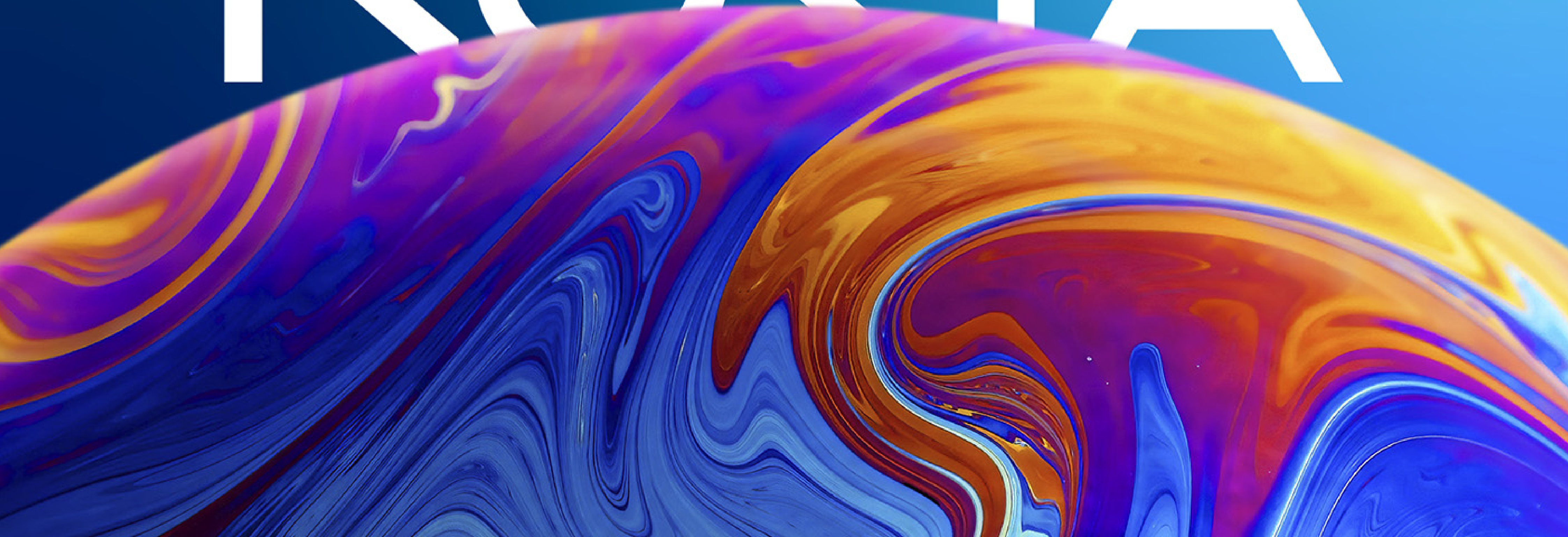
Nokia in 2023



Remuneration

This section sets out our remuneration governance, policies and how they have been implemented within Nokia. It includes our Remuneration Report where we disclose the remuneration of our Board members and the President and CEO for 2023, which will be presented to the Annual General Meeting (AGM) 2024 for an advisory vote.

Our updated Remuneration Policy will also be presented to the AGM 2024 for an advisory vote. A summary of the updated Remuneration Policy is set out in this section and the full Policy is available on our website.

Other remuneration-related information provided alongside the Remuneration Report and the Remuneration Policy is not subject to a vote at the AGM 2024 but provides added information on the remuneration policies applied within Nokia as well as on the remuneration of the Group Leadership Team members.

We report information applicable to executive remuneration in accordance with Finnish regulatory requirements and with requirements set by the US Securities and Exchange Commission that are applicable to us.

Highlights

- Despite the challenging market environment in 2023, Nokia delivered a resilient financial performance, we made progress on our strategy, and continued to create world-leading technology.
- As reported last year, at the beginning of 2023, the President and CEO, Pekka Lundmark, received a base salary increase of 3.5% in recognition of his performance. During 2023, in line with the Company's cost control efforts, Pekka Lundmark requested that his salary increase of 3.5% be cancelled as of 1 July 2023. His base salary for the second half of 2023 remained unchanged since his appointment in 2020.
- Our President and CEO, Pekka Lundmark's 2023 Short-term Incentive (STI) was subject to a scorecard of Nokia Economic Profit, gender diversity, carbon emission reduction (Scope 1, 2 and 3) and personal strategic objectives. Following the year end, performance was assessed against the predetermined targets and resulted in an overall STI payout of 65.30% of target opportunity for Pekka Lundmark. Further details on the targets and performance assessment and outcomes are provided in the Remuneration Report.
- The Long-term Incentive (LTI) awards (performance shares) granted to Pekka Lundmark and other GLT members in 2020 vested at 39.5% of target following the end of the 3-year performance period, as a result of the dividend adjusted share price achievement of €3.21. Further details of the target and performance assessment are set out in the Remuneration Report.
- The Personnel Committee reviewed our Remuneration Policy ("Policy") during 2023 in preparation for our second "Say on Pay" shareholder vote at the 2024 AGM. A minor amendment is proposed to the LTI leaver provision under the Policy to further align with market practice. A few other presentational changes are also proposed to the Policy to provide enhanced disclosure for greater transparency, taking account of the feedback received from our shareholders.
- Reflecting the input from our shareholders, we are also making some changes to the performance metrics for our 2024 LTI and STI. The 2024 metrics for the LTI (performance shares) plan for Pekka Lundmark and the rest of the GLT will be subject to a scorecard of 50% relative TSR, 40% cumulative reported Earnings Per Share (EPS) (adjusted for impairments and M&A) and 10% carbon emission reduction (Scope 1, 2 and 3).
- To bring greater focus on our profitability and cash position as well as other important ESG topics such as health and safety, the 2024 metrics for the STI plan for Pekka Lundmark will be subject to a new scorecard of 60% operating profit, 20% Cash Release, 10% health and safety and 10% diversity.
- Pekka Lundmark will receive a salary increase of 8.5% in 2024, to bring his total target remuneration closer to the market level, although remaining below median of our Global Peer Group.

Remuneration Report 2023

Word from the Chair of the Personnel Committee of the Board

Dear Fellow Shareholder,
I am delighted to present the first Remuneration Report since my appointment as the Chair of the Personnel Committee of the Nokia Board.

