

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, other than the President and CEO, for 2018. We report information applicable to executive compensation in accordance with Finnish regulatory requirements and with requirements set forth by the U.S. Securities and Exchange Commission.

Highlights

- While Q4 performance of the business was encouraging, 2018 was another challenging year and this is reflected in the annual bonus of the President and CEO, which paid out at 67% of target. While our revenue was down year-on-year we grew market share, however our operating profit performance and free cash flow were below expectation.
- For 2019, we have shifted the President and CEO's pay mix, to align more closely with European norms. As a result, the President and CEO's target total compensation for 2019 increased by 2%, with his base pay increasing by 24%, and his long-term incentive target for 2019 decreasing by 14%. This returns his compensation mix to approximately 80% of total compensation being dependent on the performance of the company.
- For 2019, driven by investor feedback and identification of metrics that better align with industry volatility, we have changed the long-term incentive policy and plan to be based on a three-year performance period.
- For 2018, the Board decided to implement a co-investment long-term incentive award for the President and CEO and the Group Leadership Team, driven by: the short-term challenges in the business; the incremental investments required to position Nokia for the coming 5G investment cycle and growth in software and enterprise businesses; and retention challenges from higher long-term incentive awards by peer technology companies in the United States. The President and CEO invested EUR 3 024 000 in Nokia shares and received a matching performance share long-term incentive award target of EUR 6 048 000. The final value of the match is subject to the performance of the company, and therefore aligned with shareholder value creation.

Word from the Chair of the Personnel Committee

Dear Fellow Shareholder,

Below we present our 2018 report on our compensation outcomes, and policy for 2019. As we move towards the Finnish implementation of the European Shareholder Rights Directive II (SRD), we reached out to nine of our largest shareholders, to consult with them on our policy and programs. We have made some policy changes for 2019 and we have integrated their feedback on disclosures in the way we have structured this year's report. We have also taken steps to prepare for the SRD driven disclosures we will need to make in the future.

Business context

- The outlook for Nokia's business remains positive given the: upcoming investment cycle in 5G, and our unique and differentiated end to end portfolio as operators invest in and update their networks across multiple domains; the progress made in the Nokia Software business; and the Nokia Enterprise business rapidly becoming a pillar of growth.
- While Q4 performance of the business was encouraging, 2018 was another challenging year for the business.
- Despite a 1-2% decline in our primary addressable market, revenue grew 1% in 2018 excluding the impact of changes in foreign currency exchange rates. We have continued to execute our rebalancing for growth strategy. Profit performance was however below target, driven by increased market R&D investment in 5G technology and competitive pressure. Cash performance was also below target driven primarily by the swap costs of legacy Alcatel Lucent products, and continued restructuring costs.
- In Q4 we re-organized and optimized the company structure to accelerate the strategy by sharpening customer focus, and driving focus and alignment around growing our four core businesses: Nokia Networks; Nokia Software, Nokia Enterprise and Nokia Technologies. We expect these changes will increase the probability of delivering the mid- and long-term targets that will drive the value creation our shareholders expect. The new structure became effective from January 1, 2019.
- The Personnel Committee is confident that our compensation policy supports the execution of the strategy.

Strategy and compensation

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.

Over the mid- to long-term, it is our intent to deliver revenue growth at a higher level than the growth of our primary addressable market, to deliver earnings growth based on revenue growth and improving operating performance, and to deliver cash growth to pay for a stable and growing annual dividend to our shareholders, as well as fund investments in the future growth of the business. To support this, the metrics in our short and long-term incentive plans focus on revenue, profit and cash flow.

Delivering sustainable value – Long-term incentive

Market share	Earnings per share	Free cash flow
Maintain and grow market share, positioning for the future	Efficient capital management and profitable growth	Ensuring the ability to invest and pay dividends

Delivering the next year's step in the strategic plan – Short-term incentive

Revenue	Operating profit	Free cash flow
Deliver annual plan revenues	Deliver annual plan profitability	Deliver planned annual free cash flow

Shareholder outreach

During 2018 we met with nine of our largest shareholders to hear their views on our compensation policies, programs and associated disclosures. Two strong themes stood out:

- further clarifying our disclosures, and
- increasing the performance period on performance shares to three years.

The 2019 long-term incentive plan will be based on performance over a three-year period. The Board believes the chosen metrics will incentivize the management to deliver the strategy and are aligned with shareholder value creation, and the Board is confident these metrics are a good match to the historic volatility of this market.

