

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 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 for each meeting they attend. Employee-elected members of the Board receive the same compensation as shareholder-elected

members. Board members living outside of Norway receive a separate travel allowance for each physical meeting they attend¹⁾.

Compensation to the Board of Directors is not linked to the company's performance. Shareholder-elected Board members are not entitled to compensation in the event of termination or to other types of compensation such as pension plans, incentives, profit sharing or options. Board members receive compensation in the form of cash-based payments, not shares or other instruments.

Board members who are on the People and Governance Committee and/or the Risk and Audit Committee receive a fixed

annual fee, whereas members on the Sustainability and Compliance Committee and/or the Technology and Innovation Committee receive a fee for each meeting they attend. Separate compensation levels are set for the Chair and the members of the respective committees.

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 2019, none of the Board

BOARD AND COMMITTEE TOTAL COMPENSATION

Amounts in NOK (thousands)	2019	2018
Board of Directors (fixed fee and allowances)	4 160	4 022
Risk and Audit Committee	578	615
People and Governance Committee	381	327
Sustainability and Compliance Committee	173	169
Technology and Innovation Committee	230	267
Total fees for board services to Telenor ASA during the year	5 522	5 399

COMPENSATION TO MEMBERS OF THE BOARD

Amounts in NOK (thousands)	Total compensation 2019	Board compensation 2019	Committee compensation 2019	Share ownership ¹⁾ 31.12.2019
Gunn Wærsted	848	683	165	12 000
Jørgen Kildahl	700	388	312	2 000
Grethe Viksaas	479	343	137	-
Jacob Agraou	628	343	286	10 000
Jon Erik Reinhardsen	638	343	295	1 500
Sally Davis	640	343	297	-
Anita Helen Steine (from 7 May 2019)	323	231	92	674
Jan Otto Eriksen (from 7 May 2019)	274	231	43	5 729
Esben Smistad (from 7 May 2019)	277	231	46	-
Harald Stavn (until 7 May 2019)	185	112	73	-
Sabah Qayyum (until 7 May 2019)	140	112	28	-
Roger Rønning (until 7 May 2019)	129	112	17	-
René Richard Obermann (until 1 Aug 2019)	261	199	62	-

¹⁾ Shareholdings not included for representatives who were no longer members as of 31 December 2019.

¹⁾ Effective 7 May 2019, the annual fees for the chairperson of the board, deputy chairperson and directors are NOK 691,000 (2018: NOK 668,000), NOK 392,000 (2018: NOK 381,000) and NOK 346,000 (2018: NOK 336,000), respectively. The travel allowance for Board members living outside of Norway is NOK 23,000 (2018: NOK 11,000) per physical meeting. The fee per meeting for deputy members is NOK 9,200 (2018: NOK 9,000). The annual fees for the chair and members of the Risk and Audit Committee are NOK 206,000 (2018: NOK 200,000) and NOK 133,000 (2018: NOK 130,000). The annual fees for the chair and members of the People and Governance Committee are NOK 123,000 (2018: NOK 120,000) and NOK 92,000 (2018: NOK 90,000). The fees per meeting for the chair and members of the Innovation and Technology Committee are NOK 15,000 (2018: NOK 14,600) and NOK 14,400 (2018: NOK 14,000). The fees per meeting for the chair and members of the Sustainability and Compliance Committee are NOK 9,200 (2018: NOK 9,000) and NOK 8,600 (2018: NOK 8,400).

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 2019 was NOK 5.5 million, compared to NOK 5.4 million in 2018. See the 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 2019. Shareholdings include shares owned by their related parties. Regular salaries and other compensation to employee-elected members of the Board are not included.

Corporate Assembly

Compensation to the Corporate Assembly is determined by the General Assembly, based on the recommendation of the Nomination Committee. The total compensation to the members of the Corporate Assembly was NOK 744,550 in

2019, compared to NOK 729,947 in 2018. The members of the Corporate Assembly receive annual fixed compensation, with the exception of deputies to employee-elected members, who receive compensation for each 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⁾.

¹⁾ From 7 May 2019, the annual fees for the chair, deputy chair and members of the Corporate Assembly were NOK 106,000, NOK 47,200 and NOK 38,800 respectively. The fee for deputy members was NOK 7,600 per meeting.