Our remuneration philosophy
At the core of Nokia's philosophy lie three principles:
- pay for performance and aligning the interests of employees with shareholders;
- ensuring that remuneration programs and policies support the delivery of the corporate strategy and create long-term sustainable shareholder value; and
- ensuring that executive remuneration reflects the contribution to achieving our ESG targets which support long-term shareholder value creation.

Business context
2023 saw a meaningful shift in customer spending which impacted our industry, with more caution due to the macroeconomic environment, high interest rates and customers working down elevated inventories accumulated during the pandemic-related supply chain crisis. This industry-wide shift has led to our net sales declining over the full year. However, due to proactive actions we took across our organization, we were able to protect our profitability while continuing to invest in R&D. Despite all the challenges faced during the year, we maintained a strong cash position in 2023 and the Board proposed an increase in the dividend from EUR 12 cents to 13 cents and initiated a new share buyback program to return up to EUR 600 million to our shareholders over the next two years.

Shareholder support and the updated Remuneration Policy
The Policy that applied for the 2020-2023 period was approved by shareholders at the 2020 AGM with 86.37% of votes cast in favor. The Board's implementation of that Policy also received strong support at the AGMs in 2021, 2022 and 2023, with over 90% votes in favor in all three years.

We have monitored developments in shareholder and voting agency guidance on remuneration and conducted a thorough review of the Policy during 2023. The review concluded that the overall remuneration structure continues to be suitable for Nokia and is aligned to our strategic goals. Where amendments have been proposed to the Policy, these are intended to further align our arrangements with market practice and to provide greater transparency to help shareholders understand our arrangements and practices. We consulted with our largest shareholders and several other key stakeholders on some proposed amendments to the Policy.

The shareholders we engaged with were generally supportive of the proposed amendments and made a few helpful and constructive suggestions for the Committee to consider. The feedback was taken into account as the proposed Policy was finalized.

Remuneration of the President and CEO – base salary and incentive opportunities
As reported last year, Pekka Lundmark received a salary increase of 3.5% in January 2023 as a result of Nokia's continued growth and strong business performance. However, in July 2023, he asked to reverse the salary increase taking into consideration the Company's cost control efforts, the macroeconomic context, the fact that our GLT requested a salary freeze for 2023 and the wider employee experience. His base salary for the second half of 2023 remained unchanged since his appointment in 2020. There was no increase to Pekka Lundmark's STI and LTI opportunities during 2023.

Pekka Lundmark's total target remuneration has remained below the median of our Global Peer Group since his appointment, as a result of the restrained approach the Personnel Committee and the Board have continued to take on executive remuneration, taking account of the current financial pressures being felt by shareholders and our employees. However, considering the Company's resilient performance under Pekka Lundmark's leadership despite the industry-wide challenges we faced during 2023, the Committee and the Board recognize that Pekka Lundmark's current remuneration is not at a competitive level, either relative to others in less senior roles in the Company or relative to other CEOs in our Global Peer Group. This situation is not sustainable in the long term. The Board decided to increase Pekka Lundmark's base salary by 8.5% in 2024. His 2024 STI and LTI opportunities will remain unchanged. As a result, his total target remuneration in 2024 will remain below the median of our Global Peer Group. Our employees globally have received salary increases of approximately 14 percentage points during the past three years.

STI performance and outcomes for 2023
Pekka Lundmark's 2023 STI was subject to a scorecard of 70% Nokia Economic Profit, 10% gender diversity, 5% carbon emission reduction (Scope 1 and 2), 5% carbon emission reduction (Scope 3) and 10% personal strategic objectives.

Nokia Economic Profit was determined based on the comparable operating profit less the cost of normalized core net working capital (i.e. net receivables, inventories and trade creditors). The 2023 Economic Profit outcome of €854m was below the threshold set at the beginning of the year for Pekka Lundmark's 2023 STI. This outcome was largely as a result of the 5G patent cross-license agreements negotiation with OPPO and vivo that continued into early 2024. Since 2021, Nokia has been involved in legal disputes with OPPO and vivo over patent payments in several countries in Europe and Asia.

Remuneration continued

While there have been intense negotiations between the relevant parties, the Company prioritized protecting the value of its patent portfolio over achieving certain timelines for resolution. In January and February 2024, we announced the conclusion of the patent cross-license agreements with OPPO and vivo, respectively. Under the agreements, OPPO and vivo will make royalty payments, along with catch-up payments to cover the periods of non-payment. The agreements resolve all pending patent litigation between the parties, in all jurisdictions. The Personnel Committee and the Board recognized that although both agreements were signed in early 2024 instead of 2023, the outcomes were in the best interest of the Company and our shareholders. Therefore, to fairly reflect the significant effort and achievements of Pekka Lundmark and our GLT, the Board decided it would be appropriate to reflect the value created from signing both agreements in the Nokia Economic Profit outcome for 2023 STI purposes, which would result in an above threshold payout under this element for Pekka Lundmark. However, taking account of the current financial pressure we are under and our restrained approach to executive remuneration as a matter of principle, it was decided that a one-third discount should be applied to the EP outcome which resulted in a payout of 37% of target under this element for Pekka Lundmark.

Our 2023 diversity objective was based on the female percentage of our global external hires. We delivered a full year outcome of 27.9% of female external hiring against a target of 28%, which resulted in 90% of the target payout under this element for Pekka Lundmark. Our absolute Scope 1 and 2 carbon emission for 2023 was 195 897 tCO_2e against a target of 221 652 tCO_2e, which resulted in the maximum payout of 225% of target under this element. Our Scope 3 carbon emission targets were based on a number of emission improvement actions reflecting the key milestones of our Net Zero Roadmap. During 2023, we achieved 83.03% of the targets under this element. The Personnel Committee and the Board carried out a detailed assessment of Pekka Lundmark's personal strategic objectives achievement following the year end and determined a 150% of target payout under this element. The personal strategic objectives and the assessment are set out in the Remuneration Report. As a result, a total of 65.30% of target STI was payable to Pekka Lundmark in respect of 2023 performance.

LTI performance and outcomes for 2020–2023

The 2020 LTI (performance shares) was subject to the predetermined dividend adjusted share price targets and a three-year performance period which ended in October 2023. Based on the dividend adjusted share price outcome of €3.21, the award vested at 39.5% of target for Pekka Lundmark and other GLT members who received the grant in 2020.

Pekka Lundmark also received a grant under our eLTI co-investment arrangement in August 2020, under which he purchased €2.6 million in Nokia shares and received two-for-one matching shares in return. The matching shares were also subject to dividend adjusted share price targets with a three-year performance period, which ended in August 2023. The threshold share price was not met. Therefore, his matching shares under the 2020 eLTI lapsed in full.

