



## ANNUAL GENERAL MEETING OF SHAREHOLDERS MONDAY 6 MAY 2019

### CONTENTS

1. The Nomination Committee's motivated opinion regarding the proposal for election of the Board at the Annual General Meeting.
2. Information on the proposed members of the Board.
3. The Board's reasoned statement pursuant to Chapter 18 Section 4 and Chapter 19 Section 22 of the Swedish Companies Act (2005:551).
4. Auditor's report in accordance with Chapter 8 Section 54 of the Swedish Companies Act (2005:551) regarding whether there has been compliance with the guidelines for remuneration to Executive Management as approved by the Annual General Meeting.
5. Evaluation of remuneration to the Senior Executives (Report according to the Swedish Corporate Governance Code 9.1, and Chapter 8 Sec 51 of the Swedish Companies Act (2005:551)).

## **1. The Nomination Committee's motivated opinion regarding the proposal for election of the Board at the Annual General Meeting**

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### **Tele2s Nomination Committee**

In accordance with the procedure of the Nomination Committee adopted by the 2018 Annual General Meeting, a Nomination Committee consisting of members appointed by the largest shareholders in Tele2 has been convened. The Nomination Committee comprises Georgi Ganev, appointed by Kinnevik, John Hernander, appointed by Nordea Funds, and Hans Ek, appointed by SEB Investment Management.

The members of the Nomination Committee appointed Georgi Ganev as Chairman of the Nomination Committee. As Georgi Ganev is also a member of the Board of Tele2, this appointment deviates from the Swedish Corporate Governance Code. The other members of the Nomination Committee have explained the appointment as being in Tele2's and its shareholders' best interests and a natural consequence of Georgi Ganev having been appointed by Tele2's largest shareholder, Kinnevik.

### **The Nomination Committee's proposal for election of the Board**

The Nomination Committee proposes:

- That the Board shall consist of seven members
- The re-election of all current members of the Board, except Sofia Arhall Bergendorff and Eamonn O'Hare who have declined re-election
- The election of Carla Smits-Nusteling as new Chairman of the Board

The Nomination Committee's proposal is thus that the following persons are elected to the Board of Tele2 for a term of office until the end of the next Annual General Meeting:

- Carla Smits-Nusteling as Chairman of the Board
- Andrew Barron
- Anders Björkman
- Georgi Ganev
- Cynthia Gordon
- Eva Lindqvist
- Lars-Åke Norling

### **The Nomination Committee's work**

The Nomination Committee has since the 2018 Extraordinary General Meeting held three meetings (in total four meetings 2018/2019) with additional internal discussions and interviews with Board members. The Nomination Committee's work has primarily focused on the continued development of the overall Board composition as well as on ensuring an orderly Chairman succession planning, with the overall aim to normalize the size of the Board as the Nomination Committee advised the 2018 Extraordinary General Meeting.

In its assessment of the degree to which the proposed Board meets the requirements placed on it, the Nomination Committee reviewed the current and proposed Board members' ability to devote the necessary time and commitment required, as well as the balance and diversity of contributions of experiences from different areas and geographic regions of the broader digital communications industry. The Committee also had the benefit of an internal performance review of the Board and its individual members.

## **The Nomination Committee's motivated statement regarding its proposals**

At the 2018 Extraordinary General Meeting the Nomination Committee proposed a temporary increase of the Board's size in order to ensure an orderly succession planning, as well as to ensure that the Board has in-depth knowledge and experience from Com Hem's broadband and digital TV operations. It has been the Nomination Committee's intention that the Board would return to a more traditional, smaller size. Having been informed by Sofia Arhall Bergendorff and Eamonn O'Hare of their decision not to seek re-election, the Nomination Committee resolved to propose the re-election of the remaining Board members.

The Nomination Committee also propose the election of Carla Smits-Nusteling as new Chairman of the Board, as the current Chairman Georgi Ganev steps down from his transitional chairmanship of Tele2 and transition into the role of an ordinary Board member. The Nomination Committee is of the opinion that Carla Smits-Nusteling, who has served on Tele2's Board since 2013 and been Chairman of the Audit Committee since 2014, has an exceptional understanding of Tele2's history, mobile operations, and how to ensure that the Board remains effective in setting and implementing Tele2's strategic direction. Alongside Carla, the Nomination Committee recommends the Board to appoint Andrew Barron as Deputy Chairman. Andrew, who served as Chairman of the Board of Com Hem up until the merger of the two companies in late 2018, complements Carla with his knowledge of Tele2's broadband and digital TV operations, and has an exceptional understanding of Tele2's investor base and competitive environment.

