NOKIA

PROPOSAL BY THE CORPORATE GOVERNANCE AND NOMINATION COMMITTEE FOR REMUNERATION TO THE BOARD OF DIRECTORS

In determining the proposed Board remuneration, the objective of the Board's Corporate Governance and Nomination Committee is for Nokia to be able to compete for the top-of-the-class Board competence in order to maximize the value creation for the shareholders. Therefore, it is the practice of the Board's Corporate Governance and Nomination Committee to review and compare the total remuneration levels and their criteria paid in other global companies with net sales, geographical coverage and complexity of business comparable to that of Nokia's. Following the completion of the combination with Alcatel Lucent, Nokia's presence in North America has increased significantly, which emphasizes the need to ensure that the Company can recruit best-in-class directors from the region. Based on director compensation statistics, Nokia's current Board remuneration is not competitive against the levels paid by companies based in North America. The remuneration increase proposed below is not meant to raise the Board remuneration to North American levels, but rather, it is meant to partially bridge the gap between the current remuneration level and the North American level.

Thus, the Committee proposes to the Annual General Meeting that the annual fee payable to the Board members elected at the same meeting for a term until the close of the Annual General Meeting in 2017 be increased to the following levels:

- EUR 185 000 for the Vice Chair of the Board of Directors (currently EUR 150 000);
- EUR 160 000 for each member of the Board of Directors (currently EUR 130 000);
- EUR 30 000 for the Chair of the Audit Committee and the Chair of the Personnel Committee as an additional annual fee (currently EUR 25 000); and
- EUR 15 000 for each member of the Audit Committee as an additional annual fee (currently EUR 10 000).

The Committee further proposes to the Annual General Meeting that the annual fee payable to the Chair of the Board is not increased and it remains at current level:

- EUR 440 000 for the Chair of the Board of Directors.

In addition, the Committee proposes that a meeting fee for Board and Committee meetings be paid to all the other Board members except the Chair of the Board based on travel required between the Board member's home location and the location of a meeting. Only one meeting fee would be payable in the usual case of multiple Board and Committee meetings per eligible travel. The meeting fee would be paid for a maximum of seven meetings per term and be structured as follows:

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

Combined, the annual fee and the meeting fee would partially bridge the competitive gap between Nokia's Board remuneration and comparable North American remuneration levels. The Committee's aim is to ensure that the Company has an efficient Board of international professionals representing a diverse and relevant mix of skills and experience. Competitive Board remuneration contributes to the achievement of this target.

In determining the proposed remuneration, the Committee also considered, among other things, the fact that the remuneration to the members of the Board of Directors has remained unchanged since 2007 and to the Chair since 2008. Further, the Committee considered the significant transformation Nokia is undergoing as a consequence of the combination with Alcatel Lucent, and the workload and commitment required from the Board as a result of such transformation. The Committee asked for an independent expert's benchmarking and view to ensure that the proposed remuneration levels are competitive, fair and aligned with the shareholders' interests. The independent opinion on director compensation levels will be made available on the Nokia's website.

It is the Company's policy that the non-executive members of the Board do not participate in any of the Company's equity programs and do not receive performance shares, restricted shares or any other equity based or otherwise variable compensation for their duties as Board members.

A guiding principle of the Committee's proposal is to align the interests of the directors with those of the shareholders by remunerating directors primarily with Nokia shares. Therefore, the Committee proposes that, in line with the Company's Corporate Governance Guidelines, approximately 40 per cent of the annual fee be paid in Nokia shares either purchased from the market or alternatively by using treasury shares held by the Company. The directors shall retain until the end of their directorship such number of shares that corresponds to the number of shares they have received as Board remuneration during their first three years of service in the Board (the net amount received after deducting those shares needed to offset any costs relating to the acquisition of the shares, including taxes). The shares shall be purchased from the market on behalf of the directors, or if the Company's treasury shares are used, transferred to the directors, as soon as practicable after the Annual General Meeting. The rest of the annual fee would be payable in cash, most of which is typically used to cover taxes arising from the remuneration. Also the meeting fee would be paid in cash.

April 21, 2016

Board of Directors, Corporate Governance and Nomination Committee