STI and LTI performance conditions for 2024

During 2023, the Committee also undertook a review of the performance metrics used for our LTI and STI and decided to make a number of changes for 2024 to ensure our incentive plans continue to support the business strategy and growth over the next three years. Our 2024 incentive plans for the President and CEO and the rest of the GLT will follow the structure set out below.

Delivering the next year's step in the strategic plan – STI	
Operating Profit 60%	Cash Release 20%
Continued focus on profitability	Achieve a strong cash position
Health & safety 10% – Lost Time Injury Frequency Rate (with a fatality modifier)	Diversity 10%
Deliver on our focus on the continued health and safety of our employees	Deliver on our commitment to become a more diverse employer

Delivering sustainable value – LTI
50% relative TSR, 40% cumulative reported EPS (adjusted for impairments and M&A), 10% carbon emission reduction (Scope 1, 2 and 3)
A more rounded and balanced approach reflecting performance over the long term in growing the business and in delivering shareholder value whilst working towards our 2030 goal of 50% carbon emission reduction

Taking account of the shareholder feedback received as well as market practice, the absolute TSR metric in the LTI will be replaced by cumulative reported EPS (adjusted for impairments and M&A) in 2024. The Scope 1, 2 and 3 carbon emission reduction targets will also be introduced to the 2024 LTI. We are one of the very few companies in the market to include Scope 3 targets in incentive plans. This demonstrates our commitment to deliver our long-term emission reduction goal and to be a market leader in addressing climate change.

Our other ESG-related focus and commitment is reflected in the introduction of the health and safety metric with a fatality modifier and the continued use of the diversity metric in our 2024 STI. The change of financial metric for the 2024 STI from Economic Profit to Operating Profit and Cash Release supports our short-term strategic priority on delivering profit and maintaining a strong cash position. Based on feedback received from our shareholders, they are also considered more transparent metrics than Economic Profit.

Share ownership requirement

Our President and CEO is required to hold Nokia shares equivalent to three times his annual base salary. Pekka Lundmark currently maintains a total shareholding which significantly exceeds the requirement. This demonstrates his commitment to and alignment with Nokia's long-term success and our shareholder interests.

Conclusions

Remuneration outcomes for 2023 reflect our resilient performance despite the challenges during the year and demonstrate our remuneration philosophy of pay for performance. The proposed Remuneration Policy amendments build on what has proved to be a successful remuneration strategy over the years. I thank shareholders who assisted the Committee in the consultation process, and very much welcome their constructive feedback and support for the proposals. I look forward to your continued support at our 2024 AGM.

Thomas Dannenfeldt,
Chair of the Personnel Committee

Remuneration continued

Introduction

This Remuneration Report of Nokia Corporation (the Report) has been approved by the Company's Board of Directors (the Board) to be presented to the Annual General Meeting 2024. The resolution of the Annual General Meeting on the Report is advisory. The Report presents the remuneration of the Board members and the President and CEO for the financial year 2023 in accordance with the Finnish Decree of the Ministry of Finance 608/2019 and the Finnish Corporate Governance Code of 2020, as well as other applicable Finnish laws and regulations. The members of the Board and the President and CEO have been remunerated in accordance with our approved Remuneration Policy during the financial year 2023. No temporary or other deviations from the Policy have been made and no clawback provisions have been exercised during the financial year 2023.

In 2023, our remuneration structure promoted the Company's long-term financial success by setting the performance criteria for short- and long-term incentives to support the Company's short- and long-term goals, as well as through shareholding requirements set for the President and CEO, the GLT and the Board members. Aligned with Nokia's pay-for-performance remuneration principle, performance-based remuneration was emphasized over fixed base salary. The setting and application of the performance criteria for incentive programs executed the philosophy of pay-for-performance and supported the delivery of the corporate strategy as well as the creation of long-term sustainable shareholder value.

The table on the right compares the development of the remuneration of our Board of Directors, President and CEO, average employee pay and Company performance over a five-year period.

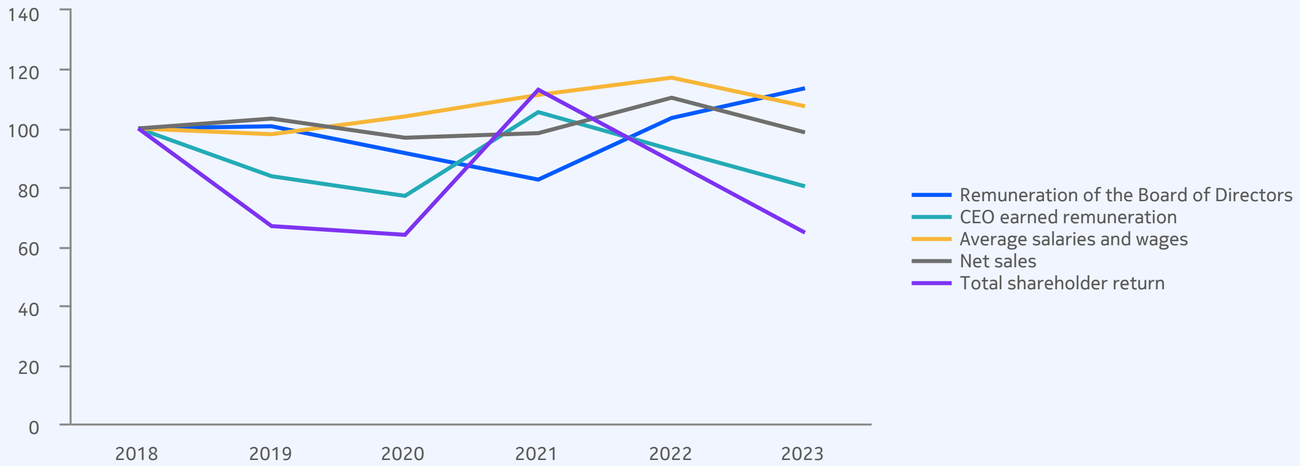
The pay-for-performance remuneration principle applied to the President and CEO, as well as the shareholding requirement of the President and CEO and the Board members, as applicable, contribute to an alignment of interests with shareholders, while also promoting and incentivizing decisions that are in the long-term interest of the Company.

