

## **Welcome to Telia Company's Annual General Meeting 2020**

The annual general meeting of Telia Company AB (publ) will be held on Thursday, April 2, 2020, at 2 p.m. CET at Lilla Cirkus, Cirkus, Djurgårdsslätten 43-45 in Stockholm. Registration for the meeting starts at 1 p.m. CET. Coffee will be served before the meeting starts.

### **Right to attend and notice of attendance**

Those wishing to attend the meeting must

- be entered as shareholder in the share register kept by the Swedish central securities depository Euroclear Sweden on Friday, March 27, 2020, and
- give notice of attendance to the Company no later than on Friday, March 27, 2020.

Notice of attendance can be given

- in writing to Telia Company AB, "AGM 2020", c/o Euroclear Sweden AB, P.O. Box 191, SE-101 23 Stockholm, Sweden,
- by telephone +46 (0)8 402 90 50 on weekdays between 9 a.m. and 4 p.m. CET, or
- on Telia Company's website [www.teliacompany.com](http://www.teliacompany.com) (only private individuals).

When giving notice of attendance, please state name/company name, social security number/corporate registration number, address, telephone number (office hours) and, the number of advisors, if any.

### **Shareholding in the name of a nominee and proxies**

To be entitled to attend the meeting, shareholders whose shares are registered in the name of a nominee (including Finnish shareholders that are registered within the Finnish book-entry system at Euroclear Finland Oy) must register the shares in their own name with the help of the nominee, so that the shareholder is entered in the share register kept by Euroclear Sweden on Friday, March 27, 2020. This registration may be made temporarily. Shareholders are recommended to inform the nominee of that effect well before that day.

Shareholders represented by a proxy or representative must issue a written power of attorney for the representative. A template proxy form is available on the Company's website [www.teliacompany.com](http://www.teliacompany.com). A proxy form issued by a legal entity must be accompanied by a copy of the certificate of registration (or, if no certificate exists, a corresponding document of authority) for the legal entity. To facilitate registration at the meeting, proxy forms, certificates of registration and other documents of authority should be submitted to the Company at the address above no later than on Friday, March 27, 2020.

## **Proposed agenda**

### Opening of the meeting

1. Election of chair of the meeting
2. Preparation and approval of voting list
3. Adoption of the agenda
4. Election of two persons to check the minutes of the meeting together with the chair
5. Determination of whether the meeting has been duly convened
6. Presentation of the annual and sustainability report and the auditor's report, the consolidated financial statements and the auditor's report on the consolidated financial statements for 2019. In connection herewith, a report by the chair of the Board of Directors Lars-Johan Jarnheimer of the work of the Board of Directors during 2019 and a presentation by acting president and CEO Christian Luiga
7. Resolution to adopt the income statement, the balance sheet, the consolidated income statement and the consolidated balance sheet for 2019
8. Resolution on appropriation of the Company's result as shown on the adopted balance sheet and setting of record date for the dividend
9. Resolution on discharge of the directors and the CEO from personal liability towards the Company for the administration of the Company in 2019
10. Resolution on number of directors and alternate directors to be elected at the meeting
11. Resolution on remuneration payable to the directors
12. Election of directors
  - 12.1 Ingrid Bonde
  - 12.2 Rickard Gustafson
  - 12.3 Lars-Johan Jarnheimer
  - 12.4 Jeanette Jäger
  - 12.5 Nina Linander
  - 12.6 Jimmy Maymann
  - 12.7 Anna Settman
  - 12.8 Olaf Swantee
  - 12.9 Martin Tivéus
13. Election of chair and vice-chair of the Board of Directors
  - 13.1 Lars-Johan Jarnheimer, chair
  - 13.2 Ingrid Bonde, vice-chair
14. Resolution on number of auditors and deputy auditors
15. Resolution on remuneration payable to the auditor
16. Election of auditor and any deputy auditors
17. Election of Nomination Committee and resolution on instruction for the Nomination Committee
18. Resolution on guidelines for remuneration to Group Executive Management
19. Resolution authorizing the Board of Directors to decide on repurchase and transfer of the Company's own shares
20. Resolutions on
  - (a) implementation of a long-term incentive program 2020/2023, and
  - (b) transfer of own shares
21. Resolutions on
  - (a) reduction of the share capital by way of cancellation of own shares, and
  - (b) increase of the share capital by way of bonus issue
22. Resolution on shareholder proposal from Carl Axel Bruno
23. Resolution on shareholder proposals from Thorwald Arvidsson (a) and (b)

### Closing of the meeting

### **Resolutions proposed by the Nomination Committee**

The Nomination Committee consists of the following persons: Daniel Kristiansson, chair (Swedish State), Jan Andersson (Swedbank Robur Funds), Anders Oscarsson (AMF and AMF Funds) and Javiera Ragnartz (SEB Funds), who were all appointed at the annual general meeting 2019, as well as the chair of the Board of Directors.

