



MILlicom
THE DIGITAL LIFESTYLE

2020

Millicom International Cellular S.A.

Remuneration Report

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Introduction

This report (the “**Remuneration Report**”) provides a clear and comprehensive overview of the Director and senior management remuneration of Millicom International Cellular S.A. (the “**Company**” or “**Millicom**”) and describes how the guidelines for such remuneration, as adopted by the annual general meeting of shareholders on June 25, 2020 (“2020 AGM”), were implemented during the financial year ended 31 December 2020.

This Remuneration Report provides a clear and comprehensive overview of the remuneration to the Board of Directors, the CEO, the Executive Team¹, and other members of the Global Senior Management Team², as well as a summary of the Company’s share incentive plans. The Remuneration Report has been prepared in accordance with applicable laws and regulations in force and, in particular, article 7ter. (“Information to be provided in and right to vote on the remuneration report”) of the Luxembourg law of 24 May 2011 on the exercise of certain rights of shareholders at general meetings of listed companies, as amended.

Further information on senior management and Board or Directors remuneration can be found in the governance section of the Annual Report of on the website of the Company at <https://www.millicom.com/investors/reporting-center/>

1. Board Compensation

During early 2020, in proposing Director Remuneration, the Nomination Committee, received input from an external compensation advisor, including market and peer benchmarking, and considered the frequency of meetings and complexity of Millicom’s business and governance structures. After consideration of these and other relevant aspects, the Nomination Committee proposed to keep the structure and amount of remuneration for each role for the Non-Executive Directors the same as the prior year. There was no deviation from the director’s remuneration approved by the AGM 2020.

Non-Executive Director Remuneration

Remuneration of the Non-Executive Directors comprises an annual fee and shares denominated in U.S. dollars . The remuneration is 100% fixed. Non-Executive Directors do not receive any fringe benefits, pensions or any form of variable remuneration. No remuneration was paid to any of the Non-Executive Directors in 2020 or 2019 from any other undertakings within the Millicom group.

Executive Director Remuneration

Executive Directors do not receive any remuneration in their capacity as Directors.

¹The Executive Team comprises the CEO and the Executive Vice Presidents (“EVPs”).

²The Global Senior Management Team comprises the CEO, the EVPs, Corporate Vice Presidents (“VPs”), and Country General Managers (“GMs”), plus Corporate Directors, and Country-based Directors reporting directly to Country General Managers (GM-1)



Approval of 2020 Director Remuneration

The Nomination Committee's proposal for Director remuneration was approved at the 2020 AGM.

Name of Director	Year ⁽ⁱ⁾	Cash-based fee (\$000's)	Share-based fee ⁽ⁱⁱ⁾ (\$000's)	Total (\$000's)
Mr. José Antonio Rios Garcia Chair of the Board	2020	100	200	300
	2019	166	200	366
Ms. Pernille Erenbjerg ^A Deputy Chair of the Board Chair of the Compensation Committee	2020	122.5	150	272.5
	2019	200	150	350
Mr. Odilon Almeida Chair of the Compliance and Business Conduct	2020	75	100	175
	2019	73	100	173
Mr. Tomas Eliasson Chair of the Audit Committee	2020	95	100	195
	2019	111	100	211
Ms. Mercedes Johnson ^{A, CBE}	2020	85	100	185
	2019	73	100	173
Mr. Lars-Åke Norling ^{C, CBE}	2020	75	100	175
	2019	106	100	206
Mr. James Thompson ^{A, C}	2020	85	100	185
	2019	142	100	242
Former Directors				
Ms. Janet Davidson (until June 2020)	2019	86	100	186
Mr. Roger Solé Rafols (until May 2019)	2019	16	n.a.	16
Total^(v)	2020⁽ⁱⁱⁱ⁾	637.5	850	1,487.50
	2019^(iv)	973	950	1,923.00

(i) Remuneration covers the period from June 25, 2020 to the date of the AGM in May 2021 as resolved at the 2020 AGM (2019: for the period from May 2, 2019 to June 25, 2020).