SHARE OWNERSHIP FOR THE CORPORATE ASSEMBLY

As of 31 December	2019 ¹⁾
Hege Ottesen	781
May Iren Arnøy	22
Magnhild Øvsthus Hanssen	3,121
Tom Westby	1 556
Swati Sharma	680
Rune Aamodt	186
Laila Fjelde Olsen	920
Pål Ligaard	228
Tord Overå	153
Marie Brun Svendsen	215
Olga Marie Lerflaten	149
Sune Jakobsson	3,580
Espen Egeberg Christiansen	1 293
Camilla Skarsjø Grimnes	47
Håkon Lønsethagen	1 065

¹⁾ Shareholdings not included for representatives who did not hold shares or were no longer members as of 31 December 2019.

*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 supports our business strategy and company culture by attracting, engaging and developing the right people to create long-term value for Telenor Group and its stakeholders.

The Board of Directors' statement on executive compensation as presented below is in accordance with the Norwegian Public Limited Liability Companies Act, Section 6-16, prevailing statutory guidelines for executive compensation and the Norwegian Corporate Governance Board (NCGB) Code of Practice. The Board of Directors aims to present the Telenor Group compensation policy and its

implementation in a clear, easily understandable and comprehensive fashion.

As Telenor Group operates in different markets internationally, the Board of Directors is continually being challenged when executing its executive compensation responsibilities. The Board of Directors has reviewed the executive compensation structure and concluded that it supports the company with its achievement of the business strategy and that any deviation from the guidelines are explained in accordance with the prevailing principles of corporate governance.

Fornebu, 27 March 2020
Gunn Wærsted

COMPENSATION POLICY FOR 2020

Executive compensation helps Telenor Group attract, engage and retain the right people to deliver results in accordance with the Telenor behaviours and create long-term value for stakeholders.

The business strategy is based on the company's purpose - "Connecting you to what matters most. Empowering societies." - and has three main components:

- Delivering growth through focused customer offerings that fuel the persistent need for connectivity and related services
- Continuing to innovate on core business and be a leader in modernisation, from how the Group runs networks to the way it engages with customers across touchpoints.
- Reinforcing the Group's strong foundation as a responsible business through the way it operates and manages business environment risk, in how it treats customer data and through its role as a global citizen working to achieve its climate goals

Telenor Group's executive compensation is designed to support the prevailing business strategy and the short-term and long-term priorities of the company. In accordance with its group-wide strategy process, Telenor develops a yearly strategy action plan, as well as a longer-term strategic outlook that guides the overall direction of the company towards a five-year horizon. Performance measures for incentive plans are developed as part of this process.

The compensation policy contributes to the sustainability of the company, as the incentive plans are tied to key financial and operational metrics, and payments vary in accordance with the overall performance of the company.

Telenor has a strong culture built on the following behaviours: Always explore.

Create together. Keep promises. Be respectful. These behaviours create a strong set of expectations of employee conduct across the company and ways of working across all markets in Telenor Group.

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 so as to foster collaboration and joint ownership of strategic priorities.
- Supporting holistic and 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.

TELENOR BEHAVIOURS

Always Explore

We believe growth comes from learning every day. We're curious and we dare to challenge, test, fail fast and pivot.

Keep promises

We believe that trust is key in all our relationships. We take ownership and pride in delivering with precision and integrity.

Create together

We believe diverse teams find better solutions. We seek different perspectives, share, involve and help each other succeed.

Be respectful

We believe in the unique human ability to understand what matters for people. We meet everyone at eye level, listen and show that we care.

COMPENSATION ELEMENTS

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 plan (ESP)	To encourage alignment of employee and shareholder interests, foster loyalty and offer an opportunity to take part in long-term value creation	Maximum investment 4% of base salary, potential to achieve up to triple matching	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 table	Not applicable
Other benefits	To ensure competitive compensation and meet the specific demands of a given temporary or permanent situation	See separate table	Not applicable

Compensation elements

Total compensation is built with an emphasis on base salary; hence the variable elements are relatively smaller when looking at the total pay mix. Benefits such as pension, insurance, allowances and leave 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. The relative size of base salary and incentives at the maximum earnings potential are as follows: base salary 56%, short-term incentive 28% and long-term incentive 16%.

