

Remuneration report 2020

Introduction

This report describes how the guidelines for executive remuneration of Telia Company AB, adopted by the annual general meeting 2020, were implemented in 2020. The report also provides information on remuneration to the President and CEO (the "CEO"). Telia Company does not offer any variable compensation or share-related incentive plans to the CEO. Telia Company has no named deputy CEO. The report has been prepared in accordance with the Swedish Companies Act and the Rules on Remuneration of the Board and Executive Management and on Incentive Programmes issued by the Swedish Corporate Governance Board.

Further information on executive remuneration is available in note C32 (Human Resources) on page 186 in the Annual and Sustainability report 2020. Information on the work of the remuneration committee in 2020 is set out in the corporate governance report available on page 94 in the Annual and Sustainability report 2020.

Remuneration of the board of directors is not covered by this report. Such remuneration is resolved annually by the annual general meeting and disclosed in note C32 (Human Resources) on page 186 in the Annual and Sustainability report 2020.

Key developments 2020

The CEO summarizes Telia Company's overall performance in her statement on page 12 in the Annual and Sustainability report 2020.

Telia Company's remuneration guidelines: scope, purpose and deviations

A prerequisite for the successful implementation of the company's business strategy and safeguarding of its long-term interests, including its sustainability, is that the company can recruit and retain qualified personnel. To this end, the company must offer competitive remuneration. The company's remuneration guidelines enable the company to offer executives a competitive but not market leading total remuneration. Under the remuneration guidelines, executive remuneration shall be on market terms and may consist of the following components: fixed cash salary, pension, benefits and other remuneration.

The guidelines are found on page 34 in the Annual and Sustainability report 2020. During 2020 the company has, for the CEO, complied with the applicable remuneration guidelines adopted by the annual general meeting 2020. No deviations from the guidelines have been decided and no derogations from the procedure for implementation of the guidelines have been made for the CEO. The auditor's report regarding Telia Company's compliance with the guidelines is available on Telia Company's website. No remuneration has been reclaimed. In addition to remuneration covered by the remuneration guidelines, the annual general meetings of the company have resolved to implement long-term share-related incentive plans for a number of key employees outside the Telia group executive management team. Information on all ongoing and during the year finalized long-term share-related incentive plans are found on page 187 in the Annual and Sustainability report 2020.

Table – Total remuneration of the CEO (SEK)

The table below sets out total remuneration paid to Telia Company's CEO during 2020.

Name of Director, position (start/end)	Financial year	1 Fixed remuneration		2 Variable remuneration		3	4	5	6
		Base salary	Other benefits	One-year variable	Multi-year variable	Extraordinary items	Pension expense	Total remuneration	Proportion of fixed and variable remuneration
Allison Kirkby (CEO)*	2020	11,886,000	130,686	0	0	0	4,657,796	16,674,482	100% / 0%
Christian Luiga (Acting CEO)**	2020	4,930,938	88,109	0	0	0	1,112,221	6,131,267	100% / 0%

* Assumed the position CEO of Telia Company on May 4, 2020.

** Acting CEO until May 4, 2020.

Application of performance criteria

The performance management process for the CEO includes financial and non-financial targets to ensure that the CEO deliver in accordance with the company's strategy and encourage behavior which is in the long-term interest of the company. In the selection of performance measures, the strategic objectives, and short-term and long-term business priorities for 2020 have been taken into account. The non-financial performance measures further contribute to alignment with sustainability as well as the company values.

Table – Comparative information on the change of remuneration and company performance

Reported Financial Year (RFY)	RFY 2019	RFY 2020 vs RFY 2019	RFY 2020
Directors' base salary, other benefits and remuneration excluding pension (kSEK)			
Allison Kirkby, CEO (As of May 4, 2020)			12,017
Christian Luiga, acting CEO (September 12, 2019 until May 4, 2020)	4,404		5,019
Johan Dannelind, CEO (until September 12, 2019)	13,482		
Total for CEOs	17,886	-850 (-4.8%)	17,036
Company's performance			
Adjusted EBITDA (MSEK)		-315 (-1.0%)	30,702
Operational Free Cash flow (MSEK)		-476 (-3.8%)	12,095
Remuneration comparison			
Average remuneration* on a full-time equivalent basis of employees (kSEK)		-89 (-7.0%)	1,191

* Base salary, variable pay, other benefits and remuneration excluding pension for employees in parent company (excluding corporate officers).