

The remuneration policy of Nokian Tyres describes the remuneration of the Board of Directors and the President and CEO, and the considerations of determining the policy and operation of the policy. The Remuneration Policy was presented to and adopted by an advisory resolution in the 2020 Annual General Meeting and shall be applied until the 2024 Annual General Meeting, unless a revised policy is presented to the general meeting before that. [Nokian Tyres Remuneration Policy can be found here](#).

Nokian Tyres Remuneration Report 2023 describes the implementation of the Remuneration Policy of Nokian Tyres and will be presented to the Annual General Meeting 2024 for an advisory resolution. [Nokian Tyres Remuneration Report 2023 can be found here](#).

This section provides general information on the principles for the remuneration of the Board of Directors, Managing Director, and more detailed information of the remuneration the rest of the Management Team, including paid salaries and rewards during financial year 2023.

Decision-making mechanism for remuneration

Each year, the Annual General Meeting decides on the remuneration payable to the Board members based on a proposal drawn up by the Nokian Tyres Shareholders' Nomination Board. The Board of Directors decides of the President and CEO as well as the rest of the Group Management Team on the salary, benefits, and short and long-term incentives. The People and Sustainability Committee prepares the above-mentioned matters for the Board to decide on, while using external experts when necessary.

General principles for remuneration

Remuneration of the President and CEO

The Board of Directors decides on the salary, incentives and other benefits of the President and CEO. The remuneration consists of a base salary, fringe benefits, short-term incentive based on annually defined performance criteria and the share-based long-term incentive plans. The total fixed annual salary (incl. holiday compensation) for President and CEO, Jukka Moisio, has been set at EUR 817,614. The on-target level for the short-term incentive has been set at 50% and the maximum level at 100% of annual base pay. The value of the performance-based LTI payout is capped at the maximum level of 250% of the annual base salary of the President and CEO and the on-target level is defined at 125% of annual base salary. More details can be found in [the Remuneration Policy of Nokian Tyres](#).

Remuneration of the Group Management Team

The Board approves the salaries, benefits and the incentive plans of the Group Management Team based on the proposal by the Personnel and Remuneration Committee.

The remuneration of the Group's Management Team consists of a base salary and fringe benefits, such as phone and car benefits; depending on local practice, the fringe benefits are either included in the base salary or paid in addition to it, a short-term incentive based on annually defined performance criteria, and a share-based long-term incentive plan.

The salaries of the Management Team members (excluding the President and CEO) were in total of EUR 2,359,943 (EUR 2,558,023 in 2022), and the short-term incentives amounted to a total of EUR 1,072,101 (EUR 1,897,812 in 2022). More details about the salaries and financial benefits paid to the Group's Management Team in 2023 can be found in a table in the end.

Short-term incentive plans

The target level short-term incentive opportunity corresponds to 35% of a Group Management Team member's annual base salary and the maximum incentive is twice the target level, i.e. 70% of annual base salary. The performance period is one year, and the possible reward is paid out in the first half of the year

following the performance period. The Group level performance criteria for the short-term incentive plan 2023 were the company's operating cash flow and segments operating profit. In addition to these criteria, the members of the Management Team were measured through financial and strategic objectives set for their business areas or functions. In 2023 the short-term incentive targets were not met and therefore no payouts was done.

Pensions and information regarding the termination of the employment

The Group Management Team members are eligible for a separate defined contribution pension. The annual contributions to this plan are 10–15% of annual base salary for each Group Management Team member depending on their home country practices. Retirement age has been set to 63–66 years, depending on home country regulations. Terms and conditions of supplementary Pension may vary between countries.

A management team member's notice period is 6 months when terminated by the company and 3 months when terminated by the management team member. If the employment is terminated due to a reason attributable to the company, the management team member is entitled to maximum 6 month's salary and 6 month's Severance payment.

Long-term Incentive plans for the Group Management Team and key personnel

The Board of Nokian Tyres plc decided in February 2019 to establish a new share-based long-term incentive scheme for the Company's management and selected key employees. The decision included a Performance Share Plan (PSP) as the main structure and a Restricted Share Plan (RSP) as a complementary structure for specific situations.

The purpose of the share-based incentive plans is to harmonize the goals of the Company's owners and key personnel to increase the value of the Company in the long term, to commit key personnel to the Company and its strategic target and to offer a competitive rewards system for personnel. The Performance Share Plan is targeted to the President and CEO, Group Management Team members and other key employees.

The Performance Share Plan consists of annually commencing typically three-year performance periods after which the possible reward is delivered to participants. The company's Board will decide separately on each performance period and set the performance criteria at the beginning of the earnings period.

The target incentive from the Performance Share Plan corresponds to 75–100% of a Group Management Team member's annual base salary. The maximum level is twice the target level, i.e. 150–200% of annual base salary. The maximum value of paid reward cannot exceed 150–200% of annual base salary used to define the allocation at grant. The number of shares can be re-calculated at pay out in case the performance criteria have been met at maximum and the share price has increased from grant.

A member of the Group's Management Team must own 25% of the gross total number of shares earned through the system, up to the point where the total value of their share ownership is equal to their gross annual salary. They must own this number of shares for as long as they are involved in the Group's Management Team.

A precondition for the payment of the share reward based on the Restricted Share Plan is that the employment relationship of the individual participant with Nokian Tyres continues until the payment date of the reward. In addition to this precondition, a financial performance criteria is applied to Group Management Team.