The table above summarises the key compensation elements applicable to the President and CEO and the Group Executive Management.

Base salary

Base salary is the main element of compensation to all executives in Telenor

Group. Hence, fair and competitive base salary levels are critical for attracting and retaining leaders who are skilled and motivated to drive annual results and long-term value creation for Telenor Group and its stakeholders across all markets.

Base salaries are set and adjusted on the basis of the local market and business context, the scope of the role and its 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. Salaries are normally reviewed on an annual basis, taking the following key considerations into account:

- Business performance
- Salary level relative to the respective 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 set the direction and motivate executives to drive annual results in key areas of the business in accordance with Telenor behaviours. In particular, the plan aims to foster collaboration across functions and markets by having common goals and rewarding executives for achieving results together as management teams.

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 compensation to executives in companies with Norwegian state ownership. Executives are eligible from day one, provided employment commences prior to 1 October.

2020 STI: TELENOR GROUP SCORECARD

**Growth**

- Organic S&T Revenue Growth
- Brand NPS

Efficiency

- Organic EBITDA Growth
- Underlying Free Cash Flow

Winning Team

- Engagement & Enablement

Responsible Business

- Code of Conduct
- Security

KPI DESCRIPTIONS

#	KPI	Description
1	Organic Subscription and Traffic Revenue Growth	Organic subscription and traffic revenue growth is one of Telenor Group's external guiding parameters. It refers to the underlying growth of the core revenue streams of Telenor's business, representing more than 75% of total revenue and almost all of the Group's gross profit. Organic subscription and traffic revenue growth is defined as subscription and traffic revenue adjusted for the effects of acquisition and the disposal of operations and currency effects. Subscription and traffic revenue consists of revenue from mobile subscriptions and traffic, fixed telephony, fixed Internet/TV and fixed data services.
2	Organic EBITDA Growth	Organic EBITDA growth is a key financial parameter for Telenor Group and a commonly used profitability measure within the telecoms industry. Organic EBITDA growth is one of Telenor's external guiding parameters, and is defined as growth in EBITDA (before other income and other expenses) adjusted for the effects of acquisition and disposal of operations and currency effects.
3	Underlying Free Cash Flow	Free cash flow (FCF) is an important performance measure when presenting and discussing Telenor Group's financial results. It allows the company and investors to evaluate liquidity and cash generated by Telenor Group's operations. Free Cash Flow is the net cash flow from operating activities, plus net cash flow from investing activities, less dividend paid to and purchases of shares from non-controlling interest, payments in supply chain financing programmes and payments on interest-bearing licence obligations. Underlying implies that FCF is adjusted for effects of significant acquisitions, disposals of operations and/or potential effects of extraordinary events/ items subject to the Board of Directors' approval.
4	Brand Net Promoter Score (NPS)	A strong brand is essential for securing a competitive position in all markets, as well as for driving organic growth and profitability. In 2020, Brand NPS will be a particularly important measure for tracking Telenor's ability to deliver on the key belief that "trusted brands are essential to building deeper and longer relationships with our customers". 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. The measure is widely used in the telecoms industry for gauging customers' overall experience and brand loyalty.
5	Engagement and Enablement Index (EEI)	People are the heart of Telenor, as highly engaged, winning teams are the key to delivering a great customer experience, growth and long-term value for stakeholders. The EEI provides in-depth understanding of the organisation's engagement and enablement levels as well as drivers across all teams and markets. Hence it provides a solid basis for systematic organisational development and improvement. The index provides insight into internal year-on-year changes and trends, as well as a comparison with various external benchmarks. The targets are set as stretch goals with improvements compared to the previous year.
6	Code of Conduct	Telenor's Code of Conduct is the company's commitment to integrity. It is a commitment to conducting business in a responsible, ethical and lawful manner. The Code of Conduct is the foundation of Telenor's corporate culture, setting high standards of integrity for how business is conducted. Everyone at Telenor must follow these standards. The metric measures completion rates for the mandatory e-learning in dilemma training and for employees' annual sign-off on the Code, and targets are set reflecting expectation levels of all-employee completion.
7	Security	Telenor Group strives to always protect society and people in their digital life. Cyber security in particular is one of Telenor Group's top enterprise risks. To secure a strong security posture globally it is essential to have proper security awareness and competency amongst all company employees, as employees are the first line of defence. Security has been a key focus for several years, and in 2020 a KPI for security awareness and competency has been included in the short-term incentive plan. The KPI measures completion of global training programmes for all employees, as well as implementation of key security-related initiatives in all companies, and targets are set at a challenging achievement level.

