# Compensation

This section sets out our remuneration governance, policies and how they have been implemented within Nokia and includes our Remuneration Report where we provide disclosure of the compensation of our Board, the President and CEO and aggregated compensation information for the Group Leadership Team for 2017. We report information related to executive compensation in accordance with Finnish regulatory requirements and with requirements set forth by the U.S. Securities and Exchange Commission.

## Introduction

2017 was a challenging year, with our primary addressable market declining in the range of 4 to 5%. Despite this, we continued to execute well on our "rebalancing for growth" strategy, maintain cost and pricing discipline, and deliver solid financial results, though lower than the annual plan. On a compensation front this led to lower than target annual bonuses, though a little higher than last year driven by the performance of the patent licensing business.

**Compensation in 2017**

Our compensation approach is driven by our fundamental belief in pay for performance and aligning the interests of employees and shareholders. We strive to pay competitively compared to peer companies and we pay based on performance. Compensation received in any one year consists primarily of base salary, annual short-term incentive and a long-term incentive awarded three years prior to vesting.

The business delivered weaker revenue than planned, but resilient operating profit and cash flow, resulting in an annual short-term incentive being below target (76%) for our President and CEO.

The settlement of the Apple patent litigation was not built into the 2017 forecast and target, as it was not expected to be resolved in 2017, but it did have a significant impact on the results in 2017. The Board exercised discretion on the treatment of the settlement of the Apple patent litigation providing credit for the financial benefit of an earlier settlement, but not recognizing the full value of the settlement in 2017.

Long-term incentive payments received in the year reflect the performance share award granted in 2014. Based on strong performance in 2014 and 2015 the payout under that plan was 125.72% of target. The President and CEO also received the payment under the first tranche of a special award granted in 2016 to incentivize the delivery of synergies from the Alcatel Lucent acquisition. That award was based on financial synergies and cultural integration and the targets were achieved in full. The three-tranche vesting of the award ensures continued interest in delivering sustainable integration.

In 2017, the President and CEO was awarded a long-term incentive award, which will vest to him in 2020 based on performance in 2017 and 2018.

The base salary of the President and CEO will remain at EUR 1 050 000 for 2018, the third year in which his salary has remained at this level. His target short-term incentive will also remain at 125% of base salary.

**Looking forward on long-term incentives**

The change to our long-term incentive resulted from the Personnel Committee's review of the performance measures used in our long-term incentive plan. The review resulted in two recommendations to the Board. First, while earnings per share remains core to the plan, the committee recommended to introduce a relative measure by changing the measure of revenue to revenue relative to market, measuring Nokia's revenue relative to its primary addressable market to recognize cyclicality in the industry. The weighting of the measure was also reduced from 50% to 33.3% with the second change to introduce a free cash flow measure. In any business managing cash flow is critical and in the challenging market environment ahead it is essential to ensure the management remain focused on the dual priorities of managing for cash and investing in 5G.

The Personnel Committee continues to monitor the effectiveness of the long-term incentive plans comparing performance and payout to that of our peers and then comparing performance of the plans with the total shareholder return of Nokia over time. The analysis is discussed in more detail below in the Remuneration Report with a headline that there is strong correlation between performance of the plans and total shareholder return over time and within a given year. However, the nature of long-term incentives means that there is a delay between the time they are earned and the time they are received which can distort the snapshot at any one point in time. In 2017 the 2014 long-term incentive award vested which rewarded for strong performance in 2014 and 2015 while the results in 2017 showed a weaker revenue and impact on the share price.

The pattern of performance of the performance share plans follows the movement in the share price of the company with the most recent performance being the 2016 cycle where 46.25% of the target award will vest. In the recent years, the payout of our long-term incentive plans has been as follows:

The 2014 performance share plan vested on January 1, 2017 with 125.72% of the target award vesting based on the achievement against the revenue and earnings per share targets during the performance period (financial years 2014 and 2015); and

The 2015 performance share plan vested on January 1, 2018 with 123.75% of the target award vesting based on the achievement against the revenue and earnings per share targets during the performance period (financial years 2015 and 2016); and

The 2016 performance share plan will vest on January 1, 2019 with 46.25% of the target award vesting based on the achievement against the revenue and earnings per share targets during the performance period (financial years 2016 and 2017).

**Employee Share Purchase Plan**

Finally, a word about our employee share purchase plan, Share in Success. The plan offers the opportunity for our employees to own shares in Nokia, fosters share ownership as a component of the culture in Nokia and is a key part of aligning everyone's interests and helping Nokia grow. We are particularly proud of Share in Success, under which participating employees receive one matching share for every two purchased shares that the participant still holds at the end of the 12-month plan cycle. In 2017, Nokia offered the plan to employees in 57 countries and 36% of those eligible joined the plan. In 2018, it is intended for employees in 18 new countries to be invited to join, taking the total number of participating countries to 75.

## Remuneration governance

We manage our remuneration through clearly defined processes, with well-defined governance principles, ensuring that no individual is involved in the decision-making process related to their own remuneration and that there is appropriate oversight of any compensation decision. Remuneration of the Board is annually presented to shareholders for approval at the Annual General Meeting and the remuneration of the President and CEO is approved by the Board.

**The General Meeting of Shareholders**

- Shareholders approve the composition of the Board and the director remuneration based on proposals of the Board's Corporate Governance and Nomination Committee, which actively considers and evaluates the appropriate level and structure of director remuneration. The composition of the Board and director remuneration are resolved by a majority vote of the shareholders represented at the General Meeting and determined as of the date of the General Meeting, until the close of the next Annual General Meeting.
- Shareholders authorize the Board to resolve to issue shares, for example, to settle the company's equity-based incentive plans based on the proposal of the Board.

**The Board of Directors**

- Approves, and the independent members of the Board confirm, the compensation of the President and CEO, upon recommendation of the Personnel Committee;
- Approves, upon recommendation of the Personnel Committee, any long-term incentive compensation and all equity plans, programs or similar arrangements of significance that the company establishes for its employees; and
- Decides on the issuance of shares (under authorization by shareholders) to fulfill the company's obligations under equity plans in respect of vested awards to be settled.

**The Personnel Committee**

The Personnel Committee assists the Board in discharging its responsibilities relating to all compensation, including equity compensation, of the company's executives and the terms of employment of the executives.

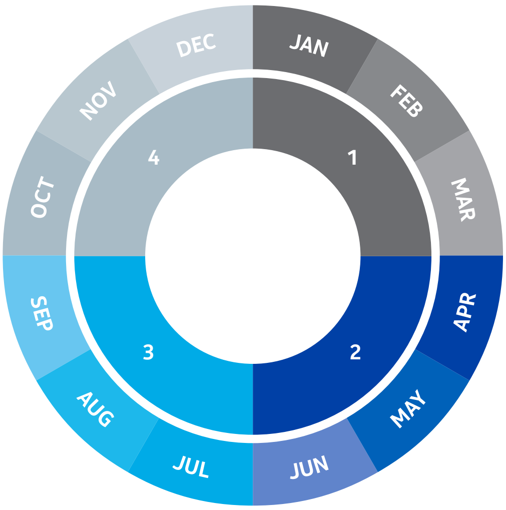
- In respect of the President and CEO, the Committee is accountable to the Board for:
  - reviewing and recommending to the Board the goals and objectives relevant to compensation;
  - evaluating and presenting to the Board the assessment of performance in light of those goals and objectives; and
  - proposing to the Board the total compensation based on this evaluation.
- In respect of the other members of the Group Leadership Team (other than the President and CEO) and the direct reports to the President and CEO in Vice President-level positions and above, the Committee:
  - reviews and approves the goals and objectives relevant to the compensation, upon recommendation of the President and CEO;
  - reviews the results of the evaluation of performance in relation to the approved goals and objectives. The Committee approves the incentive compensation based on such evaluation;
  - approves and oversees the total compensation recommendations made by the President and CEO; and
  - reviews and approves compensation proposals made by the President and CEO in the event of termination of employment of a member of the Group Leadership Team.