The Nomination Committee presents the following proposals:

- **Item 1** – Chair of the meeting: Wilhelm Lüning, Attorney-at-Law.
- **Item 10** – Number of directors: Until the end of the annual general meeting 2021, nine (9) directors.
- **Item 11** – Remuneration payable to the directors: Remuneration payable to the directors until the next annual general meeting will be SEK 1,890,000 to the chair (2019: SEK 1,825,000), SEK 890,000 to the vice-chair (2019: SEK 860,000) and SEK 630,000 to each other director elected at the annual general meeting (2019: SEK 610,000). The chair of the Board of Directors' Audit and Responsible Business Committee will receive remuneration of SEK 285,000 (2019: SEK 275,000) and other members of the Audit and Responsible Business Committee will receive SEK 165,000 each (2019: SEK 150,000), the chair of the Board of Directors' Remuneration Committee will receive SEK 75,000 (2019: SEK 70,000) and other members of the Remuneration Committee will receive SEK 55,000 each (2019: SEK 50,000).
- **Item 12** – Election of directors: Re-election of Rickard Gustafson, Lars-Johan Jarnheimer, Nina Linander, Jimmy Maymann, Anna Setzman, Olaf Swantee and Martin Tivéus. Election of Ingrid Bonde and Jeanette Jäger as new members.

Ingrid Bonde was born in 1959. She is chair of the Board of Alecta, Apoteket AB and Hoist Finance and Board member of Loomis AB and Securitas AB. She is a Board member of the Swedish Corporate Governance Board and chair of the Swedish Climate Policy Council. She has previously held positions as CFO and deputy CEO of Vattenfall, President and CEO of AMF, Director General at Finansinspektionen, Deputy Director General at the Swedish National Debt Office and CFO at SAS. She holds a degree in Business and Economics from the Stockholm School of Economics.

Jeanette Jäger was born in 1969. She is CEO of Bankgirot and Board member of ICA Gruppen AB. She has previously held several management positions at Tieto and worked as Product and Marketing Director at TDC. She has studied business administration at Stockholm University.

Information regarding the candidates nominated by the Nomination Committee for election as directors as well as the Nomination Committee's motivated opinion are available on the Company's website, [www.teliacompany.com](http://www.teliacompany.com).

- **Item 13** – Election of chair and vice-chair of the Board of Directors: Re-election of Lars-Johan Jarnheimer as chair and election of Ingrid Bonde as vice-chair.
- **Item 14** – Number of auditors and deputy auditors: Until the end of the annual general meeting 2021, the Company shall have one (1) audit company as auditor.
- **Item 15** – Remuneration payable to the auditor: Remuneration to the auditor will be paid as per an approved invoice.

- **Item 16** – Election of auditor: Election of the audit company Deloitte AB (in accordance with the recommendation of the Audit and Responsible Business Committee).
- **Item 17** – Election of Nomination Committee and resolution on instruction for the Nomination Committee: The Nomination Committee's proposal for members of the Nomination Committee until the annual general meeting 2021 is as follows: Daniel Kristiansson, chair (Swedish State), Jan Andersson (Swedbank Robur Funds), Patricia Hedelius (AMF Insurance and AMF Funds) and Javiera Ragnartz (SEB Funds).

As regards the instruction for the Nomination Committee, the Nomination Committee presents the following main proposal:

The Nomination Committee (the "Committee") shall consist of four (4) to six (6) members. Four (4) ordinary members shall represent the four (4) shareholders that are largest in terms of votes at the turn of the month that occurs closest to 30 days before the notice of the annual general meeting is issued and which also wish to participate in the nomination process ("Nominating Shareholders"). The Committee may in addition to its ordinary members appoint at its sole discretion one (1) or two (2) extraordinary members. The chair of the Board of Directors may be appointed as an extraordinary member. The ordinary members of the Committee shall be elected at the annual general meeting for a term of office that expires at the next year's annual general meeting.

