

**Owner**  
Cecilia Lundin, Head of People & Brand

**Approval Date**                      **Version**  
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**Security**  
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**Approved by**  
Board of Directors

**Related**  
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## Group Policy - Remuneration



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## REMUNERATION POLICY

This Group Policy relates to Remuneration and is a binding document for Telia Company AB and its subsidiaries ("Telia Company").

Terms starting with a capital letter in this Group Policy are defined in the Delegation of Obligations and Authority.

These principles apply to the extent that they do not place Telia Company in violation of domestic laws and regulations.

This policy will be the basis for further instructions and guidelines intended to clarify Telia Company's approach on designing and implementing remuneration practices for employees at all levels.

## PRINCIPLES

All remuneration practices at Telia Company have to adopt the following principles during the design and implementation phases.

The following principles shall apply for the activities under this Group Policy:

### Competitiveness and positioning

Total Remuneration structures may vary by country. The position of total remuneration should be market competitive without leading relative to competitors in each local market. The market position should also factor in the affordability of the business. The relevant market is a group of identified competitors in a specified geography as defined from time to time.

### Job Levelling

Together with other factors, Telia Company's remuneration structure should take the competence required, responsibility, complexity and business contribution of the positions into consideration when identifying remuneration levels.

### Compliance

To ensure sustainability, all remuneration structures at Telia Company should comply with statutory requirements, collective bargaining agreements and internal policies and instructions.

### Cost Effectiveness and Administrative Efficiency

Remuneration programs should be delivered to employees in an optimally effective manner, both in terms of cost effectiveness and administrative efficiency.



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### **Performance orientation**

In identifying remuneration levels for individuals, corporate, team and individual performance should be taken into account. Performance is assessed in terms of total contribution once per year. Both What and How is assessed with clear links to outcomes not only remuneration but also development and promotions.

### **Equal opportunity**

Remuneration decisions should only be made based on the guidelines outlined in policies and instructions. Discrimination related to factors like race, gender, age, religious or ethnic affiliation are under no circumstances allowed.

### **Total Remuneration Approach**

Telia Company offers different remuneration components to its employees differentiated based on types of businesses, functions, roles and markets.

In making remuneration comparisons with market levels and in communicating the value of remuneration to stakeholders, the emphasis should be placed on the total value of the remuneration, not on the individual components.

The remuneration may consist of one or more of the following components:

#### **Fixed Base Pay**

All employees at Telia Company should have a fixed base pay (monthly or hourly). The base pay component of the remuneration should reflect:

- the competence required, responsibility, complexity and business contribution of the position,
- type of role,
- local external market conditions  
and
- internal equity

The fixed base pay should also reflect the performance and skills of the employee and consequently be individual and differentiated within acceptable ranges.

Should the content of the position be changed or altered or should the employee change position, the fixed base pay should be adapted to the new position<sup>1</sup>

<sup>1</sup> Such adaptation to the new position could result in no change, increased or decreased fixed base pay.



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### **Short-Term Variable Pay**

Telia Company may offer short-term variable pay to some of its employees.

If the employee is offered a short-term variable pay program as part of the total remuneration, the program may contain both financial and non-financial objectives and manager's assessment of the employee's performance. The financial and non-financial objectives are based on the achievement of performance objectives linked to that program. No payment can be granted without a link to the achievement of these objectives. The managers' assessment of employee performance should be calibrated before payment can be granted.

The prevalence of a short-term variable pay program is;

- dependent on market requirements, affordability for the company and the total balance of the employee remuneration package and
- dependent on an annual decision of the Telia Company Board of Directors for the Senior Managers.

A short-term variable pay program should;

- ensure the long term sustainability of the company and
- always be individually capped to a maximum of the annual fixed base pay (allowing for different levels for different positions).

### **Functional Variable Pay**

In positions related to direct sales to customers, employees may have a sales incentive component tied to sales performance. The sales incentive plans may vary depending on country and position.