The Nomination Committee is of the opinion that the proposed Board composition demonstrates the right skills and commitment needed to support Tele2's management in its delivery of long term value creation for the company's shareholders. The Board benefits from vast experience and exceptional understanding both from the TMT sector in- and outside of Sweden, Tele2's broadband and digital TV operations as well as experience from driving digital transformation through innovation. Thus the proposed Board composition is well-balanced and well suited to oversee the continued creation of a leading integrated operator with a well-positioned offering of ubiquitous connectivity and digital services.

In its work, the Nomination Committee applies rule 4.1 of the Swedish Corporate Governance Code as its diversity policy. Accordingly, the Committee gives particular consideration to the importance of a diverse set of Board members, including their gender, age and nationality, as well as their experiences, professional backgrounds and business disciplines. The Committee believes the composition of the proposed Board is fit-for-purpose in respect of the various dimensions of diversity, and will continue to pursue a high degree of diversity and gender balance in its efforts to compose the most capable Board.

Finally, it is noted that the Nomination Committee has evaluated each Board member's independence in the work of preparing its proposals for the 2019 Annual General Meeting, and has found that the proposed Board is in compliance with the Swedish Corporate Governance Code's requirements for independence.

## **Information about the proposed members of the Board**

Information about the proposed members of the Board, including the Nomination Committee's assessment of each member's independence, may be found on the company's website at [www.tele2.com](http://www.tele2.com).

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April 2019

THE NOMINATION COMMITTEE  
TELE2 AB (PUBL)

## **2. Information on the proposed members of the Board**

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### **Carla Smits-Nusteling**

Proposed new Chairman. Board member, elected in 2013

**Born:** 1966

**Nationality:** Dutch citizen

**Independence:** Independent in relation to the company and management as well as in relation to the company's major shareholders

**Holdings in Tele2:** 1,687 B shares

**Committee work:** Chairman of the Audit Committee

**Other current assignments:** Member of the Board of Directors of Nokia Oyj, Non-Executive Director at ASML, Member of the management board of the Foundation Unilever NV Trust Office and Lay judge of the Enterprise Court of the Amsterdam Court of Appeal

**Previous assignments:** CFO of Koninklijke KPN N.V.

**Education:** M.Sc. Business Economics from Erasmus University, Rotterdam and Executive Master of Finance & Control from Vrije Universiteit Amsterdam

### **Andrew Barron**

Board member, elected in 2018

**Born:** 1965

**Nationality:** British citizen

**Independence:** Independent in relation to the company and management as well as in relation to the company's major shareholders

**Holdings in Tele2:** 106,140 B shares

**Committee work:** Member of the Remuneration Committee

**Other current assignments:** Board Member of Ocean Outdoor Limited and of Arris International plc

**Previous assignments:** Chairman of the Board of Com Hem Holding AB, COO of Virgin Media inc. and MTG, CEO of Chellomedia, Executive Vice President of Walt Disney Europe and management consultant at McKinsey & Co

**Education:** Bachelor's Degree, MBA

### **Anders Björkman**

Board member, elected in 2017

**Born:** 1959

**Nationality:** Swedish citizen

**Independence:** Independent in relation to the company and management as well as in relation to the company's major shareholders

**Holdings in Tele2:** 2,000 B shares

**Committee work:** Member of the Remuneration Committee

**Other current assignments:** Chairman of the Board of Maintrac AB, Chairman of the Board of Maven Wireless AB, Chairman of the Board of Parktrade Europe AB, Member of the Board of Allgon AB

**Previous assignments:** CEO of OnePhone Holding AB and it's partnerships with British Telecommunications and KPN, CEO of Argnor Wireless Ventures, CEO of SEC and of Tele2 (between 1996 and 1999), Member of the Board of a number of Argnor Wireless Ventures portfolio companies, Non-Executive Member of the Board of Digital Trading Technologies Limited T/A Consumer Data Protection

**Education:** MSc from Chalmers University of Technology

### **Georgi Ganev**

Board member and Chairman of the Board, elected in 2016 and elected Chairman in 2018

**Born:** 1976

**Nationality:** Swedish citizen

**Independence:** Independent in relation to the company and management but not in relation to the company's major shareholders

**Holdings in Tele2:** 1,030 B shares

**Committee work:** Chairman of the Remuneration Committee and Chairman of the Nomination Committee, Member of the Audit Committee

**Other current assignments:** CEO of Kinnevik AB (publ), Member of the Boards of Global Fashion Group and Babylon Health