(ii) Share-based compensation for the period from June 25, 2020 to May 2021 was based on the market value of Millicom shares on July 2, 2020 and represented a total of 32,358 shares (2019: 16,607 shares).

^AMember of Audit Committee

^CMember Compensation Committee

^{CBE}Member Compliance and Business Ethics Committee

(iii) Total remuneration for the period from June 25, 2020 to May 2021 after deduction of applicable withholding tax at source comprised 71% in shares and 29% in cash (2019: 73% in shares and 27% in cash).

(iv) At the EGM of shareholders held on January 7, 2019, the shareholders resolved to increase the Directors remuneration following the Company's listing on the NASDAQ Stock Market in the US, and for the period from January 7, 2019 to the 2019 AGM on May 2, 2019. The increase amounted in total to \$270 thousand.

(v) Director remuneration for the financial years ended December 31, 2015, 2016, 2017, and 2018 can be found in Millicom's Annual Reports for each of those years on Millicom's website: <https://www.millicom.com/investors/reporting-center/>



2. Senior management remuneration

Compensation Philosophy and Core Principles

The philosophy, guidelines, objectives, and policy applicable to remuneration of the Global Senior Management Team were approved by the shareholders (item 20) of the 2020 AGM.

The Compensation Committee designed the incentive plans using the following objectives for Global Senior Management Team's compensation.

What we strive for	What it means
Competitive and fair	Levels of pay and benefits to attract and retain the right people.
Drive the right behaviors	Reward policy and practices drive behaviors that support our Company strategy and business objectives.
Shareholder alignment	Variable compensation plans support a culture of entrepreneurship and performance, and incorporate both short-term and longer-term financial and operational metrics strongly correlated to the creation of shareholder wealth. Long-term incentives are designed to maintain commitment over the long term, and ensure the interests of our Global Senior Management Team are aligned with those of shareholders.
Pay for Performance	Total reward structured around pay in line with performance, providing the opportunity to reward strong corporate and individual performance. A significant proportion of compensation of top management is variable (at risk) and based on measures of personal and company performance directly attributable to short-term and longer-term value creation.
Transparent	Millicom is committed to expanding external transparency, including disclosure around pay for performance, linkages to value creation, etc. We are also investing in HR information systems in order to facilitate the measurement and internal communication related to incentive composition including performance metrics, pay equity, goal setting, and pay for performance relationships.
Market competitive and representative remuneration	Compensation is designed to be market competitive and representative of the seniority and importance of roles, responsibilities and geographical locations of individuals (with the majority of the Global Senior Management Team roles located in the United States).
Retention of key talent	Variable compensation plans include a significant portion of share-based compensation, pay-out of which is also conditional on future employment with the Company for three-year rolling periods, starting on the grant date.
Executive management to be "invested"	Global Senior Management Team, through Millicom's share ownership guidelines, are required to reach and maintain a significant level of personal ownership of Millicom shares.

In addition, to drive the right behaviors and align expectations, we communicate clearly to our employees the compensation principles. A summary is set out in the table below:

What we do	What we don't do
Align pay and performance.	No special executive prerequisites.
We have a substantial majority of executive pay at risk, based on a mix of absolute and relative financial and share price performance metrics.	No hedging of Company shares by executives.
We impose limits on maximum incentive payouts.	No dividends or dividend equivalents on unearned share units performance share units (PSUs) or restricted share units (RSUs).
Engage in a rigorous target-setting process for incentive metrics.	No tax gross-ups related to change in control.
Threshold in our short-term incentives ("STI") is set to pay only at 95% and above levels of performance.	
We have robust share ownership guidelines for our top 50 executives.	
"Double-trigger" change in control provisions in equity awards.	
We have clawback policies that apply to our performance-based incentive plans.	
Independent compensation consultant retained by the Compensation Committee.	