Specific variable pay plans for other functions cannot be introduced if the need is not strongly justified based on market and business requirements.

### **Long-Term Incentives**

Telia Company may introduce long-term incentive programs for some of its employees to create confidence in and commitment to the Group's long-term financial performance.

All share-based long-term incentive plans are subject to shareholder approval.

### **Pensions**

When a Telia Company offers a pension plan it should be a Defined Contribution plan unless legal requirements and/or collective agreements state differently. Level should reflect local market requirements in each country. Each country should strive for one plan per country. Retirement age should normally mirror social security in each country. Pensionable salary should be based on base pay unless legal requirements and/or collective agreements state otherwise.

### **Risk Benefits and other Benefits**

All other financial and non-financial benefits provided to employees as part of total remuneration package are subject to local guidelines and may vary for different countries, but have to comply with Group Instructions.



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## Supervision and Governance

The remuneration practices at Telia Company and the associated changes are supervised and governed according to the following principles:

- The remuneration structure and levels for Telia Company's Group Management are supervised and governed by the Remuneration Committee.
- The remuneration structures and levels for a group of Senior Managers identified by the CEO are designed, implemented, supervised and governed by Group People & Brand.
- The remuneration structure and levels for all other employees are designed and implemented by regions and countries according to the guidelines, policies and instructions set by Group People & Brand.
- All decisions concerning an individual's remuneration should be reviewed and confirmed according to manager's manager principle.
- Minor deviations from the remuneration principles in this policy will be reviewed and can be decided by Group People & Brand.
- No employee should be put in a position to enable him or her to award, alter or improve remuneration and benefits for him- or herself or for a superior.
- This policy is approved by the Board of Directors and is subject to periodical annual review.

These principles apply to the extent that they do not place Telia Company in violation of domestic laws and regulations.

## BREACHES AGAINST THE POLICY - SPEAK-UP LINE

Any Telia Company employee who suspects violations of this Group Policy must speak up and raise the issue to their line manager, to the Ethics and Compliance Office, or through the Speak-Up Line. The Speak-Up Line is also available for concerns raised from external parties. The Speak-Up Line is available on Telia Company's internal and external webpages.

## PURPOSE

Telia Company's objective is to maximize the effectiveness of remuneration programs to attract, retain and motivate high calibre staff needed to maintain and improve the success of the business and support the change journey of becoming a new generation telecom company. This remuneration policy and the associated remuneration practices aim to support the strategic direction and objectives of Telia Company.



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## SCOPE

This Group Policy relates to Remuneration and applies to Telia Company AB, its Subsidiaries and Joint Operations<sup>2</sup> (jointly “**Telia Company**”) as their own binding policy. Telia Company will strive to fully adopt these principles in all operations in which Telia Company has management control. We will also use our influence to promote the principles in other companies where Telia Company has ownership interests.

This Group Policy is part of Telia Company’s Group Governance Framework, which includes:

- a) Code of Responsible Business Conduct, Purpose & Values, Strategic framework, Group Policies, and Instructions for the CEO, as approved by the Board;
- b) Decisions made by the CEO, and Group Instructions and the Delegations of Obligations and Authority as approved by the CEO; and
- c) Group Instructions as approved by the responsible Head of Group Function or Head of Group Department.

## ROLES AND RESPONSIBILITIES

Each Executive Vice President, Senior Vice President and Vice President reporting to the CEO of Telia Company is responsible for ensuring that this Group Policy is duly communicated and implemented, and that the employees within his/her area of responsibility are familiar with and follow this Group Policy.

All Telia Company employees are individually responsible for reading, understanding and following this Group Policy.

Violations against the Group Policy can lead to disciplinary action, up to and including termination.

## EXEMPTIONS

If any Telia Company Subsidiary would like to adopt a corresponding Group Instruction with exemptions from this Group Policy, the relevant country CEO shall inform their superior, who shall escalate the matter to the Group General Counsel.

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<sup>2</sup> Once formally adopted by the local board of directors, if required.