Active Performance Share Programs:

Program:	Performance Period:	Target's:	Paid maximum shares:	Possible pay out time:
Performance Share Program: <i>Approximately 220 participants including NTMT.</i>	2021–2023	Segments Earnings Per Share (EPS) and segments Return on Capital Employed (ROCE).	534,898_gross shares.	H1/2024
Performance Share Program: <i>Approximately 235 participants including NTMT</i>	2022–2024	Segments Earnings Per Share (EPS) and segments Return on Capital Employed (ROCE).	513,742 gross shares.	H1/2025
Performance Share Program 2023-2027: <i>Approximately 150 participants including NTMT</i>	2023–2024	EBITDA, increase in passenger car tire production volume and reduction in direct CO2 emissions.	1,400,000 gross shares.	H1/2026

Active Restricted Share Program's:

Program:	Performance Period:	Target's:	Paid maximum shares:	Pay opportunity:
Restricted Share Program	2021–2023	The criteria is a threshold value for Return on Capital Employed (ROCE)._NTMT separate defined threshold ROCE.	120,000 gross shares.	H1/2024
Restricted Share Program	2022–2024	The criteria is a threshold value for Return on Capital Employed (ROCE). NTMT separate defined threshold ROCE_	120,000 gross shares.	H1/2025
Restricted Share Program	2023–2025	The criteria is a threshold value for Return on Capital Employed (ROCE)._NTMT separately defined threshold ROCE.	120,000 gross shares.	H1/2026

New share-based incentive plan 2023–2027

The Board of Directors of Nokian Tyres plc has decided to establish a new share-based incentive plan for the group's key employees. The aim is to align the objectives of the company's shareholders and key employees for increasing the value of the company in the long-term, to retain the key employees at the company and to offer them a competitive incentive scheme that is based on earning and accumulating shares. The Performance Share Plan 2023–2027 consists of three performance periods covering the financial years 2023–2024, 2024–2025 and 2025–2027. The Board will decide annually on the commencement and details of the performance periods.

In the plan, the target group is given an opportunity to earn Nokian Tyres plc shares based on the achievement of the targets set for the performance periods. Potential rewards of the plan will be paid by the end of April 2026, 2027, and 2028 respectively. The rewards will be paid partly in Nokian Tyres plc shares and partly in cash. The cash proportion of the reward is intended for covering taxes and tax-related expenses arising from the rewards to the participants. In general, no reward will be paid if the participant's employment or director contract terminates before the reward payment.

The President and CEO of the company and members of the Management Team are obliged to hold 50 per cent of the received net shares until the value of the participant's total shareholding in the company corresponds to the participant's annual gross salary. The shareholding amount must be maintained as long as the membership in the Management Team or the position as a President and CEO continues.

Restricted Share Plan 2023–2025

The Board of Directors of Nokian Tyres plc has decided to continue the Restricted Share Plan, using the same structure as previous years. The purpose of the Restricted Share Plan is to serve as a complementary long-term incentive tool, used selectively for retention of Nokian Tyres key employees. It consists of annually commencing individual Restricted Share Plans, each with a three-year retention period after which the share rewards granted within the plan will be paid to the participants in shares of Nokian Tyres plc and partly in cash. The commencement of each individual plan is subject to a separate approval by the Board of Directors.

A precondition for the payment of the share reward based on the Restricted Share Plan is that the employment relationship of a participant with Nokian Tyres continues until the payment date of the reward. In addition to this precondition, a financial performance criterion is applied to Nokian Tyres Management Team. The criteria are a threshold value for segments Return on Capital Employed (ROCE), which must be exceeded for a potential payment of a share reward based on the Restricted Share Plan 2023–2025.

Payments for share-based plans that ended in 2023

The Board of Directors of Nokian Tyres plc has approved outcomes of the Performance and Restricted share plans 2021–2023.

Performance Share Plan 2021–2023:

The performance measure for the Performance Share Plan 2021–2023 was based on segments Earnings Per Share (EPS) and segments Return on Capital Employed (ROCE), both with an equal weight of 50%. Both targets did not meet the minimum level and therefore no payments will be conducted.

Restricted Share Plan 2021–2023:

The three-year restriction period of the Restricted Share Plan 2021–2023 ended after financial year 2023. Some key employees participate in the share-based incentive plan, including a member of the Management Team. The financial threshold value for segments Return on Capital Employed (ROCE) applied for the Management Team member was achieved. The rewards to be paid correspond to a total of 4,600 Nokian Tyres plc gross shares. The rewards will be paid by the end of March 2024. A precondition for the payment of the share reward based on the Restricted Share Plan is that the employment relationship of a participant with Nokian Tyres continues until the payment date of the reward.

Salaries and financial benefits paid to the Company's Management Team members in 2023–2022
(cash basis)

Remuneration of the Nokian Tyres Management Team 2023–2022 (excl. the President and CEO)	2023	2022
Number of Management Team members	7	9
Annual salary, € (including fringe benefits and holiday compensation)	2,359,943	2,558,023
Performance based bonuses, EUR *	1,072,101	1,897,812
Other one-time payments, EUR	200,000	-
Severance payment	-	-
Total value of share-based bonus EUR	616,503	516,099
Supplementary pension contributions	220,899	279,796
Total EUR	4,469,449	4,971,934
Share-based bonus paid in shares, number of shares	313,567	113,907

**The paid amount of previous year's performance-based bonus*