Year	Aggregate remuneration of the Board of Directors (EUR)[1]	President and CEO actual remuneration (EUR)[2]	Average salaries and wages (EUR)[3]	Net sales (EURm)	Total shareholder return (rebased to 100 at 31 Dec 2018)[4]
2019	2 219 000	3 897 625	61 980	23 315	66.90
2020	2 016 000	3 587 781	65 787	21 852	63.95
2021	1 821 000	4 908 244	70 411	22 202	113.13
2022	2 280 000	4 316 606	74 100	24 911	88.94
2023	2 503 000	3 738 560	69 074	22 258	64.68

(1) Aggregate total remuneration paid to the members of the Board during the financial year as annual fee and meeting fee, as applicable, and as approved by general meetings of shareholders. The value depends on the number of members elected to the Board for each term as well as on the composition of the Board committees and travel required. During the term that began from the Annual General Meeting 2021, the Board had eight members only, compared to ten members during the following terms.
(2) The President and CEO actual remuneration represents the aggregate total of the two CEOs in 2020.
(3) Average salaries and wages are based on average employee numbers and their total salaries and wages as reported in the Company's financial statements.
(4) Total shareholder return on last trading day of the previous year.

We also present this data graphically:

Comparative data (rebased year-end 2018 = 100)



Remuneration continued

Remuneration of the Board of Directors

The shareholders resolve annually on director remuneration based on a proposal made by the Board of Directors on the recommendation of the Board's Corporate Governance and Nomination Committee.

The aggregate amount of remuneration paid to Board members in 2023 equaled EUR 2 503 000 of which EUR 2 370 000 consisted of annual fees and the rest of meeting fees. In accordance with the resolution by the Annual General Meeting 2023, approximately 40% of the annual fee from Board and Board Committee work was paid in Nokia shares purchased from the market on behalf of the Board members following the Annual General Meeting.

The directors shall retain until the end of their directorship such number of shares that corresponds to the number of shares they have received as Board remuneration during their first three years of service on the Board.

The rest of the annual fee was paid in cash, most of which was used to cover taxes arising from the remuneration. All meeting fees were paid in cash.

It is the Company's policy that the non-executive members of the Board do not participate in any of Nokia's equity programs and do not receive performance shares, restricted shares, or any other variable remuneration for their duties as Board members. No such variable remuneration was paid since all persons acting as Board members during the financial year 2023 were non-executive.

Board remuneration for the term that began at the Annual General Meeting held on 4 April 2023 and ends at the close of the Annual General Meeting in 2024 consisted of the following fees.

Annual fee	EUR
Chair	440 000
Vice Chair	210 000
Member	185 000
Chair of Audit Committee	30 000
Member of Audit Committee	15 000
Chair of Personnel Committee	30 000
Member of Personnel Committee	15 000
Chair of Technology Committee	20 000
Member of Technology Committee	10 000
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.

The following table outlines the total annual remuneration paid in 2023 to the members of the Board for their services, as resolved by the shareholders at the Annual General Meeting.

	Annual fees (EUR)	Meeting fees (EUR)[(1)]	Total remuneration paid (EUR)	60% of annual fees and all meeting fees paid in cash (EUR)	40% of annual fees paid in shares (EUR)	Number of shares (approximately 40% of the annual fee)
Sari Baldauf (Chair)	465 000	10 000	475 000	289 000	186 000	47 427
Søren Skou (Vice Chair)	225 000	14 000	239 000	149 000	90 000	22 948
Timo Ahopelto	210 000	10 000	220 000	136 000	84 000	21 418
Bruce Brown (until 4 April 2023)[(2)]	—	5 000	5 000	5 000	—	—
Elizabeth Crain	215 000	15 000	230 000	144 000	86 000	21 928
Thomas Dannenfeldt	230 000	9 000	239 000	147 000	92 000	23 458
Lisa Hook	200 000	17 000	217 000	137 000	80 000	20 399
Jeanette Horan	210 000	10 000	220 000	136 000	84 000	21 418
Edward Kozel (until 4 April 2023)[(2)]	—	5 000	5 000	5 000	—	—
Thomas Saueressig	195 000	14 000	209 000	131 000	78 000	19 889
Carla Smits-Nusteling	215 000	14 000	229 000	143 000	86 000	21 928
Kai Öistämö	205 000	10 000	215 000	133 000	82 000	20 908
Total	**2 370 000**	**133 000**	**2 503 000**	**1 555 000**	**948 000**	**241 721**

(1) Meeting fees include all meeting fees paid for the term that ended at the Annual General Meeting held on 4 April 2023 and meeting fees accrued and paid in 2023 for the term that began at the same meeting.
(2) Stepped down at the Annual General Meeting on 4 April 2023 and received only one meeting fee in 2023.

Remuneration continued

Remuneration of the President and CEO

The following table shows the actual remuneration received by Pekka Lundmark in 2023 and 2022. The LTI figures relate to the vesting of the final tranche of the restricted share award granted to him on joining Nokia in respect of forfeited shares from his previous employer and the vesting of the 2020 LTI performance shares.

EUR	2023	Pay mix[1]	2022	Pay mix[1]
Salary	1 322 750	36%	1 300 000	31%
Short-term incentive[2]	1 079 695	30%	2 342 438	56%
Long-term incentive	1 240 359	34%	560 318	13%
Other compensation[3]	95 756		113 850	
Total	**3 738 560**		**4 316 606**	

(1) Pay mix reflects the proportions of base salary, STI and LTI of total remuneration, excluding other remuneration.
(2) STI represents the amounts earned in respect of financial year 2023, but that are paid in April 2024.
(3) Other remuneration includes benefits such as telephone, car, driver, tax compliance support, and medical insurance.

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 2023, payments to the Finnish state pension system equalled EUR 422 274 for Pekka Lundmark in respect of his service as President and CEO (EUR 475 384 for Pekka Lundmark in 2022). No supplementary pension arrangements were offered.

2023 Short-term Incentive of the President and CEO

Targets for the STI 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 Executive Team. Targets are determined for a set of strategic metrics that align with driving sustainable value for shareholders and are set in the context of market expectations and analyst consensus forecasts. For 2023, Pekka Lundmark had a target STI opportunity of 125% of annual base salary. His 2023 STI framework was based on a scorecard of financial, strategic and ESG objectives. Achievement against the 2023 targets was as follows:

Metric	Weight	Target	STI outcome (% of target)
Economic Profit[1]	70%	EUR 1 851 million	37%
Diversity	10%	Female percentage of global external hires of 28%	90%
Carbon emission reduction Scope 1&2	5%	221 652 tCO_2e	225%
Carbon emission reduction Scope 3	5%	■ Finalize Nokia's Net Zero Roadmap and transition plan ■ Achieve each business group's committed roadmap milestones towards higher energy-efficient products and services	83.03%
Personal strategic objectives	10%	■ Define the 2030 technology and business vision ■ Develop alternative value creation strategies beyond the 3-year long-range plan	150%
Total STI outcome	**100%**		**65.30%**

(1) Non-IFRS measure. For the definition and reconciliation of non-IFRS measures to the most directly comparable IFRS measures, refer to the "Alternative performance measures" section. Nokia Economic Profit was determined based on the comparable operating profit less the cost of normalized core net working capital, which was measured excluding the impact from the sale of receivables.

