annual base salary. In order to fulfil this requirement, the employees are required to invest up to 20% of the short-term incentive in Telenor ASA shares.

### 3.3 Share programmes

Telenor Group offers two share-based programmes to its employees. The key objectives of these are to align the interest of employees and shareholders, and give employees an opportunity to take part in the value creation and long-term development of the Group.

### 3.3.1. Long-term incentive (LTI)

The long-term incentive plan is a share-based plan for executives and a limited group of key experts across Telenor Group. It is designed to align the interests of the employees and shareholders, provide employees an opportunity to take part in the long-term value creation, as well as contribute to retaining key employees.

The President and CEO and Group Executive Management can receive a maximum LTI grant of 30% of their annual base salary. The size of the actual grant will be connected to the Telenor Group performance in the previous financial year. Free cash flow is defined as the key performance indicator to be applied for the LTI plan. This implies that Telenor Group performance must be above a certain free cash flow threshold set by the Board of Directors for LTI to be granted. If the Telenor Group free cash flow performance is equal to or below the threshold, no LTI will be granted.

Telenor will on behalf of all participants invest the after tax LTI grant amount in Telenor ASA shares. For participants on international assignment the maximum LTI grant is 15% due to their net salary terms.

To foster retention all participants are obliged to hold the LTI shares for a lock-in period of four years. If the participant should leave Telenor during the lock-in period he/she will lose the right to any locked shares. In case of a participant's retirement, disability or death the shares will be unlocked and made available to the participant.

### 3.3.2 Employee share programme (ESP)

Telenor Group offers all employees to purchase Telenor ASA shares for 1, 2, 3, or 4 percent of their annual gross base salary at a discount of maximum 25% of the invested amount (capped at NOK 2,000). The minimum investment amount is NOK 2,000.

If the Telenor ASA share performs better than the STOXX® Europe 600 Telecommunications index (SXKGR) over a 2 year period, the participants will be granted ESP bonus shares on the following terms:

- If the Telenor ASA share performs less than the index, no ESP bonus is awarded.
- If the Telenor ASA share performs better than the index, the ESP bonus is equal to the current value of the initial ESP shares (1:1 matching).
- If the Telenor ASA share performs minimum 15 percentage points better than the index, the ESP bonus is three times the current value of the initial ESP shares (3:1 matching).

The ESP bonus shares are granted given that the individual is still employed in the Telenor Group.

### 3.4 Other general benefits

The President and CEO and the Group Executive Management are entitled to additional benefits, as per local policies and country specific practices:

- Pension and insurance plans
- Company car or car allowance
- Electronic communication
- Newspapers

#### Pension and insurance plans

Since 1 June 2006, externally recruited members of the Group Executive Management who are employed in Norway have been enrolled in the collective defined contribution scheme for employees in Norway. From 1 January 2017 the contribution is 5% of the participant's annual base salary from 0 - 7.1 G, and 18% from 7.1–12 G.

From 1 July 2017, individual pension agreements (if any) related to pensionable salary above 12G are discontinued for internal hires to the Group Executive Management. Individual pension agreements for the Group Executive Management members entered into before 2016 have been honoured (see table "Individual terms for GEM members").

Group Executive Management members employed in Norway before 2012 are entitled to retire at the age of 62 or 65 years based on individual agreements. From 2012 the retirement age has been 67 years.

Group Executive Management members employed outside of Norway have pension and insurance schemes in accordance with legislation and practice in the respective markets. See separate overview. Employees on international assignments will remain in the home country pension scheme if possible; otherwise the host country scheme will be applied. If none of these options are available an allowance is provided in lieu of a pension scheme.

The President and CEO and Group Executive Management are covered by the general insurance plans applicable within Telenor ASA.

#### Severance pay

The President and CEO and Group Executive Management are entitled to severance pay equal to six months of their annual base salary calculated as from the expiry of the notice period. The severance pay is given under the condition that the employee waives his/her employee protection rights.