The STI is based on performance as measured against a balanced scorecard with key performance indicators (KPI). The KPIs are updated each year as part of a group-wide strategy process where KPIs are identified and targets set to deliver against the strategy for the coming year. Achievement is determined by assessing performance against targets set for the year. In addition, 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 STI terms and conditions regulate the prevailing terms for participating employees. Most of the terms from previous years have been continued in the 2020 plan; however, the claw back provision has been expanded to cover situations of misconduct and errors leading to financial re-statement. Enforcement of the provision will be subject to local law.

For the 2020 STI scorecard, the combined weights of financial and operational KPIs were 55% and 45% respectively.

STI performance measurement for the President and CEO

In addition to the Telenor Group scorecard described above, which the President and CEO shares with the Group Executive Management, the performance evaluation also includes additional key priorities set by the Board of Directors as in previous years. The priorities for 2020 are related to strategy communication and execution, with a particular emphasis on driving growth and increasing customer focus, as well as leadership development. The Board of Directors can also conduct a discretionary assessment to determine the President and CEO's overall performance for the year.

STI performance measurement for the EVPs and Cluster Heads

As a key principle, members of the Group

Executive Management are measured on and rewarded for group-wide performance. A few Group Executive Management members also hold Business Unit CEO roles with responsibilities for the end-to-end value chain and profit and loss of locally listed companies. In order to get the right focus, reflect role accountabilities and cater for differences in Business Unit ownership structures, including the expectations of independent shareholders, Cluster Heads will be measured on both Telenor Group and Business Unit performance. The weighting will be 60/40 for the EVPs and Cluster Heads Nordics, Emerging Asia and CEO of Telenor Norway, with the majority of the weight on group-wide performance. An exception is the CEO of Digi, who holds the EVP and Cluster Head role for Developed Asia. Due to the ownership structure of Digi, the weighting for the 2020 performance year will be 20/80, with the majority of the weight on Digi performance.

The President and CEO can conduct a discretionary assessment to determine the final achievement for the year for all Group Executive Management.

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 (cash amount) of 30% of their annual base salary.

Telenor will, on behalf of the participants, invest the after-tax grant amount in Telenor ASA shares. The shares will be subject to a three-year lock-in period and be released for disposal provided the executive is still employed by Telenor Group at the end of the lock-in period.

The annual LTI grants depend on Telenor Group's performance as measured over a

two-year period. The performance measures are binary thresholds with 50:50 weighting:

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

The LTI terms and conditions regulate the prevailing plan terms for participating employees. For the 2020 plan, most of the terms from previous years have been continued. However, the claw back provision has been expanded to cover both situations of misconduct and errors leading to financial re-statement. Enforcement of the provision will be subject to local law.

Employee share plan

Telenor Group offers all employees, including executives, the opportunity to purchase Telenor ASA shares at a discounted price to encourage alignment of employee and shareholder interests and to give employees an opportunity to take part in value creation. Employees can choose from different investment levels, ranging from a minimum of NOK 2,000 up to 4% of their annual base salary. To encourage employees to take part, there is a discount of 25%, up to a maximum of NOK 2,000, on the share purchase, and an additional bonus opportunity depending on company performance.

The plan runs over two fiscal years, with employees buying the shares in the first year. The performance period and shareholding requirement cover the full two-year period. 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:

- Telenor ASA TSR outperforms the index: 1 x matching
- Telenor ASA TSR outperforms the index with a minimum of 15 percentage points: 3 x matching
- Telenor ASA TSR performance is below the index: no bonus

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

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. See the table for an overview by individual.

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 99,858 in 2019). 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 from before 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.

Since 2016 the retirement age for all employees in Norway, including executives, has been 70. Some members of the Group Executive Management are entitled to retire at the age of 60, 62 or 65, according to individual agreements. Please see the 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 of a pension plan.