Senior Management Remuneration policy and link to long term performance

The Compensation Committee has reviewed and assessed the guidelines and policy for senior management remuneration, and we believe that it maintains a strong link to Millicom's performance and is aligned with Millicom's culture. Our remuneration policy is aimed at attracting, retaining and incentivizing the best talent in our markets to the benefit of all stakeholders.

Remuneration in Millicom consists of a base salary, various benefits and pension arrangements. The policy also provides for variable elements of remuneration through an annual bonus plan ("STI") and a long-term incentive plan ("LTI"). The variable elements of remuneration are subject to stretched performance measures (financial and operational), and are largely settled in shares, in order to promote alignment of management's

interests with those of shareholders. Share units issued under both the STI and the LTI have a three-year vesting period.

To further promote alignment with shareholders, the Company continuously monitors its requirement that the Global Senior Management Team maintain a shareholding with a value of at least 50% to 400% (for the CEO) of their annual salary.

In addition, in December the Committee put forward, and the Board of Directors approved, the voluntary adoption of a claw-back provision applicable in the case of any accounting restatement required due to material non-compliance with applicable financial reporting requirements.

Elements of Executive Pay

Compensation for the Global Senior Management Team in 2020 comprised a Base Salary, an STI and an LTI together with pension contributions and other benefits (e.g. healthcare).

Pay Element	Purpose	Maximum Opportunity
Purpose and link to strategy	Designed to be market competitive to attract and retain talent.	No absolute maximum has been set for Executive Team salaries. The Committee considers increases on a case by case basis based on peer comparison. Pay rises usually reflect a combination of role and responsibilities, local market conditions and individual performance.
Operational Execution	<p>Paid monthly in cash in U.S. dollars or equivalent amount in the home currency of the Executive.</p> <p>Reviewed by the Compensation Committee every March.</p>	The Compensation Committee aims to set salaries for the Executive Team at the median of the peer group.

STI

Pay Element	Purpose	Payout Opportunity
	The STI links reward to key business targets (70%) and individual contribution (30%).	Below 95% achievement of business targets the award falls to 0%. The threshold achievement is 95% of target resulting in a payout of 80%. The opportunity is 200% for the achievement of 110%.
Purpose and link to strategy	The STI provides alignment with shareholders' interests through the provision of 50% of the payment delivered in share units deferred over three years ("DSP") for senior leadership team. The DSP is awarded upon achievement of the performance targets and with 30% paid after one year, 30% after the second year and 40% after the third year of the grant date.	The target achievement for: CEO – 200% CFO – 150%.
	These plans help to incentivize and motivate to execute strategic plans in operational decision making to achieve short-term performance goals impacting performance and enhancing the value of the Company.	Maximum achievement: CEO – 400% CFO – 300%.
	The financial and operational targets are:	
	Service Revenue	20%
	EBITDA	20%
	Cashflow ("OFCF")	20%
	Transactional Net Promoter Score ("tNPS")	10%
	Performance	30%
Benchmarking	Our STI is a key component of the Millicom group culture. We benchmark to peer companies within the U.S. and Latin America.	Each year the Compensation Committee determines the annual STI opportunity for the Executive Team.