## 4. Key remuneration principles and implementation 2017

The key remuneration principles applied in 2017 are similar to those described above with the exception of the key performance indicator that is being introduced for the 2018 long-term incentive plan.

## Individual terms for the President and Chief Executive Officer and Group Executive Management

During 2017, the Group Executive Management consisted of the following members:

Member	Position(s)
Sigve Brekke	President and Chief Executive Officer (P&CEO)
Jørgen C. Arentz Rostrup	EVP and Chief Financial Officer (CFO)
Cecilie Blydt Heuch	EVP and Chief People Officer from 1 December 2017
Jon Gravrák	EVP and Chief Digital Officer
Morten Karlsen Sørby	EVP and Chief Transformation Officer
Ruza Sabanovic	EVP and Head of Technologies and Services
Svein Henning Kirkeng	EVP and Head of Products and Marketing from 1 June 2017
Wenche Agerup	EVP, General Counsel and Chief Corporate Affairs Officer
Alexandra Reich	EVP CEE Cluster and CEO of Telenor Hungary
Berit Svendsen	EVP Scandinavia Cluster and CEO of Telenor Norway
Lars-Åke Norling	EVP Developed Asia Cluster and CEO of dtac, Thailand
Petter Børre Furberg	EVP Emerging Asia Cluster from 1 March 2017 EVP and CEO (acting) of Grameenphone, Bangladesh until 1 March 2017
Jon Erik Haug	EVP and Chief People Officer until 30 November 2017
Gunnar Sellæg	EVP and Chief Marketing Officer (interim) until 31 May 2017
Albern Murty <sup>1</sup>	EVP and CEO of Digi, Malaysia until 1 March 2017
Ingeborg Øfsthus <sup>1</sup>	EVP and CEO of Telenor Montenegro and Serbia until 1 March 2017
Irfan Wahab Khan <sup>1</sup>	EVP and CEO of Telenor Pakistan until 1 March 2017
Jesper Hansen <sup>1</sup>	EVP and CEO of Telenor Denmark until 1 March 2017
Lars Erik Tellmann <sup>1</sup>	EVP and CEO Telenor Myanmar until 1 March 2017
Michael Foley <sup>1</sup>	EVP and CEO of Telenor Bulgaria until 1 March 2017
Patrik Hofbauer <sup>1</sup>	EVP and CEO of Telenor Sweden until 1 March 2017
Sharad Mehrotra <sup>1</sup>	EVP and CEO Telenor India until 1 March 2017

1) Stepped down from Telenor's Group Executive Management team. The business unit CEOs continued to be CEOs of their respective business units.

### Individual terms for GEM members per 31 December 2017

Name	Contract type	Pension scheme
Sigve Brekke	Local Norway	Defined benefit: 60% of annual pensionable salary until the age of 75, thereafter 58%. Individually agreed retirement age of 65. Pensionable salary is capped at NOK 5,258 thousand (subject to annual index regulation).
Jørgen C. Arentz Rostrup	Local Norway	Part of general Telenor ASA defined contribution scheme.
Cecilie Blydt Heuch	Local Norway	Part of general Telenor ASA defined contribution scheme.
Jon Gravrák	Expatriate	Allowance at 8% of annual base salary in lieu of pension.
Morten Karlsen Sørby	Local Norway	Defined benefit: 60% of annual pensionable salary until the age of 72, thereafter 58%. Individually agreed retirement age of 62.
Ruza Sabanovic	Expatriate	Part of general Telenor ASA defined contribution scheme.
Svein Henning Kirkeng	Local Norway	Part of general Telenor ASA defined contribution scheme.
Wenche Agerup	Local Norway	Part of general Telenor ASA defined contribution scheme.
Alexandra Reich	Expatriate	Allowance at 11% of annual base salary in lieu of pension.
Berit Svendsen	Local Norway	Defined benefit: 60% of annual pensionable salary until the age of 72, thereafter 58%. Individually agreed retirement age of 62.
Lars-Åke Norling	Expatriate	Maintaining home (Sweden) pension scheme, as described below. Defined contribution: 30% of annual pensionable salary and 30% of annual bonus and voluntary contribution up to 5% of annual pensionable salary.
Petter Børre Furberg	Expatriate	Maintaining home (Norway) pension scheme as described below. Defined benefit: 66% of annual pensionable salary up to 12 G. Defined contribution: 15% of annual pensionable salary above 12 G.

