Modern Slavery Statement
Slavery, servitude, forced labor, and human trafficking are growing global concerns, and no industry or company can be considered immune to the different forms of modern slavery. Nokia does not tolerate, in any form or context, the use of servitude, forced or bonded labor, human trafficking, or slavery, in its operations in any region in which we operate, or in any part of our global supply chain.
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1.1 Nokia business profile

We create the technology to connect the world. Powered by the research and innovation of Nokia Bell Labs, we serve communications service providers, governments, large enterprises, and consumers, with the industry’s most complete, end-to-end portfolio of products, services, and licensing. We adhere to the highest ethical business standards as we create technology with social purpose, quality and integrity. Nokia is enabling the infrastructure for 5G and the Internet of Things to transform the human experience.

We have six business groups, with operations in Europe, the Middle East & Africa, Greater China, North America, Asia-Pacific, and Latin America. At the end of 2017, we employed approximately 103 000 people. We have organized our networks-oriented businesses into five business groups: Mobile Networks, Fixed Networks, Global Services, IP/Optical Networks, and Nokia Software, formerly known as Applications & Analytics (together the “Networks business”); and have kept our driver of future innovation and licensing, Nokia Technologies, as a separate, sixth business group. For more information see our financial report here.

Net sales by region 2017

While an estimated 0.8% of the Nokia workforce work in manufacturing, the remaining 99.2% of Nokia employees are mainly employees who work in R&D, in the maintenance of network hardware and infrastructure, or employees working in corporate roles including sales, legal, finance or other business support functions. These roles require completing some form of further education, and we therefore conclude the risk of encountering modern slavery in Nokia’s own operations is somewhat unlikely.

1 All Nokia Technologies IPR and licensing net sales are allocated to Finland.
1.2 Nokia supply chain profile

Identifying the part of supply chain most at risk

Our supply chain consists of three categories of procurement: product which covers the materials that go into our products; services which we offer to customers such as network planning, installation and maintenance, and construction; and finally, indirect supply which consists of goods and services we buy to run our business, such as IT, logistics, financial, legal, and marketing.

The majority of our manufacturing suppliers are based in Asia, whereas our services suppliers are located around the world. In 2017, we had business with approximately 12,000 suppliers, while 80% of our total supplier spend was distributed across approximately 435 suppliers.

Risk assessment of our direct supplier profiles

<table>
<thead>
<tr>
<th>Sourcing Activity</th>
<th>Modern Slavery Risk</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Product Procurement</strong></td>
<td></td>
</tr>
<tr>
<td>Electronic components</td>
<td>High</td>
</tr>
<tr>
<td>Electromechanical</td>
<td>High</td>
</tr>
<tr>
<td>Electronic manufacturing services, subassemblies, hardware solutions</td>
<td>High</td>
</tr>
<tr>
<td><strong>Services Procurement</strong></td>
<td></td>
</tr>
<tr>
<td>Network installation and Managed services</td>
<td>High</td>
</tr>
<tr>
<td>External Workforce Services</td>
<td>Low</td>
</tr>
<tr>
<td>Repair and Spares</td>
<td>Low</td>
</tr>
<tr>
<td>Network planning and optimization</td>
<td>Low</td>
</tr>
<tr>
<td>Site Materials</td>
<td>High</td>
</tr>
</tbody>
</table>
### Indirect Procurement

<table>
<thead>
<tr>
<th>Category</th>
<th>Risk</th>
</tr>
</thead>
<tbody>
<tr>
<td>Logistics, Travel and Fleet</td>
<td>High</td>
</tr>
<tr>
<td>Facility Services</td>
<td>High</td>
</tr>
<tr>
<td>Professional Services e.g. IT, finance, legal, marketing</td>
<td>Low</td>
</tr>
<tr>
<td>IT Procurement</td>
<td>Low</td>
</tr>
<tr>
<td>R&amp;D solutions</td>
<td>Low</td>
</tr>
<tr>
<td>Testing and manufacturing equipment</td>
<td>Low</td>
</tr>
</tbody>
</table>

### Geographic risk

The top three regions for Nokia’s net sales in 2017 were Europe, Asia-Pacific and North America. While Europe is among the top three regions, stronger state enforcement of labor laws in this region mitigate the risk of modern slavery presence to medium, instead of extreme or high risk. Our risk assessment concludes the risks of modern slavery in the above-listed supplier workforce categories remains the highest in Asia-Pacific and China.