# Compensation continued

- The Committee reviews periodically, and makes recommendations to the Board regarding any equity programs, plans and other long-term incentive compensation arrangements, or similar arrangements of significance that the company establishes for, or makes available to, its employees, the appropriateness of the allocation of benefits under the plans and the extent to which the plans are meeting their intended objectives.
- The Committee reviews and resolves, at its discretion, any other significant compensation arrangements applicable to the wider executive population in the Nokia Group.
- The Committee reports to the Board at least annually on its views as to whether the President and CEO is providing the necessary leadership for the company in the long- and short-term.
- The Committee reviews and discusses with management the compensation philosophy, strategy, principles, and management compensation to be included in our Remuneration Report.
- The Committee reviews annually the company's share ownership policy to determine the appropriateness of the policy against its stated objectives.
- The Committee has the power, in its sole discretion, to retain compensation consultants having special competence to assist the Personnel Committee in evaluating director and executive compensation.
- The Committee reviews and approves changes to the company's peer group for the assessment of the competitiveness of our compensation from time to time.

The committee consults regularly with the President and CEO and the Chief Human Resources Officer though they are not present when their own compensation is reviewed or discussed.

**Work of the Personnel Committee**
The Personnel Committee convened five times during 2017 with a general theme for each meeting. The discussion and timing of certain remuneration-related elements was unique in 2017, given the specific needs following the acquisition of Alcatel Lucent and any associated integration-related matters, as required.




1 Approvals & reporting
2 Philosophy & structure
3 Long-term direction & market review
4 Planning

**January:**
- 2016 achievement review and short-term incentive plan payment approvals including review of the performance of the President and CEO
- Budget approval for the 2017 Nokia equity program and performance review for the 2015 performance share plan
- Review of the Group Leadership Team succession planning

**March:**
- Share ownership policy compliance review
- Review of the 2016 Remuneration Statement and Report
- Group Leadership Team compensation reviews

**August:**
Review of:
- Talent summit outcomes;
- diversity; and
- policy

**September:**
- Compensation strategy and philosophy review
- Risk review

Update on:
- market and legal environment; and
- adviser market practices

**November:**
Review of:
- framework for the short-term incentive program for 2018;
- framework for the long-term incentive program for 2018; and
- the Remuneration Statement and Report for 2017

### The President and CEO

The President and CEO has an active role in the compensation governance and performance management processes for the Group Leadership Team and the wider employee population at Nokia.

The President and CEO is not a member of the Personnel Committee and does not vote at Personnel Committee meetings, nor does he participate in any conversations regarding his own compensation.

### Advisors

The Personnel Committee engaged Aon, an independent external consultant, to assist in the review and determination of executive compensation and program design and provide insight into market trends and regulatory developments. The Personnel Committee has reviewed and established that Aon is independent of Nokia and does not have any other material business relationships with Nokia.

### Authorizations and resolutions of the Board concerning remuneration

#### Valid authorizations

The Annual General Meeting held on May 23, 2017 resolved to authorize the Board to resolve to issue a maximum of 560 million shares through one or more issuances of shares or special rights entitling to shares. 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 authorization is effective until November 23, 2018 and the authorization terminated the earlier shareholder authorization for the Board to issue shares and special rights entitling to shares resolved at the Annual General Meeting on June 16, 2016. The authorization did not terminate the authorization granted by the Extraordinary General Meeting held on December 2, 2015 to the Board for the issuance of shares in order to implement the acquisition of Alcatel Lucent.

#### Board resolutions

On January 31, 2018, the Board approved the Nokia equity program for 2018 and the issuance, without consideration, of a maximum of 10.5 million Nokia shares held by the company to settle its commitments to Nokia's equity plan participants during 2018.

## Remuneration policy

This section of our statement describes our remuneration policy, the aspects considered when setting the policy and how we currently compensate our directors and executives.

### Board of Directors

The objective of the Board's Corporate Governance and Nomination Committee when determining director remuneration is to ensure that Nokia is able to compete for top-of-class board competence in order to maximize shareholder value. Therefore, it is the practice of the Corporate Governance and Nomination Committee to review and compare the total remuneration levels and their criteria paid in other global companies with net sales, geographical coverage and complexity of business comparable to that of Nokia's. The Corporate Governance and Nomination Committee's aim is to ensure that Nokia has an efficient Board consisting of international professionals representing a diverse and relevant mix of skills and experience. Nokia believes that a competitive Board remuneration contributes to the achievement of this target.

Director remuneration at Nokia consists of an annual fee and a meeting fee. Director remuneration for the term that began at the Annual General Meeting held on May 23, 2017 and ends at the close of the Annual General Meeting in 2018 consists of the following fees:

| Annual fee | EUR |
|---|---|
| Chair | 440 000 |
| Vice Chair | 185 000 |
| Member | 160 000 |
| Chair of Audit Committee | 30 000 |
| Member of Audit Committee | 15 000 |
| Chair of Personnel Committee | 30 000 |
| **Meeting fee(1)** | **EUR** |
| Meeting requiring intercontinental travel | 5 000 |
| Meeting requiring continental travel | 2 000 |

(1) Paid for a maximum of seven meetings per term. Not paid to the Chair of the Board.

Approximately 40% of the annual fee is paid in Nokia shares purchased from the market or by using treasury shares. According to our policy, the directors shall retain until the end of their directorship such number of shares as corresponds to the number of shares they have received as Board remuneration during their first three years of service on the Board (the net amount received after deducting those shares needed to offset any costs relating to the acquisition of the shares, including taxes). The shares shall be purchased from the market on behalf of the directors, or, if treasury shares are used, transferred to the directors, as soon as practicable after the Annual General Meeting. The remainder of the annual fee is payable in cash, most of which is typically used to cover taxes arising from the paid remuneration.

A meeting fee for Board and Committee meetings is paid to all members of the Board except the Chair of the Board based on cost of travel required between the home location of the member of the Board and the location of a meeting. Only one meeting fee is payable for multiple Board and Committee meetings per eligible travel. The meeting fee is paid for a maximum of seven meetings per term. The meeting fee is paid in cash.

According to our policy, non-executive directors do not participate in any of Nokia's equity programs and do not receive performance shares, restricted shares or any other equity-based or other form of variable compensation for their duties as members of the Board.

# Compensation continued

**The President and CEO**
Our focus when considering policies related to remuneration of the President and CEO is to:

- attract, retain and motivate the right individuals to lead Nokia;
- drive performance and appropriate behaviors; and
- align the interests of the President and CEO and the results of our compensation programs with the interests and returns of our shareholders.

These principles are then also applied to the compensation of the Group Leadership Team.