## Remuneration to the Group Executive Management

Aggregate remuneration including pension cost for the Group Executive Management was NOK 115.3 million in 2017. The aggregate remuneration including pension cost was NOK 152.1 million in 2016. The compensation is based on the individual's respective period in the Group Executive Management. The figures in the tables below are presented in NOK using average currency exchange rates for 2017 and 2016 respectively, where applicable.

### Remuneration to Group Executive Management 2017

NOK in thousands	Base salary <sup>1)</sup>	Long Term Incentive (LTI) expensed <sup>2)</sup>	Short-term incentive (STI) <sup>3)</sup>	Other Benefits <sup>4)</sup>	Pension benefit <sup>5)</sup>	Total remuneration
Sigve Brekke	6 570	1 174	3 021	180	3 155	14 100
Jørgen C. Arentz Rostrup	3 900	247	1 690	180	119	6 136
Cecilie Blydt Heuch (from 1 December 2017)	261	-	-	1	20	282
Jon Gravråk <sup>6)</sup>	3 078	73	1 518	4 632	246	9 547
Morten Karlsen Sørby	4 068	914	1 874	184	2 342	9 382
Ruza Sabanovic <sup>6)</sup>	3 953	359	1 986	1 406	121	7 824
Svein Henning Kirkeng (from 1 June 2017)	1 886	-	846	105	66	2 903
Wenche Agerup	3 181	390	1 500	191	119	5 381
Alexandra Reich <sup>6)</sup>	3 551	103	1 521	1 805	391	7 371
Berit Svendsen	3 302	712	1 550	184	1 321	7 070
Lars-Åke Norling <sup>6)</sup>	4 858	473	2 295	5 657	2 466	15 748
Petter Børre Furberg <sup>6)</sup>	2 998	322	1 473	3 650	325	8 769
Jon Erik Haug <sup>7)</sup> (until 30 November 2017)	2 781	-	1 283	5 281	466	9 812
Gunnar Sellæg (until 31 May 2017)	1 039	-	-	172	46	1 257
Albern Murty (until 1 March 2017)	474	66	229	62	85	916
Ingeborg Øfsthus <sup>6)</sup> (until 1 March 2017)	367	18	178	645	38	1 245
Irfan Wahab Khan <sup>6)</sup> (until 1 March 2017)	688	68	302	221	76	1 355
Jesper Hansen (until 1 March 2017)	464	39	229	30	44	806
Lars Erik Tellmann <sup>6)</sup> (until 1 March 2017)	371	22	186	663	29	1 271
Michael Foley <sup>6)</sup> (until 1 March 2017)	735	46	334	297	81	1 493
Patrik Hofbauer (until 1 March 2017)	572	55	270	12	221	1 130
Sharad Mehrotra <sup>6)</sup> (until 1 March 2017)	602	53	291	482	66	1 494