### Nokia country presence modern slavery risks assessment

This map is an aggregate of a selection of Verisk Maplecroft indices. The map covers countries where we have significant business with suppliers, but may not cover all countries where our suppliers operate. This was created based on Verisk Maplecroft’s Global Risks Portfolio. Read more details in our Modern Slavery statement [here](nokia.com).

Locations of corporate responsibility on-site audits and workshops we conducted in 2017. Modern slavery was one element among other sustainability topics.
Our Code of Conduct and related policies

We are committed to follow and uphold the laws and regulations in all countries where we operate. Key principles and practices of our ethical business approach are set down for our employees in our Code of Conduct. We support, maintain, and constantly improve our employees’ knowledge, training, and continuous communication with them.

We offer multiple channels to report ethical concerns, through a dedicated email address, online or via dedicated country-specific phone numbers. We respond to and investigate all concerns promptly and take any necessary corrective actions. All concerns are logged and tracked daily.

Our Code of Conduct provides the basis for our labor conditions, and is underpinned by a comprehensive set of global human resources policies and procedures that enable fair employment. We adhere to the International Labor Organization (ILO) Declaration on Fundamental Principles and Rights at Work and wherever we operate we meet the requirements of labor laws and regulations, and oftentimes strive to exceed those laws and regulations.

We are aligned with key elements of the social accountability standard SA8000. Our policies, Standard Operating Procedures (SOP), and Code of Conduct are implemented to help achieve the high standards we have set ourselves.

Our policies & SOPs cover:

- Child labor avoidance
- Forced labor avoidance
- Freedom of association & collective bargaining
- Non-discrimination
- Humane treatment
- Working time
- Disciplinary practices
- Compensation
- Occupational health and safety

This approach is also applied to our suppliers and partners.

2.1 Zero tolerance for child and forced labor

We have a strict policy against using child labor and zero tolerance to all forms of forced, bonded, or imprisoned labor in our own operations and in our supply chain.

2.2 Freedom of association and collective bargaining

All our employees have the right to collective bargaining and freedom of association. Collective bargaining agreements are local, and in the vast majority of countries where we have collective bargaining agreements, those also cover employees who have chosen not to be members of a union.

Nokia employees are free to join, not join, or leave unions and associations of their own choice, and select their representatives in accordance with the local and international practices.
2.3 Human Resources Policy

As stated earlier, we have a strict policy against using child labor and zero tolerance to all forms of forced, bonded, or imprisoned labor. Where such a potential risk is identified, it is thoroughly investigated, and a remediation plan is put in place based on SA8000 recommendations.

In our recruiting, retention, promotion and other employment activities, we are committed to complying with the applicable employment and labor laws and regulations wherever we do business, including wage & hour, privacy, immigration, compulsory and child labor, collective bargaining, anti-discrimination, working time and similar employment rules.

Due diligence and training

We expect our suppliers to uphold the Nokia policies and to share the overall values expressed in our Code of Conduct without any obstruction or discouragement.

To demonstrate their commitment to respecting human rights and ethical business conduct, we expect all our suppliers to have in place relevant management systems, resources, and a company code of conduct. We also expect our suppliers to apply the same standards to their own suppliers.

An overview of our Supplier Requirements on corporate responsibility is available here.

We run robust assessments with our supplier network regularly to support them in meeting our ethical standards and improving performance where necessary. We monitor our suppliers through a variety of methods, of which the most important are:

- Our Supplier Requirements audits which cover the fully comprehensive set of supplier requirements, of which corporate responsibility requirements are one part. This type of audit is most commonly used with new high-risk suppliers or when a supplier has seen a significant change in its business situation. For example, we would use this type of audit if an existing supplier moves or is planning to move a manufacturing facility to another country.

- Our labor conditions and environmental management in-depth audits for our existing suppliers, which are specific corporate responsibility deep-dive audits. Implementation of these audits is aligned with the SA8000 methodology, and the audits cover document reviews, interviews with managers and employees, and site visits, as well as inspections of facilities, production lines, and warehouses.

We also use EcoVadis sustainability assessments to review the environmental, labor, health, safety, ethics, and sustainable procurement management systems of our suppliers with a tailored questionnaire and supporting document reviews. Responses are scored by an analyst.

We report publicly on the types and numbers of findings from these audits in our annual corporate responsibility report.