LTI

Pay Element	Purpose	Payout Opportunity
Purpose and link to strategy	The LTI links an important part of overall Global Senior Management compensation with the interests of our shareholders.	For financial metrics, below 80% achievement the award falls to 0%. In the event the Company achieves between 80% and 120% of the target, the corresponding portion of the grant will be adjusted in linear pro rata of the achievement starting at a payout of 0% at an achievement of 80%, up to a maximum value of 200% if target achievement is 120% or higher. For relative total shareholder return (TSR) no award is made for performance below peer group median. Achieving TSR performance at median or above of a pre-determined peer the grant will be adjusted in linear pro rata of the achievement starting at a payout of 100%, up to a maximum value of 200% if target achievement is 120% or higher.
	This plan serves the purpose of aligning Global Senior Management Team longer-term incentives with the longer-term interests of shareholders, encouraging long-term value creation, retention and management's focus on long-term value.	
	Millicom emphasizes the "One Team" mentality – by maintaining unified goals and objectives in the long-term incentive program for the Global Senior Management team with the purpose of driving the successful achievement of three-year performance goals designed to enhance long-term value of the Company.	
Operational Execution	<p>The LTI is a performance-based share units plan ("PSP") whereby share units awards granted fully vest at the end of a three-year period, subject to achievement against performance measures and fulfilment of conditions.</p> <p>LTI payouts are typically in shares units and based on company three-year cash flow, and revenue targets approved by the Compensation Committee and the Board, as well as to shareholder return.</p>	<p>The maximum achievement for: CEO – 960% CFO – 350%</p> <p>The target achievement for: CEO – 480% CFO – 175%</p>
	<p>The PSP financial targets are: Service Revenue 25% OFCF 50% Relative TSR 25%</p> <p>*For 2021 LTI we plan to use OCF in lieu of OFCF and include a portion of the grant as Restricted Stock Units ("RSUs") following US market practice, which will also vest at the end of the corresponding three-year period</p>	
Benchmarking	<p>Our LTI is a key component of the Millicom group culture.</p> <p>We benchmark to peer companies within the US and Latin America</p>	Each year the Compensation Committee determines the annual LTI opportunity for the Executive Team.

Other Employment terms and conditions

Notice of termination: if the employment of a member of the Millicom's Executive Team is terminated, a notice period of up to 12 months could potentially apply. The Board regularly reviews best practices in executive compensation and governance and revises policies and practices when appropriate. In 2019 Millicom revised its change in control agreements for eligible

executives to include "double-trigger" provisions, which require an involuntary termination (in addition to change in control) for accelerated vesting of awards.

Deviations from the policy and guidelines: in special circumstances, the Board may deviate from the above policy and guidelines, for example additional variable remuneration in the case of exceptional performance.

Other Executive Compensation policies

In 2020 the Compensation Committee approved a Clawback Policy, where Millicom has adopted a policy that requires its Board of Directors' Compensation Committee to seek recovery of incentive compensation awarded or paid to those officers covered under the policy, in the event that a restatement of Millicom's audited and published financial statements is



Summary of total CEO/CFO compensation

The compensation for 2020 and 2019 for the CEO and CFO is summarized on the table below. Remuneration for the financial years ended December 31, 2015, 2016, 2017, and 2018 can be found in Millicom's Annual Reports for each of those years on Millicom's website: <https://www.millicom.com/investors/reporting-center/>.

	Mauricio Ramos (CEO)		Tim Pennington (CFO)*	
	2020	2019	2020	2019
Base Salary	1,173,000	1,167,250	669,757	654,327
Fringe Benefits**	82,225	50,463	37,600	22,725
Pension	284,520	278,914	100,464	98,149
Total Fixed	1,539,745	1,496,627	807,821	775,201
Annual Bonus***	1,301,131	1,427,510	508,896	626,375
Deferred Share Units***	1,301,131	1,427,510	508,896	626,375
LTIP****	5,630,400	4,600,000	1,200,964	1,132,957
Total Variable	8,232,662	7,455,020	2,218,756	2,385,707
Total Compensation	9,772,407	8,951,647	3,026,577	3,160,908
% Fixed	15.8%	16.7%	26.7%	24.5%
% Variable	84.2%	83.3%	73.3%	75.5%

**Fringe Benefits include Car Allowance, Life and Disability Insurance, Medical and Dental Insurance.

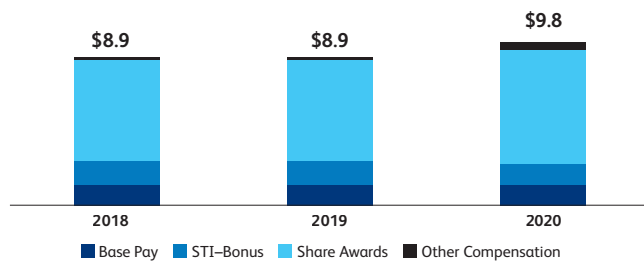
***The sum of Annual Bonus and Deferred Share Units is the total for the Short-Term Incentive Award for the performance period. 2020 STI to be paid and granted in Q1 2021.