**Previous assignments:** CEO of Dustin Group AB (publ) and Bredbandsbolaget, Chief Marketing Officer of Telenor Sweden

**Education:** M.Sc. in Engineering from Uppsala University

### **Cynthia Gordon**

Board member, elected in 2016

**Born:** 1962

**Nationality:** British citizen

**Independence:** Independent in relation to the company and management but not in relation to the company's major shareholders

**Holdings in Tele2:** 2,000 B shares

**Committee work:** -

**Other current assignments:** Chairman of the Board of Global Fashion Group, Member of the Boards of Bima Milvik, Bayport, Josen Partners and Partan Limited

**Previous assignments:** Member of the Board of Directors at Kinnevik AB (publ), Executive Vice President and CEO of the Africa Division at Millicom International Cellular, CCO Group of Ooredoo, Vice President of Partnerships & Emerging Markets of Orange, CCO of MTS, Vice President Business Marketing of Orange

**Education:** BA in Business Studies from Brighton University

### **Eva Lindqvist**

Board member, elected in 2018

**Born:** 1958

**Nationality:** Swedish citizen

**Independence:** Independent in relation to the company and management as well as in relation to the company's major shareholders

**Holdings in Tele2:** 2,891 B shares

**Committee work:** Member of the Audit Committee

**Other current assignments:** Member of the Board of SWECO AB (publ), Chip First AB, Tarsier Studios AB, Bodycote plc and Keller Group plc. Elected Member of the Royal Swedish Academy of Engineering Sciences

**Previous assignments:** Member of the Board of Directors of Com Hem Holding AB, ASSA ABLOY AB (publ), Alimak Group AB (publ) and Caverion Oy. Senior Vice President of TeliaSonera's mobile operations, CEO of TeliaSonera International Carrier and senior positions at Ericsson

**Education:** MSc Engineering Physics, MBA

### **Lars-Åke Norling**

Board member, elected in 2018

**Born:** 1968

**Nationality:** Swedish citizen

**Independence:** Independent in relation to the company and management but not in relation to the company's major shareholders

**Holdings in Tele2:** -

**Committee work:** Member of the Remuneration Committee and Member of the Audit Committee

**Other current assignments:** Investment Director at Kinnevik AB (publ) with responsibility for the TMT sector, Board Director of Millicom, Chairman of the Board of Milvik AB

**Previous assignments:** CEO of dtac, CEO of digi, Executive vice president of Developed Asia at Telenor, CEO of Telenor Sweden, CTO/COO of Bredbandsbolaget

**Education:** MSc in Engineering Physics from Uppsala University, MSc in Systems Engineering from Case Western Reserve University, MBA from University of Gothenburg

### **3. The Board's reasoned statement pursuant to Chapter 18 Section 4 and Chapter 19 Section 22 of the Swedish Companies Act (2005:551)**

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The Board hereby presents the following statement in accordance with Chapter 18 Section 4 and Chapter 19 Section 22 of the Swedish Companies Act (2005:551). The Board's reasons for the proposed dividend and the authorisations to repurchase the company's own shares being in accordance with the provisions of Chapter 17 Section 3 paragraph 2 and 3 of the Swedish Companies Act (2005:551) are as follows:

#### **The company's objects, scope and risks**

The company's objects and scope of business are set out in the articles of association and the submitted annual reports. The business operated by the company does not entail any risks in excess of those that exist or may be deemed to exist in the industry or those risks which are generally associated with operating a business.

#### **The financial position of the parent company and the Group**

The financial position of the parent company and the Group as per 31 December 2018 is stated in the annual report for 2018. The annual report also states which accounting principles are applied in the valuation of assets, allocations and liabilities.

The proposed dividend of SEK 4.40 per share amounted as per 31 December 2018 to SEK 3,023 million.

The proposed authorisations to repurchase the company's own shares means that the Board can acquire a maximum number of shares whereby the company's holding of own shares (treasury stock) amounts to not more than one tenth of all shares in the company.

The non-restricted equity in the parent company and the Group's retained earnings as of 31 December 2018 amounted to SEK 28,874 million and SEK 5,575 million respectively. The proposed dividend constitutes 9 percent of the parent company's equity and 8 percent of the Group's equity. At the same date, the Group's equity/assets ratio was 44 percent.

The proposed dividend and authorisation to repurchase the company's own shares do not limit the company's possibilities to complete on-going, and further make value creating, investments. The company's financial position does not give rise to any other conclusion than that the company can continue its business and that the company can be expected to fulfil its obligations on both a short and long-term basis.