Accordingly, the total 2023 STI payout for Pekka Lundmark as the President and CEO was EUR 1 079 695.

Remuneration continued

Long-term Incentive awards granted to the President and CEO during 2023

In 2023, Pekka Lundmark was granted the following LTI (performance share) awards.

Targets for our LTI performance shares are set in a similar context to the STI. The performance share targets are set at the start of the performance period and locked in for the life of the plan. The performance condition for the 2023 performance shares is based on two-thirds absolute TSR and one-third relative TSR against our global peer group[1] over the three-year performance period from 2023 to 2026. The targets for both metrics and the performance and vesting outcomes will be disclosed in the 2026 Remuneration Report.

Performance share awards granted during the year[2]	Units granted	Grant date face value (EUR)[3]	Grant date	Vesting
2023 LTI performance shares	635 700	2 434 731	6 July 2023	Q3 2026

(1) Global peer group consisted of 27 companies (see details under the "Global peer group" section).
(2) The maximum vesting is 200% if stretch performance targets are met. Vesting is also subject to continued employment.
(3) Grant date face value was calculated using the closing price of €3.83 on the date of grant.

Long-term Incentive awards and other equity awards vested for the President and CEO during 2023

The final tranche of Pekka Lundmark's 2020 restricted share award, made to him on joining Nokia to compensate for the forfeited awards from his previous employer, vested on 1 October 2023 as set out in the table below.

Restricted share awards vested during the year	Units granted	Target	Achievement	Units vested	Value of vested award[1] (EUR)
2020 Restricted Share award final tranche (3/3)	117 467	N/A	N/A	117 467	380 590

(1) The vesting value was calculated using the closing share price of €3.24 on 21 November 2023, the day before the share delivery date.

The 2020 LTI performance share award granted to Pekka Lundmark in November 2020 had a three-year performance period and was subject to dividend adjusted share price targets over the performance period. This award vested on 1 November 2023 as set out in the table below.

LTI performance shares vested during the year	Units granted	Target share price (EUR)	Share price achievement (EUR)	Vesting outcome (% of target)	Units vested	Value of vested award[1] (EUR)
2020 LTI performance shares	671 800	3.67	3.21	39.5 %	265 361	859 770

(1) The vesting value was calculated using the closing share price of €3.24 on 21 November 2023, the day before the share delivery date.

Pekka Lundmark also received an eLTI grant in 2020, under which he invested €2.6 million in Nokia shares and received two-for-one matching shares in return. The matching shares were subject to dividend adjusted share price targets over a three-year performance period. However, as the threshold share price was not achieved, the matching shares lapsed in full on 1 August 2023.

eLTI matching performance shares vested during the year	Units granted	Target share price (EUR)	Share price achievement (EUR)	Vesting outcome (% of target)	Units vested
2020 eLTI matching performance shares	1 390 894	5.35	3.72	0.00	0

Remuneration continued

The President and CEO's share ownership and unvested share awards

Our share ownership policy requires that the President and CEO holds a minimum of three times his or her annual base salary in Nokia shares in order to ensure alignment with shareholder interests over the long term. Pekka Lundmark significantly exceeds this requirement with a holding of 346%, well within the five-year allotted period.

Pekka Lundmark	Units	Value[1] (EUR)
Beneficially owned shares at 31 December 2023	1 473 060	4 495 779
Unvested shares under outstanding Nokia equity plans[2]	2 910 980	8 884 310
Total	**4 384 040**	**13 380 089**

(1) The values are based on the closing price of a Nokia share of EUR 3.052 on Nasdaq Helsinki on 29 December 2023.
(2) The number of units represents the number of unvested awards as of 31 December 2023.

The President and CEO's termination provisions 2023

Termination by	Reason	Notice	Compensation
Nokia	Cause	None	The President and CEO is entitled to no additional remuneration and all unvested equity awards would be forfeited after termination.
Nokia	Reasons other than cause	Up to 12 months	The President and CEO is entitled to a severance payment equaling up to 12 months' remuneration (including annual base salary, benefits, and target short-term incentive) and unvested equity awards would be forfeited after termination.
President and CEO	Any reason	12 months	The President and CEO may terminate his service agreement at any time with 12 months' 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 after termination.
President and CEO	Nokia's material breach of the service agreement	Up to 12 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 12 months' remuneration (including annual base salary, benefits and target incentive). Any unvested equity awards would be forfeited after termination.

The President and CEO is subject to a 12-month non-competition and non-solicit 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.

Remuneration continued

Remuneration Policy

Nokia Corporation's Remuneration Policy, which applies to the governing bodies of the Company, i.e. the Board of Directors and the President and CEO, was approved by shareholders at the Annual General Meeting 2020 receiving 86.37% of votes in favor. During 2023, the Board's Personnel Committee carried out a review of the Remuneration Policy and concluded the Policy remains suitable for Nokia's business strategy. Therefore, only minor changes are proposed to the Policy alongside some presentational changes to further align our arrangements with market practice and to provide greater transparency on our disclosure. This section sets out the updated Policy, which will be submitted to the Annual General Meeting 2024 to be adopted through an advisory vote.

The updated Policy would apply to remuneration in respect of the four-year period from 2024 to 2027, unless presented to the General Meeting at an earlier date with proposed changes.

The updated Remuneration Policy for the Board of Directors

In accordance with the Remuneration Policy, 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. The objective of the Corporate Governance and Nomination Committee is to enable Nokia to compete for top-of-class Board competence to maximize value creation for its shareholders. The Committee's aim is that the Company has an efficient Board composed of international professionals representing a diverse and relevant mix of skills, experience, background and other personal qualities in line with the diversity principles established by the Board. Competitive Board remuneration contributes to the achievement of this target.

The main structure of the Board remuneration as outlined in the Remuneration Policy is set out 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.
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 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 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).
Other	Directors are compensated for travel and accommodation expenses as well as other costs directly related to Board and Committee work. These are paid in cash.