****LTIP is Performance Share Units granted in the period granted in 2020.

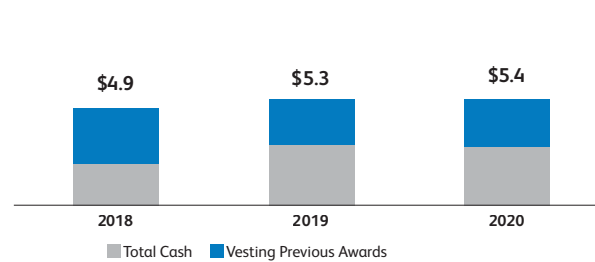
The total Short-Term award for the CEO, CFO and other senior leadership team is split 50% in cash and 50% in share units deferred over a three-year period (DSP). The compensation for the CEO and CFO is heavily weighted to variable compensation in the form of share units vesting over a three-year period. As a result, total compensation as shown in the previous table may differ significantly relative to the actual realized compensation in any given year. The table below compares CEO total compensation to his actual realized compensation in each of the last three years.

2020 CEO Compensation

Reported Pay (millions)



Realized Pay (millions)



Notes

- In average approximately 70% of CEO compensation is delivered in form of share
- In average realized pay has been 56% of Reported Pay

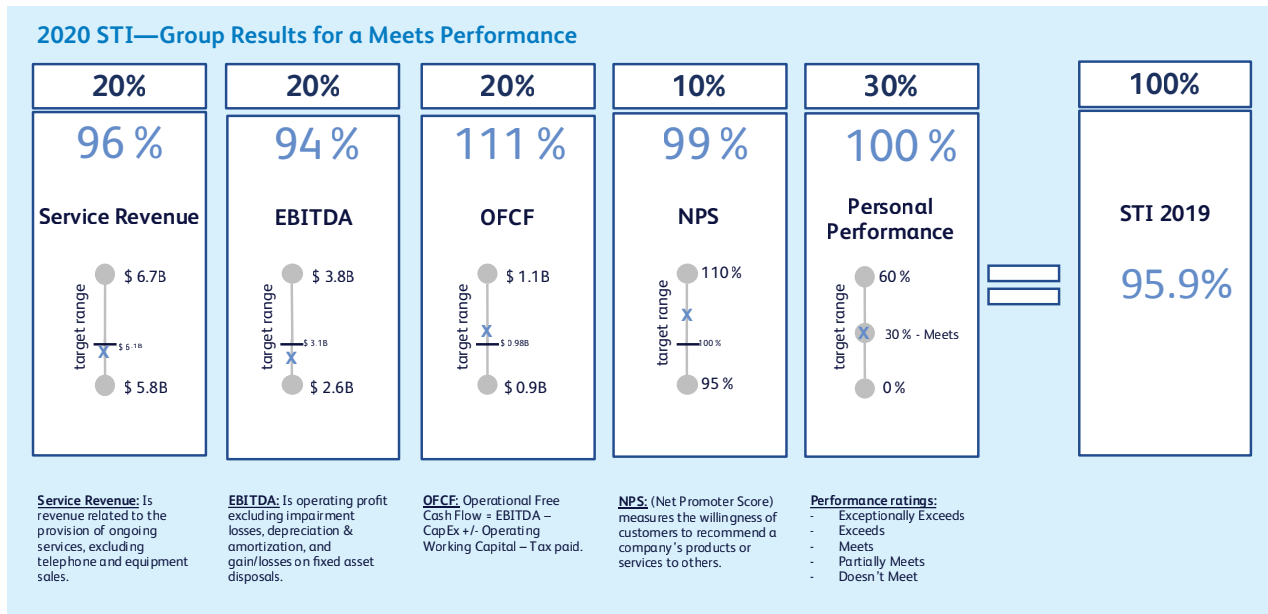
Performance on STI 2020

As in previous years, the Annual Bonus is determined by a mixture of Business Performance factors and Individual Performance factors. The Business Performance Factors included performance measures of service revenue, earnings before interest, tax, depreciation and amortization (“EBITDA”), operating free cash flow (“OFCF”) and a customer satisfaction metric based on Net Promoter Score achievement. Use and relative weighting of financial performance target measures under the variable compensation rules are equal to all employees regardless of seniority or area of operation. This includes the CEO and the senior leadership team.



For the CEO and senior leadership team, a portion of the STI is paid in the form of deferred share units with a three-year pro-rated vesting, strengthening our pay for performance and retention incentives.

For 2020 the achievement of performance targets is set out in the table below.