Other benefits

The President and CEO and the Group Executive Management are entitled to additional 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 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 terms

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. Severance pay is conditional upon the employee waiving her/his employee protection rights. Telenor has the opportunity to reduce

severance payments corresponding to other income earned during the severance period. The employee may be released from her/his duties to work during the notice period. Furthermore, the short-term incentive is pro-rated based on the employee's active period during the year, and shares held as part of any active long-term incentive plans may be released.

IMPLEMENTATION OF THE COMPENSATION POLICY AND PLANS IN 2019

The compensation policy and plans implemented in 2019 were in accordance with the statement of the Board of Directors to the Annual General Meeting (AGM) on 7 May 2019 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 NCGB Code of Practice: www.telenor.com/wp-content/uploads/2019/04/Appendix-2-Statement-regarding-determination-of-salary-and-other-remuneration-to-the-executive-management-in-note-34-to-the-fin-statement.pdf.

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 for 2019, please see www.telenor.com/wp-content/uploads/2019/04/Minutes-AGM-2019.pdf.

The key remuneration principles applied in 2019 are similar to those set out for 2020 except for the following:

- Some of the KPIs for the short-term incentive plan have been changed to reflect strategy and priorities
- The long-term incentive grant in 2019 was contingent upon a single measure of financial performance: underlying free cash flow.

2019 SHORT-TERM INCENTIVE KPIS

Area	Strategic objectives
Finance	Key objectives and actions within this area are related to revenue growth, opex reduction and cash generation across the Telenor Group. Key performance indicators: Gross profit uplift (total revenues less total cost of goods sold), reduction in operating expenses and generation of underlying free cash flow.
Customer and market	Key objectives and actions within this area are related to securing a strong market position, and providing personalised and digital customer experiences. Key performance indicators: Brand Net Promoter Score which gives an indication of customers' overall experience and loyalty towards the Telenor main brands in each of the markets and monthly active users of digital care applications.
People	It is the Telenor employees who enable Telenor Group to deliver what matters most for our customers. Hence, the focus on building a winning team with highly engaged and enabled people will remain in 2019. Key performance indicator: Engagement and Enablement Index measuring the level of engagement and enablement for Telenor Group overall and for employees in each of the markets.
Responsible Business	Responsible Business Conduct continues to be a key priority across the Telenor Group and the supply chain. For the coming year the following two key performance indicators will be linked to the short-term incentive: The Code of Conduct and the Employee Integrity Index. The Code of Conduct is at the core of the Telenor Group governance structure and defines the principles and ethical standards for how Telenor operates and creates value across all markets. The Integrity Index is a global measure of employees' views on key aspects related to ethics and integrity such as tolerance of ethical compromises to achieve business goals and how comfortable they feel to speak up if they observe a breach of the Code.

Company performance and incentive achievements in 2019

For the 2019 short-term incentive, a balanced scorecard was applied with a mix of financial and operational targets measured through the above listed KPIs. The combined weights of financial and operational KPIs were 55% and 45% respectively.

Telenor Group delivered solid results in 2019 across several areas of the business, and strong performance was observed in both financial and operational KPIs relating to the short-term incentive. The results can be attributed mainly to Telenor Group's ability to continue its strong cost discipline and attainment of the opex reduction targets, as well as cash flow performance. Regarding the operational KPIs, Telenor Group in particular managed to deliver strong positive development in the Employee Engagement and Enablement Index and increase the number of monthly active users of Telenor's apps, which is a key indicator of the group's ability to deliver good customer experiences in digital channels.

In its assessment of performance for the President and CEO for 2019, 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 to determine the final STI outcome for the President and CEO. See table "Compensation to the Group Executive Management".

The 2019 long-term incentive grant was contingent upon financial performance in 2018 as measured by underlying free cash flow for the fiscal year. A binary threshold of NOK 5 billion was approved by the Board of Directors. The performance threshold was achieved and, as such, full grants were issued on 9 and 10 May 2019 at a share price of NOK 172,48.

The Telenor ASA Total Shareholder Return (TSR) outperformed the STOXX Europe 600 Telecommunications Index (SXKGR) by 41 percentage points during the two-year plan period of the 2017 Employee Share Plan, resulting in ESP bonus shares being issued to eligible employees with 3x matching between 31

January and 5 February 2019 at a share price of NOK 158.62.

Group Executive Management in 2019

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. See below for an overview of the Group Executive Management team and its respective members' period in the team.