The disclosures in this report have been focused to simplify and to increase transparency of how we compensate our President and CEO and also the Group Leadership Team.

2018 compensation structure

Changes were made during 2018 to the compensation arrangements, in two main areas, to better align with our stated intent and to align senior managers interests further with those of our shareholders.

Amendment of the metrics on the long-term incentive plan in 2018

We changed the balance of the measures to three equally weighted metrics better aligned to our strategy:

- earnings per share
- free cash flow
- market share

We believe that these metrics best balance between operational performance and growing our market share in our primary addressable market, while ensuring we improve profitability, and improve our cash discipline to fund a stable and growing dividend as well as growth opportunities for the company. These performance metrics are also used for the 2019 performance share plan.

Co-investment arrangement for senior leaders

For 2018, the Board decided to implement a co-investment arrangement for the President and CEO and a targeted number of senior leaders, driven by:

- the short-term challenges in the business, balanced by the mid- and long-term opportunities to create shareholder value;
- the incremental investments required to position Nokia for the coming 5G investment cycle and growth in Nokia Software and Nokia Enterprise;

- ensuring we retain key talent in the face of higher long-term incentive awards by peer technology companies in the United States.

The co-investment arrangement allowed the targeted employees to invest their own money in Nokia shares (up to a limit), and for each share purchased, to receive two performance shares under the 2018 long-term incentive plan as a match. The final value of the match is subject to the performance of the company, and therefore very aligned with shareholder value creation. The program was designed to ensure managements' and shareholders interests are inextricably linked. The program was well received by the targeted group with an 88% participation rate. Final payout from this plan would be in 2021, subject to the performance of the company.

As mentioned above, the President and CEO invested EUR 3 024 000 in Nokia shares and received a matching performance share long-term incentive award target of EUR 6 048 000.

This program was only done in 2018, and not repeated in 2019. As mentioned above, it is a three-year program. Looking forward this arrangement will have a lower opportunity, but the Board will retain it as an option to ensure that the company has the ability to attract, retain and motivate the right talent to lead the company.

2018 remuneration outcomes

With over 80% of the President and CEO's compensation based on performance, his total compensation depends on delivery of results. For 2018, while revenue growth was strong, profit and cash flow performance were below expectations.

The President and CEO received a payout from his 2015 long-term incentive award. The 2015 long-term incentive vested on January 1, 2018 with 123.75% of the target award vesting based on achievement against the revenue and earnings per share targets during the performance period years of 2015 and 2016.

The President and CEO also received the second tranche of a special long-term incentive award granted in 2016 to incentivize the delivery of synergies from the Alcatel Lucent acquisition.

The President and CEO's base salary remained at EUR 1 050 000 in 2018, the third year in which his base salary has remained at that level.

While revenue growth was strong, profit and cash flow performance were below target which was reflected in the President and CEO's annual short-term incentive award for 2018 being below target at 67%, equivalent to EUR 873 862.

Share ownership requirement

The President and CEO is required to own three times his base salary in Nokia shares and currently exceeds this requirement significantly. Since November 2016, the President and CEO has purchased Nokia shares in the market worth EUR 5 000 000 in addition to retaining shares that have vested from long-term incentives.

Looking to 2019

Looking ahead to 2019 we have made further changes to the structure of the compensation arrangements for the President and CEO and also to the long-term incentive plan in which our senior leaders participate. We reviewed the peer group to ensure its relevance and Rolls-Royce and Hexagon were removed from the group while Atos, Cap Gemini and BAe Systems were added as high technology companies based in Europe with comparable scale and complexity.

Compensation continued

Key changes in variable compensation

- The long-term incentive performance will now be assessed over a three-year period (increase from two years previously).
- Performance metrics remain unchanged however we have rebalanced the weight of metrics in the short-term incentive with all financial metrics (revenue, operating profit and free cash flow) now equally weighted. The long-term incentive metrics remain unchanged with market share (in previous disclosures referred to as revenue relative to market), earnings per share and free cash flow equally weighted.
- Variable pay remains subject to clawback provisions.