The Committee shall nominate the chair of the annual general meeting, propose the number of Board members, the chair and vice-chair of the Board and other Board members. The Committee shall also present a proposal for remuneration, which shall be specified between the chair of the Board, the vice-chair of the Board, other Board members and, if applicable, remuneration for serving on subcommittees. When applicable, the Committee shall also nominate auditors and present proposed remuneration for auditors.

The Committee shall nominate the members of the following year's Committee and shall specify the names of the Nominating Shareholders they represent. The Committee shall review the instruction annually and as necessary propose changes thereto to the annual general meeting.

### **Resolutions proposed by the Board of Directors**

#### **Item 8 – Appropriation of the Company's result as shown on the adopted balance sheet and setting of record date for the dividend**

The Board of Directors proposes that a dividend of SEK 2.45 per share is distributed to the shareholders in two payments of SEK 1.22 and SEK 1.23 per share.

The record date for the first payment is proposed to be on April 6, 2020, and for the second payment on October 23, 2020. If the annual general meeting resolves in accordance with the proposal, it is estimated that Euroclear Sweden will execute the first payment on April 9, 2020, and the second payment on October 28, 2020.

## **Item 18 – Guidelines for remuneration to Group Executive Management**

The Board of Directors proposes that the annual general meeting 2020 resolves on the following guidelines for remuneration to Group Executive Management. Group Executive Management is defined as the president and the other members of the management team who report directly to the CEO. The guidelines shall be in force until new guidelines are adopted by the general meeting and valid for a maximum of four years. A successful implementation of the guidelines will ensure that the Company can attract and retain the best people, enabling the Company to execute its business strategies and serve the Company's long-term interests, including its sustainability goals.<sup>1</sup> These guidelines do not apply to any remuneration decided or approved by the general meeting. The proposed guidelines will be effective at the time of the annual general meeting decision.

### **Total reward approach**

Remuneration to Group Executive Management should be built on a total reward approach and be market relevant, but not leading. The remuneration guidelines should enable international hiring and should support diversity within Group Executive Management. The market comparison should be made against a set of peer group companies with comparable sizes, industries and complexity. The total reward approach should consist of fixed salary, pension benefits, conditions for notice and severance pay as well as other benefits. The Company does not offer any variable remuneration to Group Executive Management.

For employments governed by rules other than Swedish, pension benefits and other benefits may be duly adjusted for compliance with mandatory rules or established local practice, taking into account, to the extent possible, the overall purpose of these guidelines.

### **Fixed salary**

The fixed salary of a Group Executive Management member should be based on competence, responsibility and performance. The Company uses an international evaluation system in order to evaluate the scope and responsibility of the position. Market benchmark is conducted on a regular basis. The individual performance is monitored and used as a basis for annual reviews of fixed salaries. These are reviewed in relation to fulfilment of annual pre-defined goals (including financial, employee and sustainability-based).

### **Salary and employment conditions for employees**

In the preparation of the Board of Directors' proposal for these remuneration guidelines, salary and employment conditions for employees of the Company have been taken into account. This is done by including information on the employees' total income, the components of the remuneration and increase and growth rate over time, in the Remuneration Committee's and the Board of Directors' basis for decision when evaluating if these guidelines and their limitations are reasonable. The Remuneration Committee regularly consults with the CEO and Head of People & Brand to be mindful of employee pay, conditions and engagement across the broader employee population.

### **Pension**

Pension and retirement benefits should be based on a defined contribution model, which means that a premium is paid amounting to a certain percentage of the individual's annual salary, unless legal requirements and/or collective agreements state differently. When deciding the size of the premium the level of total remuneration should be considered. The level of contribution should be benchmarked and may vary due to the composition of fixed salary and pension. The retirement age is normally 65 years of age but can vary based on regulatory requirements. The

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<sup>1</sup> For more information regarding the Company's business strategy, please see <https://www.teliacompany.com/en/about-the-company/strategy/>

pension premiums for defined contribution pension shall amount to not more than 40 percent of the fixed annual cash salary.

#### **Other benefits**

The Company provides other benefits and programs in accordance with market practice which may change from time to time. A Group Executive Management member may be entitled to a company car, health and care provisions, etc. Premiums and other costs relating to such benefits may amount to not more than 10 percent of the fixed annual cash salary.