GROUP EXECUTIVE MANAGEMENT TEAM

Member	Position(s)	Period
Sigve Brekke	President and Chief Executive Officer (P&CEO)	Full year
Jørgen C. Arentz Rostrup	EVP and Chief Financial Officer (CFO)	Full year
Cecilie Blydt Heuch	EVP and Chief People Officer	Full year
Anne Kvam	EVP and Chief Corporate Affairs Officer	Full year
Ruza Sabanovic	EVP and Chief Technology Officer	Full year
Lars Thomsen	Acting EVP & Chief Marketing Officer	2 April – 31 December
Petter-Børre Furberg	EVP Emerging Asia Cluster EVP and CEO Telenor Norway	1 January – 31 March 1 November – 31 December
Albern Murty	EVP Developed Asia Cluster and CEO of Digi, Malaysia	Full year
Jukka Leinonen	EVP Nordic Cluster and CEO of DNA, Finland	1 November – 31 December
Irfan Wahab Khan	EVP Emerging Asia Cluster and CEO of Telenor Pakistan	1 April – 31 December
Morten Karlsen Sørby	EVP and acting Cluster Head Scandinavia	1 January – 30 September
Svein Henning Kirkeng	EVP and Head of Products and Marketing	1 January – 2 April

Salary development

The average base salary increase for the Group Executive Management including the President and CEO was 3.1% in 2019. The 2019 salary review budget for Telenor Norway and Telenor ASA was 3.4%, and the average employee base salary was NOK 780,000 at the end of 2019. Historical salary development is listed in below table.

Year	Executives	Base salary
2019	P&CEO	3.4%
	GEM	3.0% ¹⁾
2018	P&CEO	2.9%
	GEM	2.9%
2017	P&CEO	2.4%
	GEM	2.5%
2016	P&CEO	0.0%
	GEM	2.0%

¹⁾ Average increase excludes Jørgen Rostrup's salary adjustment related to increase in scope of role, and Albern Murty's increase due to a market adjustment, both amounting to 15%.

Incentive claw back

Telenor Group has implemented a strengthened claw back provision in the terms and conditions for both incentive plans with effect from 2020. No claw backs were applied during 2019.

Individual terms and conditions

See the table on the next page for individual employment and pension terms for 2019.

Petter-Børre Furberg continued membership in the pension plan for pensionable salary above 12 G upon re-appointment to the Group Executive Management on 1 November 2019. Furberg was in the Group Executive Management until 1 April 2019 with legacy membership in the now closed pension plan. According to policy, this pension benefit should have ceased; however, it was considered most appropriate to continue the benefit due to the brevity of Furberg's period outside of the Group Executive Management.

Jukka Leinonen, CEO of DNA and Cluster Head Nordics, 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's earnings potential decreased considerably with the termination of DNA's long-term incentive plans. Leinonen is eligible for

the Telenor Group LTI plan on standard terms.

Morten Karlsen Sørby is entitled to retain long-term incentive plan shares granted prior to 2019 in accordance with Telenor policy when leaving the company. Karlsen Sørby was employed by Telenor Group in 1993 and entered Group Executive Management in 2003.

Albern Murty has been granted the right to continue his participation in the Digi quarterly bonus plan for all employees. This exception has been granted as this is a company-wide plan for a publicly listed company in Malaysia.

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 Section 9). 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.

