



## **PROPOSAL ON THE USE OF PROFIT SHOWN ON THE BALANCE SHEET**

The Board of Directors proposes to the Annual General Meeting that no dividend be paid based on the balance sheet to be adopted for the financial year ended on December 31, 2019.

Although the reported net profit of Nokia Group was slightly positive, Nokia Corporation's result for 2019 was slightly negative.

The proposal is in accordance with Nokia's dividend policy, which states that dividend decisions are made taking into account Nokia's cash position and expected cash flow generation.

February 6, 2020

Board of Directors

## PROPOSAL FOR THE REMUNERATION TO THE MEMBERS OF THE BOARD OF DIRECTORS

In determining the proposed Board remuneration, the objective of the Board's Corporate Governance and Nomination Committee is for Nokia to be able to compete for the top-of-the-class Board competence in order to maximize the value creation for the shareholders. The Committee's aim is to ensure that the Company has an efficient Board of international professionals representing a diverse and relevant mix of skills and experience. Competitive Board remuneration contributes to the achievement of this target.

On the recommendation of the Corporate Governance and Nomination Committee, the Board proposes to the Annual General Meeting that the annual fee payable for a term ending at the close of the next Annual General Meeting remains at current level:

- EUR 440 000 for the Chair of the Board;
- EUR 185 000 for the Vice Chair of the Board;
- EUR 160 000 for each member of the Board;
- EUR 30 000 each for the Chair of the Audit Committee and the Chair of the Personnel Committee as an additional annual fee;
- EUR 20 000 for the Chair of the Technology Committee as an additional annual fee; and
- EUR 15 000 for each member of the Audit Committee as an additional annual fee.

In addition, it is proposed that the meeting fee for Board and Committee meetings payable to all the other Board members, except for the Chair of the Board, based on travel required between the Board member's home location and the location of a meeting remains at current level. The meeting fee would be paid for a maximum of seven meetings per term and be structured as follows:

- EUR 5 000 per meeting requiring intercontinental travel; and
- EUR 2 000 per meeting requiring continental travel.

Only one meeting fee would be payable in the usual case of multiple Board and Committee meetings per eligible travel.

Furthermore, it is proposed that members of the Board of Directors shall be compensated for travel and accommodation expenses as well as other costs directly related to Board and Committee work.

In order to align the interests of the directors with those of the shareholders, it is proposed that, in line with the Company's Corporate Governance Guidelines, approximately 40% of the annual fee be paid in Nokia shares either purchased from the market on behalf of the Board members or alternatively delivered as treasury shares held by the Company as soon as practicable after the Annual General Meeting. The rest of the annual fee would be payable in cash, most of which is typically used to cover taxes arising from the remuneration. Also, the meeting fee as well as compensation for travel, accommodation and other costs directly related to Board and Committee work would be paid in cash.

It is the Company's policy that the non-executive members of the Board do not participate in any of the Company's equity programs and do not receive performance shares, restricted



shares, or any other equity based or otherwise variable compensation for their duties as Board members. In addition, the directors shall retain until the end of their directorship such number of shares that corresponds to the number of shares they have received as Board remuneration during their first three years of service in the Board.

March 2, 2020

Board of Directors

**PROPOSAL FOR THE COMPOSITION OF THE BOARD OF DIRECTORS**

Risto Siilasmaa and Olivier Piou have informed the Board's Corporate Governance and Nomination Committee that they will no longer be available to serve on the Nokia Board of Directors after the Annual General Meeting. Mr. Siilasmaa has been a Nokia Board member since 2008 and has served as Board Chair from 2012. He also served as interim CEO of Nokia from 2013 to 2014. Mr. Piou has been a Nokia Board member since 2016 and served as the Vice Chair from 2016 to 2019. Mr. Piou was a member of the Alcatel Lucent Board of Directors from 2008 to 2016.

On the recommendation of the Corporate Governance and Nomination Committee, the Board of Directors proposes to the Annual General Meeting that the number of Board members be nine (9), consistent with the provisions of the Company's Articles of Association, and that the following current Board members be re-elected as members of the Board of Directors for a term until the close of the next Annual General Meeting: Sari Baldauf, Bruce Brown, Jeanette Horan, Edward Kozel, Elizabeth Nelson, Søren Skou, Carla Smits-Nusteling, and Kari Stadigh.

In addition, the Committee proposes that Thomas Dannenfeldt who is a former Chief Financial Officer of Deutsche Telekom be elected as a member of the Board of Directors for a term until the close of the next Annual General Meeting.