Internationally hired Group Executive Management members and those who are asked to move to another country can be offered mobility related benefits for a limited period of time. Such benefits may not in total exceed 25 percent of the fixed annual cash salary.

#### **Notice of termination and severance pay**

The termination period for a Group Executive Management member may be up to six (6) months (twelve (12) months for the President) when given by the employee and up to twelve (12) months when given by the Company. In case the termination is given by the Company the individual may be entitled to a severance payment. Fixed cash salary during the notice period and severance pay may together not exceed an amount equivalent to the fixed cash salary for two years.

Severance pay shall not constitute a basis for calculation of vacation pay or pension benefits. Remuneration during termination period and severance pay will also be reduced if the individual will be entitled to pay from a new employment or if the individual will be conducting own business during the termination period or the severance period.

Additionally, remuneration may be paid for non-compete undertakings. Such remuneration shall compensate for loss of income and shall only be paid in so far as the previously employed executive is not entitled to severance pay. The remuneration shall be based on the fixed cash salary at the time of termination of employment, amount to not more than 60 percent of the monthly income at the time of termination of employment and be paid during the time the non-compete undertaking applies, however not for more than 12 months following termination of employment.

#### **The decision-making process to determine, review and implementation of the guidelines**

The Board of Directors has established a Remuneration Committee. The committee's task includes preparing the Board of Director's decision to propose guidelines for executive remuneration. Proposal for new guidelines shall be prepared at least every fourth year and submitted the general meeting. The guidelines shall be in force until new guidelines are adopted by the general meeting. The Remuneration Committee shall also monitor the application of the guidelines for executive remuneration as well as the current remuneration structures and compensation levels in the Company.

Remuneration is managed through well-defined processes ensuring that no individual is involved in the decision-making process related to their own remuneration.

The CEO's total remuneration package is decided by the Board of Directors based on the recommendation of its Remuneration Committee within the confine of the guidelines. Total remuneration packages to other members of Group Executive Management are approved by the Remuneration Committee, based on the CEO's recommendation.

#### **Deviation from the guidelines**

The Board of Directors may temporarily resolve to deviate from the guidelines, in whole or in part, if there in an individual case are special reasons where a deviation is necessary in order to serve the Company's long-term interests, including its sustainability, or to ensure the

Company's financial viability. As set out above, the Remuneration Committee's tasks include preparing the Board of Directors' resolutions in the remuneration-related matters. This includes any resolution to deviate from the guidelines.

#### **Item 19 – Authorizations for the Board of Directors to decide on repurchase and transfer of the Company's own shares**

The Board of Directors proposes that the annual general meeting 2020 authorize the Board of Directors to decide on repurchase of own shares on the main terms and conditions set out below:

1. Repurchases of shares may be made on Nasdaq Stockholm and/or Nasdaq Helsinki.
2. The authorization may be exercised on one or more occasions before the annual general meeting 2021.
3. A maximum number of shares may be acquired so that the Company's holding at any time does not exceed 10 percent of all the shares in the Company.
4. Repurchases of shares on Nasdaq Stockholm and/or Nasdaq Helsinki may only be made at a price within the spread between the highest bid price and lowest ask price from time to time on Nasdaq Stockholm and/or Nasdaq Helsinki.

Furthermore, the Board of Directors proposes that the annual general meeting authorize the Board of Directors to decide on transfer of own shares, with or without deviation from the shareholders' preferential rights, on the main terms and conditions set out below:

1. The transfer may be made (i) on Nasdaq Stockholm and/or Nasdaq Helsinki or (ii) outside Nasdaq Stockholm and/or Nasdaq Helsinki in connection with an acquisition of companies or businesses.
2. The authorization may be exercised on one or more occasions before the annual general meeting 2021.
3. Transfer of own shares may be made of up to such number of shares as is held by the Company at the time of the Board of Directors' decision regarding the transfer.
4. Transfers of shares on Nasdaq Stockholm and/or Nasdaq Helsinki may only be made at a price within the spread between the highest bid price and lowest ask price from time to time on Nasdaq Stockholm and/or Nasdaq Helsinki. In case of transfers outside Nasdaq Stockholm and/or Nasdaq Helsinki the consideration for the shares may be made by cash payment, for payment in kind or by way of set-off and the price shall be established so that the transfer is made on market terms.