#### **Justification for the proposals regarding dividend and repurchase**

With reference to the above and what has otherwise come to the knowledge of the Board, the Board is of the opinion that the proposed dividend, authorisation to repurchase the company's own shares to create flexibility in the work with the company's capital structure and to ensure delivery of shares under the proposed incentive programme are in accordance with the provisions in Chapter 17 Section 3 paragraph 2 and 3 of the Swedish Companies Act (2005:551), i.e are justified with reference to the requirements that the nature of the operations, its scope and risks place on the parent company's and Group's equity, consolidation requirements, liquidity, financing needs and position in general.

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Stockholm, April 2019

THE BOARD OF DIRECTORS  
TELE2 AB (PUBL)

**4. Auditors report in accordance with Chapter 8 Section 54 of the Swedish Companies Act regarding whether there has been compliance with the guidelines for remuneration to Executive Management as approved by the Annual General Meeting**

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# **Deloitte.**

**Auditors' report in accordance with Chapter 8, Section 54 of the Swedish Companies Act (2005:551), regarding compliance with the guidelines for remuneration to senior executives approved by the Annual General Meeting**

**To the Annual General Meeting of Tele2 AB (publ), Corporate Identity Number 556410-8917**

We have audited whether the Board of Directors and the managing director of Tele2 AB (publ) have complied with the guidelines for remuneration to senior executives during the financial year 2018 which were approved by the Annual General Meeting on May 9, 2017 and by the Annual General Meeting on May 21, 2018.

*Responsibilities of the Board of Directors and the managing director*

The Board of Directors and the managing director are responsible for compliance with these guidelines and for such internal control as the Board of Directors and the managing director determine is necessary to enable compliance with these guidelines.

*Auditor's responsibility*

Our responsibility is to express an opinion, based on our audit, to the Annual General Meeting as to whether the guidelines have been complied with. We conducted our audit in accordance with FAR's standard RevR 8 Audit of Remuneration to Senior Executives in Listed Companies. This standard requires that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the guidelines have, in all material aspects, been complied with. We apply the international standard on quality control, ISQC 1, and accordingly maintain a comprehensive system of quality control including documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

We are independent of Tele2 AB (publ) in accordance with professional ethics for accountants in Sweden and have otherwise fulfilled our ethical responsibilities in accordance with these requirements.

Our audit has included a review of the organization for and the documentation supporting the remuneration to senior executives as well as new decisions related to compliance with the guidelines. Our procedures have also included testing a sample of payments during the year to senior executives. The procedures selected depend on the auditor's judgment, including the assessment of the risks of whether the guidelines have not, in all material aspects, been complied with. In making those risk assessments, the auditor considers internal control relevant to the compliance of the guidelines in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the company's internal control.

We believe that our audit procedures provide a reasonable basis for our opinion, as set out below.

*Opinion*

In our opinion the Board of Directors and the managing director of Tele2 AB (publ) have, except for the deviations disclosed in the administration report and in note 33 to the annual report for 2018, during the financial year 2018 complied with the guidelines for remuneration to senior executives which were approved by the Annual General Meeting on May 9, 2017 and by the Annual General Meeting on May 21, 2018.

Stockholm, March 29, 2019

Deloitte AB

*Signature on Swedish original*

Pontus Pålsson  
Authorized Public Accountant

## **5. Evaluation of remuneration to the Senior Executives (Report according to the Swedish Corporate Governance Code 9.1, and Chapter 8 Section 51 of the Swedish Companies Act (2005:551))**

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### **Introduction**

The Remuneration Committee, of the Board of Tele2 AB (publ) ("Tele2"), comprises the Chairman of the Board Georgi Ganev and the Board members Anders Björkman, Lars-Åke Norling and Andrew Barron. Georgi Ganev is the Chairman of the Remuneration Committee.

In accordance with the Swedish Code of Corporate Governance (the "Code"), the Remuneration Committee has monitored and evaluated programmes for variable remuneration (both ongoing and those that have ended during the year), how the guidelines for remuneration to the senior executives adopted at the Annual General Meeting have been applied as well as the current remuneration structures and levels of remuneration in the company. The following is the Board's report of the results of the evaluation.

### **General information with respect to the remuneration to the executive management of Tele2**

The remuneration to Tele2's executive management comprises an annual base salary and variable short-term incentive paid in cash ("STI") and long-term share-based and cash-based incentive programmes ("LTI"). The objective of the remuneration is to attract, motivate and retain key employees. The remuneration shall be competitive within the context of an international peer group and create incentives for the executive management to execute strategic plans and deliver excellent operating results and at the same time align management's incentives with the interests of the shareholders.