Proposals of the Board of Directors to the Annual General Meeting 2024 were published on 25 January 2024. The Corporate Governance and Nomination Committee has resolved to recommend to the Board that the annual fees of Board members would remain at an unchanged level. Consequently, the Board proposes to the Annual General Meeting 2024 that the annual fees payable for a term ending at the close of the next Annual General Meeting be as follows:

- EUR 440 000 for the Chair of the Board;
- EUR 210 000 for the Vice Chair of the Board;
- EUR 185 000 for each member of the Board;
- EUR 30 000 each for the Chairs of the Audit Committee and the Personnel Committee and EUR 20 000 for the Chair of the Technology Committee as an additional annual fee;
- EUR 15 000 for each member of the Audit Committee and Personnel Committee and EUR 10 000 for each member of the Technology Committee as an additional annual fee.

The Board has resolved to establish a Strategy Committee to support the management in terms of strategy work and to act as a preparatory body for the Board. Consequently, on the recommendation of the Corporate Governance and Nomination Committee, the Board also proposes that:

- EUR 20 000 be paid for the Chair of the Strategy Committee and EUR 10 000 be paid for each member of the Strategy Committee as an additional annual fee for the Committee's first term commencing from the Annual General Meeting and ending at the close of the next Annual General Meeting.

In addition, the Board of Directors proposes that the meeting fees for Board and Committee meetings remain at the current level. The meeting fees are based on potential travel required between the Board member's home location and the location of a meeting and are paid for a maximum of seven meetings per term as follows:

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

Only one meeting fee is paid if the travel covered by the fee includes several meetings of the Board and its Committees. The Board also proposes that members of the Board shall be compensated for travel and accommodation expenses as well as other costs directly related to Board and Board Committee work.

Remuneration continued

The updated Remuneration Policy for the President and CEO

Remuneration element	Purpose and link to strategy	Operation including maximum opportunity	Performance conditions
Base salary	To attract and retain individuals with the requisite level of knowledge, skills and experience to lead our businesses	Base salary is normally reviewed annually taking into consideration a variety of factors, including but not limited to, performance of the Company and the individual, remuneration of our external peer group, changes in individual responsibilities and employee salary increases.	Whilst there are no performance targets attached to the payment of base salary, performance is considered as context in the annual salary review.
Pension	To provide retirement benefit aligned with local country practice	Pension arrangements reflect the relevant market practice and may evolve year on year. The President and CEO may participate in the applicable pension programs available to other executives in the country of employment. The current President and CEO participates in the Finnish statutory Employee's Pension Act (TyEL); there is no supplementary pension plan. The retirement age is the statutory retirement age in Finland.	N/A
Benefits	To provide a competitive level of benefits and to support recruitment and retention	Benefits will be provided in line with local market practice in the country of employment and may evolve year on year. Benefits may include, for example, a company car (or cash equivalent), risk benefits (for example life and disability insurance) and employer contributions to insurance plans (for example medical insurance). Additional benefits and allowances may be offered in certain circumstances such as relocation support, expatriate allowances, and temporary living and transportation expenses aligned with Nokia's mobility policy.	N/A
Short-term incentive (STI)	To incentivize and reward performance against delivery of the annual business plan	STI is based on performance against one-year financial and non-financial targets and normally paid in cash. Minimum payout is 0% of base salary. Target opportunity is 125% of base salary. Maximum opportunity is 281.25% of base salary. The Company Clawback Policies apply.	Performance measures, weightings and targets for the selected measures are set at the start of the year annually by the Board of Directors to ensure they continue to support Nokia's short-term business strategy. These measures can vary from year to year to reflect business priorities and may include a balance of financial, key operational and non-financial measures. Although the performance measures and weighting may differ year on year reflecting the business priorities, in any given year, a minimum of 60% of measures will be based on financial criteria. Performance metrics and weightings are disclosed retrospectively in the annual Remuneration Report.
Long-term incentive (LTI) – performance share award	To reward for delivery of sustainable long-term performance, align the President and CEO's interests with those of shareholders and aid retention	Long-term incentive awards may be made annually in shares, vesting normally after three years dependent on the achievement of stretching performance conditions measured over a three-year period. Target award level is 200% of base salary at the date of grant, with maximum vesting of 400% of base salary. The Company Clawback Policies apply.	Performance measures, weightings and targets for the selected measures are set by the Board of Directors to ensure they continue to support Nokia's long-term business strategy and financial success. Targets are set in the context of Nokia's long-term plans and analyst forecasts, ensuring that they are considered both achievable and sufficiently stretching. The Committee may choose different measures and weightings each year based on the business plan and these will consist of at least 60% financial measures and/or share price-related measures. Performance metrics and weightings are disclosed retrospectively in the annual Remuneration Report.

Remuneration continued

Remuneration element	Purpose and link to strategy	Operation including maximum opportunity	Performance conditions
Enhanced LTI (eLTI) – co-investment arrangement	To further align the President and CEO's interests with Nokia's long-term success and shareholder interests	To further align the President and CEO's interests with Nokia's long-term success and shareholder interests eLTI is only granted in exceptional circumstances. The President and CEO may be invited, at the discretion of the Board, to purchase investment shares of up to 200% of base salary, and in return, receive two matching shares for every one investment share purchased. The matching shares are delivered in the form of performance shares, typically subject to the same performance conditions as for the LTI performance share award, with a three-year performance and vesting period. The minimum vesting of the matching shares is 0% of base salary and maximum vesting is two times grant level. The Company Clawback Policies apply.	The performance metrics, targets and weightings for the matching shares are typically the same as those for LTI performance shares granted in the same year.
Shareholding requirement	To align the President and CEO's interests with shareholder interests and ensure any decisions made are in the long-term interest of the Company	The President and CEO is required to build and maintain a shareholding equivalent to 300% of base salary, to be achieved normally within five years of appointment.	N/A

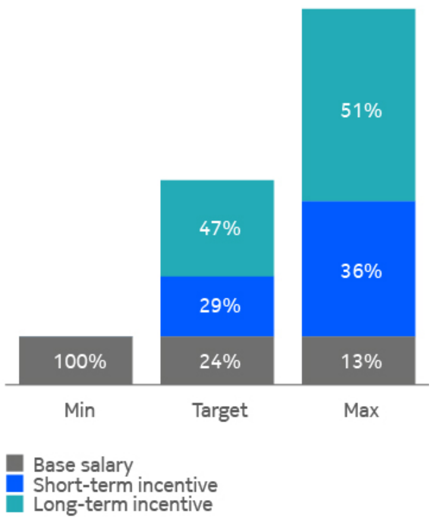
Remuneration continued

Pay mix and remuneration scenarios for the President and CEO

The chart below illustrates how the proportion of the President and CEO's remuneration package varies at the minimum, target and maximum levels of performance. A significant proportion of remuneration is linked to performance, especially at stretch performance levels. Actual pay mix is influenced by the extent to which the performance targets set for the STI and LTI are achieved and may vary from the scenarios below.

