

Salaries and remunerations 2013

The highest decision-making power in the company is held by the Annual General Meeting. The Annual General Meeting elects the members of the Board of Directors and determines the fees for Board and committee work, as well as other benefits. Fees are paid in cash or company shares.

Remunerations paid to members of the Board in 2013

In 2013, in accordance with the decision of the General Meeting held on 11 April 2013, a fixed fee of EUR 80,000 was paid to the Chairman of the Board, and a fee of EUR 40,000 to each of the members of the Board. The annual fee consisted of a cash payment accounting for 50% of the fee and company shares accounting for 50% of the fee. In addition, the Board and committee members received a meeting fee of EUR 600 for each meeting attended. In 2013, remunerations to Board members totaled EUR 240,000 (EUR 280,000), including 3,859 (3,913) Nokian Tyres' shares worth EUR 119,884 (EUR 140,000). In addition, meeting fees paid to the committee and Board members totalled EUR 25,200 (EUR 39,600). Members of the Board of Directors did not receive any other monetary benefits, and they are covered by neither the company's stock option schemes nor performance share plan.

The President and CEO of the company is a member of the Board of Directors, but the President does not receive a separate fee for the Board work. The President and CEO is covered by the stock option schemes and performance share plan.

The Board met 7 times in 2013, with the following attendance rate:

	Attendance in Board meetings	
Petteri Walldén, Chairman	7/7	100 %
Kim Gran	7/7	100 %
Hille Korhonen	7/7	100 %
Risto Murto	7/7	100 %
Hannu Penttilä	6/7	86 %
Benoit Raulin (until 11.4.2013)	0/1	0 %
Aleksey Vlasov	5/7	71 %

Reward system of the President and CEO and company management

The Board of Directors determines the salaries and benefits of the Group's President and CEO and other members of the management team based on the proposal submitted by the Nomination and Remuneration Committee. The Group's management team consists of the President and CEO, heads of profit centres and service functions, and the manager in charge of Russian operations.

In addition to a monthly salary, the President and CEO and members of the management team receive incentives, which are determined annually on the basis of principles confirmed by the Board of Directors, based on the Nomination and Remuneration Committee's proposal.

The annual bonus of management team members is determined on the basis of the Group's EBIT and the achievement of the KPIs set for different functions. The function-specific KPIs consist of several factors including profitable growth, cash flow and the efficiency of operative processes. The annual bonus sum ranges between 15 and 25 per cent of the recipient's annual salary.

In 2013, members of the Group's management team, other than the President and CEO, received fixed salaries totalling EUR 1,796,755 and annual bonuses totalling EUR 154,969, i.e. a combined total of EUR 1,951,724.

The Annual General Meetings of 8 April 2010 and 11 April 2013 decided on the company personnel's stock option schemes that form a part of the incentive and commitment programme for the personnel. The Board of Directors approved on 29th of April, 2013 a performance share plan for key employees. Members of the Group's management team are covered by Nokian Tyres plc's 2010 and 2013 stock option schemes and by performance share plan. The terms and conditions of the option schemes are available on the company's website at <http://www.nokiantyres.com/stock-options> and information on the performance share plan at <http://www.nokiantyres.com/company/news-article/the-board-of-directors-of-nokian-tyres-plc-resolved-on-a-key-employees-incentive-plan/>

Financial benefits belonging to the office of President and CEO

The Board of Directors appoints and dismisses the President and CEO of the company and decides the terms and benefits of this office as outlined in the President's written contract. As of 1 September 2000, the President and CEO of Nokian Tyres plc has been Kim Gran.

In 2013, the fixed salary paid to the President and CEO totalled EUR 659,388. In addition, an annual bonus of EUR 165,329 was paid. The fixed salary includes fringe benefits worth EUR 18,240.

The President and CEO is covered by Nokian Tyres plc's 2010 and 2013 stock option schemes and share performance plan. The terms and conditions of the option schemes are available on the company's website at <http://www.nokiantyres.com/stock-options> and information on the performance share plan at <http://www.nokiantyres.com/company/news-article/the-board-of-directors-of-nokian-tyres-plc-resolved-on-a-key-employees-incentive-plan/>

According to the President's contract, the retirement age of the President and CEO is 60 years. The pension will be determined on the basis of the Employees Pensions Act and an additional, defined benefit pension plan taken out by the company. The total pension shall total no more than 60% of the salary noted as the basis of the supplementary pension, determined on the basis of the salaries and other benefits payable under the current employment contract for a maximum period of five years.

The President's period of notice is 12 months. If the agreement is terminated by the company, the President is entitled to a remuneration corresponding to 12 months' salary and other benefits, in addition to the notice period's salary.