### Remuneration to Group Executive Management 2016

NOK in thousands	Base salary <sup>1)</sup>	Long Term Incentive (LTI) expensed <sup>2)</sup>	Short-term incentive (STI) <sup>3)</sup>	Other Benefits <sup>4)</sup>	Pension benefit <sup>5)</sup>	Total remuneration
Sigve Brekke	6 491	925	885	195	3 163	11 659
Jørgen C. Arentz Rostrup (from 1 November 2016)	937	-	105	246	23	1 311
Morten Karlsen Sørby	3 817	829	718	198	2 124	7 687
Jon Erik Haug	2 730	631	499	152	490	4 501
Jon Gravråk <sup>6)</sup>	3 699	183	595	5 224	407	10 107
Ruza Sabanovic <sup>6)</sup>	3 675	263	743	954	75	5 710
Wenche Agerup	2 744	195	650	196	75	3 860
Albern Murty <sup>10)</sup>	2 939	293	762	408	575	4 978
Alexandra Reich <sup>6)</sup> (from 12 October 2016)	786	-	50	126	86	1 048
Berit Svendsen	2 900	652	530	192	1 219	5 493
Christopher Laska <sup>6)</sup> (until 31 August 2016)	1 913	162	85	608	98	2 867
Ingeborg Øfsthus <sup>6)</sup> (from 1 March 2016)	2 261	60	122	2 125	194	4 761
Irfan Wahab Khan <sup>6)</sup> (from 1 August 2016)	2 040	129	338	1 046	224	3 777
Jesper Hansen	2 829	176	553	183	306	4 048
Lars Erik Tellmann <sup>6)</sup> (from 1 August 2016)	984	55	157	1 924	71	3 190
Lars-Åke Norling <sup>6)</sup>	4 963	409	855	6 114	2 883	15 223

Michael Foley <sup>6)</sup>	4 252	160	639	2 086	468	7 605
Patrik Hofbauer <sup>6)</sup>	3 422	287	638	87	1 522	5 956
Petter Børre Furberg <sup>6)</sup> (until 31 July and from 1 November 2016)	1 994	190	398	1 598	243	4 423
Sharad Mehrotra <sup>6)</sup>	3 243	257	668	2 446	357	6 971
Gunnar Sellæg (from 23 December 2016)	58	-	8	5	2	72
Ove Fredheim <sup>6)</sup> (until 28 February 2016)	788	45	35	484	69	1 422
Pål Wien Espen <sup>8)</sup> (until 29 April 2016)	853	-	-	5 225	317	6 396
Rajeev Sethi <sup>6)</sup> (until 30 October 2016)	2 666	232	-	2 266	293	5 457
Richard Aa <sup>9)</sup> (until 29 April 2016)	1 081	-	-	11 764	363	13 209
Stein Erik Vellan <sup>6)</sup> (until 1 August 2016)	2 038	137	-	1 201	245	3 621
Vivek Sood <sup>6)</sup> (until 23 December 2016)	3 520	363	684	1 828	387	6 782

<sup>1)</sup> Base salary includes holiday pay, if applicable.

<sup>2)</sup> LTI is reported on expensed basis, i.e. cost of all active programs in 2016 and 2017 for their tables respectively.

<sup>3)</sup> STI (annual bonus) reflects actual bonus amount and excludes holiday pay. Any applicable holiday pay is reported in 'Base salary' column.

<sup>4)</sup> Includes items such as insurance, company car benefit or car allowance, relocation costs, taxable bonus shares related to employee share programme etc.

<sup>5)</sup> The calculations of pension benefits earned are based on the same actuarial and other assumptions as used in the pension benefit calculations in note 25.

<sup>6)</sup> Individuals on international assignments have net entitlements to base salary, short-term incentive, allowance in lieu of pension and other benefits. 'Other benefits' includes remuneration not separately mentioned and benefits provided according to the international assignment policy, such as insurances, car or car allowance, accommodation, children's education, home travel, social security costs if the employee is maintained in home country social security scheme etc. Base salary, short-term incentive, allowance in lieu of pension and other benefits in 2017 table are reflected as gross amounts based on estimated taxes provided by external service provider. Reconciliation of the calculated taxes will occur when the tax return is settled, for most of our countries during 2018. Consequently, the actual taxes for 2017 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 related to 2016 table have been updated according to the same method to reflect gross reconciled amounts.

<sup>7)</sup> The final settlement between Telenor and Jon Erik Haug amounts to NOK 5.1 million, and is reflected in the 'Other Benefits' column.