The long-term incentive vesting outcomes in the chart below ignore share price movement from grant to vest. The eLTI is not included in this analysis as it is not an annual award and is only granted in exceptional circumstances. The vesting outcome of the matching performance shares under the eLTI would be dependent, besides the performance, on the value of the investment, which could range from 0% to 200% of base salary for the President and CEO. The minimum and maximum vesting levels for the matching performance shares are provided in the above summary table of the remuneration elements.

President and CEO pay mix scenarios



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 or her annual base salary in Nokia shares and is given a period of five years from appointment to achieve the required level of share ownership.

Clawback Policies

The Company Clawback Policies apply to the President and CEO's incentive plans. The Executive Clawback Policy is applied in the case of any erroneously awarded remuneration due to restatement in the Company's financial statements with a three-year look back period, resulting in the recoupment of excess amounts previously paid based on numbers which have since been materially restated.

Additionally, the Board of Directors may, in its sole discretion, apply the Nokia Incentive Compensation Clawback Policy in circumstances such as reputational damage, gross misconduct and willful breach of internal control procedure.

Remuneration on recruitment

Our policy on recruitment is to offer a remuneration package that is sufficient to attract, retain and motivate the individual with the right skills for the required role.

On occasion, we may offer buy-out awards to compensate for a candidate's forfeited awards on leaving a previous employer. Such buy-out awards would, where possible, reflect the nature of the forfeited awards in terms of delivery mechanism, time horizons, attributed expected value and performance conditions.

Termination provisions

In the event of a termination of employment, any payable remuneration is determined in line with legal advice regarding local legislation, country policies, contractual obligations and the rules of the applicable incentive and benefit plans. Payment in lieu of notice will not typically exceed the value of 12 months' remuneration (including base salary, benefits, STI and pension contribution, if applicable). The treatment of equity incentive awards may depend on the circumstances of the departure. In the event of death, permanent disability or retirement, unvested awards are normally allowed to be retained. These awards will vest either on departure or at normal vesting date, subject to performance (if applicable) and time proration, unless the Board of Directors determines otherwise. Current termination provisions of the President and CEO's service agreement are described in the Remuneration Report.

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

Remuneration continued

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 related to their own remuneration, and that there is appropriate oversight of any remuneration decision. Remuneration of the Board is annually presented to shareholders for approval at the Annual General Meeting.

The Board submits its proposal to the Annual General Meeting on the recommendation of the Board's Corporate Governance and Nomination Committee, which actively considers and evaluates the appropriate level and structure of directors' remuneration. Shareholders also authorize the Board to resolve to issue shares, for example to settle Nokia'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 remuneration of the President and CEO, upon recommendation of the Personnel Committee.

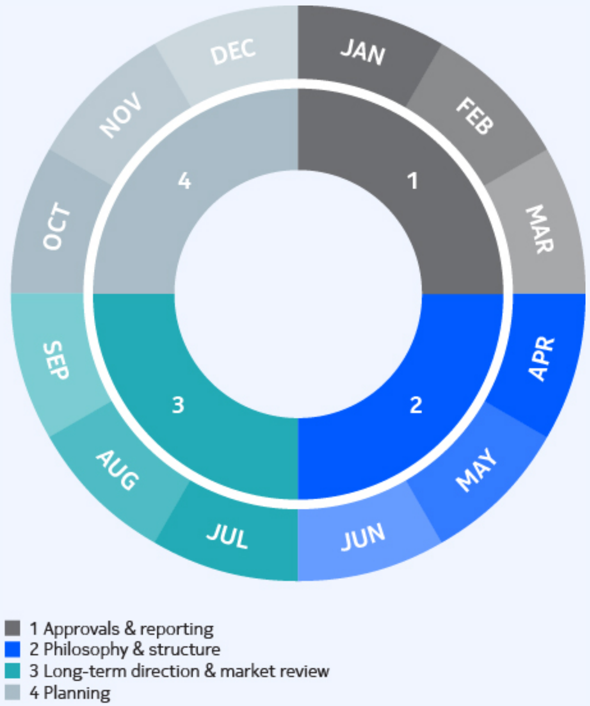
The Personnel Committee consults regularly with the President and CEO and the Chief People Officer. The President and CEO has an active role in the remuneration governance and performance management processes for the GLT and the wider employee population at Nokia. However, the President and CEO or the Chief Personnel Officer are not present when their own remuneration is reviewed or discussed. This enables the Personnel Committee to be mindful of employee pay and conditions across the broader employee population.

The Committee has the power, in its sole discretion, to retain remuneration consultants to assist the Personnel Committee in evaluating executive remuneration. During 2023, the Personnel Committee engaged Willis Towers Watson, an independent external consultant, to assist in the review and determination of executive remuneration and program design, as well as to provide insight into market trends and regulatory developments.

The Personnel Committee Chair regularly engages with shareholders to discuss their views on our remuneration policies, programs and associated disclosures and reflects on their feedback. These insights are taken account of in the Committee's and Board's decision-making process for executive remuneration.

Work of the Personnel Committee

The Personnel Committee convened five times during 2023 with a general theme for each meeting.



January

- 2022 STI performance outcome
- 2023 STI and LTI metrics and target setting
- President and CEO remuneration review
- Equity plan vesting and granting during 2023
- Remuneration Report for 2022

May

- LTI design for 2024–2026
- Equity plan status
- 2023 Annual General Meeting season review
- GLT remuneration review
- Culture update
- GLT succession approach
- The SEC's regulation on clawback

July

- Remuneration Policy review
- Nokia Executive Clawback Policy review
- LTI design for 2024–2026
- Market practice update
- People risks including physical safety review

September

- Nokia Incentive Compensation Clawback Policy review
- LTI design for 2024–2026
- Analytics and demographics
- Remuneration Policy 2024 including the shareholder consultation process

November

- LTI and Share in Success Plan Rules renewal for 2024–2026 and 2024 incentive metrics
- 2024 equity plan budget and allocation
- Proxy agency and shareholder feedback
- Planning of Remuneration Report for 2023
- GLT Succession planning
- Executive shareholding assessment
- Personnel Committee charter review

Remuneration continued

Remuneration of the Nokia Group Leadership Team in 2023

The remuneration of the members of the GLT (excluding the President and CEO) consists of base salary, other benefits, and short- and long-term incentives. 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: Economic Profit, diversity, carbon emission reduction and defined strategic objectives.