**Compensation philosophy, design and strategy**
Our compensation programs are designed to attract, drive and retain the talent necessary to deliver long-term sustainable results to the ultimate benefit of our shareholders. Rewards are tied to the execution of our strategy by adopting an appropriate mix of fixed and variable compensation to engage and incentivize delivery of these objectives and ensure alignment with shareholder interests.

A single compensation framework is used across the Nokia Group with a varying mix of fixed and variable compensation for each level of responsibility. Higher levels of performance-based compensation and equity compensation are used to reward executives for delivering long-term sustainable results and creating value for our shareholders.

We aim to provide a globally competitive compensation offering, which is comparable to that of our peer group companies, taking into account industry, geography, size and complexity. The peer group is reviewed annually and external advice is sought to confirm the appropriateness of the peer group, the quantum and the relative mix of compensation packages. The peer group for 2017 is presented in "—Remuneration Report" below. We also monitor a wider group of companies as emerging competitors in the labor markets from which we hire.

In designing our variable compensation programs key consideration is given to:

- incorporating specific performance measures that align directly with the execution of our strategy and driving long-term sustainable success;
- delivering an appropriate amount of performance-related variable compensation for the achievement of strategic goals and financial targets in both the short and long term;
- appropriately balancing rewards between company and individual performance; and
- fostering an ownership culture that promotes sustainability and long-term value creation that aligns the interests of participants with those of our shareholders.

**Compensation structure and target setting**
In line with our overall compensation philosophy, our executives are rewarded using a mix of fixed and variable pay. The variable pay is determined based on performance against a mix of targets, either short- or long-term in nature, depending on the strategic impact for the business.

Targets for the short- and long-term incentive plans are set by the Board. The Board reviews business plans, external analysts' expectations, previous year's performance and the overall macro-economic environment to arrive at suitable targets for the plans. The goal of target-setting is to set targets that are achievable and sufficiently demanding to create shareholder value.

The elements of the compensation structure for the President and CEO are further detailed below.

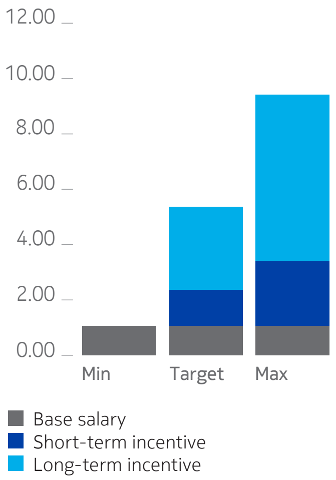
| Element | Purpose | Operation | Opportunity |
|---|---|---|---|
| **Base salary** | To attract and retain the best individual with the requisite level of knowledge, skills and experience to lead our businesses and provide a degree of financial certainty and stability. | Base pay is reviewed annually taking into consideration a variety of factors, including, for example, the following:<br>▪ performance of the individual;<br>▪ changes in the market and the remuneration of our external comparator group;<br>▪ changes in individual responsibilities; and<br>▪ average employee salary increases across Nokia and in the local market. | Base salary increases are expected to be set in the context of wider employee increases. |
| **Short-term incentives** | To incentivize and reward performance against delivery of the annual business plan. | Short-term incentives are based on performance against single year targets and paid in cash.<br>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 delivery of Nokia's strategy.<br>Achievement is assessed at the end of the year. | As a percentage of base salary<br>Min 0%<br>Target 125%<br>Max 281.25% |

| Element | Purpose | Operation | Opportunity |
| --- | --- | --- | --- |
| Long-term incentives | To reward for delivery of sustainable long-term performance, align the President and CEO's interests with those of shareholders and aid retention. | Annual long-term incentive awards are made in performance shares and paid for performance against longer-term targets.<br><br>Targets are set in the context of the Nokia long-term plans which are validated against analyst forecasts ensuring that they are considered both demanding and motivational.<br><br>The target value of a long-term incentive award is determined by reference to Nokia's peer group and informed by reference to a wider group of emerging competitors in the markets where we recruit our talent including a range of technology companies.<br><br>The Board retains the discretion to make exceptional awards in circumstances where there is a strategically significant change in Nokia for which they believe that additional incentives would increase or accelerate value creation. | Payout as a percentage of target award<br><br>Min 0%<br><br>Target 100%<br><br>Max 200% |
| Benefits & perquisites | To attract, retain and protect the President and CEO. | Benefits are made available as part of the same policy that applies to employees more broadly in the relevant country, with additional security provisions, as appropriate. | n/a |
| Relocation & mobility | To support the international mobility and ensure the right person is in the right location to meet business needs. | Support may be offered to cover additional costs related to relocation to and working in a location other than home country based on business need. The policy supports the mobility needs of an individual and their dependants or the reasonable costs of commuting. Benefits are market-specific and are not compensation for performing the role but provided to defray costs or additional burdens of a relocation or residence outside the home country. | n/a |
| Retirement plans | To provide for retirement with a level of certainty. | Retirement age is defined and pensions are provided in line with local country arrangements; in Finland this is the statutory Finnish pension system ("Finnish TyEL").<br><br>Under the TyEL arrangements, base salary, incentives and other taxable benefits are included in the definition of earnings while gains from equity related plans are not.<br><br>No supplemental pension arrangements are provided in Finland. | As mandated by Finnish law |
| Change of control arrangements | To ensure the continuity of management in connection with a possible change of control event. | Change of control arrangements are offered on a very limited basis only and 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. Refer to "—Termination provisions of the President and CEO". | n/a |

# Compensation continued

**Compensation mix and opportunity**
To align the interests of the President and CEO with those of our shareholders, the compensation mix for the President and CEO is heavily geared towards performance-based pay with only 19.5% of core target compensation in 2017 consisting of fixed pay. The total remuneration of the President and CEO is thus dependent on performance and the range of possible outcomes is shown opposite:

**2017 Pay opportunity (EURm)**




**Remuneration on recruitment**
Our 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. On occasion, we 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. Due consideration is given to the potential value and timing of such awards, taking into account any conditions attached to the awards and the likely performance against such conditions.

**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.

**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 given a period of five years from appointment to achieve the required level of share ownership.

**Termination provisions**
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. Current termination provisions of the President and CEO's service agreement are described under "—Termination provisions of the President and CEO".

## Group Leadership Team

### Remuneration of the Group Leadership Team

The remuneration of the members of the Group Leadership Team (excluding the President and CEO) consists of base salary, fringe benefits and short- and long-term incentives and follows the same policy framework as the President and CEO and other eligible employees, except that the quantum differs by role. Short-term incentive plans are based on rewarding the delivery of business performance utilizing certain, or all, of the following metrics as appropriate to the member's role: revenue, operating profit, free cash flow and defined strategic objectives. The revenue and operating profit metrics exclude costs related to the acquisition of Alcatel Lucent and related integration, goodwill impairment charges, intangible asset amortization and other purchase price fair value adjustments, restructuring and associated charges and certain other items.

### Remuneration on recruitment

Our policy on recruitment is to offer a compensation package which is sufficient to attract, retain and motivate individuals with the right skills for the required role. On occasion, we 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. Due consideration is given to the potential value and timing of such awards, taking into account any conditions attached to the awards and the likely performance against such conditions.

### Clawback

Our executives are 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.

### Share ownership policy

Members of the Group Leadership Team are required to own two times their base salary in Nokia Shares. They are given five years from joining the Group Leadership Team to meet the requirements of the policy.