For the CEO, the achievement of the Individual Performance is summarized below and resulted in an ‘Exceeds’ performance rating. Naturally a number of the original personal objectives were rapidly superseded by the onset of the pandemic, but the board determined that the CEO transitioned the Group rapidly to deal with the impact of COVID which informed the decision to apply an “Exceeds” performance rating.

Target	Weighting	Measure	Outcome	Percentage achievement
Protect people	25 %	Protection of staff and customers	Outstanding response to the pandemic with universal policies and practices implemented quickly	50 %
Protect networks	25 %	Protect the networks to deliver the broadband required by the communities	Despite a 50 % increase in traffic on the fixed network and high spikes on the mobile network all networks maintained high levels of resilience and connectivity	50 %
Protect the balance sheet	25 %	Ensure liquidity and maintain the cashflows	Liquidity remained strong throughout and actions taken to sustain the business delivered higher than expected cashflow	50 %
Protect shareholders	25 %	Deliver the budget and improve the share price	The budget was not achieved and the share price declined during the year.	0 %

The CEO achieved 150% of his revised personal objectives which translated into a 45% payout in the personal performance component, taking the full STI award including the financial and operational targets to 110.9%.

For the CEO and other eligible DSP participants, the issuance of share units under the DSP is subject to shareholder approval at Millicom’s annual general meeting of shareholders (“AGM”). For those employees not participating in the DSP, or to the extent that the DSP is not approved by the AGM, the STI will be implemented as a cash-only bonus program.

Under the 2020 STI, 2021 DSP share units are granted in Q1 2021 and will vest (generally subject to the participant still being employed by the Millicom group) 30% in Q1 2022, 30% in Q1 2023 and 40% in Q1 2024. The vesting schedule is unchanged from the 2020 DSP.