### **Variable remuneration**

The STI is performance based in relation to established objectives regarding Tele2's overall result and the individual performance. The maximum outcome of the STI is 100 percent of the annual base salary.

Tele2 offers long-term share-based incentive programmes for the executive management and other key employees. The share-based programmes are performance based and require participants to own Tele2 shares and remain in Tele2 employment during the term of the programme. Thus, the participants' remuneration are tied to the development of Tele2's result and value, which promotes continued loyalty with Tele2 and contributes to the long-term value growth of Tele2. In addition, Tele2 occasionally offers cash-based LTI on a case-by-case basis to incentivise value creation in a specific business area or region.

Further information on the variable remuneration, for example outcome, uptake, the number of issued rights etc. is found in the Annual Report 2018.

### **Evaluation of programmes for variable remuneration**

The development of the programmes for variable remuneration is evaluated by the Remuneration Committee on a continuous basis throughout the year and the programmes' expected outcome are reported to the Board and discussed at Board meetings.

The Remuneration Committee also monitors to what extent the executive management participates in the long-term share-based incentive programmes. The evaluation of the programmes for variable remuneration has shown as follows:

- The programmes are well aligned with the shareholders' interests.
- The programmes are important for attracting, motivating and retaining employees that possess the competence needed in the Tele2 group.
- Long-term share-based incentive programmes that are performance based and requires an own investment in Tele2's shares are well functioning and are achieving the sought results.

The Board will, based on the results of the evaluation, propose a long-term incentive programme with the same structure as adopted the past years.

## **Evaluation of the guidelines for remuneration and report according to Chapter 8 Section 51 of the Swedish Companies Act (2005:551)**

The evaluation, and the auditor's review, have resulted in the conclusion that the guidelines for remuneration to senior executives that the Annual General Meetings 2017 and 2018 established have generally been complied with during 2018, except for the following deviations from the guidelines for remuneration due to the merger between Tele2 and Com Hem:

- The Board of Directors of Tele2 decided to introduce an Integration and Retention Incentive plan, including 10 senior executives in Tele2's leadership team. Payment under the Integration and Retention Incentive plan corresponds to 12 – 24 months base salary per participant paid out in two tranches, (i) at completion of the merger in November 2018, and (ii) one year after the completion of the merger i.e. November 2019.
- The Group CEO and the former Group CEO of Tele2, have not participated in the Integration and Retention Incentive plan. Instead, the former Group CEO was entitled to an integration incentive award of 18 months base salary which was paid out in full when she left Tele2 in December 2018. The Group CEO was entitled to a similar integration incentive bonus of SEK 8.5 million, and did also receive SEK 8.1 million in cash compensation from early vesting of Com Hem Holding's long-term incentive plans at closing of the merger in line with the Plan Rules and as decided by the Com Hem Board of Directors which has been paid out in full by Tele2 when assuming Com Hem Holding AB in November 2018. Furthermore, the Tele2 Board of Directors have decided to introduce an Incentive Award to the Group CEO corresponding to up to 24 months base salary, with payment in three tranches in November 2019-2021. The Incentive Award is conditional upon that the Group CEO being continuously employed as the managing director of Tele2 and that Tele2 achieves established objectives in relation to synergy execution. In addition, the Incentive Award to the Group CEO include an extra incentive, which entitles him to 12 months base salary in November 2021 in case of exceptional performance of the Tele2 share.

Accordingly, the Integration and Retention Incentive plan for the senior executives and the incentive awards to the former Group CEO and the Group CEO have led to variable remunerations exceeding 100 percent of their respective fixed salary for 2018. Furthermore, the Integration and Retention Incentive plan for the senior executives and the Incentive Award to the Group CEO can also lead to variable remunerations exceeding 100 percent of their respective fixed salary for 2019, and, applicable only to the Incentive Award to the Group CEO, 2020 and 2021.

The Board of Director's reasons for introducing these integration and retention incentives were to incentivize a successful integration of Com Hem and achievement of synergy execution targets for the combined company post-closing and ensure retention among key employees.

## **Evaluation of the current remuneration structures and levels in Tele2**

The Board of Director's view is that the current remuneration structures and levels in Tele2 strikes an appropriate balance between motivating the employees to execute strategic plans and deliver excellent operating results. The remuneration packages are achieving a competitive compensation that aligns the employees' incentives with the interests of the shareholders as the variable components create a clear connection between the individual's remuneration, Tele2's financial results and shareholder return, and also ensures the aim of attracting and keeping key employees.

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Stockholm, April 2019

THE BOARD OF DIRECTORS  
TELE2 AB (PUBL)