Compensation of the President and CEO

The President and CEO invested EUR 3 024 000 in the co-investment arrangement launched in 2018 with a matching performance share award of EUR 6 048 000 at target value, the equivalent to EUR 2 016 000 per annum. To rebalance the mix of his compensation in 2019 toward a more European pay mix, the President and CEO has been awarded an increase in his base compensation offset by a reduction in his long-term incentive award. As a result, the President and CEO's target compensation for 2019 increased by 2%, with his base pay increasing by 24%, and his long-term incentive target for 2019 decreasing by 14%.

Long-term incentives

The 2019 long-term incentive will be based on performance over the life of the three-year plan, financial years 2019, 2020 and 2021. The metrics will continue to be market share, earnings per share and free cash flow, as described above.

The 2016 long-term incentive and performance share plan vested on January 1, 2019 with 46.25% of target award vesting based on the achievement against the revenue and earnings per share targets during the performance period of financial years 2016 and 2017.

The President and CEO will also receive the final tranche of a special long-term incentive award granted in 2016 to incentivize the delivery of synergies from the Alcatel Lucent acquisition.

Going forward

We will continue to work to ensure our compensation programs properly incentivize the management to deliver the strategy, and to ensure shareholder and management interests remain aligned. We will also continue to strive to increase transparency and understanding of our compensation plans and policies and share our analysis of their effectiveness. We continue to work to improve our disclosures and engagement and look forward to working with you, our shareholders, as we move toward a new era in Finland and Europe with the Shareholder Rights Directive II.

Bruce Brown, Chair of the Personnel Committee

Pay overview of the President and CEO

Element	Year ended 31 December 2019	Year ended 31 December 2018
Base salary	EUR 1 300 000	EUR 1 050 000
Short-term incentives⁽¹⁾	Target award: 125% of base salary Minimum 0% of base salary Maximum 281.25% of base salary Measures: <ul style="list-style-type: none"> ■ 80% Nokia scorecard <ul style="list-style-type: none"> – 1/3 revenue – 1/3 operating profit – 1/3 free cash flow ■ 20% Personal strategic objectives Achievement against measures is multiplied by the business results multiplier (operating profit), the overriding affordability measure.	Target award: 125% of base salary Minimum 0% of base salary Maximum 281.25% of base salary Measures: <ul style="list-style-type: none"> ■ 80% Nokia scorecard <ul style="list-style-type: none"> – 1/5 revenue – 2/5 operating profit – 2/5 free cash flow ■ 20% Personal strategic objectives Achievement against measures is multiplied by the business results multiplier (operating profit), the overriding affordability measure.
Long-term incentives (Performance Shares)⁽¹⁾	Target award: 200% of base salary EUR 2 600 000 Minimum payout 0% Maximum payout 200% Metrics: <ul style="list-style-type: none"> ■ Market share ■ Earnings per share ■ Free cash flow 	Target award: 288% of base salary EUR 3 024 000 Minimum payout 0% Maximum payout 200% Metrics: <ul style="list-style-type: none"> ■ Market share ■ Earnings per share ■ Free cash flow

Element	Year ended 31 December 2019	Year ended 31 December 2018
Co-investment arrangement		Matching performance share award of 2 times the shares purchased by the President and CEO under the arrangement in 2018. The President and CEO purchased EUR 3 024 000 of shares in May 2018 and was granted a matching award of EUR 6 048 000 of performance shares, payout subject to performance condition.
Pension	Contribution to the mandatory TyEL pension plan in Finland.	Contribution to the mandatory TyEL pension plan in Finland.
Benefits & mobility	Mobility related benefits, life and critical illness insurance and private medical insurance.	Mobility related benefits, life and critical illness insurance and private medical insurance.
Total Target Remuneration	EUR 7 541 000	EUR 7 402 000
Share ownership requirement	Target: 3 times base salary	Target: 3 times base salary

(1) Revenue, operating profit and earnings per share 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.

Remuneration Policy

In this section, we describe our remuneration policy for the President and CEO and the Board of Directors. This includes our considerations when determining the policy and operation of the policy. Below we also describe the principles of remunerating our Group Leadership Team, excluding the President and CEO.

While we are a Finnish company 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. We also take into account the performance of the company, and where appropriate the individuals when assessing any potential changes against market practices and conditions and the compensation paid to our employees more broadly.

The Board 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.

Revenue, operating profit and earnings per share measures referred to in the Remuneration Policy 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 as applicable.

The President and CEO

The table below summarizes the main components of the compensation for the President and CEO.