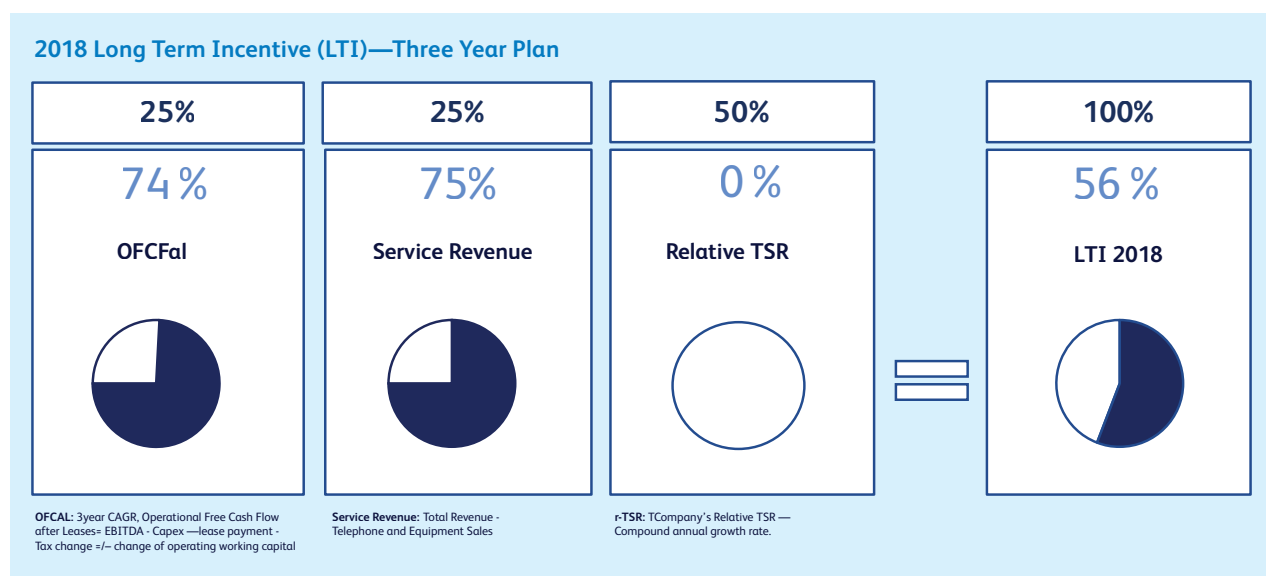
Performance on 2018 LTIP

This section reviews the LTI 2018 performance which vested at the end Feb of 2021 and paid out in the first quarter of 2021 to 33 participants including the CEO and CFO. It also reviews the LTI 2020 plan granted in 2020 to 42 participants also including the CEO and CFO.



The LTI 2018 Long-Term Incentive Plan vested in February 2021 with an achievement of 55.97% award. The outturn of LTI 2018 has been audited by Ernst & Young in respect of the financial performance measures and by Towers Watson for the TSR.

For LTI 2018 the achievement of performance targets is set out in the table below:



Notes: Relative TSR considered the following peers: America Movil, Telefonica, TIM Brazil, TEF Brazil, Entel Chile, Lilac.

For the CEO and CFO the PSP 2018 resulted in the following award vesting:

Name	Type of award	Basis of award	Face value of award (\$)	Number of share units granted	End of performance period	Achievement	Number of shares vested
Mauricio Ramos (CEO)	LTI18	400% of salary	4,600,000	69,576	Feb-21	55.97%	38,942
Tim Pennington (CFO)	LTI18	175% of salary	1,182,832	17,890	Feb-21	55.97%	10,013

Deviations from the guidelines: In special circumstances, the Board may deviate from the above guidelines, such as additional variable remuneration in the case of exceptional performance. In these instances, the Board of Directors will explain the reason for the deviation at the following AGM. For the LTI in this review – PSP 2018, PSP 2019 and PSP 2020 – no discretion has been exercised and none of the performance or other conditions have been changed.



LTI 2020

A new plan was issued in 2020 in accordance with the Remuneration Policy guidelines, designed to drive shareholder value through a focus on service revenue growth, cashflow generation and relative total shareholder return against a relevant peer group. The PSP 2020 plan as approved by shareholders at the 2020 AGM:

Metric	Weighting	Performance target	Performance measure
Service revenue	0.25	Target growth	A specific 3-year CAGR target
OFCF	0.5	Target growth	A specific 3-year CAGR target
TSR	0.25	The Company TSR relative to a peer group between 2021 and 2023	At median – target payout; below median – nil; 20% above median – max

The peer group for the PSP 2020 is; America Movil, Telefonica, TIM Brazil, TEF Brazil, Entel Chile, Lilac.

For the CEO and CFO the award of LTI 2020 is summarized below.

