

Item 20 – (a) Implementation of a long-term share incentive program 2024/2027 and (b) transfer of own shares**Background**

The Board of Directors proposes that the Annual General Meeting resolves to implement a long-term share incentive program for selected key employees within the Telia Company Group not including members of the Group Executive Management (the “Performance Share Program 2024/2027”). The Board of Directors is convinced that the Performance Share Program 2024/2027 will be beneficial to the Company’s shareholders as it will contribute to the possibilities to recruit and retain talented key employees, drive long-term company performance, align key employees’ interests with those of the shareholders and encourage key employee shareholding.

The Performance Share Program 2024/2027 relates to the financial years 2024-2026 and entails that Telia Company shares may be received after the publication of the interim report for the first quarter 2027.

Outline of the Performance Share Program 2024/2027

Participation in the Performance Share Program 2024/2027 shall be offered to approximately 250 key employees within the Group. Provided that the terms and conditions of the Performance Share Program 2024/2027 are met, and to the extent the performance conditions for the program related to Cashflow (Operational Free Cashflow), TSR (Total Shareholder Return), ROCE (Return on Capital Employed) and ESG (Environmental, Social and Governance) are fulfilled during the financial years 2024-2026 (the “Performance Period”), participants in the Performance Share Program 2024/2027 will, free of charge, receive Telia Company shares (“Performance Shares”) after the publication of the interim report for the first quarter 2027.

Participants in the Performance Share Program 2024/2027 will receive a conditional right to be allotted Performance Shares, which is a right to receive a specific number of such shares at a future date provided that the relevant conditions are met. The maximum number of Performance Shares that can be subject to allotment has increased from 4,065,601 in the performance share program adopted by the Annual General Meeting 2023 to 4,827,332 in the Performance Share Program 2024/2027. Under the Performance Share Program 2024/2027, the number of Performance Shares that can be subject to allotment may not, at the time of receipt of the conditional right, have an aggregate market value exceeding 30 percent of the participant’s annual gross base salary (i.e. before taxes) per year-end 2023 or, if a participant has become employed thereafter, the calculated annual gross base salary for 2024 (the “2023 Base Salary”). Further, the maximum aggregate market value of the Performance Shares that can be subject to allotment following the end of the Performance Period (i.e. at vesting when the participant becomes entitled to receive their shares) shall not exceed 60 percent of the participant’s annual gross base salary (i.e. before taxes) per year-end 2026 (the “2026 Base Salary”).

The participants will receive their Performance Shares following the publication of the interim report for the first quarter 2027, and allotment is, with certain exceptions, subject to continued employment within the Group up to and including the day of publication of the interim report for the first quarter 2027.

The Performance Share Program 2024/2027 shall in total comprise no more than 4,827,332 Telia Company shares, corresponding to approximately 0.12 percent of the total number of outstanding shares in the Company.

The Board of Directors’ complete proposal is set out in item 20(a) below.

The value of and the estimated costs for the Performance Share Program 2024/2027

The participants’ conditional rights to receive Performance Shares under the Performance Share

Program 2024/2027 are not securities and cannot be pledged or transferred. Neither are any shareholders' rights transferred to participants in the program prior to the day when they receive their Performance Shares and thus become the owners of such shares. An estimated market value of the conditional rights to receive Performance Shares can however be calculated. The Board of Directors has calculated the total value of the rights to receive Performance Shares under the Performance Share Program 2024/2027 as approximately SEK 74.3 million, under the following essential assumptions: (i) a share price of SEK 25.64, calculated as the average of the daily noted volume-weighted price of the Company's share on Nasdaq Stockholm during December 2023, (ii) an annual employee turnover of five percent, (iii) a share price increase of five percent per year, (iv) a 50 percent achievement of the TSR performance condition, (v) a 100 percent achievement of the ROCE performance condition, (vi) a 50 percent achievement of the Cashflow performance condition and (vii) a 50 percent achievement of the ESG performance condition. The total cost of the Performance Share Program 2024/2027 under these assumptions would be SEK 94.3 million assuming a 27 percent mark-up for social security costs. The costs are accounted for as staff costs (share-based benefits) over the Performance Period.

If the Cashflow performance condition is achieved to 100 percent whilst the other assumptions above remain unchanged, the total value of the Performance Share Program 2024/2027 is estimated at approximately SEK 89.7 million. The total cost of the Performance Share Program 2024/2027 would in this case be SEK 113.9 million.

If all performance conditions are achieved to 100 percent, the total value of the Performance Share Program 2024/2027 would amount to SEK 123.8 million assuming conditions (i) through (iii) above remain unchanged. The total costs of the Performance Share Program 2024/2027 would in this case amount to SEK 157.2 million.