### Pension arrangements of the Group Leadership Team

The members of the Group Leadership Team participate in the local retirement plans applicable to employees in the country of residence. Executives based in Finland participate in the statutory Finnish pension system, as regulated by the Finnish TyEL.

Executives based outside Finland participate in arrangements relevant to their location. Retirement plans vary by country and include defined benefit, defined contribution and cash balance plans. The retirement age for the members of Group Leadership Team varies between 60 and 65.

### Termination provisions

In all cases, if an executive is dismissed for cause, no compensation will be payable and no outstanding equity will vest.

In the event of termination by Nokia for any other reason than cause, where Nokia pays compensation in lieu of notice period salary, the benefits and target short-term incentive amounts are taken into account.

The Board has discretion to implement change of control agreements if there is a period of significant instability in the business to facilitate stable and effective leadership during such a time, for example during a merger. At the end of 2017 there were no change of control agreements in place for the Group Leadership Team members.

## Nokia Equity Program

The Nokia equity program includes the following equity instruments:

| | Performance shares | Restricted shares | Employee share purchase plan |
|---|---|---|---|
| Eligible employees | Grade-based eligibility | Grade-based eligibility | Employees in participating countries |
| Purpose | Annual long-term incentive awards, to reward delivery of sustainable long-term performance, align with the interests of shareholders and aid retention of key employees | Limited use for recruitment and retention | Encourage share ownership within the Nokia employee population, increasing engagement and sense of ownership in the company |
| Vesting schedule | Two-year performance period based on financial targets and one-year restriction period | Vest equally in three tranches on the 1st, 2nd and 3rd anniversary of grant | Matching shares vest at the end of the 12-month savings period |

### Performance share plans

In accordance with previous years' practice, the primary equity instruments granted to eligible employees are performance shares. The performance shares represent a commitment by Nokia to deliver Nokia shares to employees at a future point in time, subject to our fulfillment of the performance criteria.

The table below illustrates the performance criteria of the performance share plans that are currently active.

| Performance criteria[(1)] (Nokia group) | 2018 | 2017 | 2016 |
|---|---|---|---|
| Annual earnings per share (diluted) | Yes | | |
| Annual free cash flow | Yes | | |
| Revenue relative to market | Yes | | |
| Average annual net sales | | Yes | Yes |
| Average annual earnings per share (diluted) | | Yes | Yes |
| Minimum settlement at below threshold performance[(2)] | – | – | 25% |

(1) Measures exclude costs related to the acquisition of Alcatel Lucent and related integration, goodwill impairment charges, intangible asset amortization and other purchase price fair value adjustments, restructuring and associated charges and certain other items.
(2) In 2014, a minimum payout level was introduced to reinforce the retentive impact of the plan by giving some certainty to remaining employees during the transformation of Nokia following the Sale of the D&S Business and integration of the Nokia Networks business. The 2017 plan removes the minimum payout of 25% of the grant amount for executive employees. Employees who are not executives at the time the awards are granted to them will continue to benefit from a minimum payout of 25% with the intention of this continuing to provide a retention effect.

Under the 2018 performance share plan, the pay-out will depend on whether the performance criteria have been met by the end of the performance period. The performance criteria are: Nokia annual earnings per share (diluted), annual free cash flow and revenue relative to market. The criteria exclude costs related to the acquisition of Alcatel Lucent and related integration, goodwill impairment charges, intangible asset amortization and other purchase price fair value adjustments, restructuring and associated charges and certain other items.

The 2018 performance share plan has a two-year performance period (2018-2019) and a subsequent one-year restriction period. The number of performance shares to be settled would be determined with reference to the performance targets during the performance period. For non-executive participants, 25% of the performance shares granted in 2018 will settle after the restriction period, regardless of the satisfaction of the applicable performance criteria. In case the applicable performance criteria are not satisfied, employees who are executives at the date of the performance share grant in 2018 will not receive any settlement.

The grant under the 2018 performance share plan could result in an aggregate maximum settlement of 94 million Nokia shares, in the event that maximum performance against all the performance criteria is achieved.

Until the Nokia shares are delivered, the participants will not have any shareholder rights, such as voting or dividend rights associated with these performance shares.

### Restricted share plan

Restricted shares are granted to Nokia's executives and other eligible employees on a more limited basis than performance shares for purposes related to retention and recruitment to ensure Nokia is able to retain and recruit vital talent for the future success of Nokia.

Under the 2018 restricted share plan, the restricted shares are divided into three tranches, each tranche consisting of one third of the restricted shares granted. The first tranche has a one-year restriction period, the second tranche a two-year restriction period, and the third tranche a three-year restriction period.

The grant under the 2018 restricted share plan could result in an aggregate maximum settlement of 8 million Nokia shares. Until the Nokia shares are delivered, the participants will not have any shareholder rights, such as voting or dividend rights, associated with the restricted shares.

### Employee Share Purchase Plan

Under our employee share purchase plan 2018 "Share in Success", eligible employees can elect to make monthly contributions from their salary to purchase Nokia shares. The contribution per employee cannot exceed EUR 1 800 per year. The share purchases are made at market value on predetermined dates on a quarterly basis during a 12-month savings period. Nokia intends to deliver one matching share for every two purchased shares the employee still holds at the end of the plan cycle. Participation in the plan is voluntary for all employees in countries where the plan is offered. The Employee Share Purchase Plan is planned to be offered to Nokia employees in up to 75 countries for the plan cycle commencing in 2018.

### Legacy equity programs

#### Stock Options

The granting of stock options ceased at the end of 2013; however, awards granted under the 2011 stock option plan remain in force. Under the plan, each stock option entitles the holder to subscribe for one new Nokia share. The stock options are non-transferable and may be exercised for shares only. The vesting schedule of the 2011 stock option plan is as follows:

| Plan | Vesting schedule |
|---|---|
| 2011 stock option plan | 50% on third anniversary of grant |
| | 50% on fourth anniversary of grant |
| | Term is approximately six years |
| | The final subscription periods end on December 27, 2019 |

Shares will be eligible for dividends in respect of the financial year in which the share subscription takes place. Other shareholder rights will commence on the date on which the subscribed shares are entered in the trade register. The stock option grants are generally forfeited if the employment relationship is terminated with Nokia.

**Alcatel Lucent liquidity agreements**

In 2016, Nokia and Alcatel Lucent entered into liquidity agreements with beneficiaries of the 2015 Alcatel Lucent performance share plan. Pursuant to the agreements, the 2015 Alcatel Lucent performance shares (as well as other unvested performance share plans, where the employee elected to enter into a liquidity agreement rather than accelerate their equity), would be exchanged for Nokia shares, or for the cash equivalent of the market value of such Nokia shares, shortly after expiration of the vesting period. The exchange ratio would be aligned with the exchange ratio of Nokia's exchange offer for all outstanding Alcatel Lucent securities, subject to certain adjustments in the event of financial transactions by either Nokia or Alcatel Lucent.

## Remuneration Report

The Remuneration Report provides information on the Board and executive remuneration between January 1, 2017 and December 31, 2017. We provide disclosure of the compensation of our Board, the President and CEO and aggregated compensation information for the Group Leadership Team. Revenue, operating profit and earnings per share measures referred to in the Remuneration Report exclude costs related to the acquisition of Alcatel Lucent and related integration, goodwill impairment charges, intangible asset amortization and other purchase price fair value adjustments, restructuring and associated charges and certain other items.