Element	Purpose	Operation	Opportunity
Base pay	Provide competitive base salary to attract and retain individual with the requisite level of knowledge, skills and experience to lead our businesses.	Base pay is normally reviewed annually taking into consideration a variety of factors, including, for example, the following: <ul style="list-style-type: none"> ■ performance of the company and the individual; ■ remuneration of our external comparator group; ■ changes in individual responsibilities; and ■ employee salary increases across Nokia and in the local market. 	Pay reviews are set within the context of employee increases and changes within the Nokia peer group. Changes reflect not only improving performance but also improving competence and skills as would be applied to any other employee in Nokia.
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 normally paid in cash. 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. Achievement is assessed at the end of the year. Short-term incentives are subject to the clawback policy (see below).	On target opportunity up to 125% of base salary with a range between 0% to 281.25% of base salary depending on performance.

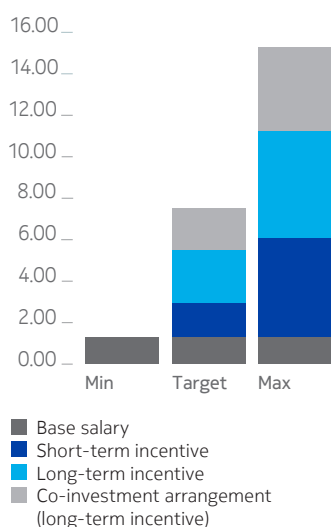
Compensation continued

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 normally made in performance shares and paid for performance against longer-term targets. Targets are set in the context of the Nokia long-term plans, analyst forecasts ensuring that they are considered both demanding and motivational. Long-term incentives are subject to the clawback policy (see below).	Target award level is 200% of base salary with a range of 0% and 200% of the target award (i.e. a maximum of 400% of base pay at face value) depending on performance. The Personnel Committee retains discretion to make awards up to twice that level in exceptional circumstances such as for example upon recruitment, significant change in responsibilities, significant strategic change or other similar events. The use of discretion would be explained at the time.
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.	The value will be the cost to the company.
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 dependents 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.
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). 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. No supplemental pension arrangements are provided in Finland.	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. The amount is disclosed in the Remuneration Report.

Illustration of the earning opportunity for the President and CEO

The illustration below shows the minimum, target and maximum earning opportunity for the President and CEO.

Earning opportunity of the President and CEO (EURm)



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.

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. Any offer would be expected to fit within the framework described above.

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. 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.

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".

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.

Board of Directors

The Board's Corporate Governance and Nomination Committee periodically reviews the remuneration for the Chair and members of the Board against companies of similar size and complexity to ensure Nokia is able to attract a suitably diverse and relevant mix of skills and experience in order to maximize the value creation for shareholders.

The Annual General Meeting resolves annually on the remuneration to the Chair and members of the Board. The Chair of the Board's remuneration was last changed in 2008. The Board members' annual fees were last changed in 2016 with the previous change in 2007. The structure of the current Board remuneration is laid in the table below.

Fees	Fees consist of annual fees and meeting fees. Approximately 40% of the annual fee is paid in Nokia shares purchased from the market on behalf of the Board members or alternatively delivered as treasury shares held by the Company. The balance is paid in cash, most of which is typically used to cover taxes arising from the paid remuneration. Meeting fees are paid in cash. Meeting fees are not paid to the Chair of the Board.
Incentives	Non-executive directors are not eligible to participate in any Nokia incentive plans 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.
Pensions	Non-executive directors do not participate in any Nokia benefit or pension plans.
Share ownership requirement	Members of the Board shall normally 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 (the net amount received after deducting those shares needed to offset any costs relating to the acquisition of the shares, including taxes).
Other	Directors are compensated for travel and accommodation expenses as well as other costs directly related to Board and Committee work. The compensation is paid in cash.

Remuneration for the term that began at the Annual General Meeting held on May 30, 2018 and ends at the close of the Annual General Meeting in 2019 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
Chair of Technology Committee	20 000
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.

Compensation continued

Remuneration Report

The Remuneration Report provides information on the remuneration of the President and CEO and the Board of Directors between January 1, 2018 and December 31, 2018. We also describe the remuneration to our Group Leadership Team, excluding the President and CEO, on aggregate level below. 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.