INDIVIDUAL TERMS AND CONDITIONS

Name	Contract type	Notice Period	Pension plan
Sigve Brekke	Permanent, local Norway	6 months	Defined benefit: 60% of pensionable earnings until the age of 75, thereafter 58%. Pensionable earnings capped at NOK 5.4 million (subject to annual index regulation). Individual entitlement to retire at age 65
Jørgen C. Arentz Rostrup	Permanent, local Norway	6 months	Telenor ASA defined contribution scheme, capped at 12G
Cecilie Blydt Heuch	Permanent, local Norway	6 months	Telenor ASA defined contribution scheme, capped at 12G
Anne Kvam	Permanent, local Norway	6 months	Telenor ASA defined contribution scheme, capped at 12G
Ruza Sabanovic	Permanent, expatriate	6 months	Telenor ASA defined contribution scheme, capped at 12G
Lars Thomsen	Permanent, local Denmark	6 months	Defined contribution: 8% employer contribution and 4% employee contribution of pensionable earnings
Petter Børre Furberg	Permanent, local Norway	6 months	Defined benefit: 66% of pensionable earnings up to 12G Defined contribution: 15% of pensionable earnings above 12G
Albern Murty	Permanent, local Malaysia	6 months	Defined contribution: 15% of base salary, 12% of annual and quarterly bonus
Jukka Leinonen	Permanent, local Finland	6 months	Defined contribution: 20% of pensionable earnings. Individual entitlement to retire at age 60
Irfan Wahab Khan	Permanent, expatriate	6 months	Allowance in lieu of pension: 11% of pensionable earnings
Morten Karlsen Sørby	Permanent, local Norway	6 months	Defined benefit: 60% of pensionable earnings until the age of 72, thereafter 58%. Individual entitlement to retire at age 62
Svein Henning Kirkeng	Permanent, local Norway	6 months	Telenor ASA defined contribution scheme, capped at 12G

Compensation to the Group Executive Management 2019

In 2019, the aggregate compensation to the Group Executive Management was NOK 78.3 million, compared to NOK 81.6 million in 2018.

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 each individual's respective period in the Group Executive Management. The figures are in NOK, using average currency exchange rates for 2019 and 2018 where applicable. The relative size of each component as a percentage of total compensation is listed in brackets.

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

COMPENSATION TO GROUP EXECUTIVE MANAGEMENT 2019

NOK (thousands)	Base salary ¹⁾	Salary increase ²⁾	Short-term incentive (STI) ³⁾	Long-term incentive (LTI) expensed ⁴⁾	Pension benefit ⁵⁾	Other compensation and benefits ⁶⁾	Total compensation
Sigve Brekke	6 606 (45%)	+3.4%	1 928 (13%)	1 804 (12%)	3 715 (26%)	469 (3%)	14 524
Jørgen C. Arentz Rostrup	4 164 (57%)	+15%	1 586 (22%)	770 (11%)	129 (2%)	675 (9%)	7 323
Cecilie Blydt Heuch	3 150 (63%)	+3.4%	1 148 (23%)	426 (8%)	134 (3%)	179 (4%)	5 037
Anne Kvam	2 949 (65%)	+3.4%	1 075 (24%)	203 (4%)	133 (3%)	179 (4%)	4 538
Ruza Sabanovic	3 855 (50%)	+3.0%	1 506 (19%)	549 (7%)	133 (2%)	1 722 (22%)	7 765
Lars Thomsen	2 428 (67%)	+2.5%	534 (15%)	260 (7%)	253 (7%)	128 (4%)	3 604
Petter-Børre Furberg ⁷⁾ (until 31 March and from 1 November)	1 545 (38%)	+3.4%	413 (10%)	313 (8%)	218 (5%)	1 548 (38%)	4 038
Albern Murty	4 772 (53%)	+15%	1 465 (16%)	1 017 (11%)	1 053 (12%)	615 (7%)	8 922
Jukka Leinonen (from 1 November)	952 (55%)	n/a	567 (33%)	-	194 (11%)	15 (1%)	1 728
Irfan Wahab Khan ⁷⁾ (from 1 April)	3 677 (60%)	n/a	673 (11%)	436 (7%)	405 (7%)	948 (15%)	6 139
Morten Karlsen Sørby ⁸⁾ (until 30 September)	3 124 (23%)	+2.5%	1 143 (9%)	- (0%)	1 865 (14%)	7 285 (54%)	13 416
Svein Henning Kirkeng (until 2 April)	818 (63%)	n/a	290 (22%)	111 (9%)	33 (3%)	46 (4%)	1 298
Totals	38 039	-	12 329	5 889	8 266	13 809	78 332