In 2017, we implemented 393 (390 in 2016) supply chain audits, which included 72 on-site audits on corporate responsibility topics; 47 were on-site audits against our full set of supplier requirements and 274 suppliers were assessed using the EcoVadis scorecards.
You can read more about our performance, which we report annually against set KPIs, from our sustainability report as indicated below:

<table>
<thead>
<tr>
<th>KPI</th>
<th>Nokia People &amp; Planet Report Page No.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Number of CR audits and assessments compared to 2016</td>
<td>p.97</td>
</tr>
<tr>
<td>Number of suppliers participating in sustainability workshops and webinars</td>
<td>p.99</td>
</tr>
<tr>
<td>Examples of audit findings and corrective actions taken</td>
<td>p.99</td>
</tr>
</tbody>
</table>

3.1 Driving improvement through training and capability building

While we conduct assessments to ensure compliance, we realize that assessments alone are not sufficient to drive continuous improvement and competence development on sustainability. By improving the competencies and transparency around labor conditions and workers’ rights, health and safety, carbon efficiency, and conflict-free sourcing, we can better address the risks and facilitate competence development of our suppliers on these issues as well.

We start by building the needed capacity by training our own Nokia procurement teams first. They need to be equipped with the ability to communicate our requirements to suppliers and identify potential sustainability risks.

We also provide corporate responsibility related awareness and competence development to our suppliers through online training, webinars, and on-site training workshops. In 2017, we ran 15 training workshops for suppliers operating in high-risk countries such as Thailand, Philippines, China, Taiwan, India, UAE, Argentina, Mexico, Iran, Nigeria, Algeria, and Romania.

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Supplier training

Supplier participation in Nokia sustainability workshops and webinars

<table>
<thead>
<tr>
<th>Year</th>
<th>Participating Supplier Companies</th>
<th>Participating Management-Level Supplier Employees</th>
</tr>
</thead>
<tbody>
<tr>
<td>2014</td>
<td>256</td>
<td>183</td>
</tr>
<tr>
<td>2015</td>
<td>208</td>
<td>159</td>
</tr>
<tr>
<td>2016</td>
<td>238</td>
<td></td>
</tr>
<tr>
<td>2017</td>
<td>549</td>
<td>256</td>
</tr>
</tbody>
</table>

3.2 In-depth training and guidance for on-site personnel

Working conditions within our supply chain are a key component of our sustainability approach and tracking. As we have equipment installation and maintenance contractors in our supply chain, who spend much of their time working at height, in confined spaces, and driving long distances, we place special emphasis on health and safety.

Ensuring that everyone is authorized, competent and fit to work is a key control measure in making sure that everyone on site can work safely. This is ensured through our health and safety control procedures which cover the suppliers’ management capability when we engage them, reviews of the procedures that they have in place when they start working on a project, and compliance to these is monitored through onsite inspections. We have a mature and established global reporting and investigation process for incidents which includes any suspected instances of child and forced labor.
3.3 Finding a solution to Conflict Minerals

We see the potential risks associated with the mining and minerals trade of the metals from which key minerals in electronic components are extracted. These risks may include military conflict, human rights violations, and negative environmental impacts.

The traceability of our materials and ensuring our products are conflict-free is a priority for us, which is also reflected in our updated Conflict Minerals Policy. We understand the challenges associated with conflict minerals and are determined to find long-term solutions that will help ensure responsible and conflict-free sourcing via legitimate trade and improvements in those countries where the risk is greatest.

We require our suppliers to show their commitment to only sourcing these materials from environmentally and socially responsible sources. Materials that either directly or indirectly contribute to conflict are unacceptable.

We collaborate with our industry peers through the Responsible Minerals Initiative (formerly known as Conflict Free Sourcing Initiative) to improve the traceability of minerals and ensure responsible sourcing. We have developed a robust due diligence approach, aligned with the OECD Due Diligence Guidance for Responsible Supply Chains of Minerals.

We encourage suppliers to participate in the Conflict-Free Smelter Program (CFSP) audit to underscore and validate their status as a conflict-free supplier. On the smelter and refinery level 83% of smelters identified as part of Nokia’s supply chain were validated as conflict-free or active in the validation process of the Responsible Minerals Assurance Program (RMAP). A further 5% of smelters were identified where our due diligence efforts have demonstrated that the smelters can be reasonably considered as conflict-free, for example, by sourcing from recycled sources or from outside of the conflict affected areas.