Dilution and effects on key ratios

The Performance Share Program 2024/2027 will not entail any dilution effect, as the program is proposed to be hedged by either treasury shares or a hedging arrangement with a bank or another financial institution using shares already issued.

The costs for the Performance Share Program 2024/2027 are expected to have a marginal effect on the Group's key ratios.

Preparation of the proposal

The proposal regarding the Performance Share Program 2024/2027 to the Annual General Meeting has been prepared by the Company's Remuneration Committee and the Board of Directors has resolved to present this proposal to the Annual General Meeting.

Hedging

The Board of Directors has considered two alternative hedging structures for the Performance Share Program 2024/2027: either (i) transfer of own shares to the participants or (ii) a hedging arrangement with a bank or other financial institution securing delivery of shares under the program. The Board of Directors considers the first alternative as its preferred option. However, should the Annual General Meeting not approve the proposed transfer of own shares to participants in the program, in accordance with item 20(b) below, the Board of Directors may enter into a hedging arrangement with a third party to hedge the obligations of the Company to deliver Performance Shares under the program.

Since the social security costs are not expected to be significant in comparison with the Company's operating cash flow, such costs are intended to be financed by cash and bank holdings.

Description of incentive programs in Telia Company

The Company's other incentive programs will be described in the Company's annual and sustainability

report 2023, note C32.

The Board of Directors' proposals for resolutions

The Board of Directors proposes that the Annual General Meeting resolves (i) to implement the Performance Share Program 2024/2027 comprising no more than 4,827,332 Performance Shares, and on the further main terms and conditions set out under item 20(a) below, and (ii) to transfer own shares to participants in the program, and to subsidiaries within the Group to secure their obligations to deliver Performance Shares under the program, in accordance with item 20(b) below.

20(a) Implementation of a long-term share incentive program 2024/2027

Main terms and conditions

1. The Performance Share Program 2024/2027 shall be offered to approximately 250 key employees within the Group, who in 2024 will receive conditional rights to be allotted a number of Performance Shares (i.e. a right to receive such shares at a future date if the relevant conditions are met).
2. Each participant will receive a conditional right to be allotted a number of Performance Shares with an aggregate market value not exceeding 30 percent of the participant's 2023 Base Salary. The market value shall be calculated based on the average of the daily noted volume-weighted price of Telia Company's share on Nasdaq Stockholm during December 2023.
3. Provided that the terms and conditions of the Performance Share Program 2024/2027 are met, and to the extent the performance conditions described below are fulfilled during the Performance Period, participants in the Performance Share Program 2024/2027 will free of charge receive Performance Shares subject to their vesting.
4. The performance conditions applying under the Performance Share Program 2024/2027 will to 25 percent be based on the Company's Cashflow¹ target during the Performance Period (the "Cashflow Part"), to 40 percent on the Company's TSR during the Performance Period (the "TSR Part") in relation to TSR in a peer group of approximately ten comparable Nordic and western European telecom companies defined by the Board of Directors², to 20 percent on the Company's ROCE target during the Performance Period (the "ROCE Part") and to 15 percent on the Company's ESG target during the Performance Period (the "ESG Part")³.
5. The performance conditions include a minimum level that must be achieved in order for any Performance Shares to be allotted, as well as a maximum level in excess of which no additional Performance Shares will be allotted.

¹ Cashflow is defined as Operational free cash flow, which in turn is defined as free cash flow (the total of cash flow from operating activities and cash CAPEX) from continuing operations excluding cash CAPEX for licenses and spectrum fees, dividends from associated companies net of taxes and including repayment of lease liabilities, with a possibility for the Board of Directors to adjust for extraordinary events and/or exchange rate fluctuations.

² TSR is equal to the overall return a shareholder would receive on his or her shareholding taking into account both share price appreciation and dividends (if any). When calculating TSR, an average TSR index number for December 2023 shall be compared with December 2026 for the Company and for the companies included in the peer group defined by the Board of Directors. The peer group presently consists of Telenor ASA, Elisa Oyj, Tele2 AB, KPN NV, Orange SA, BT Group Plc, Vodafone Group Plc, Telefonica SA, Proximus PLC and Swisscom AG.

³ ESG is defined by three separate performance conditions based on Climate, Digital Inclusion and Privacy which have been set in line with targets in the Company's annual and sustainability report. The three performance conditions entail 5 percent weight respectively. For each performance condition, a minimum level of achievement is required for any Performance Shares to be allotted. The performance condition on Climate is based on the Company's ambition to achieve a top rating in the external climate assessment CDP, which reflects deep integration of climate into company strategy and processes, as further described in the Company's annual and sustainability report. Digital Inclusion is based on the Company's 2026 target on promotion of digital competences, with focus on groups who without sufficient digital skills risk falling behind or end up in vulnerable situations when society is increasingly digitized. Privacy is based on the Company's ranking position in respecting customer integrity compared to competitors.