The purpose of the authorizations to *repurchase and transfer* the Company's own shares, and the reason for the deviation from the shareholders' preferential rights, is to enable the Company in a time efficient way to use its own shares to make payments in connection with acquisitions of companies or businesses which the Company may undertake, or to settle any deferred payments related to such acquisitions, or for financing such acquisitions or deferred payments.

The purpose of the authorization to *repurchase* the Company's own shares is also to provide the Board of Directors with an instrument to adapt and improve the Company's capital structure and thereby create added value for the shareholders, and/or to give a possibility to the Company to transfer own shares to the participants in the Company's long-term incentive programs. Please note that any subsequent transfer of such repurchased shares to the

participants in the long-term incentive programs requires a separate resolution by the general meeting as set out in item 20 (b) below.

The Board of Directors may decide on the other terms and conditions for the repurchase and transfer. The Board of Directors may also authorize the chair of the Board of Directors to make any minor adjustments that may prove necessary to carry out the Board of Directors' resolution to repurchase and transfer the Company's own shares.

## **Item 20 – (a) Implementation of a long-term incentive program 2020/2023 and (b) transfer of own shares to the participants**

### Background

The remuneration framework within the Telia Company group (the "Group") may consist of fixed base pay, short-term variable pay, functional variable pay, long-term incentives, pensions and other benefits. A number of key employees participate in long-term incentive programs approved at previous annual general meetings. All in all, these parts constitute an integrated remuneration package. In accordance with the decisions of the annual general meetings 2010-2019 neither short-term nor long-term variable cash remuneration is paid to members of Telia Company's Group Executive Management team.

The Board of Directors has carried out a review of the 2019/2022 Performance Share Program to ensure that it continues to meet its stated objectives – i.e. to strengthen the ability 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. As a result of this review, the Board of Directors considers that a long-term incentive program should be implemented for key employees of the Group also this year.

The long-term incentive program proposed by the Board of Directors to be implemented during 2020, relates to the financial years 2020-2022 and may result in so-called performance shares being received during the spring of 2023 (the "Performance Share Program 2020/2023"). The Performance Share Program 2020/2023, that is similar to the Performance Share Program 2019/2022 adopted at the annual general meeting 2019, is further described below.

### Outline of the Performance Share Program 2020/2023

The Performance Share Program 2020/2023 shall be offered to approximately 200 key employees within the Group. Provided that certain performance conditions, consisting of financial targets linked to EBITDA and TSR (Total Shareholder Return), are met during the financial years 2020-2022 (the "Performance Period"), participants in the Performance Share Program 2020/2023 shall be given the opportunity to receive Telia Company shares without consideration ("Performance Shares").

Participants in the Performance Share Program 2020/2023 will be granted a conditional award over Performance Shares, which is a right to receive a specific number of such shares at a future date provided the relevant conditions are met. The maximum number of Performance Shares which can be subject to an award at the time of grant remains unchanged from 2019. Under the Performance Share Program 2020/2023, the number of Performance Shares subject to an award at the time of grant may not have an aggregate market value which exceeds 30 percent of the participant's annual gross base salary (i.e. before taxes) per year-end 2019 or, if a participant has become employed thereafter, the calculated annual gross base salary for 2020 (the "2019 Base Salary").

Further, the maximum aggregate market value of Performance Shares which can be received by a participant following the end of the Performance Period (i.e. on the vesting of the award



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 2022 (the "2022 Base Salary").

The receipt of Performance Shares is normally subject to continued employment within the Group up to and including the day of publication of the interim report for the first quarter 2023. Participants will receive their Performance Shares following the publication of the Company's interim report for the first quarter 2023. The Performance Share Program 2020/2023 shall in total comprise of no more than 2,355,802 Telia Company's shares, which corresponds to approximately 0.06 percent of the total number of outstanding shares in the Company.

The Board of Directors' full proposal is set out in item (a) below.

#### The value of and the estimated costs for the Performance Share Program 2020/2023

The participants' rights to receive Performance Shares under the program are not securities and cannot be pledged or transferred to others. Neither are any shareholders' rights transferred to participants in the program prior to the day when they receive their Performance Shares and become the owners of the 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 for the rights to receive Performance Shares under the Performance Share Program 2020/2023 as approximately SEK 48.0 million, under the following essential assumptions: (i) a share price of SEK 40.75 calculated as the average of the daily noted volume-weighted purchase price of the Company's shares on Nasdaq Stockholm's official list during December 2019, (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 condition and (v) a 50 percent achievement of the EBITDA performance condition. The total cost under these conditions would be SEK 76.8 million excluding the costs for the program's hedging measures and assuming a 60 percent mark-up for social security costs and pensions. The costs are accounted for as staff costs (share-based benefits) over the three-year Performance Period.