The President and CEO

The following table shows the remuneration received by the President and CEO in 2018 and 2017. The long-term incentive payments reflect actual payments in the respective years attributable to the vesting of the 2014 plan in 2017, the 2015 Nokia performance share plan in 2018 and a special long-term incentive related to delivery of synergies from the Alcatel Lucent acquisition which pays in three tranches, in 2017, 2018 and 2019.

EUR	2018	2017
Salary	1 050 000	1 050 000
Short-term incentive ⁽¹⁾	873 862	997 369
Long-term incentive	2 597 426	4 261 633
Other compensation ⁽²⁾	129 721	114 557
Total	4 651 009	6 423 559

(1) Short-term incentives represent amounts earned in respect of the financial year, but that are paid in April of the following year.

(2) Other compensation includes compensation for housing equaling EUR 45 890 (2017: EUR 44 463); travel assistance equaling EUR 35 454 (2017: EUR 22 628); Tax services equaling EUR 12 230 (2017: EUR 17 595) and other benefits including mobile phone, driver and supplemental medical and disability insurance equaling EUR 36 147 (2017: EUR 29 871).

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 2018, payments to the Finnish state pension system equalled EUR 312 607 (EUR 338 787 in 2017).

Short-term incentive

The 2018 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 above. Performance against these defined targets was then multiplied by a business results multiplier, which acts as a funding factor (based on operating profit) for the incentive plan for most employees, to determine the final payment.

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 2018, the short-term incentive of the President and CEO equaled EUR 873 862, or 66.57% of the target award, reflecting the over-delivery on revenue, but below target delivery of operating profit and free cash flow. Achievement by each element of the short-term incentive plan was as follows:

Metric	Weight	Target EURm	Achievement
Revenue	20%	21 952	123.35%
Operating profit	20%	2 288	76.72%
Free cash flow	40%	230	24.34%

Long-term incentive

In 2018, the President and CEO's 2015 performance share award vested at 123.75% of the target award valued at EUR 2 255 161. This was based on performance of financial years 2015 and 2016.

In 2016, the President and CEO was granted a 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 second of which was in 2018 and worth EUR 342 265.

For 2018, the Board decided to implement a co-investment long-term incentive award for the President and CEO and a targeted number of senior leaders, to further increase alignment of management's and shareholders' interests and to maximize long-term shareholder value creation, driven by:

- the short-term challenges in the business, balanced by the mid- and long-term opportunities to create shareholder value;
- the incremental investments required to position Nokia for the coming 5G investment cycle and growth in Nokia Software and Nokia Enterprise; and
- ensuring we retain key talent in the face of higher long-term incentive awards by peer technology companies in the United States.

Under the co-investment arrangement, the participants were offered a matching award of two 2018 Performance Shares for each Nokia share that they purchase voluntarily with their own funds from the open market, with the payout of the Performance Shares subject to the performance of the company. For each participant, the arrangement was offered in addition to their normal annual long-term incentive award, and the maximum investment value corresponded to their normal annual long-term incentive award set by the company. The related purchases of shares by the President and CEO were executed in May 2018 and the shares purchased under the arrangement must be held until January 1, 2021 in order for the matching performance share award to vest.

The President and CEO invested EUR 3 024 000 to purchase 575 309 Nokia shares under the co-investment arrangement in May 2018.

In 2018, the President and CEO was awarded the following equity awards under the Nokia equity program:

Performance share awards ⁽¹⁾	Units awarded	Grant date fair value (EUR)	Grant date	Vesting date
Awarded as regular performance share award	677 600	2 975 477	July 4, 2018	January 1, 2021
Awarded as matching performance share award under the co-investment agreement	1 150 618	5 052 594	July 4, 2018	January 1, 2021

(1) The 2018 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 the President and CEO. 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 ⁽¹⁾ (EUR)
Beneficially owned shares as of December 31, 2018	2 473 450	12 441 454
Vested shares under the 2016 performance share plan delivered on February 12, 2019 ⁽²⁾	263 071	1 323 247
Unvested shares under outstanding Nokia equity plans ⁽³⁾	2 000 584	10 062 938
Total	4 737 105	23 827 639

(1) The values are based on the closing price of a Nokia share of EUR 5.03 on Nasdaq Helsinki on December 28, 2018.

(2) The value of the shares at delivery was based on fair market value of a Nokia share of EUR 5.45 on Nasdaq Helsinki on February 12, 2019 giving a total value delivered of EUR 1 433 737. The number of shares delivered reflects 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, 2018 including the payout factor of the 2017 performance share plan and excluding the 2016 performance share plan that vested on January 1, 2019.