<sup>8)</sup> The settlement agreement between Telenor and Pål Wien Espen amounts to NOK 5.2 million. This amount is reflected in the 'Other Benefits' column.

<sup>9)</sup> The settlement agreement between Telenor and Richard Aa amounts to NOK 11.7 million, which includes NOK 6.7 million that relates to the closing of an individually agreed pension scheme. The amount was paid out in 2016, and is reflected in the 'Other Benefits' column.

<sup>10)</sup> The STI includes pay-outs of a local quarterly bonus program, which Albern Murty already had before joining GEM in October 2015. This bonus program applies to all local employees in Digi and is based on business performance in the subsidiary and paid out quarterly. Albern Murty is subject, in line with other GEM members, to a cap of short-term variable pay of 50% of annual base salary.

### Shares held during 2017

Name	Shares held as of 1 January/ start date for new members	Granted	Net Additions/ (Disposals)	Shares held as of 31 December <sup>1)</sup>	Shares held as of 31 December of which are restricted
Sigve Brekke	114 490	6 878	430	121 798	19 595
Jørgen C. Arentz Rostrup	-	3 557	4 462	8 019	3 557
Cecilie Blydt Heuch	-	-	-	-	-
Jon Gravråk	2 776	2 749	455	5 980	5 525
Morten Karlsen Sørby	84 147	3 957	-	88 104	9 713
Ruza Sabanovic	7 642	2 379	480	10 501	6 355
Svein Henning Kirkeng	3 000	-	-	3 000	-
Wenche Agerup	3 692	2 802	758	7 252	5 631
Alexandra Reich	-	2 569	-	2 569	2 569
Berit Svendsen	35 171	3 225	201	38 597	10 768
Lars-Åke Norling	30 835	3 378	-	34 213	11 106
Petter Børre Furberg	29 164	2 419	802	32 385	7 536

1) Shareholdings not included for representatives who are no longer in GEM as of 31 December 2017.

### Shares held during 2016

Name	Shares held as of 1 January/ start date for new members	Granted	Net Additions/ (Disposal)	Shares held as of 31 December <sup>1)</sup>	Shares held as of 31 December of which are restricted
Sigve Brekke	105 287	7 244	1 959	114 490	15 765
Jørgen C. Arentz Rostrup	-	-	-	-	-
Morten Karlsen Sørby	81 712	1 257	1 178	84 147	8 892
Jon Erik Haug	15 012	2 815	823	18 650	9 690
Jon Gravråk	-	2 776	-	2 776	2 776
Ruza Sabanovic	4 589	2 432	621	7 642	4 738
Wenche Agerup	-	2 829	863	3 692	2 829
Albern Murty	5 091	4 942	2 346	12 379	8 787
Alexandra Reich	-	-	-	-	-
Berit Svendsen	31 750	3 204	217	35 171	9 931
Ingeborg Øfsthus	3 089	-	460	3 549	1 751
Irfan Wahab Khan <sup>2)</sup>	5 675	-	-	5 675	7 042
Jesper Hansen	14 799	2 994	1 403	19 196	5 658
Lars Erik Tellmann	15 107	-	-	15 107	3 133
Lars-Åke Norling	26 904	3 932	(1)	30 835	9 806
Michael Foley	684	3 466	2 470	6 620	3 466
Patrik Hofbauer	14 573	3 363	4 134	22 070	8 644
Petter Børre Furberg	26 064	2 409	691	29 164	6 003
Sharad Mehrotra	3 445	3 047	1 822	8 314	6 204
Gunnar Sellæg	4 986	-	-	4 986	3 282

1) Shareholdings not included for representatives who are no longer in GEM as of 31 December 2016.

2) Shares held as of 31 December are actual Telenor ASA shares acquired when employed outside the current country of employment. Restricted shares awarded through LTI programme are phantom shares due to local requirements in the country of employment.