With the remaining smelters we are continuously taking steps to either receive commitment from them to go through RMAP, or remove them from our supply chain by 2018.

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4 Columbite-tantalite (coltan) (or its derivative tantalum), cassiterite (or its derivative tin), gold and wolframite (or its derivative tungsten)
Providing grievance mechanisms

As stated earlier, we offer multiple channels to both our internal and external stakeholders to report potential ethical concerns or violations to the above policies by providing an email address, an online tool and, also by providing dedicated country-specific phone numbers. While we maintain a zero tolerance for any retaliation related to reporting ethical concerns, we also ensure full anonymity in case this is preferred by the concerned party – it is possible to submit the report without disclosing personal details. Furthermore, we also report on each incident and the investigations carried out in our annual corporate responsibility report.

Activities in 2017

5.1 Increasing supply chain transparency

As a company with a global footprint, it is our policy to continuously aim to increase transparency in all areas of sustainability reporting. In May 2018 we published our annual sustainability report, Nokia People & Planet 2017, in which we included several case examples of findings of non-compliance in supply chain audits and the actions taken to resolve those issues. In 2017, we did not identify any child labor incidents in our supply chain audits or in our own operations. However, at a supplier audit conducted by a customer, we had a finding related to student labor working overtime (working day exceeding 8 hours), which was immediately addressed and resolved as part of a corrective action plan.

Dealing with early warning signs

As part of our 72 in-depth audits carried out in 2017, we came across certain deviations under a small number of categories, some examples and actions taken are explained below.

In terms of labor conditions, we encountered four deviations from our supplier audits filed in the forced labor category in 2017, in the United Arab Emirates and Taiwan, part of our Greater China region.

- **Withholding employee identification (passports)**
  In three of these cases, worker passports were withheld by the employer. Although these documents were withheld with worker consent to keep passports safe, there was also an issue of misunderstanding of the legal requirement, where the suppliers understood the legal act as an obligation to keep proof of the original document (in reality a copy of the passport was sufficient). Another argument provided by the supplier related to engineers having high value equipment in their hands and keeping the workers passports provided protection for the supplier from workers potentially misappropriating the equipment on leaving the employment.

  The suppliers in question agreed not to use this method of withholding passports, and the passports were returned to the employees as part of the audit follow up. Learnings were shared with all suppliers in workshops in each location.

- **Withholding salary**
  Under remuneration, there was a case in Taiwan, part of our Greater China region, where the employer was withholding a certain amount of salary and depositing it into a separate account for which the access was kept by the employer until the end of the employment.

  As part of audit follow up, the bank accounts ownership was given over to the respective employees, and withholding of a portion of the salary was ceased by the supplier. Learnings were also shared in this case in supplier workshops.
Lack of grievance mechanism
Under management systems, we also noted a supplier who had no anonymous grievance mechanisms for feedback and communication on compliance issues. We worked with the supplier to help them create a website form for anonymous feedback, while also formalizing the compliance committee within the company.

We continue to report against the long-term targets and KPIs in our annual sustainability report, and follow up on issues mentioned above in order to check continued adherence.

5.2 The role of technology in tackling modern slavery
In June 2017, we published our first Modern Slavery statement. While it is often perceived that ICT may enable many activities related to modern slavery, it is our mission to help find ways in which the technology we provide can be used to eradicate modern slavery.

We work with others in the industry to identify ways through which we can, as an industry, contribute with concrete solutions to tackling some of the issues related to modern slavery. To this end, we co-hosted a multi-stakeholder summit to increase the cooperation and dialog around the role of digital technology in tackling modern slavery at Wilton Park in the UK. The event co-hosted with one of our service provider customers brought together expert representatives from law enforcement, government, international academia, and NGOs, dealing with the issue of human trafficking over a two-day period. The report on the summit can be found here.

5.3 Next steps
It is essential to broaden technology industry collaboration to gain scale in our efforts, share best practice and collaborate to disrupt modern slavery. We will further drive the dialog on modern slavery and the role of technology at regional, national and international events, as a follow on to events attended mainly in Washington DC and London, UK in 2017. We further intend to enhance our multi-stakeholder cooperation with concrete actions in 2018. Our main vehicle for this work will be the Tech Against Trafficking coalition, established in June 2018. Read more here.

This statement covers the financial year of 2017.

Rajeev Suri,
President and Chief Executive Officer
Nokia Group