COMPENSATION TO GROUP EXECUTIVE MANAGEMENT 2018

NOK (thousands)	Base salary ¹⁾	Short-term incentive (STI) ³⁾	Long-term incentive (LTI) expensed ⁴⁾	Pension benefit ⁵⁾	Other compensation and benefits ⁶⁾	Total compensation
Sigve Brekke	6 666	3 108	1 430	3 484	1 233	15 921
Jørgen C. Arentz Rostrup	3 793	1 791	501	123	180	6 389
Cecilie Blydt Heuch	3 091	1 442	210	127	180	5 050
Anne Kvam (from 1 October 2018)	797	338	-	32	2	1 169
Ruza Sabanovic ⁷⁾	4 026	2 041	493	119	1 355	8 033
Svein Henning Kirkeng	3 201	1 494	217	124	180	5 216
Albern Murty (from 1 August 2018)	1 754	1 053	318	277	141	3 542
Morten Karlsen Sørby	4 115	1 930	1 041	2 425	817	10 329
Petter Børre Furberg ⁷⁾	2 993	1 515	433	349	3 131	8 421
Alexandra Reich ⁷⁾ (until 8 January 2018)	85	43	6	9	3	146
Berit Svendsen ⁸⁾ (until 3 September 2018)	2 197	1 076	-	1 145	7 018	11 436
Håkon Bruaset Kjøl (from 1 July until 30 September 2018)	530	152	54	90	80	906
Lars-Åke Norling ⁷⁾ (until 14 March 2018)	957	-	-	423	1 002	2 382
Wenche Agerup (until 30 June 2018)	1 480	700	307	58	90	2 636
Totals	35 686	16 682	5 010	8 786	15 413	81 577

¹⁾ Base salary includes holiday pay, if applicable. The development in base salary and actual paid salary may differ from one year to the next due to effects of the holiday pay system.

²⁾ 2019 salary increases were effective on 1 July 2019, with the exception of Morten Karlsen Sørby's salary increase (1 January 2019).

³⁾ STI (annual bonus) reflects the STI earned excluding holiday pay. Any applicable holiday pay is reported under "base salary". All GEM members have the same maximum STI earnings potential; however, actual outcomes vary as result of different STI plan structures and assessments of overall performance for the year.

⁴⁾ LTI is reported on an expensed basis, i.e. the cost of all active plans in 2018 and 2019 are reported in their respective tables.

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

⁶⁾ Includes items such as insurance, company car benefit or car allowance, relocation costs, taxable bonus shares related to employee share 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 2019 table are given 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 2020 for most of our countries. Consequently, the actual tax amounts for 2019 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 in the 2018 table have been updated accordingly to reflect gross reconciled amounts where applicable.

⁸⁾ The final settlement between Telenor and Morten Karlsen Sørby amounts to NOK 7.1 million and is given under "other compensation and benefits" in the 2019 table. The final settlement between Telenor and Berit Svendsen amounts to NOK 6.8 million and is given under "other compensation and benefits" in the 2018 table.

SHARES HELD DURING 2019

	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	130 620	5 299	683	136 602	24 622
Jørgen C. Arentz Rostrup	11 684	2 991	2 353	17 028	9 457
Cecilie Blydt Heuch	3 084	2 508	689	6 281	4 966
Anne Kvam	-	2 536	644	3 180	2 536
Ruza Sabanovic	12 646	1 972	-	14 618	8 682
Lars Thomsen	4 519	1 259	186	5 964	4 379
Petter-Børre Furberg	36 446	4 479	1 627	42 552	11 459
Albern Murty	22 793	5 506	938	29 237	19 066
Jukka Leinonen	-	-	-	-	-
Irfan Wahab Khan	5 675	-	-	5 675	³⁾

¹⁾ Start date for new members.

²⁾ Shareholdings not included for representatives who are no longer in GEM as of 31 December 2019.

³⁾ Irfan Wahab Khan holds 11,404 restricted phantom shares, awarded through active LTI plans. Phantom shares are used due to local regulations in the country of employment.

SHARES HELD DURING 2018

	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	121 798	5 201	3 621	130 620	21 908
Jørgen C. Arentz Rostrup	8 019	2 909	756	11 684	6 466
Cecilie Blydt Heuch	-	2 458	626	3 084	2 458
Anne Kvam	-	-	-	-	-
Ruza Sabanovic	10 501	1 899	246	12 646	7 444
Svein Henning Kirkeng	3 000	2 546	649	6 195	3 478
Petter-Børre Furberg	32 385	2 152	1 909	36 446	8 272
Morten Karlsen Sørby	88 104	3 226	1 771	93 101	10 517
Albern Murty	17 090	4 309	1 394	22 793	14 873

¹⁾ Start date for new members.

²⁾ Shareholdings not included for representatives who were no longer in GEM as of 31 December 2018.