Resumes of the Board member candidates are in Appendix 1.

The Corporate Governance and Nomination Committee's aim is to continually renew the Board to ensure an efficient Board of international professionals with a diverse mix of skills and experience. The Committee considers potential director candidates based on the short- and long-term needs of the Company and the Board and may engage search firms or advisors to identify director candidates.

Based on past experience, the current business situation at the Company and the anticipated future needs of the Company, the Committee regards the proposed composition appropriate for the needed diversity in experience and skills to perform the Board's work effectively.

All Board member candidates have been determined to be independent from the Company and Company's significant shareholders for the term starting from the Annual General Meeting 2020 under the Finnish Corporate Governance Code and the rules of the New York Stock Exchange, as applicable. Any possible changes impacting the independence assessment will be assessed as of the date of the Annual General Meeting.

The Corporate Governance and Nomination Committee will also propose in the assembly meeting of the new Board of Directors after the Annual General Meeting on April 8, 2020 that Sari Baldauf be elected as Chair of the Board and Kari Stadigh as Vice Chair of the Board, subject to their election to the Board of Directors.

March 2, 2020

Board of Directors

## APPENDIX 1

## RESUMES OF THE BOARD MEMBER CANDIDATES

**Sari Baldauf, b. 1955**

*Vice Chair of the Nokia Board. Board member since 2018. Vice Chair since 2019. Member of the Personnel Committee and the Corporate Governance and Nomination Committee.*

Master of Business Administration, Helsinki School of Economics and Business Administration. Bachelor of Science, Helsinki School of Economics and Business Administration. Honorary doctorates in Technology (Helsinki University of Technology) and Business Administration (Turku School of Economics and Business Administration and Aalto University School of Business). Executive Vice President and General Manager, Networks Business Group, Nokia, 1998–2005. Various executive positions at Nokia in Finland and the United States 1983–1998.

Member of the Supervisory Board and Member of the Nomination Committee of Daimler AG. Member of Supervisory Board of Daimler Trucks AG. Member of the Board of Directors and Chair of the Audit Committee of Aalto University. Chair of the Board of Directors of Vexve Armatury Oy. Senior Advisor of DevCo Partners Oy. Member of the Board of Directors of Demos Helsinki. Member of the Supervisory Board of Deutsche Telekom AG 2012–2018. Chair of the Board of Directors of Fortum Oyj 2011–2018. Member of the Board of Directors of Akzo Nobel 2012–2017.

**Bruce Brown, b. 1958**

*Nokia Board member since 2012. Chair of the Personnel Committee. Member of the Corporate Governance and Nomination Committee and the Technology Committee.*

MBA Xavier University, the United States. BS (Chemical Engineering), Polytechnic Institute of New York University, the United States.

Retired from The Procter & Gamble Company in 2014. Chief Technology Officer of the Procter & Gamble Company 2008–2014. Various executive and managerial positions in Baby Care, Feminine Care, and Beauty Care units of The Procter & Gamble Company since 1980 in the United States, Germany and Japan.

Member of the Board of Directors, the Audit Committee and the Nominating and Corporate Governance Committee of P. H. Glatfelter Company.

Member of the Board of Directors, the Audit Committee and the Compensation Committee of Medpace Inc 2016–2019. Member of the Board of Directors of Agency for Science, Technology & Research (A\*STAR) in Singapore 2011–2018.

**Thomas Dannenfeldt, b. 1966\***

*Independent Director.*

Degree in Mathematics, University of Trier, Germany. Chief Financial Officer of Deutsche Telekom AG 2014–2018. Chief Financial Officer of Deutsche Telekom's German operations 2010–2014. Various operational positions (sales, marketing, customer care, finance and procurement in fixed and mobile business, national and international positions) in Deutsche Telekom 1992–2010.

Member of the Board of T-Mobile US 2013–2018 and Buy-In 2013–2018. Chair of the Board of T-Systems International 2013–2018 and EE 2014–2016.

**Jeanette Horan, b. 1955**

*Nokia Board member since 2017. Member of the Audit Committee and the Technology Committee.*

MBA, Business Administration and Management, Boston University, the United States. BSc, Mathematics, University of London, United Kingdom.

Various executive and managerial positions in IBM 1998–2015. Vice President of Digital Equipment Corporation 1994–1998. Vice President, Development of Open Software Foundation 1989–1994.

Member of the Supervisory Board at Wolters Kluwer, and the Chair of the Remuneration Committee. Member of the Board of Advisors at Jane Doe No More, a non-profit organization.

