

Remuneration Policy

2020

This Remuneration Policy will be presented to the 2020 Annual General Meeting (AGM). The resolution is advisory, but the remuneration of the President and CEO as well as the Board of Directors shall be in line with this Policy as long as it remains in force. A Remuneration Policy will be presented to the Annual General Meeting again no later than the 2024 AGM.

Our remuneration philosophy

We compete in a global market for talent in the technology sector. In forming the Policy we take into account the views of shareholders and the needs of the company to attract, retain and motivate individuals of suitable caliber and experience to lead Nokia.

The Board of Directors regularly monitors the effectiveness of the measures used in our incentive plans to ensure that they align with and drive the strategy of the company. At the core of Nokia's philosophy lie two principles:

- pay for performance and aligning the interests of employees and shareholders; and
- ensuring that compensation programs and policies support the delivery of the corporate strategy and create long-term sustainable shareholder value.

The incentive structure and performance metrics are determined with these principles in mind.

Consistency with Nokia's broader employee remuneration framework

The President and CEO is compensated following similar framework as other employees, but the quantum differs due to responsibilities attached to the role. President and CEO pay reviews are set within the context of employee increases and changes within the Nokia peer group. Changes reflect not only performance but also relevant competence and skills as would be applied to any other employee in Nokia.

Communication with our shareholders

The Personnel Committee of the Board is committed to an ongoing dialogue with shareholders and seeks their views when any major changes are being made to the Remuneration Policy. The Company's shareholders are encouraged to attend the AGM where the Policy is presented.

Remuneration governance and decision-making process

Remuneration is managed through clearly defined processes, with well-defined governance principles outlined below. In order to avoid any conflicts of interest, the Personnel Committee shall consist of independent members only.

Remuneration of the President and CEO, deputy CEO (if any), and the Board of Directors shall be in line with the Remuneration Policy presented to shareholders.

The General Meeting of Shareholders

- Adopts the remuneration policy and the remuneration report when required.
- Approves the director remuneration annually.
- Resolves on authorization to the Board to resolve to issue shares to settle the company's equity-based incentive plans, grant stock options or other share-based rights.

The Board of Directors

- Submits remuneration related proposals to the General Meeting on the recommendation of the relevant Committees, where applicable.
- Approves the compensation of the President and CEO on the recommendation of the Personnel Committee.
- Approves incentive programs or similar arrangements that the company establishes for the President and CEO on the recommendation of the Personnel Committee.
- Decides on the issuance of shares (under authorization by Shareholders) to fulfill the company's obligations under equity plans in respect of awards to be settled.

The Corporate Governance and Nomination Committee

- Assists the Board in discharging its responsibilities relating to director remuneration. See section "Remuneration of the Board of Directors".

The Personnel Committee

- Assists the Board in discharging its responsibilities relating to the remuneration of the President and CEO, including but not limited to:
 - preparing the remuneration policy;
 - reviewing and recommending to the Board the goals and objectives relevant to compensation;
 - evaluating and presenting to the Board the assessment of performance in light of those goals and objectives; and
 - proposing to the Board the total compensation based on this evaluation.

External consultants may be used to assist in the review and determination of Board and President and CEO compensation as well as program design and provide insight into market trends and regulatory developments.

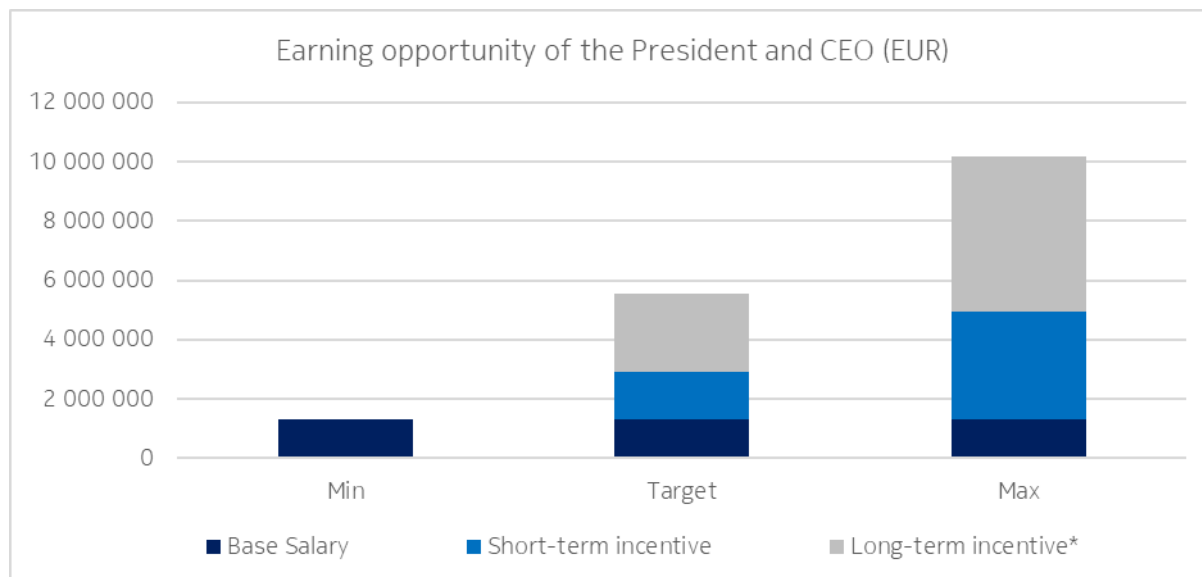
Remuneration of the President and CEO

The compensation for the President and CEO composes of the following components:

Remuneration elements	Purpose and link to strategy	Operation
Base salary	To attract and retain individuals with the requisite level of knowledge, skills and experience to lead our businesses	<p>Base salary is normally reviewed annually taking into consideration a variety of factors, including, for example:</p> <ul style="list-style-type: none"> ▪ performance of the company and the individual ▪ remuneration of our external peer group ▪ changes in individual responsibilities ▪ employee salary increases
Pension	To provide retirement benefit aligned with local country practice	<p>Pension arrangements reflect the relevant market practice and may evolve year on year. The President and CEO may participate in the applicable pension programs available to other executives in the country of employment. Details of the actual pension arrangement will be shown in the annual Remuneration Report. The current President and the CEO participates in the Finnish statutory Employee's Pension Act (TyEL), there is no supplementary pension plan. The retirement age is the statutory retirement age in Finland.</p>
Short-term incentive	To incentivize and reward performance against delivery of the annual business plan	<p>Short-term incentives are based on performance against financial year's targets and normally paid in cash.</p> <p>Performance measures, weightings and targets for the selected measures are set annually by the Board of Directors to ensure they continue to support Nokia's short-term business strategy. These measures can vary from year to year to reflect business priorities and may include a balance of financial, key operational and non-financial measures (including but not limited to strategic, customer satisfaction, employee engagement, environmental, social, governance or other sustainability related measures). Although the performance measures and weighting may differ year on year reflecting the business priorities, but in any given year, a minimum of 60% of measures will be based on financial criteria.</p> <p>Targets for the short-term incentives are set at the start of the year, in the context of analyst expectations and the annual plan, selecting measures that align to the delivery of Nokia's strategy.</p> <p>Performance metrics and weights are disclosed retrospectively in the annual remuneration report.</p> <p>Short-term incentives are subject to the clawback (see below).</p> <p>Minimum payment is 0% of base salary. Maximum payment is 281.25% of base salary.</p>
Long-term incentive	To reward for delivery of sustainable long-term performance, align the President and CEO's interests with those of shareholders and aid retention	<p>Annual long-term incentive awards are normally made in shares with performance conditions attached and paid for performance against longer-term targets.</p> <p>Performance measures, weightings and targets for the selected measures are set by the Board of Directors to ensure they continue to support Nokia's long-term business strategy and financial success. Targets are set in the context of the Nokia long-term plans and analyst forecasts ensuring that they are considered both demanding and motivational. Performance metrics and weights are set for each year's plan and will consist of at least 60% financial measures. Performance metrics and weights are disclosed retrospectively in the annual remuneration report. Shares will normally become unrestricted after three years.</p> <p>Long-term incentives are subject to the clawback policy (see below).</p> <p>Minimum payout is 0% of base salary. Maximum payout is 400% of base salary (ignoring share price movement).</p>
Other benefits and programs	To provide a competitive level of benefits and to support recruitment and retention.	<p>Benefits will be provided in line with appropriate levels indicated by local market practice in the country of employment and may evolve year on year. Benefits may include for example a company car (or cash equivalent), risk benefits (for example life and disability insurance) and employer contributions to insurance plans (for example medical insurance).</p> <p>Additional benefits and allowances may be offered in certain circumstances such as relocation support, expatriate allowances, temporary living and transportation expenses aligned with Nokia's mobility policy.</p> <p>President and CEO is also eligible to participate in similar programs which may be offered to Nokia's other employees such as for example co-investment plans.</p>

Pay mix

Aligned with Nokia's pay-for-performance remuneration principle, performance-based compensation is emphasized over fixed base salary. The chart below illustrates the President and CEO pay mix in case of maximum performance. Actual pay mix is influenced by the extent to which the performance targets set for short-term incentive and long-term incentive plan pay-outs are met, and the resulting pay mix is provided in the annual Remuneration Report.



*ignoring share price movement

Clawback

The President and CEO is subject to a clawback policy where any restatement of financial results may result in the reclaiming of amounts previously paid which had been based on numbers which have since been materially restated. Any such reclaimed amount, and the period over which payments can be reclaimed, will take into account the circumstances and duration of any misstatement. In the case of unintentional misstatement payments made within the last three years may be subject to the policy at the discretion of the Personnel Committee.

Share ownership requirement

Nokia believes that it is desirable for its executives to own shares in Nokia to align their interests with those of shareholders and to ensure that their decisions are in the long-term interest of the company.

The President and CEO is required to own three times his base salary in Nokia shares and is normally expected to achieve the requirement within five years from appointment to achieve the required level of share ownership.

Service agreement and termination provisions

The terms of the service agreement of the President and CEO shall be specified in writing and approved by the Board of Directors. The terms specify the remuneration elements as well as the payments upon termination of employment.