If the EBITDA performance condition is achieved to 100 percent whilst assumptions (i) through (iv) remain unchanged, the total value of the Performance Share Program 2020/2023 is estimated to be approximately SEK 72.0 million. The total cost would in this case be SEK 115.2 million.

If EBITDA and TSR performance conditions are achieved to 100 percent, the total value of the Performance Share Program 2020/2023 would amount to SEK 96.0 million assuming conditions (i) through (iii) remain unchanged. The total costs would in this case amount to SEK 153.6 million.

#### Dilution and effects on key ratios

The Performance Share Program 2020/2023 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 relating to already issued shares.

The costs for the Performance Share Program 2020/2023 are expected to have a marginal effect on the Group's key ratios.

### Preparation of the proposal

The proposal regarding the Performance Share Program 2020/2023 to the annual general meeting 2020 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 2020.

### Hedging

The Board of Directors has considered two alternative hedging structures for the Performance Share Program 2020/2023; either (i) the transfer of shares held by the Company itself to participants in the Performance Share Program 2020/2023 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 (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.

### **The Board of Directors' proposals for resolutions**

The Board of Directors proposes that the annual general meeting 2020 resolves to (i) implement the Performance Share Program 2020/2023, based on no more than 2,355,802 Performance Shares, and on the further main terms and conditions set out in item (a) below, and (ii) transfer own shares to participants in the program, and to subsidiaries within the Group in order to secure their obligations to deliver Performance Shares under the program, in accordance with item (b) below.

#### **(a) Main terms and conditions for the Performance Share Program 2020/2023**

1. The Performance Share Program 2020/2023 shall be offered to approximately 200 key employees within the Group who will receive a conditional award over a number of Performance Shares (i.e. a right to receive such shares at a future date if the relevant conditions are met) in 2020.
2. Each participant will receive an award over a number of Performance Shares with an aggregate market value not exceeding 30 percent of the participant's 2019 Base Salary. The market value shall be calculated based on the average of the daily noted volume-weighted purchase price of Telia Company's shares on Nasdaq Stockholm's official list during December 2019.
3. Provided that the performance conditions described below, consisting of financial targets linked to EBITDA and TSR, are met during the Performance Period, participants in the Performance Share Program 2020/2023 will receive the Performance Shares subject to their award without consideration.
4. The performance conditions applying according to the Performance Share Program 2020/2023 will be based 50 percent on the Company's EBITDA<sup>2</sup> target during the Performance Period ("EBITDA Part") and 50 percent on the Company's TSR during the

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<sup>2</sup> EBITDA is defined as Earnings Before Interest, Taxes, Depreciation and Amortization, with a possibility for the Board of Directors to make adjustments for extraordinary events and/or exchange rate fluctuations.

Performance Period (“TSR Part”) in relation to TSR in a peer group of approximately 10 comparable Nordic and western European telecom and media companies defined by the Board of Directors (“TSR Comparator Group”)<sup>3</sup>.

5. The financial targets include a minimum level which must be achieved in order for any Performance Shares to be received at all, as well as a maximum level in excess of which no additional Performance Shares will be received. Should lower financial results than the maximum levels be achieved, a proportionate lower number of Performance Shares may be received.
  - a. EBITDA part represents 50 percent of the total award:
    - i. If 100 percent (or above) of the EBITDA target is met, 100 percent of Performance Shares under the EBITDA part will vest.
    - ii. If 97.5 percent (or less) of the target is met, 0 percent of Performance Shares under the EBITDA part will vest.
    - iii. If between 97.5 to 100 percent of the target is met, a proportionate amount of Performance Shares under the EBITDA part will vest.
    - iv. No Performance Shares will vest under the EBITDA Part if the Company’s accumulated EBITDA is below the minimum level and no additional Performance Shares will vest if the Company’s accumulated EBITDA is above the maximum level.
  - b. TSR part represents 50 percent of the total award:
    - 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 vest.
    - ii. If the Company’s TSR is ranked third or fourth, 75 percent of the Performance Shares under the TSR part will vest.
    - iii. If the Company’s TSR is ranked fifth or sixth, 50 percent of the Performance Shares under the TSR part will vest.
    - iv. If the Company’s TSR is ranked seventh or lower, no Performance Shares under the TSR part will vest.
6. The receipt 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 2023.
7. Participants will receive their Performance Shares following the publication of the Company’s interim report for the first quarter 2023. 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 2020/2023 shall have an aggregate market value not exceeding 60 percent of the participant’s 2022 Base Salary. The market value shall be calculated based on the average of the daily noted volume-weighted purchase price of the Company’s shares on Nasdaq Stockholm’s official list during 20 trading days prior to the day of publication of the interim report for the first quarter 2023. Rounding off shall be made to the closest whole number of Performance Shares.