Member of the Board of Advisors of Cybereason 2017–2018. Member of the Board of Directors of West Corporation 2016–2017 and Microvision 2006–2017.

**Edward Kozel, b. 1955**

*Nokia Board member since 2017. Chair of the Technology Committee and member of the Audit Committee.*

Degree in Electrical Engineering and Computer Science, University of California, the United States.

President and CEO of Range Networks 2013–2014, Owner of Open Range 2000–2013, Chief Technology and Innovation Officer and member of the Board of Management of Deutsche Telekom 2010–2012, CEO of Skyrider 2006–2008, Managing Director of Integrated Finance 2005–2006, Senior Vice President, Business development and Chief Technology Officer and Board Member of Cisco 1989–2001.

Member of the Advisory Board at Telia Ventures.

Various Board Memberships in 1999–2009.

## **Elizabeth Nelson, b. 1960**

*Nokia Board member since 2012. Member of the Audit Committee and the Personnel Committee.*

MBA (Finance), the Wharton School, University of Pennsylvania, the United States. BS (Foreign Service), Georgetown University, the United States.

Executive Vice President and Chief Financial Officer, Macromedia, Inc. 1997–2005. Vice President, Corporate Development, Macromedia, Inc. 1996–1997. Various roles in Corporate Development and International Finance, Hewlett-Packard Company 1988–1996.

Chairman of the Board of Directors of DAI. Independent Director and Chair of the Audit Committee of Upwork Inc.

Independent Lead Director and Chair of the Audit Committee of Zendesk Inc 2013–2019. Member of the Board of Directors of Pandora Media 2013–2017.

## **Søren Skou, b. 1964**

*CEO of A.P. Møller Mærsk A/S. Nokia Board member since 2019. Member of the Personnel Committee.*

MBA (honours), IMD, Switzerland, Business Administration, Copenhagen Business School, Denmark. Maersk International Shipping Education (M.I.S.E.).

Maersk Line Copenhagen CEO 2012–2016. Maersk Tankers Copenhagen CEO 2001–2011. Maersk Tankers Copenhagen Head of Crude and Product 1999–2001. Maersk Line Copenhagen Head of Department 1997–1998. Maersk Line Beijing Operations Manager 1994–1996. Maersk Line Copenhagen and New Jersey, Charterer and other roles 1983–1994.

Member of International Council of Containership Operators (ICCO).

## **Carla Smits-Nusteling, b. 1966**

*Nokia Board member since 2016. Chair of the Audit Committee and member of the Corporate Governance and Nomination Committee.*

Master's Degree in Business Economics, Erasmus University Rotterdam, the Netherlands. Executive Master of Finance and Control, Vrije University Amsterdam, the Netherlands.

Member of the Board of Directors and Chief Financial Officer of KPN 2009–2012. Various financial positions in KPN 2000–2009. Various financial and operational positions in TNT/PTT Post 1990–2000.

Member of the Supervisory Board since 2013 and Chair of the Audit Committee of ASML. Chair of the Board of Directors of TELE2 AB. Member of the Management Board of the Unilever Trust Office since 2015. Lay Judge in the Enterprise Court of the Amsterdam Court of Appeal since 2015.

## **Kari Stadigh, b. 1955**

*Nokia Board member since 2011. Member of the Personnel Committee and the Corporate Governance and Nomination Committee.*

Master of Science (Eng.), Helsinki University of Technology, Finland. Bachelor of Business Administration, Hanken School of Economics, Helsinki, Finland.

Group CEO and President of Sampo plc. 2009–2019. Deputy CEO of Sampo plc 2001–2009. President of Sampo Life Insurance Company Limited 1999–2000. President of Nova Life Insurance Company Ltd 1996–1998. President and COO of Jaakko Pöyry Group 1991–1996.

Member of the Board of Directors of Metso Corporation and Waypoint Capital Group Holdings SA.

Chairman of the Board of Directors of Mandatum Life Insurance Company Limited 2001–2019. Chairman of the Board of Directors of If P&C Insurance Holding Ltd 2002–2019. Member of the Board of Directors of Nordea Bank AB (publ) 2010–2018. Chair of the Board Risk Committee (BRIC) of Nordea Bank AB (publ) 2011–2018. Member of the Board of Directors of Niilo Helanderin Säätiö 2005–2018.

\*) Proposed to be elected for the first time as a member of the Board of Directors of Nokia Corporation.