The service agreement of the President and CEO is typically in force for indefinite period, but it may be in force for a certain fixed period as well.

New hires with an indefinite contract will be appointed on service agreement that has a notice period of not more than 12 months for both the Company and individual. In the event of a termination of employment, any payable compensation is determined in line with legal advice regarding local legislation, country policies, contractual obligations and the rules of the applicable incentive and benefit plans. Payment in lieu of notice will not typically exceed the value of 12 months' compensation (including annual base salary, benefits, short-term incentive and pension contributions, if applicable). The treatment of equity incentive awards may depend on the circumstances of departure but generally all unvested equity incentive awards are forfeited upon termination of employment.

Change of control arrangements, if any, are based on a double trigger structure, which means that both a specified change of control event and termination of the individual's employment must take place for any change of control-based severance payment to materialize.

Legacy arrangements

The current President and CEO¹ has a contract with a notice period of 18 months from the Company and 6 months from the President and CEO. Maximum severance payment equals up to 18 months of compensation (including annual base salary, benefits, and target incentive). Under the long-term incentive plan rules, unvested awards are forfeited after termination, unless the Board determines otherwise.

Deviations from the Remuneration Policy of the President and CEO

The Board of Directors upon recommendation of the Personnel Committee may temporarily deviate from any sections of the Policy based on its full discretion in the circumstances described below:

- Upon change of the President and CEO and the Deputy CEO (if applicable) in accordance with the new hire policy;
- Upon material changes in Company structure, organization, ownership and business (for example merger, takeover, demerger, acquisition, etc.), which may require adjustments to STI and LTI plans or other remuneration elements to ensure continuity of management, and
- In any other circumstance where the deviation may be required to serve the long-term interests and sustainability of the Company as a whole or to assure its viability.

In addition, change of the relevant legislation including changes in taxation may result in deviation from this Policy outside of the discretion/influence of the Company.

New hire policy

Company policy on recruitment is to offer a compensation package which is sufficient to attract, retain and motivate the individual with the right skills for the required role. When determining remuneration for a new President and CEO or Deputy CEO, the Board of Directors upon recommendation of the Personnel Committee will consider the requirements of the role, the needs of the business, the relevant skills and experience of the individual and the relevant external market for talent.

Where an individual is recruited externally for the President and CEO or Deputy CEO, we will take into account the remuneration package of that individual in their prior role. Generally, the Board of Directors will seek to align the new President and CEO's or Deputy CEO's remuneration package to the applicable Remuneration Policy. On occasion, Nokia may offer compensation to buy out awards or other lost compensation which the candidate held prior to joining Nokia, but which lapsed upon the candidate leaving their previous employer. Any such buy-out will be of comparable value to the arrangements forfeited and can be made in cash or shares. When determining the terms of the buy-out award, the Board of Directors may modify the terms, taking into account the structure, time horizons, value and performance targets

¹ On March 5, 2020 when this Policy is published.

associated with arrangements forfeited. The rationale and detail of any such award will be disclosed in the remuneration report.

Where an individual is appointed to the President and CEO or Deputy CEO as a result of internal promotion or following a corporate transaction (e.g. following an acquisition), the Board of Directors retains the ability to honor any legally binding legacy arrangements agreed prior to the individual's appointment.

Where necessary, additional benefits may also be provided such as, but not limited to, relocation support, expatriate allowances and any other benefits which reflect local market practice and relevant legislation.

Remuneration of the Board of Directors

Under regulations applicable to Nokia, the shareholders resolve annually on director remuneration based on a proposal made by the Board of Directors on the recommendation of the Corporate Governance and Nomination Committee. The Remuneration Policy shall not restrict the shareholders' ability to resolve on director remuneration.

For its recommendation on director remuneration, the Corporate Governance and Nomination Committee considers the Company's Corporate Governance Guidelines in force at the time of the proposal. The Committee also reviews the remuneration for the Chair and members of the Board against international companies of similar size and complexity in order to ensure that Nokia is able to attract and retain Board members from diverse backgrounds with relevant skills and international experience to oversee the company strategy with emphasis on long-term value creation.

It should be noted that Nokia and its business are exposed to various risks and uncertainties and certain statements herein that are not historical facts are forward-looking statements. These forward-looking statements reflect Nokia's current expectations and views of future developments and include statements preceded by or including "believe", "expect", "expectations", "consistent", "deliver", "maintain", "strengthen", "target", "estimate", "plan", "intend", "assumption", "focus", "continue", "should", "will" or similar expressions. These statements are based on management's best assumptions and beliefs in light of the information currently available to it. Because they involve risks and uncertainties, actual results may differ materially from the results that we currently expect. Factors, including risks and uncertainties that could cause such differences can be both external, such as general economic and industry conditions, as well as internal operating factors. Other unknown or unpredictable factors or underlying assumptions subsequently proven to be incorrect could cause actual results to differ materially from those in the forward-looking statements. We do not undertake any obligation to publicly update or revise forward-looking statements, whether as a result of new information, future events or otherwise, except to the extent legally required.