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<sup>3</sup> 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 2019 shall be compared with December 2022 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, Deutsche Telekom AG, Vodafone Group Plc, Telefonica SA, Nordic Entertainment Group AB and Swisscom AG.

9. The Performance Share Program 2020/2023 shall in total comprise of no more than 2,355,802 Telia Company's shares, which corresponds to approximately 0.06 percent of the total number of outstanding shares in the Company.
10. Recalculation of the number of Performance Shares subject to an award granted under the Performance Share Program 2020/2023 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 subject to an award or, wholly or partially, terminate the Performance Share Program 2020/2023 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 2020/2023 within the framework of the above stated main terms and conditions.

#### Performance outcome

The performance outcome will be determined by the Board of Directors after the expiry of the Performance Period (i.e. after December 31, 2022), in 2023. In connection therewith, the Board of Directors will also publish the performance results.

#### (b) Transfer of own shares

The transfer of own shares to participants in the Performance Share Program 2020/2023, and to subsidiaries within the Group in order to secure their obligations to deliver Performance Shares under the program, may be made on the following terms and conditions.

1. No more than 2,355,802 Telia Company shares may be transferred to participants in the Performance Share Program 2020/2023 as Performance Shares.
2. The entitlement to receive Performance Shares without consideration shall only be offered to persons within the Group who are participants in the Performance Share Program 2020/2023. In addition, subsidiaries shall be entitled to acquire shares without consideration in order to immediately transfer such shares to participants in the Performance Share Program 2020/2023 in accordance with the terms and conditions of the Performance Share Program 2020/2023.
3. The transfer of shares without consideration shall be made when the participants are entitled to receive their Performance Shares in accordance with the terms and conditions of the Performance Share Program 2020/2023, which will be following the publication of the Company's interim report for the first quarter 2023.
4. The number of shares that may be transferred shall be subject to recalculation in the event of an intervening bonus issue, share repurchase offer, split, rights issue and/or other similar events.

The reason for this proposed deviation from the shareholders' preferential rights is because the transfer of own shares is an integral part of the implementation of the Performance Share Program 2020/2023 and the Board of Directors considers that the implementation of the Performance Share Program 2020/2023 will be to the advantage of the Company and the shareholders as it offers participants the opportunity to become shareholders in the Company.

The Board of Directors proposes that the resolutions under items (a) and (b) above will be voted on at the annual general meeting as two separate resolutions. The proposal under item (b) on the proposed transfer of shares is conditional on the annual general meeting having approved item (a), i.e. the implementation of the proposed Performance Share Program 2020/2023.

**Item 21 – (a) Reduction of the share capital by way of cancellation of own shares and (b) increase of the share capital by way of bonus issue**

(a) Reduction of the share capital by way of cancellation of own shares

The Board of Directors proposes that the annual general meeting resolves to reduce the share capital by way of cancellation of own shares which were repurchased under the SEK 5 billion share buy-back program. The program was announced on April 20, 2018, and the discontinuance of the program after the annual general meeting 2020 was announced on October 17, 2019.

The reduction of the share capital shall be made with SEK 394,695,609.55 by way of cancellation of 119,908,673 shares. The purpose of the reduction is allocation to unrestricted equity to be used as resolved by the annual general meeting in accordance with item (b) below.

The resolution to reduce the share capital under this item (a) may be effectuated without obtaining an authorization from the Swedish Companies Registration Office or, in disputed cases, a court of general jurisdiction, as the Company simultaneously effectuates a bonus issue, as set out under item (b) below, with an amount corresponding to no less than the amount the share capital is being reduced with, as set out above. Combined, these measures entail that neither the Company's restricted equity nor its share capital is reduced.