Executives in the GLT are subject to the same remuneration policy framework as the President and CEO. This includes being subject to the Clawback Policies and shareholding requirements. The shareholding requirement for members of the GLT is two times their annual base salary, built within a period of five years of their appointment.

At the end of 2023, the Group Leadership Team consisted of 11 persons split between Finland, other European countries, Singapore and the United States. For information regarding the current Group Leadership Team composition, refer to the Corporate Governance Statement.

Name	Position in 2023	Appointment date
Pekka Lundmark	President and CEO	1 August 2020
Nishant Batra	Chief Strategy and Technology Officer	18 January 2021
Ricky Corker	Chief Customer Experience Officer	1 January 2019
Federico Guillén	President of Network Infrastructure	8 January 2016
Amy Hanlon-Rodemich	Chief People Officer	24 October 2022
Jenni Lukander	President of Nokia Technologies	1 August 2019
Esa Niinimäki	Chief Legal Officer	25 January 2023
Raghav Sahgal	President of Cloud and Network Services	1 June 2020
Melissa Schoeb	Chief Corporate Affairs Officer	12 April 2021
Tommi Uitto	President of Mobile Networks	31 January 2019
Marco Wirén	Chief Financial Officer	1 September 2020

Remuneration of the Group Leadership Team members in 2023

Remuneration of the Group Leadership Team (excluding the President and CEO) in 2022 and 2023, in the aggregate, was as follows:

EURm[1]	2023	2022
Salary, short-term incentives and other compensation[2]	10.8	13.6
Long-term incentives[3]	2.5	7.0
Total	**13.3**	**20.6**

(1) The values represent each member's time on the Group Leadership Team.
(2) Short-term incentives represent amounts earned in respect of 2023 performance. Other compensation includes mobility-related payments, local benefits and pension costs.
(3) The amounts represent the equity awards that vested in 2023 and 2022.

The members of the Group Leadership Team (excluding the President and CEO) were awarded the following equity awards under the Nokia equity program in 2023:

Award	Units awarded[1]	Grant date fair value (EUR)	Grant date	Vesting
Performance share award[2]	1 858 500	7 118 055	6 July 2023	Q3 2026
Restricted share award[3]	1 454 000	4 376 540	15 December 2023	Q4 2024, Q4 2025

(1) Includes units awarded to persons who were Group Leadership Team members during 2023.
(2) The 2023 performance shares have a three-year performance period based on absolute total shareholder return. The maximum payout is 200% subject to maximum performance against the performance criteria. Vesting is subject to continued employment.
(3) Vesting of each tranche of the restricted share awards is conditional on continued employment.

Remuneration continued

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

The following table sets forth the potential aggregate ownership interest through the holding of equity-based long-term incentives of the Group Leadership Team in office, including the President and CEO, at 31 December 2023:

	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]	9 556 958	19 113 916	1 454 000
% of the outstanding shares[2]	0.17%	0.35%	0.03%
% of the total outstanding equity incentives (per instrument)[3]	22.19%	23.26%	1.55%

(1) Includes the 11 members of the Group Leadership Team in office at 31 December 2023.
(2) The percentages are calculated in relation to the outstanding number of shares and total voting rights of Nokia at 31 December 2023, excluding shares held by the 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.
(4) At maximum performance, under the performance share plans outstanding at 31 December 2023, the payout would be 200% and the table reflects this potential maximum payout.

Employee Share Purchase Plan

All eligible Nokia employees, including the President and CEO and our GLT members can participate in the Employee Share Purchase Plan, by making contributions from their monthly net salaries (up to a cap) to purchase Nokia shares at market value. Participants will receive one matching share for every two purchased shares they still hold at the end of the applicable annual plan cycle. Until the matching shares are delivered, the participants have no shareholder rights, such as voting or dividend rights associated with the matching shares.

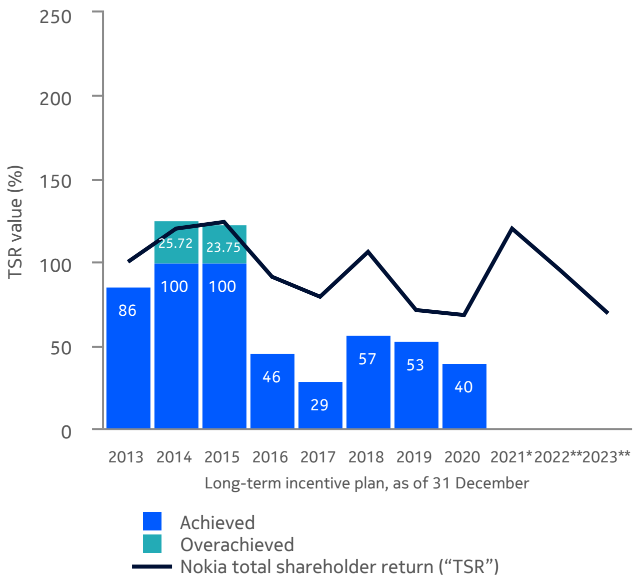
Remuneration continued

Pay for performance

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

Each year we review overall total shareholder return compared with LTI vesting, mapping the performance of the plans against the total shareholder return curve.

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



* 2021 LTI's performance period ended in Jan 2024. The vesting outcome of this award will be reported in the 2024 Remuneration Report.
** 2022 and 2023 LTIs' performance periods not yet completed.

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.

The Board continues to actively monitor the performance of our long-term incentive plans to ensure that they deliver value for shareholders.

Global peer group

The global peer group used in our remuneration benchmarking and relative TSR performance assessment consists of 27 companies.

ABB	IBM
Adobe	Infineon Technologies
Airbus	Juniper Networks
ASML	Kone
Atos	Motorola Solutions
BAE Systems	NXP Semiconductors
Capgemini	Oracle
Ciena	Philips
Cisco Systems	SAP
Corning	Siemens Healthineers
Dell Technologies	VMware
Ericsson	Vodafone Group
Hewlett Packard Enterprise	Wärtsilä
HP	