## **PROPOSAL FOR THE RE-ELECTION OF THE AUDITOR FOR THE FINANCIAL YEAR 2021**

Nokia organized an audit firm selection procedure in accordance with the EU Audit Regulation (537/2014) concerning the audit for the financial year 2020 (mandatory auditor rotation) before the Annual General Meeting 2019. As a consequence of the audit firm selection procedure and on the recommendation of the Board's Audit Committee, Deloitte Oy was elected as the auditor of the Company for the financial year 2020 already in the Annual General Meeting 2019. Simultaneously, the Board of Directors informed that it intends in forthcoming Annual General Meetings to continue to make a proposal for the election of the auditor in the same sequence, whereby each Annual General Meeting would elect the auditor for the financial year commencing next after the election.

Therefore, on the recommendation of the Board's Audit Committee, the Board of Directors proposes to the Annual General Meeting that Deloitte Oy be re-elected as the auditor of the Company for the financial year 2021.

Deloitte Oy has informed the Company that in the event it is re-elected as the auditor, the Auditor-in-charge will be Marika Nevalainen.

The Audit Committee confirms that its recommendation is free from influence by a third party and that no clause of the kind referred to in paragraph 6 of Article 16 of the EU Audit Regulation (537/2014), which would restrict the choice by the Annual General Meeting as regards the appointment of the auditor, has been imposed upon it.

March 2, 2020

Board of Directors

## **PROPOSAL FOR THE AUDITOR REMUNERATION**

On the recommendation of the Board's Audit Committee, the Board of Directors proposes to the Annual General Meeting that the auditor to be elected for the financial year 2021 be reimbursed based on the invoice of the auditor and in compliance with the purchase policy approved by the Audit Committee.

Information on the fees paid to Company's auditor during the previous financial years broken down by audit and non-audit fees will be available in Nokia's annual accounts for 2019.

March 2, 2020

Board of Directors





## **PROPOSAL TO AUTHORIZE THE BOARD OF DIRECTORS TO RESOLVE TO REPURCHASE NOKIA SHARES**

The Board of Directors proposes that the Annual General Meeting authorize the Board to resolve to repurchase a maximum of 550 million shares, which corresponds to less than 10 per cent of the Company's total number of shares.

The repurchases under the authorization are proposed to be carried out by using funds in the unrestricted equity, as resolved by the Board, which means that the repurchases will reduce distributable funds of the Company.

The price paid for the shares under the authorization shall be based on the market price of Nokia shares on the securities markets on the date of the repurchase. Shares may be repurchased to be cancelled, held to be reissued, transferred further or for other purposes resolved by the Board. The Company may enter into derivative, share lending or other arrangements customary in capital market practice.

The shares may be repurchased otherwise than in proportion to the shares held by the shareholders (directed repurchase).

The Board shall resolve on all other matters related to the repurchase of Nokia shares.

It is proposed that the authorization be effective until October 7, 2021 and terminate the authorization for repurchasing the Company's shares granted by the Annual General Meeting on May 21, 2019.

March 2, 2020

Board of Directors

## **PROPOSAL TO AUTHORIZE THE BOARD OF DIRECTORS TO RESOLVE TO ISSUE SHARES AND SPECIAL RIGHTS ENTITLING TO SHARES**

The Board proposes that the Annual General Meeting authorize the Board to resolve to issue in total a maximum of 550 million shares through issuance of shares or special rights entitling to shares under Chapter 10, Section 1 of the Finnish Limited Liability Companies Act in one or more issues during the effective period of the authorization. The Board may issue either new shares or treasury shares held by the Company. The proposed maximum amount corresponds to less than 10 per cent of the Company's total number of shares as of the date of this proposal.

Shares and special rights entitling to shares may be issued in deviation from the shareholders' pre-emptive rights within the limits set by law. The authorization may be used to develop the Company's capital structure, diversify the shareholder base, finance or carry out acquisitions or other arrangements, to settle the Company's equity-based incentive plans or for other purposes resolved by the Board.

The Board would resolve on all terms and conditions of the issuance of shares and special rights entitling to shares under Chapter 10, Section 1 of the Finnish Limited Liability Companies Act.

It is proposed that the authorization be effective until October 7, 2021 and terminate the authorization for issuance of shares and special rights entitling to shares resolved at the Annual General Meeting on May 21, 2019. The proposed authorization terminates also the authorization by the Extraordinary General Meeting held on December 2, 2015 granted to the Board for issuance of shares in order to implement the combination of Nokia and Alcatel Lucent.

March 2, 2020

Board of Directors