**Board of Directors**

In 2017, the aggregate amount of compensation paid to the members of the Board for their services on the Board and its committees equaled EUR 2 138 000.

The Annual General Meeting held on May 23, 2017 resolved to elect ten members to the Board. The following members of the Board were re-elected for a term ending at the close of the Annual General Meeting in 2018: Bruce Brown, Louis R. Hughes, Jean C. Monty, Elizabeth Nelson, Olivier Piou, Risto Siilasmaa, Carla Smits-Nusteling and Kari Stadigh. Jeanette Horan and Edward Kozel were elected as new members of the Board for the same term. For director remuneration resolved by the Annual General Meeting for the current term refer to "Remuneration Policy—Board of Directors" above.

The following table outlines the total annual compensation paid in 2017 to the members of the Board for their services, as resolved by shareholders at the Annual General Meeting on May 23, 2017. The table does not include the meeting fees as resolved by the Annual General Meeting in 2017. The meeting fees for applicable Board and Committee meetings held in 2017 will be paid in 2018. For details of Nokia shares held by the members of the Board, refer to "—Share ownership—Share ownership of the Board of Directors" below.

Compensation paid in 2017:

| | EUR(1) | Shares(2) |
|---|---|---|
| Risto Siilasmaa, Chair | 440 000 | 30 497 |
| Olivier Piou, Vice Chair(3) | 199 000 | 12 823 |
| Bruce Brown(4) | 209 000 | 13 169 |
| Jeanette Horan(5) | 175 000 | 12 129 |
| Louis R. Hughes(6) | 194 000 | 12 129 |
| Edward Kozel(7) | 175 000 | 12 129 |
| Jean C. Monty(8) | 174 000 | 11 090 |
| Elizabeth Nelson(9) | 207 000 | 13 169 |
| Carla Smits-Nusteling(10) | 195 000 | 12 129 |
| Kari Stadigh(11) | 170 000 | 11 090 |
| **Total** | **2 138 000** | **140 354** |

(1) The meeting fees for the term that ended at the close of the Annual General Meeting in 2017 were paid in cash in 2017 and are included in the table above. The meeting fees for the current term as resolved by the Annual General Meeting in 2017 will be paid in cash in 2018 and are not included in the table above.
(2) Approximately 40% of each Board member's annual fee was paid in Nokia shares purchased from the market and the remaining amount of approximately 60 % was paid in cash.
(3) Consists of EUR 185 000 for services as the Vice Chair of the Board and meeting fees of EUR 14 000.
(4) Consists of EUR 160 000 for services as a member of the Board, EUR 30 000 for services as the Chair of the Personnel Committee and meeting fees of EUR 19 000.
(5) Consists of EUR 160 000 for services as a member of the Board and EUR 15 000 for services as a member of the Audit Committee.
(6) Consists of EUR 160 000 for services as a member of the Board, EUR 15 000 for services as a member of the Audit Committee and meeting fees of EUR 19 000.
(7) Consists of EUR 160 000 for services as a member of the Board and EUR 15 000 for services as a member of the Audit Committee.
(8) Consists of EUR 160 000 for services as a member of the Board and meeting fees of EUR 14 000.
(9) Consists of EUR 160 000 for services as a member of the Board, EUR 30 000 for services as the Chair of the Audit Committee and meeting fees of EUR 17 000.
(10) Consists of EUR 160 000 for services as a member of the Board, EUR 15 000 for services as a member of the Audit Committee and meeting fees of EUR 20 000.
(11) Consists of EUR 160 000 for services as a member of the Board and meeting fees of EUR 10 000.

**The President and CEO**

The following table shows the remuneration received by the President and CEO in 2017 and 2016. The long-term incentive payments reflect actual payments in the respective years attributable to the vesting of the 2014 Nokia performance share plan in 2017 and the 2012 Nokia Networks equity incentive plan that vested in 2016.

| EUR | 2017 | 2016 |
|---|---|---|
| Salary | 1 050 000 | 1 049 044 |
| Short-term incentive(1) | 997 369 | 780 357 |
| Long-term incentive | | |
| From role as Nokia President and CEO | 4 261 633 | – |
| From role as NSN CEO(2) | – | 7 556 598 |
| Other compensation(3) | 114 557 | 122 157 |
| **Total** | **6 423 559** | **9 508 156** |

(1) Short-term incentives represent amounts earned in respect of the financial year, but that are paid in April of the following year.
(2) Amount represents the value of the 2012 Nokia Networks equity incentive plan.
(3) Other compensation includes compensation for housing equaling EUR 44 463 (2016: EUR 41 312); travel assistance equaling EUR 22 628 (2016: EUR 33 482); Tax services equaling EUR 17 595 (2016: EUR 19 260) and other benefits including mobile phone, driver and supplemental medical and disability insurance equaling EUR 29 871 (2016: EUR 28 103).

Pursuant to Finnish legislation, Nokia is required to make contributions to the Finnish TyEL pension arrangements in respect of the President and CEO. Such payments can be characterized as defined contribution payments. In 2017, payments to the Finnish state pension system equaled EUR 304 546 (EUR 469 737 in 2016).

# Compensation continued

### Variable pay

Targets for the short-term incentives are set annually at or before the start of the year, balancing the need to deliver value with the need to motivate and drive the performance of the President and CEO. Targets are selected from a set of strategic metrics that align with driving sustainable value for shareholders and are set in the context market expectations and analyst consensus forecasts. The long-term incentive targets are set in a similar context and are set for the life of the plan at the start of the performance period and locked in for the life of the plan.

The variable pay of the President and CEO is determined based on performance against a mix of targets, either short- or long-term in nature, depending on the strategic impact for the business.

Based on the Board's assessment, the most appropriate measures for driving sustainable business performance at Nokia in 2017 were:

- revenue;
- operating profit;
- earnings per share;
- free cash flow; and
- personal strategic objectives.

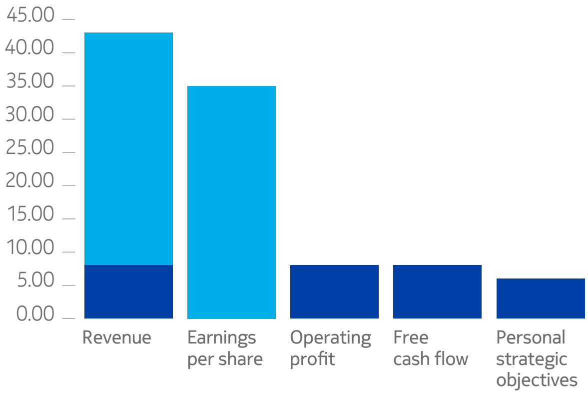
The variable compensation focused on these measures including personal strategic objectives to support the strategic development of Nokia, which is not necessarily measurable or easily measured in purely financial terms.

### Short-term incentive

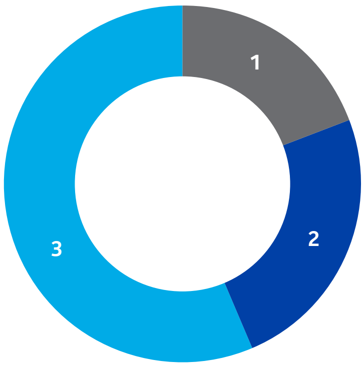
The 2017 short-term incentive framework for the President and CEO was based on three core metrics: revenue, operating profit and free cash flow.