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.

Compensation continued

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.

Board of Directors

In 2018, the aggregate amount of compensation paid to the members of the Board for their services on the Board and its committees equaled EUR 2 203 000.

The Annual General Meeting held on May 30, 2018 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 2019: Bruce Brown, Jeanette Horan, Louis R. Hughes, Edward Kozel, Elizabeth Nelson, Olivier Piou, Risto Siilasmaa, Carla Smits-Nusteling and Kari Stadigh. Sari Baldauf was elected as a new member 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 2018 to the members of the Board for their services, as resolved by the shareholders. The table does not include the meeting fees as resolved by the Annual General Meeting in 2018 since those fees for the ongoing term will be paid in 2019. For details of Nokia shares held by the members of the Board, refer to "Corporate Governance Statement—Share ownership of the Board of Directors" above.

	Annual fee (EUR)	Meeting fees (EUR)	Total remuneration paid (EUR)	Number of shares Approximately 40% of the annual fee
Risto Siilasmaa, Board Chair	440 000	–	440 000	34 749
Olivier Piou, Board Vice Chair	185 000	11 000	196 000	14 610
Sari Baldauf	160 000	–	160 000	12 636
Bruce Brown	190 000	24 000	214 000	15 005
Jeanette Horan	175 000	20 000	195 000	13 820
Louis R. Hughes	175 000	24 000	199 000	13 820
Edward Kozel	195 000	22 000	217 000	15 400
Jean C. Monty	–	14 000	14 000	–
Elizabeth Nelson	175 000	17 000	192 000	13 820
Carla Smits-Nusteling	190 000	16 000	206 000	15 005
Kari Stadigh	160 000	10 000	170 000	12 636
Total			2 203 000	161 501

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.

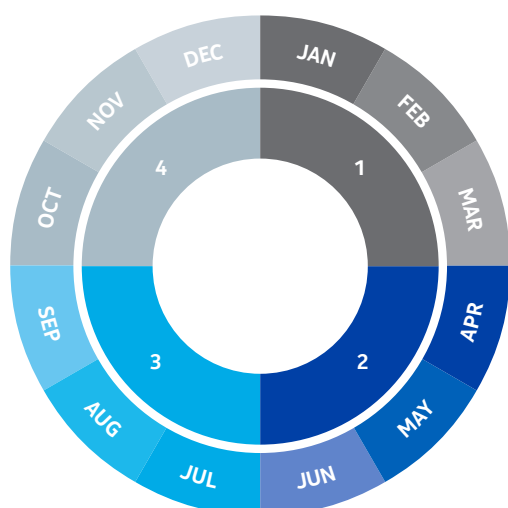
- In respect of the other members of the Group Leadership Team (other than the President and CEO) and the direct reports to the President and CEO in Vice President-level positions and above, the Committee:
 - reviews and approves the goals and objectives relevant to the compensation, upon recommendation 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.
- 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.

Compensation continued

Work of the Personnel Committee

The Personnel Committee convened six times during 2018 with a general theme for each meeting. In addition to meetings in person, the Committee held five meetings in writing.



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

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.

January:

- 2017 achievement review and short-term incentive plan payment approvals including review of the performance of the President and CEO
- Budget approval for the 2018 Nokia equity program and performance review for the 2016 performance share plan
- Review of the Group Leadership Team succession planning

March:

- Share ownership policy compliance review
- Review of the 2017 Remuneration Statement and Report
- Group Leadership Team compensation reviews

July:

- Review of:
- The EU Shareholder Rights Directive II
 - Shareholder outreach feedback

Advisors

The Personnel Committee engaged Willis Towers Watson, 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.

October:

- Compensation strategy and philosophy review
- Talent overview
- Review of Alcatel Lucent 2014 performance share plan
- Update on:
 - market and legal environment; and
 - adviser market practices

November:

- Review of:
 - framework for the short-term incentive program for 2019;
 - framework for the long-term incentive program for 2019; and
 - the Remuneration Statement and Report for 2018
- Risk review

Nokia Group Leadership Team remuneration

At the end of 2018, the Group Leadership Team consisted of 14 persons split between Finland, other European countries and the United States. Changes to the Group Leadership Team as of January 1, 2019 are described in the Corporate Governance Statement above.