- a. The Cashflow Part represents 25 percent of the total allotment:
 - i. If 100 percent (or above) of the Cashflow target is met, 100 percent of the Performance Shares under the Cashflow Part will be subject to allotment.
 - ii. If less than 90 percent of the Cashflow target is met, no Performance Shares under the Cashflow Part will be subject to allotment.
 - iii. If 90 percent of the Cashflow target is met, 25 percent of the Performance Shares under the Cashflow Part will be subject to allotment.
 - iv. If between 90 and 100 percent of the Cashflow target is met, a proportionate number of Performance Shares under the Cashflow Part will be subject to allotment.
- b. The TSR Part represents 40 percent of the total allotment:
 - i. If the Company's TSR is ranked first or second compared to the defined peer group of companies, 100 percent of the Performance Shares under the TSR Part will be subject to allotment.
 - ii. If the Company's TSR is ranked third or fourth compared to the defined peer group of companies, 75 percent of the Performance Shares under the TSR Part will be subject to allotment.
 - iii. If the Company's TSR is ranked fifth or sixth compared to the defined peer group of companies, 50 percent of the Performance Shares under the TSR Part will be subject to allotment.
 - iv. If the Company's TSR is ranked seventh compared to the defined peer group of companies, 25 percent of the Performance Shares under the TSR Part will be subject to allotment.
 - v. If the Company's TSR is ranked eight or lower compared to the defined peer group of companies, no Performance Shares under the TSR Part will be subject to allotment.
- c. The ROCE Part represents 20 percent of the total allotment:
 - i. If 100 percent (or above) of the ROCE target is met, 100 percent of Performance Shares under the ROCE Part will be subject to allotment.
 - ii. If less than 90 percent of the ROCE target is met, no Performance Shares under the ROCE Part will be subject to allotment.
 - iii. If 90 percent of the ROCE target is met, 25 percent of the Performance Shares under the ROCE Part will be subject to allotment.
 - iv. If between 90 and 100 percent of the ROCE target is met, a proportionate number of the Performance Shares under the ROCE Part will be subject to allotment.
- d. The ESG Part represents 15 percent of the total allotment:
 - i. If 100 percent (or above) of the ESG target is met, 100 percent of the Performance Shares under the ESG part will be subject to allotment.
 - ii. If the minimum level is not reached, no Performance Shares under the ESG part will be subject to allotment.

- iii. If the minimum level is reached, 25 percent of the Performance Shares under the ESG part will be subject to allotment.
 - iv. If between the minimum level and 100 percent of the ESG target is met, a proportionate number of the Performance Shares under the ESG part will be subject to allotment.
- 6. The allotment of Performance Shares shall normally be subject to the participant's continued employment within the Group up to and including the day of publication of the interim report for the first quarter 2027.
- 7. The participants will receive their Performance Shares following the publication of the Company's interim report for the first quarter 2027. Rounding off shall be made to the closest whole number of Performance Shares.
- 8. The maximum number of Performance Shares a participant may receive under the Performance Share Program 2024/2027 shall have an aggregate market value not exceeding 60 percent of the participant's 2026 Base Salary. The market value shall be calculated based on the average of the daily noted volume-weighted price of the Company's share on Nasdaq Stockholm during 20 trading days prior to the day of publication of the interim report for the first quarter 2027. Rounding off shall be made to the closest whole number of Performance Shares.
- 9. The Performance Share Program 2024/2027 shall in total comprise of no more than 4,827,332 Telia Company shares, which corresponds to approximately 0.12 percent of the total number of outstanding shares in the Company.
- 10. Recalculation of the number of Performance Shares that may be received under the Performance Share Program 2024/2027 shall take place in the event of an intervening bonus issue, split, rights issue and/or other similar events.
- 11. In addition to what is set out above, the Board of Directors shall under certain circumstances be entitled to reduce the number of Performance Shares to be received or, wholly or partially, terminate the Performance Share Program 2024/2027 in advance and to make such local adjustments of the program that may be necessary or appropriate to implement the program with reasonable administrative costs and efforts in the concerned jurisdictions, including, among other things, to offer cash settlement.
- 12. The Board of Directors shall be responsible for the further design and administration of the Performance Share Program 2024/2027 within the above stated main terms and conditions.

Hedging

Should the Annual General Meeting not approve the proposed transfer of own shares to participants in the Performance Share Program 2024/2027 in accordance with item 20(b) below, the Board of Directors shall be entitled to enter into a hedging arrangement with a third party to hedge the obligations of the Company to deliver Performance Shares under the program.

Performance outcome

The performance outcome will be determined by the Board of Directors in 2027 after the expiry of the Performance Period on December 31, 2026. In connection therewith the Board of Directors will also publish the performance outcome.