The short-term incentive for the President and CEO were based on the achievement of key financial targets and other strategic objectives, as defined below. Performance against these defined targets was then multiplied by a business results multiplier, which acts as a funding factor for the incentive plan for most employees, to determine the final payment.

**Incentive opportunity by metric (% of total variable pay)**




**2017 Pay mix**




| | | |
|---|---|---|
| 1 Base salary | | 19.43% |
| 2 Short-term incentive | | 24.29% |
| 3 Long-term incentive | | 56.28% |

| % of base salary | | | |
|---|---|---|---|
| Minimum performance | Target performance | Maximum performance | Measurement criteria |
| 0% | 125% | 281.25% | 80% of the incentive was based on performance against the Nokia scorecard:<br>■ revenue (⅓);<br>■ operating profit (⅓); and<br>■ free cash flow (⅓).<br>The final 20% of the incentive was determined based on the achievement of personal strategic objectives set for President and CEO by the Board. |

Short-term incentive targets and achievements reflect the challenging market conditions yet also show the operational resilience of our business. In line with Nokia's performance in 2017, the short-term incentive of the President and CEO equaled EUR 997 369, or 76% of the target award, reflecting the challenging market environment. Achievement by each element of the short-term incentive plan was as follows:

| Metric | Target EURm | Achievement |
|---|---|---|
| Revenue | 24 283 | 22.11% |
| Operating profit | 2 483 | 96.94% |
| Free cash flow(1) | (244) | 105.31% |

(1) Free cash flow target was negative due to expected restructuring costs and roadmap integration issues.

The Board reviewed the impact of the settlement of the Apple patent litigation on the short-term Incentive and decided not to recognize the impact of the settlement itself on either revenue or operating profit on the basis that it had not been included in targets due to the unpredictable nature of such large litigations. It was deemed appropriate to give credit for the cash flow benefit, value a swift settlement and recognize the cost savings achieved by avoiding extensive litigation.

### Long-term incentive

In 2017, the President and CEO's 2014 performance share award vested at 125.72% of the target award valued at EUR 3 968 064.

In 2016, the President and CEO was granted a restricted share award subject to the fulfillment of predetermined and demanding performance conditions related to the successful integration of Nokia and Alcatel Lucent. This award vests in three equal tranches, the first of which was in 2017 and worth EUR 293 569.

In 2017, the President and CEO was awarded the following equity awards under the Nokia equity program:

| Award | Units awarded | Grant date fair value (EUR) | Grant date | Vesting date |
|---|---|---|---|---|
| Performance shares(1) | 596 421 | 3 040 554 | July 5, 2017 | January 1, 2020 |

(1) The 2017 performance share plan has a two-year performance period based on financial targets and a one-year restriction period. There is no minimum payout at below threshold performance for executive employees. The maximum payout would be 200% subject to maximum performance against all the performance criteria. Vesting is subject to continued employment.

### Share ownership

Our share ownership policy requires that the President and CEO holds a minimum of three times his base salary in Nokia shares in order to ensure alignment with shareholder interests over the long term. This requirement has been met.

| | Units | Value (EUR) |
|---|---|---|
| Beneficially owned shares as of December 31, 2017(1) | 1 366 994 | 5 317 607 |
| Vested shares under the 2015 performance share plan delivered on February 14, 2018(2) | 436 530 | 1 964 385 |
| Unvested shares under outstanding Nokia equity plans(3) | 1 032 533 | 4 015 553 |
| **Total** | **2 836 057** | **11 294 545** |

(1) The value is based on the closing price of a Nokia share of EUR 3.89 on Nasdaq Helsinki on December 29, 2017.
(2) The value and number of units represent fair market value of a Nokia share of EUR 4.50 on Nasdaq Helsinki on February 14, 2018 and the net number of shares delivered after the applicable taxes were withheld from the number of shares that vested to the President and CEO.
(3) The number of units represents the number of unvested awards as of December 31, 2017 including the payout factor of the 2016 performance share plan and excluding the 2015 performance share plan that vested on January 1, 2018. The value is based on the closing price of a Nokia share of EUR 3.89 on Nasdaq Helsinki on December 29, 2017. Vesting is subject to continued employment.

### Termination provisions of the President and CEO

Currently the termination provisions for the President and CEO's service agreement specify alternatives for termination and associated compensation in accordance with the following table:

| Termination by | Reason | Notice | Compensation |
|---|---|---|---|
| Nokia | Cause | None | The President and CEO is entitled to no additional compensation and all unvested equity awards would be forfeited. |
| Nokia | Reasons other than cause | Up to 18 months | The President and CEO is entitled to a severance payment equaling up to 18 months of compensation (including annual base salary, benefits, and target incentive) and unvested equity awards would be forfeited. |
| President and CEO | Any reason | Six months | The President and CEO may terminate his service agreement at any time with six months' prior notice. The President and CEO would either continue to receive salary and benefits during the notice period or, at Nokia's discretion, a lump sum of equivalent value. Additionally, the President and CEO would be entitled to any short- or long-term incentives that would normally vest during the notice period. Any unvested equity awards would be forfeited. |
| President and CEO | Nokia's material breach of the service agreement | Up to 18 months | In the event that the President and CEO terminates his service agreement based on a final arbitration award demonstrating Nokia's material breach of the service agreement, he is entitled to a severance payment equaling up to 18 months of compensation (including annual base salary, benefits and target incentive). Any unvested equity awards would be forfeited. |

The President and CEO's service agreement includes special severance provisions in the event of a termination of employment following a change of control event. Such change of control provisions are based on a double trigger structure, which means that both a change of control event and the termination of the President and CEO's employment within a defined period of time must take place in order for any change of control-based severance payment to become payable. More specifically, if a change of control event has occurred, as defined in the service agreement, and the President and CEO's service with Nokia is terminated by either Nokia or its successor without cause, or by the President and CEO for "good reason", in either case within 18 months from such change of control event, the President and CEO would be entitled to a severance payment equaling up to 18 months of compensation (including annual base salary, benefits, and target incentive) and cash payment (or payments) for the pro-rated value of his outstanding unvested equity awards, restricted shares, performance shares and stock options (if any), payable pursuant to the terms of the service agreement. "Good reason" referred to above includes a material reduction of the President and CEO's compensation and a material reduction of his duties and responsibilities, as defined in the service agreement and as determined by the Board.

The President and CEO is subject to a 12-month non-competition obligation that applies after the termination of the service agreement or the date when he is released from his obligations and responsibilities, whichever occurs earlier.