Name	Position in 2018	Appointment date
Rajeev Suri	President and CEO	May 1, 2014
Basil Alwan	Co-president of IP/Optical Networks	January 8, 2016
Hans-Jürgen Bill	Chief Human Resources Officer	January 8, 2016
Kathrin Buvac ⁽¹⁾	Chief Strategy Officer	January 8, 2016
Ashish Chowdhary ⁽²⁾	Chief Customer Operations Officer	January 8, 2016
Joerg Erlemeier	Chief Operating Officer	December 11, 2017
Barry French	Chief Marketing Officer	January 8, 2016
Sanjay Goel	President of Global Services	April 1, 2018
Bhaskar Gorti	President of Nokia Software	January 8, 2016
Federico Guillén	President of Fixed Networks	January 8, 2016
Kristian Pullola	Chief Financial Officer	January 1, 2017
Sri Reddy	Co-president of IP/Optical Networks	May 15, 2018
Maria Varsellona ⁽³⁾	President of Nokia Technologies and Chief Legal Officer	January 8, 2016
Marcus Weldon	Chief Technology Officer and President of Bell Labs	April 1, 2017

(1) Kathrin Buvac was nominated President of Nokia Enterprise from January 1, 2019, in addition to her existing role as Chief Strategy Officer.

(2) Ashish Chowdhary was a member of the Group Leadership Team until December 31, 2018.

(3) Maria Varsellona was nominated President of Nokia Technologies from May 31, 2018, in addition to her existing role as Chief Legal Officer.

The following persons stepped down from the Group Leadership Team during 2018.

Name	Position in 2018	Appointment date	Leaving date
Gregory Lee	President of Nokia Technologies	June 30, 2017	May 31, 2018
Igor Leprince	President of Global Services	April 1, 2017	March 31, 2018
Marc Rouanne	President of Mobile Networks	January 8, 2016	November 22, 2018

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.

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 and will take 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 2018 there were no change of control agreements in place for the Group Leadership Team members.

Compensation continued

Remuneration of the Group Leadership Team in 2018

Remuneration of the Group Leadership Team (excluding the President and CEO) in 2018 and 2017, in the aggregate, was as follows:

	2018 EURm ⁽¹⁾	2017 EURm ⁽¹⁾
Salary, short-term incentives and other compensation ⁽²⁾	20.5	20.3
Long-term incentives ⁽³⁾	3.6	7.0
Total	24.1	27.3

(1) The values represent each member's time on the Group Leadership Team.

(2) Short-term incentives represent amounts earned in respect of 2018 performance. Other compensation includes mobility related payments, local benefits and pension costs.

(3) The amounts represent the value of equity awards vesting or stock options exercised.

The members of the Group Leadership Team (excluding the President and CEO) purchased a total of 1 088 623 Nokia shares under the co-investment arrangement in May and August 2018. Consequently, these Group Leadership Team members were awarded the following equity awards under the Nokia equity program in 2018:

Award	Units awarded ⁽¹⁾	Grant date fair value (EUR)	Grant date	Vesting date
Awarded as regular performance share award ⁽²⁾	1 531 500	6 725 123	July 4, 2018	January 1, 2021
Awarded as matching performance share award under the co-investment arrangement ⁽²⁾	2 177 246	9 549 131	July 4, 2018 and October 3, 2018	January 1, 2021
Restricted shares ⁽³⁾	363 700	1 594 825	July 4, 2018	October 1, 2019, 2020 and 2021

(1) Includes units awarded to persons who were Group Leadership Team members during 2018.

(2) The 2018 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.

(3) No restricted shares were issued to the Group Leadership Team members in Europe, the award was made to a U.S. based executive in common with local practice.

Unvested equity awards held by the Nokia Group Leadership Team, including the President and CEO

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, 2018:

	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⁾		8 294 556	16 589 112	734 042
% of the outstanding shares ⁽²⁾	–	0.15%	0.30%	0.01%
% of the total outstanding equity incentives (per instrument) ⁽³⁾	–	11.37%	11.37%	20.49%

(1) Includes the 14 members of the Group Leadership Team in office as of December 31, 2018. 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, 2018, 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, 2018, the payout would be 200% and the table reflects this potential maximum payout. The restriction period for the performance share plan 2016 and the performance period for the performance share plan 2017 ended on December 31, 2018 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 2016 plan took place in February 2019 and the settlement for the performance share 2017 plan is expected to take place in the beginning of 2020 after the restriction period ends.