(b) Increase of the share capital by way of bonus issue

With the purpose of restoring the share capital after the proposed reduction of the share capital, as set out under item (a) above, the Board of Directors proposes that the annual general meeting on the same time resolves to increase the share capital by way of a bonus issue with an amount corresponding to SEK 394,695,609.55, which equals the amount the share capital is reduced with by way of cancellation of shares, as set out under item (a) above. The bonus issue shall be carried out with the amount being transferred from unrestricted equity without the issuance of new shares.

The Board of Directors proposes that the resolutions under items (a) and (b) above will be voted on at the annual general meeting as one joint resolution.

**Shareholder proposals**

**Item 22** – Resolution on shareholder proposal from Carl Axel Bruno that the Company shall review its routines around that letters shall be answered within two months from the date of receipt.

**Item 23** – Resolution on shareholder proposals from Thorwald Arvidsson (a) and (b) that the annual general meeting resolves to

- (a) assign to the Board of Directors to act to abolish the possibility of so-called voting differentiation in the Swedish Companies Act, primarily, through a petition to the government, and
- (b) assign to the Board of Directors to form a proposal for representation for small and medium-sized shareholders in the Company's Board of Directors and Nomination Committee, to be presented to the general meeting for decision, and to act for an

amendment to the Swedish regulation concerning the said matter, primarily, through a petition to the government.

The resolutions under items (a) and (b) will be voted on at the annual general meeting as two separate resolutions.

### **Other information**

#### **Presentations**

The chair of the Board of Directors and the CEO's presentations at the meeting will be posted on the Company's website [www.teliacompany.com](http://www.teliacompany.com) after the meeting.

#### **Number of shares**

The total number of shares and votes in the Company is 4,209,540,375 at the date this notice is issued. On the same date, the Company owns 119,908,673 treasury shares, which cannot be represented at the meeting.

#### **Shareholders' right to request information**

At the request of any shareholder, the Board of Directors and the CEO shall provide information at the meeting on any circumstances that (i) may affect the assessment of a matter on the agenda, (ii) may affect the assessment of the Company's or a subsidiary's financial situation or (iii) concerns the Company's relation to another group company, provided that the Board of Directors believes it would not be of significant detriment to the Company.

#### **Majority requirements**

Valid resolutions to authorize the Board of Directors to decide on repurchase and transfer of the Company's own shares under item 19 and reduce the share capital by way of cancellation of own shares and increase of the share capital by way of bonus issue under item 21 requires support by shareholders holding at least two-thirds of both the votes cast and shares represented at the meeting.

A valid resolution on implementation of the proposed long-term incentive program under item 20 (a) requires support by a simple majority of the votes cast. A valid resolution on transfer of own shares to the participants in the program under item 20 (b) requires support by shareholders representing at least nine-tenths of both the votes cast and shares represented at the meeting.

#### **Documents, etc.**

Information regarding all Board members proposed to the Board of Directors of Telia Company as well as the Nomination Committee's proposals and motivated opinion are available on the Company's website.

The 2019 annual and sustainability report, the audit report and other documents will be held available at the Telia Company AB, Investor Relations, Stjärntorget 1 in Solna, as from Thursday, March 12, 2020. The documents can also be obtained from the following address: Telia Company AB, c/o Euroclear Sweden AB, P.O. Box 191, SE-101 23 Stockholm, or by phone +46 (0)8 402 90 50. The documents will also be available on the Company's website [www.teliacompany.com](http://www.teliacompany.com) from the same date.

#### **Authorization**

The Board of Directors, or such person that the Board of Directors may appoint, shall be authorized to make the minor adjustments in the resolutions adopted by the annual general meeting as may be required in connection with registration at the Swedish Companies Registration Office and Euroclear Sweden and to take such other measures required to execute the resolutions.

**Processing of personal data**

For information on how your personal data is processed, see

[www.euroclear.com/dam/ESw/Legal/Privacy-notice-bolagsstammor-engelska.pdf](http://www.euroclear.com/dam/ESw/Legal/Privacy-notice-bolagsstammor-engelska.pdf).

Telia Company Group Data Protection Officer:

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Stockholm, February 2020

Telia Company AB (publ)

*The Board of Directors*