Name	Type of award	Basis of award	Face value of award (\$)	Number of share units granted	End of performance period
Mauricio Ramos (CEO)	PSU – 3 years Cliff Vesting	480 % of salary	5,630,400	122,768	Feb-2023
Tim Pennington (CFO)	PSU – 3 years Cliff Vesting	175 % of salary	1,200,964	26,186	Feb-2023

Summary of Outstanding Awards

Name	Plan Type	Plan	Performance Period	Award Grant Date	Vesting Date	Award Share Price in USD	Outstanding Balance as of Dec 2019	Share Units Granted in 2020	Shares Vested in 2020	Forfeited in 2020	Outstanding Balance as of Dec 2020
Mauricio Ramos (CEO)	Deferred Share Plan	2017 DSP	2016	1/1/2017	1/1/2020	43.93	18554	—	18554	—	—
		2018 DSP	2017	1/1/2018	1/1/2021	66.11	10688	—	3527	—	7161
		2019 DSP	2018	1/1/2019	1/1/2022	59.65	25011	—	7503	—	17508
	2020 DSP	2019	1/1/2020	1/1/2023	45.86	—	31126	—	—	—	31126
	Performance Share Plan	2017 PSP	2017-2020	3/1/2017	3/1/2020	43.93	45528	—	34146	11382	—
		2018 PSP	2018-2021	3/1/2018	3/1/2021	66.11	69576	—	—	—	69576
		2019 PSP	2019-2022	3/1/2019	3/1/2022	59.65	77111	—	—	—	77111
		2020 PSP	2020-2023	3/1/2020	3/1/2023	45.86	—	122768	—	—	122768
TOTAL Mauricio Ramos (CEO)							246468	153894	63730	11382	325250
Tim Pennington (CFO)	Deferred Share Plan	2017 DSP	2016	1/1/2017	1/1/2020	43.93	10103	—	10103	—	—
		2018 DSP	2017	1/1/2018	1/1/2021	66.11	7031	—	2320	—	4711
		2019 DSP	2018	1/1/2019	1/1/2022	59.65	9339	—	2802	—	6537
	2020 DSP	2019	1/1/2020	1/1/2023	45.86	—	13657	—	—	—	13657
	Performance Share Plan	2017 PSP	2017-2020	3/1/2017	3/1/2020	43.93	22480	—	16860	5620	—
		2018 PSP	2018-2021	3/1/2018	3/1/2021	66.11	17890	—	—	—	17890
		2019 PSP	2019-2022	3/1/2019	3/1/2022	59.65	18992	—	—	—	18992
		2020 PSP	2020-2023	3/1/2020	3/1/2023	45.86	—	26186	—	—	26186
TOTAL Tim Pennington (CFO)							85835	39843	32085	5620	87973



Historic CEO and CFO Pay

	2019 vs. 2018	2020 vs. 2019	Information Regarding 2020 (USD)
CEO Remuneration*	(0.6%)	9.2%	USD\$ 9.77m
CFO Remuneration*	0.9%	(4.2%)	USD\$ 3.16m
Millicom Group EBITDA	15.9%	(1.4%)	USD\$ 2,487m
Average remuneration on FTE basis of Millicom group employees**	N/A	0.5%	USD\$ 24,399

*Year-over-Year remuneration comparison compares Total Compensation as disclosed in the remuneration report in the 2020 Annual Report.

**Average remuneration on a full-time equivalent basis of employees of the Millicom group other than the CEO.

3. 2020 AGM Vote

	Votes For	%	Votes Against	%	Abstentions	%
Directors Remuneration	44,672,372	99.5%	143,144	0.3%	101,749	0.2%
Senior management Remuneration Guidelines and Policy	43,435,104	96.7%	1,383,855	3.1%	98,306	0.2%
Share-based compensation	37,750,737	84.1%	7,060,672	15.7%	105,856	0.2%