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 were based on a mix of revenue, operating profit and cash flow as well as personal targets. 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 2018 represent the challenging business environment in which Nokia has been operating with median payout at 67% of target.

Long-term incentives

We annually review of compensation against key metrics such as total shareholder return and share price to validate the effectiveness of our equity plans.

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 vested 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).

The 2017 performance share plan will vest on January 1, 2020 with 28.9% of the target award vesting based on the achievement against the revenue and earnings per share targets during the performance period (financial years 2017 and 2018).

Pay for performance

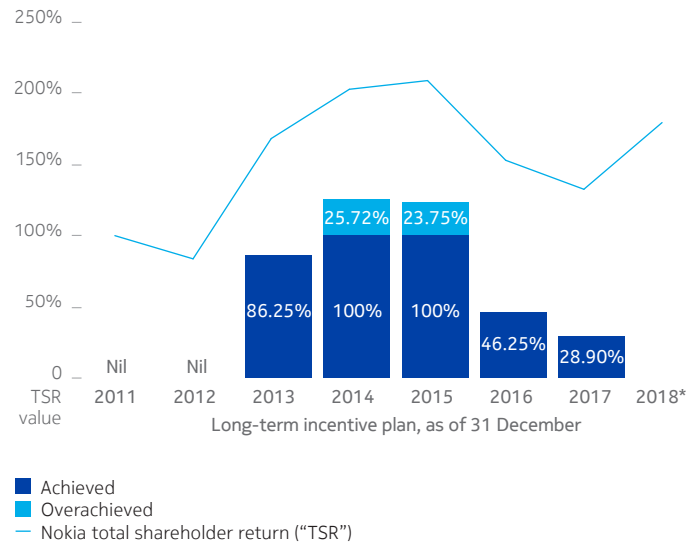
Core to our compensation philosophy is a desire to pay for performance.

Each year we review overall total shareholder return is compared to long-term incentive payouts mapping the performance of the plans against the total shareholder return curve.

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

Following the change in the performance metrics in the 2018 long-term incentive plan to better fit with the needs of the business, the Board continues to actively monitor the performance of our long-term incentive plans to ensure that they deliver value for shareholders.

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



* Performance period not yet completed.

Compensation continued

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	Deutsche Telekom
ASML	Ericsson
Airbus	Infineon
Atos	Kone
BAe Systems	Phillips
BT	SAP
Cap Gemini	Vodafone

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	From 2019, a three-year performance period based on financial targets. Prior to 2019 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 period	Three years	Conditions may be applied before grant of the award	n/a

Performance share plan

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.

Under the 2019 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: earnings per share, free cash flow and market share (formerly called revenue relative to market). Market share is measured by comparing Nokia's revenue in constant currency to our defined primary addressable market. Data on the primary addressable market is obtained externally. The criteria excludes 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 2019 performance share plan has a three-year performance period (2019-2021). 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 2019 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 2019 will not receive any settlement.

Under the 2019 plan approved by the Board the company has authority to award up to 37 million performance shares during the year which could result in an aggregate maximum settlement of 74 million Nokia shares in the event of maximum performance being 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 2019 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.

Under the 2019 plan approved by the Board the company has authority to award up to 2.5 million restricted shares during the year, which could result in a maximum settlement of 2.5 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 2019 "Share in Success", eligible employees can elect to make monthly contributions from their salary to purchase Nokia shares. The aggregate maximum amount of contributions that employees can make during the plan cycle commencing in 2019 is approximately EUR 60 million. The contribution per employee cannot exceed EUR 2 100 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 72 countries for the plan cycle commencing in 2019.

Legacy equity programs**Stock Options**

Nokia does not have any stock option plans and there are no more outstanding stock options under the earlier Nokia stock option plans.

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.

Authorizations and resolutions of the Board concerning remuneration**Valid authorizations**

The Annual General Meeting held on May 30, 2018 resolved to authorize the Board to resolve to issue a maximum of 550 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 30, 2019 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 May 23, 2017. 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, 2019, the Board approved the Nokia equity program for 2019 and the issuance, without consideration, of a maximum of 7.5 million Nokia shares held by the company to settle its commitments to Nokia's equity plan participants during 2019.