**Group Leadership Team**

In 2017, our Group Leadership Team grew following the realignment of the business to accelerate delivery of our strategy, bringing a Chief Operating Officer, Chief Technology Officer and the President of the new business group, Global Services onto the Group Leadership Team. At the end of 2017, the Group Leadership Team consisted of 15 persons split between Finland, other European countries and the United States.

| Name | Position in 2017 | Appointment date |
|---|---|---|
| Rajeev Suri | President and CEO | May 1, 2014 |
| Federico Guillén | President of Fixed Networks | January 8, 2016 |
| Basil Alwan | President of IP/Optical Networks | January 8, 2016 |
| Bhaskar Gorti | President of Nokia Software | January 8, 2016 |
| Igor Leprince [1] | President of Global Services | April 1, 2017 |
| Marc Rouanne | President of Mobile Networks | January 8, 2016 |
| Samih Elhage[2] | President of Mobile Networks | May 1, 2014 |
| Gregory Lee | President of Nokia Technologies | June 30, 2017 |
| Kristian Pullola | Chief Financial Officer | January 1, 2017 |
| Monika Maurer[3] | Chief Operating Officer | April 1, 2017 |
| Joerg Erlemeier | Chief Operating Officer | December 11, 2017 |
| Hans-Jürgen Bill | Chief Human Resources Officer | January 8, 2016 |
| Kathrin Buvac | Chief Strategy Officer | January 8, 2016 |
| Ashish Chowdhary | Chief Customer Operations Officer | January 8, 2016 |
| Barry French | Chief Marketing Officer | January 8, 2016 |
| Maria Varsellona | Chief Legal Officer | January 8, 2016 |
| Marcus Weldon | Chief Technology Officer and President of Bell Labs | April 1, 2017 |

(1) Igor Leprince will step down from the Group Leadership Team as of March 31, 2018. Sanjay Goel was nominated as President of Global Services and member of the Group Leadership Team from April 1, 2018.
(2) Samih Elhage was a member of the Group Leadership Team until March 31, 2017.
(3) Monika Maurer was a member of the Group Leadership Team until December 11, 2017.

Remuneration of the Group Leadership Team (excluding the President and CEO) in 2017 and 2016, in the aggregate, was as follows:

| | 2017 EURm[1] | 2016 EURm[1] |
|---|---|---|
| Salary, short-term incentives and other compensation[2] | 20.3 | 22.7 |
| Long-term incentives[3] | 7.0 | 25.5 |
| **Total** | **27.3** | **48.2** |

(1) The values represent each member's time on the Group Leadership Team.
(2) Short-term incentives represent amounts earned in respect of 2017 performance. Other compensation includes mobility related payments, local benefits and pension costs.
(3) The 2016 amount represents the value of the 2012 Nokia Networks equity incentive plan or other equity awards vesting or stock options exercised during 2016 and share awards from Alcatel Lucent where appropriate.

In 2017, the Group Leadership Team (excluding the President and the CEO) was awarded the following equity awards under the Nokia equity program:

| Award | Units awarded[2] | Grant date fair value (EUR) | Grant date | Vesting date |
|---|---|---|---|---|
| Performance shares[1] | 1 333 567 | 6 798 525 | July 5, 2017 | January 1, 2020 |
| Restricted shares | 696 835 | 3 548 981 | July 5, 2017 | October 1, 2018, 2019 and 2020 |

(1) The 2017 performance share plan has a two-year performance period based on financial targets and a one-year restriction period. There is no minimum payout at below threshold performance for executive employees. The maximum payout would be 200% subject to maximum performance against all the performance criteria. Vesting is subject to continued employment.
(2) Includes units awarded to persons who were Group Leadership Team members during 2017.

**Review of our incentive plans**
Each year we monitor the performance of our incentive plans against the targets for the plan, total shareholder return and the impact that the plans have on total compensation compared to market peers.

**Target setting**
Targets for the short-term incentives are set annually at or before the start of the year, balancing the need to deliver value with the need to motivate and drive performance of the Group Leadership Team. Targets are selected from a set of strategic metrics that align with driving sustainable value for shareholders and are set in the context market expectations and analyst consensus forecasts. Targets for our long-term incentive plans are set in a similar context. The long-term incentive targets are set at the start of the performance period and locked in for the life of the plan.

**Short-term incentives**
Short-term incentive targets and achievements for the members of the Group Leadership Team (excluding the President and CEO) were based on a mix of revenue, operating profit and cash flow targets. These targets are measured either at a Nokia Group level or, alternatively, a mix of Nokia Group and business group level for business group presidents. Payout levels for 2017 represent the challenging business environment in which Nokia has been operating with median payout at 83% of target.

**Long-term incentives**
We have actively introduced a rolling review of compensation against key metrics such as total shareholder return and share price to validate the effectiveness of our equity plans.

The 2014 performance share plan vested on January 1, 2017 with 125.72% of the target award vesting based on the achievement against the revenue and earnings per share targets during the performance period (financial years 2014 and 2015).

The 2015 performance share plan vested on January 1, 2018 with 123.75% of the target award vesting based on the achievement against the revenue and earnings per share targets during the performance period (financial years 2015 and 2016).

The 2016 performance share plan will vest on January 1, 2019 with 46.25% of the target award vesting based on the achievement against the revenue and earnings per share targets during the performance period (financial years 2016 and 2017).

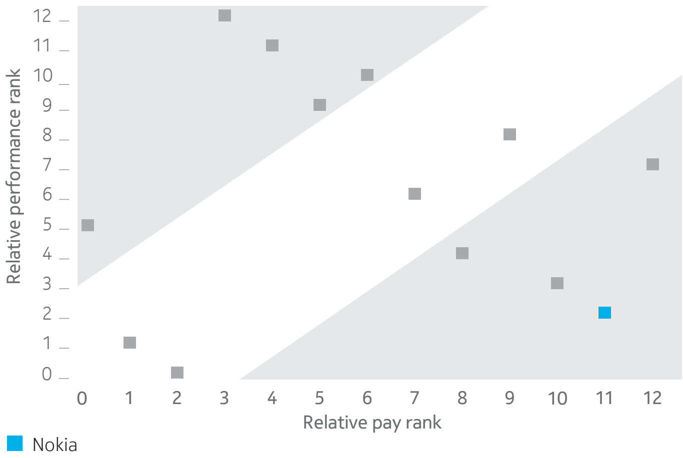
While short-term performance in 2017 was affected by a challenging market and the integration of Alcatel Lucent, the performance under long-term incentive plans represents the significant turnaround of Nokia from 2013 when it acquired the remainder of Nokia Siemens Networks and the continued focus on delivering profit despite challenging market conditions. The performance of the business in 2014, 2015 and 2016 against targets set in the context of analyst forecasts shows fair rewards for a business well positioned for the longer term.

**Pay for performance**
Core to our compensation philosophy is a desire to pay for performance.

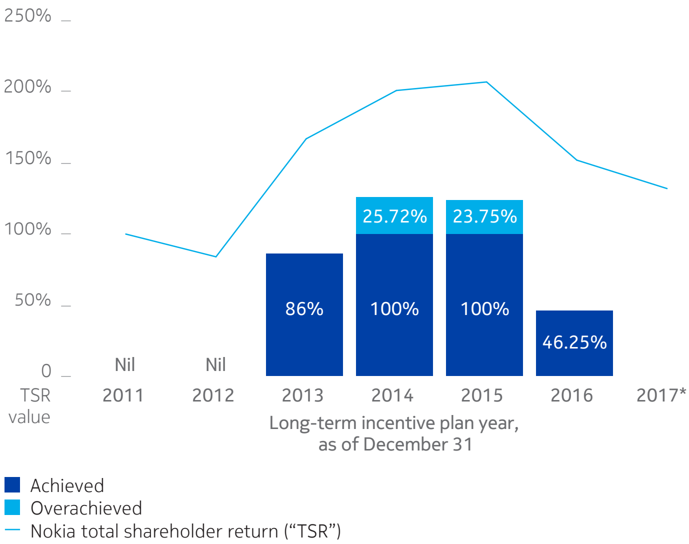
We conduct two tests each year on our long-term incentives:

1. We compare ourselves to a group of peer companies ranking our performance against the peer group based on total shareholder return and total compensation paid. Data are only publicly available for our peer group for financial years to December 31, 2016.
2. Overall total shareholder return is compared to long-term incentive payouts mapping the performance of the plans against the total shareholder return curve.

**Relative degree of alignment pay vs total shareholder return ranking**




**Share price and total shareholder return vs long-term incentive performance**




* Performance period not yet completed.

# Compensation continued

The first test is a snapshot at any given point in time, showing the compensation received in a year compared to peers versus total shareholder return over the three years prior. The second test looks over time at the progress of the long-term incentive plans. While the comparison to a group of peers shows Nokia with a low performance rank and relatively high pay compared to its peers the comparison of long-term incentive payouts over time aligns well to the total shareholder return performance of the business over a longer time frame. The key driver of much of this is timing with long-term incentives paid sometime after the share price (and total shareholder return) has moved. To highlight this point, in 2019 Nokia would expect to see 46.25% of the 2016 performance share plan award vest to the President and CEO.

Based on the peer group comparison, Nokia was tenth over the three preceding years, as measured by total shareholder return. Whilst the compensation paid out to the President and CEO (as opposed to awarded) was ranked second, reflecting the final payment to him of the Nokia Networks equity incentive plan award granted in 2012 and rewarding the transformation of the Nokia Networks business which has since become the core of Nokia.

However, looking at the performance of our long-term incentive plans against total shareholder return there is a stronger alignment with the performance of the plans declining as total shareholder return declines and the trend lines are reasonably aligned.

The Board continues to actively monitor the performance of its long-term incentive plans to ensure that they deliver value for shareholders. Accordingly, the Board has changed the performance metrics in the 2018 long-term incentive plan to better fit with the needs of the business.

### Our Peers

In looking for suitable comparators, we have considered ourselves a European technology company and looked at businesses of similar size, global scale and complexity, such as:

| | |
|---|---|
| ABB | Infineon |
| ASML | Kone |
| BT | Phillips |
| Deutsche Telekom | Rolls-Royce |
| Ericsson | SAP |
| Hexagon | Vodafone |

## Share ownership

### Share ownership of the Board of Directors

As of December 31, 2017, the members of our Board held a total of 4 915 481 shares and ADSs in Nokia, which represented approximately 0.09% of our outstanding shares and total voting rights excluding shares held by Nokia Group.

The following table sets forth the number of shares and ADSs held by the members of the Board as of December 31, 2017:

| Name(1) | Shares(1) | ADSs(1) |
|---|---|---|
| Risto Siilasmaa | 1 313 205 | – |
| Olivier Piou | 265 583 | – |
| Bruce Brown | – | 113 130 |
| Jeanette Horan | 12 129 | – |
| Louis R. Hughes | 53 956 | – |
| Edward Kozel | 12 129 | 20 525 |
| Jean C. Monty | 2 778 647 | – |
| Elizabeth Nelson | – | 59 037 |
| Carla Smits-Nusteling | 26 050 | – |
| Kari Stadigh | 261 090 | – |

(1) The number of shares or ADSs includes shares and ADSs received as director compensation as well as shares and ADSs acquired through other means. Stock options or other equity awards that are deemed as being beneficially owned under the applicable SEC rules are not included. For the number of shares or ADSs received as director compensation, refer to Note 35, Related party transactions, of our consolidated financial statements included in this annual report.

### Share ownership of the Nokia Group Leadership Team

The following table sets forth the share ownership of the President and CEO, and the other members of the Group Leadership Team in office as of December 31, 2017. The share ownership of all members of the Group Leadership Team, including the President and CEO, was 2 569 891 Nokia shares, which represented 0.05% of the outstanding shares and total voting rights excluding shares held by Nokia Group as of December 31, 2017.

| Name | Position in 2017 | Beneficially owned shares number |
|---|---|---|
| Rajeev Suri | President and Chief Executive Officer | 1 366 994 |
| Federico Guillén | President of Fixed Networks | 24 761 |
| Basil Alwan | President of IP/Optical Networks | 176 716 |
| Bhaskar Gorti | President of Nokia Software | 25 417 |
| Igor Leprince | President of Global Services | 50 288 |
| Marc Rouanne | President of Mobile Networks | 239 362 |
| Gregory Lee | President of Nokia Technologies | – |
| Kristian Pullola | Chief Financial Officer | 126 156 |
| Joerg Erlemeier | Chief Operating Officer | 5 125 |
| Hans-Jürgen Bill | Chief Human Resources Officer | 150 853 |
| Kathrin Buvac | Chief Strategy Officer | 38 569 |
| Ashish Chowdhary | Chief Customer Operations Officer | 88 481 |
| Barry French | Chief Marketing Officer | 108 603 |
| Maria Varsellona | Chief Legal Officer | 149 613 |
| Marcus Weldon | Chief Technology Officer and President of Nokia Bell Labs | 18 953 |

### Stock-option ownership of the Nokia Group Leadership Team

The following table sets forth the aggregate stock option ownership of the Group Leadership Team in office as of December 31, 2017.

| Category | Number of stock options | Exercise price (EUR) | Expiration date |
|---|---|---|---|
| 2012 Q2 | 40 000 | 2.08 | December 27, 2018 |
| 2012 Q3 | 50 000 | 1.82 | December 27, 2018 |
| 2013 Q2 | 45 000 | 2.35 | December 27, 2019 |

### Unvested equity awards held by the Nokia Group Leadership Team

The following table sets forth the potential aggregate ownership interest through the holding of equity-based incentives of the Group Leadership Team in office, including the President and CEO, as of December 31, 2017:

| | Shares receivable through stock options | Shares receivable through performance shares at grant | Shares receivable through performance shares at maximum[(4)] | Shares receivable through restricted shares |
|---|---|---|---|---|
| Number of equity awards held by the Group Leadership Team[(1)] | 135 000 | 4 625 484 | 9 250 968 | 1 440 039 |
| % of the outstanding shares[(2)] | 0.002% | 0.08% | 0.16% | 0.02% |
| % of the total outstanding equity incentives (per instrument)[(3)] | 30.17% | 7.64% | 7.64% | 25.86% |

(1) Includes the 15 members of the Group Leadership Team in office as of December 31, 2017. The number of units held under awards made before June 30, 2016 was adjusted to reflect the impact of the special dividend paid in 2016.

(2) The percentages are calculated in relation to the outstanding number of shares and total voting rights of Nokia as of December 31, 2017, excluding shares held by Nokia Group. No member of the Group Leadership Team owns more than 1% of the outstanding Nokia shares.

(3) The percentages are calculated in relation to the total outstanding equity incentives per instrument. The number of units outstanding under awards made before June 30, 2016 reflects the impact of the special dividend paid in 2016.

(4) At maximum performance, under the performance share plans outstanding as of December 31, 2017, the payout would be 200% and the table reflects this potential maximum payout. The restriction period for the performance share plan 2015 and the performance period for the performance share plan 2016 ended on December 31, 2017 and Nokia's performance against the performance criteria set out in the plan rules, was above the threshold performance level for both plans. The settlement to the participants under the performance share 2015 plan took place in February 2018 and the settlement for the performance share 2016 plan is expected to take place in the beginning of 2019 after the restriction period ends.